The level of voluntary disclosure by Malaysian listed family-controlled companies

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ABSTRACT

The purpose of this research is to develop a best practice framework of voluntary disclosure for family-controlled companies in Malaysia. This study identifies the level of voluntary disclosure by Malaysian listed family-controlled companies, and reviews and discusses the voluntary disclosure practices in Malaysia from the perspectives of stakeholders. The study contends that the level of voluntary disclosure practices by listed family-controlled companies is lower than that of nonfamily-controlled companies. It is found that factors such as family ownership structure and values are the main influences that contribute to the level of voluntary disclosure in listed family-controlled companies' annual reports. Malaysian listed family-controlled companies' decision to disclose voluntarily is not only complex but also is influenced by the family's governance structure and relationships. This situation accounts for the differences in the level of voluntary disclosure between family-controlled companies and other listed companies.

This study adopts a mixed methods approach (i.e., quantitative and qualitative methodology) in order to achieve its objectives. A voluntary disclosure index consisting of 61 items is developed using a Delphi process with 40 panel members. The index is then applied on to 30 Malaysian listed companies' annual reports for the years 2009-2013. The collected data is quantified and analysed to determine the differing levels of voluntary disclosure practices between family-controlled and nonfamily-controlled companies. In addition, factors that might influence the level of voluntary disclosure in the companies' annual reports are examined. Taking a qualitative approach, 41 corporate managers are interviewed to identify their experiences of using voluntary disclosure information within annual reports.

The research outcome showed that the current level of voluntary disclosure by family-controlled companies falls below the stakeholders' expectations. The most frequently disclosed items within the annual reports are general corporate and strategic information, and financial information. However, the forward-looking and risk review management category had lower disclosure in the annual reports, and fell short of stakeholders' expectation. One important finding in this study is that, compared to previous studies in the Malaysian context, voluntary disclosure regarding Islamic values in areas such as *halal* certification, *zakat*, and *waqf* within the companies' annual reports is improving.

This study also identifies that the number of family members involved in the management of a family-controlled business, the generations to which members of the family belong, and the education level of family members are positively significant in terms of the level of voluntary disclosure in the annual reports of family-controlled companies. Furthermore, the data from the discussions with and opinions expressed by the interview participants indicate that the family-controlled companies in Malaysia are progressing towards better voluntary disclosure practices. It is believed that the findings of this research can assist in the improvement of family-controlled company governance and the development of voluntary disclosure practice guidelines applicable to the Malaysian family business context.

Keywords: Voluntary disclosure, Malaysia, family-controlled business, mixed methods, voluntary disclosure index.

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CHAPTER ONE

AN OVERVIEW OF THE THESIS

1.1 Introduction

Chapter 1 provides the context for this thesis and focuses on the voluntary[1] disclosure practices of listed family-controlled companies in Malaysia. Scholarly literature on voluntary disclosure has long been characterised by notions of what influences a company's board of directors (i.e., managers) to provide additional information voluntarily. That is, consistent with the objective of quality corporate reporting, researchers have made a number of attempts to discover both the factors that influence voluntary disclose and the level of that voluntary disclosure. Researchers such as Elsayed and Hoque (2010), and Qu, Cooper, Wise, and Leung (2012) contended that voluntary disclosure practices are influenced not only by corporate-specific attributes such as firm size, listing status, ownership, profitability, and liquidity factors, but also by environmental factors.

The issue of voluntary disclosure has been widely and empirically studied not only in developed countries (see, for example, Italy ─ Boesso and Kumar (2007); the US ─ Beattie and Jones (2001); and, the United Kingdom ─ Brammer and Pavelin (2006), but also in developing or emerging countries (see, for example, Hong Kong ─ Chau and Gray (2002) Fiji ─ Sharma and Davey (2013) Bangladesh ─ Rouf and Harun (2011), and in other United Arab Emirates countries, for example, Al-Janadi and Rahman (2012). Nevertheless, the literature on voluntary disclosure continues predominantly to represent a notion that variations in disclosure are due to a country's region and background, regulatory changes, companies' corporate governance system, companies' size, listing status, as well as social environment factors. Moreover, these factors have been assumed to apply globally. Indeed, it can be said that differences in the corporate governance model between countries have normalised the perception that voluntary disclosure practice involves the board of directors' strategic and efficient decision-making in a market-driven reporting

[1] Voluntary disclosure refers to any additional information provided in companies' annual reports that goes beyond disclosures explicitly required by Malaysia's mandatory regulations, Companies' Act, and Securities' Act.

environment. However, the major controllers of the company are subject to multiple influences, and their different societal contexts will differently shaping their voluntary disclosure practices.

Voluntary disclosure practice is an increasingly important area in corporate reporting. The growing globalisation of the business environment has fostered the need for additional information, so that stakeholders in particular can make wise economic decisions (Qu et al., 2012). The practice of disclosing information voluntarily is encompassed in the tenets of corporate governance which impose an obligation on management to report adequate information on their company's performance and activities (Campbell & Abdul Rahman, 2010). Scholars such as Elsayed and Hoque (2010), Ho and Taylor (2013), Omaima, Gianluigi, Peter, and David (2011), (Elsayed & Hoque, 2010; Ho & Taylor, 2013; Omaima et al., 2011); Sharma and Davey (2013) have found that, because of their size and the availability of resources, large listed companies tend to disclose more information because of the relationship between value and level of disclosure, and because they are prone to shareholders' and regulators' scrutiny.

Studies on voluntary disclosure in developed and developing countries have focused on companies listed on the stock market in general. Specification of company's ownership is, however, limited. Given that rich variations exist between countries, regions, societies, environments, backgrounds, and unique capital markets, research in the area of voluntary disclosure continues. This situation offers researchers not only an opportunity to focus on the level of disclosure in relation to companies' corporate governance systems and structure, but also to investigate the effect of ownership structure on disclosure practices by listed family-controlled companies in particular. According to Chau and Gray (2010), a company's ownership plays a contributing role in shaping the company's corporate governance, and, therefore, shapes the voluntary disclosure practice by public listed companies. Malaysia presents an interesting site for this research in several ways.

First, as an emerging market, Malaysia has embarked on industrialising and modernising its society while nourishing Islamic values. The country also continuously aspires to achieve the status of a developed nation and to be competitive in the global marketplace, as stipulated in Malaysia's Vision 2020 (Siddiqui, 2012).

Second, globalisation and financial liberation have resulted in market integration which has been found to contribute to increased global mobility in resources utilised in business activities. Consequently, this market integration has improved the investment opportunities through the diversification of the international portfolio. Some of these investment opportunities exist in emerging markets including those of Malaysia. Therefore, investment in these markets requires a considerable understanding of a number of issues, not least their accounting and reporting behaviours.

Third, global market integration has also resulted in markets being more vulnerable and riskier due to contagion effects. The consequences of market frictions in one part of the global economy can spread quite quickly to another part (i.e., a financial crisis). One of the causes of financial friction relates to reporting misbehaviour, for example, accounting for financial instruments, and asset valuation (Arnold, 2009; Chor & Manova, 2012). This activity is not only complex in design. Measurements, recognition, and subsequent disclosures also remain insufficient. Given the situation where some of these reporting problems need to be addressed, a broad understanding of reporting and disclosure practices in different market systems, including the market in Malaysia, is crucial in preventing future reporting crises.

Fourth, with regard to company ownership, 40% of the family-controlled businesses in Malaysia are large-scale businesses and listed on the main board of Malaysia's Stock Exchange. The main activity of these family businesses is manufacturing. In 2008, it was reported that 27 of the 40 richest people in Malaysia were from family-based businesses. These family-based companies were reported to control 34% of Malaysia's market capitalisation (Ibrahim & Samad, 2010). Furthermore, family-controlled flagship companies such as YTL Brothers, IOI Group, and Berjaya Group have contributed to Malaysia's economic development and growth (Ibrahim & Samad, 2010). One might, therefore, ponder how the voluntary disclosure practices of these family-controlled companies differ from those of nonfamily-controlled companies.

Fifth, Malaysia is seen as a society divided by various ethnic, religious, and cultural differences. The present multiethnic climate of Malaysia is marked by the prominence of the Chinese in business activities, the Malays[2] in the public sector and political sphere, and the Indians in the diversified sector. It is important to note that the majority of the large and prominent companies on the Malaysian Stock Exchange are owned by Chinese families (Ibrahim & Samad, 2010; Shamsir Jasani, 2002). Although the Chinese and the Malays have economic disparities, it is believed that the political influence of the Malays curtails the economic power of the Chinese (Adhikari, Derashid, & Zhang, 2006; Hui & Jomo, 2010). It is worth noting also that the composition of Malay directorship in Malaysian family-controlled companies could prove vital in improving the level of voluntary disclosure reporting in family-controlled companies.

While it is commonly argued that the ownership structure of family-controlled companies differs from that of other types of ownership structure, and also that family-controlled companies provide less voluntary disclosure in their annual reports, understanding the actual level of the voluntary disclosure practice of family-controlled companies in an emerging country has the potential to add new dimensions to the field of accounting studies. Consequently, this research investigates the type of additional information that is being disclosed voluntarily, and investigates the factors that drive family-controlled companies to practise voluntary disclosure at the intersection of family values and market-driven reporting.

In this research, companies' annual reports are used as the source of information about voluntary disclosure practices for the following reasons. First, according to the Ninth Schedule of the Malaysia Company Act 1965, all listed companies must produce an annual report accompanied by a statutory auditor's report (Akhtaruddin, Hossain, Hossain, & Yao, 2009). Second, management have control over the amount of information voluntarily disclosed in annual reports (Campbell, 2000; Rahman, 2001). Third, annual reports have been identified as an important medium

[2] The Malays are one of the indigenous ethnicities in Malaysia.

of communication with investors and other stakeholders (Campbell & Abdul Rahman, 2010; Omaima & Marston, 2010).

This introductory chapter is organised as follows. Section 1.2 presents a brief background to voluntary disclosure reporting, and section 1.3 sets out the motivation for this research. Section 1.4 describes the purposes and objectives of the research. The research contribution is introduced in section 1.5. Section 1.6 outlines the structure of the thesis. Section 1.7 concludes the chapter by outlining the scope and limitations of the study, and section 1.8 summarises the chapter.

1.2 Background to voluntary disclosure

Corporate disclosures in the form of annual reports comprise both financial and nonfinancial information. These disclosures can be divided into statutory and nonstatutory or voluntary disclosures (Bhojraj, Blacconiere, & D'Souza, 2004; Broberg, Tagesson, & Collin, 2010). Statutory disclosures are mandated by regulations in the form of Companies' Acts and Securities' Acts. Any additional information provided beyond the mandatory disclosure is unregulated and disclosed voluntarily by management. This information can take the form of text, tables or figures, graphs and/or photographs that enhance and complement the financial information. Some common forms of nonfinancial information include, but are not limited to, the corporate statement and strategy, social and environmental reports, risk disclosures, and corporate governance information (Bhojraj et al., 2004; Ho & Taylor, 2013; Qu, Leung, & Cooper, 2013). Since voluntary information goes beyond the regulatory requirements, and may be more detailed in terms of the information available, such disclosures are often known as self-regulated practices (Deegan, 2009).

Most large[3] companies use corporate reports as a way to disclose positive information about their operations and their assurance practice to increase their opportunity to access external finance and resources (Francis, Khurana, & Pereira, 2005). Core's study (2001), as cited by Uyar and Kılıç (2012), claims that the information disclosed can provide assurance to investors that the company is performing well. A number of studies show that information within the annual

[3] Large companies refer to listing status, length of listing on stock exchange, and market value.

report is an important source of information for economic decision-making (Rahman, 2001; Stanton & Stanton, 2002; Yuthas, Rogers, & Dillard, 2002). However, while the content of voluntary disclosure seems to be an important source to complement the statutory disclosure, it offers little to facilitate a deeper understanding of the complexities underpinning the actual practice of providing voluntary disclosure (Chau & Gray, 2002; Francis, Nanda, & Olsson, 2008). A number of studies (see for example, Omaima et al., 2011; Uyar & Kılıç, 2012; Wang, Ali, & Al-Akra, 2013) found that in the context of management willingness to provide additional information, the level of voluntary disclosure content is subject to the managers' perceptions of the importance of such information in terms of benefits of their companies.

A number of prior studies suggest that voluntary disclosure can be presented in various forms. Voluntary disclosure can be measured in three ways: 1) as quantitative monetary disclosures; 2) as quantitative nonmonetary disclosures; and, 3) as qualitative disclosures (Boesso & Kumar, 2007; Broberg et al., 2010). Quantitative monetary information is represented fiscally, such as in currency value, while quantitative nonmonetary information is conveyed in numbers, for example, in units of production or ratios. Qualitative disclosures can take a narrative form (Boesso & Kumar, 2007; Broberg et al., 2010; Healy & Palepu, 2001) or be shown in pictures and graphics (such as tables, charts, and figures) (Beattie & Jones, 2001; Leventis & Weetman, 2004). According to Leventis and Weetman (2004), images are often used as a form of information presentation in a company's annual reports to summarise or highlight the main indicators of the company's position and performance in the market. Both narrative and monetary forms of information are important for users, as such information can clarify as well as simplify complicated corporate information for the wider stakeholder group. (Beattie & Jones, 2001; Watson, Shrives, & Marston, 2002). Some companies may, however, prefer a narrative form of reporting. The disclosure can give the companies' operational, structural, and financial picture of the company to the stakeholders. Prior research shows that large companies are prone to providing a narrative form of disclosure such as a general statement or discussion on particular areas (Beattie, McInnes, & Fearnley, 2004; Campbell, 2000; Deegan, Rankin, & Tobin, 2002). On the other hand, disclosed quantitative information may provide a greater understanding of a company's financial situation. For instance, profitability, total assets, and liquidity ratios can represent an important indicator of a company's performance and growth (Watson et al., 2002).

According to Healy and Palepu (2001), strategic utilisation of quality information may increase a firm's value. The extent of the quantity and quality of information disclosed by companies plays a substantial role in stakeholders' economic decision-making. The information also allows market participants to evaluate the company's activities and risk management practices in the business environment (Bushman & Smith, 2003). Noting the benefits of quality information, Qu et al. (2012) for example, emphasise that companies become less exposed to crisis if they are supported by quality additional information which is characterised by reliability and useful disclosure that meets the stakeholders' expectations (see also, Ghazali & Weetman, 2006; Wang et al., 2013). The willingness of such companies to provide additional information offers an opportunity for them to repair or maintain the company's image. In other words, the information represents the company's responsibility in managing the business performance in a given situation.

Differences in voluntary disclosure practices and reporting often emanate from the different social, economic, and legal systems that prevail within countries (Elsayed & Hoque, 2010; Omaima et al., 2011; Qu et al., 2012). Disclosure issues such as the provision of inadequate and irrelevant information can lead to low quality corporate reports. Bushman and Smith (2003), for example, argued that low quality voluntary disclosure can lead to issues regarding the accountability and transparency of companies. This concern was also raised at the International Financial Reporting Standards (IFRS) discussion forum on financial reporting disclosure held in London in January 2013 (International Accounting Standards Board, 2013). The discussion committee was concerned that many companies were adopting a 'tick box' approach to disclosure which was contributing to the decrease in the level of financial and nonfinancial information disclosed in annual reports (Bushman & Smith, 2003; International Accounting Standards Board, 2013).

Another reason for differences in voluntary disclosure practices relates to the managers' authority to make decisions (Lundholm & Winkle, 2006). A manager's decision to provide additional financial and nonfinancial information is often driven by the company's position and performance in a given market situation. Since the amount of information to be disclosed depends on the companies' objectives and to whom the information is addressed, managers have the prerogative to disclose or not disclose information voluntarily.

1.3 Voluntary disclosure practices in Malaysia

In relation to corporate reporting in the context of Malaysia, voluntary disclosure is used to reduce criticism about the lack of transparency in an organisation (Ghazali & Weetman, 2006). Ghazali and Weetman (2006) found that the regulations implemented after the 1997 financial crisis made managers aware of the need to improve the level of additional financial and nonfinancial information provided in corporate reporting (see also, Akhtaruddin et al., 2009; Boesso & Kumar, 2007). Several studies suggest that sufficient and quality disclosure provided by companies can restore and improve the degree of accountability and transparency of an organisation (Akhtaruddin et al., 2009; Campbell & Abdul Rahman, 2010; Ghazali, 2008; Wahab, How, & Verhoeven, 2007). Through the Malaysia New Economic Policy in 1971, and the adoption of a disclosure-based regime in 1996[4], Malaysia encourages listed companies to improve their level of voluntary disclosure in their published annual reports. According to Akhtaruddin et al. (2009), voluntary disclosure practices by companies' are a vital contributory factor in Malaysia's economy.

However, although previous studies acknowledge the importance of voluntary disclosure as complementary information for stakeholders, research in Malaysia has found that the level or extent of information disclosed voluntarily is deemed less than is desirable (Akhtaruddin et al., 2009). These scholars speculate that the situation derives from the unique features of the ownership structure of Malaysian companies, particularly family-controlled companies. The diversified and conflicting interests of substantial shareholders and those of other shareholders have led to a situation in which family members dominate/control the decision-making. Since the majority shareholders are the families themselves, the amount of additional information to be disclosed is not their major concern (Akhtaruddin &

[4] The disclosure-based regime requires all listed companies on Malaysia's Stock Exchange to provide full and accurate disclosure of information publicly to the external stakeholders at large.

Hasnah, 2010; Akhtaruddin et al., 2009; Ibrahim & Abdul Samad, 2011; Ibrahim, Abdul Samad, & Amir, 2008).

1.4 Motivation for the research

The growth of family-controlled companies in the Malaysian market is generating much public interest in both voluntary disclosure reporting and in the need to increase market transparency (Hashim, 2011). A study by Ibrahim and Samad (2010) documented that 67.5% of the top 40 richest people in Malaysia derive their wealth from a family-based business that is listed publicly on the Malaysia Stock Exchange. Together with the growth of family businesses on the Stock Exchange, this situation offers another contributing factor to foster the development of the capital market growth for globalisation. Conceding that business activities and trading are diversified, it is, therefore, vital to have an effective flow of information content for stakeholders' economic decision-making. Since Malaysia's convergence with International Financial Reporting Standards (IFRS) in 2012, the business environment and the investment climate have changed. This change has increased competition between family-controlled companies and nonfamily-controlled companies in various sectors of the Malaysian market (Hashim, 2011).

Family-business-specific attributes present an interesting subject within the field of accounting and business (see, for example, Ali, Chen, & Radhakrishnan, 2007; Claessens, Djankov, & Lang, 2000; Hutton, 2007; Salvato & Moores, 2010; Wan Nordin, 2009). A number of earlier studies such as Ali et al. (2007), Salvato and Moores (2010), and Wan Nordin (2009) highlighted two competing effects influencing the effectiveness of corporate governance structure with regard to disclosure reporting. The first effect is the entrenchment effect which can lead to a positive association between family ownership and weaknesses in internal controls. The second is the alignment effect; this creates the intention to preserve the family reputation. Ali et al. (2007) revealed that the challenges of corporate reporting faced by family-controlled companies are due to the familial relationships, the family members' engagement with the companies, and the risks to their wealth and reputation in business (see also Melin, Nordqvist, & Sharma, 2013).

Previous studies such as Faccio and Lang (2002), Claessens et al. (2000), and Anderson and Reeb (2003) have documented that family-controlled companies appear to be among the commonest form of ownership control in most capital markets worldwide, and Malaysia is no exception. As noted earlier, most prior empirical studies have focused on voluntary disclosure by listed companies. Furthermore, the factors that drive the amount of information disclosed voluntarily in the annual reports of Malaysian listed family-controlled companies have not as yet been adequately addressed in the academic disclosure literature.

In recent years, studies in Malaysia show the number of family businesses has increased and contributed to the economic growth of the country (Amran, 2011; Ho, 2008; Ibrahim & Abdul Samad, 2011). Many of these companies are prominent in a wide range of diverse sectors. According to Amran (2011), as at 2007, about 40% of companies listed on the Bursa Malaysia Stock Exchange were family-controlled companies. It is argued that the diversity of the sectors family-controlled companies in Malaysia involve themselves in seems to be one of the factors that leads to their being competitive in the market (Ibrahim & Abdul Samad, 2011). However, a company's listing status and the length of its listing are constraints due to the company's market value or performance in the capital market. In comparison with other types of company, not many family-controlled companies listed on the main board of Malaysia's Stock Exchange were found to have lasted for more than 20 consecutive years. One criticism levelled by scholars and practitioners at family-controlled companies is their typical corporate governance system in terms of transparency and accountability to external stakeholders. A number of studies such as Hashim (2011), Chau and Gray (2010), and Wan Nordin (2009) conjecture that family-controlled companies should improve the level of voluntary disclosure provided in their annual reports because of the relationship between corporate performance, corporate governance, and the level of voluntary disclosure.

In Malaysia, prior studies such as Hashim (2011), Ibrahim and Abdul Samad (2011), Ho (2008), and Haniffa and Cooke (2002) have investigated family-controlled companies' governance mechanisms and voluntary disclosure. These studies examined the relationship between board mechanisms such as board composition and size, composition of nonexecutive directors, and audit committee on the level of disclosure provided. Less focus was given to examining the differences in, and the amount of, information provided voluntarily by family-controlled companies. Furthermore, the empirical evidence from Hashim (2011), Ibrahim and Abdul Samad (2011), and Haniffa and Cooke (2002) does not explicitly discuss or consider the concept of the family-controlled companies.

1.5 Research purposes and objectives

The purpose of this study is to develop a best practice model of voluntary disclosure for family-controlled Malaysian listed companies. The study aims to develop and apply a voluntary disclosure framework applicable to the context of the listed Malaysian family-controlled companies. To achieve this purpose, the study has the following objectives:

a. To develop a disclosure index, from users and preparers' perspectives, for assessing the nature and extent of information disclosed in Malaysian listed family-controlled companies' annual reports, and to incorporate a voluntary disclosure framework within the disclosure index
b. To identify the level of voluntary disclosure practices in Malaysian listed family-controlled companies from 2009 to 2013
c. To discuss the findings and assess the voluntary disclosure practices in Malaysia from users and preparers' perspectives.

In order to develop the best practice framework of voluntary disclosures, three research questions are explored: 1) What information should be voluntarily disclosed in the companies' annual reports? 2) Is there a difference in the level of voluntarily disclosed information in family-firms' annual reports compared to those of other listed companies? and, 3) What factors influence family firms to provide voluntary disclosure?

1.5.1 Focus of the study

To investigate the level of voluntary disclosure in family-controlled companies, a comparative analysis of the extent of voluntary disclosures of family-controlled and nonfamily-controlled companies was performed. A mixed-methods (i.e., combination of quantitative and qualitative methods) research approach has been adopted. This research has a three-part structure. Part one examines the importance of voluntary information, from the stakeholders' perspectives. This first part contributes to the construction of the disclosure index in this research. To meet its objective, the study investigates the differences between different users' perceptions, including those of fund managers, investment analysts, financiers, accountants, corporate advisors, and business owners, on the importance of information disclosure in the Malaysian listed family-controlled companies' annual reports.

In order to gather data across a number of years, a longitudinal research strategy was also adopted. According to Campbell and Abdul Rahman (2010), a longitudinal study enables the researcher to examine change processes within a particular social, economic, and political context. The scope of this study is evaluation of voluntary disclosure in 150 annual reports published by Malaysian listed companies over a period of time. The study is confined to annual reports published in the period 2009 to 2013. The sample comprises the annual reports of 30 Malaysian listed companies (i.e., 15 listed family-controlled companies and 15 nonfamily-controlled companies over the 5-year period).

The final part of this study investigates the motivating factors that influence the decision of managers' of listed-family owned companies to provide voluntary disclosure. In this phase, the data collection involved conducting semistructured, face-to-face interviews designed to meet the third research objective. A face-to-face interview was conducted with eight different groups of managers involved directly in preparing and utilising the information from annual reports.

1.6 Research contribution

This thesis extends voluntary disclosure reporting research by focusing on the level of voluntary information provided in the annual reports of listed family-controlled companies in Malaysia. To date, only a limited number of studies on voluntary disclosure (see, for example, Ghazali, 2008; Haniffa & Cooke, 2002; Hashim & Mohd Salleh, 2007) have investigated Malaysia's listed family-owned companies.

This study, therefore, provides recent empirical evidence and addresses the dearth of academic literature in the area of family-controlled companies' disclosure practices. Furthermore, in order to externally validate the findings of previous empirical studies on the relationship between corporate-specific attributes and the level of voluntary disclosures, more empirical studies into different types of ownership are needed, particularly in the area of family businesses (Melin et al., 2013; Salvato & Moores, 2010). The empirical findings of the current study are expected to offer significant knowledge and benefits for studies conducted in voluntary disclosure areas.

This research also contributes to the voluntary disclosure domain through the creation of a viable index instrument for future application. This index makes an important contribution because various stakeholder groups have an increasing demand for reliable and relevant information (Ghazali & Weetman, 2006). Furthermore, this research will provide descriptive and critical analysis on the extent and quality of voluntary disclosures in the annual reports of listed family-controlled companies in Malaysia using both quantitative and qualitative methods. Importantly, this research also presents a framework that explains the internal factors such as demographic background and individual norms and belief, between managers (or the board of directors) and voluntary disclosure practices within the Malaysian socioeconomic and political context.

In addition, the empirical findings of this up-to-date study will provide significant information for regulators, government agencies, investors' relation managers, business owners, and potential local and foreign investors. It will enable them to assess the amount of information needed and available from listed family-controlled companies for their decision-making processes. In addition, the findings from this study are expected to provide capital market investors and other stakeholders with insights when investing in family-controlled companies. For the capital market regulators, the empirical findings reported in this study may provide insight when conducting effective regulation and supervision of information transparency among listed companies on the Bursa Malaysia Stock Exchange. Moreover, the findings of this study may help the capital regulators to improve the level of mandatory information in companies' annual reports.

1.7 Organisation of thesis

The thesis is structured as follows. Chapter 1, the introductory chapter, provides an overview of the scholarly developments in voluntary disclosure that encompass voluntary disclosure research. It also summarises core concepts of the voluntary disclosure area and highlights the research's contributions to knowledge. Finally, motivations for conducting the research are outlined.

Chapter 2 explores the institutional setting perspectives of Malaysia. It includes a review of background information on Malaysia, an overview of the overall landscape of Malaysia's social and economic background, and changes in accounting systems and the regulatory environment (such as the disclosure-based regime and corporate governance best practices). This chapter explores the development and growth of Malaysia, along with government's affirmative action in supporting changes to the economic, social, and political environment. The focus then moves to a discussion on voluntary disclosure practices and the level of such information in Malaysian listed companies. The future direction for voluntary disclosure-integrated reporting is also considered. The chapter concludes with a brief explanation on the Malaysian socioeconomic and the financial reporting environment in order to help readers to obtain a general understanding of the background of this research.

Chapter 3 presents a review of the literature on the level of voluntary disclosure and factors affecting its stances. The chapter categorises the literature into three themes. These include: 1) the effect of regulatory changes in emerging countries on disclosure levels; 2) voluntary disclosure as an embedded phenomenon (i.e., at the organisational and institutional level); and, 3) not only factors affecting the level in the annual reports, but also indices measurement used by prior scholars. This chapter also sets out the current status of voluntary disclosure in emerging countries, particularly Malaysia, and the issue of the low level of voluntary disclosure in family-owned companies. The chapter concludes with a critical reflection on the literature review in order to identify the knowledge gap and ways in which this present research can contribute to the existing literature on the subject.

Chapter 4 presents the background of researcher, her philosophy, and the methodology that underpins this thesis. Chapter 2 is divided into two main sections. The first section delineates the philosophical position, research paradigm, and stance of the thesis. It also describes the mixed-methods employed to achieve the research's objectives. This section also offers a summary of the researcher's methodological decision-making in terms of the overall procedures carried out in this thesis. The second section delineates the research design and explains the three distinct procedural phases involved in the data collection and information analysis.

Section two of chapter 4 considers and discusses several methods and techniques (such as questionnaire surveys, face-to-face interview/discussions, and documents search). Pilot studies are then highlighted and their purposes in this thesis are discussed. The chapter also describes the process used to develop disclosure indices as an instrument to measure the level of voluntary disclosure in the companies' annual reports. The next section of the chapter presents the reliability and validity procedures employed in the research in order to obtain a feasible research tool and outcomes. The chapter also illustrates the ethical considerations process for this research. The chapter concludes with a summary the mixed-methods procedures employed in the study.

Chapter 5 explicates the development of the disclosure index instrument and its associated coding scheme. This chapter discusses the research methods employed in this phase. It explains how the Delphi technique was utilised in this research, and presents the data analysis that resulted from that approach. Finally, this chapter presents the method of scoring the voluntary disclosure items for the annual reports analysed in this study.

Chapter 6 details the discussion of the results and analysis. The focus of this chapter is on presenting the outcomes and results from the content analysis and the discovery of differences between listed family-controlled and nonfamily-controlled companies. This chapter reveals the differences in voluntary disclosure items, and the amount (level) of voluntary information these companies reveal. This chapter also examines the types of information that the companies provide in their annual reports. It suggests reasons for variations that were found, and their links to the social, political, and environmental context of Malaysia.

Chapter 7 presents the relationship between company attributes and the level of voluntary disclosures practices. This chapter details the importance of the family-controlled corporate governance structure as a factor that influences the level of voluntary disclosure practices. Here, the level of voluntary disclosure provided by family-controlled companies was examined from three perspectives, namely comparison between companies' attributes, comparison between family-controlled companies and others, and comparison between family-controlled companies.

Chapter 8 explores the views and perceptions of Malaysian annual reports users in relation to current voluntary disclosure issues. It focuses on the reporting and discussion of the results of the semistructured interviews with 41 executives. The aim of this chapter is to address the third research question by defining the factors that influence managers to provide additional information voluntarily.

Chapter 9 reports and discusses the study's empirical findings on the level of voluntary disclosure provided by listed family-controlled companies.

Chapter 10, the last chapter of the thesis, is designed to give a brief summary of the research. The chapter revisits the research methodology and methods, the main conclusions of the current research, and indicates its contributions, implications, and limitations. Suggestions for further research are also provided in this chapter.

1.8 Scope and limitations

This research focuses on large and well-established family-controlled companies listed on Malaysia's main stock exchange, the Bursa Malaysia (formerly known as the Kuala Lumpur Stock Exchange). A voluntary disclosure index framework was developed through a Delphi technique. Forty panel experts from selected sectors were consulted. The disclosure index framework that resulted from this consultation process was used to examine 150 annual reports over the 5 years from 2009 to 2013. To enhance the breadth and depth of understanding about voluntary disclosure practices, interviews were also conducted. The research aims to provide a significant platform for further research, and has implications for voluntary disclosure in practice.

This research may be constrained by certain issues. First, the study's field of corporate governance and voluntary disclosure is broad, and the scope of this study encompasses the amount of information disclosed in the annual reports of the selected companies. The aims of this research are to investigate (a) the differences in the level of information disclosed voluntarily by family-controlled companies, and, (b) the factors that drive managers to practise voluntary disclosure. Other aspects of corporate governance (such as corruption, corporate governance committee, risk management, and legal compliance) are beyond the scope of this thesis.

Second, this study focuses on a specific geographical region, and the sample in this study is limited to listed family-controlled companies in Malaysia. Therefore, the results reflect only what was happening in that region to a specific sample within a specific timeframe. Finally, as annual reports' disclosures are the main focus of this study, other forms of media used for disclosure purposes are beyond the scope of this research.

1.9 Chapter summary

Chapter 1 lays the foundation for this research. It presented an introduction to the study, the background of the research field, the research propositions, and identifies the research issues and objectives. The motivation driving the research and the contribution of the study were discussed with regard to prior studies and Malaysia's current setting. An overview of the structure of the thesis concluded the chapter, along with a summary of the sections that follow. The next chapter will present the literatures pertinent to Malaysia's socioeconomic and political setting that guide the research objective

CHAPTER TWO

THE MALAYSIAN SOCIOECONOMIC AND THE FINANCIAL REPORTING ENVIRONMENT

2.1 Introduction

Chapter 2 provides an explanation of the social, economic, and political environment in which this research is situated. An understanding of the Malaysian environment is relevant as this study embraces the social and economic perspectives within which the corporate reporting system operates in practice. The chapter provides a general overview of Malaysia in terms of its social and economic background, and significant developments. This chapter also describes the key elements of the regulatory process, developments in it, and their implications for the evolution of voluntary disclosure.

This chapter is structured as follows. It begins by briefly introducing the social history of Malaysia. It then discusses the role of the government in the nation's economic development through various policies. The chapter proceeds with an explanation about the legislative framework and the financial reporting framework in Malaysia's capital market. It then outlines the role played by the regulators' initiatives in relation to voluntary disclosure practices. The final section explores the development of voluntary disclosure. Here the emphasis is on corporate governance in Malaysia. Thereafter, the section introduces the concept of integrated reporting and discusses it as a future direction for achieving quality disclosure by listed companies.

2.2 Socio and economic perspectives in Malaysia

Malaysia was under British rule for 80 years before gaining its independence in 1957 (Hui & Jomo, 2010; Lee, Gomez, & Yacob, 2012; Lim, 1987). The British influence on the Malaysian system was both pervasive and substantial. One particular consequence of colonial rule is the involvement of different ethnicities in different economic sectors (Barlow, 2001; Fraser, Zhang, & Derashid, 2006; Hui &

Jomo, 2010; Lee et al., 2012; Siddiqui, 2012). Previous studies such as Siddiqui (2012), and Hui and Jomo (2010) reported that before independence the Malaysian economy revolved predominantly around farming and mining and the British encouraged an influx of Chinese and Indian labourers to work in the various tin mines and rubber estates (Lee et al., 2012; Siddiqui, 2012). The British colonial government introduced a divide and rule policy in the late 19th century before independence. This policy introduced a practice of segregating economic activity along racial lines and resulted in a society that was very much multilayered, and economically and racially segregated (Lee et al., 2012).

In 1957, Malay workers accounted about 52% of the workforce. Malays were mostly involved in the traditional and low income agricultural sector. The Chinese comprised approximately 37 % of the workforce population. They were mainly engaged in sectors such as banking, trade, and plantation management. The remaining population comprised Indians and other ethnicities engaged in general work such as labouring in mining and rubber plantations (Lee et al., 2012; Siddiqui, 2012). As a result of these multicultural influences, Malaysia has become a diversified society comprised of a variety of ethnic groups with different affiliations and cultures. The principal ethnic groups are Malays, followed by Chinese and Indians. Other significant groups are the indigenous peoples of Sarawak and Sabah. They and the Malays are known as *Bumiputera*, which translates as 'son of the soil' (Fraser et al., 2006; Yunos, Ismail, & Smith, 2012). As of 2012, the population of Bumiputera (Malay) was 14,772,000. Other Bumiputera (i.e., those from Sarawak and Sabah) made up 3,479,300 of the population. There were 6,517,400 Chinese and 1,959,900 Indians (Department of Statistics Malaysia, 2012).

In the early stage of Malaysia's economic revival, there was a structural imbalance between ethnicity and economy involvement. For example, most of the corporate and manufacturing industries were dominated by the Chinese. According to Siddiqui (2012), prior to Malaysian independence, Britain's policy of divide and rule had created different forms of employment opportunities for different races. Hence, to restructure this social-economic imbalance, the Malaysian government introduced a new economic instrument called the New Economic Policy (1971-1990) (Lee et al., 2012; Lim, 1987; Siddiqui, 2012). The policy was an equity distribution strategy. Its aim was to eradicate poverty and to enhance the economic status of the country (Fraser et al., 2006; Lim, 1987). The policy was also designed to encourage the indigenous population to participate in economic activities. The policy requires 30% of Bumiputera, 40% of other Malaysian, and 30% of foreigners to be involved in the corporate and business sector. The implementation of this policy has brought about an overall improvement in Malaysia's economic growth, particularly for the manufacturing sector. According to Bank Negara Malaysia (2010), economic growth for the period 1987-2010 increased at an average of 6.0% annually.

In addition to the New Economic Policy, the government has introduced a number of other important development policies intended to cultivate and support domestic enterprise over the past four decades. These included development of a number of other economic and social policies and plans to guide national development (Barlow, 2001; Hui & Jomo, 2010; Jesudason, 1989; Lee et al., 2012; Rasiah & Shari, 2001), for example, the National Development Policy (1991-2010), and the National Vision Policy (2001-2010) (Iskandar & Pourjalali, 2000; Lee et al., 2012; Lee, Mohamad Yusof, & Ojo, 2011). These policies were established to promote balanced socioeconomic improvements. They also aimed to expand and modernise the economy so as to benefit all ethnic groups (Ali, Lee, & West, 2008; Hui & Jomo, 2010; Iskandar & Pourjalali, 2000; Lee et al., 2012).

The continuous formulation of Malaysia's economic policies appears to have encouraged business and corporate opportunities, especially among the Bumiputeras (Fraser et al., 2006; Haque, 2008). To strengthen the cultivation of Bumiputera participation, the Bursa Malaysia legislated that Bumiputera should hold 30% equity ownership in any listed company (Marimuthu, 2010; Securities Commission Malaysia, 2012a; Siddiqui, 2012). This equity ownership also can indicate the controlling power of a company, and can be segregated by race or ethnic group (Lee et al., 2012; Salleh, 2009; Siddiqui, 2012). However, a review of Malaysia's corporate history over these past four decades reveals that no Bumiputera has ownership of a top 10 quoted company. The government presently has majority ownership of more than half of the top 10 publicly listed companies through what is known as government-linked companies (GLCs), while the remainder are Chinese-held (Akhtaruddin et al., 2009; Hashim, 2012; Yunos et al., 2012). Most companies in the top 100 are Chinese-owned. However, while these equity ownership and control outcomes are commendable, most Malay-owned or Bumiputera-owned companies are involved in construction, property development, and the telecommunications industry.

2.3 Accounting perspective in Malaysia

The growth of Malaysia's economy and business activities has led to a call for companies to provide greater transparency and accountability for their business activities and their impact on the external stakeholders (Ho & Taylor, 2013; Muniandy & Ali, 2012). In the context of transparency and accountability, and the capital market advancement, Malaysia has experienced several changes to its accounting regulatory framework and capital market regime (Muniandy & Ali, 2012). For the purpose of this research, discussion of the accounting system in Malaysia is based on the post-independence era, which began in 1957. To summarise, Table 1 below shows the accounting system initiatives undertaken in Malaysia between 1958 and 2012.

Table 1. The accounting system in Malaysia after independence.

Year	Details
1958	Formation of Malaysian Institute of Certified Public Accountants
1966	Companies Act 1965
1967	Accountants Act 1967 - Establishment of Malaysian Institute of Accountants
1978	Adoption of IAS
1997	Financial Reporting Act - Establishment of Financial Reporting Foundation and Malaysian Accounting Standards Board
1999	Issuance of Malaysia Accounting Standards
2012	Adoption of full IFRS

The real and enduring changes in Malaysia's social and economic spheres have also affected the country's corporate reporting and accounting information regulatory framework (Ali et al., 2008; Saudagaran & Diga, 2000; Selvaraj, 2005). Leaving aside a few facets of the new economic policy, the private sector is now considered as one of the engines of the economy as a result of the government's beginning a series of programmes to facilitate the expansion of private sector businesses. These programmes included the implementation of various strategies to upgrade the regulatory framework such as accounting regulation, the listing requirement, operation of the Bursa Malaysia Stock Exchange, and amendments to the Companies Act 1985 (Ali, 2007; Saudagaran & Diga, 2000; Siddiqui, 2012). The government foresaw that these changes would play an important role in strengthening Malaysia's economic resilience and competitiveness. They would also provide quality public information to the stakeholders.

Accounting regulation in Malaysia was modelled on the British system (Ali et al., 2008; Iskandar & Pourjalali, 2000; Lee et al., 2011; Saudagaran & Diga, 2000; Selvaraj, 1999). During British rule, many of the audit and accounting firms that operated in Malaysia were international firms. These professional firms are still operating there. Their presence constituted a matter of much concern, especially since there was no local accounting profession at the time of independence. Malaysia, however, accepted the British professional model accounting. One of the factors that contributed to Malaysia's adoption of the British-style accounting regulatory framework lay in the country's history (Ali et al., 2008). As stated by the American Accounting Association's Committee on International Operations and Education (1977), most developing countries have ended up following the model of their former colonial ruler.

The first professional body established in Malaysia was the Malaysian Institute of Certified Public Accountants (MICPA), and The Malaysia Companies Act was developed on the basis of the UK Companies Act 1908 (Ali, 2007; Lee et al., 2011; Selvaraj, 1999). Between 1978 and 1999, Malaysia adopted International Accounting Standards and enacted the Financial Reporting Act 1997. The enactment of the Financial Reporting Act 1997 led to the establishment of the Malaysian Accounting Standards Board. Its responsibility is to oversee accounting development in line with economic and environmental changes (Malaysian Accounting Standards Board, 2008).

2.3.1 Development of accounting regulations in Malaysia

Between 1957 and 1967, the accounting and reporting regulations were based on the Malaysia Companies Act 1965 (The Act), and Malaysian Association of Certified Public Accountants (MACPA) (Ali et al., 2008; Selvaraj, 1999; Sood, 2006). These provide the main practical source of guidelines in preparing companies' financial statements. The Act provides guidelines for the accounting process. They include record keeping, and minimal disclosure requirements for profit and loss, and the balance sheets of companies (Ali et al., 2008; Selvaraj, 1999; Sood, 2006). On the other hand, the Malaysian Association of Certified Public Accountants provides technical guidance, training, and examinations for its members (Ali et al., 2008; Selvaraj, 1999; Sood, 2006). Since the accounting system was founded mainly on the practices of foreign professional accounting bodies and Western multinational companies, the system had its limitations. Many of the accounting guidelines were not able to address specific accounting matters, for example, revaluation of assets, the creation of goodwill, and disclosure reporting (Ali et al., 2008; Muniandy & Ali, 2012; Selvaraj, 2005).

In 1997, the Financial Reporting Act 1997 was passed. This Act led to the formation of the Financial Reporting Foundation and the Malaysian Accounting Standards Board. The Financial Reporting Foundation was created as a trust to oversee the operation of the Malaysian Accounting Standards Board. It was not involved with the standard setting process. The Financial Reporting Foundation has 19 members who include representatives from various government bodies, public listed companies, public accounting firms, and the main council of the Malaysian Institute of Accountants (Ali et al., 2008; Sood, 2006).

The Malaysian Accounting Standards Board is an independent standard-setting body set up under the Financial Reporting Act 1997. The board consists of eight members who have knowledge and experience in the financial reporting field. The board consists of representatives from the accounting profession, government agencies, and tertiary institutions (Iskandar & Pourjalali, 2000). The objective of the board is to develop and promote high quality accounting and reporting standards that are consistent with international best practices. It seeks to contribute directly to the international development of financial reporting for the benefit of users, preparers, and auditors of financial reports (Ali, 2007; Sood, 2006). The Malaysian Accounting Standards Board's responsibilities include the issuance of approved accounting standards, statements of principles for financial reporting, developing a conceptual framework for the purpose of evaluating proposed accounting standards, and determining the scope and application of accounting standards for the country (Ali, 2007; Selvaraj, 1999).

The Malaysian Accounting Standards Board has promulgated its own accounting standards since 1999 (Iskandar & Pourjalali, 2000; Malaysian Accounting Standards Board, 2008; Sood, 2006). These accounting standards were put word-for-word (i.e., using similar and consistent meaning) to the International Accounting Standards Board (Malaysian Accounting Standards Board, 2008). Here, 'similar and consistent' refers to standards that have been adapted and made to accord with the Malaysian context. To clarify the standards' application, the Malaysian Accounting Standards Board provides explanations, guidance, technical bulletins, and examples for the preparers (Malaysian Accounting Standards Board, 2008; Sood, 2006). Some of the initial accounting standards and changes in accounting regulation led Malaysia to adopt the International Financial Reporting Standards on 1st January, 2012 (Malaysia Institute of Accountants, 2012; Muniandy & Ali, 2012). The rationale for moving to the International Financial Reporting Standards is that they provide a common global accounting or reporting language (Leng, Lazar, & Othman, 2007).

The changes in the Malaysian accounting system play a vital role in strengthening transparency and accountability (Liew, 2007; Muniandy & Ali, 2012). The accountability and transparency focus increasingly attracted attention from the regulators and, in turn, led to certain amendments to the Companies Act 1965 and corporate regulations (Liew, 2007; Muniandy & Ali, 2012). These amendments include disclosure requirements (for instance, disclosure of beneficial interests (Sec. 690,) and interests in contracts and property (Sec.131) by the board of directors) in the preparation of financial statements (Ali et al., 2008; Iskandar & Pourjalali, 2000).

2.3.2 Changes in capital market regulatory system

The amendments made in the Act resulted in two major capital market regulatory framework changes. These were first, the shift from a disclosure-based regime (DBR) in the capital market regulation in 1996, and second, the introduction of corporate governance reforms in 2007. The Securities Commission had decided to move from a merit-based regime to a disclosure-based regime to further ensure high quality financial reporting. In the merit-based approach, market regulators have the sole right to assess each company's viability, quality, capabilities, and its suitability for listing before approving any issuance proposal regarding the company's securities, because under the merit-based regulation market regulators are expected to have more information than investors and, thus, need to protect the investors' interests (Liew, 2007; Securities Commission Malaysia, 1999).

However, the merit-based regulation was found to have some drawbacks (Haniffa & Hudaib, 2006; Liew, 2007). The system was inefficient. The increased cost of administration by regulators, and biased decisions by regulators in selecting investing companies for the public (morale hazard) proved problematic. Because the regulators, or the Securities Commission, approve the merits of a particular company, there was a danger that investors would perceive an approved corporation as a good investment (based on the Securities Commission approval) (Liew, 2007). In other words, information about companies was prepared by the Securities Commission with a view to the stakeholders, particularly the investors, and this circumstance led to adverse selection from the limited information provided by the Securities Commission (Liew, 2007).

On the other hand, a DBR system enables the public or stakeholders to access the information provided by each listed company. Under this new disclosure system, all information publicly communicated to stakeholders must be accurate and relevant in accordance with accounting principles and corporate governance parameters required by the securities laws and regulations. The basic principle of disclosure-based regulation requires issuers and intermediaries offering securities to provide investors with sufficient, accurate, and timely disclosure of all relevant information such as a company's business, prospects, finances, and the terms of the securities in order to allow investors make better evaluations regarding the risks and merits of their investment (Rusnah, Suhaily, Yazkhiruni, & Nurmazilah, 2009). The changes to this regime brought about two notable developments in Malaysia's capital market. First, there was an improvement in corporate disclosures and second, corporate governance was enhanced especially through strengthening of the role and responsibility of directors (Liew, 2007; Loh & Zin, 2007; Mohd Hassan Che, Rashidah Abdul, & Sakthi, 2008; Zaimee, 2007).

It is argued that corporate governance, lack of transparency, and a lack of accountability were among the major reasons for the Asian financial crisis of 1997-1998. These issues have become major issues for stakeholders, particularly investors. In the aftermath of the collapse of international companies such as Enron and WorlCom (USA), Parmalat and Royal Ahold (EU), Renong (Malaysia), and HIH Insurance (Australia) there has been a call for better corporate governance (Liew, 2007; Saudagaran & Diga, 2000; Shim, 2006). Better corporate governance is of particular importance as it is a way to strengthen the capital market, gain investors' confidence, and improve the credibility and accountability of financial information produced by listed companies (Liew, 2007; Rahman & Ali, 2006).

In order to gain the stakeholders' confidence and the credibility of the Malaysia capital market, the securities regulators also has took an initiative to improve their listing requirements (Liew, 2007; Nathan, Chiew, & Soo, 2000; Salleh, 2009; Saudagaran & Diga, 2000). As a result, the Malaysian government revamped the corporate governance structure after the 1997-1998 Asian financial crisis, and issued a Malaysian Code of Corporate Governance (MCCG)[5]. Additional to the amendments to the code of corporate governance in 2007, the Malaysia Stock Exchange, Bursa Malaysia encouraged all listed companies to provide additional information voluntarily in their annual reports (Securities Commission Malaysia, 2011). According to Y. Bhg Tan Sri Zarinah Anwar, the Securities Commission Malaysia's Chairman, in AIF International Symposium 2011, "voluntary disclosure is perceived as in the best interests of a company and its people, and provides a good assessment to stakeholders and shareholders of the company's potential to execute its business strategies successfully" *(Bursa Malaysia, 2011)*.

[5] MCCG first introduced in 1997 and revised in 2000, 2007, and 2011.

Voluntary disclosure has been unveiled as an action plan to further drive greater transparency and accountability. Through the financial and nonfinancial information reported it provides deeper insights into overall business activities. A study by Ghazali and Weetman (2006) found that one of the benefits of disclosure is to help corporations strengthen their defences against frequent criticisms that their operations are opaque.

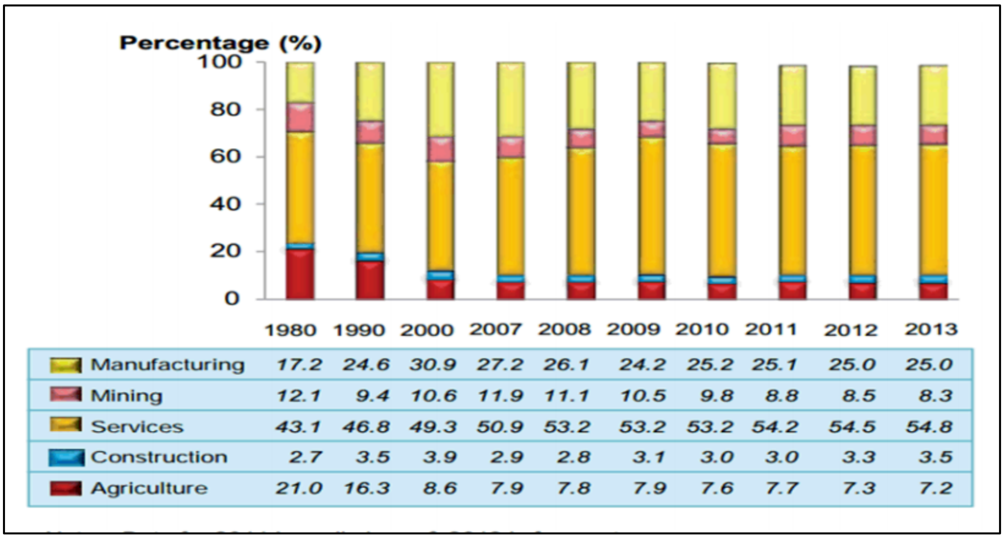
2.4 An overview of economic sectors in Malaysia

Bursa Malaysia (Malaysia's Stock Exchange) offers a choice of two listing boards for companies that wish to be listed in Malaysia. These are primary listing, and secondary listing (Securities Commission Malaysia, 2008). The primary listing (also known as main board listing) offers listing for both local and foreign companies. The secondary listing is offered to foreign companies. Listed companies in Malaysia are required to comply with the listing requirements stipulated in the Bursa Malaysia listing requirements. These requirements include qualitative and quantitative criteria. Some examples of quantitative requirements are the paid-up capital, uninterrupted profit records of 3 consecutive years, and the minimum length of a business' existence in the market (i.e., at least 5 years). For example, to be listed on the main board, a company must have minimum paid-up capital of RM60 million (i.e., equivalent to USD15 million). The paid-up capital required for listing on the second board is RM40 million (i.e., USD 10 million), and companies are subject to compliance with other requirements, as noted earlier. As for the qualitative requirements, aspects such as business, competition, and industry performance must be fulfilled and demonstrated by companies (see Appendix A)

As of May 2013, 930[6] companies with a total market capitalisation in excess of RM1,611.8 billion[7] were listed on the main board. These companies are typically involved in major sectors such as manufacturing, mining, services, and construction. Figure 1 shows the structure of Malaysian production from 1980 to 2013. Reports by the Malaysian Economic Planning Unit recently indicated that the size of market capitalisation in Malaysia was MYR1,611.8 billion (USD402.95

[6] https://www.mswg.org.my/files/editor_files/file/doc2014/Key-Statistics-2009-2013.pdf
[7] http://www.epu.gov.my/documents/10124/2257e64f-b08d-41b7-bed0-b6e6498c38a3

billion) based on the percentage of gross domestic product (GDP) of MYR789.9 billion[8] (USD$197.475 billion).



	1980	1990	2000	2007	2008	2009	2010	2011	2012	2013
Manufacturing	17.2	24.6	30.9	27.2	26.1	24.2	25.2	25.1	25.0	25.0
Mining	12.1	9.4	10.6	11.9	11.1	10.5	9.8	8.8	8.5	8.3
Services	43.1	46.8	49.3	50.9	53.2	53.2	53.2	54.2	54.5	54.8
Construction	2.7	3.5	3.9	2.9	2.8	3.1	3.0	3.0	3.3	3.5
Agriculture	21.0	16.3	8.6	7.9	7.8	7.9	7.6	7.7	7.3	7.2

Figure 1. The trend of Malaysia economic sectors.

From *Business Opportunities in the Manufacturing and Services Sector in Malaysia, 2013* by the Malaysian Investment Development Authority (MIDA).

2.4.1 Public listed companies on Bursa Malaysia

The Bursa Malaysia listing rules require at least 25% of outstanding shares of a company to be issued to the public (Bursa Malaysia, 2013). It appears that the purpose of this provision is to sanction those substantial shareholders deemed as "public." However, in reality these listed companies barely meet this listing requirement due to the companies' major shareholders and controlling rights. Samad (2004) found that 69.5% of companies listed on the main board have five top shareholders who own more than 50% of the controlling shareholdings. The data obtained were based on 512 companies listed on the main board.

Concentrated ownership is also known as block-holders or substantial shareholders (a company which has ultimate owners who owned more than 5-20% voting rights) (Hashim, 2011; Ibrahim & Abdul Samad, 2011; Ibrahim & Samad, 2010). Based on the total market capitalisation of companies with ownership data, the top five shareholder category companies can be:

1. A state-controlled entity

[8] http://www.epu.gov.my/documents/10124/2257e64f-b08d-41b7-bed0-b6e6498c38a3

2. An institution such as bank
3. A foreign company
4. A family or an individual
5. A widely held corporation
6. Another corporation, for example, a voting trust or a cooperative.

According to Samad (2004), about half of the publicly listed companies had five shareholders owning approximately 60% of total equity in the corporate sectors. The largest shareholders held, on average, 30.3% of the shares in a company. Samad (2004) also documented that the predominant shareholdings are held by family shareholders. This finding suggests that Malaysia's corporate sector is dominated by large shareholders, implying that control of the company is largely in the hand of substantial owner(s), which leads to concentrated shareholdings.

Malaysia has amongst the highest concentration of family-based or family-controlled companies in the Asian region (see for example Claessens et al., 2000; Wolfenzon & Morck, 2005). It ranks third highest in terms of family-based business after Indonesia and the Philippines (Ibrahim et al., 2008). Many of the Malaysian companies, including small, medium to large companies, are mixed or combined with the family controlling ownership structure (i.e., concentrated ownership) or they even begin with a family-owned business (Shamsir Jasani, 2002). A number of studies such as Barontini and Bozzi (2011); Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, and Moyano-Fuentes (2007); Morck and Yeung (2003); Wolfenzon and Morck (2005) reported that this type of company makes a major contribution to a country's economy and national gross domestic product (GDP). According to Sciascia and Mazzola (2008), family-controlled companies refers to an organisation which the family controls the business through involvement in ownership and management positions. Family involvement in ownership and family involvement in management is measured as the percentage of equity held by family members and the percentage of a company's managers who are also family members. (p. 338)

In Malaysia, over 43% of the listed companies on the main board of Bursa Malaysia from 1999 to 2005 had family ownership (Ibrahim et al., 2008). The performance of family ownership is evidenced through the country's gross domestic product (GDP) which reported 76% of the contribution was accounted for by the outputs of the 15 top family-controlled pyramid of companies in Malaysia (Wolfenzon & Morck, 2005).

2.5 The quest for voluntary disclosure in corporate reporting

The promulgation of the Companies Act and accounting standards led the Bursa Malaysia to require all listed companies on the Stock Exchange to follow those standards in the preparation of their financial statements as stipulated in the listing requirements (Iskandar & Pourjalali, 2000; Leng et al., 2007). All listed companies on Bursa Malaysia are obliged to publish annual reports in accordance with the Ninth Schedule of the Companies Act 1965 and must follow accounting standards issued by the Malaysian Accounting Standards Board.

In Malaysia, many of the initiatives aimed at improvement (such as a strengthening of the accounting system, national economic policy, and listing requirements) have been implemented in order to facilitate and strengthen the market participants' confidence, which had been weakened as a result of the adverse markets' phenomenon (Ghazali & Weetman, 2006; Nathan et al., 2000; Tam & Tan, 2007). These initiatives include complying with the Sarbanes-Oxley Act 2002 and other Bursa Malaysia Listing Requirements – Chapter 9, which set out the continuing disclosure requirement that must be complied with by a listed company as outlined under 9.02 – Corporate disclosure policy, and 9.03 Immediate disclosure of material information. Sarbanes-Oxley requires amongst others (a) corporate responsibility – management to take individual responsibility for the accuracy and completeness of corporate financial reports by the Chief Executive Officer, and (b) enhanced financial disclosures – enhanced reporting requirements for financial transactions. It requires internal controls for assuring the accuracy of financial reports and disclosure, and the reporting of material changes in financial condition (see, for example Nasir & Abdullah, 2004; Wan Nordin, 2009). In line with the Sarbanes-Oxley requirements, the Bursa Malaysia has also mandated a disclosure of the Statement of Corporate Governance in the annual reports of listed companies. This requirement is designed to promote greater corporate transparency (Ghazali & Weetman, 2006).

In line with the regulatory requirements, the Securities Commission and the Malaysia Accounting Standards Board are striving for quality financial reporting by encouraging companies to comply with 'best practices' requirements such as the MCCG which was revised in 2000 after the economic downturn (Nathan et al., 2000; OECD, 2003). The Malaysian regulatory bodies have continued their efforts to strengthen disclosure practices as reflected in the corporate disclosure framework (i.e., in Chapter 9) under the Bursa Malaysia Listing Requirement through the introduction in 2004 of the Best Practices in Corporate Disclosure document. The Best Practices in Corporate Disclosure is a voluntary practice. Its aim is to advocate greater disclosure by listed companies in line with the disclosure-based regime implemented in 2001 (Ho & Taylor, 2013).

Following the requirement to comply with 'best practices' under the Malaysian Code of Corporate Governance, the National Annual Corporate Report Awards (NACRA) were introduced by the Malaysian Institute of Accountants (MIA), the Bursa Malaysia, and the Malaysian Institute of Certified Public Accountants (MICPA) to encourage and enhance the importance of disclosure in companies' annual reports (Gomes, 2010). NACRA's main objective is to promote a quality corporate reporting environment in Malaysia (Gomes, 2010). These awards are deemed important in encouraging all listed companies to provide useful and relevant information to the public at large (Gomes, 2010).

A recommendation by the OECD in its corporate governance report highlighted that boards of directors or managers should have a better understanding of the merits of greater disclosure (OECD, 2011). According to the OECD, the board of directors' knowledge and awareness about the importance of voluntary disclosure is important in addressing issues relating to the information gap between companies and stakeholders. In the Malaysian context, Malaysia's Code of Corporate Governance blueprint sets out the guidelines for corporate governance best practices in relation to companies' annual reports, the extent to which they complied with the best practices, and an explanation of the circumstances that led to any disclosure decisions (Securities Commission Malaysia, 2012b). In line with the OECD, the Bursa Malaysia has undertaken several important actions in improving the information usefulness of the annual report in Malaysia's capital market

(Akhtaruddin et al., 2009; Bursa Malaysia, 2011; Muniandy & Ali, 2012; Rusnah et al., 2009). This initiative can be seen through a series of revisions that have significantly increased the information that listed companies are mandatorily required to disclose in relation to corporate governance, for example, ownership structure, professional and education background of directors, and management personnel (Ho & Goi, 2012; Muniandy & Ali, 2012). This information typically informs the stakeholders about the capabilities of the managers who steer the company's direction, and their accountability in utilising scarce resources for business activities.

2.5.1 Voluntary disclosure in Malaysia

In Malaysia, as reported by Tan, Kidam, and Cheong (1990), the evolution of voluntary disclosure started in the late 1990s. Since then a number of debates among researchers, typically about the level, quality, and type of voluntary disclosure in companies' annual reports, have continued (see for example Amran & Devi, 2008; Ghazali, 2008; Ghazali & Weetman, 2006; Haniffa & Cooke, 2002; Hashim & Mohd Salleh, 2007; Ho, 2008; Hossain, Adams, & Tan, 1994; Tan et al., 1990; Thompson, 2002). Some of these studies argue that there was a considerable divergence between the level of voluntary disclosure practised by Malaysian listed companies, and the level of disclosure perceived by various sets of user groups. These differences are typically related to the corporate governance, control, and ownership factors (Akhtaruddin et al., 2009; Ghazali & Weetman, 2006; Haniffa & Cooke, 2005; Haniffa & Hudaib, 2006). Additionally, companies in Malaysia are also believed to be influenced by external factors such as changes in the capital market regulatory framework. Based on a longitudinal Malaysian study spanning from1996 to 2006, Ho, Taylor, and Tower (2009) reported that the regulatory regime change in the country had significant implications for listed companies in terms of their disclosure level. Based on their study's findings, Ho et al. (2009) contended that a country's regulatory changes can be one factor that influences the level of voluntary disclosure of the companies, particularly in the case of the introduction of the Malaysian Code of Corporate Governance in early 1999 after the Asian financial crisis.

Another study in Malaysia by Ghazali and Weetman (2006) focused on the disclosure process after the economic crisis in 1997 in relation to company's ownership structure. Their findings revealed that government initiatives and industry competitiveness influence the extent of voluntary disclosure in Malaysian companies' annual reports. However, Ghazali and Weetman (2006) argue that direct ownership and family control on the board of directors can limit the managers' motivation for voluntary disclosure. Ghazali and Weetman (2006) inferred that the government initiative to enhance corporate governance did not have substantial effect on family-controlled companies, as the predominant cultural ownership outweighs the initiatives taken by the government. However, Ghazali and Weetman (2006) study did not differentiate the level of voluntary disclosure analysis onto all family control companies in Malaysia.

Another reason for the rise in demand for voluntary disclosure in Malaysia lies in the enforcement of mandatory requirements in preparing a company's annual report. Prior to 2001, there was no regulation that specified or recommended good additional information disclosure. Much was left for the company to decide. The shift from a merit-based to a disclosure-based regime, however, brought attention to the importance of additional information in the company's annual reports. Moreover, in its effort to enhance disclosure quality, Malaysia adopted quarterly reporting of financial information for the public listed companies in 1999. This change was followed by the harmonisation of Malaysian accounting standards with the International Accounting Standards.

Subsequently, the Malaysian Code on Corporate Governance (MCCG) [9] was introduced through the amendments to the Bursa Malaysia listing requirements in 2001 (Malak, 2015). One of the Malaysian Securities Commission's recommendations was a mandatory disclosure on the state of compliance with the MCCG, which was issued in the revamped exchange listing requirements. The MCCG aims to improve and strengthen corporate governance practice for higher corporate performance in the capital market. To achieve this aim, Malaysian listed companies are also required to include in their annual report a narrative statement of how they apply the governance principles. Corporate reporting transparency is

[9] Issued by the Malaysian Institute of Corporate Governance (MICG) in 1999.

also applied in the company Memorandum and Article (M&A) which requires a higher standard, which is equivalent to international best practice of corporate disclosure and behaviour, from the parties involved. In addition, Bursa Malaysia has also issued its “Best Practices in Corporate Disclosure” as a means of guiding the listed companies on how to perform their disclosure obligations in accordance with the listing requirements and securities law (Zulkafli, Abdul Samad, & Ismail, 2007)

Since then, studies have documented that, through various best practices and recommendations, the listed companies in Malaysia have make a substantial effort to disclosed additional information voluntarily in their annual reports (Amran & Devi, 2008; Ghazali, 2008; Liew, 2007). Although the new amendment regulations did not change the mandatory requirements for accounting disclosure, the Malaysian Institute of Corporate Governance (MICG) does expect all listed companies can improve their accountability through greater transparency.

Given the capital market regulations are changing and moving to better transparency and accountability, the professional accounting bodies are also playing their part in improving the regulatory system (Amran & Devi, 2008; Ghazali, 2008; Liew, 2007). As noted by Liew (2007), timely information reporting is made available to stakeholders to enhance disclosure and transparency, and to reduce the possible manipulations by management. Therefore, accurate disclosure can be used as an argument for management to disclose at a minimum level.

Accompanying the increased attention to corporate governance and disclosure in Malaysia are many considerations that could influence a company’s overall policy decision on voluntary disclosure. These factors include: the extent, frequency, and method of disclosure (Ghazali, 2007, 2008); the company’s objectives with disclosure (Ghazali, 2008); the size, and listing status (Akhtaruddin et al., 2009; Ghazali, 2007). Haniffa and Cooke (2005) also point to the importance of societal background; the complexity of the company such as its size, type, and the background of the company’s shareholders; the cost of disclosure; and, the favourableness of the news. Some studies articulate that companies simply provide information voluntarily to meet the minimum requirements of corporate governance best practices and listing purposes (for example Campbell & Abdul Rahman, 2010;

Haniffa & Hudaib, 2006; Ibrahim & Abdul Samad, 2011; Nasir & Abdullah, 2004; Wahab et al., 2007).

Several recent studies (such as Akhtaruddin et al., 2009; Ghazali, 2008; Hashim, 2011; Ho, 2008) juxtapose the adequacy of voluntary disclosure and the demand for information. These empirical studies found that current voluntary disclosure practices in Malaysia are inadequate to satisfy the information needs of users of corporate annual reports. Ghazali and Weetman (2006) reported that the preparers, who are usually guided by management, are reluctant to disclose more than that which is required by regulations. Users, on the other hand, have a need for more information that is useful for effective investment or economic decision-making. This situation creates challenges for both preparers and users in terms of what is material, what is relevant, and how much data is enough. According to Ball, Jayaraman, and Shivakumar (2012), the information available to the users must be useful (informative) in order for them to make an effective economic decision.

In terms of understanding the problems relating to voluntary disclosure in companies' annual reports, it would seem pertinent to consider the perceptions of other stakeholders (such as accountants, suppliers or creditors, analysts, nonprofit organisations, and government employees) rather than just those of shareholders and investors (Ghazali, 2008; Jaffar, Jamaludin, & Mara Riduan, 2007). Stakeholders are the people who utilise, assess, and evaluate information within the annual reports. As for the information required and needed by stakeholders, the conflicting interests between information preparers and information users can lead to low quality information in the annual reports. This was a grim signal that low quality disclosure can be a continuous problem in corporate reporting if there is no appropriate approach to manage voluntary information criteria (Ghazali, 2008; Gomes, 2010; Tregidga, Milne, & Lehman, 2012). However, the response to the call for quality disclosure in corporate reporting has been encouraging.

2.5.2 The future direction of voluntary disclosure

Nowadays, much of academia, professional bodies, and accounting practitioners have begun to move towards greater understanding and quality voluntary information. Conceding there has been increasing demand for more information in companies' annual reports, the corporate reporting trend is gradually shifting from traditional reporting towards more holistic corporate reporting, for instance, independent sustainability reporting (Global Reporting Initiatives (GRI) Guidelines, G3 in 2006), and, in 2009/10, integrated reporting through South Africa's King III Code of Governance Principles (de Villiers, Unerman, Rinaldi, Stubbs, & Higgins, 2014; Wild & van Staden, 2013). Within the accounting literature, the move from traditional reporting is vital in order to address the demand of stakeholders who see voluntary disclosure in annual reports as important, and to improve the flow of useful information in external reporting for the effective functioning of the capital market (Bozzolan, Favotto, & Ricceri, 2003). These types of reports are deemed important as they provide concise and material information by linking capital used and financial results (Jensen & Berg, 2012; Wild & van Staden, 2013).

As for Malaysia, the integrated reporting topic had been raised and still caught many by surprise (Malaysian Institute of Accountants, 2011). The move was described as very drastic and the framework as a precarious framework. Consequently, integrated reporting is still at the infancy stage of acceptance by organisations in Malaysia (Malaysian Institute of Accountants, 2011). Although many Western companies advocate publication of one report that comprises both financial and nonfinancial information, several important factors such as a country's regulatory framework, nature of companies, capital market environment, and socio and economic environment influence most companies' decision to adopt this type of reporting (de Villiers et al., 2014; Jensen & Berg, 2012). While regulators indicate the benefits of integrated reporting for companies and stakeholders in general, the system has a number of substantial limitations. These include the fact the reporting framework or guidelines will differ from one country to another. The concept of integrated reporting is typically practitioner-driven, and evidence on it is based on limited case studies of experimental practice (Jensen & Berg, 2012). In addition, integrated reporting is also a voluntary practice and the company has to bear the cost of production.

2.6 Summary

In this chapter, the institutional setting of this study which comprises Malaysia's social, economic, government policy, accounting profession, and reporting environment is discussed. The legacy left by the colonial government raises some important implications for the sociology and economy of postcolonial societies, as shown in the case of Malaysia. One legacy of British rule in Malaysia has been the creation of a multiethnic country in which each ethnic group specialised in specific employment areas. For instance, those of Malay ethnicity specialised in agriculture and plantations (Fraser et al., 2006). As the political and economic landscape changed after independence in 1957, the government was drawn into the role of a mediator and manager of interethnic tension that resulted from the competition for economic resources and rights between ethnicities (Fraser et al., 2006; Siddiqui, 2012).

The emerging economy led the Malaysian government to take affirmative action and to implement several national policies (such as the New Economic Policy and New Development Policy). Furthermore, consistent with the market development, the government empowered the Malaysian Accounting Standards Board with the authority to regulate accounting practices. In line with the government initiatives undertaken, the Securities Commission simultaneously issued the Malaysia Code on Corporate Governance in order to encourage best governance practice which is based merely on self-regulation. The Bursa Malaysia Securities Berhad also took an initiative to strengthen the new disclosure regime by incorporating disclosure as part of the listing requirements. The development of accounting practices emerged continuously until Malaysia became fully convergence with IFRS in 2012.

The enforcement and regulation of accounting practices and reporting promulgated a series of development strategies to enhance disclosure. The debates questioning the relevance and usefulness voluntary disclosure demanded from the users (such as potential investors, creditors, suppliers and analysts) made further research by academics increasingly necessary. The progressive strategies implemented by Malaysia’s government, regulators, and accounting bodies may drive board of directors’ attitudes towards voluntary disclosure especially for listed companies. The preparers (i.e., board of directors) must be able to safeguard the level of investors and stakeholders’ confidence in financial reporting and their ability to evaluate companies on the basis of the information given.

Companies in Malaysia, especially family-owned businesses, have been criticised for the corporate governance and voluntary information included in their annual reports. Research has shown that corporate governance factors such as owners or family members being directly involved in the management of the company make any tendency for family-owned companies to disclose information voluntarily unlikely. The next chapter presents a review of the literature that forms a basis upon which to examine the factors, level, and quality of voluntary disclosure.

CHAPTER THREE

REVIEW OF PREVIOUS EMPIRICAL RESEARCH ON THE LEVEL OF DISCLOSURE

3.1 Introduction

As indicated in chapter 1, the aim of this study is to investigate the level and extent of voluntary disclosure by Malaysian listed family-owned companies. In order to position the thesis this chapter, therefore, provides a discussion of the relevant literature. The intention here is to present the empirical work done by various scholars in the field and to highlight gaps in the literature in terms of themes. The chapter outlines the literature along three themes: voluntary disclosure in emerging countries; the impact of organisational structure and social environment on the disclosure behaviour of firms; and, prior studies on the voluntary disclosure measurement. Furthermore, this chapter clarifies the rationale for the thesis by indicating its position in an emerging country and the level of voluntary information disclosed in the annual reports in an emerging economy. The chapter concludes by providing a synthesis of the existing literature in order to identify the knowledge gap and ways in which this study might supplement what has been written about the subject.

3.2 Theme 1: Literature on voluntary disclosure and regulatory changes in emerging countries

Malaysia has undergone a series of important regulatory regime and governance changes since 1997 (Liew, 2007; Siddiqui, 2012; Tam & Tan, 2007). This section reviews the literature on the implications of regulatory changes in emerging countries and the link between the economic environment and companies' disclosure practices. Given these important changes, the subject of information disclosure is seen to be a fundamental mechanism in corporate reporting.

According to Broberg et al. (2010), regulatory regime changes can cause variation in the content of information voluntarily disclosed. Regulatory changes in market structure, financial reporting systems, corporate governance, and business models have made information disclosure an important issue in respect of the companies' long-term growth and sustainability in the capital market. However, many of the earlier studies evaluated the extent of voluntary disclosure made by companies in developed countries rather than examining corporations in emerging countries (Ahmed & Courtis, 1999; Akhtaruddin & Hasnah, 2010; Haniffa & Cooke, 2005).

Prior studies (such as, Ahmed & Courtis, 1999; Camfferman & Cooke, 2002; Healy & Palepu, 2001; Kang & Gray, 2011; Uyar & Kılıç, 2012; Wang et al., 2013) argued that it is important to improve the extent of voluntary disclosure in companies' annual reports. Several factors have been considered in the prior literature. First, the subject of voluntary disclosure is limited not only to the reports' exclusive users but also extends to others in the society such as professional institutions, creditors, government, and other decision-makers. Second, voluntary disclosure in annual reports provides benefits for the stakeholders' economic decision making, as that disclosure complements the existing statutory information in the annual reports.

The majority of studies found that an absence of a well-organised regulatory regime and corporate governance systems shapes low disclosure compliance by listed companies in emerging countries such as Jordan (Al-Akra, Eddie, & Ali, 2010; Naser, Al-Khatib, & Karbhari, 2002), Qatar (Hossain & Hammami, 2009), Egypt (Hassan, Romilly, Giorgioni, & Power, 2009), India (Hossain, 2008), Kuwait (Al-Shammari & Al-Sultan, 2010), and Malaysia (Akhtaruddin et al., 2009; Ghazali, 2008; Hashim & Mohd Salleh, 2007). According to Carnegie, Edwards, and West (2003), and Ball, Robin, and Wu (2003), the majority of emerging countries inherited their regulatory systems from the colonial powers which once ruled them and this inheritance usually has a direct impact on the economic and business systems in those countries. Given these countries have high economic growth potential as a result of globalisation, their corporations are ultimately exposed to competitive advantage. In effect, however, the vast opportunities to extend their businesses are impeded because of a low level of information disclosure (Allegrini & Greco, 2013; Haniffa & Cooke, 2002; Soliman, 2013).

The economic and social changes in emerging countries show that domestic institutions play an important role in determining how corporates behave in response to the pressure of globalisation (Belal, Cooper, & Roberts, 2013; Patel, Balic, & Bwakira, 2002; Wang & Claiborne, 2008). Within the last century, improvements brought about by the industrialisation of nations have inevitably resulted in the diminishing of boundaries between countries, a rise in international trade and business alliances, an increase in international investment, and changes in the competitive environment (Belal et al., 2013; Boesso & Kumar, 2007).

In response to the rise of international business activities, much of the economic policy of a country has gone through several processes of corporate legal reformation, which have, in turn, led to the changing of social policies (Campbell, 2007). First, domestic institutions need to ensure that organisations have a common regulatory framework and standards for business activities. Second, the impact from globalisation has led to increased demand for capital, which usually refers to individuals and organisations as capital providers. Since a market system needs to be operated efficiently, the domestic institutions must ensure sufficient and valuable information flows in the market in order to enable the providers of capital to make efficient economic decisions (Bushman, Piotroski, & Smith, 2004; Healy & Palepu, 2001). Thus, the role of domestic institutions and market pressure can lead to increasing voluntary disclosure in companies' annual reports.

However, the effect of globalisation on the relationship between domestic institutions and voluntary disclosure is mainly empirically evidenced in Western countries or in developed nations (see, for example, Adams, Hill, & Roberts, 1998; Boesso & Kumar, 2007; Camfferman & Cooke, 2002; Cormier, Magnan, & Van, 2005). Many of the developed nations and international financial organisations have directed efforts towards improving corporate reporting and issued several guidelines, for example, triple bottom line reporting, corporate governance best practices, and sustainability reporting (Beretta & Bozzolan, 2008; Boesso & Kumar, 2007; Financial Accounting Standards Board, 2001). Indeed, these efforts have led many Asian business legal systems to adopt the Western disclosure reporting style. Those reports and guidelines provide investors and other stakeholders with better access to detailed information than they had before, readily enabling them to assess a company's nonfinancial information relative to its business performance in that economic context.

The Asian economic crisis created a new international consensus about the need for increasing and timely information to sustain developing markets (Ghazali & Weetman, 2006; Mitton, 2002). The globalisation process in corporate reporting in emerging markets has taken the form of moving towards adopting international standards developed by multilateral bodies such as the Financial Accounting Standards Board, the Cadbury Report, and the OECD (Mitton, 2002). There is also evidence that corporate law has been reviewed and reformed since the financial crisis (Ghazali & Weetman, 2006; Madan Lal, 2010; Mitton, 2002; Wang et al., 2013). The main objective of this regulatory change is to create a sustainable economic recovery. For example, in Malaysia, the National Economic Action Council (NEAC) was established in January 1998 to formulate plans for ensuring the sustainable growth of the nation. The NEAC recommended that restoring market confidence could be achieved by improving and enhancing transparency and accountability through disclosure and corporate governance (Ghazali & Weetman, 2006).

Many of the disclosure practices in the emerging countries (such as Qatar, Jordan, Egypt) are imitating those of developed countries and also continuing to follow the systems they had inherited from developed countries (Belal & Owen, 2007; Muniandy & Ali, 2012; Yunos et al., 2012). The preparation of disclosure in annual reports is often based on models laid down in developed countries' regulations, accounting systems, and laws that are compatible with their own local environments (Carnegie et al., 2003; Cooke & Wallace, 1990; Muniandy & Ali, 2012; Patel et al., 2002). A number of factors have led many developing and emerging countries to adopt disclosure reporting from developed countries. because, first, there is no local specific framework or guidelines for them to adhere to (Muniandy & Ali, 2012), and second, these companies are seeking opportunities to raise external funds from multiple countries (Bozzolan et al., 2003; Ferreira & Rezende, 2007; Newson & Deegan, 2002). Finally, they are responding to the demand for more accountability and transparency (Bushman, Piotroski, et al., 2004; Patel et al., 2002). Hence, impact from developed countries on disclosure reporting is noticeable. However, some companies may not adopt such reporting as they may consider statutory disclosure to be sufficient (Lundholm & Winkle, 2006), while others may be influenced by a number of reasons that may limit the level of voluntary disclosure

(Chen, Tan, Cheng, & Gong, 2013; Haniffa & Cooke, 2005; Huafang & Jianguo, 2007).

The shifting trend towards voluntary disclosure in many emerging countries can be regarded as a social and institutional practice, rather than a technical aspect (see, for example, Belal et al., 2013; Belal & Owen, 2007; Campbell, 2007; Hossain & Hammami, 2009; Lundholm & Winkle, 2006). The majority of studies found that voluntary disclosure was a way of communicating a company's image and reputation. In some cases, voluntary disclosure provided a way not only to achieve social and institutional conformity, but also to report additional information that was deemed to be of importance to the external stakeholders. Stakeholders, particularly potential investors and society, have been identified as the force factors that drive managers to provide disclosure. This phenomenon is evidenced in Islam and Deegan's (2008) study in Bangladesh. Their results show that potential investors (i.e., multinational companies) are the major group pressurising companies to provide voluntary disclosure. It is claimed that companies provide voluntary disclosure in order to attain institutional conformity or gain legitimacy when seeking further external investment. Although, the response of companies has led to improvement in voluntary disclosure and greater transparency, the corollary implies that external stakeholders have an explicit influence on managers' decision to disclose. In China, Liu and Anbumozhi (2009), and Yuen, Liu, Zhang, and Lu (2009) found that governmental pressure for corporate disclosure policy exerts a coercive pressure on companies to provide voluntary disclosure. Similarly, Qu et al. (2012) found regulatory and policy changes in the Chinese stock market have contributed to the increase in the level of voluntary disclosure in the annual reports of listed companies.

The implementation of policies, standards, and professional regulations can be seen as an instrument that allows authoritative bodies and agencies to change and control disclosure practices. For example, the execution of such policy regimes via listing requirements and market scrutiny enables the securities commissions to control all aspects of financial and corporate disclosure. It is important to note that information disclosed in annual reports is useful to regulators, preparers, investors, and other stakeholders as they are the providers of capital in the market cycle. As it is challenging for companies to obtain investment, regulators can use this information to evaluate the current standard of corporate reporting, and determine whether the information is sufficient to attract greater number of stakeholders for capital mobilisation.

Companies that are involved in industries that have a high impact on society, particularly in terms of pollution, health, and safety, must follow the industry regulations and they are expected to disclose levels of information that go beyond statutory requirements. According to Milne and Chan (1999), voluntary disclosure in areas such as social responsibility impacts on the decision made by the investors to a certain degree (see also Barako, Hancock, & Izan, 2006; Camfferman & Cooke, 2002). Disclosure on social responsibility by companies suggests that the existence of an organisation relies on the support of society in general. It would appear that a society has the right to either support or disapprove of a firm on the basis of its social activities, which implies that a number of different stakeholder groups, especially those with authoritative influence, may preserve their own self-interest within the system through their interrelationship with others (Williams, 1999).

3.2.1 Voluntary disclosure in emerging countries

For the purpose of this thesis, the terms ‘emerging countries’ or ‘market business system’ refer to a broad range of countries that are rapidly entering the world’s global economy. In other words, these countries have high-growth potential (Belal et al., 2013; Elsayed & Hoque, 2010; Hossain & Hammami, 2009; Huafang & Jianguo, 2007). Due to their phenomenal economic growth, this sector of the global market has become a key focus for personal and institutional investors. These emerging markets include some Eastern European countries, Asian countries, (for example, some provinces of China), Malaysia, Thailand, Indonesia, the Philippines and some of the Latin American countries. While some listed companies in emerging countries (such as China, Thailand, and Malaysia) practise voluntary disclosure in their annual reports, these disclosures are insufficient and descriptive in nature (Ho & Wong, 2001; Hossain & Hammami, 2009; Huafang & Jianguo, 2007).

Voluntary disclosure practices in emerging countries are often associated with low levels of quality and quantity (Akhtaruddin et al., 2009; Chau & Gray, 2010; Chau

& Gray, 2002; Hossain & Hammami, 2009; Jaggi & Low, 2000). Despite listing agencies and securities commissions' requiring listed companies to comply with accounting standards and disclosure provisions, it is often alleged that companies' annual reports do not contain sufficient information of a type that exceeds the disclosure requirements stipulated by the regulators (Akhtaruddin et al., 2009; Haniffa & Cooke, 2002; Ho & Wong, 2001; Rouf & Harun, 2011). This shortcoming has resulted not only in poor voluntary information disclosure, but also in poor disclosure compliance on the part of the listed companies (Akhtaruddin, 2005; Healy & Palepu, 2001; Ho & Wong 2001; Leuz & Wysocki, 2008).

The business environment and voluntary disclosures are seen by some as a mechanism that organisations utilise in order to enhance their benefits, to fulfil the stakeholders' demands, and to discharge their accountability to society as a whole. According to Guthrie and Parker (1989), the primary objective of disclosure in annual reports is a) to reflect the public perceptions, b) to respond to government pressure, and c) to protect corporate prerogatives and projected corporate images. It has been suggested that the relationship between those objectives and voluntary disclosure represents the 'interplay of contradictory forces'. That perceived relationship has led some to question the intention of managers in providing such disclosure (Depoers, 2000; Dilla & Janvrin, 2010; Neu, Warsame, & Pedwell, 1998; Stanton, Stanton, & Pires, 2004). The advantage and/or disadvantage of voluntary disclosures for the firm reside in the credibility of the information disclosed (Bhojraj et al., 2004). If the voluntary disclosure has a positive influence on the firm's performance and values, then such disclosure can be seen as positive. Conversely, a firm has to trade off the positive effects of voluntary disclosure if other companies use the information to their strategic advantage (Depoers, 2000).

International comparative studies of voluntary disclosure are limited. They also tend to be largely descriptive in nature and to focus on developed nations, particularly the United Kingdom, Australia, and countries in Western Europe. The lack of consensus on the factors that influence the decision of managers to engage in various voluntary disclosure practices may be one factor inhibiting intensive investigation of this phenomenon, particularly in emerging countries (Wang & Claiborne, 2008). A few attempts have, however, been made to identify the level of voluntary disclosure, and to explain significant variations in emerging countries, for example, Naser et al. (2002) on Jordan; Hossain and Hammami (2009) on Qatar; Khodadadi, Khazami, and Aflatooni (2010) on Iran; Tsamenyi, Enninful-Adu, and Onumah (2007) on Ghana; Hassan et al. (2009), and Elsayed and Hoque (2010) on Egypt; and, Wang et al. (2013) on China. Even though regulatory changes and different economic issues have plagued some emerging countries over the past couple of years, due to their relative stability and good economic prospects these developing countries have attracted the interest of researchers.

Naser et al. (2002) studied the extent of disclosure in 152 Jordanian companies listed on the Amman Stock Exchange in 1998. When comparing their study with a prior study by Solas (1994), Naser et al. (2002) found that there had been a significant improvement in the level of voluntary disclosure. Their study conjectures that the revised Companies Act 1997 and Investment Promotion Law 1998, in accordance with the adoption of IAS/IFRS in 1998 by all listed companies, provides a reasonable explanation for the impact of regulatory changes on the level of information disclosed. Ultimately, these regulatory changes have improved the level of domestic and foreign investments for the benefit of Jordan’s economy.

Hossain and Hammami (2009) study in Qatar investigated the implications for the country’s economy of regulatory changes in the form of financial regulation for voluntary disclosure on Qatari financial reporting. They examined the extent of disclosure in the annual reports of 42 Qatari companies listed on the Doha Securities Market (DSM), and also determined the underlying factors that affect the level of disclosures. The results showed that development and growth of a company in an emerging capital market like Qatar have a significant association with the level of voluntary disclosure in annual reports. Using the Ordinary Least Square (OLS) regression model, the results indicate that age, complexity of business, and assets-in-place are significant in terms of their relationship to the level of voluntary disclosure.

Wang et al. (2013) analysed the effect of voluntary disclosure on a firm’s value during a financial crisis. They documented how accounting regulations and legal systems amendments in the Chinese capital market have significantly enhanced voluntary disclosure and forced listed firms to provide it in their annual reports. In line with such regulatory changes, China's Securities Regulatory Commission has enforced compliance with the Code of Corporate Governance for listed companies. Wang et al.'s (2013) study used as it sampled the annual reports of 714 companies listed on the Shanghai and Shenzhen Stock Exchanges over a period of 5 years from 2005 to 2009. The study employed a regression model (two-stage OLS). The model used the ratio of the computed voluntary disclosure score (unweighted) of a firm to the total expected number of voluntary disclosure items disclosed. The two-stage OLS was used to identify the voluntary scoring and applied to firm-value regression. The results show that changes in the accounting regulations and better supervision of corporate management have a significant impact on the level of voluntary disclosure in the companies' annual reports. In addition, the findings show that the increase in voluntary disclosure during the research period improved the firms' value. However, Wang et al. (2013) research findings also show that the level of voluntary disclosure and firm value have a significant negative relationship for firms with more state ownership.

In the Egyptian context, Hassan et al. (2009) argued that the lack of capital market regulations enforcement creates freedom of choice in terms of disclosure practices in companies' annual reports. Hassan et al. (2009) suggest that more severe enforcement of penalties should be put in place to encourage managers towards greater disclosure. The study's results also reveal that voluntary disclosure complements statutory information and ultimately increases the firms' value. However, in that research, Hassan et al. (2009) did not consider the implication of changes to listing rules on the level of voluntary disclosure in the companies' annual reports. Rather, the voluntary disclosure items were based on those of the Center for International Financial Analysis and Research (CIFAR) and refined by the authors through manually surveying the annual reports. This method, however, involved outdated items and personal judgement.

By contrast, Khodadadi et al. (2010) examined the changes in the corporate governance regulatory environment in Iran. The study sample used 106 listed companies' annual reports to test the relationship between corporate governance factors and the extent of voluntary information. Khodadadi et al. (2010) highlighted the importance of an oversight board (such as an audit committee); the dual roles of the chairperson and chief financial officer; and, the composition of institutional investors on the level of voluntary disclosure in companies' annual reports. The results indicate that strong corporate governance regulations in the capital market can enhance the level of voluntary disclosure in companies' annual reports. With regard to corporate governance, the study also argues that the ownership of companies can be an issue that inhibits managers from disclosing more voluntary information.

For Al-Razeen and Karbhari (2004) the influence of market systems and accounting regulations are important in determining the level of voluntary disclosure. They examined the annual reports of 68 companies in Saudi Arabia and found that the current compliance regarding statutory disclosure by companies in Saudi Arabia can influence the level of voluntary disclosure in the companies' annual reports. The study identifies the voluntary disclosure items, as those are closely related to the mandatory information. Attention was given to the mandatory items and the detail and description of these items in the requirements. The main finding of this study reveals that there is no consistent pattern of relationship between compliance with mandatory disclosure and the types of voluntary disclosure made by the companies. The findings also reveal that a company's industry type has a positive significant relationship with the extent of voluntary disclosure in the annual reports due to the intervention of the Saudi government (via subsidisation for nonprofit making companies). However, the authors suggest that companies that are complying with mandatory disclosures are not necessarily disclosing most of the information voluntarily.

In contrast with the aforementioned studies, Ho and Wong (2001) argued that the changes in accounting systems and regulatory changes are insufficient to resolve the issue of information disclosure in annual reports. According to Ho and Wong (2001), improvement in the level of voluntary disclosure has to be augmented by companies' corporate governance systems and structure. Ho and Wong (2001) contended that differences in regulatory and cultural environments, either in Western or Eastern economies, can affect corporate disclosure practices. Compared to the regulatory environments in the US and the UK, Eastern economies have relatively lax disclosure requirements, and corporate ownership encompasses mostly listed family- or individual-controlled firms. Consequently, in their Hong Kong study, Ho and Wong (2001) concluded that a company's ownership and structure determined the level of voluntary disclosure.

According to Akhtaruddin et al. (2009), little research attention has been paid to the association between voluntary disclosure and corporate governance regulation. Hence, their study focuses on specific corporate governance variables (such as the composition of the board of directors, proportion of audit committee, independent nonexecutive directors, and ownership control) that can stimulate the institutional mechanism. The sample in Akhtaruddin et al.'s (2009) study drew on the annual reports of 105 listed companies in Malaysia. Their findings revealed that the mere adoption of rules and regulations to improve disclosure is not effective. In this respect their findings differ from those of previous studies which looked at Western countries. Akhtaruddin et al. (2009) conjecture that concerted efforts from the boards of directors, those in charge, and those who have direct responsibility play a vital role in improving the level of voluntary disclosure in companies' annual reports.

Furthermore, with regard to the issuance of the Malaysian Code of Corporate Governance in 2000, Haniffa and Cooke's (2002) study in Malaysia found a statistically significant association between the structure and composition of the board of directors and the degree of information disclosed. They found a negative relationship with nonexecutive directors and a positive relationship with family board members in terms of the level of voluntary disclosure. Although this study found that board composition can influence the level of voluntary disclosure, the study did not explore the reasons for the low level of disclosure in the annual reports. Thus, a study that investigates the reasons behind the low level of disclosure in the Malaysian context can provide further insight into this area.

Previous discussions in the literature review on voluntary disclosure levels in emerging countries point to a degree of consensus among those researching this issue in emerging countries. First, with the exception of Ho and Wong (2001), Haniffa and Hudaib (2006), and Akhtaruddin et al. (2009), scholars conclude that voluntary disclosure is associated with regulatory changes and that changes in accounting systems and capital market regulations can stimulate the level of voluntary disclosure in companies' annual reports.

Secondly, Ho and Wong (2001), Haniffa and Hudaib (2006), and Akhtaruddin et al. (2009) all argue that the level of voluntary disclosure in emerging countries is influenced not only by the need for compliance with regulatory changes but also by a company's own internal control systems. Given emerging countries, including Malaysia, are often faced with myriad problems (for instance, the need for improvements in legal controls (Cheah, Lim, & Yen, 2012; Ishak & Napier, 2006), government intervention (Azham, Teck Heang, Yusof, & Ojo, 2007; Selvaraj, 1999), less investor protection (Ishak & Napier, 2006), and highly concentrated ownership (Amran & Ahmad, 2009; Samad, 2004), such features can lead to varying levels of voluntary disclosure. According to Haniffa and Cooke (2002), given the different business landscape and regulatory changes in Malaysia, the country has been under researched in terms of the level of voluntary disclosure, despite the substantial growth in its economy. Since there has been significant growth in the Malaysian economy, potential investors, market participants, financial institutions, and regulators from other emerging markets would like to obtain a better understanding of the corporate reporting environment of Malaysia.

The previous discussion also highlighted some limitations on the level of voluntary disclosure associated with regulatory changes. One of these limitations is that earlier studies focus too much on the effect that regulatory factors (such as accounting systems, corporate governance systems, and securities commission requirements on mandatory compliance) exert on the level of voluntary disclosure. No attention is given to analysing and describing the variation in the levels of voluntary disclosure in terms of different ownership structures, or uncovering the reasons for undertaking voluntary disclosure in the annual reports.

Even though prior studies are agreed that voluntary disclosure is distinguishable from one country to another, their distinctions lack clarity. For instance, Naser et al. (2002), Hossain and Hammami (2009), Wang et al. (2013), and Hassan et al. (2009) consider regulatory changes such as the introduction of new listing requirements and implementation of accounting standards but overlook the possibility that, in some cases, more severe enforcement of penalties on statutory compliance does not affect the managers' decision to provide voluntary disclosure. In fact, Khodadadi et al. (2010) highlighted the importance of an oversight board and company ownership on the level of voluntary disclosure. However, the study did not make in-depth distinctions in the levels of voluntary disclosure for different types of ownership.

Furthermore, Cheng and Courtenay (2006) contended that changes in market regulations can influence the monitoring role of the internal management in a company. For instance, between 1998 and 2000 Singapore experienced a transition from a predominantly merit-based philosophy to a predominantly disclosure-based regime. The transition resulted in changes to the minimum requirement for board independence, whereby at least one-third of the board should be nonexecutive directors. Cheng and Courtenay (2006) found that a change in the board composition had significant effects on the level of voluntary disclosure in the listed companies examined. Their results indicated that the level of voluntary disclosure in the companies' annual reports was higher in 2000 than it had been in 1998.

Research in most emerging countries has found that regulatory frameworks for corporate governance are important (Akhtaruddin et al., 2009; Cheng & Courtenay, 2006; Haniffa & Cooke, 2002; Ho & Wong, 2001). However, prior studies focused on listing statistical associations between corporate governance variables and voluntary disclosure practices.

Earlier studies on voluntary disclosure in emerging countries have also been unable to take into account the crucial role of the managers' background and the reasons for voluntary disclosure. Since voluntary disclosure is a managerial decision, the quality and quantity of the levels of the information disclosed in the annual reports call for a distinct explanation, particularly in relation to different corporate ownership structures. Even though variations exist between companies, the managers, to some extent, must be able to exercise their discretion and judgement on how to ensure that voluntary disclosure contributes to the company's long-term growth and sustainability.

It is also noticeable that the earlier studies on the level of voluntary disclosure were mainly undertaken by scholars from the Western and developed countries. Their reasoning would be largely influenced by their understanding of Anglo-Saxon business systems, as well as the sociological and political views they subscribed to (see, for example, Brammer & Pavelin, 2006; Camfferman & Cooke, 2002; Cooke, 1989; Donnelly & Mulcahy, 2008), thus, potentially making their explanations inappropriate in the context of emerging countries as voluntary disclosure cannot be totally disassociated from its environment. Extant literature (such as Ali et al., 2007; Chau & Gray, 2010; Haniffa & Cooke, 2005) suggests that it is difficult to ignore the idea that changes in regulatory systems and stakeholders' perceptions affect the level of voluntary disclosure in annual reports. However, the phenomenon may not work well in many emerging countries, which are characterised by their strong collectivist society, due to the high proportion of family businesses in those countries. For this reason, Denis and McConnell (2003) suggested that examining the interrelationships between external and internal corporate governance mechanisms can provide a better understanding of organisation-specific internal governance mechanisms such as the board of directors. Given that changes in the external regulatory regime are likely to have an impact on a company's internal governance, board monitoring may change across different regulatory regimes in response to regulatory emphasis.

3.3 Theme 2: The impact of board and social influences on the disclosure behaviour of firms

An organisation provides a setting where management is in control and responsible for any decisions executed in its daily business activities, including reporting. Management (i.e., the board of directors) is required to discharge its responsibility and actions effectively. However, management can operate effectively only when a good corporate governance system is in place. According to the OECD (2003), corporate governance is a system that indicates the overall function of an organisation. Corporate governance systems emphasise the accountability and transparency of the board of directors in executing their roles and responsibilities. One way of expressing the accountability and transparency of management is through providing additional information about the company's activities through voluntary disclosure (Boesso & Kumar, 2007; Eng & Mak, 2003).

Since the Asian financial crisis of 1997-1998, both regulators and members of the business community have called for greater corporate transparency. Poor levels of disclosure have been identified as one of the factors that contributed to the Asian financial crisis and to the challenges of securing economic recovery in the region, especially in equity markets (Ghazali & Weetman, 2006; Mitton, 2002). Regulators in the United States, United Kingdom and elsewhere have argued that equity markets require better disclosures in order to function effectively. However, prior studies document that disclosure decisions are complex and influenced by a number of national and corporate factors (Archambault & Archambault, 2003; Bushman, Chen, Engel, & Smith, 2004; Khanna, Palepu, & Srinivasan, 2004).

Listed companies in the same national environment will comply with local regulations and act according to their domestic institutional environment (Belal et al., 2013; Jaggi & Low, 2000; Mir, Chatterjee, & Rahaman, 2009). However, voluntary disclosure is an unregulated practice which often relies on the company's management decision. Along with the increase in global businesses, certain areas of emerging markets are showing a disproportionate increase in voluntary disclosure practice. The majority of studies in emerging markets argue that several corporate factors such as ownership structure, and cultural and social belief are among the factors that can influence the level of voluntary disclosure (for example, Haniffa & Hudaib, 2007; Haniffa & Cooke, 2005; Jaggi & Low, 2000). Research to date has revealed that the company's controller can determine the level of voluntary disclosure on the basis of the current business environment.

3.3.1 Effects of board monitoring on the level of voluntary disclosure

The vast majority of the empirical research into voluntary disclosure has been in relation to corporate governance. Disclosure and board of directors form two components of corporate governance. Disclosure in corporate governance systems is one of the mechanisms used to encourage companies to improve their transparency through annual reports (Agca & Önder, 2007). In an accounting context, disclosure can provide accounting users with economic information — whether financial or nonfinancial, quantitative, or otherwise — concerning a company's financial position and performance (Owusu-Ansah, 1998).

The board of directors is a group of individuals who control and monitor the overall operations of a firm. The board of directors is important in a corporate governance system because their roles and responsibilities have consequences for the company, and also for the growth of a country's economy. The directors are the main determinants of the company's direction (Eng & Mak, 2003; Haniffa & Cooke, 2005; Ingley & Van Der Walt, 2008). The board of directors is noted as being an important factor in the value of a firm (Haniffa & Cooke, 2005; La Porta & Shleifer, 1999; Shleifer & Vishny, 1997), and an important control mechanism (Eng & Mak, 2003; Ho & Wong, 2001; Ingley & Van Der Walt, 2008; Shleifer & Vishny, 1997).

A considerable body of research has focused on the relationship between voluntary disclosure and corporate characteristics. Voluntary disclosure has been analysed and examined in terms of its relationship with board characteristics, for example, board size, proportion of independent executive directors, and Chief Executive Officer/Chairman duality. Ownership structure such as institutional and family ownership have also been investigated. In the context of ownership structure, Miller and Le Breton-Miller (2006) contended that family businesses share two common characteristics. First, these companies successfully ensure their survival and viability across generations of the family; secondly, each generation of owners added value to the business during its tenure. However, these companies have been criticised because of their corporate governance system (Amran & Ahmad, 2009; Chau & Gray, 2010; Klein, Shapiro, & Young, 2005), and low level of voluntary disclosure (i.e., lack of transparency) (Al-Akra & Hutchinson, 2013; Ali et al., 2007; Chen, Chen, & Cheng, 2008; Eng & Mak, 2003).

Akhtaruddin and Hasnah (2010), Cheng and Courtenay (2006), and Lim, Matolcsy, and Chow (2007) documented a positive relationship between board characteristics and voluntary disclosure. Akhtaruddin and Hasnah (2010) based their findings on a sample of 124 public listed companies in Malaysia. They found a positive relationship between independent executive directors and a board's audit committee with regard to the level of voluntary disclosure. They concluded that the presence of a high proportion of independent executive directors and an audit committee can increase disclosure levels and reduce information asymmetry. Similarly, Chau and Gray (2010) found that in Hong Kong the appointment of an independent chairman has a positive relationship with the level of voluntary disclosure in family firms. Their results show that an independent chairman can mitigate the influence of family ownership and thus increase the level of voluntary disclosure. Therefore, the importance of board characteristics on the level of voluntary disclosure can be seen in two areas; first, the board's composition, and second, the proportion of independent executive directors on the board.

Similarly, Cheng and Courtenay (2006) found a positive relationship between independent directors and the level of voluntary disclosure in Singapore. They found that the presence of external governance mechanisms, that is a regulatory framework (i.e., disclosure-based regime), has a direct impact on the proportion of independent directors on the board. The study covered two regulatory frameworks (merit-based and disclosure-based regime), and the results show a greater proportion of independent directors in the disclosure-based regime compared to the merit-based regulation. Cheng and Courtenay (2006) concluded that the new disclosure-based regime can strengthen the governance mechanisms and lead to an increase in the level of voluntary disclosure in the companies' annual reports.

Lim et al.'s (2007) study based on 181 Australian companies drew a positive relationship between voluntary disclosure and board composition. The result shows that the presence of independent boards can lead firms to provide more voluntary disclosure on forward-looking and strategic information.

In contrast, Al-Shammari and Al-Sultan (2010) found no association between board characteristics and the level of voluntary disclosure in Kuwait. Similarly, Rouf (2011) study on Bangladesh found that the extent of voluntary disclosure has no relationship with the proportion of independent executive directors. Furthermore, Hossain and Reaz (2007) in India, found board composition to have no relationship with the level of voluntary disclosure.

Previous studies show that corporate governance systems in a company situated in less emerging country has low effects on the level of voluntary disclosure. This analysis also shows that lack of enforcement by national authorities on corporate governance system lead to less or no voluntary disclosure in a company's annual reports.

Chau and Gray (2002) suggest that differences, or contradictory results, in the extant research could be investigated by looking at the ownership structure of the firms. Ownership structure refers the composition of the companies' board of directors. For example, institutional ownership (external) is usually large and influential, and, at the same time, gains significant ownership concentration. Chau and Gray (2002), Eng and Mak (2003), and Barako et al. (2006) find a statistically significant relationship between the level of disclosure and external ownership.

On the other hand, in a family-owned company, the impact on the level of voluntary disclosure is more complicated and arguments can be made in either direction (Ho & Wong, 2001). In one instance, the degree of voluntary disclosure may be greater in order to reduce information asymmetry. On the other hand, family firms also tend to disclose less information. According to Eng and Mak (2003), and Chau and Gray (2002), family firms tend to disclose less additional information, as the disclosure has no additional benefits for the family members. Family members have access to the information given because they are more involved in the management of the firms they control (Chau & Gray, 2002; Gómez-Mejía et al., 2007). Under these circumstances, controlling family members, who are both members of and substantial shareholders in the company, will have direct access to the company's financial and nonfinancial information and, as a result, have less need for voluntary disclosure.

Furthermore, the company can also avoid the additional cost of disclosing extra information. For example, Al-Akra and Hutchinson's (2013) study in Jordan found that family firms provide less voluntary disclosure compared to others. The results show that family firms are inclined to comply with statutory requirements in order to avoid the additional operating costs incurred through voluntary disclosure. This result also supports the view that regulatory enforcement strengthens family firms' willingness to comply with statutory requirements rather than provide more voluntary disclosure.

The corporate governance system in family firms can influence the amount of information disclosed. Chau and Gray's (2002) study on the effect of ownership structure on voluntary disclosure levels also found that the amount of information disclosed is less in family ownership firms. The authors claim that family firms have a weak corporate governance policy compared to that of nonfamily firms. This view is supported by other scholars such as Akhtaruddin et al. (2009), Chakroun and Matoussi (2012), Eng and Mak (2003), and Ho and Taylor (2013). They argue that companies with a weak policy on corporate governance are found to disclose less or lower levels of information and this lack of information, in turn, creates a high information gap between managers and (external) interested parties.

A weak corporate governance policy is often associated with companies in emerging countries. First, most of the companies there are dominated by family-owned businesses (Al-Akra & Hutchinson, 2013; Chau & Gray, 2010; Hashim, 2011). The second issue is political and economic influence. It is believed that most emerging countries demonstrate some elements of duality in that their legal, political, and economic systems have evolved around a number of different practices (Claessens & Fan, 2002; Haniffa & Cooke, 2002; Madan Lal, 2010). In addition to having high numbers of listed family-owned companies and long-established capital markets, their lack of control on ownership structure directly affects the amount of voluntarily disclosed information in those countries (Claessens & Fan, 2002; Solomon, Lin, Norton, & Solomon, 2003). However, in terms of firm performance, listed family-owned companies demonstrate better performance compared to other listed companies (Kowalewski, Talavera, & Stetsyuk, 2010; Noor Afza & Ayoib Che, 2010). Wolfenzon and Morck (2005) attribute this situation to the fact that the family members are long-term investors and that they need to ensure the firm can be passed on to the later generation. The inherited relationship-based style of corporate governance is one of the fundamental drivers of concentration of ownership.

In relative terms, family-owned companies are found to be unique in that there is a strong family relationship between family members (Anderson & Reeb, 2003; Chau & Gray, 2010; Patelli & Prencipe, 2007). Although some family companies are listed publicly on the securities board, the combined number of shares held by the family is large. The aggregate number of shares held makes them the majority shareholders in the company. Most studies (e.g.,Anderson & Reeb, 2003; Patelli & Prencipe, 2007) reveal that family-owned companies focus on retaining family ownership and management of the company in the long term, while also maintaining the company's performance and existence in the market. Given the current focus on voluntary disclosure in companies' annual reports, it is worth noting that the priorities and practices of family firms are, by contrast, often linked to different preferences for information. This difference appears to be attributed to family owners' strong influence on corporate decisions, and this influence enables them to shape corporate disclosure in line with their preferences. However, as discussed above, it remains unclear whether or not there are differences in the extent of voluntary disclosure between listed family-owned companies and nonfamily-owned companies. Thus, the question of whether or not differences exist in the annual reports of family-owned companies is ultimately an empirical one.[10]

3.3.2 Social and business environmental influences

A number of long-standing studies claim that voluntary disclosure in annual reports is a socially and environmentally embedded phenomenon (see, for example Adams et al., 1998; Haniffa & Cooke, 2005; Jaggi & Low, 2000). A variety of social and environmental factors affecting voluntary disclosure have been identified in the prior literature, some examples being Jaggi and Low (2000), Cooke and Wallace (1990), Elsayed and Hoque (2010), and Haniffa and Cooke (2002). These factors include the cultural and social attitudes that affect the corporate reporting environment. Moreover, traditional and national characteristics are instilled in a society, which suggests that differences would exist in their accounting systems, and that these culturally-based values may also help to explain the differences around voluntary disclosure in companies' annual reports (Newson & Deegan, 2002).

One explanation for the level of voluntary disclosure in a company's annual report is based on the management's responsibilities towards the company stakeholders (Adams et al., 1998; Muniandy & Ali, 2012; Newson & Deegan, 2002). Additional information is demanded by outside stakeholders as a mechanism for conflict resolution between various stakeholders for both explicit and implied contracts, for example, between the organisation and society. Firms not only have the incentive

[10] This research focus on the differences in the level of voluntary disclosure reported in the companies' annual reports between listed family-owned companies and nonfamily-owned companies and distinguished the types of information disclosed.

to provide this additional information to raise capital or reduce the cost of capital, but also to reduce risk in the interest of society and other stakeholders (Boesso & Kumar, 2007; Elsayed & Hoque, 2010).

Disclosure of information involves the interaction between individual and other environmental factors, for example, regulations and informal activities in which the social values are embedded (Boesso & Kumar, 2007). Emerging countries such as Saudi Arabia, Kuwait, Indonesia, Egypt, Tunisia, and Iran have social systems based on Islamic values. Their societies, therefore, differ from those of their Western counterparts (see for example Aribi & Gao, 2010; Fatima & Ousama, 2012; Syafri Harahap, 2003). However, although Malaysia forms part of the Islamic bloc of countries, its multiracial society and creation of prominent business conglomerates promote greater demands for corporate reporting. Since Malaysia is a multiracial society its national culture may not represent the culture of each individual ethnic group within the country (Haniffa & Cooke, 2002). Empirical evidence on the voluntary disclosure practices provided by Haniffa and Cooke (2005), Hashim (2011), Yunos et al. (2012), and Ho and Taylor (2013) have considered the Malaysian social and culture environment in their research. However, none of these studies provides evidence on the extent to which a society's attitudes influence the level of voluntary disclosure in isolation from other factors such as the economic and political structure of the country. For example, in a country where the level of power distance is high, voluntary disclosure may be low in practice, and the society may be reluctant to invest in businesses with low voluntary disclosure due to the higher levels of uncertainty involved (Gray, Meek, & Roberts, 1995; Haniffa & Hudaib, 2006).

Another instance where social and environmental issues may influence the level of voluntary disclosure relates to the relationship between corporations and stakeholders (either internal or external) (Lepineux, 2005). Despite the increasing research on voluntary disclosure, many of the studies often associate social and environmental factors with social disclosure. This research often links those factors and focuses on the impact they have on corporate social responsibility disclosure (see, for example, Belal & Owen, 2007; Htay, Rashid, Adnan, & Meera, 2012; Islam & Deegan, 2008; Li, Luo, Wang, & Wu, 2013). Given this limitation, exploration of the relationship between social and environmental influences and the level of voluntary disclosure can offer future research possibilities, especially in the area of listed family-owned companies in emerging countries.

Social and environmental[11] factors may serve as influential factors on the level of voluntary disclosure because the information available to the public is believed to promote a company's sustainability (Uyar & Kılıç, 2012; Wang & Hussainey, 2013) in an economy. It is argued that, as a consequence of the company's existence in the capital market, the need to gain investors and other stakeholders' confidence through the traditional market mechanism (demand and supply of product/services) is inadequate. Accordingly, these companies rely to a considerable extent upon their organisation's behaviour and practices in terms of social and environmental relationships to provide both resources and opportunities for their long-term growth and sustainability. This phenomenon is referred to as social interaction (Campbell & Slack, 2008; Cho & Patten, 2007). In particular, this social relationship or interaction enables companies to gain access to resources by strengthening their image and reputation (Campbell & Slack, 2008). Moreover, Cho and Patten (2007) points out that the social and environmental will always entail a sense of institutional integration which embraces all kinds of residual forms of sense-making practices (voluntary disclosure) (see also Adams, 2002).

The rationale behind the social and environmental relationship with voluntary disclosure lies in the elements of accountability and transparency (Boesso & Kumar, 2007; Epstein & Birchard, 2007). This relationship incorporates and generates competitive challenges for managers to be explicit about the overall business operational activities being reported. The idiosyncratic nature of social and environmental variables in business activities can play a vital role in establishing or breaking corporate reputation (Bushman, Piotroski, et al., 2004; Hess, 2007). The terms social and environmental are said to differentiate the firms' reporting style. The extant literature suggests that the social and environmental variables enhance

[11] Here, 'social' is referring to a set of societal or community values that stems beneath the stakeholder term ((Newson & Deegan, 2002)). On the other hand, the environmental factor is regarded a company's community involvement, human capital, and peer relationship or networking.

the level of voluntary disclosure in annual reports (Belal et al., 2013; Haniffa & Cooke, 2005; Mir et al., 2009; Sharma & Davey, 2013).

Every corporation evolves within a broader social and economic environment, often being affected by a wide range of elements in that society. In terms of the long-term existence and growth of companies, information disclosed in the annual reports can benefit the company through the proliferation of useful information which is not regulated (Bushman, Piotroski, et al., 2004). Voluntary disclosure is not regulated and, thus, one company's disclosure reporting differs from another's. This statement is confirmed by many studies (such as, Broberg et al., 2010; Elsayed & Hoque, 2010; Ho & Taylor, 2013; Newson & Deegan, 2002). In comparing the differences in voluntary disclosure information, these studies found significant differences in corporate governance and social and environmental information. For example, Ho and Taylor (2013) study's in Malaysia examined the differences in corporate governance information (i.e., corporate and strategic directions, directors and senior management, financial and capital markets, forward-looking projections) with companies' specific characteristics (size, leverage, and industry). The study found significant increases in the level of such information, and the industry within which a firm operates, is a positive significant factor in the differences in information.

Within the industry and capital market context, companies tend to be influenced by their peer industry environment. In other words, companies tend to follow or imitate the voluntary disclosure practices of some prominent corporations. According to Nikolaeva and Bicho (2011), as a result of the increased concern about social and environmental policies in a capital market, companies tend to disclose information voluntarily by following multinational corporations' practices. However, in response to a lack of proper guidelines or any proper system of voluntary disclosure reporting, companies are faced with the question of which set of indicators to choose in order to place themselves in the most favourable light. As a result, imitating or following other companies' reporting has become one approach to voluntary disclosure. In this scenario, as the voluntary disclosure practices become more institutionalised, companies pick up more information from prior adopters (Cormier et al., 2005; Nikolaeva & Bicho, 2011).

To summarise, social and environmental factors can influence managers' views on providing additional information in their annual reports. Asian countries are collectivistic in nature. Claessens et al. (2000) found in their sample that managers of closely held firms consist of relatives of the controlling shareholder's family, specifically with trusted individual. Business alliances and networks are fundamental capabilities. They enable the firm to respond effectively to changes in the business environment as it tries to generate and maintain competitive advantage (Gómez-Mejía et al., 2007; Li et al., 2013; Luo, 2008; Wang & Claiborne, 2008). Given the social and environmental demands for transparency through market information, voluntary disclosure provides a favourable option for managers. Voluntary disclosure enables a company to position itself as one of the major players in the capital market so as to capture the economic edge.

Moreover, the debate on the beneficial effects of ownership structure as a corporate governance mechanism on the level of voluntary disclosure generates two competing arguments, namely that it is efficient or that it is opportunistic. First, given that the board of directors has major control in the management of the company, board members are able to influence the decision on voluntary disclosure. Secondly, managers provide and use voluntary disclosure to downplay the response from the business environment towards the organisation. It has been shown that differences in the corporate governance structures of companies can significantly influence the level of voluntary disclosure in their annual reports. In this research, one question of interest that needs to be addressed is whether the ownership structure and social and business influences can explain the level of voluntary disclosure in companies' annual reports.

3.4 Theme 3: Measurement of voluntary disclosure and factors associated with voluntary disclosure

Understanding the extent of voluntary disclosure in annual reports by listed family firms is the focus of this thesis and forms the discussion for this section. The disclosure criteria approach, which stems from the mandatory disclosure concept and interpretation (International Accounting Standard Board, 2007), can be used to examine the extent of the voluntary disclosure in the annual reports. That approach places less emphasis on the kind of disclosure that might be important to stakeholders (Beattie, Dhanani, & Jones, 2008; Leuz & Wysocki, 2008; Singhvi & Desai, 1971). Rather, the focus is on the high quality of the disclosure, how disclosure benefits companies, and its long-term advantages.

Voluntary disclosure is an information-consuming strategy used by managers to integrate their companies' performance and potential results in a competitive advantage. Hence the pursuit of voluntary disclosure practices requires criteria that play an essential role in delivering the desired messages (Bhojraj et al., 2004), and reflecting the stakeholders' responses (Holland, 1998; Wang et al., 2013). The relevance (Banghoj & Plenborg, 2008; Boesso & Kumar, 2007; Chau & Gray, 2002; Hooks, Coy, & Davey, 2002; Owusu-Ansah, 1998), and the adequacy (Al-Shammari & Al-Sultan, 2010; Wallace & Naser, 1995) of information provide the basis for all forms of voluntary disclosure.

The relationship between the level of voluntary disclosure and its criteria in the annual reports are both uncertain. Given the current criteria for capturing this phenomenon, finding practical ways to measure the level of disclosure remains a challenge for researchers (Beattie et al., 2004; Campbell & Abdul Rahman, 2010; Coy & Dixon, 2004; Hooks, Coy, & Davey, 2001).

When trying to construct a relevant disclosure index to measure the level of voluntary disclosure in companies' annual reports, prior studies have adopted a classic methodology. Disclosure is commonly measured on the basis of experts' perceptions of what is useful and important to investors. Depending on the research objectives and country being examined, the disclosure index comprises different voluntary disclosure items. Those indices fall into two groups: weighted (either subjectively by the researcher(s) or by the researcher(s) using weights elicited from surveys of users' perceptions), and those that are unweighted and score each item equally. For example, the disclosure indices developed by Standard & Poor and the Center for International Financial Analysis and Research-CIFAR are among the most commonly used weighted indices (see, for example, Botosan, 1997; Buzby, 1975; Firth, 1979; Hope, 2003; Omaima et al., 2011). Others such as Cheng and Courtenay (2006); Francis et al. (2008); Gul and Leung (2004); Meek, Roberts, and Gray (1995); Webb, Cahan, and Sun (2008) use a researcher-created dependent variable.

Previous studies also show that the use of unweighted and weighted scores for the items disclosed in the annual reports can make little or no difference to the findings. Firth (1979), for example, pointed out that unweighted and weighted scores show similar results. However, recent work on the level of voluntary disclosure shows that the weighted scores approach can reduce the subjectivity and increase reliability as that approach can achieve the objective of the scoring method for all categories of voluntary disclosure on the basis of the relevance and adequacy of information for annual report users (Wang & Claiborne, 2008). Unlike the study of a specific category of voluntary disclosure such as intellectual capital reporting and corporate social responsibility (CSR), both approaches can produce either scores with similar results or those with no difference. A study which employs a single category of voluntary disclosure can effectively focus on the technical information that is required for the research and this approach works well when a research study has no intention to measure the quality of such information (for example, Campbell & Abdul Rahman, 2010; Ousama & Fatima, 2010).

Disclosure items can vary from a minimum of 24 (Chow & Wong-Boren, 1987) to a few hundred items of information (Hassan et al., 2009; Hossain & Hammami, 2009; Omaima & Marston, 2010). Some of these items are across segments, longitudinal, and from similar groups across countries. Disclosure index methodology has improved over time, from matched-pair statistical procedures (Buzby, 1975; Singhvi & Desai, 1971), to a multiple regression procedure, and to sophisticated analysis such as stepwise multiple regression, rank-order correlations and regressions (Hassan et al., 2009; Omaima et al., 2011). For example, Hassan et al. (2009) uses a stepwise multiple regression (OLS) technique for different dummy variable manipulation procedures, while Li et al. (2013) demonstrates the use of two-stage rank (OLS) regression to cater for the monotonic behaviour of disclosure indices following a change in independent variables.

The level of voluntary disclosure and ownership relationship can be influenced by corporate governance and internal factors such as cultural and religion belief. Previous studies examining this relationship find that certain variables exist as moderators and/or controls of this relationship. Common control variables include company size, firm age, industry type, financial performance, and number of shareholders (Boesso & Kumar, 2007; Chen & Jaggi, 2000; Lim et al., 2007). The level of voluntary disclosure in the annual reports lies in the firm-specific characteristics (especially of large companies), and corporate governance structure (Al-Shammari & Al-Sultan, 2010; Eng & Mak, 2003; Haniffa & Cooke, 2002; Lakhal, 2005). Corporate characteristics and governance structure in large and widely-held companies can improve the level of voluntary disclosure and enhance decision-making which is crucial in dynamic and competitive environments for listed companies (Eng & Mak, 2003; Lakhal, 2005).

In listed family-owned companies, research on the relationship of the level of voluntary disclosure and factors that can influence the managers is scarce or remains equivocal. While family-owned companies dominate the economic landscape (Kowalewski et al., 2010; Morck & Yeung, 2003) and outperform their nonfamily counterparts (Al-Akra & Hutchinson, 2013; Bartholomeusz & Tanewski, 2006; Chau & Gray, 2010), there is still uncertainty as to whether family firms present voluntary disclosure differently (in comparison to listed nonfamily-owned firms), and how a region’s cultural and religion beliefs may influence such differences. This equivocality highlights the need for greater research on the level of voluntary disclosure and its relationships to other elements in the listed family-owned companies context, especially in terms of individual decision-making (Chau & Gray, 2010; Haniffa & Cooke, 2002; Hutton, 2007; Jaggi & Low, 2000). Therefore, the intention of this thesis is to better understand the underlying reasons that lead to the differences in the level of voluntary disclosure in annual reports.

In summary, the review of disclosure level studies finds no common understanding of the range of disclosure. In terms of its measurement, prior studies have recognised the use of disclosure indices to measure disclosure level. The index can be either weighted or unweighted. In addition, there is no agreement on the number of items in the index. However, the items provide a framework for academics to use in future research in measuring the level of voluntary disclosure. Without some measurement mechanism, it is mere conjecture that the degree of voluntary disclosure is associated with and influenced by certain factors.

The notion of voluntary disclosure practices is better understood using the integration of external (regulations and stakeholders pressure) and internal (corporate governance and cultural belief) factors. Review of previous literature (for example, Agca & Önder, 2007; Chakroun & Matoussi, 2012; Chau & Gray, 2010; Haniffa & Cooke, 2005; Wang et al., 2013) on voluntary disclosure has identified that several dimensions from both external and internal perspectives can be sources of advantage, and explains how combinations of managers' competencies can contribute to the differences in voluntary disclosure. the approach places emphasis on the internal attributes that managers are influenced by, how they have employed the strength of voluntary disclosure for their company's benefits, and how they will evolve. In the context of listed family business, the approach is appropriate because it emphasises the nature of ownership and management credibility that have winning characteristics when those companies are compared to other companies.

3.5 Synthesis of the literature and identifying the knowledge gap

This thesis centres on the challenges for voluntary disclosure within the listed companies' annual reports of an emerging country ─ Malaysia ─ in moving towards quality corporate reporting in an economically advancing society. The literature has acknowledged that voluntary disclosure has long been associated with globalisation (i.e., economic progress), regulatory changes, and corporate governance systems (particularly the ownership structure). Different ownership structures in companies are an indicator of the level of voluntary disclosure. Ownership structure is directly associated with the unique attributes and characteristics to be found in family businesses. Hence, there is a possibility that these attributes and characteristics play a more dominant role in those companies' management decisions than they would in nonfamily-owned corporate enterprises (Al-Akra & Hutchinson, 2013; Ali et al., 2007; Chau & Gray, 2010; Chen & Jaggi, 2000). The literature also shows that voluntary disclosure could be affected by contextual factors such as ethnicity, and social and peer influences.

In general, the prior research agrees that voluntary disclosure varies and is to a great extent associated with cost and benefits (Akhtaruddin et al., 2009; Broberg et al., 2010; Healy & Palepu, 2001; Uyar & Kılıç, 2012). Large, highly profitable, and listed-status companies are seen to be more likely to engage in greater voluntary disclosure in the annual reports. In addition, region of origin and industry also influence disclosure levels. There is, however, limited written material on the differences in voluntary disclosure in listed family-owned companies and the factors driving these companies to provide information voluntarily in their annual reports. It is also important to note that the methods used to measure voluntary disclosure have come mainly from Western scholars whose reasoning could be largely influenced by their capitalist or laissez faire economies, as well as their political and sociological experiences. This background could make their measurement unsuitable in the context of an emerging market and society such as Malaysia. The literature has acknowledged that the level of voluntary disclosure has long been associated with firms' specific characteristics and globalisation. The literature also shows that environmental factors such as ethnicity, and social and peer influence can affect the level of voluntary disclosure.

The absence of research on voluntary disclosure in listed family-owned companies has resulted in much of the literature's tendency to generalise results and findings to emerging countries. Those researching in the field of family-owned business (Chau & Gray, 2010; Hashim, 2011; Salvato & Moores, 2010; Takashi, Keiichi, Hitoshi, & Eri, 2012) continue to ponder the question of whether family managers have a greater propensity towards voluntary disclosure than do other forms of business ownerships. This question has been addressed mostly by considering family members' involvement, the most popular of the corporate governance dimensions researched, within the listed companies. Some researchers have found family involvement, as part of the board of directors or management team, to be characteristic of family business. Bartholomeusz and Tanewski (2006) find that, because of their different corporate governance structures, family firms have a greater propensity to lead to performance differential. Furthermore, Takashi et al. (2012) find that the monitoring and long-term orientation lead to better quality of accounting disclosure compared to that of other companies. In contrast, other researchers have found family business corporate governance needs greater attention for higher transparency (Al-Akra & Hutchinson, 2013; Chau & Gray, 2010). Chau and Gray (2010) found that having an independent chairman has an influential impact on mitigating the influence of family members in the business decision-making process. Similarly, Huafang and Jianguo (2007) find that having more independent directors in a concentrated ownership business leads to an increase in the volume of voluntary disclosure.

The arguments for weaknesses and strengths in family-owned companies can be attributed to the voluntary disclosure advantage and disadvantage factors respectively (Salvato & Moores, 2010). For the purpose of this research, the uniqueness of listed family-owned firms is set against nonfamily firms in the same country to further examine the drivers behind voluntary disclosure in listed family-owned companies in Malaysia. Given the overview of Malaysia's overall political and social landscape in chapter 2, this research will examine the influence of regulatory changes in the capital market, accounting systems, and corporate governance to identify the level of voluntary disclosure practices in companies' annual reports. This research will also demonstrate that in-depth studies on listed family-owned companies are scarce and difficult to locate. It is the intention of this thesis to fill these gaps and to contribute to a better understanding of the problem with regard to the level of voluntary disclosure practices in listed family-owned companies. The next chapter will outline the methodology adopted for this study in order to establish the logical link between the study's objectives, data generation, and analysis.

CHAPTER FOUR

RESEARCH METHODOLOGY AND METHODS

4.1 Introduction

This chapter provides a brief introduction to the research methodologies and methods available in the literature and to those that could help the researcher in developing a suitable research methodology and methods to undertake the current study. Chapter 1 of this thesis earlier presented the research philosophies, approaches, and design adopted and used to achieve the research objectives. That chapter also justifies the methodological choices made for the current study (Byrne, 2001; Laughlin, 1995).

Chapter 4 now discusses in detail the research methods chosen and applied in this study, including the research preparation phases, the data collection and sample selection process, and the research instruments and procedures followed. In addition, this chapter outlines the data analysis techniques adopted in the present study.

The chapter is organised as follows. Section 4.2 explains in detail the research methodologies and methods available in the literature. Section 4.3 discusses the background of the researcher in order to reflect the philosophy underlying the research. Section 4.4 introduces the paradigm and methods chosen for the research. Section 4.5 discusses the research methods, including the research preparation, methods for data collection and analysis, as well as data interpretation. Finally, this chapter ends with a summary in section 4.6

4.2 Methodology

4.2.1 Background to the methodological framework

The choice of a suitable methodology is made on the basis of the ontological and epistemological assumptions about the aspect of reality being investigated and the best approach to gain access to its nature (Burrell & Morgan, 1980; Byrne, 2001; Laughlin, 1995; Modell, 2010; Zagzebski, 2009). Ontology relates to the nature of reality and its characteristics. Ontology, therefore, refers to how a researcher embraces the idea of reality. On the other hand, epistemology refers to the relationship between the researcher and the participants being studied. Epistemology is a concept where knowledge is gained and obtained through what the observer sees and experiences; thus, knowledge can come from different perspective (Hines, 1988; Morgan, 1988; Robson, 1992; Zagzebski, 2009).

Given this thesis is situated within the accounting discipline, it is important for it to gather information from external perspectives. Knowledge gained from different perspectives can lead to a better understanding of the epistemology (Modell, 2010; Morgan, 1988; Zagzebski, 2009). The epistemological process can also help the researcher to recognise, understand, and highlight the hindrances that perspective imposes in the generation of knowledge (Hines, 1989; Morgan, 1988; Zagzebski, 2009). In the accounting context, the idea of viewing accounting practices, and managers' behaviour from external perspectives is still under researched and has received rather scant attention, particularly in emerging countries (see, for example, Ghazali, 2008; Kuasirikun, 2005; Qu et al., 2012; Sharma & Davey, 2013).

To arrive at an understanding of the voluntary disclosure practices in Malaysia, it is important to explore the multiple influences that both external factors (i.e., the country's background, regulatory changes, and social culture), and internal factors (i.e., a company's corporate governance) have within Malaysian companies. Studies of managers' decision-making proliferated in the late 1970s and early 1980s, and marked an extant change in accounting and organisational studies generally (Burrell & Morgan, 1980; Smircich, 1983). Roberts and Scapens (1985) in their study stated one can understand the accounting practice through investigating it in terms of different situations, persons, its origins, and consequences. Roberts and Scapens (1985) suggest that this approach would enable the researcher to elaborate upon the accounting system and structure, as well as the organisational culture, in a more specific area such as shaping and maintaining particular patterns of accountability within organisations.

Drawing upon Roberts and Scapens (1985) assumptions on the nature of accounting's system and organisational culture, a researcher's assumptions about the worldview that guides his/her methodology are based on interrelated sets of assumptions regarding ontology, human nature, and epistemology. Table 2 provides a general overview of the relationships between ontology, human nature, epistemology, and methodology that have evolved over time. Thus, researchers' views and belief systems can be viewed as worldviews that guide them in the research process (Burrell & Morgan, 1980; Guba, 1990; Laughlin, 1995; Modell, 2010).

Table 2. Network of basic assumptions characterising the subjective ─ objective debate within social science.

Objectivist						**Subjectivist**
Ontological assumptions	reality as a concrete structure	reality as a concrete process	reality as a contextual field of information	reality as a realm of symbolic discourse	reality as a social construction	reality as a projection of human imagination
Assumptions about human nature	researcher as a responder	researcher as an adaptor	researcher as an information processor	researcher as an actor, the symbol user	researcher as a social constructor, the symbol creator	researcher as pure spirit, consciousness, being
Epistemological stance	to construct a positivist science	to study systems, process, change	to map contexts	to understand patterns of symbolic discourse	to understand how social reality is created	to obtain phenomenological insight, revelation
Research methods	lab experiments, surveys	historical analysis	contextual analysis of Gestalten	symbolic analysis	hermeneutics	exploration of pure subjectivity

From "The Case for Qualitative Research," by G. Morgan and L. Smircich 1980,. *Academy of Management Review, 5*(4), 491-500.

This table also illustrates a broader worldview approach to the investigation of social science disciplines rather than simply providing two discrete paradigms i.e., the positivist versus the constructivist (Creswell, 2012; Johnson & Onwuegbuzie, 2004; Morgan & Smircich, 1980).

As a result of researchers continuously seeking for and debating research worldviews, pragmatism has risen to prominence across multiple disciplines (Feilzer, 2010; Morgan, 2007). Pragmatism draws from both dominant ways of thinking: the objectivist and subjectivist. According to Creswell and Plano Clark (2011), the pragmatic researcher is free from both mental and practical constraints. The approach avoids the contentious issue of truth and reality, and enables a researcher to solve problems in the real world (Creswell & Plano Clark, 2011).

Pragmatism acknowledges that the world is an experiential world with different elements ─ some objective, some subjective, and some a mixture of the two

(Creswell, 2014; Johnson & Onwuegbuzie, 2004). The pragmatic view contains a blend of the stable and a number of layers of analysis process in its aim for the truth (either in objective or multiple, relative realities). Regardless of the type of truth obtained, pragmatism attempts to produce knowledge that best corresponds to, or represents, reality (Johnson, Onwuegbuzie, & Turner, 2007; Morgan, 2007; Tashakkori & Teddlie, 1998). This view suggests that pragmatists are concerned with the practical use of knowledge, and thus would adopt the ways and methods most suitable for the researched phenomenon.

Scholars who support the pragmatic approach believe that both quantitative and qualitative methods are compatible and enable researchers to utilise both methods optimally (Cibangu, 2010; Creswell, 2012; Creswell & Plano Clark, 2011; Tashakkori & Teddlie, 2002). Pragmatists believe not only that both quantitative and qualitative methods are compatible, they also believe that is best to use the most appropriate methods based on the research questions posed (Creswell, 2012; Tashakkori & Teddlie, 1998). However, this stance does not indicate that quantitative and qualitative methods are mutually exclusive. A researcher can use a combination of both quantitative and qualitative methods in order to make use of the strengths of each in an appropriate place. Scholars such as Tashakkori and Creswell (2008) who subscribe to the pragmatism approach argue that research on any given question, at any point of time, falls somewhere on the research cycle. Figure 2 depicts the research cycle.

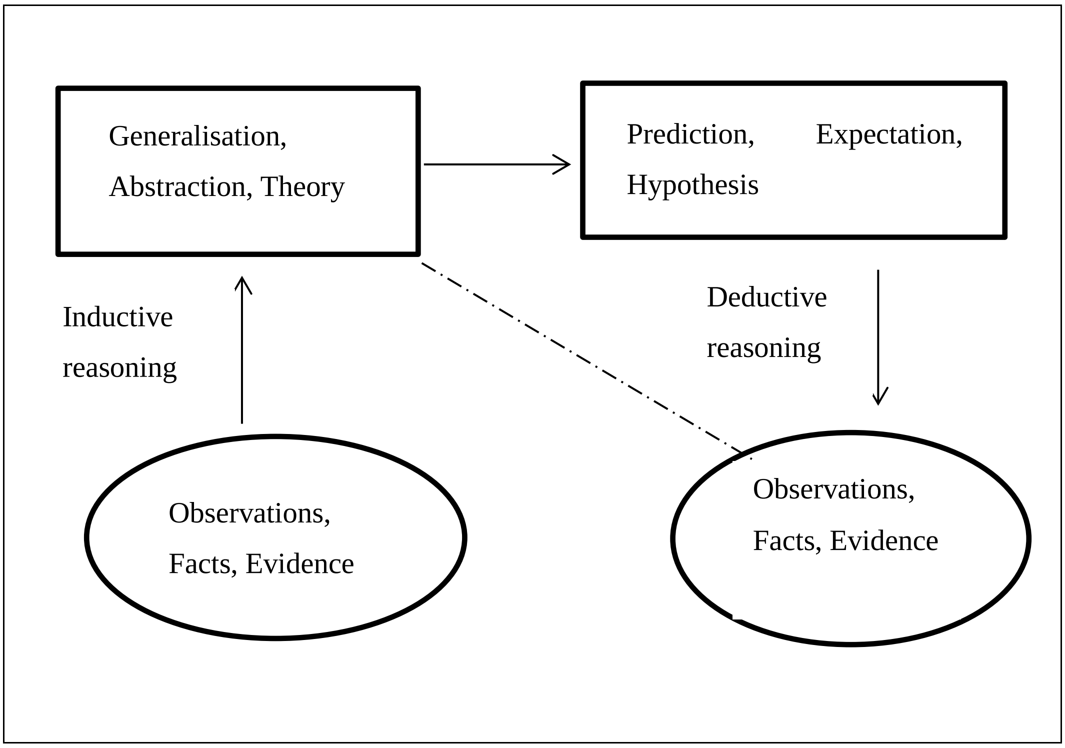


Figure 2. A research cycle: Cycle of scientific method.
From *Mixed Methodology: Combining Qualitative and Quantitative Approaches* (Vol. 46), by A. Tashakkori and C. Teddlie, p. 25.

The mixed methods approach has gained popularity in various areas of social science research including accounting and management accounting (Grafton, Lillis, & Mahama, 2011; Modell, 2010). The growth of the mixed methods approach in accounting research can be seen in the numbers of empirical studies conducted (Elijido-Ten, 2007; Elsayed & Hoque, 2010; Graham, Harvey, & Rajgopal, 2005; Hooks et al., 2002; Lee, 2012). The mixed methods approach enables researchers to complement quantitative and qualitative approaches respectively. According to Grafton et al. (2011), the mixed methods approach allows researchers to extend their findings beyond those evidenced using a single method. The use of mixed methods may also identify empirical flaws that might otherwise be overlooked, and may establish confidence to quantify findings from different perspectives of the research (De Silva, 2011; Modell, 2005).

Modell (2010) argues that through bridging both the positivist stream and constructionist paradigm mixed methods help researchers in analysing findings. The mixed methods approach enables the researcher to articulate between theoretical propositions and their interfaces with complementary explanations.

Furthermore, Grafton et al. (2011) contend that data obtained through mixed methods are richer and deeper and can lead to valuable divergent findings. The combination of quantitative and qualitative techniques serves to clarify meaning by identifying different ways the phenomenon is being seen (see also, De Silva, 2011).

The emergence of mixed methods has opened new avenues for researchers. For years, the choices of research approaches were strictly dichotomous: either quantitative or qualitative design (Johnson & Onwuegbuzie, 2004; Tashakkori & Teddlie, 1998). In today's accounting literature, a number of scholars now accept that debates over paradigms are at an end, and a wide range of methodologies are accepted as valid by researchers (see, Creswell, 2014; Grafton et al., 2011; Johnson & Onwuegbuzie, 2004; Tashakkori & Teddlie, 1998). Tashakkori and Teddlie (1998) classified contemporary methods into three categories including:

a. The monomethod (also known as monostrand) or purist era, where a researcher can adopt a purely quantitative or qualitative approach
b. The mixed methods approach where quantitative and qualitative approaches are combined into a single study
c. The mixed methods approach where both quantitative and qualitative techniques are combined within the different phases of the research process or constitute a distinct continuum through from data collection to analysis.

Tashakkori and Teddlie (1998) further recommended several taxonomies for mixed methods designs and mixed model designs (see also, Creswell & Plano Clark, 2011). There are sequential studies (involving two phases), parallel/simultaneous studies, equivalent status designs, dominant/less dominant studies, and multilevel designs. Creswell and Plano Clark (2011) outlined two basic types of mixed model procedures but with different designs. Creswell and Plano Clark (2011) labelled these models as follows:

a. Sequential (explanatory/exploratory/transformative): This procedure is used when a researcher seeks to elaborate or expand on the findings of one method with another.
b. Concurrent: Here a researcher combines both quantitative and qualitative data so as to provide comprehensive analysis and findings for a research

problem. A researcher who undertakes this design can simply validate and substantiate the findings. This concurrent procedure can be applied to various triangulation techniques as referred to by other authors (such as, Greene, Caracelli, & Graham, 1989; Leech & Onwuegbuzie, 2009; Small, 2011).

In addition to those two mixed model procedures, Creswell and Plano Clark (2011) also added transformative procedures. Transformative procedures are those in which a researcher uses a theoretical perspective within a design that encompasses both quantitative and qualitative data. The evolution of the pragmatism paradigm led Tashakkori and Teddlie (1998) to suggest that a further aspect (i.e., causal linkages) could be introduced into the four predominant paradigms for consideration when researchers are deciding on the methods to employ in their research. The aspects of these four paradigms are detailed in Table 3.

Table 3. Paradigm comparison in behavioural and social science.

P A R A D I G M S

	Positivism	**Postpositivism**	**Pragmatism**	**Constructivism**
Method	Quantitative	Primarily quantitative	Quantitative + Qualitative	Qualitative
Logic	Deductive	Primarily deductive	Deductive + Inductive	Inductive
Epistemology	Objective dualistic	Modified dualistic	Both objective and subjective	Subjective
Axiology	Value-free	Values may be controlled	Value considered. Chose the results that fit best	Value-bound
Ontology	Naïve realism	Critical Transcendental	External reality – Best outcome	Relativism
Causal linkages	Real causes temporally precedent to or simulations with effects	Some lawful stable relationships. Cause are probabilistic and change over time	There may be causal relationships but we never know them	Everything is simulations shaping everything else – Cannot distinguish difference between cause and effects

From "*Mixed Methodology: Combining Qualitative and Quantitative Approaches* (Vol. 46)*,"* by A. Tashakkori and C. Teddlie, p. 23

4.3 Background of the researcher in the research

This section introduces the researcher's background to clarify her position in this research. After Malaysia's independence in 1957, cultural dimensions in terms of values and ideas such as education, communications, and language emanating from the Western society began to spread into the local societies (including the researcher herself) (Lee, 2004; Siddiqui, 2012). Within the context of societal living, this phenomenon is one of a globalisation process, which has led societies to become more flexible and adaptive. According to Riahi-Belkaoui (1995) amongst others, the growth in education, language, laws, politics, and social organisation indicates that all societies in general and organisational behaviour are actually responding to the changes. For example, the democratic government style adopted by one country has changed and responded to some sociopolitical aspects such as human rights and governance (see, for example, Ali, Lee, & West, 2008; Siddiqui, 2012; Stafford, 1997). The changes in socio and political aspects have enabled the nation to respond to technological, sociological, and economic developments.

Being a Malay-Muslim female, the researcher was raised by an Islamic family. Born in Malaysia with its multiracial population, both Islamic teaching and Westernised culture were inculcated in some ways into the researcher's upbringing. Along with Malaysia's multicultural heritage of other religions such as Buddhism, Christianity, and the philosophies of Hinduism, the Malaysian education system enabled the researcher to adapt to and follow the current changes in daily activities.

As a result of these influences, the researcher believes that everything that exists and happens has a definite objective and has been destined. This social world is a field of ever-changing form and activity based on the transmission of information. Consequently, form and activity in a given time reflect a pattern of differences that have become part of the basis of learning and the principles of a human being. It is important to note that whether a researcher is a Muslim or otherwise, the religious values and culture that have been inculcated into individuals can influence their response to certain events. However, this internal landscape differs due to human perceptions, views, and choices made in different situations.

The researcher believes that the nexus between belief and action can be understood and interpreted in many ways. The way in which belief is interpreted is influenced by different spheres of human existence (see, for example, Haniffa & Cooke, 2005; Rashid & Ho, 2003; Storz, 1999). Cultural beliefs, norms, values, and context can affect the way people approach ethical decisions relating to politics and business (Jaggi & Low, 2000; Mir et al., 2009; Riahi-Belkaoui, 1995). In politics, for instance, this nexus would mean taking an ethical approach to power. In the economy, it would mean a more ethical approach to profits, and producing and marketing goods and services.

A fusion of Muslim and Westernised values, as well as the implication of living in a multiracial society, have influenced the researcher's cognitive thinking and views about how the world operates. The researcher believes that the integration of these background factors serves as a valuable tool for elucidating a deeper understanding of the potential issues in this thesis and enhancing her competency as a researcher. These factors also enable the researcher to fit within the framework of other societies' beliefs, enabling her to balance her view and acceptance of change.

The researcher holds to the philosophical stance that reality is a fact but that the human brain interprets and analyses facts in different ways on the basis of each person's previous experiences and history (Hines, 1988; Tashakkori & Teddlie, 1998). In describing the existence of reality at a certain point in time, the interpretation and view given by an individual can be constructed into another reality, an imagination (Hines, 1988). The imagination is only recognised and acknowledged when it becomes real, for example, when a research hypothesis for unknown or untested material is suggested. This hypothesis can only be accepted or rejected at a certain value of significance when based on an examination of the findings.

Reality is structured on the basis of how the brain organises and analyses what an individual sees. Thus, the brain will organise and analyse knowledge, experiences, and history. While this reality is organised, it is not fixed or limited and it can change if new information emerges to modify previous experiences (Hines, 1988; Laughlin, 1995; Tashakkori & Teddlie, 1998). Therefore, it can be argued that a systematic mechanism can be used to measure and communicate the overall picture of the reality.

As discussed above, the researcher believes that a researcher should have the freedom to select any research methods to achieve the current research objectives. In this case, those are to measure the volume of voluntary disclosure, and the factors that influence managers in making the disclosure decision (Johnson & Onwuegbuzie, 2004; Laughlin, 1995; Tashakkori & Teddlie, 1998). The researcher uses both quantitative and qualitative methods in the current study. She believes that a combination of both methods is the most appropriate means to produce the desired results. Table 4 illustrates the researcher's view of each philosophical stance.

Table 4. Researcher's view on philosophical assumptions.

Philosophical assumptions	Researcher's view on each philosophical assumption
Ontology	Reality as a contextual field of information
Epistemology	Subject to the researched phenomenon; both objective and subjective points of view are accepted – researcher map contexts
Axiology	Issues or problems in this world are created by the human mind (consciousness), and no research study can be free from the researcher's value and biases - researcher as an information processor
Methods	Any ways and methods that are most suitable for the researched phenomenon are appropriate. These can be either solely quantitative or qualitative (monomethods); a combination of both quantitative and qualitative (either equivalent, dominant/less dominant or, multilevel approaches).

Taken from "*Mixed Methodology: Combining Qualitative and Quantitative Approaches* (Vol. 46)*,"* by A. Tashakkori and C. Teddlie, 1998 and modified for this research.

Having addressed the philosophical stance held by the researcher for this thesis, the next section of the chapter presents the fundamental background to research methodology in order to indicate how the research methods decision was arrived at.

4.4 Pragmatism paradigm and methods used for this research

This study utilises a pragmatic approach in order to investigate differences on the level of voluntary disclosure and the driving factors for additional information that exist in Malaysia’s listed family-controlled companies. A number of studies on voluntary reporting have employed a pragmatic approach to address the research problem, and have used various approaches to understand the problems (such as Belal et al., 2013; Campbell, 2004; Campbell & Abdul Rahman, 2010; Campbell & Slack, 2008; Gray, 2013).

The rationale for this present research’s use of a pragmatic approach rests largely on the premise of the thesis’ research objectives. Because the voluntary disclosure practices involve the individual’s perceptions and decisions, the pattern of the practices and volume of information disclosed may vary due to social, political, and economic factors. In order to investigate the disclosure pattern, a longitudinal research approach was used to measure the pattern of change, and to obtain factual information (Campbell & Abdul Rahman, 2010). Therefore, the mixture of both quantitative and qualitative data and analysis can be seen as appropriate methods for use in this research. An outline of the study’s methodological approach is provided in Figure 3.

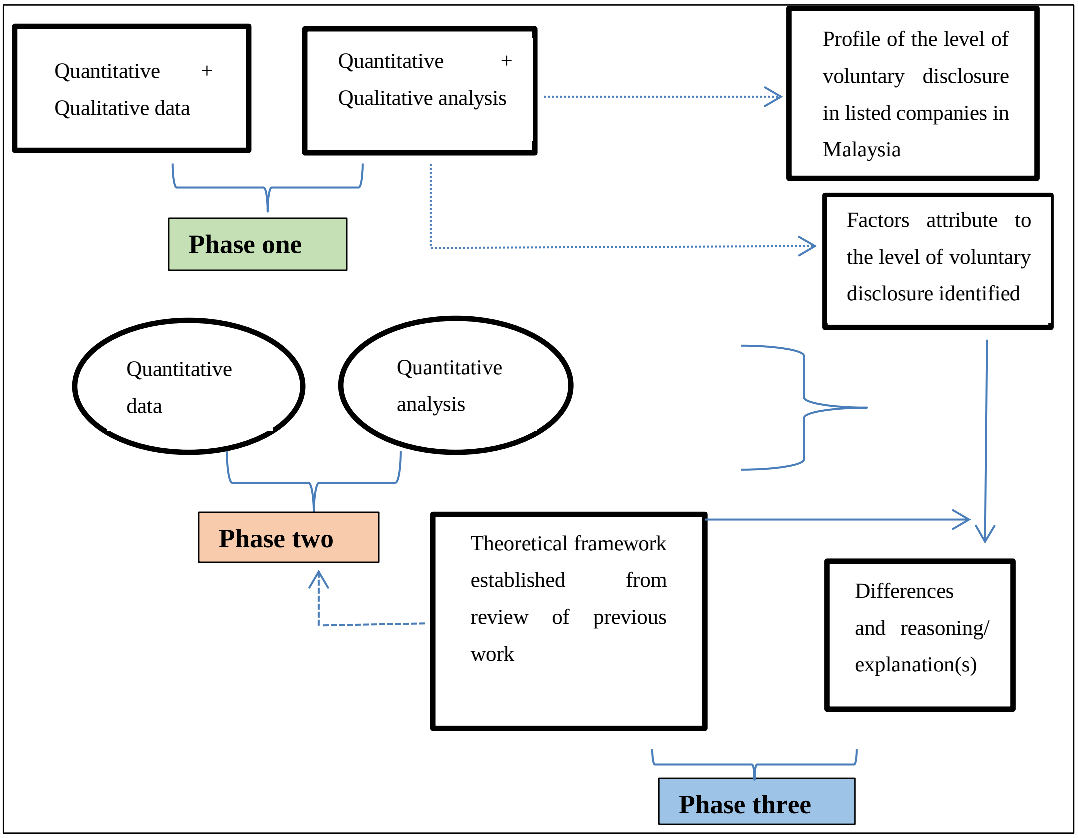


Figure 3. Outline of methodological design employed in this research.

"Mixed Methodology: Combining Qualitative and Quantitative Approaches Tashakkori and C. Teddlie, 1998 (Vol. 46)*,"* by A. Tashakkori and C. Teddlie, 1998, p. 127, and "*Designing and Conducting Mixed Methods Research,"* by J. W. Creswell and V. L. Plano Clark, 2011, p. 63 and modified for this research.

The methodological approach illustrated in Figure 3 was developed on the basis of a transformative procedure described by Creswell and Plano Clark (2011). Data obtained in phases one and two form an essential part of the research as the analysis of these data will be transformed into a reasoned explanation of the level of voluntary disclosure in the annual reports. The procedures in both phases allow the disclosure practices among listed family-firms to be analysed from institutional and social contract perspectives. The next section of this chapter will present the application of thesis' mixed methods in line with available and appropriate research methods.

4.5 Research process

The research process involves creating a general plan and direction for how the research will be carried out and presented in order to achieve its particular purposes and objectives. The process involves the formulation, execution, and analytical phases. It comprises several steps and it indicates the research methods that will be employed. Figure 4 illustrates the research process of this study. Each phase is presented in order.

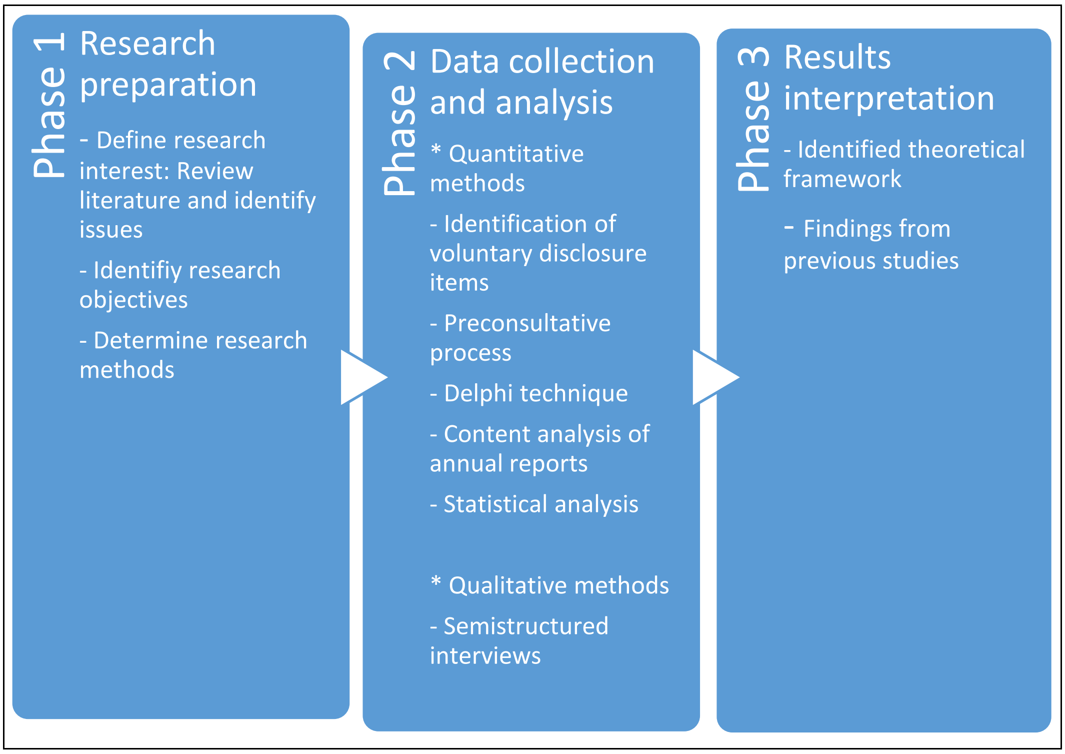


Figure 4. Research design in this study.

4.5.1 Phase 1: Research preparation

Research interest definition

The issue of voluntary disclosure in companies' annual reports is one of the most exigent matters faced by stakeholder (Broberg et al., 2010; Cahan, Rahman, & Perera, 2005; Eng & Mak, 2003; Patelli & Prencipe, 2007; Qu et al., 2012; Qu et al., 2013; Uyar & Kılıç, 2012; Wang et al., 2013). The vast majority of these studies, however, have been conducted in Western countries rather than emerging countries like Malaysia. Haniffa and Cooke (2002), and Ibrahim and Abdul Samad (2011) pointed out that listed family-owned companies have a strong relationship with voluntary disclosures. However, since neither of these studies focused on voluntary disclosure and family-owned companies as the subject of the research, this circumstance demonstrates that research into family-owned companies is still lacking in Malaysia. It is, therefore, important to have a better understanding of the current state of voluntary disclosure in listed family-controlled companies in the Malaysian context since this type of company constitutes about 43% of all listed companies on the main board listing on Bursa Malaysia (Amran, 2011).

The existing literature on voluntary disclosure practices in emerging countries/developing countries spanning the period from 1990 to 2012 was reviewed. A number of issues pertinent to the research interest were identified:

a. Empirical evidence shows that companies in emerging countries provide less voluntary disclosure than their Western counterparts do (see, for example, Akhtaruddin et al., 2009; Al-Akra & Hutchinson, 2013; Al-Shammari & Al-Sultan, 2010; Ghazali, 2008; Hassan et al., 2009; Hossain, 2008; Hossain & Hammami, 2009).
b. The sample groups of companies used in previous studies were frequently selected randomly from listed companies (Akhtaruddin et al., 2009; Al-Akra & Hutchinson, 2013; Ali et al., 2007; Chau & Gray, 2010; Chen & Jaggi, 2000; Chen et al., 2008; Hashim, 2011; Ho, 2008; Hutton, 2007).
c. Factors relating to voluntary disclosure comprise the external and internal aspects of an organisation. External factors consist of regulatory frameworks, domestic law, culture, social influence and corporate governance system enforcements. Internal factors include firm-specific characteristics and board characteristics (Adams, 2002; Adhikari & Tondkar, 1992; Archambault & Archambault, 2003; Broberg et al., 2010; Chakroun & Matoussi, 2012; Chau & Gray, 2002; Haniffa & Cooke, 2005; Meek et al., 1995; Ousama & Fatima, 2010; Qu & Leung, 2006; Qu et al., 2013; Wang & Claiborne, 2008).
d. Empirical evidence documented that voluntary disclosure is subject to the perceptions of the board of directors or managers (see, for example, Barako

et al., 2006; Chau & Gray, 2010; Chau & Gray, 2002; Elsayed & Hoque, 2010; Lundholm & Winkle, 2006).

e. The self-constructed voluntary disclosure index approach has received little attention as evidenced from the studies reviewed (see Elsayed & Hoque, 2010; Ghazali & Weetman, 2006; Haniffa & Cooke, 2005; Ho & Taylor, 2013; Jaffar et al., 2007; Ousama & Fatima, 2010; Qu & Leung, 2006; Qu et al., 2013).

Research objectives identification

The objectives of this research are:

a. To develop a disclosure index, from stakeholders' perspectives, for assessing the nature and extent of information disclosed in listed Malaysian family-controlled companies' annual reports, and to incorporate a voluntary disclosure framework within the disclosure index
b. To identify the drivers behind voluntary disclosure in listed Malaysian family-controlled companies
c. To review and discuss with users and preparers the findings on voluntary disclosure practice in Malaysia.

Determination of research methods.

The research methods were determined by the research objectives. The details of the methods for this research are described in the following section.

4.5.2 **Phase 2: Data collection and analysis**

The research employed a sequential explanatory design of inquiry in that quantitative data were collected and analysed to identify the level of the voluntary disclosure. Qualitative interviews were then conducted to provide further insights into the findings. More specifically, data from the companies' annual reports and databases (quantitative data) were collected and analysed to identify the factors associated with the level of voluntary disclosure. The interviews with top management executives (qualitative data) were useful to explain the driving factors, and provide insights into the preparers' attitude towards voluntary disclosure in the annual reports. This sequential explanatory design is appropriate for the current study as it allows explanation and interpretation of the findings of the study, particularly in the case of unexpected results arising from the quantitative analysis (Creswell, 2014).

This research employed three different data collection techniques: Delphi approach, content analysis, and interview. These techniques were used in order to complement the results obtained by both quantitative and qualitative methods. Figure 5 illustrates the process and phases employed in this current study.

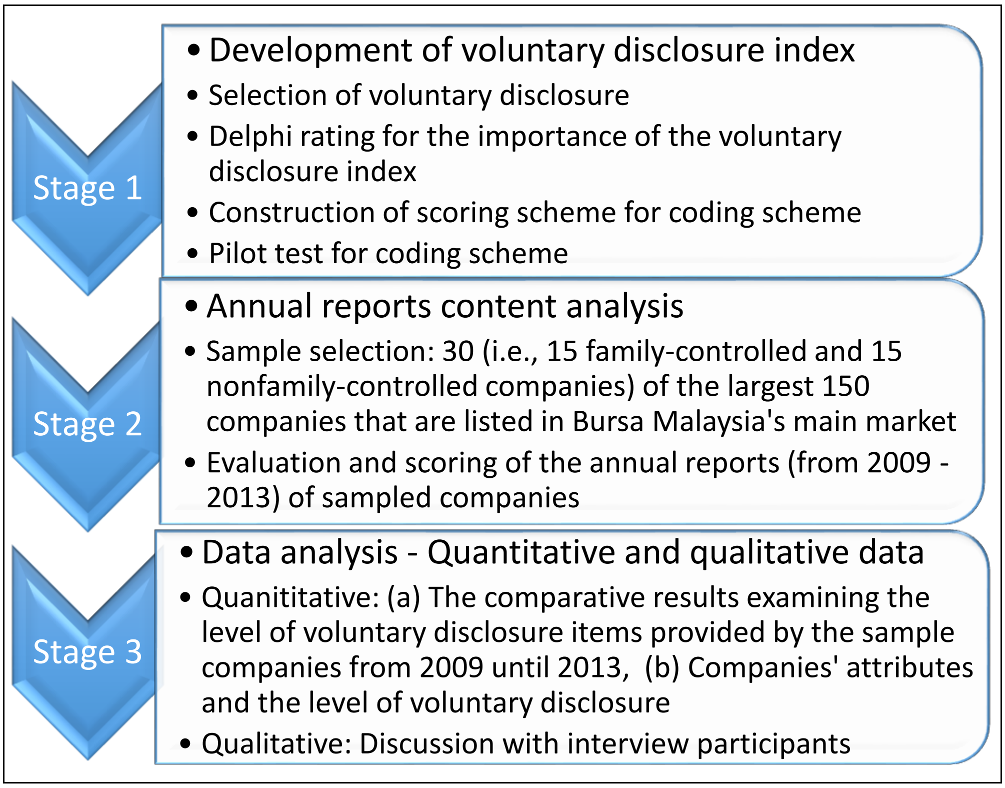


Figure 5. Summary of data collection and analysis processes in phase 2.

The quantitative and qualitative methods used in both the data collection and analysis phases are discussed in the sections that follow.

Stage 1: Development of voluntary disclosure index

As explained in section 4.5.1, phase 1 comprised the processes involved in the development of the voluntary disclosure index. The disclosure index was then used to examine the level of voluntary disclosure in the annual reports provided by Malaysia’s listed companies. The procedures undertaken in the development of the voluntary disclosure index are explained in detail in chapter 5.

The development of the voluntary disclosure index involved three major stages. Both quantitative and qualitative methods were employed. In an effort to enhance and determine the relevance of the current research framework's voluntary disclosure items compared with those of earlier studies, a preconsultative procedure with 12 stakeholders was carried out before the actual research work commenced.

Second, the Delphi technique was employed in order to validate the list of voluntary disclosure items obtained from the preconsultative procedure. To validate the disclosure items, 40 panel members were approached. All panellists were required to give a rating on the importance of each voluntary disclosure item presented in a questionnaire. A 5-point Likert rating scale (1–5) was used, in which 1 indicates least favourable; 2 indicates less favourable; 3 indicates of intermediate importance; 4 indicates important; and, 5 indicates the item is highly important. In this research, respondents also had the option of choosing 0 which indicated 'not applicable' (N/A) if they had no opinion about the item. All rating points given for each item were summed and divided by 40 (the total number of panel members) to obtain a mean scale of importance for each item.

This Delphi approach took two rounds for confirmation. In the first round, face-to-face meetings were carried out. During this first meeting, an interview and discussion session were also conducted. The procedure allowed the panellists to explain their reason/s for giving a particular rating to an item. The researcher was also able obtain the panellists' views and perceptions towards the current practices of voluntary disclosure in the companies' annual reports. The second round involved email and telephone conversations to confirm the ratings given for each item, so that the voluntary disclosure items could be finalised.

The next step was to create the scoring criteria for the coding scheme. The scoring criteria for the coding scheme were developed in order to assess the reliability and validity of the disclosure index. This process involved two pilot tests. The aim of the pilot tests was to assess and ensure the reliability of the scoring criteria of the voluntary disclosure index. First, the index was tested on six companies listed on the Bursa Malaysia main board. Two assessors were involved in this process. Data from both assessors were compared using Kripendorff analysis to establish the appropriateness of the disclosure index. Several amendments to the technical guidelines were made after the first pilot test, but no major changes were required for the disclosure index. The second pilot test was carried out to test the coding scheme and disclosure index once again. The purpose of the second pilot test was to ensure that no further amendments to the coding scheme would be necessary. Following Krippendorff (2004), and Guthrie, Petty, Yongvanich, and Ricceri (2004), for reliability and validity purposes, a test-retest procedure was conducted to ensure that the coding scheme would be ready for use.

Stage 2: Content analysis of annual reports

The second phase executed in this current study was a content analysis of 150 annual reports of 30 listed companies in Malaysia from 2009 to 2013. This phase involved two procedures: the selection of family-controlled and nonfamily-controlled companies in Malaysia, and content analysis of their annual reports.

Listed family-controlled companies were chosen as the main focus in this study because, first, family-controlled companies comprise the largest proportion in the share market, particularly in an emerging country like Malaysia. As noted in chapter 2, a study by Amran and Ahmad (2011) found that about 690 companies listed on Malaysia’s main board are run by families. These companies are considered to be the top companies and to have higher performance than others. Most of the family-controlled companies constitute the richest family businesses. Many of them are not only the leaders but also the highest performers in their respective industries and sectors. Thus, the influence of these companies could be considered as an ideal indicator for the evaluation of the level of voluntary disclosure in annual reports.

Second, these companies are often known for their complex ownership type in the context of business management, particularly in relation to their governance system. As pointed out by Miller and Le Breton-Miller (2006, p. 83), family businesses have “so many disputes about the behaviour and performance.” Disputes around matters related to governance could also influence the corporate reporting tradition which can be markedly different from that of nonfamily-controlled companies (see also, Ali et al., 2007). The involvement of family members in a business has been identified as one of the factors affecting company practices and decision-making. A family business can comprise several generations of the family, levels of individual knowledge, and culture and belief values. The combination of these elements can influence and shape the preferences of a founder or owner of the company because of the family's values and obligations. Additionally, a family business owner might give higher priority to family rather than to the company's financial returns in order to maximise his overall benefit.

Finally, as described in chapter 3, this research recognises the effect of managers' behaviour as regards voluntary disclosure, particularly in family-controlled companies. As substantial shareholders[12] in a family-controlled company have the ability to control the amount of additional information beyond the mandatory information required by the public, the decision to disclose or not to disclose is their prerogative. However, given these companies are among the best performers, they tend to respond to the effects of social beliefs and values embedded in the organisational environment as well as the institutional pressure in the business context (Fernández & Nieto, 2005; Sharma, 2004). As most of the sample companies are their industries' top performers, it was expected that the level of voluntary disclosure in their annual reports would have improved over time.

Ownership structure

In order to select the sample of companies, the ownership structure and control of a company were identified on the basis of individual/institutional controlling interest and rights in a company. For the purpose of this study, the ownership structure refers to a situation where the managers (the board of directors) are the main shareholders of the company. Company shareholders refers to the controlling interest and rights of the individual/institutional in a company. This aspect is often defined in accordance with a country's national act, and the International Financial Reporting Standard (IFRS). The definition of control is explained under IFRS 10. The standard states that control must comprise three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from an investee, and, (c) the ability to use power to affect the reporting entity's returns. The standard further indicates that the individual/institution can have power over a company (investee) even if the individual/institution holds less than 50% of voting rights in the company. However, the power to direct the relevant activities of the company can

[12] A person in the company is deemed to have an interest, when he/she is entitled to exercise or control the exercise of not less than 15% of votes from the total voting shares in the company ((Malaysian Companies Act, 1965 Section 4 C & 122 A)

be exercised separately (unilaterally) by an individual/institution. Under IFRS 10, power arises either individually or in combination, from rights: (a) in the form of voting rights or potential voting rights, (b) to appoint, reassign, or remove members of key management personnel in any part of the investee (company), and, (c) to direct the investee (company) to enter into or make changes to transactions for the benefit of the investor[13].

Consistent with IFRS 10, in the Malaysian context, control is defined as the authority over the course of action of a company (Amran & Ahmad, 2013; Loh & Zin, 2007; Rasiah, 2012). Citing Schleifer and Vishny's (1997) study, Rasiah (2012) says there are two elements that make up ownership structure: first, ownership concentration, and second ownership composition. Ownership concentration typically explains the distribution of power between the board of directors and shareholders, while ownership composition describes the people or individual/s who belong in the controlling group (Rasiah, 2012).

Every company incorporated in Malaysia must have at least two directors who may or may not have a controlling interest in the company (Malaysian Companies Act, 1965). A person is deemed to have an interest in the company when he/she is entitled to exercise, or control the exercise of, not less than 15% of the votes of the total voting shares in the company (Malaysian Companies Act, 1965 Section 4 C & 122 A). The Malaysian Companies Act, 1965, section 5, subsections (1) and (2), and 6A, subsection (4) define 'control' as "… a person who controls more than half of the voting power..." and "holds more than half of the issued share capital of the corporation." The term is used to demonstrate the ultimate and significant influences and rights of that individual or group of people.

In Malaysia, many family-controlled companies hold both a large stake of equity as well as key management positions in their organisations. In other words, both ownership and control are not separated in these companies (see, for example Fan & Wong, 2002; Johnson, Boone, Breach, & Friedman, 2000; Rasiah, 2012). Control is often referred to as a shareholder with the ability to exercise "significant control"

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[13] http://www.ifrs.org/Current-Projects/IASB-Projects/Consolidation/Consol-disclosure/IFRS-10-Consolidated-Financial Statements/Documents/IFRS1012_ConsolidatedFinStatementsDisclosure_UpdatedJanuary2012.pdf

through votes or the shareholding proportion of equity (Ibrahim & Abdul Samad, 2011). The criterion was also used by La Porta and Shleifer (1999), Claessens et al. (2000), and Ibrahim and Abdul Samad (2011) on the basis that corporate ownership structures in Malaysia are associated with indirect/substantial ownership.

To identify the shareholding proportion, the fraction of equity ownership can be calculated by referring to the direct and indirect/shareholdings of the family members. These proportions can be extracted from the annual reports. The details of the sum of shares owned, directly or indirectly, by a shareholder can be found under the shareholders' statistics or substantial shareholders section in the annual reports required by the Malaysian corporate governance best practices (Ibrahim & Abdul Samad, 2011; Punitharaja, Zulkafli, & Masron, 2011; Wan Nordin, 2009). Furthermore, the Malaysian Code on Corporate Governance requires all Malaysian publicly listed companies to disclose: (a) the significant or substantial shareholders owning more than 5% of issued shares, (b) the top 30 shareholders and respective sizes of their shareholdings and, (c) the family relationships between major shareholders, directors and/or top executives (Ibrahim & Abdul Samad, 2011; Ishak & Napier, 2006; Punitharaja et al., 2011). In other words, the ownership and control of the company will be determined by the percentage of shares and equity being held in the company.

A family-controlled company must satisfy three requirements:

a. the family has (direct and indirect shareholdings) of a minimum of 30% of voting rights in the company in the Malaysia context; 20% of voting rights to be sufficient to give effective control of a company (Hashim, 2011; Ibrahim & Abdul Samad, 2011; La Porta & Shleifer, 1999),
b. the family must be a substantial shareholder (Hashim & Devi, 2009), and
c. at least two family members on the board must have executive authority (Ali et al., 2007; Hashim, 2011; Hashim & Devi, 2009; Ibrahim & Samad, 2010).

Among the 150 listed companies, only 15 met the criteria and they are the top family-controlled companies that contribute to Malaysia's gross domestic product (GDP). As noted in chapter 2 of this thesis, 69.5% of the companies listed on the main board are owned by a number of different families. These families also owned more than 50% of controlling shareholdings in other companies listed on Bursa Malaysia. Therefore, these 15 companies were used as the research sample.

Since the aim of this research is to identify the differences in the level of voluntary disclosure in listed companies using a longitudinal analysis, an additional 15 nonfamily-controlled companies were selected and paired with the sample of family-controlled companies for comparative purposes. The selection of these companies was based on the number of years they had been listed on the Bursa Malaysia (i.e., must have been listed for more than 10 years). The other criteria were that the companies operated in a similar type of industry, and that each company's market capitalisation was within the range of the selected sample of family-controlled companies as at 31 December 2013. The annual reports of these 30 companies were manually collected.

Some public companies were excluded from the sample. These were financial firms such as banking, insurance, and companies in sectors such as oil and gas, marine hull, and leasing companies because they use sector-specific accounting principles. Their financial statements are, therefore, not comparable with those of other economic sectors (Ibrahim & Abdul Samad, 2011; Ibrahim et al., 2008; Ibrahim & Samad, 2010). The activities of the insurance and banking industries are, for example, heavily influenced by regulatory requirements.

The second step carried out under Stage 2 was to evaluate and score the content of the annual reports of the sampled companies in order to determine the level of voluntary disclosure. The study adopted a qualitative method known as content analysis to quantify the data. Content analysis is a method of codifying the text (content) of an annual report into several categories according to specified criteria (Beattie & Thomson, 2007; Campbell & Abdul Rahman, 2010). It is used to make valid inferences from the text. Different researchers can thus analyse the same phenomenon in different contexts. According to Krippendorff (2014, p. 18), "content analysis is a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use." Content analysis was chosen in this thesis because this approach relates integrally to the first objective of the research.

The "text unit" of analysis used in the current study was at the level of phrase, clause, or theme (Campbell & Abdul Rahman, 2010). Using the sentences and paragraphs of the annual reports, the researcher coded sentences as possessing one theme with several subcategories of information. The coder was required to assess the content in the annual reports based on the meaning of the sentences in relation to the index using a coding scheme. Here a 5-point scale (i.e., the 1 to 5 scale developed and tested earlier in phase 1) and recorded in an Excel spreadsheet.

The content of the annual reports was then evaluated. Four sections were used: (1) Chairman's Statement or Statement to Shareholders, (2) Review of Operation or Business Review, (3) Management, Discussions, and Analysis, and (4) Others ─ Business Management and Operational Summary. For the purpose of evaluation, a detailed Excel spreadsheet was created for each of the sampled companies. All the voluntary disclosure indexes were inserted, and calculation formulas were developed and added into the spreadsheet. All the data examined in each annual report were carefully coded in order to ensure their credibility and consistency. The completion of the annual report examination led to the final phase, that is, the data analysis.

Stage 3: Data analysis

All data collected in this research were quantified and analysed in line with the research objectives. This stage involved two procedures:

a. the statistical analysis of the coding data, and
b. analysis of interviews.

a. *Statistical analysis*.

In order to examine the level of voluntary disclosure practices, and the differences in the disclosure categories against ownership type, several statistical tests were used. Amongst others, univariate tests, significance test, and a post hoc test were used to measure the level of voluntary disclosure practices. Tests were also used to examine the association between the voluntary disclosure practices, company attributes, and influence in family-controlled companies (i.e., numbers of family members, generations to which family members belonged, and knowledge acquired).

Univariate tests such as cross-tabulation, one sample *t* test, and Chi-square analysis were used to identify the tabulations included in a frequency distribution (Hair, Money, Samouel, & Page, 2007). The one sample *t* test was used in this study to determine the mean (average voluntary disclosure score) of the level of voluntary disclosure practices for each item provided in all the companies sampled and to identify any differences in the level of voluntary disclosure practices between family-controlled and nonfamily-controlled companies. Finally, to describe a set of relationships, a cross-tabulation using Chi-square was used.

Once the preceding two tests had been performed, the comparison of means in each category of the voluntary disclosure category were assessed using ANOVA. The means for all five categories were tested using the following attributes of each company. They were (a) market value, (b) industry, and (c) ownership type. According to (Hair et al., 2007), in order to use ANOVA, the variables used must be categorical (i.e., nonmetric). ANOVA enables the researcher to reach a conclusion on the statistical differences present between group means only. However, it does not identify where the differences lie. For this reason, a follow-up test known as a post hoc test was performed to assess significant differences between group means. Post hoc tests are also widely utilised in many areas of the literature (Hair et al., 2007). The analysis comprises:

- the results of average voluntary disclosure scores between categories
- the results of average voluntary disclosure scores between company attributes.

A number of previous studies such as Chen et al. (2008), Akhtaruddin et al. (2009), Ho and Taylor (2013), and Barako et al. (2006) performed correlation tests to assess the relationship between the level of voluntary disclosures and companies' attributes. Previous studies have frequently used this technique to assess the effect of a company's attributes on the extent of the different disclosure levels (see previous studies by Akhtaruddin et al., 2009; Depoers, 2000; Owusu-Ansah, 1998; Wallace & Naser, 1995). An alternative approach to Pearson correlation is Spearman rho. The Spearman correlation was used to measure the association between family-controlled companies' attributes (i.e., number of family members, generation of family members, number of Muslim directors, and knowledge acquired by family members). Since the data are nonparametric, the Spearman rho is the appropriate correlation to calculate (Hair et al., 2007). The larger the correlation coefficient, the stronger the level of association between the average voluntary disclosure scores in each category and the family-controlled companies' attributes. Results from the Spearman correlation enable the researcher to know which category of voluntary disclosure is often emphasised.

b. Interview and discussion.

Interviews are one of the most commonly used research methods that researchers employ for collecting primary data. They can be conducted with individuals or groups, using face-to-face, telephone, email, or video (Bryman & Bell, 2011, p. 465). As noted earlier, the interview approach enables the researcher to gain insights into an individual's beliefs and his or her attitude towards a specific subject. Interviews can be structured, unstructured, or semistructured. A structured interview is based on an inflexible set of interview questions. Unstructured interviews are also known as in-depth interviews; the interview begins with broad questions, the interviewer then debates these with the interviewee in a general, open manner. Subsequent interview questions are then very much dependent on the answers given by the interviewees (Bryman & Bell, 2011; Hair et al., 2007).

A semistructured interview is a mixture of the structured and unstructured approach. The interview is based on a list of questions on specific topics to be covered in it. Interviewees are able to elaborate on certain points and raise specific questions or topics (Bryman & Bell, 2011, p. 467). An additional advantage of conducting semistructured interviews is that the views and opinions expressed during the interview stem from a single source ─ the interviewee (DiCicco-Bloom & Crabtree, 2006). A common feature of the three interview methods is, therefore, that they have more flexibility than printed questionnaire surveys do, and they give the interviewees the chance to express their personal views and opinions in their own words.

For the purpose of this study, a semistructured, face-to-face interview was carried out, as this technique was seen as the most appropriate way to obtain accurate and more detailed information from those involved in preparing companies' annual reports. The semistructured interview method not only reveals and answers the 'what' and 'how' questions, but also places emphasis on exploring the 'why' questions (Bryman & Bell, 2011; Hair et al., 2007). Since the present study depends on the data extracted mainly from the annual reports, the interview method provides valuable supplementary information and explanations that cannot be found in the annual reports themselves.

The interview respondents for this study were identified in three different ways: (a) identified by the researcher on the basis of personal relationships and contacts, (b) introduced by key respondents, and, (c) through snowballing, that is, one respondent leading to another potential respondent. This approach resulted in 41 top management personnel involved in preparing annual reports agreeing to be interviewed. Thirty-one interviews were conducted, along with two focus group sessions. These groups comprised 4 and 5 people. To address ethical aspects, interviewees were provided with a Participant Information sheet, and a Consent Form (see Appendix B). A set of questions to be addressed were attached to these ethical documents. Emails were sent to the participants in order to arrange an appropriate interview meeting time and place. These were set by the participants.

At the beginning of each interview, the researcher introduced herself. She then provided a brief overview of the research, and purpose of the interview. The questions focused on the following topics: the participants' understanding about voluntary disclosure; the importance of disclosure items; and, factors or influences in disclosure decision-making. The interviews took approximately 40 minutes each. After permission had been granted, all the interviews were digitally recorded (Harvey, 2011).

The Atlas.ti software program was used to transcribe and analyse the data. Content analysis was used to analyse the interview transcripts. This process involved the following steps:

Step 1 – Identify the main theme
Step 2 – Assign codes to the main themes
Step 3 – Classify responses under the main themes
Step 4 – Integrate themes and responses into the text of the report.

4.5.3 Phase 3: Reporting results and interpretation

The analysis process carried out in phases 1 and 2 yielded a number of findings regarding the level of and differences in voluntary disclosure in listed companies, particularly family-controlled companies. This section highlights:

a. the results relating to the level of voluntary information reported by sample companies and interpretation of that information, based on the theoretical framework established for this research.
b. the factors that drive these companies' managers to disclose voluntary disclosure. The results were interpreted using the interviewees' information.

Therefore, the present research:

1. acknowledges that regulations and enforcement are important in influencing voluntary disclosure.
2. acknowledges that companies in emerging countries take a longer time, compared to those in Western countries, to shift to a new corporate reporting practice.
3. acknowledges that the evolution of common social values and culture can influence the companies to disclose more of what is expected by the stakeholders.
4. recognises the complexity of business management in a family-controlled company (i.e., the governance system). This type of ownership is concerned not only with financial returns but also with other nonfinancial aspects such as identity, the ability to exercise family influence, and the continuance of a family legacy.

4.6 Chapter summary

This chapter has discussed in detail the research methodology and methods employed in the study to achieve the research objectives. It began by explaining the research philosophy, approach, and strategy. It justified the reasons for the choice of research design for the current study. It also outlined the research preparation process in terms of defining the research strategies carried out.

Additionally, it has described the construction of the research instrument and processes followed to measure the level of voluntary disclosure in the annual reports of each sampled company. A self-constructed voluntary disclosure rating sheet was designed, and a scoring scheme and procedure were developed to obtain a company's disclosure score for each year studied. Finally, the chapter described the semistructured interview approach adopted and the statistical analysis techniques employed.

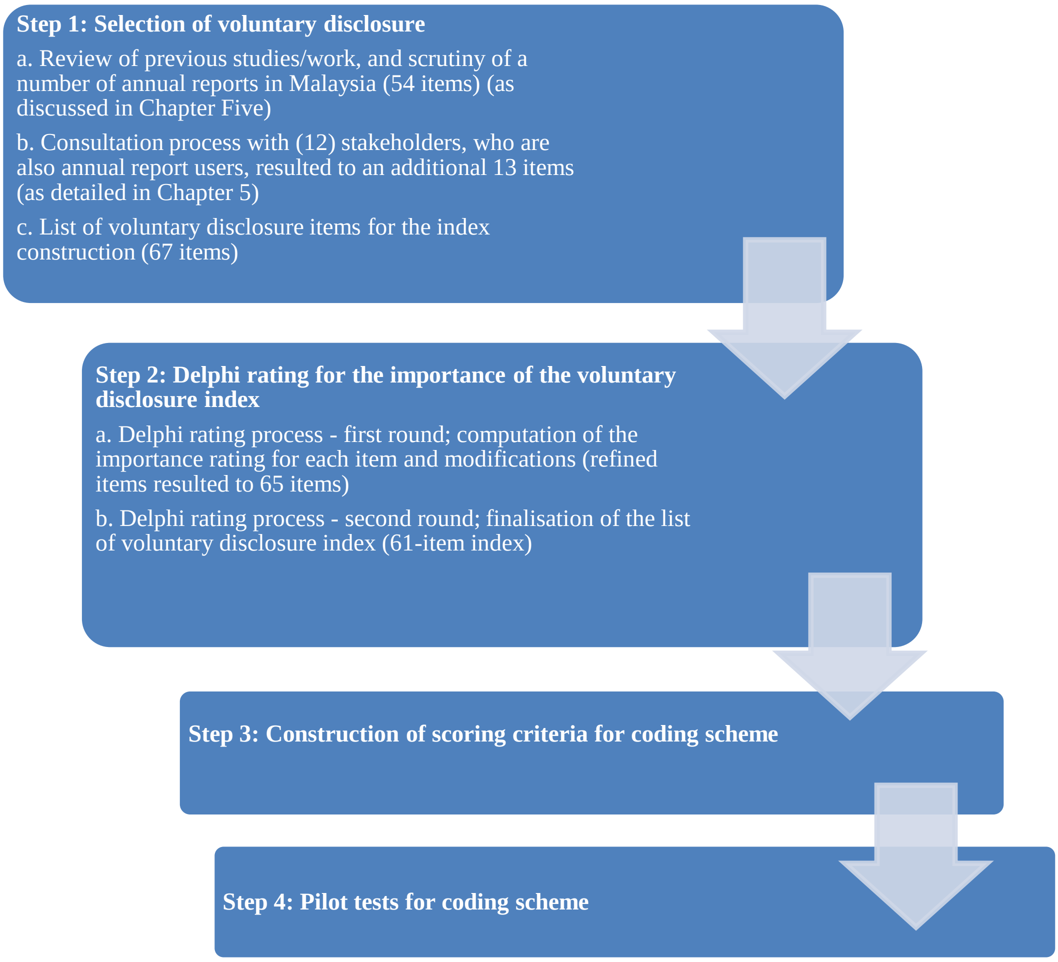
Chapters 5, 6, 7, and 8 which follow will report the results of the empirical research. Chapter 5 will explain the development of the research instrument (i.e., the voluntary disclosure index items) and research preparation procedures in detail. Chapter 6 presents the results of the empirical analysis derived from measuring the level of voluntary disclosure in the annual reports of 30 listed companies over the period 2009-2013. Chapter 7 presents the company attributes that are associated with the level of voluntary disclosure practices. Chapter 8 presents the results of the semistructured face-to-face interviews.

CHAPTER FIVE

DEVELOPING THE INSTRUMENTS: VOLUNTARY DISCLOSURE INDEX

5.1 Introduction

This chapter describes the development of the disclosure index instrument and its associated coding scheme. The disclosure index was developed to determine what type of voluntary disclosure information is included in the annual reports. The development of the instrument involved four major steps as shown below:



Section 5.2 presents the process of establishing the voluntary disclosure items, while section 5.3 summarises the development of the voluntary disclosure index. The chapter then presents the development of the scoring criteria for the coding

scheme and the results of the testing of the scheme in section 5.4. Section 5.5 summarises the chapter.

5.2 Establishing the voluntary disclosure index items

The purpose of this section is to explain the method used to achieve the first objective of this study i.e., to develop a disclosure index, from users and preparers' perspectives, for assessing the nature and extent of information disclosed in listed family-controlled companies' annual reports, and to incorporate a voluntary disclosure framework within the disclosure index. Measuring the level of the voluntary disclosure in the annual reports of each sample company for a period of 5 years involved four steps: (i) selection of the initial voluntary disclosure, (ii) scoring the voluntary disclosure index through Delphi technique, (iii) construction of the scoring criteria for coding scheme, and (iv) pilot tests for the coding scheme. A detailed description of each step is presented next.

STEP 1: The selection of preliminary voluntary disclosure items

Two procedures were followed to select voluntary disclosure items. The first involved a review of previous national and international disclosure studies. The second stage entailed an examination of Malaysian companies' annual reports to identify items that may not have been considered in previous studies. As noted in chapter 5, this process yielded a list of 54 items. These items were then used in a preconsultative procedure with 12 stakeholders to refine the items included in the voluntary disclosure list. This process produced 67 items (see section 5.2.1.2). Marston and Shrives (1991) acknowledge that in the process of selecting voluntary disclosure items:

> The validity of disclosure indices as a measure of information disclosure cannot be accepted without question. However, no other method for measuring disclosure has been developed …
>
> The fact that no one particular index has gained favour with researchers illustrates another facet of the validity problem. Most researchers adapt and tailor existing indices to meet their own perceived needs. This is an attempt to create an index that is valid in the particular research environment being investigated. (p. 198)

Tables 5 and 6 illustrate the list of items obtained from the processes outlined above.

Table 5. Voluntary disclosure items and categories.

General corporate and strategic information	
1	Financial highlights – 3 years
2	Brief history of the firm and nature of the business
3	Discussion of company's major products/services/projects
4	Images of major types of product
5	Information on new product development
6	Discussion of industry trend (past)
7	Information on acquisition and expansion of business activities
8	Statement of ways to improve product and service quality
9	General statement of corporate strategy
10	Organisation structure/group chart
11	Information relating to the general outlook of the economy
12	Discussion of competitive environment
13	Information on disposal and cessation
14	A statement of corporate goal(s)
15	Vision and mission statement
16	Description of marketing and distribution network for products/services
17	Generating value for stakeholders
18	Statement of ways to improve customer service or satisfaction
19	Actions taken during the year to achieve the corporate goal
20	Reasons for the acquisition and expansion (including planned capital expenditure)
21	Impact of strategy on current results
22	Discussion about major regional economic development
23	Reasons for the disposal and cessation
24	Description of research and development projects
25	Impact of competition on current market
26	Firm's contribution to the national economy
27	Corporate milestones
Information about management and shareholders	
28	Background of the directors and management team (academic, professional qualifications, and positions held)
29	Senior management responsibilities, experiences, and academic background
30	Brief details of senior management team
31	Analysis of distribution of shareholdings by type of shareholders
32	Domestic and foreign shareholdings breakdown

Table 5 continued

Financial Information	
33	Review of financial highlights related to financial statement
34	High level operating data and performance measurement that management uses to manage the business and in the decision making
35	Share price and volume information (trend)
36	Share price and volume information (year-end)
37	Market capitalisation (year-end)
Corporate social responsibility (CSR) [include environmental, societal, and employees]	
38	CSR policy, a statement of compliance, and graphic images
39	Discussion of participation in government social campaigns
40	Discussion of community programs carried out (including health/education/charity)
41	Discussion of environmental protection program(s) implemented
42	Discussion of support rendered for public/private action designed to protect environment
43	Corporate policy on employees' benefits and training
44	Discussion of employees' benefits and training
45	Breakdown of workforce by line of business distribution or categories of employees by level of qualifications
46	Amount spent on employees' benefits and training
47	Retrenchmentment/redundancy information
48	Information about employees' workplace safety
49	Discussion of health and safety standards
50	Cost – average compensation per employee
Forward-looking and risk information	
51	Discussion of opportunities (firm's prospects in general and business strategy on future performance in general)
52	Discussion of specific external factors affecting firm's prospects (economy, politics, technology)
53	Discussion of future products/services research and development activities with planned research and development (R&D) expenditure
54	Planned advertising and publicity expenditure

Eight additional types of voluntary information were suggested by the participants during the preconsultative process. These are listed in Table 6.

Table 6. Additional voluntary information suggested by the participants.

1	Halal status of the product
2	Details of Shariah oversight board
3	Number of Muslim shareholders and their shareholdings
4	Riba/gharar/maysir activities
5	Zakat
6	Sadaqa/donation
7	Waqf
8	Qard Hassan

Since the information suggested was general, further modifications based on previous studies were made to each information item. Table 7 shows the refined additional voluntary disclosure items in line with the participants' suggestions.

Table 7. Additional voluntary disclosure items resulting from the preconsultative process and previous works.

1	Business activities related to Shariah matters (if applicable)
2	Halal status of the product (if applicable)
3	Declaration of activities that involve alcohol and gambling (if applicable)
4	Analysis of distribution of shareholdings by type of shareholders, and number of Muslim shareholders and their shareholdings
5	Details of Shariah oversight board (if applicable)
6	Any form of financing/investment or funding that contradicts Islamic law (interest/gambling/uncertainties activities) (if applicable)
7	Zakat: method used/amount/beneficiaries (if applicable)
8	Sadaqa/donation (description on the recipients and purpose) (if applicable)
9	Waqf (description on the policy and amount spent) (if applicable)
10	Qard Hassan-borrowing without profit and interest (details on the policy, accounting treatment, and recipients) (if applicable)
11	Nature and cause of risks
12	Identification of major differences between actual business performance and previously disclosed opportunities, risks, and management plans
13	Effects of opportunities and risks on future core earnings and cash-flows

Following Ho and Taylor (2013)14, Amran, Abdul Manaf, and Che Haat (2009)15, Qu et al. (2013)16, Jaffar et al. (2007)17, and Ghazali (2007)18, the 67 items (see Appendix D) identified for this study were restructured and classified into the following five categories of voluntary disclosure:

(a) General corporate and strategic information,
(b) Information about management and shareholders,
(c) Financial information,
(d) Corporate social responsibility information, and
(e) Forward-looking and risk-related information.

STEP 2: Scoring the importance of the voluntary disclosure items

The first step in measuring the importance of voluntary information in annual reports involves scoring the disclosure items. In line with prior scholars (see Campbell & Abdul Rahman, 2010; Coy & Dixon, 2004; Guthrie et al., 2004; Hooks et al., 2002) who used a disclosure index in their research, emphasis was placed on the validation of the items by experts who are familiar with and use annual reports in their work. To fulfil the criteria, this study used a Delphi[19] technique with 40 panel members (see Appendix C).

This Delphi panel further validated the voluntary disclosure items drawn from the preconsultative process in the initial stage for their disclosure importance in annual reports (Coy & Dixon, 2004; Hooks et al., 2001, 2002). As detailed in chapter 5, the panellists were selected on the basis of their reporting knowledge, professional backgrounds, and engagement with preparing and/or analysing annual reports in their work over a period of at least 10 years. An invitation (consisting of a covering letter, executive summary, participant information sheet, questionnaire, and consent form) was sent to potential candidates in Kuala Lumpur, Malaysia 6 months before the actual fieldwork was to be conducted. The invitation clarified the role and tasks

[14] used 85 voluntary disclosure items
[15] used 37 items for risk reporting
[16] used 52 voluntary disclosure items
[17] used 88 voluntary disclosure items, and
[18] used 22 voluntary items for CSR reporting
[19] The Delphi technique was developed in the 1950s. It is a systematic and iterative process by which the opinions of a group of experts are obtained, reconsidered, and modified with the purpose of reaching a consensus view among experts (Ponte, Gallego, & Rodríguez, 2009).

for the panellists and asked whether they fitted into one or more of the stakeholder categories (Chau & Gray, 2002, p. 247; Ho & Wong, 2001, p. 145). Each panellist was asked to utilise his/her accounting knowledge as an annual report user when assessing the voluntary items. The purpose of this process was to gain greater understanding about the type of information users expected.

A. Delphi processes and results

This section explains the scoring used with the Delphi members. The Delphi process involved two rounds to ensure consistency in the items rated (Coy & Dixon, 2004; Hasson, Keeney, & McKenna, 2000; Hooks et al., 2002). A description of the Delphi approach adopted now follows.

I. Delphi scoring process and guidelines

In the first round, two of the Delphi meetings were conducted as a group session, with 4 people in each group. The remaining 32 Delphi members met individually with the researcher. In this first round, the members were given a set of 67 voluntary disclosure items, in questionnaire form, as noted earlier in chapter 4, section 4.4.2. These items were to be rated on the scale of 1 to 5 where 1 is deemed, *should not be disclosed*, 2 is *can be disclosed but is of minor importance*, 3 is *intermediate important*, 4 is *should be disclosed and item is important*, and 5 is *very important and essential to be disclosed*. The scoring scale was explained to the Delphi members before they started the process. A score of 0 was to be given for items which the panellist thought not applicable (Chau & Gray, 2002; Coy & Dixon, 2004; Ho & Wong, 2001; Marston & Shrives, 1991; Singleton & Globerman, 2002).

Within the first round of the Delphi process, this scoring and discussion procedure was employed. The average session time was 50 minutes and the meetings were conducted in a location of the participant's choice. All meetings were digitally recorded and transcribed.

II. The scoring computations and results

Results from the Delphi panels' scoring process were calculated to identify the average score for each item's importance. The panels suggested several item modifications and refinements to the list during the Delphi process. This stage determined a list of 65 voluntary disclosure items. The procedural process is explained next.

a. Delphi: First round outcomes

Data from the scoring process were gathered to determine the importance of the disclosure items. The scores given for each item by a panellist were entered into an Excel database to determine the average weighting (i.e., mean) for each item (Coy & Dixon, 2004; Hooks et al., 2002; Liu, 2014).

The weighted average rating of each item was then classified following the same rules applied for the Delphi rating scales as shown in Tables 8 to 12. The five categories of voluntary disclosure ─ with the items involved in this current research ─ are presented with the frequency of each item scored and the item's average score as regards its importance. Tables for each category are presented and discussed as follows[20].

[20] An example of the calculation for an item's average score is provided as a note under Table 6.3.1

(a) General corporate and strategic information

Table 8. Delphi scores for general corporate and strategic information.

	General corporate and strategic information	Frequency						Average score for level of importance
		0	**1**	**2**	**3**	**4**	**5**	
1	Financial highlights – 5 years	0	0	2	6	9	23	**4** — Important
2	Brief history of the firm and nature of the business	0	0	1	8	16	15	**4** — Important - Withdrawn as it is a **mandatory requirement under the Bursa Malaysia**
3	Discussion of company's new major products/services/projects	0	0	3	8	13	16	4 — Important - Withdrawn as it is a mandatory requirement under the Bursa Malaysia
4	Images of major types of product	1	3	8	11	10	7	3 — Average important
5	Information on new product development	1	2	2	9	14	12	**4** — Important
6	Discussion of recent industry trends	0	1	4	12	15	8	**4** — Important
7	Information on acquisitions and expansion	0	0	1	8	11	20	**4** — Important - Withdrawn as it is a **mandatory requirement under the Bursa Malaysia**
8	Statement of ways to improve product and service quality	0	2	4	14	13	7	3 — Average important
9	General statement of corporate strategy	0	1	3	10	14	12	**4** — Important
10	Organisation structure/group chart	0	0	1	12	9	18	4 — Important - Withdrawn as it is a mandatory requirement under the Bursa Malaysia
11	Information relating to the general outlook of the economy	0	1	10	12	14	3	3 — Average important
12	Discussion of competitive environment	2	0	2	18	9	9	3 — Average important
13	Information on disposal and cessation	1	0	2	11	10	16	**4** — Important - Withdrawn as it is a **mandatory requirement under the Bursa Malaysia**
14	A statement of corporate goals	0	0	3	9	12	16	**4** — Important and included in the Bursa Malaysia disclosure guidelines (non mandatory)
15	Vision and mission statement	0	0	4	10	8	18	**4** — Important
16	Description of marketing and distribution network for products/services	1	3	6	11	16	3	3 — Average important
17	Information for generating value for stakeholders	1	0	1	13	12	13	**4** — Important
18	Statement of ways to improve customer service	2	0	3	15	12	8	3 — Average important
19	Actions taken during the year to achieve the corporate goal	0	1	3	10	11	15	**4** — Important and included in the Bursa Malaysia disclosure guidelines (non mandatory)
20	Reasons for the acquisitions and expansion (including planned capital expenditure)	1	0	1	8	11	19	**4** - Withdrawn - overlapped with item 23
21	Impact of strategy on current results	0	3	0	11	15	11	**4** — Important
22	Discussion about major regional economic development pertaining to product and business	1	1	8	16	10	4	3 — Average important and included in the Bursa Malaysia disclosure guidelines (non mandatory)
23	Reasons for the disposal and cessation	0	3	4	8	13	12	**4** — Withdrawn - overlapped with item 20
24	Description of research and development projects	2	2	7	10	10	9	**3** — Withdrawn - overlapped with item under forward-looking and risk review category
25	Impact of competition on current market	2	1	2	10	14	11	**4** — Important
26	Firm's contribution to the national economy		2	6	14	10	7	3 — Average important
27	Corporate milestones have been achieved	1	0	2	11	11	15	**4** — Important
28	Business activities related to Shariah matters (if applicable)	1	0	3	7	14	15	**4** — Important
29	Halal status of the product (if applicable)	1	0	3	9	11	16	**4** — Important
30	Declaration of activities that involve alcohol and gambling (if applicable) if part of business	1	0	2	8	12	17	**4** — Important

Note: The frequency signifies the number of participants (total of 40 panellists) who gave each of the items a rating. The average = sum of (the ratings x frequencies)/40. Taking the 'financial highlights of 3 years item' as an example, the following sum demonstrates how its result was calculated: [(2*2) + (6*3) + (9*4) + (23*5)]/40 = 4.33 (the average number is rounded to the absolute number).

Table 8 shows that under the general corporate and strategic information category, Delphi members rated all of the items as important, and as needing to be disclosed in companies' annual reports. On the basis of the panellists' opinions, this category of disclosure can provide insight into the nature of an organisation overall over the period of its financial year. This conclusion is evidenced by 87% (comprised of 31% scoring 5, 30% scoring 4, and 26% scoring 3) of the panellists scoring general corporate and strategic information as important.

Table 8 indicates that information such as financial highlights (average mean ─ 4.00), actions the company has taken during the year to achieve the corporate goal (average mean ─ 4.00), the impact of strategy on current results (average mean ─ 4.00), information for generating value for stakeholders (average mean ─ 4.00), and information of new product development (average mean ─ 4.00) is perceived as important by the panellists because this information provides an indicator of an organisation's continuous direction. The panel members were also of the opinion that these items demonstrate how an organisation operates and employs its competitive strategy to achieve the maximum possible value for its stakeholders in specific economic conditions. Eighty-seven per cent of the Delphi members indicated that general corporate and strategic information is important in their analysis of company performance in general.

Based on the Delphi outcomes, items 2, 7, 10, and 13 (highlighted) were withdrawn from the disclosure index as this information relates to the Bursa Malaysia mandatory requirements[21]. As overlapping and redundant information, items 20, 23, and 24 were also withdrawn from the index. As noted earlier in chapter 4 regarding the basis used for selecting the items, information included in the Bursa

[21] Appendix 9C, Contents of annual reports, Part C (5)

Malaysia disclosure guide as nonmandatory was included in the index because the information is part of voluntary disclosure in the annual report.

(b) Information about management and shareholders

Table 9. Delphi scores for information about management and shareholders.

	Information about management and shareholders	Frequency						Average score for level of importance
		0	1	2	3	4	5	
1	Background of the directors and management team (academic, professional qualifications, and positions held)	0	0	3	7	14	16	**4** ─ Important - Withdrawn as it is a **mandatory requirement under the Bursa Malaysia**
2	Senior management responsibilities, experiences, and backgrounds	0	2	2	7	12	17	**4** ─ Important
3	A brief details about the company's senior management team	0	2	5	10	11	12	**4** ─ Important
4	Analysis of distribution of shareholdings by type of shareholders, and number of Muslim shareholders and their shareholdings	3	2	4	11	10	10	3 ─ Average important - Withdrawn as it is a mandatory requirements under the Bursa Malaysia requirements
5	Details of Shariah oversight board (if applicable)	1	0	3	8	16	12	**4** ─ Important
6	Domestic and foreign shareholdings breakdown	0	0	3	5	16	16	**4** ─ Important

Table 9 indicates the frequency of scores given by panel experts for the management and shareholders' information categories. This table shows that 86% of the panel members scored the items within the range 3 and 5, which indicates the items are important. The discussions revealed that they believe that this category assists annual report users in making judgements on the direction and monitoring aspects of an organisation. They contended that the board of directors' information enables stakeholders to evaluate the influence on the company's operational system and processes of a particular individual on the board. The panellists also expressed their belief that this disclosure can provide information on the credibility of the board of directors ─ based on their directorship experiences ─ in managing the company's overall performance. In addition, the majority of the panellists who responded believed that the disclosure of information often depended on the board of directors' objectives in disclosing it. They argued boards of directors are concerned not only with the financial returns to the shareholders, but also the nonfinancial aspects of the company such as their ability to maintain the company's continuous long-term growth, and ability to manage the business risks faced by the company.

Based on the Delphi outcomes, items 1 and 4 (highlighted) were eliminated from the list as these items fall under the Malaysia Corporate Governance Code of best practices and Bursa Malaysia listing requirements respectively[22].

(c) Financial information

Table 10. Delphi scores for financial information.

	Financial information	Frequency						Average score for level of importance
		0	1	2	3	4	5	
1	Review of financial highlights related to the financial statements	0	0	0	4	9	27	5 – Very important
2	High level operating data and performance measurements that management uses to manage the business and in the decision making	0	1	3	9	12	15	4 – Important
3	Share price information (trend)	0	2	3	9	10	16	4 – Important
4	Share price information (year-end)	0	1	2	12	10	15	4 – Important
5	Market capitalisation (year-end)	0	1	1	10	12	16	4 – Important
6	Any form of financing/investment or funding that contradicts with Islamic law (interest/gambling/uncertainties activities) (if applicable)	1	0	2	10	10	17	4 – Important
7	Zakat: method used/amount/beneficiaries (if applicable)	1	0	4	13	12	10	4 – Important

As shown in Table 10, 42% of the 40 Delphi panellists rated items under financial information as *very important* (5), and 26% rated them as *important* (4). The panellists' overall response to the financial information disclosure category questions was very positive, with 92% believing that this category presents vital data on how an organisation is performing and positioning itself in a given market. The majority of the panellists also believed that financial information has an influence on the stakeholders' confidence ─ particularly investors who can use this information to assess and anticipate the stability, long-term future growth, and the efficacy of the company's strategic actions.

Comparison of the above results reveals that only a small number of respondents indicated that this category has minor importance, with 7% scoring financial information between 1 and 2, and only 1% giving it 0. The 1% was for items 6 and 7 which received this score because two panellists rated each item as *not applicable*. When asked about the subject, panel members (P4 and P5) commented that the information associated with Islamic law parameters would be important for Shariah

[22] Appendix 9C, Contents of annual reports, Part A (21)

compliance organisations and a concern for Muslims. They did not believe that all stakeholders would understand or be aware of the relevance of this information when making economic decisions. This view was held by non-Muslim preparers who are more familiar with conventional financing and tax operations. Although familiar with Islamic financing structure and zakat activities, they did not consider such information as applicable, even if the items were highly regarded by other panel members.

(d) Corporate social responsibility (CSR)

Table 11. Delphi scores for corporate social responsibility (CSR) [includes environmental and societal issues, and employees].

	Corporate social responsibility	Frequency						Average score for level of importance
		0	1	2	3	4	5	
1	CSR policy; a statement of compliance	0	1	3	7	16	13	4 – Important
2	Discussion of participation in government social campaigns	0	2	6	12	13	7	3 – Average important
3	Discussion of involvement in community programmes (health/education/charity)	0	1	5	15	13	6	3 – Average important
4	Discussion of environmental protection programmes implemented	0	3	3	14	14	6	3 – Average important
5	Discussion of involvement in public/private action designed to protect the environment	0	3	3	14	13	7	3 – Average important
6	Corporate policy on employees' benefits	0	3	4	9	16	8	4 – Important
7	Corporate policy on employees' training	0	3	4	11	16	6	3 – Average important
8	Discussion of employees' benefits	0	5	5	10	11	9	3 – Average important
9	Discussion of employees' training	0	4	7	10	11	8	3 – Average important
10	Breakdown of workforce by line of business distribution or categories of employees by level of qualifications	0	5	6	14	7	8	3 – Average important
11	Amount spent on employees' benefits and training	0	3	8	12	8	9	3 – Average important
12	Retrenchment/redundancy information	0	4	8	11	11	6	3 – Average important
13	Information about employee workplace safety	0	2	3	15	13	7	4 – Important
14	Discussion of health and safety standards	0	3	5	14	11	7	3 – Average important
15	Sadaqa/donation (description on the recipients and purpose) (if applicable)	1	3	9	13	10	4	3 – Average important
16	Waqf (description on the policy and amount spent) (if applicable)	1	4	7	12	13	3	3 – Average important
17	Qard Hassan-borrowing without profit and interest (details on the policy, accounting treatment, and recipients) (if applicable)	1	3	7	12	12	5	3 – Average important

Overall, items under the corporate social responsibility (CSR) category were rated as of intermediate importance by the panellists. Thirty-one per cent of the 40 panellists scored CSR at 4 (*important*), 30% deemed it *averagely important* (3), and

21% scored it between 0 and 2. Just 17% chose *very important* for the CSR category, with 73%[23] of the panellists expressing their belief that the category is viewed as a marketing tool and can reflect the company's image to society. When further explanation was required, the panellists indicated that companies are likely to disclose CSR items to acknowledge, maintain, or strengthen their relationship with stakeholders. In addition, the panel members contended that companies tend to provide CSR information beyond the economic information to mirror their strengths and contributions towards stakeholders because, since stakeholders are not limited to investors alone, information about the organisation's strengths and contributions also need to be shared with other stakeholders.

A minority of panel members (22%) scored items between 0 and 2. Three panel members scored items that fall within the jurisdiction of Islamic law (i.e., Sadaqa[24], Waqf[25], and Qard-Hassan) as *not applicable* (0). When asked why, they said that these items are of importance only for Islamic or Shariah compliance organisations and are religion related.

(e) Forward-looking and risk-review information

Table 12. Delphi scoring for forward-looking and risk review information.

	Forward-looking and risk review information	Frequency						Average score for level of importance
		0	1	2	3	4	5	
1	Discussion of opportunities (firm's prospects in general and business strategy on future performance in general)	0	1	3	15	12	9	**4** – Important - Included in the Bursa Malaysia disclosure guidelines (non mandatory)
2	Discussion of specific external factors affecting firm's prospects (economy, politics, technology)	0	2	7	12	12	7	**3** – Average important - Included in the Bursa Malaysia disclosure guidelines (non mandatory)
3	Discussion of future products/services research and development activities with planned research and development expenditure	0	4	3	12	14	7	3 – Average important
4	Planned advertising and publicity expenditure	0	3	11	13	10	3	3 – Average important
5	Nature and cause of risks	0	0	2	14	12	12	**4** – Important
6	Identification of major differences between actual business performance and previously disclosed opportunities, risks and management plans	0	1	4	9	14	12	**4** – Important - Included in the Bursa Malaysia disclosure guidelines (non mandatory)
7	Effects of opportunities and risks on future core earnings and cash flows	0	2	3	8	13	14	**4** – Important - Withdrawn as it is a **mandatory requirement under the Bursa Malaysia**

[23] The percentage consists of panellists who scored within the range 3 to 5.
[24] Sadaqa is an act of personal devotion and piety (voluntary charity).
[25] Waqf is similar to charitable foundations or trust funds.

In response to the final category in the voluntary disclosure category, most (84%) of the panel members indicated that the category is important. Only 16% gave it a score of less than 3. The majority contended that forward-looking and risk review information was important because its disclosure provides them with useful data with which to interpret corporate strategy plans, actions, and financial performance. They thought that these disclosures identified significant anticipated risk that the organisation is exposed to and which may have a material effect on the company's overall performance. They also added that disclosures focusing on forward-looking and risk review are regarded as complementary information to mandatory risk disclosure. Item 7 (highlighted) was withdrawn from the list as this information is included in the Bursa Malaysia mandatory requirements.

During the Delphi scoring process, a number of items were also suggested by the panel members. The list of additional items included in the final draft of the disclosure index is shown in Table 13.

Table 13. Items recommended by the panel members.

Categories of voluntary disclosure	Items recommended	Panel ID
Section A — General corporate and strategic information	1. Industry specialised operational statistics 2. Adoption of and/or used of supporting mechanism to enhance ethical practices	P14 P13
Section C — Financial information	1. Market share in the industry	P14
Section D — CSR	1. Retirement scheme through foundation or other means	P2
Section E — Risk review information	1. Environmental incidents ─ Implementation of procedures for managing materials containing environmentally sensitive substances ─ converting the production processes 2. High degree of government regulation – discussion on the ways to make appropriate investment decision 3. Technical failure – discussion on hiring and retaining highly trained and experienced staff/developing quality control system and equipment maintenance/implementing software that allows better design and manufacturing process 4. Natural disasters (e.g., earthquakes, flood) — Discussion on engineering, administrative, and operating staff to identify and develop control programme	P23, P28 P23,P28, P38 P33, P38 P23,P33, P19

The table indicates that the form of the risk review information refers to a dimension of risk analysis with regard to the external environment around the company. When further explanation was requested, the panel members commented that a number of incidents related to risk mitigation in Malaysian organisations were in question. One panel member (P23) provided an example regarding air pollution caused by forest fires in Indonesia. According to the panel member, this geographical risk factor caused problems for companies in Malaysia, particularly those in the plantation, agricultural, and industrial sectors. This example highlighted the fact that, although Malaysia does not experience many natural disasters, the country is exposed to risks from incidents in the neighbouring country. The panel member believes that these issues are of concern and need to be noted in risk mitigation actions or plans provided by Malaysian companies.

This viewpoint was also shared by P33, who expressed the belief that risk information can reflect the company's health and accountability, which could reduce stakeholders' ambiguities and negative perceptions. In addition, it was commented that, although the information is not a promising statement for the stakeholders, risk information shows the organisation's management accountability towards the interested parties. When responding, P33 argued that it is impossible to avoid risks when trying to ensure the survival of a company over a very long period of time. Therefore, assuming that the actual risks are still not acknowledged, stakeholders often perceive that risks have to be taken into account in decision-making.

b. Delphi: Second round outcomes

In the Delphi second round process, additional follow-up calls were made to confirm and thus ensure answers across panels (Coy & Dixon, 2004; Hooks et al., 2001). A total of 65[26] voluntary disclosure items were provided and sent to each panel member. Most of the Delphi members chose email, rather than another meeting, due to time constraints. The 65 items were laid out in similar questionnaire form, and panellists were asked to apply a similar scoring concept by adding comments and suggestions if they had changed their opinions after considering the

[26] Report from first round of Delphi data produced 65 items, i.e., 57 from the scoring list, and 8 additional items.

modified items. The second round Delphi process produced 40 responses (i.e., all of the 40 first round respondents completed the second round). In order to confirm the answers received via email, telephone communication was also used. Each telephone conversation took about 30 minutes.

The result from the second round indicated some minor changes such as syntax errors, and changes in the categorisation of some items. As a result, four items were withdrawn from the list, as shown in Table 14 below.

Table 14. Voluntary disclosure items suggested for withdrawal during the Delphi second round process.

Categories	Items	Average score for level of importance
General corporate and strategic information	Images of major products/services/projects	2.5
	Statement of ways of improvement of customer service	Overlapping statement with item no 8 within the same category
Financial information	Market share in the industry	Overlapping information with item no. 5 within the same category
Corporate social responsibility	Qard Hassan - borrowing without profit and interest	2.4

Table 15 summarises the additional information items the panellists offered in the second Delphi round.

Table 15. Responses of panel for additional information in second round.

Categories	Items	Frequency						Average score for level of importance
		0	1	2	3	4	5	
General corporate and strategic information	1. Industry specialised operational statistics	0	3	4	9	16	8	4 — Important
	2. Adoption or supporting mechanism to enhance ethical practices	0	0	2	9	18	11	4 — Important
Financial information	1. Market share in the industry	0	2	7	12	12	7	3 — Average important
Corporate social responsibility	1. Retirement scheme through foundation or other means	0	3	3	16	18	0	3 — Average important
Risk review informa	1. Environmental incidents - Implementation of procedures for managing materials containing environmentally sensitive substances — convert the production processes	0	1	3	7	16	13	4 — Important
	2. High degree of government regulation — discussion on the ways for appropriate investment decision	0	3	5	11	14	7	3 — Average important
	3. Technical failure — discussion on hiring and retaining highly trained and experienced staff/developing control quality system and equipment maintenance / implementing software that allows better design and manufacturing process	0	2	3	14	14	7	4 — Important
	4. Natural disasters (e.g., earthquakes, flood) — Discussion on engineering, administrative and operating staff to identify and develop control programme	0	0	3	10	12	15	4 — Important

The second round of the Delphi process thus produced 61 final disclosure items as detailed in Table 16.

Table 16. The final list of 61 voluntary disclosure items used in this research.

	General corporate and strategic information
1	Financial highlights – at least 5 years
2	Discussion of company's new major products/services/projects
3	Information on new product development
4	Discussion of recent industry trends
5	Statement and/or information of ways to improve product and service quality
6	General statement of corporate strategy
7	Information relating to the general outlook of the economy
8	Discussion of competitive environment
9	A statement of corporate goals
10	Vision and mission statement
11	Description of marketing and distribution network for products/services
12	Awareness of responsibilties to the stakeholders
13	Discussions on specific actions taken during the year to achieve the corporate goal

Table 16 continued

14	Impact of strategy on current results
15	Discussion about major regional economic development pertaining to product and business
16	Impact of competition on current market
17	Firm’s contribution to the national economy
18	Corporate achievement
19	Business activities related to Shariah matters (if applicable)
20	Halal status of the product (if applicable)
21	Declaration of activities that involve alcohol and gambling as part of business (if applicable)
22	Industry specialised operational statistics
23	Adoption/supporting mechanism to enhance ethical and productive practices
	Information about management and shareholders
24	Senior management responsibilities, experiences, and backgrounds
25	Details of senior management team
26	Details of Shariah oversight board (if applicable)
27	Domestic and foreign shareholdings breakdown
	Financial information
28	Review of financial highlights related to the financial statements
29	High level operating data and performance measurements that management uses
30	Share price information (trend)
31	Share price information (year-end)
32	Market share in the industry
33	Market capitalisation in the share market (year-end)
34	Any form of financing/investment or funding related to Shariah law (if applicable)
35	Zakat: method used/amount/beneficiaries (if applicable)
	Corporate social responsibility
36	CSR policy; a statement of compliance
37	Discussion of involvement in community programmes (health/education/charity)
38	Discussion of environmental protection programme implemented
39	Discussion of involvement in public/private action designed to protect the environment
40	Corporate policy on employees’ benefits
41	Corporate policy on employees’ training
42	Discussion of employees’ benefits
43	Discussion of employees’ training
44	Breakdown of workforce by line of business distribution or categories of employees by level of qualifications

Table 16 continued

45	Retrenchment/redundancy information
46	Information about employee workplace safety
47	Discussion of health and safety standards
48	Sadaqa/donation (description on the recipients and purpose) (if applicable)
49	Waqf (description on the policy and amount spent) (if applicable)
50	Retirement scheme through foundation or other means
	Forward-looking and risk review information
52	Discussion of opportunities (firm's prospects in general and business strategy on future performance in general)
53	Discussion of specific external factors affecting firm's prospects (economy, politics, technology)
54	Discussion of future products/services research and development activities with planned research and development expenditure
55	Planned advertising and publicity expenditure
56	Nature and cause of risks
57	Identification of major differences between actual business performance and previously disclosed opportunities, risks, and management plans
58	Environmental incidents - Implementation of procedures for managing materials containing environmentally sensitive substances - converting the production processes
59	High degree of government regulation - dicussion on the ways for appropriate investment decision
60	Technical failure - Discussion on hiring and retaining highly trained and experienced staff / developing control quality system and equipments maintenance/implementing software that allows better design and manufacturing process
61	Natural disasters (e.g., earthquakes, flood) - Discussion on engineering, administrative and operating staff to identify and develop control programme

During the second Delphi process, panellists were also asked to score the voluntary disclosure categories. Figure 6 below shows the percentage scores for each voluntary disclosure category in the second round questionnaire. Two findings stand out. First, the scoring shows that financial information (30%) gained the highest percentage, followed by forward-looking and risk review information (28%). There was only a very small difference between general corporate and strategic information, and management and shareholders information with 16% and 15% respectively. On the other hand, information related to corporate social responsibility at 11% shows the lowest percentage.

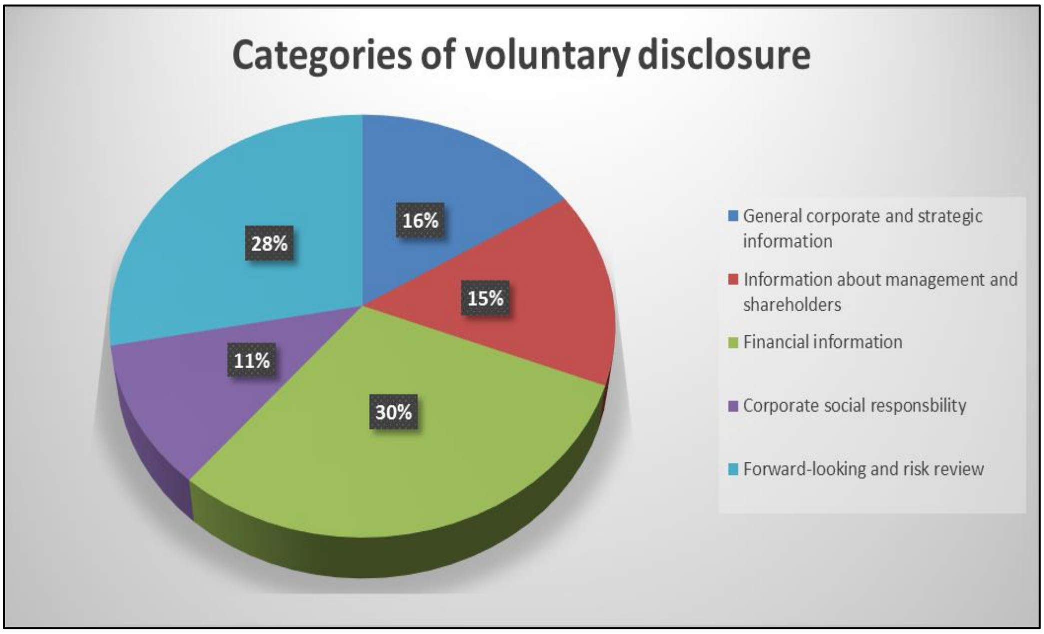


Figure 6. Disclosure categories scoring by percentage.

Second, when discussing the categories of this voluntary disclosure, the result is also consistent with the scoring decision which indicates that financial information and forward-looking and risk review information are interrelated. Voluntary information on forward-looking and risk review seems to supplement the financial data, and assists stakeholders' economic and strategic decision-making. This finding also resonates with Aljifri and Hussainey (2007) observation that risk disclosure can influence stakeholders' assessment regarding future business involvement with the organisation.

Finally, the panellists were asked to rank items on a scale of 1 to 5 in order to identify influential and useful criteria for ways to present disclosure.

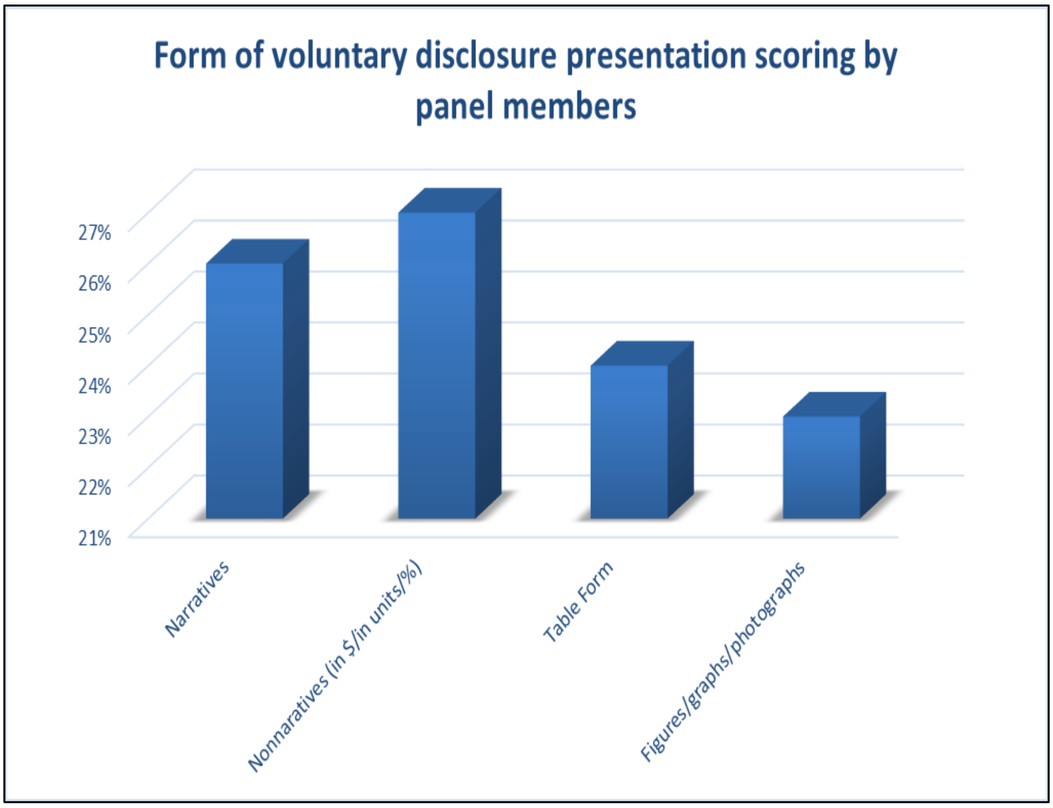


Figure 7. Forms of voluntary disclosure presentation: Panel member scoring.

Results from the data demonstrate that quantitative information in monetary, unit, or percentage form has the highest scores (27%), with narrative disclosure coming second highest at 26%. Seventy per cent of those who were questioned indicated that disclosure of information cannot be purely in narratives without quantifying the information described. They contended that nonnarrative information captures their attention. As for table forms, 24% of panel members argued that only a few types of information can be disclosed using tables, for example, 5-year financial highlights and market price trends. Furthermore, they added that this information can also be disclosed using both qualitative and quantitative forms.

Lastly, presentation in the form of figures, graphs, and photographs received the lowest score (23%). According to the panellists, this category of presentation requires an additional effort by the companies to display a summation of information about their significant activities. For example, panellist P39 stated that, since the competitive advantage increasingly involves value-creation processes, many large companies tend to provide pictures, graphs, and charts in their annual reports. In addition, P23 commented that information in the form of images is essential for annual report users, particularly for those who have less technical ability to analyse and interpret the data. Scholars such as Beattie et al. (2004) also share his view; they note that images are helpful for understanding and analysing annual reports information.

5.3 Summary

This section detailed the construction and selection of voluntary disclosure items. An initial list was first developed after the review of previous studies, examination of Malaysian listed companies' annual reports, and a preconsultative process with 12 annual report users. These voluntary items were then modified, and used with 40 panellists in two rounds of the Delphi consultation process. This processes validated and ensured that information of the following nature was considered: highly demanded information, and information which is important to Malaysian society. Several changes were made as a result of the suggestions given by the panellists, and a total of 61 voluntary items was finally identified as relevant to Malaysian annual reports and applicable to all sampled companies. The following section details the process of the second step in the development of the voluntary disclosure index.

STEP 3: Development of scoring criteria for coding scheme

A. Coding of annual reports

Research into disclosure has employed content analysis as a research method in different ways (see, for example, Campbell & Abdul Rahman, 2010; Guthrie et al., 2004; Hooks et al., 2001, 2002; Milne & Adler, 1999; Samkin, Schneider, & Tappin, 2014). Scholars such as Coy and Dixon (2004); Gray, Kouhy, and Lavers (1995); Hooks et al. (2002) who adopted a mixed approach distinguished between narrative and numerical data as part of the coding process. In addition, research that employed this criterion often used the disclosure index for measuring and capturing data when using content analysis[27].

[27] Content analysis is a study of recorded human communications, for example, books, annual reports, newspapers, speeches, and websites.

In this study, content analysis was used to examine the extent and the major types of voluntary information disclosed in listed family-controlled companies in Malaysia. The data were taken from the companies' annual reports from 2009 to 2013. The content analysis method in this research aimed to identify the importance of a disclosure item by referring to the frequency count or scores of such items. In order to measure the level of voluntary disclosure in each of the sample companies' annual reports, content analysis was used to capture disclosure meaning by disaggregating narrative into several components and then describing the content of each component (for example, Beck, Campbell, & Shrives, 2010; Milne, Tregidga, & Walton, 2003; Raar, 2002). This process involved capturing and recording the content of voluntary disclosure in the annual reports and its presentation style and/or character (Beck et al., 2010; Samkin et al., 2014). Therefore, a coding scheme was established for the purpose of the content analysis. The aim here was to interrogate voluntary disclosure content diversity and depth, rather than to use a dichotomous system.

B. Development of the coding scheme

Prior to the coding process, a scoring sheet which included a 61 voluntary disclosure item index (refer to Table 12) was designed to score each of the sample companies' annual reports on their voluntary disclosure levels. A scoring approach was adopted. The current study adopted this approach primarily because one major research objective concerns the developments in the voluntary disclosure levels over the period 2009 to 2013.

I. *Disclosure coding scheme and scoring points.*

Each paragraph in the focus sections was studied initially in order to understand the content of the message being conveyed. The purpose of this disaggregation into content categories increased the resolution of the coding scheme to capture all relevant meaning. The resolution of the coding is at the level of the phrase (see Milne & Adler, 1999; Samkin et al., 2014) as this enables the sentences to be allocated to several types of categories[28] and, where practicable, examined on the basis of unit of analysis (themes) for manual coding.

For the purpose of this current research, the disclosure scoring scale is a 5-point scale 1 to 5. The scale was applied as follows:

1. the information disclosed is trivial or immaterial.
2. the information is descriptive in nature ─ information is fairly provided and little meaningful discussion has been made.
3. the information has intermediate detail ─ information is generally elaborated and may include narrative descriptions, and monetary and/or nonmonetary detail such as percentage, proportion, and statistic descriptions, and/or nondetailed diagram, table, chart and picture.
4. the information provides detailed description ─ information is sufficiently elaborated, including the impact of the issues being discussed, and may include narrative descriptions, and monetary and/or nonmonetary details such as percentage, proportion, and statistic descriptions, and/or diagram, table, chart and picture with title.
5. the information offers highly detailed disclosure ─ information is sufficiently elaborated, with the discussion about the item or issue being more than three paragraphs (includes discussion on impact, monetary and/or nonmonetary information such as percentage, proportion, and statistic description, and/or detailed diagram, table, or chart are provided).

Following the voluntary disclosure items' categorisation, the content was evaluated for its meaning and presentation, i.e., the level of information provided combined with the detail of the disclosure (Beretta & Bozzolan, 2004).

The implementation of the disclosure coding scheme focused on three sections namely, (1) Chairman's Statement or Statement to Shareholders, (2) Review of Operation or Business Review, and (3) Management, Discussions and Analysis[29].

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[28] Milne and Adler (1999) identify the coding unit sentence as the preferred option in terms of reliability. Sentences for disclosure context provide meaningful measurement.

[29] The Malaysia Companies Act 1967, and Bursa Malaysia listing does not mandate that listed companies must provide a Chairman's Statement, Review of Operations, and Management,

These sections, beginning with the 2013 reporting period, were read[30] in their entirety to identify voluntary disclosure. All information that related to either strategic planning, financial information, directors' information, risk management, or performance evaluation was captured.

STEP 4: Pilot testing: Reliability measure for coding data

The pilot test undertook two rounds of analysis for reliability purposes. The pilot testing was conducted by two coders who independently analysed six annual reports consisting of three annual reports from listed family-controlled companies randomly selected from the actual sample (see Hayes & Krippendorff, 2007), with the remaining annual reports coming from other listed nonfamily firms, in order to have a distinctive range of the sample group. Data of the sample companies were hand-collected from the annual reports, which were downloaded from the website of Bursa Malaysia (http://www.klse.com.my). Prior to the pilot test, a small number of units were chosen to assess reliability informally during the coder training to ensure that the instrument and coding instructions were adequate to obtain a level of agreement (Beck et al., 2010; Lombard, Snyder-Duch, & Bracken, 2002, p. 589).

A. Developing a content analysis procedure: Initial approach

The initial procedure was developed prior to the pilot analysis. In this stage the choices were guided by the 'unit of meaning', as utilised by Guthrie et al. (2004), Abeysekera and Guthrie (2005), and Samkin et al. (2014). To ensure the criteria accuracy in this study, this pilot test was guided by several decision rules, also known as coding schemes. Each paragraph was carefully read and understood in order to identify a suitable category for it. Narrations, within the context of the structuring in each sentence, may represent different ideas and meanings. Thus, the coders have to determine the purpose of sentences within their paragraphs. In other words, a coder should decide whether or not the paragraphs in a given section contains voluntary disclosure that fits within the five categories. Next, they decide whether or not the sentences in each paragraph fall under or contain items relating

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Discussions and Analysis, but most companies provide these sections due to the statutory information stipulated in the said act and listing requirements.

[30] Chairman's Statement, Review of Operation, and Management, Discussions and Analysis were viewed manually in portable document format (PDF).

to a particular category. Finally, the sentence(s) or voluntary items were coded in the form of their presentation in accordance with the disclosure coding scheme. These steps were performed for every paragraph in the document. As noted earlier, to ensure the coders were properly guided, all categories and items were clearly defined.

A set of rules for the coding scheme was established to provide more guidance and clearer justification. The rules were as follows:

1. Read and understand each category and its items (index).
2. Read the annual report thoroughly. Sections may be located in different files for each company. There are three main sections for content analysis: (a) Chairman's Statement or Statement to Shareholders; (b) Review of Operation or Business Review; and/or, (c) Management, Discussions, and Analysis.
3. When determining whether a part of a compound sentence can be regarded as meaningful:
    a. An introductory statement of two or three words is not regarded as a separate sentence, and is added to the next sentence that it introduces.
    b. If the majority of sentences in a summation can be regarded as 'meaningful' sentences in themselves, each statement is treated as a separate item.
    c. If the majority of sentences in a summation cannot be regarded as 'meaningful' sentences in themselves, all statements are treated as one item/category.

During the pilot test, the coding scheme was explained and coders were trained in coding. Each sentence within each paragraph contained in the annual reports was highlighted and marked with notes for coding purposes, which ensured the cross-referencing system was in place from the start and thus made further calibration unnecessary. The process took 7 days to complete. These notes were later transferred and recorded on separate initial coding sheets under coder A and B. The initial coding sheets were combined and compared to measure the degree of agreement and to identify the deviation between coders. The coding was tested using Krippendorff's alpha (in SPSS[31]). Krippendorff's alpha is used in this research for several reasons, including that (a) it allows for any number of coders; (b) it is designed to be used for variables at different levels of measurement from nominal to ratio; and, (c) it also accounts for chance agreements between coders (Boesso & Kumar, 2007; Lombard et al., 2002).

Figure 8 below illustrates the process carried out for coding the sentences in each paragraph under the relevant sections. The highlighted sentences were coded as notes either at the top of the paragraph, or at the end of the selected sentences.

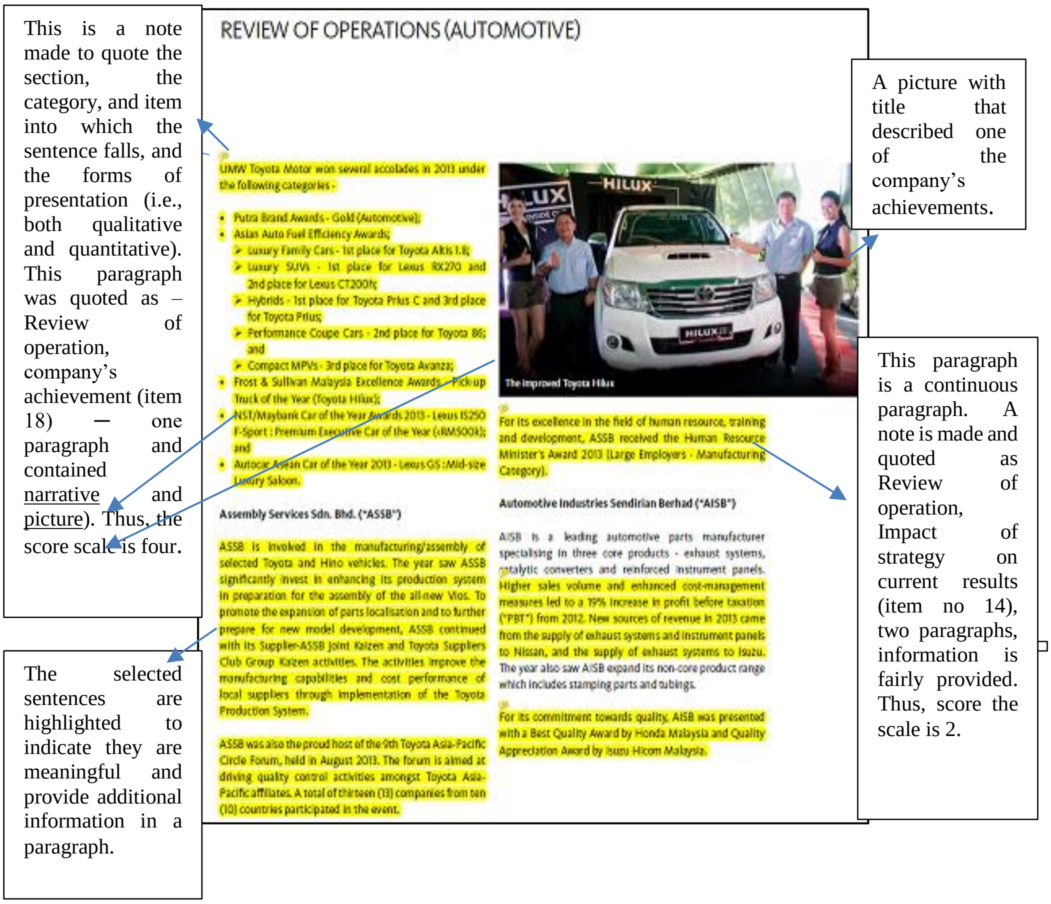


Figure 8. An example to demonstrate the technique used for coding in this study.

All of the scores noted in the annual reports were transferred into a worksheet to calculate both the quantitative and qualitative frequency with which an item appears in the sample.

[31] SPSS – Statistical Package for Social Science, a software package used for statistical analysis

The reproducibility of the content analysis is assessed by calculating the Krippendorff's alpha for the coders' entire coding. In determining the standards for an acceptable level for interreliability, some care is needed to specify the situation in which the standards are to apply. Lombard et al. (2002, p. 600) emphasise that "an appropriate minimum acceptable level of reliability for the index or indices to be used" (p. 599) must be determined carefully (see also Beattie & Thomson, 2007; Beck et al., 2010; Guthrie et al., 2004; Milne & Adler, 1999).

The results for the two researchers' first round of reliability testing are presented in Table 17. The table indicates the level of agreement on each of the 61 indices and an overall Krippendorff's alpha for all codes calculated.

Table 17. First round of pilot test using Krippendorff's alpha.

Company	**Sections**	**Krippendorff's Alpha**
KPJ	Management Discussions and Analysis	0.6003
SOP	Management Discussions and Analysis	0.7225
Hartalega	Chairman's Statement	0.9476
	Management Discussions and Analysis	0.9507
IJM	Chairman's Statement	0.8028
	Review of Operation	0.8165
	Management Discussions and Analysis	0.7023
Tan Chong	Management Discussions and Analysis	0.9107
	Chairman's Statement	0.931
UMW	Chairman's Statement	0.888
	Review of Operation	0.7499
	Management Discussions and Analysis	0.6142

In addition to the choice of the appropriate index for intercoder reliability, the acceptable level of reliability in Krippendorff's alpha is set at 0.800 or $\alpha_{min} = 0.800$. Following prior work carried out by scholars in accounting, including Beck et al. (2010), Boesso and Kumar (2007), and Milne and Adler (1999), the current research also applied the same decision rule.

As indicated in Table 17, while the agreement rates show that 7 (58%) out of 12 sections scored a high agreement rate, they also indicate that 5 (42%) of the sections analysed fall below the threshold value of 0.800 (i.e., four Management, Discussions and Analysis sections, and one Review of Operation section). In the accounting and related literature, many authors acknowledge the issue of different interpretations in content analysis (see, for example, Deegan & Rankin, 1997; Guthrie et al., 2004; Milne & Chan, 1999; Unerman, 2000). During the pilot test process, both coders signalled several coding challenges. Among those challenges were that:

(a) voluntary disclosure items are scattered outside focus sections, thus making it difficult for the coders to decide whether such information should be incorporated into the coding sheet;

(b) voluntary disclosure on board of directors' information and senior management team are not within the focus sections, but the information falls within one of the categories;

(c) difficulties for classification of sections arose when analysing voluntary information in the form of pictures, bar charts, diagrams, and graphs that are outside the focus sections; and,

(d) coders were unable to describe bar charts, graphs, diagrams, and pictures for qualitative character.

Having obtained the results in the first pilot test, both coders discussed the results further, and highlighted the issues. Both coders exchanged ideas and solutions for differences that had occurred in the coding process. One of the unconscious weaknesses in the coding process was lack of cross-checking of voluntary items' categories and indices' suitability to the types of information disclosed in the annual reports. It was also found that some of the disclosure items involved overlapping meanings or subjective judgements. Therefore, limitations of the coding process used during the first round were addressed, as indicated below, to further refine the guidelines for the second pilot test.

1. Determining voluntary information that is not included in the focus sections:
    a. When skimming the voluntary disclosure in the annual report, the coder should begin from the first page excluding the cover page, table of contents, notice of annual general meeting or any corporate information sections, audit committee report, and group structure,

because some of the voluntary disclosure information, such as a company’s vision and mission and objectives or goals may be remote from their focus sections. Any voluntary information that is not within the focus sections shall be considered as part of the data for coding purposes. For instance, a half-page of the introduction section containing the company’s principle for standard and professionalism (nonmandatory) would be counted as voluntary disclosure.

Highlighted – as the statement is a voluntary disclosure. A note was made to quote this vision and mission statement, consider them as two paragraphs. They were located outside the focus sections. Thus, was coded as “Others – Business Management and Operational Summary - vision and mission statement (item no.10), one paragraph and information is fairly provided – score as 2

Figure 9. An exemplar of a company’s vision, mission, and corporate values in one page that is outside the focus sections.

b. Information regarding the board of directors’ profile falls within Management, Discussions, and Analysis.

c. Information that falls under a particular page such as health, safety and environment, human resource management, or training and development (any information that can combine as one section for CSR) is considered as voluntary disclosure, while corporate governance statements, being part of the mandatory sections, are excluded.

d. Statistical highlights, for example, financial, production, and other quantitative data are considered as voluntary information. This type of information will fall under a separate section called ‘Others – Business Management and Operational Summary’.

2. Information or data in the form of tables, diagrams, or charts which can convey a meaningful message is treated as a paragraph based on its subheadings or subtitles. For example, Figure 10 below indicates the two tables as two separate paragraphs, and subheadings are circled. The revenue subheading is important as it indicates one of the items under financial highlights for at least 5 years.

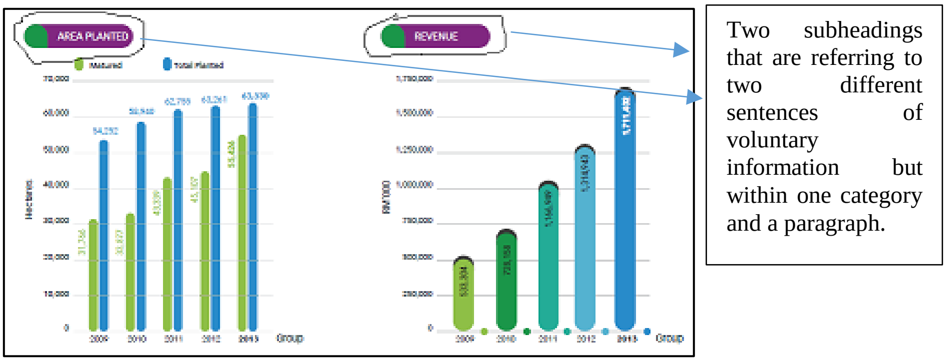


Figure 10. An example of subheadings or subtitles as a paragraph.

3. Any identification of overlapping meaning or ambiguity of word meanings for each sentence is allocated to a different coding sheet, with details for discussion.

For the second pilot test, an additional section named ‘Others — Business Management and Operational summary’ was inserted into the new coding sheet guidelines. This new section, together with all of the five sections with low alpha, was tested in the second pilot test independently. The results for the second round pilot test are presented in Table 18.

Table 18. Second round of pilot test using Krippendorff's alpha.

Company	**Sections**	**Krippendorff's Alpha**
KPJ	Management Discussion and Analysis	1.0000
	Others – Business Management and Operational Summary	1.0000
SOP	Management Discussion and Analysis	0.8983
	Others – Business Management and Operational Summary	1.0000
IJM	Management Discussion and Analysis	1.0000
	Others – Business Management and Operational Summary	0.9994
UMW	Review of Operation	1.0000
	Management Discussion and Analysis	1.0000
	Others – Business Management and Operational Summary	1.0000

In Table 18 the Krippendorff's alpha is reported for each company and independent section of the disclosure index. The results show that all sections tested are above 0.800 or α_{min} = 0.800. Both coders discussed some minor issues, such as words used for an item in the coding sheet which may not accurately reflect the definition of the item (refer to Appendix E for each item's explanation) along with the absence of the word 'picture' in the coding scale. In light of this discussion, the revised disclosure coding scheme was finalised as follows:

Table 19. Revised disclosure scoring scheme used in this research.

Scoring scale	Explanation for assigning score
1	Information trivial or the information about the item is immaterial.
2	Information descriptive in nature — the company fairly provides the information but little meaningful discussions were made.
3	Intermediate detailed — information is generally elaborated and may include narrative descriptions, monetary and/or nonmonetary (i.e., percentage, proportion and statistic description), and/or non-detailed diagram, table, chart and picture.
4	Detailed description — information is sufficiently elaborated and including the impact of the issues being discussed. May include narrative descriptions, monetary and/or nonmonetary (i.e., percentage, proportion and statistic description), and/or diagram, table, chart and picture with title.
5	Highly detailed disclosure – information is sufficiently elaborated and including the impact of the issues being discussed. The item or issue appears to be more than three paragraphs (includes discussion on impact, monetary and/or nonmonetary information (i.e., percentage, proportion, and statistic description), and/or detailed diagram, table, chart and picture are provided.

B. Test-retest

To ensure the stability of the coding scheme, a pilot test for test-retest was carried out a week after completion of the second round of the pilot test. A Chairman's Statement section in the 2009 annual report of IOI Corporation Berhad, Malaysia was selected for the retesting process. The test result shows a Krippendorff's alpha of 0.8967 ─ higher than the threshold of 0.800.

Table 20. Retest result for disclosure coding scheme using Krippendorff.

Company	Sections	Krippendorff's Alpha
IOI	Chairman's Statement	0.8967

As can be seen from the analysis of the percentages of agreement presented in Tables 17, 18 and 20, the results and procedures demonstrated a practical way to harmonise the output of two coders in quantitative content analysis. Applying a procedure for intercoder reliability assessment works to minimise the risk of intersubjectivity during the coding process, and thus enhances the credibility of research results. Based on the process executed for this content analysis, the disclosure coding scheme and guidelines proved viable instruments for quantitative content analysis and were thus ready to be used in the actual content analysis.

5.4 Summary

This chapter traced the development of a voluntary disclosure index. The index was first developed from prior literature, reviewing various sources of regulatory guidelines, and current annual reports. It was then pretested with 12 stakeholders for comments. The voluntary disclosure items from this process were then revised and checked. The consultative process produced a total of 67 items which were incorporated into the questionnaire for the Delphi process. Through a Delphi approach with 40 panel members from various organisations and professional backgrounds (who fulfilled the panel members' criteria), a two-round consultative process was conducted to validate the items. During the process' first phase, an index questionnaire was completed by, and interviews conducted with, these panel members. The purpose of the Delphi questionnaire was to obtain weightings for each disclosure index (using a 5-point Likert scale). Likert-type scales are often used to measure concepts in business research such as importance or intentions (Hair et al., 2007, p. 229). The data obtained from this process were summed and the calculated number was divided by 40 (the number of panel members) to obtain an average that represented the weighting of the item. At this point, the calculation of the average weight was also rechecked and confirmed using mean, median, and standard deviation in an Excel database and SPSS. The interview data with the panellists were transcribed to provide supplementary information on the quantitative data, and to aid in understanding what other potential voluntary information might be expected to appear in the annual reports.

Next, the data from the weighting were sent for confirmation. A draft of a final set of 65 items was sent via email in the second phase of the Delphi process, under the same rules as in the first process. In addition, the panellists were required to score the disclosure categories (using percentages) in order to investigate their preferences on each of the categories. Minor changes were made based on the second phase outcomes. From the second process, a final list of 61 voluntary disclosure indices was established. These voluntary disclosure indices would be used for content analysis.

Finally, in conjunction with the voluntary disclosure index, a voluntary disclosure coding scale was developed for content analysis purposes. At this stage a set of coding schemes was developed. The coding went through two stages of pilot tests, and one test-retest method. The purpose of the pilot tests was to ensure that the disclosure coding scale provided adequate stability, reliability, and reproducibility in practice. After their establishment, the disclosure indices and disclosure index coding scale were used to measure the level and extent of voluntary disclosure in two groups of listed companies (family-controlled companies and nonfamily-controlled companies). This exercise is explored in the next chapter.

CHAPTER SIX

RESULTS OF THE APPLICATION OF THE BEST PRACTICE INDEX TO THE SAMPLE OF COMPANIES

6.1 Introduction

This chapter presents the primary results for the content analysis of 150 public listed companies' annual reports between 2009 and 2013. The aim of this chapter is to present the results gathered from applying the index to assess and score the level of voluntary disclosure provided in Malaysian listed companies' annual reports. The chapter begins in section 6.2 with a brief description of the sample companies used in this thesis. Section 6.3 then presents the descriptive statistics that summarise the data. Within this section, a list of comparative analysis discussions are presented including: (a) the results of the overall level of voluntary disclosure items and categories provided by sample companies from 2009 until 2013; (b) a discussion on voluntary disclosure in relation to Islamic values; (c) the results of the level of voluntary disclosure between family-controlled companies and nonfamily-controlled companies; (d) presentation of images (such as graphs, pictures, charts, and diagram); and, (e) the presentation of other voluntary information by companies. Finally, section 6.4 summarises and concludes the chapter.

6.2 Background information

As discussed in chapter 4, all of the sample companies were selected from the Malaysian top 150 companies for the financial year 2013. Data on the ownership of the sample companies were downloaded from the Bursa Malaysia website (http://www.klse.com.my). Each of the companies' annual reports was checked thoroughly to collect the relevant information, and care was taken to identify the indirect holding of the largest shareholder (see Table H for selection technique for each family-controlled company). The list of companies is presented as in Table 21.

Table 21. List of nonfamily-controlled companies covered by the current study.

	Name of listed companies	Industry	Market value
1	Sime Darby	Diversified	57,210.06
2	Telekom	Consumer product	19,854.58
3	UMW	Automotive	14,089.63
4	Gamuda	Property	11,002.95
5	SP Setia	Property	7,400.72
6	Sunway Holdings	Diversified	4,687.89
7	Magnum	Gaming	4,543.29
8	Kulim (M) Berhad	Plantation	4,451.54
9	KPJ	Consumer product	3,979.14
10	Dutch Lady	Consumer product	3,016.96
11	IJM	Plantation	2,847.79
12	WCT Holdings	Property	2,239.55
13	Tasek	Cement	1,839.48
14	Ta Ann Holdings	Plantation	1,545.97
15	MBM Resources	Automotive	1,254.18

Table 22. List of family-controlled companies covered by the current study.

	Name of listed companies	Industry	Market value
1	IOI Corporation	Diversified	30,352.59
2	Kuala Lumpur Kepong	Plantation	26,580.86
3	Berjaya Sports Toto	Gaming	5,471.67
4	Oriental Holdings	Automotive	5,267.14
5	Tan Chong Motor	Automotive	4,159.68
6	Top Glove	Consumer product	3,493.59
7	QL Resources	Consumer product	3,386.32
8	Mah Sing	Property	3,137.70
9	Sarawak Oil Palms	Plantation	2,853.39
10	Kossan Rubber	Consumer product	2,762.50
11	TSH Resources	Plantation	2,720.52
12	Keck Seng (M)	Diversified	2,486.96
13	Cahya Mata Sarawak	Cement	2,333.76
14	JayaTiasa Holdings	Plantation	1,986.38
15	Supermax	Consumer product	1,884.03

6.3 The comparative results examining the level of voluntary disclosure items provided by the sample companies from 2009 to 2013.

This section focuses on the level of disclosure for each item in the disclosure index used in this study. As the title suggests, the aim of this section is to answer the second objective of this thesis, i.e., to identify the level of voluntary disclosure practices in Malaysian listed family-controlled companies from 2009 to 2013. This section reports on the frequency of the voluntary disclosure items provided within the following categories: general corporate and strategic information; information about management and shareholders; financial information; corporate social responsibility (CSR); and, forward-looking and risk review information. A comparison between family-controlled and nonfamily-controlled companies is also used to identify the differences in the voluntary disclosure items between family-controlled and nonfamily-controlled companies. In addition, based on results of the comparative analysis between companies, the current level of Malaysian voluntary disclosure practices is reviewed.

6.3.1 Overall comparative results of the level of voluntary disclosure categories from 2009 to 2013

Using the same approach employed by Hooks et al. (2001), and Liu (2014), Table 23 shows an overview of the average voluntary disclosure scores (AVDS)[32] for five categories from 2009 to 2013. Overall, the table shows an increasing trend in the level of voluntary disclosure practice, particularly after 2011. However, the forward-looking and risk review information had a slight drop in the level of AVDS in 2012.

[32] The average voluntary disclosure scores (AVDS) are calculated using a normal average method: i.e., (numerical frequency of a voluntary disclosure item X's content analysis score) / (∑number of frequency of a voluntary disclosure item X 5 years X maximum score).

Table 23. An overview of average voluntary disclosure score trends for five categories from 2009 to 2013.

Year of annual report	2009	2010	2011	2012	2013	Total
Voluntary disclosure categories	**AVDS**	**AVDS**	**AVDS**	**AVDS**	**AVDS**	**AVDS**
General corporate and strategic information	1.19	1.20	1.21	1.21	1.26	1.21
Information about management and shareholders	1.21	1.24	1.25	1.25	1.25	1.24
Financial information	1.23	1.23	1.25	1.28	1.28	1.25
Corporate social and responsbility	1.16	1.17	1.19	1.19	1.22	1.19
Forward-looking and risk review information	1.10	1.12	1.13	1.11	1.15	1.12

Although the result shows an overall low average voluntary disclosure score for each category, there are substantial changes in the level of voluntary disclosures (i.e., items provided by the sample companies in this study). Items such as (a) Impact of competition on current market; (b) Vision and mission statement; (c) Discussion of company's new major product/services/projects; (d) High level operating data and performance measurements that management uses; and, (e) Discussion of future products/services research and development activities with planned research and development expenditure, are among the voluntary disclosure items that evidence large changes between 2009 and 2013. On average, the change in the level of voluntary disclosure for the five categories used in this thesis is at 4.4%[33] between 2009 and 2013. On the other hand, there are also a number of items within these voluntary disclosure categories that indicate a negative change (i.e., lower disclosure). These are: (a) Discussion of recent industry trends; (b) Discussion on specific actions taken during the year to achieve the corporate goal; (c) Market capitalisation in the share market (year-end); and, (d) Environmental incidents.– implementation of procedures for managing materials containing environmentally sensitive substances – converting the production processes. These results are also consistent with the panel members' expectation, as they believed that the majority of companies in Malaysia are demonstrating slow improvement in their disclosure reporting, and that is why the level remains low. An assumption

[33] The changes in % for each category between 2009 and 2013: general corporate and strategic information (5.40%) + information about management and shareholders (2.89%) + financial information (3.75%) + CSR (4.75%) + forward-looking and risk review information (5.24%)

commonly pointed out by these panel members is the method that preparers use for disclosing information. For example, if the managers regard the information as less important, they may not disclose it. The panel members argued that this situation usually happened because these companies are afraid of litigation costs that might occur or competitors' misusing information against the preparers. As an alternative, the preparers may choose to strengthen and improve the level of mandatory disclosure in their annual reports. As confirmed by Al-Razeen and Karbhari (2004), in their Saudi Arabian study, companies tend to show good reporting on mandatory disclosure, accompanied with relatively large amounts of additional information that is closely related to mandatory disclosure. This finding suggests that preparers strategically use voluntary disclosure as a mechanism to moderate any negative news stated in their annual reports (Broberg et al., 2010; Qu et al., 2013; Uyar & Kılıç, 2012; Wang et al., 2013).

6.3.2 Actual voluntary disclosure by companies from 2009 to 2013

The levels for these items are presented in three quartiles. The percentile and quartiles rank were used as indicators of the frequency level in this study. Jo and Kim (2008, p. 866), for example, use the quartiles approach to classify companies' ethical values through the level of voluntary disclosure[34]. Similarly, Loughran and McDonald (2014, p. 1655) use the quartiles approach to report the most frequent words of voluntary disclosure found in the sample companies' documents (see, also Francis et al., 2005, p. 1139). Therefore, in this study, to present the numbers for frequently disclosed voluntary items, three quartiles were identified. First, the most frequent items that appear were classified as the highest group. These account for more than 15% of the items found in the companies' annual reports. Second came items that are found to have an average frequency of less than 15% but more than 10% in the observation. The third group indicated the least frequently disclosed items found in the observation. They appeared less than 10% in the observation. Figure 11 illustrates these three quartiles.

[34] The percentile approach uses the average percentile rank of the number of press releases, and company's annualised performance adjusted discretionary total accruals.

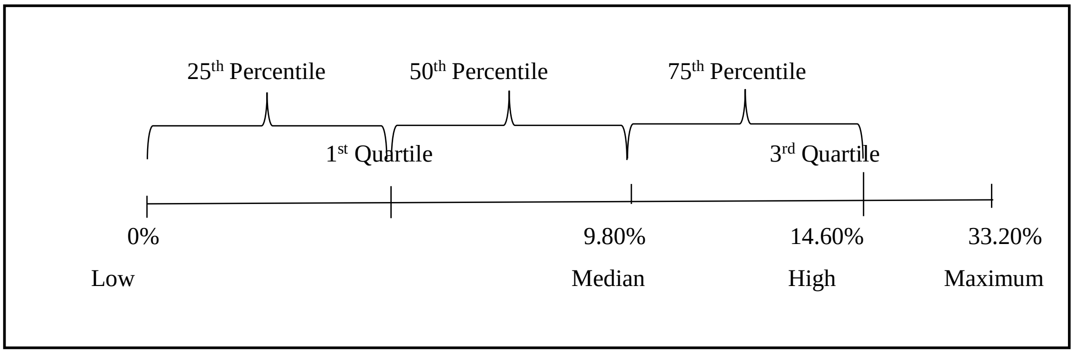


Figure 11. An illustration for grouping the items based on quartiles.

In particular, if the frequency percentage is equal to or greater than the third quartile value, then the item is assigned to Group 1. If the frequency percentage is lower than the third quartile but equal to or greater than the median, then the item is classified as belonging to Group 2 (usually or commonly found in the companies' annual reports). If the frequency level is equal to or lower than the median, the item is assigned to Group 3 (less disclosed by the companies).

Data from cross-tabulation, which are displayed on a percentage frequency by each company (see Appendices, Table C), were used to calculate the interquartile group. The minimum value is 0, which is also equivalent to 0%. The interquartile group is classified as follows. The first quartile (Q1) is the 25th percentile – Group 1, which is at 5.1 %. For the 50th percentile, the median is at 9.8% – Group 2. The 75th percentile (Q3) is at 14.6% – Group 3. The maximum value is 33.2%.

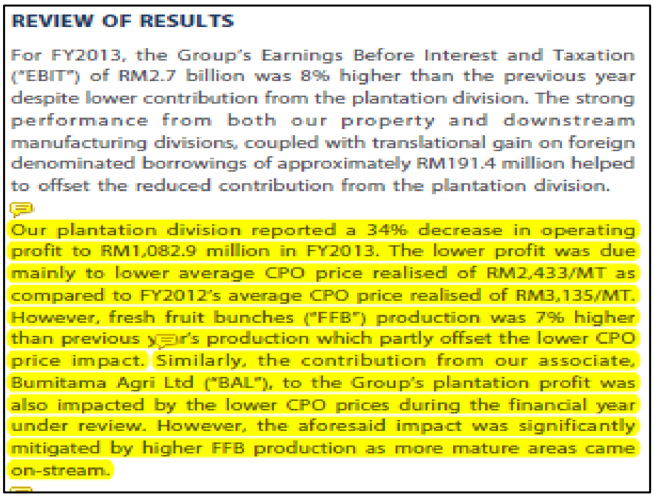
Table 24. Group 1 – Items occurring in companies' annual reports at 75th percentile.

Group 1	Voluntary disclosure items	Frequency of items disclosed by companies (%)		Total frequency of items disclosed by companies (%)	Average voluntary disclosure score (Mean)	Changes between 2009 and 2013 (%)
		Nonfamily-controlled companies	Family-controlled companies			
1	Financial highlights – at least 5 years	12.7	12.4	25.1	1.77	8.29
2	Discussion of recent industry trends	9.5	6.9	16.4	1.23	-8.23
3	Information relating to the general outlook of the economy	6.2	8.7	14.9	1.21	2.07
4	A statement of corporate goals	9.8	5.1	14.9	1.21	-0.71
5	Vision and mission statement	13.2	7.1	20.3	1.26	16.67
6	Discussions on specific actions taken during the year to achieve the corporate goal	10.4	8.2	18.6	1.32	-3.64
7	Impact of strategy on current results	7.1	7.5	14.6	1.21	6.29
8	Adoption/supporting mechanism to enhance ethical and productive practices	13.9	8.1	22	1.37	7.88
9	Senior management responsibilities, experiences, and backgrounds	12.4	12.3	24.7	1.74	6
10	Review of financial highlights related to the financial statements	16.5	13.2	29.7	1.74	7.32
11	High level operating data and performance measurements that management uses	13.6	13.4	27	1.74	14.95
12	CSR policy; a statement of compliance	16.8	16.4	33.2	1.49	12.35
13	Discussion of involvement in community programs (health/education/charity)	16	12	28	1.66	13.4
14	Discussion of involvement in public/private action designed to protect the environment	7.8	7.5	15.3	1.27	8.9
15	Corporate policy on employees' training	10.2	5.8	16	1.23	1.31
16	Discussion of opportunities (firm's prospects in general and business strategy on future performance in general)	7.8	7.7	15.5	1.26	6.94

Based on the data calculated, only seventeen items have a disclosure frequency of more than 14.6% in the sample companies' annual reports (Table 24, Group 1). As presented in chapter 5, the majority of panel members ranked these items as important on the basis that these items provide certain indicators about the company's performance and business activities in a given industry. For example, Financial highlights – at least 5 years, and Discussion of recent industry trends are important for explaining the level of return on investments (ROI) of the financial period based on the assets invested. These disclosures also provide information about the implication of external factors on the industry's raw material supply and demand, as well as the industry growth in the capital market respectively. As suggested by Ho and Taylor (2013), financial and capital market data information are basically used to review the company's performance and wealth creation, and to provide understanding of reasons behind the company's performance and future growth.

Broberg et al. (2010) contended that a company can choose the type of voluntary information it wants to disclose based on the benefits and positive results it will gain from the stakeholders' reaction. Amongst others, findings from the content analysis show that voluntary disclosure within the general corporate and strategic information category consists of items that are frequently disclosed by companies. This type of information often relates to the company's background, market and competition, industry competitiveness, and prevailing economic and political conditions that can affect the company's operational performance. In addition, these items also relate to investors' interests. They are more geared to suppressing the propensity of investment risks, and attracting the investors to invest in the company. In other words, this finding suggests that companies commonly disclose voluntary information that is expected to protect the company's performance, reputation, and existing external stakeholders.

Noteworthy is the rising trend in the majority of the items between 2009 and 2013. However, one item was found to have an irregular trend of changes between the observation periods, namely Discussion of recent industry trends. During the period, this category showed a fluctuating trend in the level of disclosure. As stated in previous studies (see chapter 2 of the thesis), this result suggests that a company's managers' decision for such disclosure can be influenced by the external economic environment, for example, the increase or decrease in the price of oil, and a decreasing or increasing demand for raw material used in the company's production process.


REVIEW OF RESULTS

For FY2013, the Group's Earnings Before Interest and Taxation ("EBIT") of RM2.7 billion was 8% higher than the previous year despite lower contribution from the plantation division. The strong performance from both our property and downstream manufacturing divisions, coupled with translational gain on foreign denominated borrowings of approximately RM191.4 million helped to offset the reduced contribution from the plantation division.

Our plantation division reported a 34% decrease in operating profit to RM1,082.9 million in FY2013. The lower profit was due mainly to lower average CPO price realised of RM2,433/MT as compared to FY2012's average CPO price realised of RM3,135/MT. However, fresh fruit bunches ("FFB") production was 7% higher than previous year's production which partly offset the lower CPO price impact. Similarly, the contribution from our associate, Bumitama Agri Ltd ("BAL"), to the Group's plantation profit was also impacted by the lower CPO prices during the financial year under review. However, the aforesaid impact was significantly mitigated by higher FFB production as more mature areas came on-stream.

Figure 12. An example for *Discussion of recent industry trends* (Source: IOI Group, 2013).

Looking at the overall type within Group 1 in Table 24, it can be argued that the information that was frequently disclosed in the companies' annual reports is related to the companies' performance with regard to their objectives, financial performance, companies' value, and relationship with the social environment. As confirmed in previous studies such as Ho and Taylor (2013), Broberg et al. (2010), and Ho and Wong (2001), this type of additional information is often disclosed because the preparers perceive it as important. These studies suggest that the preparers are also trying to create a better impression of companies' share values. Simultaneously, the companies can develop a positive image in the eyes of the stakeholders for utilising resources, and consideration for the social and environmental relationships that might have been affected by the organisations' activities (see also Wang et al., 2013).

Table 25. Group 2 – Items occurring in companies' annual reports at 50th percentile

Group 2	Voluntary disclosure items	Frequency of items disclosed by		Total frequency of items disclosed by companies (%)	Average voluntary disclosure score (Mean)	Changes between 2009 and 2013 (%)
		Nonfamily-controlled companies	Family-controlled companies			
1	Information on new product development	8.7	4.1	12.8	1.23	5.52
2	Statement and/or information of ways to improve product and service quality	9.2	4	13.2	1.23	11.51
3	General statement of corporate strategy	5.1	6.8	11.9	1.15	12.21
4	Description of marketing and distribution network for products/services	8.5	5.8	14.3	1.29	4.46
5	Awareness of responsibilities to the stakeholders	5.7	6.2	11.9	1.16	8.03
6	Discussion about major regional economic development pertaining to product and business	6.1	7.5	13.6	1.2	1.42
7	Impact of competition on current market	6.2	5.2	11.4	1.18	17.42
8	Corporate achievement	8.5	5.2	13.7	1.2	12.5
9	Industry specialised operational statistics	5.5	5.3	10.8	1.28	2.68
10	Share price information (year-end)	6.7	3.8	10.5	1.23	1.4
11	Discussion of environmental protection program implemented	7.1	5.6	12.7	1.22	8.45
12	Corporate policy on employees' benefits	7	6.4	13.4	1.19	9.85
13	Information about employee workplace safety	8.5	3.9	12.4	1.23	6.99
14	Discussion of specific external factors affecting firm's prospects (economy, politics, technology)	2.7	8.1	10.8	1.16	8.09

As Table 25 shows, only 14 of the voluntary disclosure items in Group 2 (i.e., greater than median but less than 3rd quartile) were found in the companies' annual reports. While 12 of the items were from the general corporate and strategic information category, only 1 item came from the financial information category, and 1 from the forward-looking and risk review information category. These findings suggest that companies tend to disclose information that can represent their strength, achievement, and their position in the current economic environment. Bhojraj et al. (2004) stated that companies tend to offset the influence of voluntary disclosure that has a positive influence on the company's performance and values. They do so to gain a strategic advantage from the information disclosed.

Once again the frequency level of voluntary disclosure items in this group is dominated by the general corporate and strategic information category (9 out of 14 items). One possible explanation for this finding is a company's industry characteristic, in particular, where a company is concerned about assets acquisition investment for a business project. Ferreira and Rezende (2007) contended that information about strategy-specific investment disclosures was often provided by companies that required or were concerned about investment, especially in an unpredictable environment. One example is companies where special machines and equipment are required for a new venture. As stated in Cahaya Mata Sarawak's annual report, 2012, p. 18: "Management is reviewing options to increase the plant's production capacity and efficiency and studies are underway to acquire a more modern, second hand machine. We are also exploring the viability of a second wires plant in Bintulu."

Basically, the information is used to influence interested parties such as investment partners or bankers to undertake investments that are specific to certain corporate strategic plans and projects. Narrowing the content of the items, almost all of the disclosure concentrated on companies' commitment and action plans in promoting their product quality and/or services. Information appearing in, for example, Information about new product development, Statement and/or information of ways to improve product and service quality, General statement of corporate strategy, Corporate achievement, and Industry specialised operational statistics can demonstrate the quality of the company's performance in the capital market. In addition, as confirmed by the panel members, these items are also typically provided by companies when preparing the annual reports. The panel members believed that these items are generally disclosed, although not in comprehensive ways. The majority of the panel members ranked these items either as averagely important or important. Consistent with the panel members' expectation, therefore, these items are commonly disclosed in the annual reports, but not comprehensively so.

As for Share price information (year-end), and Discussion of opportunities (firm's prospect in general and business strategy on future performance in general), the panel members argued that the share price information is typically important for the analysts and investors to assess the company's past financial results in order to project the company's future performance. Together with the Discussion of opportunities (firm's prospect in general and business strategy on future performance in general) disclosure, the analysts and investors, who are the interested parties, would be able to integrate both bits of information in their prediction when making an investment decision. Lim et al. (2007), Wang and Hussainey (2013), and Ho and Taylor (2013) noted that the disclosure of stock market information, as well as the forward-looking statements, are informative about future earnings and the companies' current performance.

As shown in Table 5 above, all of the voluntary disclosure items within Group 2 saw positive changes between 2009 and 2013. Surprisingly, the Impact of competition on current market disclosure item shows the largest changes between the years. One factor that might explain this change is the Malaysian capital market environment during the annual report period. For example, as stated in IOI Berhad's 2013 annual report, p.7:

> Similarly, the contribution from our associate, Bumitama Agri Ltd. ("BAL"), to the Group's plantation profit was also impacted by the lower CPO prices during the financial year under review. However, the aforesaid impact was significantly mitigated by higher FFB production as more mature areas came on-stream'. According to Broberg et al. (2010) and Qu et al. (2013), a country's capital market condition can influence and motivate the managers' behaviour towards or selection of voluntary disclosure.

Unlike in Group 1 and Group 2, about 31 voluntary disclosure items fall within Group 3 (see Table 26). This finding was unexpected and suggests that the level of voluntary disclosure in Malaysia remains low. There are two noteworthy observations in this table. The first is 9 out of 16 (56%) voluntary disclosure items in the Corporate social and responsibility (CSR) category, and 8 out of 10 (80%) voluntary disclosure items related to the Forward-looking and risk review information category fall under this group. This result also implies that forward-looking and risk review voluntary disclosure items are the main category that are under disclosed by the sample companies.

The unexpected results for Group 3 could be explained in two ways. First, voluntary disclosure on CSR may be perceived as less important by the preparers. As noted in previous studies (see chapter 2), providing additional information in companies' annual reports involves cost. Therefore, companies must be very careful to use resources (i.e., human and financial) to provide only important information that benefits the companies. Second, the predictive voluntary disclosure in the companies' annual reports can lead to stakeholders' reactions. As confirmed by Amran et al. (2009), companies in Malaysia tend to disclose less about the status of risk. The authors suggest that the predictive or forecasted information can result in stakeholders' reactions, and also litigation costs. These authors also contended that the preparers seem to follow the mandatory requirement relating to forward-looking and risk review information. These reasons could explain the level of forward-looking and risk review disclosure provided voluntarily by the sample companies.

Despite the low percentage of frequency in Group 3, this observation also provides further evidence that almost all voluntary disclosures within Group 3 saw positive changes between 2009 and 2013. However, only seven of the voluntary disclosure items have unexpected trends of change. These items are:

- Halal status of the product
- Declaration of activities that involve alcohol and gambling as part of business
- Market capitalisation in the share market (year-end)
- Zakat: method used/amount/beneficiaries
- Amount spent on employees' benefits and training
- Sadaqa/donation (description on the recipients and purpose)
- Environmental incidents – implementation of procedures for managing materials containing environmentally sensitive substances – convert the production processes.

Table 26. Group 3 – Items occurring in companies' annual reports at 25th percentile.

Group 3	Voluntary disclosure items	Frequency of items disclosed by		Total frequency of items disclosed by companies (%)	Average voluntary disclosure score (Mean)	Changes between 2009 and 2013 (%)
		Nonfamily-controlled companies	Family-controlled companies			
1	Discussion of company’s new major products/services/projects	4.70	3.00	7.70	1.16	12.59
2	Discussion of competitive environment	3.70	4.00	7.70	1.11	2.24
3	Firm’s contribution to the national economy	4.10	1.00	5.10	1.07	6.45
4	Business activities related to Shariah matters (if applicable)	1.30	0.40	1.70	1.03	3.31
5	Halal status of the product (if applicable)	1.70	0.20	1.90	1.05	-3.85
6	Declaration of activities that involve alcohol and gambling as part of business (if applicable)	1.00	0.00	1.00	1.00	-0.83
7	Details of senior management team	6.80	1.30	8.10	1.20	1.41
8	Details of Shariah oversight board (if applicable)	0.00	0.00	0.00	1.00	0.00
9	Domestic and foreign shareholdings breakdown	0.80	0.20	1.00	1.02	4.17
10	Share price information (trend)	5.90	2.20	8.10	1.15	7.46
11	Market share in the industry	0.90	0.90	1.80	1.03	4.13
12	Market capitalisation in the share market (year-end)	4.60	2.20	6.80	1.13	-3.62
13	Any form of financing/investment or funding related to Shariah law (if applicable)	0.30	0.50	0.80	1.01	0.00
14	Zakat: method used/amount/beneficiaries (if applicable)	0.90	0.00	0.90	1.02	-1.61
15	Discussion of employees’ benefits	1.70	2.90	4.60	1.07	0.80
16	Discussion of employees’ training	5.90	1.70	7.60	1.15	5.93
17	Breakdown of workforce by line of business distribution or categories of employees by level of qualifications	4.70	1.20	5.90	1.15	3.76
18	Amount spent on employees’ benefits and training	6.20	0.50	6.70	1.13	-0.74
19	Retrenchment/redundancy information	0.00	0.00	0.00	1.00	0.00
20	Discussion of health and safety standards	6.50	3.20	9.70	1.17	5.04
21	Sadaqa/donation (description on the recipients and purpose) (if applicable)	0.00	0.50	0.50	1.01	-0.83
22	Waqf (description on the policy and amount spent) (if applicable)	1.00	0.20	1.20	1.02	0.83
23	Retirement scheme through foundation or other means	0.20	0.00	0.20	1.00	0.00
24	Discussion of future products/services research and development activities with planned research and development expenditure	5.30	4.00	9.30	1.15	12.12
25	Planned advertising and publicity expenditure	0.50	0.70	1.20	1.02	4.13
26	Nature and cause of risks	3.20	3.80	7.00	1.10	6.20
27	Identification of major differences between actual business performance and previously disclosed opportunities, risks, and management plans	5.60	3.90	9.50	1.15	1.46
28	Environmental incidents - Implementation of procedures for managing materials containing environmentally sensitive substances - convert the production processes	7.00	2.80	9.80	1.19	-2.74
29	High degree of government regulation - dicussion on the ways for appropriate investment decision	3.70	1.90	5.60	1.09	7.26
30	Technical failure - discussion on hiring and retaining highly trained and experienced staff / developing control quality system and equipment maintenance/implementing software that allows better design and manufacturing process	5.70	1.30	7.00	1.10	3.91
31	Natural disasters (e.g., earthquakes, flood) - Discussion on engineering, administrative and operating staff to identify and develop control program	0.60	0.50	1.10	1.02	5.00

Note: This table summarises the sample of 150 annual reports by 30 companies over the period 2009-2013. The 61 voluntary disclosure items are measured on the numerical frequency found in the total annual reports. The sample contains 150 observations during 2009-2013. Number of annual reports observed: 150 (n), First quartile: 5.10 (frequency of items disclosed), Median: 9.80 (frequency of items disclosed), Third quartile: 14.60 (frequency of items disclosed)

The second observation is that all voluntary disclosure items related to Shariah principles have the lowest percentage of frequency found in the companies' annual reports. As expected for voluntary disclosure items related to Shariah principles, this finding seems to be confirmed by the small number of panel experts (see chapter 5) who argued that not all listed companies will disclose Shariah-related voluntary disclosure items. However, the arguments were put forward by panel members who are mainly non-Muslim and reflect their understanding about Shariah principles.

Two voluntary disclosure items were found to have no disclosure in the observation. These are: (a) Details of Shariah oversight board, and (b) Retrenchment/redundancy information. These two voluntary disclosure items are new and have not been used in any previous voluntary disclosure study in Malaysia. However, given companies are producing goods and services for society at large, these items are considered important and may reflect the external stakeholders' confidence in the company's accountability. In particular, Details of Shariah oversight board was ranked as important by panel members. A possible reason to explain nondisclosure for this item is perhaps because the companies have no involvement in Shariah-compliant products and services. This view was also shared by some of the panel members, who argued that information relating to the Shariah background of a board of directors is expected to be provided by a company that is Shariah-based or Shariah-compliant in response to better governance. On the other hand, Retrenchment/redundancy information was ranked as averagely important by the panel members. Based on this finding, this information is not perceived by the preparers to be important or of benefit to them.

Based on the preceding findings, the average voluntary disclosure score (AVDS) for each category shows that the score for each item is low, i.e., in the range of 1.00 to 1.77 (i.e., maximum score is 5)[35]. However, it is important to note here that this average scoring resulted from the coding instrument[36] used. The data gathered showed there are some companies in the sample that attained a maximum score for

[35] The range of scores for content analysis is from one to five. One is the minimum score for an item, and indicates the information is trivial. Five is the maximum score for an item, and indicates information disclosed is highly detailed.
[36] The coding instrument developed for this study has undergone two rounds of pilot test by two independent coders.

some of the voluntary disclosure items in their annual reports. This finding, therefore, suggests that the instrument used in the content analysis is robust.

Group Financial Review

RM'million	FYE2011	FYE2010
Revenue	3,691.7	3,102.1
Profit before tax ("PBT")	498.5	715.9
*Core PBT	445.7	451.0
Profit attributable to owners of the parent ("PATMI")	372.1	684.4
*Core PATMI	327.1	286.2
PBT Margin	14%	23%
*Core PBT Margin	12%	15%
PATMI Margin	10%	22%
*Core PATMI Margin	9%	9%
Basic Earnings Per Share	28.8	53.0
Basic Core Earnings Per Share	25.3	22.1

* *Sunway's core PBT and PATMI excludes non-operational items like listing and merger expenses, fair value gains from associate and investment properties, unrealised gain or loss on derivatives, unrealised foreign exchange gain or loss and reversal of taxation.*

The Group recorded revenue of RM3.7 billion and profit before tax of RM498.5 million as compared to the revenue of RM3.1 billion and profit before tax of RM715.9 million in the prior year. The strong revenue growth was mainly due to higher property sales, improved construction revenue and stronger trading and manufacturing turnover.

However, profit before tax for FY 2011 was much lower than prior year. This was mainly due to the one-off gains of RM249.6 million from the disposal of property investment assets to Sunway Real Estate Investment Trust ("Sunway REIT"), which was included in the prior year figure.

After taking this adjustment into consideration, the profit before tax in FY 2011 was 7% higher as compared to the prior year. However, the core PBT margin was lower but the core PATMI margin was sustained. The various segmental reviews which follow will provide a more detailed analysis.

Integrated Properties

Property Development

The property development segment reported revenue of RM915.8 million and core profit before tax of RM222.6 million for the financial year ended 31 December 2011 (2010: RM623.0 million and RM189.4 million). This represented a growth of 47% and 18% for revenue and core profit before tax respectively compared to the previous financial period.

Despite the significant growth in revenue, overall profitability was dampened by the provisions of RM9.0 million made for the Jiangyin project in China due to construction delays and cost overrun. The lower profit growth was also due to the change in the property product mix and higher promotional expenditure incurred.

Figure 13. An example of the highest voluntary disclosure score of 5.
(Source: Sunway, 2011, annual report, p. 51).

Amidst a favourable domestic economic environment, we were able to deliver a sterling financial performance by achieving our third consecutive year of record core earnings. Core Group revenue for the 12 months ended 31 July 2013 was up 26% to RM3.9 billion, compared to RM3.1 billion recorded in the preceding financial year ended 31 July 2012.

For FY2013, the Group achieved pre-tax profit of RM692.6 million compared to RM728.2 million achieved in FY2012. The profit for FY2013 was affected by two arbitral awards and other costs in respect of arbitration proceedings rendered by Arbitral Tribunals in favour of the Group's subcontractors, amounting to a total one-off impact of RM110.7 million. These involved claims by Wayss & Freytag (Malaysia) Sdn Bhd for the Stormwater Management and Road Tunnel (SMART) project and Bahrain Asphalt Establishment B.S.C for the Dukhan Highway project in Qatar. The Group pre-tax profit before the arbitral awards and other costs rendered by Arbitral Tribunals of RM110.7 million would be RM803.3 million,

Figure 14. An example for voluntary disclosure score of 2
(Source: Gamuda, 2013, annual report, p.10).

6.3.3 Voluntary disclosure in relation to Islamic values

It is apparent that very few companies provide voluntary disclosure in relation to Islamic values. Based on the level of AVDS calculated for each item, this type of information received an average disclosure score between 1.00 and 1.05, for example, Declaration of activities that involve alcohol and gambling as part of business (AVDS – 1.00); Halal status of the product (AVDS - 1.05); Zakat: method used/amount/beneficiaries (AVDS – 1.02); and, Waqf (description on the policy and amount spent) (AVDS – 1.02). This finding provides some support for the conceptual premise found in previous studies such as Barako et al. (2006), and Camfferman and Cooke (2002) that the nature of the business or a company's industry is one of the factors that can influence the type of voluntary disclosure provided in the annual reports. This result was also expected. As documented in chapter 4, a small number of stakeholders argued that voluntary disclosure in relation to Islamic principles/values is important only to Shariah-compliant corporations or those related to religion. Haniffa and Cooke (2002) suggest that the presence of Muslim directors could be a cultural factor that influences Islamic values voluntary disclosure. Thus, a particular industry and ethnicity could explain the level of Islamic values disclosure.

On the other hand, it is somewhat surprising that Halal[37] status of the product information provided by some of the companies has a maximum score of 5. As noted earlier in chapter 5, a number of panel members expressed their thoughts that items falling under Islamic values might be least important because of the nature of the companies' business and involvement in Shariah-based activities. Three companies (SimeDarby, Dutch Lady, and Kulim) have provided information on the halal status of the product. This finding suggests that these companies would be more likely to engage in or focus on their external stakeholders at large, particularly Muslims. Two companies (Magnum and Berjaya Sports Toto) provide information on Declaration of activities that involve alcohol and gambling as part of business. These two companies were expected to provide information for this category item as they are involved in gaming and gambling activities. However, the voluntary disclosure for such an item was not consistently observed perhaps because the preparers perceived that stakeholders or society at large in Malaysia already recognise them as companies that are involved in gaming and gambling (see Ibrahim & Samad, 2010). Five companies ─ SimeDarby, WCT Holdings, TopGlove, KLK Kepong, and TSH ─ disclosed any form of financing/investment or funding related to Shariah law information voluntarily. This finding suggests that a number of Malaysian listed companies are aware of the importance of disclosing Islamic values for the purpose of their companies' market reputation and value.

In addition, this finding suggests that the halal status, particularly for consumer products, is an important concern for managers. This finding further supports the findings of Aribi and Gao (2010) who suggested a company tends to provide certain additional information voluntarily related to Islamic values because of the societal sentiment towards religion (although it as a company is not subject to it). Companies engage in this practice to ensure that sufficient assurance is given to Muslim clients and shareholders. This finding, therefore, suggests that the same underlying principles apply in Malaysia. Halal certification is a voluntary practice

[37] Halal is a term used in Islam that indicates the product or services consume conform to religious standards, and it is therefore lawful and permitted.

for all manufacturing companies that produce consumer products, particularly in relation to the ingredients of a product[38]. This halal certification is issued by an independent agency called the Department of Islamic Advancement of Malaysia (JAKIM). Halal certification will be granted only if the product conforms to Islamic principles. An example of voluntary disclosure information related to Islamic values found in one of the sampled companies' annual reports is shown in Figure 15.

HALAL COMMITMENT

QSR and its subsidiary companies provide strict *halal* compliance guarantees in all our markets. To help us achieve compliance we adhere to a stringent set of controls across the entire chain of our food manufacturing processes, from raw materials procurement and manufacturing to packaging, storage, transportation and utensils. Imported products must be *halal* certified within their source country, and foreign suppliers are regularly inspected by officials from the Group's Shariah Advisory Council.

Membership of our Shariah Advisory Council is confined to prominent scholars from Islamic institutions. The council verifies QSR's *halal* compliance after scrutinising every part of the food chain. Ingredients are checked, equipment inspected, restaurants and factories are toured and processes are reviewed. Only after the council is satisfied will the Department of Islamic Development Malaysia ("JAKIM") called in to repeat the process. Our products are then branded by JAKIM as being fully *halal* compliant.

Figure 15. An example of halal disclosure.
(Source: Kulim, 2010, annual report, p. 118)

Figure 15 shows that the certification of the halal status of a company's product is a commitment to inform the stakeholders about the source of substances and/or derivatives used in its products. The sampled companies also provided a photo of their halal certificate in their annual reports. This finding also seems to corroborate the finding of Ireland and Abdollah Rajabzadeh (2011) who found that Malaysia's population was concerned about halal certification of food and other consumer products such as toiletries including cosmetics, sun block, toothpaste, and mouthwash.

[38] Certain things or actions are forbidden by Shariah law. They include: (a) meat and by-products from swine, (b) dogs, (c) carrion or dead animals, (d) slaughtered animals other than those pronounced in the Quran, (e) insects, with the exception of grasshoppers, (f) blood, with the exception of spleen and liver from halal sources, and (g) wine, ethanol, and aqua vitae.

In addition to Islamic values disclosures, this current study found that two companies ─ KPJHealthcare and Telekom ─ provided disclosure on Zakat: method used/amount/beneficiaries in their annual reports. In Malaysia, there is no requirement for companies to pay zakat, because it is a form of Islamic business tax. A Muslim has to make two compulsory payments from the same source of income every year. Companies in Malaysia that pay both business tax and zakat can apply for rebates under Section 31 6A (3) of the Income Tax Act, 1967. If the zakat paid is less than the tax payable, the balance must be paid to the Inland Revenue Board (IRB). However, if the zakat paid is more than the tax payable, then the difference cannot be claimed from Inland Revenue Board (IRB) – Sec 6A(4)[39]. An example of voluntary disclosure on Zakat: method used/amount/beneficiaries disclosure (which received a score of 1) is shown in Figure 16.

"… The Group's profit before zakat and tax, registered a 19% drop to RM159.5 million… as well as making zakat contributions and donations"

Profit before zakat and tax	159,557	196,895	204,597	167,958	145,285
Zakat	(1,825)	(1,320)	(1,300)	(1,269)	(1,395)
Profit before taxation	157,732	195,575	203,297	166,689	143,890
Taxation	(47,367)	(48,781)	(49,038)	(40,468)	(29,154)
Net profit for year	**110,365**	**146,794**	**154,259**	**126,221**	**114,736**

(KPJHealthcare, 2013)

Figure 16. An example of voluntary disclosure on zakat.

One possible reason to explain this zakat disclosure might be due to the number of Muslim stakeholders that have direct involvement with the companies' businesses operations (Al-Razeen & Karbhari, 2004; Ireland & Abdollah Rajabzadeh, 2011; Naser & Nuseibeh, 2003). Al-Razeen and Karbhari (2004), for example, suggest

[39] http://sadaqa.in/2016/01/21/business-zakat-accounting-taxation-in-malaysia/

that companies subject to Islamic principles, and related to Muslim investors and customers, are likely to provide zakat information.

6.3.4 An overall comparative analysis of voluntary disclosure practices by information categories and ownership

Further tests were executed to investigate the level of voluntary disclosure in companies' annual reports between family-controlled companies and nonfamily-controlled companies based on ownership. To assess the differences in the level of voluntary disclosure between categories, a cross-tabulation Chi-square analysis was used (see Appendix J). A Chi-square analysis was carried out to determine the degree of the voluntary disclosure categories disclosed by family-controlled and nonfamily-controlled companies. The results of the analysis are presented in Figure 17.

Figure 17 shows the differences in the amount of information disclosed by family-controlled companies and by nonfamily-controlled companies within the observation period. Overall, the figure shows that nonfamily-controlled companies provide more voluntary disclosure compared to that provided by family-controlled companies. This result is consistent with previous studies such as Chau and Gray (2002), Chen et al. (2013), and Chen and Jaggi (2000) who found that companies where the family controlled greater amounts of the company's equity, and which also have managerial ownership on the company's board, tend to provide less voluntary disclosure than nonfamily-controlled companies do.

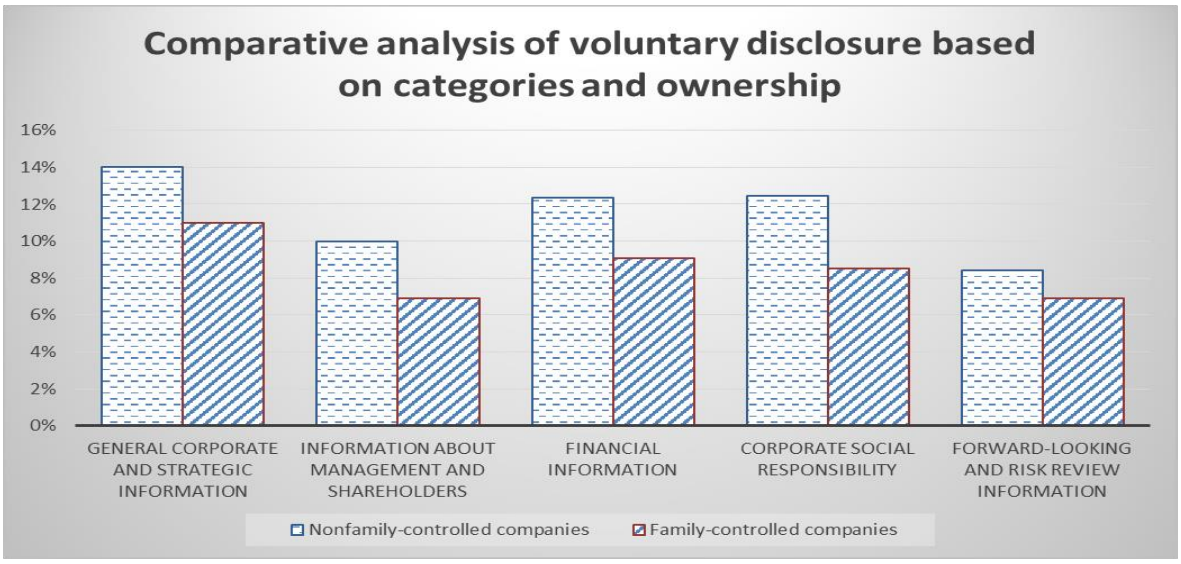


Figure 17. Comparative analysis of voluntary disclosure based on categories and ownership.

Figure 17 shows that the level of disclosure by nonfamily-controlled companies are higher compare to family-controlled companies by 21% for the following categories: (a) General corporate and strategic information, and (b) Information about management and shareholders. In the financial information, and CSR categories, disclosure by nonfamily-controlled companies exceeds that of the family-controlled companies by 25%.

It is important to note that there is a similar trend difference (12.5%) in the level of forward-looking and risk review information provided by nonfamily-controlled companies and family-controlled companies. This finding suggests that both family-controlled and nonfamily-controlled companies have relatively similar behaviour when it comes to providing such information. This finding further suggests that voluntary disclosure for forward-looking and risk review is still lacking (see for example Amran et al., 2009; Keasey, Cai, Othman, & Ameer, 2009).

Figure 17 also shows that the general corporate and strategic information reported had the highest percentage (13%), followed by financial information and corporate social responsibility (CSR), at 12%. This finding seems to support the ideas about the level of voluntary disclosure in developing or emerging markets of Uyar and Kılıç (2012) in Turkey, and Ferguson, Lam, and Lee (2002) in Hong Kong. For example, Uyar and Kılıç (2012) found that the general information and corporate strategy index, as well as the social responsibility index, are among the items most frequently disclosed by Turkish firms. As for Hong Kong, Ferguson et al. (2002) reported that strategic information disclosure was the most frequent information disclosed voluntarily by companies in their annual reports. Furthermore, similarities between the trend shown in the general corporate and strategic information, and financial information can be found in Ho and Taylor's (2013) study in Malaysia. Ho and Taylor (2013) found that corporate and strategic information, and financial and capital markets information were among the most supplied additional information types provided by the Malaysian companies in their sample.

It is worth highlighting that, according to the preceding data, 25% of the total sample companies in this study that disclosed their general corporate and strategic information also disclosed more financial and CSR information. Ho and Taylor (2013) suggest that companies prefer to disclose different types of information voluntarily as a means to strategise their approach to the stakeholders in assessing their business performance. As stated in chapter 2 of the thesis, these findings suggest that the Bursa Malaysia's efforts to provide a CSR framework for all listed companies since 2006[40] have influenced the companies to become involved in and provide disclosure on CSR activities. However, as noted earlier, the majority of the sample companies focused on specific areas such as community investment projects or charity rather than on a holistic involvement that encompasses all areas of CSR.

6.3.5 A comparative analysis of total average voluntary disclosure scores between family-controlled companies and nonfamily-controlled companies

As noted earlier, the nonfamily-controlled companies provide a higher level of voluntary disclosure items than do family-controlled companies. However, several items within the voluntary disclosure categories showed a consistently high level of disclosure for family-controlled companies (refer Table 27).

[40] http://www.sc.com.my/corporate-responsibility/

These items include:

a. ***General corporate and strategic information***

- Discussion of company's new major product/services/projects
- Discussion of recent industry trends
- General statement for corporate strategy
- Information relating to the general outlook of the economy
- Discussion of competititive environment
- Awareness of responsibilities to the stakeholders
- Impact of strategy on current results
- Discussion about major regional economic development pertaining to product and business
- Adoption/use of supporting mechanism to enhance ethical and productive practices.

b. ***Information about management and shareholders***

- Domestic and foreign shareholdings breakdown

c. ***Financial information***

- Review of financial highlights related to the financial statements
- Market share in the industry
- Any form of financing/investment or funding related to Shariah law

d. ***Corporate social responsibility (CSR) information***

- Discussion of involvement in public/private action designed to protect the environment
- Discussion of employees' benefits
- Sadaqa/donation
- Retirement scheme through foundation or other means

e. Forward-looking and risk review information

- Discussion of opportunities (firm's prospects in general and business strategy on future performance in general)
- Discussion on specific external factors affecting firm's prospects
- Planned advertising and publicity expenditure
- Nature and cause of risk, and natural disasters (e.g., earthquakes, flood)
- Discussion on engineering, administrative and operating staff to identify and develop control programmes.

General corporate and strategic information. It seems that the sampled companies are inclined to disclose information most relevant to companies' performance in a competitive market that is directed more towards the company's major products and services, their current and past plans and their implications, as well as business results. Nevertheless, this category is considered important by the panel members, since the information within the category provides information relating to a company's profile and portfolio that is essential for stakeholders to understand. Furthering Chau and Gray's (2002) argument on the confidentiality and restriction of disclosure of information by family-controlled companies, this current finding suggests that family-controlled companies preferred to disclose information that is all-purpose for all types of stakeholders.

Information about management and shareholders. Here the results show that only one family-controlled company tended to disclose information relating to the board of directors' domestic and foreign shareholding breakdown. The observation is not surprising, as Chau and Gray (2002), Haniffa and Cooke (2002), and Chen and Jaggi (2000) found that family-controlled companies tend to disclose less information about their key management and shareholders.

Financial information. Information within this category seems to include items that are likely to construct the key performance review in the form of financial performance and the company's position in the capital market. This finding suggests that this information could serve as a yardstick for the company's position in the competitive market. As suggested by Naser and Nuseibeh (2003), disclosure under the financial information category can show a comparability of performance between companies operating within the same industry.

Corporate social responsibility (CSR) information. The results show that the family-controlled companies tend to provide more content – mostly in the form of narrative and graphs – when presenting information about charity and employees' benefits than do nonfamily-controlled companies. The family-controlled companies provided information regarding the amount of contribution made to education foundations, orphanages, and old-folks homes. Each of these CSR items has at least one page of reporting dedicated to it. It is noteworthy to highlight that those foundations and charity homes into which they channel the contributions usually belong to the family-controlled companies. Ghazali (2007) suggests the level of CSR in Malaysia remains at a low level. However, in response to the society at large and business environment, these companies may disclose CSR information in other forms of public document such as websites and newspapers (Ghazali, 2007). Other areas of CSR disclosure being mentioned relatively often may only be expressions of intent, including policy on the environment and details on the employees' structure and training. For example, a quote from one of the family-controlled companies' annual reports shows how it manifests its readiness on behalf of the company to shoulder full responsibility for environmental protection:

> Going forward, the Group is committed to pursuing and undertaking more initiatives in accordance with the CSR framework, leading to the achievement of the sustainable values for the community, the environment, stakeholders, and to society at large. (Keck Seng, 2013, p. 33)

Forward-looking and risk review. The information regarding the Forward-looking and risk review category was difficult to locate. The majority of the related information was found within the Chairman's Statement, or Review of Operations section. Some differences are evident in the level of AVDS for Discussion of specific external factors affecting firm's prospects (economy, politics, and technology), and Nature and cause of risks between family-controlled and nonfamily-controlled companies. The companies seem to be adopting a caveat approach to their future performance. One example appears at the end of the Chairman's Statement section:

> Although contributions from the new plant will only be seen in FY2014, we are optimistic that with the right strategies, the performance of the oleochemical sub-segment in FY2013 would remain satisfactory amidst a slowing global economy. (IOI Corporation, 2012, p. 39)

Table 27. Level of AVDS between different ownership for each item from 2009 to 2013

Voluntary disclosure items	Overall AVDS	Nonfamily-controlled	Family-controlled	Differences	Overall AVDS	Nonfamily-controlled	Family-controlled	Differences	Overall AVDS	Nonfamily-controlled	Family-controlled	Differences	Overall AVDS	Nonfamily-controlled	Family-controlled	Differences	Overall AVDS	Nonfamily-controlled	Family-controlled	Differences
General corporate and strategic information	2009				2010				2011				2012				2013			
Financial highlights – at least 5 years	1.71	1.87	1.55	0.32	1.66	1.82	1.50	0.32	1.82	2.02	1.62	0.40	1.82	2.00	1.63	0.37	1.85	2.00	1.70	0.30
Discussion of company's new major products/services/projects	1.13	1.18	1.07	0.12	1.16	1.25	1.07	0.18	1.12	1.15	1.08	0.07	1.14	1.13	1.15	0.02	1.27	1.28	1.25	0.03
Information on new product development	1.21	1.25	1.17	0.08	1.28	1.38	1.17	0.22	1.21	1.23	1.18	0.05	1.18	1.20	1.17	0.03	1.28	1.33	1.22	0.12
Discussion of recent industry trends	1.32	1.38	1.25	0.13	1.19	1.20	1.18	0.02	1.23	1.22	1.23	0.02	1.23	1.30	1.15	0.15	1.21	1.22	1.20	0.02
Statement and/or information of ways to improve product and service quality	1.16	1.28	1.03	0.25	1.23	1.28	1.17	0.12	1.23	1.30	1.15	0.15	1.24	1.32	1.17	0.15	1.29	1.40	1.18	0.22
General statement of corporate strategy	1.09	1.07	1.12	0.05	1.15	1.15	1.15	0.00	1.13	1.10	1.15	0.05	1.18	1.18	1.17	0.02	1.23	1.25	1.20	0.05
Information relating to the general outlook of the economy	1.21	1.25	1.17	0.08	1.15	1.10	1.20	0.10	1.28	1.22	1.33	0.12	1.18	1.18	1.18	0.00	1.23	1.17	1.30	0.13
Discussion of competitive environment	1.12	1.13	1.10	0.03	1.11	1.13	1.08	0.05	1.10	1.12	1.08	0.03	1.08	1.02	1.13	0.12	1.14	1.20	1.08	0.12
A statement of corporate goals	1.18	1.23	1.12	0.12	1.24	1.38	1.10	0.28	1.24	1.37	1.12	0.25	1.23	1.28	1.17	0.12	1.17	1.23	1.10	0.13
Vision and mission statement	1.15	1.18	1.12	0.07	1.20	1.28	1.12	0.17	1.27	1.32	1.22	0.10	1.36	1.52	1.20	0.32	1.34	1.50	1.18	0.32
Description of marketing and distribution network for products/services	1.31	1.42	1.20	0.22	1.26	1.35	1.17	0.18	1.25	1.25	1.25	0.00	1.24	1.22	1.27	0.05	1.37	1.37	1.37	0.00
Awareness of responsibilties to the stakeholders	1.14	1.17	1.12	0.05	1.16	1.15	1.17	0.02	1.13	1.12	1.13	0.02	1.15	1.13	1.17	0.03	1.23	1.15	1.32	0.17
Discussions on specific actions taken during the year to achieve the corporate goal	1.38	1.50	1.25	0.25	1.35	1.38	1.32	0.07	1.28	1.37	1.20	0.17	1.25	1.28	1.22	0.07	1.33	1.32	1.33	0.02
Impact of strategy on current results	1.19	1.22	1.17	0.05	1.20	1.18	1.22	0.03	1.15	1.15	1.15	0.00	1.25	1.25	1.25	0.00	1.27	1.18	1.35	0.17
Discussion about major regional economic development pertaining to product and business	1.18	1.10	1.25	0.15	1.14	1.15	1.13	0.02	1.31	1.37	1.25	0.12	1.18	1.12	1.25	0.13	1.19	1.15	1.23	0.08
Impact of competition on current market	1.10	1.10	1.10	0.00	1.11	1.15	1.07	0.08	1.15	1.15	1.15	0.00	1.25	1.32	1.18	0.13	1.29	1.35	1.23	0.12
Firm's contribution to the national economy	1.03	1.03	1.03	0.00	1.06	1.07	1.05	0.02	1.04	1.07	1.02	0.05	1.11	1.18	1.03	0.15	1.10	1.18	1.02	0.17
Corporate achievement	1.13	1.17	1.10	0.07	1.18	1.22	1.15	0.07	1.20	1.27	1.13	0.13	1.18	1.22	1.15	0.07	1.28	1.42	1.13	0.28
Business activities related to Shariah matters (if applicable)	1.01	1.02	1.00	0.02	1.02	1.03	1.00	0.03	1.03	1.05	1.00	0.05	1.05	1.07	1.03	0.03	1.04	1.07	1.02	0.05
Halal status of the product (if applicable)	1.08	1.17	1.00	0.17	1.08	1.15	1.00	0.15	1.04	1.08	1.00	0.08	1.00	1.00	1.00	0.00	1.04	1.05	1.03	0.02
Declaration of activities that involve alcohol and gambling as part of business (if applicable)	1.01	1.02	1.00	0.02	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00
Industry specialised operational statistics	1.24	1.25	1.23	0.02	1.32	1.38	1.25	0.13	1.31	1.37	1.25	0.12	1.27	1.27	1.27	0.00	1.28	1.25	1.30	0.05
Adoption/ use of supporting mechanism to enhance ethical and productive practices	1.38	1.53	1.22	0.32	1.32	1.52	1.12	0.40	1.31	1.40	1.22	0.18	1.38	1.37	1.40	0.03	1.48	1.62	1.35	0.27
		28.52	26.35			28.72	26.37			28.67	26.92			28.55	27.33			29.68	28.10	
Information about management and shareholders																				
Board of directors' responsibilities, experiences, and backgrounds	1.67	1.83	1.50	0.33	1.74	1.90	1.58	0.32	1.77	1.90	1.63	0.27	1.77	1.90	1.63	0.27	1.77	1.90	1.63	0.27
Details of senior management team	1.18	1.37	1.00	0.37	1.20	1.37	1.03	0.33	1.21	1.38	1.03	0.35	1.20	1.37	1.03	0.33	1.20	1.37	1.03	0.33
Details of Shariah oversight board (if applicable)	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00
Domestic and foreign shareholdings breakdown	1.00	1.00	1.00	0.00	1.02	1.03	1.00	0.03	1.02	1.03	1.00	0.03	1.03	1.07	1.00	0.07	1.04	1.03	1.05	0.02
		5.20	4.50			5.30	4.62			5.32	4.67			5.33	4.67			5.30	4.72	
Financial information																				
Review of financial highlights related to the financial statements	1.71	1.65	1.77	0.12	1.67	1.70	1.63	0.07	1.72	1.82	1.62	0.20	1.77	1.95	1.58	0.37	1.83	1.88	1.78	0.10
High level operating data and performance measurements that management uses	1.62	1.67	1.57	0.10	1.65	1.68	1.62	0.07	1.70	1.70	1.70	0.00	1.86	1.82	1.90	-0.08	1.86	1.90	1.82	0.08
Share price information (trend)	1.12	1.17	1.07	0.10	1.11	1.17	1.05	0.12	1.15	1.23	1.07	0.17	1.15	1.27	1.03	0.23	1.20	1.32	1.08	0.23
Share price information (year-end)	1.19	1.30	1.08	0.22	1.24	1.40	1.08	0.32	1.23	1.32	1.13	0.18	1.26	1.38	1.13	0.25	1.21	1.28	1.13	0.15
Market share in the industry	1.01	1.00	1.02	0.02	1.04	1.07	1.02	0.05	1.03	1.03	1.02	0.02	1.00	1.00	1.00	0.00	1.05	1.05	1.05	0.00
Market capitalisation in the share market (year-end)	1.15	1.20	1.10	0.10	1.13	1.20	1.07	0.13	1.10	1.15	1.05	0.10	1.15	1.25	1.05	0.20	1.11	1.17	1.05	0.12
Any form of financing/investment or funding related to Shariah law (if applicable)	1.00	1.00	1.00	0.00	1.03	1.00	1.05	0.05	1.03	1.07	1.00	0.07	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00
Zakat: method used/amount/beneficiaries (if applicable)	1.03	1.07	1.00	0.07	1.01	1.02	1.00	0.02	1.02	1.03	1.00	0.03	1.02	1.03	1.00	0.03	1.02	1.03	1.00	0.03
		10.05	9.60			10.23	9.52			10.35	9.58			10.7	9.7			10.63	9.92	

Notes: The highlighted columns represents the level of differences in average voluntary disclosure score by family-controlled companies

Table continued

No item	Voluntary disclosure items	Overall AVDS	Nonfamily-controlled	Family-controlled	Differences	Overall AVDS	Nonfamily-controlled	Family-controlled	Differences	Overall AVDS	Nonfamily-controlled	Family-controlled	Differences	Overall AVDS	Nonfamily-controlled	Family-controlled	Differences	Overall AVDS	Nonfamily-controlled	Family-controlled	Differences
	Corporate social responsibility (CSR)		2009				2010				2011				2012				2013		
36	CSR policy; a statement of compliance	1.42	1.53	1.30	0.23	1.47	1.57	1.37	0.20	1.46	1.58	1.33	0.25	1.51	1.63	1.38	0.25	1.59	1.70	1.48	0.22
37	Discussion of involvement in community programs (health/education/charity)	1.62	1.75	1.48	0.27	1.53	1.63	1.43	0.20	1.68	1.72	1.63	0.08	1.62	1.63	1.60	0.03	1.83	1.88	1.78	0.10
38	Discussion of environmental protection program implemented	1.18	1.22	1.15	0.07	1.20	1.27	1.13	0.13	1.21	1.25	1.17	0.08	1.23	1.23	1.22	0.02	1.28	1.40	1.17	0.23
39	Discussion of involvement in public/private action designed to protect the environment	1.22	1.30	1.13	0.17	1.24	1.33	1.15	0.18	1.29	1.32	1.27	0.05	1.26	1.23	1.28	0.05	1.33	1.33	1.32	0.02
40	Corporate policy on employees' benefits	1.10	1.13	1.07	0.07	1.14	1.17	1.12	0.05	1.22	1.25	1.18	0.07	1.26	1.30	1.22	0.08	1.21	1.23	1.18	0.05
41	Corporate policy on employees' training	1.28	1.45	1.10	0.35	1.15	1.22	1.08	0.13	1.22	1.35	1.08	0.27	1.21	1.27	1.15	0.12	1.29	1.37	1.22	0.15
42	Discussion of employees' benefits	1.04	1.07	1.02	0.05	1.06	1.05	1.07	0.02	1.12	1.08	1.15	0.07	1.08	1.08	1.07	0.02	1.05	1.03	1.07	0.03
43	Discussion of employees' training	1.13	1.25	1.00	0.25	1.14	1.22	1.07	0.15	1.14	1.22	1.07	0.15	1.14	1.22	1.07	0.15	1.19	1.30	1.08	0.22
44	Breakdown of workforce by line of business distribution or categories of employees by level of qualifications	1.11	1.22	1.00	0.22	1.19	1.30	1.08	0.22	1.17	1.25	1.08	0.17	1.13	1.18	1.07	0.12	1.15	1.27	1.03	0.23
45	Amount spent on employees' benefits and training	1.13	1.25	1.00	0.25	1.13	1.23	1.03	0.20	1.18	1.30	1.07	0.23	1.08	1.17	1.00	0.17	1.12	1.23	1.00	0.23
46	Retrenchment/redundancy information	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00
47	Information about employee workplace safety	1.19	1.32	1.07	0.25	1.22	1.35	1.08	0.27	1.23	1.40	1.07	0.33	1.25	1.37	1.13	0.23	1.28	1.38	1.17	0.22
48	Discussion of health and safety standards	1.16	1.22	1.10	0.12	1.11	1.18	1.03	0.15	1.15	1.22	1.08	0.13	1.21	1.32	1.10	0.22	1.22	1.30	1.13	0.17
49	Sadaqa/donation (description on the recipients and purpose) (if applicable)	1.01	1.00	1.02	0.02	1.01	1.00	1.02	0.02	1.01	1.00	1.02	0.02	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00
50	Waqf (description on the policy and amount spent) (if applicable)	1.01	1.02	1.00	0.02	1.03	1.02	1.05	0.03	1.02	1.03	1.00	0.03	1.01	1.02	1.00	0.02	1.02	1.03	1.00	0.03
51	Retirement scheme through foundation or other means	1.00	1.00	1.00	0.00	1.02	1.03	1.00	0.03	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00
			19.72	17.43			19.57	17.72			19.97	18.20			19.65	18.28			20.47	18.63	
	Forward-looking and risk review information																				
52	Discussion of opportunities (firm's prospects in general and business strategy on future performance in general)	1.20	1.23	1.17	0.07	1.27	1.28	1.25	0.03	1.23	1.33	1.12	0.22	1.33	1.27	1.38	0.12	1.28	1.30	1.27	0.03
53	Discussion of specific external factors affecting firm's prospects (economy, politics, technology)	1.13	1.05	1.22	0.17	1.18	1.07	1.28	0.22	1.17	1.08	1.25	0.17	1.08	1.03	1.12	0.08	1.23	1.13	1.32	0.18
54	Discussion of future products/services research and development activities with planned research and development expenditure	1.10	1.15	1.05	0.10	1.14	1.15	1.13	0.02	1.18	1.20	1.15	0.05	1.09	1.12	1.07	0.05	1.23	1.25	1.22	0.03
55	Planned advertising and publicity expenditure	1.01	1.00	1.02	0.02	1.02	1.02	1.02	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.05	1.03	1.07	0.03
56	Nature and cause of risks	1.08	1.07	1.08	0.02	1.13	1.13	1.13	0.00	1.08	1.05	1.10	0.05	1.06	1.10	1.02	0.08	1.14	1.10	1.18	0.08
57	Identification of major differences between actual business performance and previously disclosed opportunities, risks, and management plans	1.14	1.15	1.13	0.02	1.13	1.20	1.05	0.15	1.16	1.25	1.07	0.18	1.18	1.20	1.15	0.05	1.16	1.20	1.12	0.08
58	Environmental incidents - Implementation of procedures for managing materials containing environmentally sensitive substances - convert the production processes	1.22	1.33	1.10	0.23	1.13	1.20	1.07	0.13	1.25	1.38	1.12	0.27	1.16	1.25	1.07	0.18	1.18	1.27	1.10	0.17
59	High degree of government regulation - dicussion on the ways for appropriate investment decision	1.03	1.03	1.03	0.00	1.03	1.05	1.02	0.03	1.09	1.15	1.03	0.12	1.16	1.18	1.13	0.05	1.11	1.18	1.03	0.15
60	Technical failure - discussion on hiring and retaining highly trained and experienced staff / developing control quality system and equipment maintenance/implementing software that allows better design and manufacturing process	1.07	1.10	1.03	0.07	1.13	1.23	1.02	0.22	1.13	1.23	1.02	0.22	1.08	1.15	1.02	0.13	1.11	1.17	1.05	0.12
61	Natural disasters (e.g., earthquakes, flood) - Discussion on engineering, administrative and operating staff to identify and develop control program	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.02	1.02	1.02	0.00	1.01	1.00	1.02	0.02	1.05	1.08	1.02	0.07
			11.12	10.83			11.33	10.97			11.70	10.87			11.30	10.97			11.72	11.37	

Notes: The highlighted columns represent the level of differences in average voluntary disclosure score by family-controlled companies

6.3.6 Presentation of images (graphs, pictures, charts and diagrams) and other voluntary information by companies

The majority of the companies include images such as graphs, pictures, charts, and diagrams in their annual reports. As noted in section 6.3.1, Financial highlights – at least 5 years has a high frequency and the highest level of average voluntary disclosure score (AVDS) under the general corporate and strategy information category. The majority of the companies include graphs, diagrams, and charts to show their key financial indicator trends for the period. The main key indicators/measurements used for presentation are revenue, profit before taxation, return on equity (ROE), earning per share, and total assets or net asset per share. It was found that family-controlled companies tend to provide less summary information in the form of images compared to the nonfamily-controlled companies. Furthermore, family-controlled companies such as Supermax provided only 2 comparative years instead of 5 years, and Keck Seng did not provide any visual images or pictures in their annual reports. As noted earlier, the Financial highlights – at least 5 years item was ranked as important by the panel members on the basis that this information provides a summary of the company's performance, and can add value for those users (i.e., stakeholders) who have less knowledge in company analysis. The panel members also agreed that 2 years' analysis is insufficient to demonstrate the company's potential performance, as the information identifies no significant trend to compare with the performance. Figure 18 presents a screenshot showing that Keck Seng provides financial highlights information to illustrate the using of quantitative and/or fiscal information over the 5-year period.

LAPORAN TAHUNAN 2013 ANNUAL REPORT

KECK SENG (MALAYSIA) BERHAD (Co. No. 8157-D)

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
Revenue					
Plantations and Manufacturing	**643,102**	759,474	1,013,580	796,054	686,244
Property	**137,677**	143,946	105,764	92,700	84,354
Hotels and Resort	**138,525**	143,016	125,613	115,285	133,685
Dividend income	**11,040**	9,462	10,004	14,823	8,873
	930,344	1,055,898	1,254,961	1,018,862	913,156
Profit before tax	**181,017**	98,794	95,751	356,405	123,467
Profit attributable to owners of the parent	**148,817**	82,658	74,648	331,646	100,610
Earnings per share (sen)	**41**	23	21	92	28

Figure 18. An example for no provision of bar charts or graphs.

Within the information about management and shareholders category, the analysis revealed that the majority of the companies provide a picture of their board of directors and shareholders (Board of Directors' responsibilities, experiences, and backgrounds). Furthermore, two-thirds of the family-controlled companies in this study included pictures of their senior management team in their annual reports, while others do not show any pictures of their management team (Details of senior management team). Family-controlled companies such as Tan Chong, Sarawak Oil Palms, Keck Seng, and Kossan provide only a written profile of the company's board of directors or the senior management team (see Figure 19). Only two of the nonfamily-controlled companies ─ Dutch Lady and TASEK ─ had a low score for the management and shareholders information category. For example, TASEK also provides written profile for Board of Directors' responsibilities, experiences and backgrounds. Once again, this finding is inconsistent with the panel members' view. The panel members ranked all items within the information about management and shareholders category as important. Almost all of the panel members were in agreement that both narratives and images of the board of directors, and other top management levels, provide important knowledge for stakeholders, although it has minor economic implications. The panel members further argued that because Malaysia is an emerging market, knowing the company's owners and controllers is crucial for their (i.e., stakeholders') personal evaluation.

Profile of Directors

Dato' Tan Heng Chew
JP, DJMK

Dato' Tan Heng Chew, 67, a Malaysian, was appointed to the Board on 19 October 1985 and has been the Executive Deputy Chairman since 1 January 1999. Dato' Tan was re-designated as the Executive Deputy Chairman and Group Managing Director on 1 July 2012. He is a member of the Board Risk Management Committee.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Group of companies in 1970 and was instrumental in the establishment of the Autoparts Division in the 1970s and early 1980s.

Dato' Tan is the Executive Chairman of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad. He is the spouse of Dato' Khor Swee Wah @ Koh Bee Leng, an Executive Director of the Company. He is a major shareholder of the Company. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' Haji Kamaruddin @ Abas bin Nordin
DSSA, KMN

Dato' Haji Kamaruddin @ Abas bin Nordin, 75, a Malaysian, was appointed to the Board on 23 November 2001. He is an Independent Non-Executive Director, and a member of the Audit Committee, Nominating Committee and Board Risk Management Committee.

Dato' Haji Kamaruddin graduated from the University of Canterbury, New Zealand with a Master of Arts degree majoring in Economics in 1966. He joined the civil service upon his graduation and served the Government until he retired in 1993. During his tenure with the civil service, he held various senior positions, among them as Director, Industries Division in the MITI, Deputy Secretary General, Ministry of Works and Director-General of the Registration Department, Ministry of Home Affairs.

Dato' Haji Kamaruddin is also a director of APM Automotive Holdings Berhad and Lion Industries Corporation Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Figure 19. An example for no pictures of board of directors under the information about management and shareholders category.

In the financial information category, the majority of companies use images to present their main products and services. Although in some cases companies such as Supermax, and TSH provided images, they were merely used to supplement underlying messages the company wanted its annual reports readers to understand (see Figure 20).

Figure 20. Images with underlying messages.

The most frequent images found occur in the corporate social responsibility (CSR) category within the companies' annual reports. The images provided often related to the company's CSR commitment. The majority of the annual reports showed numerous pictures of events and activities conducted during the reported period. The outcome from the content analysis in this study shows that most of the images provided under the CSR category reflected the Discussion of involvement in community programmes (health/education/charity), and this finding is consistent with the level of AVDS in Discussion of involvement in community programmes (health/education/charity) presented in Part 1 of this chapter. This finding was also expected as almost all of the panel members contended that companies would provide pictures or visual images to assist in the understanding of exactly what the company does as part of its CSR activities. A number of examples of the companies' activities in the last financial year were presented, and these included such things as a description of staff volunteer programmes or graphics of advertisements from their campaign for particular community programmes (i.e., education, health, and charity).

On the other hand, the number of images provided for the environmental and employees' aspect is minimal. Most of the images provided merely show the company's involvement in environmental campaigns. The outcomes of this analysis also found that only two of the family-controlled and four nonfamily-controlled companies provided schedules and/or charts relating to Breakdown of workforce by line of business distribution or categories of employees qualifications. Figure 21 provides an example of a schedule, and pie charts provided by Cahaya Mata Sarawak, and Mah Sing.

Breakdown of Employees as at 31 December 2013	
Total no. of employees	2,122
Management	111
Executives	347
Non-Executives	1,624
Daily-Paid	40
Turnover rate	6.73%

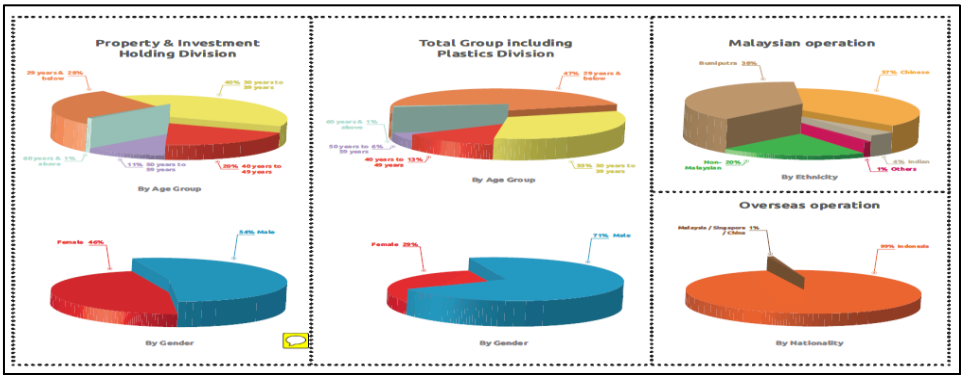


Figure 21. Images used to present the breakdown of employees' work in a company.

The lowest number of images provided among the categories was in the forward-looking and risk review information category. Most of the information provided was in narrative form which manifested the companies' commitments to future plans and undertakings. It is interesting to note that a company that disclosed voluntary information for Environmental incidents – Implementation of procedures for managing materials containing environmentally sensitive substances in the production processes tended to present images of operational machines and/or equipment to describe the method and technology employed (see Figure 22). These findings suggest companies involved in diversified industry, and/or the property industry are trying to illustrate their strategic thinking in areas such as project sustainability and risk reduction.

Figure 22. Pictures used to describe the technology and equipment used for production.

6.4 Summary

The aim of this chapter was to describe the level of voluntary disclosure provided by sampled companies in this study. The application of the best practice voluntary disclosure index used in this process took account of the possible information that can be covered under integrated reporting, as noted in chapter 2. Since integrated reporting is still at the infancy stage in Malaysia, the topic and framework on integrated reporting has not been called for rigorously in practice. However, through this observation, it was found that some of the voluntary information provided by these companies, which also scored a maximum 5, is likely to be within the integrated reporting framework, for example, companies' attempts to tell the annual report users about their company's journey towards reaching its vision, reporting about its historical and intended performance. These intended statements and assumptions about the company are focused on the strategies that underlie its value and are carried out to reach its vision during the reporting period. Nevertheless, the content and context covered in the voluntary information is sparse.

Overall, the application of the best practice voluntary index to the sample of companies shows that the level of voluntary disclosure by these companies is low, with an average overall score of 1.20 out of a maximum possible score of 5.00. Comparative analysis between five categories used in this study shows that the general corporate and strategic category was the most frequently provided information in the companies' annual reports. On the other hand, forward-looking and risk review information is the least disclosed information. In addition, the analysis reveals that the level of voluntary disclosure items related to Islamic values is very low and is hardly found in the companies' annual reports.

With regard to the companies' ownership and the level of voluntary disclosure provided, it was found that the family-controlled companies provide less voluntary disclosure compared to nonfamily-controlled companies. However, there were a number of information categories that showed higher scores for family-controlled companies. These are: Discussion of recent industry trends; General statement for corporate strategy; Review of financial highlights related to the financial statements; Discussion of employees' benefits; Retirement scheme through foundation or other means; and, Discussion of opportunities (firm's prospects in general and business strategy on future performance in general). The results indicate that these family-controlled companies are likely to highlight information that can emphasise the company's strength in a particular industry and its potential to remain in the capital market.

Although the analysis was not limited to narrative voluntary disclosure, it was found that the information disclosed tended to be expressed discursively. This form of disclosure includes long narrative discussion that can be ambiguous and repetitive and often fails to employ numerical symbols or expression that can reflect the monetary and economic measurement. This outcome is considered to be a downside aspect of the voluntary disclosure practice, as it failed to meet the panel members' expectations. The voluntary disclosures were expected to disclose comprehensive information which is complete, and also easy for users to assess and quantify. Applying the same notion, voluntary disclosure presentation in the form of images was also limited to certain categories, namely corporate social responsibility (CSR), and general corporate strategic category.

This chapter presented differences on the level of voluntary disclosure practice between companies. In line with the objective of this thesis, the company attributes were analysed to identify their association with the level of voluntary disclosure practice between family-controlled and nonfamily-controlled companies. The results and findings of this analysis are presented in the next chapter, and will provide some evidence of a significant difference in the level of voluntary disclosure by the sampled companies.

CHAPTER SEVEN

COMPANY ATTRIBUTES' AND THE LEVEL OF VOLUNTARY DISCLOSURE

7.1 Introduction

This chapter examines the relationship between company attributes and the level of voluntary disclosure. The aim of this chapter is to examine company attributes that can potentially explain the differences in the level of voluntary disclosure practices by family-controlled companies. The results and findings in this chapter are expected to contribute important insights about family-controlled companies' features that represent these companies' corporate governance structure. Thus, a number of family-controlled companies' features, which also represent the companies' corporate governance factors, are used to measure their relationships with the level of voluntary disclosure.

Barako et al. (2006), Eng and Mak (2003), and Ho and Wong (2001) explain that companies' attributes such as their corporate governance structure, listing status, ownership structure, firm size, and/or value are associated with the level of voluntary disclosure. According to Barako et al. (2006), the board of directors is one factor that can influence the level of voluntary disclosure because the board of directors has the resources and power to decide and shape the type of information to be disclosed voluntarily. Theoretically, the board of directors will evaluate the information that they perceive as important to the companies and which give meaning to the stakeholders in terms of making economic decisions. To interpret the association of companies' attributes with the level of voluntary disclosure, proxies such as ownership structure, industry, market value, and specific family-controlled companies' attributes, namely number of family members, generation of family members, and experiential and professionalism factors are tested. The key findings in this chapter are organised as follows:

7.2 addresses the significant differences in the level of voluntary disclosure practice by company attributes' (i.e. market value, industry, and ownership).

7.3 provides a comparative analysis of average voluntary disclosure scores for Malaysian listed family-controlled companies, and 7.4 presents a synthesis of the findings.

7.2 The significant difference in the level of voluntary disclosure practice by company market value, industry, and ownership

The companies in this thesis show that they have different market value, are in different industries, and have different ownership. It, therefore, is important to compare these characteristics with the total average voluntary disclosure score (AVDS). The aim of this comparison is to identify whether there is a significant mean difference between elements. For this reason, factors such as market value[41], industry, and ownership type, and AVDS were examined in order to identify the significant differences in the level of voluntary disclosure. In order to analyse the level of voluntary disclosure, a significance test was conducted.

Significance test

A significance test was performed to evaluate any significant difference in the level of voluntary disclosure scores within the companies' attributes, namely market value, industry, and ownership type. Analysis of Variance (ANOVA) tests are performed to test for differences between the means of each category of voluntary disclosure between companies' attributes[42]. Table 28 shows the result of the ANOVA test used in this study.

[41] Market value is indicated in Malaysia Ringgit

[42] Results from statistical tests of 150 annual reports (i.e., normality, homogeneity, and robust test) showed that the ANOVA test can be performed.

Table 28. Results on the significance test between companies' attributes and the voluntary disclosure categories.

Companies attributes	General corporate and strategic information		Information about management and shareholders		Financial information		Corporate social responsibility (CSR)		Forward-looking and risk review information	
	F value	Sig	F value	Sig	F value	Sig	F value	Sig	F value	Sig
Market value	18.434	0.000***	3.193	0.042**	28.279	0.000***	6.031	0.003**	2.133	0.119
Industry	2.603	0.0024**	1.894	0.094	4.94	0.000***	1.429	0.212	2.149	0.0058
Ownership	19.966	0.000***	16.969	0.001***	11.669	0.000***	18.715	0.000***	6.221	0.013**

***The mean difference is highly significant at the 0.01 level.

** The mean difference is significant at the 0.05 level.

*The mean difference is moderately significant at the 0.1 level.

Note: F value shows the differences across companies' attributes, and Sig value shows the significant level of the ANOVA. The higher the F value found, the more significant is the difference between companies in the population. For example, if the company's market value shows 0.000 which < 0.01, this result shows that voluntary disclosure for general corporate and strategic information provided by companies is different across the companies' market value range.

This finding shows that the initiative of disclosing information voluntarily in the annual reports by family-controlled companies differs across the companies' respective industries. Two voluntary disclosure categories show significant differences across industry. Table 28 shows there is evidence to conclude at the 5% level of significance that the mean level of AVDS in voluntary disclosure is different for the five categories of voluntary disclosure (p-value<0.05). However, the information about management and shareholders, CSR, and forward-looking and risk review categories show no significant differences across industries. This finding suggests that almost all companies provided similar patterns and levels of voluntary disclosure in relation to these categories. One possible reason for this situation could be plausibly explained by the fact that Malaysia is an emerging market, and companies are driven more by financial reporting indicators and measurements for performance rather than nonfinancial reporting for transparency. Ghazali and Weetman (2006) suggest that Malaysian companies are more concerned with financial reporting as a consequence of the financial crisis in 1997. They emphasise financial reporting to show and inform the public that they are transparent about the company's financial position and activities. This result is also consistent with findings in chapter 5, where the panel members also agreed that the financial information category is the most important information when evaluating a business' current and future cash flow. However, this finding could vary from one emerging country to another due to differences in each country's background. Wang and Hussainey (2013) argued that a country's background context can influence the level of voluntary disclosure provided by listed companies. They suggest that a country's government regulations and capital market regulatory bodies can shape the level of voluntary disclosure by companies. For example, Wang and Hussainey (2013) found that voluntary disclosure practices in relation to forward-looking and corporate governance information can be different across countries because of the difficulty in measuring disclosure for such information categories.

This finding also seems to agree with those of Wallace (1994), Owusu-Ansah (1998), Naser et al. (2002), Barako et al. (2006), and Alsaeed (2006) who suggested that the level of voluntary disclosure between industries can differ. For example, Owusu-Ansah (1998) contended that firms that operate in highly regulated industries might be subject to rigorous controls that can have an impact on their voluntary disclosure practices. Consistent with Owusu-Ansah (1998), two of the voluntary disclosure categories (i.e., general corporate and strategic information, and financial information) are at a 5% level of significance, though the level of AVDS is different in the two categories. This finding suggests that different companies are subject to their industry's regulation and thus, industry cannot explain the level of voluntary disclosure. Companies that are regulated by certain acts or laws may have provided higher disclosure. For example, those within the plantation industry might disclose more additional information on their concepts and strategies to preserve land that has been explored. One such company was Kuala Lumpur Kepong Berhad (KLK). It was found to have a higher disclosure score on its corporate social responsibility towards the environment. The industry to which a company belongs, therefore, seems to lead to a different level of voluntary disclosure. This factor resulted in mixed results for the relationship between industry characteristic and the level of voluntary disclosure in the annual reports.

This study's findings suggest that Malaysian companies apparently preferred to disclose more general corporate and strategic information, and more financial information during the observation period in relation to the country's capital market environment, which may have impacted on the nature of their business (Alsaeed, 2006). Some of the companies may provide less information in the general corporate and strategic information, and financial information categories because the companies' managers may perceive the information they provided during the observation period was sufficient. They may also have expected less capital market reaction in their business industry (Haniffa & Cooke, 2002).

It is worth pointing out that a company's market value and its ownership type have an important bearing on the level of voluntary disclosure. According to Eng and Mak (2003), large companies with high market value[43] ─ which was also considered as a control factor for the sample selection ─ are likely to disclose more additional information voluntarily. Consistent with Eng and Mak (2003), 6 of the 30 highly ranked companies (Sime Darby, IOI Corporation, Kuala Lumpur Kepong, Telekom, UMW, and Gamuda) are among the companies that have more than MYR10 billion market value. This study's findings suggest that high market value companies tend to provide more voluntary disclosure than other companies do. Additionally, when further tests (i.e., post hoc analysis[44], see Table 29) are performed on the range of market values of these companies, the findings suggest that the variation of mean differences within the sample observations are significant for four categories, the exceptions being the Forward-looking and risk review information. This finding suggests that almost all Malaysian listed companies exhibit a low and similar pattern as regards the level of voluntary disclosure for forward-looking and risk review information.

[43] Market value of firm – sum of market value of ordinary shares, preferences shares, book value of long-term and short-term debt, divided by book value of total assets.
[44] Post hoc tests in the analysis of variance (ANOVA) were used to provide specific information on which means are significantly different from each other.

Table 29. The mean difference results between companies' market value range and the level of voluntary disclosure – result from post hoc analysis.

Market value	General corporate and strategic information		Information about management and shareholders		Financial information		Corporate social responsibility (CSR)		Forward-looking and risk review information	
	Mean Difference	Sig.	Mean Difference	Sig.	Mean Difference	Sig.	Mean Difference	Sig.	Mean Difference	Sig.
Above 30 billion v.s <10 billion	0.18	0.000***	0.16	0.12	0.37	0.000***	0.03	0.84	0.34	0.49
<30 billion and >10b v.s. < 10 billion	0.10	0.000***	0.11	0.17	0.12	0.004**	0.14	0.002**	0.04	0.16
Above 30 billion v.s <30 billion and >10 billion	-0.1	0.000***	-0.11	0.17	-0.12	0.004**	-0.14	0.002**	-0.05	0.16

***The mean difference is highly significant at the 0.01 level.

** The mean difference is significant at the 0.05 level.

*The mean difference is moderately significant at the 0.1 level.

Note: Mean difference shows the differences across companies' market value range, and Sig. value shows the significant level of the mean difference. The higher the mean difference value found, the more significant is the difference between companies in the population. For example, the mean difference between a company whose market value is above 30 billion and those with less than 10 billion shows 0.000 which < 0.01. This result shows that voluntary disclosure for general corporate and strategic information provided by companies with above 30 billion market value is different from companies' with less than 10 billion market value.

This current study found supportive evidence on the relationship between the family-controlled companies' ownership and the level of voluntary disclosure (see Table 30). This result is consistent with previous studies, particularly in China, for instance Chau and Gray (2010), Eng and Mak (2003), and Huafang and Jianguo (2007) who suggest that a company's ownership plays an important role in the level of voluntary disclosure. In this study's sample, about 60% of the top 150 listed companies on the main board of Bursa Malaysia are family-controlled companies[45]. These companies also have a number of family members in the company's top management. This finding also corroborates previous studies by Chau and Gray (2002), Haniffa and Cooke (2002), and Chen and Jaggi (2000) in the governance structure area who found a low level of voluntary disclosure in family-controlled companies.

[45] In Amran's (2011) study, it was stated 43% of listed companies on the main board listing in Bursa Malaysia made up the study's sample.

Table 30. The mean difference results between companies' ownership and the level of voluntary disclosure – result from post hoc analysis.

Ownership type	General corporate and strategic information			Information about management and shareholders			Financial information			Corporate social responsibility (CSR)			Forward-looking and risk review information		
	Mean	Mean Difference	Sig.	Mean	Mean Difference	Sig.	Mean	Mean Difference	Sig.	Mean	Mean Difference	Sig.	Mean	Mean Difference	Sig.
Nonfamily-controlled	1.25	19.966	0.000***	1.320	16.969	0.000***	1.300	11.669	0.000***	1.240	18.715	0.000***	1.140	6.221	0.013**
Family-controlled	1.17			1.160			1.210			1.130			1.100		

***The mean difference is highly significant at the 0.01 level.

** The mean difference is significant at the 0.05 level.

*The mean difference is moderately significant at the 0.1 level.

Note: Mean is the level of average disclosure score for each category. Mean difference shows the differences across companies' ownership type, and Sig. value shows the significant level of the mean difference. The higher the mean difference value found, the more significant the difference that exists between companies in the population. For example, the mean difference between nonfamily-controlled and family-controlled companies shows 0.000 which < 0.01. This result shows that voluntary disclosure for general corporate and strategic information provided by nonfamily-controlled is different from that provided by family-controlled companies.

However, it is worth highlighting, as stated earlier in chapter 6, family-controlled companies provide certain voluntary disclosure items more than nonfamily-controlled companies do. This study is also consistent with Al-Akra and Hutchinson's study (2013) in Jordan. They found that family-controlled companies exhibit higher levels of voluntary disclosure on certain information compared to nonfamily companies. Al-Akra and Hutchinson (2013) suggest that regulatory reforms resulting from the globalisation of the capital market have implications on the level of voluntary disclosure by family-controlled companies.

7.3 A comparative analysis of average voluntary disclosure score among Malaysian listed family-controlled companies

This part of the thesis offers a comparative analysis of the family-controlled companies over the 5-year period. The analysis is presented in Table 31. Based on the table, the IOI Group shows the highest level of AVDS, at 1.35, followed by Cahaya Mata Sarawak at 1.26, and Mah Seng at 1.23. Keck Seng and Supermax have the lowest AVDS, at 1.08. The financial information category has the highest level of AVDS, followed by the general corporate and strategic information category, and the information about management and shareholders category.

Table 31. Comparative analysis of average voluntary disclosure score between sampled family-controlled companies.

Company	BERJAYA	CMS	IOI	JAYATIASA	KECKSENG	KLK	KOSSAN	MAH SING	ORIENTAL	QL RES	SOP	SUPERMAX	TAN CHONG	TOP GLOVE	TSH	Overall mean
Industry	Gaming and Entertainment	Diversified	Diversified	Plantation	Diversified	Plantation	Consumer product	Property	Automotive	Consumer product	Plantation	Consumer product	Automotive	Consumer product	Plantation	
General corporate and strategic information	1.18	1.29	1.41	1.17	1.05	1.25	1.15	1.32	1.07	1.10	1.06	1.10	1.15	1.25	1.06	**1.17**
Information about management and shareholders	1.13	1.21	1.25	1.16	1.13	1.13	1.13	1.18	1.13	1.19	1.10	1.13	1.13	1.29	1.13	**1.16**
Financial information	1.26	1.37	1.71	1.18	1.10	1.16	1.12	1.26	1.13	1.09	1.15	1.13	1.24	1.19	1.06	**1.21**
Corporate social responsibility	1.13	1.23	1.17	1.12	1.05	1.23	1.03	1.28	1.11	1.11	1.09	1.04	1.09	1.14	1.12	**1.13**
Forward-looking and risk review	1.15	1.20	1.21	1.13	1.07	1.10	1.08	1.12	1.06	1.10	1.03	1.03	1.09	1.10	1.07	**1.10**
Overall mean for each company	**1.17**	**1.26**	**1.35**	**1.15**	**1.08**	**1.17**	**1.10**	**1.23**	**1.10**	**1.12**	**1.09**	**1.08**	**1.14**	**1.19**	**1.09**	

Note: Berjaya Group (BERJAYA), Cahaya Mata Sarawak (CMS), IOI Group (IOI), Jaya Tiasa Holdings (Jaya Tiasa), Kuala Lumpur Kepong (KLK), Kossan Rubber (KOSSAN), Oriental Holdings (ORIENTAL), QL resources (QL RES), Sarawak Oil Palms (SOP), Tan Chong Motor (TAN CHONG), TSH Resources (TSH).

Findings on the family-controlled companies might be explained further on the basis of their family governance structure. It is possible that the composition or generation to which family members who sit on the board belong could explain the variation in the level of voluntary disclosure of these companies (Chen et al., 2008; Jaggi, Leung, & Gul, 2009). As pointed out by Chen et al. (2008), the unique characteristics of family owners is that they have different preferences for voluntary disclosure than do other owners. Since the focus of this current study is on family-controlled companies, further correlation tests were performed. Four variables were used to check the relationships with the level of voluntary disclosure. These variables consisted of:

1. Number of family members on the board: Ho and Wong (2001)'s study in China found that the number of family members on the board plays an important role in terms of the level of voluntary disclosure in family-controlled companies. Ho and Wong (2001) suggested a high number of family members on a company's board can lower the level of voluntary disclosure in the companies' annual reports.
2. Generation of family members on the board: Sansone, Mussolino, Cascino, and Pugliese (2010) that family business have a different ownership structure from other types of ownership. This leads to dominant family

control. Most of the sample companies in their study are family-founded and consist of multiple generations and they control top management positions (see also, Anderson & Reeb, 2003; Noor Afza & Ayoib Che, 2010).

3. Number of Muslim directors on the board: In the context of Malaysian companies, the proportions of Muslim directors on a company's board is not stipulated in any statutory requirement. (Haniffa & Cooke, 2002), however, suggested the proportion of Muslim[46] directors on the board can influence the level of voluntary disclosure in a family business.
4. Family members' acquisition of knowledge related to: (a) a company's industry, (b) business and management of a company, and, (c) a combination of both (a) and (b): Knowledge acquired by family members who sit on the board can be an important determinant in the voluntary disclosure practice. If the majority of the family members on the board were educated abroad and have been involved with numerous business industries, the influence of that knowledge could play an important role in explaining their disclosure behaviour (Haniffa & Cooke, 2002). A further statistical test was performed to investigate the relationship between these factors and the level of voluntary disclosure and presented next.

[46] The identification of Muslim directors in the annual reports is based on their name, which must carry "bin" for male, "binti" for female.

Table 32. Correlation between family-controlled attributes and the level of voluntary disclosure.

Family-controlled companies' attributes	General corporate and strategic information		Information about management and shareholders		Financial information		Corporate social responsibility (CSR)		Forward-looking and risk review information	
	Correlation coefficient	Sig. (2 tailed)	Correlation coefficient	Sig. (2 tailed)	Correlation coefficient	Sig. (2 tailed)	Correlation coefficient	Sig. (2 tailed)	Correlation coefficient	Sig. (2 tailed)
Number of family members	-0.401	0.138	-0.890	0.753	-0.619*	0.014	-0.591*	0.020	-0.197	0.481
Generation of family members	0.473	0.075	0.167	0.552	0.270	0.331	0.282	0.308	0.240	0.389
Number of Muslim directors	0.181	0.519	-0.120	0.671	0.208	0.458	-0.150	0.594	-0.233	0.404
Knowhow-industry	-0.034	0.906	0.344	0.210	0.152	0.589	0.029	0.918	0.000	1.000
Knowledge acquired-bussiness and management	-0.494	0.061	-0.312	0.258	-0.409	0.130	-0.528*	0.043	0.002	0.955
Knowledge acquired-combination	0.444	0.098	0.269	0.333	0.496	0.060	0.298	0.281	0.000	1.000

** The mean difference is significant at the 0.05 level (2-tailed).

*The mean difference is moderately significant at the 0.1 level (2-tailed).

Note: Correlation coefficient shows the association between proxy used and the average voluntary disclosure scores by each family-controlled company, and Sig. value shows the significant level of the association. For example, the number of family members involved in the managerial level is negatively associated with the average voluntary disclosure scores in financial information 0.020 which < 0.05.

Table 32 presents the results obtained from the correlations between the selected variables and the level of voluntary disclosure (subcategory). The result is revealing in several ways. First, the number of family members was found to have significant correlation with financial information and corporate social responsibility (CSR). Second, the knowledge acquired in the business and management field by family members was found to have significant correlation with the corporate social responsibility category, and moderately significant correlation with general corporate and strategic information. Third, the generations of family members involved in the business was found to have moderately significant correlation with general corporate and strategic information.

The combination of knowledge acquired was found to have moderate correlation with the general corporate and strategic information and financial information categories. These findings suggest that family members' involvement in a company is an indicator towards the level of voluntary disclosure provided. With regard to this result, the combination of young and mature family members might contribute to a higher level of information reported due to their experiential and professionalism backgrounds. First, the knowledge acquired by these family members represents the directors' competencies in handling the overall business management, including disclosure reporting (Haniffa & Cooke, 2005; Ingley & Van Der Walt, 2008; Wang et al., 2013). For example, Ingley and Van Der Walt (2008) suggest that board members' acquired knowledge and other skills are important in influencing the company's business outcomes. Second, given family members' knowledge and other skills are important, education (i.e., study abroad or at home, and areas of qualification) is another important element that can contribute to the board's decision outcomes. As a consequence, the roles and responsibilities of company directors are becoming more challenging, and directors need to make company decisions that involve a greater degree of uncertainty and risk.

It is apparent from Table 32 that there was no significant correlation between the number of Muslim directors and knowledge acquired in the industry field by the family members and the level of voluntary disclosure in their annual reports. In the context of the number of Muslim directors on the board, the result of this current study does not support Haniffa and Cooke (2002). Haniffa and Cooke's (2002) study in Malaysia suggested that Muslim directors may have an influential role in the level of voluntary disclosure. One of the possible reasons to explain this finding is the underlying principle of a company's ownership and control. This finding suggests that the status of Muslim directors on the board does not warrant their influence on the decision for voluntary disclosure. In Malaysia, not all Bumiputera are Muslim. As noted in chapter 2, Bumiputera means "son of the soil," which refers to Malays and other indigenous peoples as distinct from Chinese, Indians, and other nonindigenous residents. Therefore, the composition of Bumiputera requirement in the company's board has no relationship with Muslim directors.

It is somewhat surprising that none of these variables was statistically correlated with the information about management and shareholders category. This finding, however, seems to be in line with previous results obtained in this study, as stated in chapter 6. This finding suggests that regardless of the ownership type, listed companies in Malaysia tend to follow similar patterns or styles when providing on information about management and shareholders. One possible reason to explain this condition may lie in the companies' obligations to meet the Bursa Malaysia revised listing requirements, and the revision of the Malaysian Code on Corporate

Governance (MCCG) in 2012.These, amongst others, require companies to (a) establish clear board roles and responsibilities, (b) strengthen board composition, (c) reinforce board independence, and, (d) foster board commitment. In addition, according to an OECD (2011) report on *Corporate Governance in Asia 2011: Progress and Challenges,* Malaysia is amongst the jurisdictions reported to have developed provisions in the country's corporate governance codes and listing rules about the board profile. However, the changes in the level of AVDS during the observation period are not encouraging. This study's findings imply that the reasons for this phenomenon may be a lack of awareness on the part of boards regarding the importance of providing corporate governance information to the stakeholders.

For a meaningful analysis, a correlation test was further performed between the mean of each voluntary disclosure category and the various family-controlled company characteristics mentioned above. Significant correlated factors identified in Table 32 were further analysed in order to identify detailed family-controlled company characteristics that have significant correlation coefficients. Number of family members on the board, generation of family members, and number of family members with acquired industry, business, and management knowledge were tested. Bamber, Jiang, and Wang (2010) suggest that manager-specific characteristics can influence corporate decisions. These characteristics may also contribute to voluntary disclosure decision practices.

Thus, the key proxies are as follows:

(a) Number of family members on the board – at least two family members on the board, three to four family members on the board, and more than four family members on the board

(b) Generation of family members on the board – family members aged below 49 years, family members aged between 50 to 70 years, and a combination of both young and old (below 49 years old, and 50 to 70 years old)

(c) Number of family members with knowledge acquired:

i Industry knowledge acquired – only 1 family member has industry knowledge, only 2 family members have industry knowledge, and more than 3 family members have industry knowledge ii Business and management knowledge acquired – only 1 family member has business and management knowledge, only 2 family members have business and management knowledge, and more than 3 family members have business and management knowledge

iii Combination of industry, business, and management knowledge acquired – only 1 family member has industry and business and management knowledge, only 2 family members have industry and business and management knowledge

Table 33 presents the Spearman (nonparametric) correlation-coefficient measures (see Appendix Q). From the correlation analysis, corporate social responsibility (CSR), financial information, and forward-looking and risk review categories have significant relationships (p-value ≤ 0.05) with number of family members on the board, generation of family members, and family members' knowledge acquired. At least two family members on the board is positively significant (p-value ≤ 0.05), indicating that family companies with lower numbers of family members on the board tend to have a higher level of CSR disclosure. The coefficient for more than four family members on the company's board, with its negative (-) significant correlation is unexpected. Family-controlled companies with higher numbers of family members on the board tend to disclose less financial information voluntarily, which means they tend to provide the disclosure only in accordance with the mandatory requirement (see, for example, Oriental, Kossan Rubber, & QL Resources' details in Appendix H). This finding is supported by Ho and Wong (2001) in Hong Kong who found that companies with a higher number of family members on the board are more likely to have a lower extent of voluntary disclosure. Ho and Wong (2001) suggest that the situation is due to the number of family members who dominate the board and control the companies. The finding from this current study also seems to imply that Malaysia might have similar voluntary disclosure practices to those of Hong Kong family-controlled companies.

Companies which have family members below 49 years old who sit on the board are positively significant (p-value ≤ 0.05) with the level of forward-looking risk review information. This result indicates that the company tends to disclose more future and risk information voluntarily as a result of having younger family members involved in the management. This result supported a previous study by Miller and Le Breton-Miller (2006) who suggested that participation of the younger generation, while the business is still run by the founders, can strengthen the companies' strategies through sharing their knowledge. This notion also seems to support the links between managers' preferences and strategies that might apply to the voluntary disclosure practices.

Miller and Le Breton-Miller (2006) contended that family members' involvement can also bring broader knowledge and deeper monitoring capabilities in the companies' management through transfer of their tacit knowledge. Supported by Miller and Le Breton-Miller (2006) ideas, this current study found that companies with at least two or three family members that have business and management knowledge is positively significant with the level of forward-looking and risk review information. The chance of sharing knowledge and experiences by family members, either young or old, may contribute expertise and objectivity, which could provide an alternative and/or main perspective on the type of information that needs to be disclosed. Therefore, this finding shows that the number of family members with the appropriately acquired knowledge can encourage the level of voluntary disclosure practices in their companies' annual reports.

Table 33. Family characteristics significant correlation coefficients with mean voluntary disclosure categories.

Family-controlled companies' attributes	Family-controlled companies' attributes proxies	General corporate and strategic information		Information about management and shareholders		Financial information		Corporate social responsibility (CSR)		Forward-looking and risk review information	
		Correlation coefficient	Sig.	Correlation coefficient	Sig.	Correlation coefficient	Sig.	Correlation coefficient	Sig.	Correlation coefficient	Sig.
Number of family members	Two family members on the board	0.354	0.195	0.040	0.888	0.460	0.085	0.63*	0.012	0.292	0.291
	Three to four family members on the board	-0.083	0.770	0.053	0.851	0.033	0.908	-0.321	0.243	-0.259	0.352
	More than four family members on the board	-0.289	0.297	-0.110	0.696	-0.549*	0.034	-0.295	0.285	0.000	1.000
Generation of family members	Family members age below 49 years old	0.298	0.281	0.247	0.374	0.391	0.190	0.338	0.217	0.518*	0.048
	Family members age around 50 to 70 years old	0.219	0.433	-0.072	0.799	-0.500	0.860	-0.034	0.905	-0.264	0.343
	Combination of both young and old (below 49 years old and 50 to 70 years old)	0.146	0.605	0.182	0.517	0.120	0.671	0.223	0.423	0.380	0.163
Knowhow-industry	At least one family member has industry knowledge	0.000	1.000	-0.389	0.152	-0.228	0.413	-0.068	0.811	0.000	1.000
	Two or three family members have industry knowledge	0.131	0.643	0.279	0.314	0.368	0.177	0.134	0.635	0.000	1.000
	More than three family members have industry knowledge	-0.265	0.341	0.247	0.374	-0.293	0.288	-0.034	0.903	0.000	1.000
Knowhow-business and management	Only one family member has business and mamagement knowledge	0.224	0.423	0.040	0.888	0.276	0.320	0.420	0.119	-0.292	0.291
	Two to three family members have business and management knowledge	0.331	0.229	0.389	0.152	0.163	0.562	0.068	0.811	0.518*	0.048
	More than three family members have business and management knowledge	-0.495	0.061	-0.397	0.143	-0.549*	0.034	-0.527*	0.043	-0.323	0.241
Knowledge acquired-combination	Only one family member has combination knowledge	-0.495	0.061	-0.397	0.430	-0.549*	0.034	-0.295	0.285	0.000	1.000
	Two to three family members have combination knowledge	0.066	0.815	0.247	0.374	0.065	0.817	-0.340	0.905	0.000	1.000

** The mean difference is significant at the 0.05 level (2-tailed).

*The mean difference is moderately significant at the 0.1 level (2-tailed).

Note: Correlation coefficient shows the association between proxy used and the average voluntary disclosure scores by each family-controlled company, and Sig. value shows the significant level of the association.

The correlation coefficients for more than four family members on the board, more than three family members that have business and management knowledge, and only one family member who has the combination of knowledge of industry and of business and management are unexpected, but significant. These findings reveal a plausible explanation that the more family members involved in the management and who sit on the board, the lower the level of voluntary disclosure. While the number of family members involved tends to cause a lower level of voluntary disclosure, the knowledge and background of these family members are also expected to result in less voluntary disclosure due to managers' different preferences in relation to the type of information (Miller & Le Breton-Miller, 2006). These relationships suggest family-controlled companies are heterogeneous, and managers' specific characteristics tend to influence the differences in the level of voluntary disclosure because of managers' personal values and cognitive (i.e., knowledge) styles.

7.4 Synthesis of the findings

Results and findings of the previous sections reveal the level of voluntary disclosure practice by Malaysian listed companies. The level of voluntary disclosure provided by these companies was examined from several perspectives: (a) comparison between companies' attributes, (b) comparison between family-controlled companies and others, and, (c) comparison between family-controlled attributes.

In terms of the relationships between companies' attributes and the level of voluntary disclosure, the findings show that a company's capital market and ownership have significant association with the types of voluntary disclosure categories. This result may be explained by the fact that a large company may have sufficient resources to accommodate the cost of providing additional information in its annual reports. On the other hand, a company's industry results show mixed findings, and this study's findings suggest that certain companies tend to provide additional information when the managers perceive that the benefits of certain types of information have a positive impact on the nature of their business.

With regard to differences in the level of voluntary disclosure practices in Malaysia, this finding shows the family-controlled companies provide less voluntary information when compared to nonfamily-controlled companies. Two companies ─ Keck Seng and Supermax ─ obtained the lowest average disclosure score, at 1.08 each. It was an unsurprising result, since both companies are controlled by the founders: Keck Seng is controlled by siblings (i.e., two brothers) and Supermax by a husband and wife only. This finding suggests that family-controlled companies with only two family members, and no combination of young and mature family members on the board, can limit the amount of voluntary disclosure because of their highly concentrated ownership and control. In addition, the lack of a combination of intergenerational family members also can lead to limited knowledge, and preferences about the importance of voluntary disclosure. According to Zahra, Hayton, and Salvato (2004), a family-controlled company with a strong individual business orientation could be an important driving factor to stay in the market, since such companies have autonomy of action in their management system, and this factor could affect their reporting preferences too. With regard to family-controlled culture, which has more of a focus on the relationships within the companies, it was found that family-controlled companies have a higher voluntary disclosure on their employees. Two possible reasons may be suggested here: first, the niche industry they are operating in, and second, the family engagement with the employees for long-term sustainable. This finding seems consistent with Ghazali and Weetman (2006) who suggest that within family-controlled companies, industry competitiveness is not a significant influence on the level of voluntary disclosure. Findings from this current study, therefore, imply that director ownership and family domination on the board are strong determinants of voluntary disclosure.

In regards to the content of voluntary disclosure practices of the family-controlled companies, the current analysis revealed that this type of company tends to report items related to external factors and global conditions. The managers seem to perceive that external factors can have a major impact on the businesses' operations and profitability and the risks that these companies might face. In addition, the family-controlled companies are inclined to disclose more on General statement of corporate strategy (2009 to 2012); Discussion about major regional economic development pertaining to product and business; and, Information relating to the general outlook of the economy (2010 to 2013). It is believed that the purpose of disclosing these items is to inform the reader about the risks from business competition, and challenges that the company may face due to scarce resources. This current result also seems to corroborate Hutton (2007) who found that family-controlled companies provide more on quality earnings' reports, focusing on financial warnings. Hutton (2007) suggests that less information was disclosed in relation to the plan, monitoring action, and strategy to be executed to mitigate a) the probability of the corporate risks that might cause stakeholder reactions, and b) competition factors.

Turning to what has been disclosed, the findings show that information relating to companies' business strategy plan, companies' operational technology, companies' product innovation, their current and future risk strategic/supporting plans, as well as other disclosures relating to the company's long-term plan are provided at a minimum level. The analysis reveals that the majority of disclosure provided in the annual reports was often descriptive in nature and based on the management's interpretation of the company in general. Managers seem to be very prudent in selecting the type of information to be disclosed voluntarily. Information and discussion content tends towards the discursive, or, in other words, the information is merely general and repetitive in nature.

Furthermore, detailed discussion (such as on the impact of the issues, objectives, results, and current status of certain activities carried out) on the voluntarily disclosed items is quite low. At times, there is almost no disclosure by most of the companies. One example is the information about management and shareholders category, where details on the board of directors merely document their professional experience and current position in a particular company. It is also found that one third of the family-controlled companies in the study do not provide pictures of the board of directors or the senior management team, or details of the board of directors such as directorships held in other companies, academic and professional achievement, and former occupations.

In terms of the CSR voluntary disclosure category, the family-controlled companies were found to disclose more information about charity and education- related areas. The analysis reveals, however, that most of the charity homes and education funds declared belonged to the same organisations disclosing them. In addition, disclosure in relation to employees' benefits and employees' involvement in social activities are among the common information disclosed. Almost no family-controlled companies disclosed a training and development breakdown for the different level of employees categories.

This finding implies that the majority of the family-controlled companies listed on the Bursa Malaysia main board are owned by the Chinese. Only one family-controlled company within the top 150 listed companies in Malaysia is owned by Bumiputera. However, given that Malaysia is part of the Islamic bloc, and the majority of its population comprises Muslims, two items were found to be frequently disclosed by half of the nonfamily-controlled companies over the 5-year period. These were Halal certification of the product, and the Shariah-based financing structure. These findings support the idea of Ireland and Abdollah

Rajabzadeh (2011) study in the United Arab Emirates. They suggest that Muslim consumers are concerned about the halal status of their products. This practice of disclosing halal information represents a great opportunity for trustworthy firms, brands, and institutions. A country with a large Muslim population might influence the managers to consider more disclosure of their product and services' status in this area/category. Doing so could be highly significant in promoting the company's brand.

Moreover, this chapter developed a further perspective in terms of family characteristics in order to produce knowledge about the level of voluntary disclosure practices by using an investigation of correlation analysis between 14 variables as proxy to the family characteristics. These tests showed that high family member involvement in the management can lead to a low level of voluntary disclosure. On the positive side, the involvement of multiple generations (i.e., young and mature/old managers) appears to result in a higher level of voluntary disclosure, particularly in the forward-looking and risk review category.

To complement the discussion on the level of voluntary disclosure practices by family-controlled companies, a further discussion introduced other perspectives, i.e., the annual reports users' views. The reasons underlying the current level of voluntary disclosure by listed companies in Malaysia will be identified further by reporting the qualitative data results in the next chapter. The following chapter will present the current study's findings on the discussions with the users.

CHAPTER EIGHT

VOLUNTARY DISCLOSURE PRACTICES: INTERVIEWEES' THOUGHTS

8.1 Introduction

This chapter presents the findings of the interview sessions with annual report users. The findings of the quantitative analysis presented in chapters 6 and 7 revealed differences in the level of voluntary disclosure between listed family-controlled and nonfamily-controlled companies in Malaysia. These findings offered a basis upon which to engage with users of annual reports to learn about their experiences of using voluntary disclosure information within annual reports.

The research seeks not only to draw attention to the current level of voluntary disclosure practices but also to investigate factors that can shape the differences in the levels of voluntary disclosure between nonfamily-controlled and family-controlled companies. To deepen understanding of the research issues, the following areas were chosen for further consideration:

A. The nature of the voluntary disclosure
B. The current level of voluntary disclosure practices by Malaysian companies
C. Factors and challenges for voluntary disclosure practices
D. The differences between family-controlled and nonfamily-controlled companies' voluntary disclosure practices.

The findings presented in this chapter also emphasise how differences in the disclosure practices are rooted. For example, the work of Ghazali (2008), and Kuasirikun (2005) on identification of voluntary disclosure is particularly valuable in helping researchers to understand how voluntary disclosure practices interwoven into the societal context serve to establish a better voluntary disclosure reporting culture. Using a similar approach to that used by Kuasirikun (2005), and Ghazali (2008), this chapter advances an understanding of how stakeholders perceive voluntary disclosure, and the individual factors that can influence the decision to disclose voluntarily. The chapter is organised into the following sections:

8.2 provides a description of the interviewees and identifies the interview analysis questions.

8.3 presents the interview data analysis in line with the research issues categories.

8.4 reflects on the findings.

8.5 summarises the chapter.

8.2 Interview information

Interviews were conducted to investigate the views and perceptions of annual reports stakeholders (including preparers and users) on voluntary disclosure practice in Malaysia. The 41 corporate managers who were interviewed included business owners, senior executives, analysts, regulators, and financiers. For the purpose of this analysis, the interviewees were coded as P1 to P41, and classified according to their occupation (see Appendix R). The interviews were first recorded and then transcribed; this process allowed the researcher to investigate and reflect on the information about the voluntary disclosure practice in Malaysia. The recorded interviews were carried out in English. However, it is important to note that English is not the native tounge[47] of any of the participants, a fact which is reflected in many of the interview transcripts. The meaning of information given by all participants was translated based on their explanation and examples given during the interview sessions.

8.3 Analysis of interview results

This section reports the interviewees' responses to questions about the voluntary disclosure practices of Malaysian listed companies. It presents the participants' thoughts in terms of their ability to identify or interpret what, according to their knowledge and experience, signifies voluntary disclosure. As already noted in chapter 4, the interviewees are individuals in top management positions who use and/or prepare annual reports. The aim in choosing these individuals was to gather greater insight into the ways in which they perceived voluntary disclosure as material information that can affect stakeholders' economic decision-making, and the implications of such disclosure in practice. All participants were asked to

[47] Forty participants were locally Malaysians, and only one participant from Yamen.

elaborate on their experiences in relation to voluntary disclosure practices, their perceptions of them, and how those practices impact their work. The key questions and findings are presented below.

A. The nature of voluntary disclosure reporting

Question 1: What do you understand by the term voluntary disclosure?

Complement to mandatory disclosure.

Voluntary disclosure is a practice associated with the disclosing of additional information that goes beyond the statutory requirements or laws such as, in the case of Malaysia, the Malaysia Companies Act 1965, Malaysia Financial Reporting Standards, and Bursa Malaysia listing requirements (Muniandy & Ali, 2012). The interview findings identified that additional information disclosed voluntarily is essential to complement the traditional reporting included in companies' annual reports.

The following comments from the participants provide examples of their thinking:

> Disclosure is usually subject to financial reporting standards, the Companies Act, and code of corporate governance. So, to me, anything that is disclosed other than that, it falls under voluntary disclosure. (P29, analyst)

> Voluntary disclosure is essentially information disclosed by a company above that which is required by the regulatory framework, meaning the minimum information required by the stock exchange as well as the Security Commission. (P8, corporate finance advisor)

> In my understanding, voluntary disclosure is information that is not required by regulators and had been provided by companies. It is anything additional to tell everything that may [provide] windows into certain activities in the organisation. (P19, researcher)

Irrespective of the participants' professional backgrounds, the voluntary disclosure descriptions they gave all indicate that they are aware of the voluntary disclosure that companies provide in its various forms. It is worth noting here that the participants basically see voluntary disclosure as important because it complements the mandatory information. Thus, voluntary disclosure not only gives the companies economic benefits, but also helps the users of annual reports to evaluate the information provided in the annual reports.

Interestingly, various interviewees positioned voluntary disclosure as information that goes beyond the mandatory requirements; their definitions, therefore, seemed to echo those offered in previous studies (for example Sharma & Davey, 2013). Qu et al. (2013) contend that both preparers and users of annual reports are basically gaining economic benefits from the additional information provided in the annual reports. The belief that there is a benefit is based on the ability of voluntary disclosure features to support a country's capital market's sustainability through the provision of useful information (Qu et al., 2013).

This finding clearly indicates how stakeholders react to voluntary disclosure and how they may use the available information to secure future economic benefits. In arguing for the use of this additional information by stakeholders, the participants implicitly position themselves as seeing that information as important when it comes to making economic decisions.

Question 2: Do you agree that voluntary disclosure is important to other stakeholders rather than just investors?

The importance of voluntary disclosure.

The interview findings suggest that voluntary disclosure typically attracts a variety of stakeholders, especially investors, suppliers/creditors, employees and customers, when the stakeholders have an interest in engaging with certain business matters. This finding demonstrates that different stakeholders process the available voluntary disclosure in different ways according to their own self-interests. Here, the participants also expressed their views, from the economic perspective. For example, the following comments illustrate the types of stakeholders that might have an interest in the voluntary disclosure provided in a company's annual reports.

> Yes, it is important to other stakeholders. I think, of course, the first one is investors, other than that will be bankers, employees, your suppliers, and customers … they would like to know the profit trend of at least 5 years, so as to evaluate the strength of the company. (P24, professional body)

> Yes, voluntary disclosure is important for both shareholders and other stakeholders. The public, and other related agencies, and NGOs may need this information to complement mandatory information for them to assess and make wise economic decisions. (P16, services provider)

Consistent with previous studies in the area of voluntary disclosure (such as Ghazali & Weetman, 2006; Healy & Palepu, 2001), the interviewees viewed investors as the main stakeholders concerned about the companies' financial performance when it came to making current and/or future investment decisions. A similar view was also reported by Ghazali and Weetman (2006) who found that companies assumed that voluntary disclosure was important in gaining stakeholder confidence. Ghazali and Weetman (2006) also suggest that companies tend to use voluntary disclosure as a way to reduce any negative economic implications their companies may experience in response to stakeholders' reactions, particularly those of investors and analysts.

This finding indicates that, in the interviewees' opinion, voluntary disclosure is important to various external stakeholders. This finding is, therefore, consistent with the findings of Qu et al. (2013) in China, and Hossain and Hammami (2009) in Qatar, as well as those of Uyar and Kılıç (2012) in Turkey. Qu et al. (2013) suggest, for example, that the interest of stakeholders in listed companies can shape those companies' voluntary disclosure practices. Companies that are heavily regulated by regulatory bodies tend to improve the level of voluntary disclosure because of the demands from stakeholders such as creditors, financial analysts, and public investors. This finding also shows that information provided in the annual reports provides a primary mechanism for companies to document their companies' information, and inform the external stakeholders.

Economic implications.

The interviewees contended that voluntary disclosure can signify a company's market value and ability to undertake future business activities. Voluntary disclosure such as assessment of risks and community value of projects can create an economic impact measurement in the economic value chain. For example, analytical followers of companies that are highly attractive might be interested in their future undertakings. The participants thought that it is important for companies to provide more additional information voluntarily, as the information can be used to support the stakeholders' knowledge about the company's performance. Voluntary disclosure can indicate the companies' future operating performance for the analysts to evaluate, as the following comments show:

> For example, whether the company is eligible to raise either bond or sukuk[48] in some size … Obviously, we will look at the reports from the balance sheet and income statement but that is not enough. We also need to look at the voluntary disclosure information, and which project they are looking at in the future. (P40, fund manager)

> … someone who is assessing the risk of the company, they [annual reports users] would want to see more disclosure being given particularly on risk areas, to see how the company overcomes the risk or anticipates the risk so that the economic benefits can be predicted. (P29, analyst)

Drawing on their experiences, P40 and P29 suggested that voluntary disclosure information provides essential data that allows users to make economic decisions. These views also show that users of annual reports such as fund managers and analysts are among the primary external stakeholders and that they often assess the credibility of the information provided in the annual reports. In addition, this information is often used to assess potential performance which relates to the companies' future economic investment. This finding seems consistent with Bushman, Piotroski, et al. (2004), and Healy and Palepu (2001) who suggest that voluntary disclosure has economic implications in terms of companies' economic investment. Broberg et al. (2010), for example, argue that additional information such as credit rating in the companies' annual reports can represent additional information related to the level of debt ratio of the companies; it is, therefore, important for the stakeholders to have this information when they wish to assess the companies' position in the capital market.

On the one hand, analysis of the interviewees' comments indicated that the analysts and fund managers use voluntary disclosure information to interpret how an organisation matches its own capabilities with the opportunities in the marketplace, and also the risks involved in implementing its strategies and accomplishing its plans and objectives. On the other hand, it was also argued that the companies are aware that information provided within the annual reports can be used as an advantage for them to strategise their economic benefits such as increase in share price, increase in goodwill, and financing opportunities, whilst fulfilling the stakeholders' demands for voluntary disclosure for the purpose of economic

[48] Sukuk is the Arabic term for a financial investment certificate that complies with Islam's Shariah law. It can be seen as the Islamic equivalent of a bond. Sukuk are certificates that represent ownership in an asset.

investment decision-making. Therefore, voluntary disclosure exerts economic influence over the decision to provide voluntary disclosure in the annual reports (Al-Razeen & Karbhari, 2004; Stanton et al., 2004; Yuthas et al., 2002).

To create a certain public image.

The majority of the interviewees agreed that all companies want to differentiate themselves in many ways, and clearly show their existence in the capital market, be it domestic or international. It is, therefore, the interviewees argued, a manager's prerogative to provide voluntary disclosure that can shape the amount of information disclosed and thus differentiate one company from another. This finding signifies that one of the purposes of voluntary disclosure is to create good impressions of a company. In other words, voluntary disclosure can distinguish the companies within the marketplace. The participants argued that a certain group of companies in Malaysia provide voluntary disclosure for the purpose of image building and reputation enhancement. In so doing, their objective is to benchmark themselves as leaders in the market and to be recognised by current and prospective stakeholders. Three of the participants made this point:

> They report for images and reputation to be able [to] compare [themselves] with others. (P15, P16, P17, services provider)
>
> … good image and reputation that should translate in the capital market into appreciation for the companies. (P8, corporate finance advisor)
>
> … we need to gather the information [both mandatory and voluntary] and reflectively compare [with other companies] where we ourselves stand in that particular industry. If it [this information] were not disclosed, we would not know where we are, and where we stand. (P41, CEO, services provider)

This finding seems to support Armitage and Marston's (2008; 2000) idea that companies can voluntarily disclose to promote confidence amongst stakeholders, particularly the investors, and to create an image and reputation for openness in sharing information. Similarly, Belal and Owen's (2007) study in Bangladesh suggests that voluntary disclosure such as information relating to corporate social responsibility (CSR) is influenced by corporate image and that companies use this information to manage the stakeholders' perceptions for the companies' economic benefits.

Here, the interviewees implicitly expressed their agreement that the voluntary disclosure is a strategy that can impact the public perceptions of: a) the reputation that companies have built; b) how companies benchmark themselves against other corporations; and, c) how they go about projecting their corporate image. However, the view expressed by P41 shows that a company's reputation and image are created in combination with the overall context of the information provided in their annual reports. Furthermore, P41's opinion suggests that the core of the companies' reputation and image, when it comes to positioning themselves in the capital market, is dependent on the overall content of the voluntary disclosure rather than one focus area.

B. The current level of voluntary disclosure practices by Malaysian listed companies

Question 3. What do you think about the current level of voluntary disclosure in Malaysian listed companies' annual reports?

All the participants in the study believed that the current level of voluntary disclosure overall is improving, but that it remains at a low level. The majority of the participants expressed their frustration with the voluntary disclosure provided. One factor shaping this frustration is that the intention behind the information supplied by preparers impacts on the quality, nature, and usefulness of information for the reader. Furthermore, the types of voluntary disclosure items can be wide-ranging, which can lead to wide interpretation. As a result, the quality of information is impaired. One respondent indicated, "Companies are free to provide other relevant additional information that is useful, and provide clearer explanation to the users" (P38, regulator).

Although the majority of the interviewees agreed that voluntary disclosure reporting can enhance the companies' value in terms of the commercial aspects of the companies, some participants argued that the information disclosed may sometimes be inappropriate for stakeholders or be difficult for them to understand. The following comments provide examples:

> … the importance is the clarity, what kind of information is deemed pertinent to the stakeholders. (P35, analyst, government agency)

> … only relevant information should be disclosed in the annual reports, otherwise the unnecessary information can lead to misrepresentation, and wrong understanding that causes confusion to the stakeholders. (P39, media)

> … some of them make voluntary disclosure which is not relevant and has no impact on the companies' value overall. (P16, services provider)

For the participants, the aim of providing voluntary disclosure is to enhance the quality and the meaning of mandatory information provided within the annual reports. However, most of the participants in this study expressed their disappointment that the companies' strategy and reporting style limit the benefits of voluntary disclosure in terms of providing clear and useful information.

In terms of what constitutes useful disclosure content for stakeholders, the information should have a clear explanation on the item and useful data for interpretation, because users (i.e., the public) seek reliable and accountable organisations when making investment decisions, and when deciding whether to purchase goods or services. An example of an accountable organisation is one that has halal certification of the goods or products it provides to Muslims:

> … for example, the halal certification. The consumption of that particular product can significantly affect a company's position in the market and also the financial performance. (P16, services provider)

According to the interviewees, this qualitative characteristic (i.e., clear explanation) is important as it acts as a signal to the readers and informs them of the current and potential risks and benefits in economic decisions, and thus provides reassurance for stakeholders. For example, Ghazali and Weetman (2006) study in Malaysia found that a number of companies tended to focus on voluntary disclosure in order to gain stakeholders' confidence after the economic crisis in 1997. Ghazali and Weetman (2006) suggest that the disclosure of additional information can raise public trust and confidence in companies, especially when they are in a very competitive capital market.

In addition, this finding is also consistent with Adams (2002), and Stanton et al. (2004). It can be argued that the content and message conveyed within the voluntary disclosure must be objective and useful. Stanton et al. (2004) argue that the use of words, images, and the length of the voluntary disclosure reports can manipulate the readers' interpretation of particular information. In other words, the form in which a message is presented in the voluntary disclosure is often used to guide the stakeholders' interpretation of particular outcomes.

The interviewees also argued that, within the current voluntary disclosure practice, the nature of the information disclosed should represent the accountability and transparency of the manager providing the information voluntarily. As P40, and P22 commented:

> … companies are accountable to give to the public the true picture of the companies. (P40, fund manager)
>
> … depends on how accountable you are when making the decision on what kind of information to be included or disclosed in the annual reports. (P22, analyst)

These interviewees' thinking seems to agree with that of Adams (2002) who contends that the principle of the managers' accountability should underpin disclosure practices. Adams (2002) also argues that several features of voluntary disclosure, for example, the extensiveness of the reporting, its quality and quantity, its completeness, and critical analysis of the discussion, are crucial in establishing the preparers' accountability.

Here, the participants also highlighted the virtues of accountability and transparency when they put forward the idea that voluntary disclosure comes from the roles and responsibilities of the board of directors, something which is stated clearly in the Malaysia Companies Act and financial reporting standards. Indeed, the voluntary disclosure is expected to be objective and useful to users wanting to assess, and anticipate, the outcomes of the economic decisions they make based on the information provided.

Question 4: Does the information disclosed give a sufficient picture of the companies' nature and activities?

The majority of the interviewees expressed their feelings that the voluntary disclosure remains insufficient and that it falls below their expectation in certain areas. Two of the participants stated:

> The current level – it's not at a satisfactory level. (P21, analyst)

> As for the current level of voluntary disclosure, there is room for improvement, not for perfection, but improvement, enhancement towards expectation level. (P2, equity investor)

Those participants argued that it is important to improve every aspect of voluntary disclosure practices in order to increase the value and purpose of the voluntary disclosure practices of Malaysian companies. The comments made by P21 and P2 above reflect the extent of current voluntary disclosure in Malaysia.

For example, the finding that there is a need to improve the unsatisfactory level of voluntary disclosure seems to corroborate the content analysis result presented in chapter 6 (6.3.1), in that that finding shows a small change in the forward-looking and risk review information category. Irrespective of the ownership of a company in Malaysia, i.e., whether the listed company is family-controlled or nonfamily-controlled, these interviewees pointed out that the low level of voluntary disclosure can be categorised in two ways. The first category consists of voluntary disclosure that is confined to limited categories, while the second consists of voluntary disclosure that is confined to information that will provide shareholders with a positive view of a company's position.

(a) ***Confined to limited categories***. The companies that provided voluntary disclosure in their annual reports seem voluntarily to add information that is closely related to the mandatory disclosure requirements (Al-Razeen & Karbhari, 2004). As P23 commented, *"*The level of voluntary disclosure is at a satisfactory level but the disclosure is limited to financial statement [that is already mandated]*"* (P23, CEO, trading company). This comment signifies that the additional information disclosed voluntarily by the companies usually falls within the statutory requirements. An additional comment by P33 supports this point: "like Axiata, they disclosed more than what they should. But generally [it was] still subject to what Bursa Malaysia and Securities Commission want."

Companies tend to provide information about their achievement and their current operational activities. This information is often presented in the form of narrative, economic signs (i.e., percentage and rank), images, and qualitative statements about the companies' current project progress and investment, as well as operational and credit risks (which is also part of the Bursa Malaysia requirements) on future projects planned. One participant stated:

> As mentioned, the report must be supported by the historical figures or data, but the qualitative explanation or understanding of those must point to the direction of the future, not on the comprehensiveness of the existing business alone. People don't expect to have a report about how the company feels good about itself, nor a glamorous picture; instead they want to have a snapshot of your [sic] performance as well as your [sic] strategic future plan, product diversification, market entry into a different zone, future plans for collaboration and alliances. (P35, analyst)

Besides that, the interview participants also agreed that it would be safe for companies to disclose additional information related to statutory requirements. As P35 added:

> They know about voluntary disclosure but the question remains, subject to how much they want to use the information to strategise. Thus, it would be easier to report as required by the country or regulators. Not so much information is involved. (P35, analyst)

These participants believed that information that falls within the mandatory requirement is considered as neutral and safe for the companies to disclose. This finding suggests that companies are willing to provide information that is not market-sensitive, and has either moderate or no negative economic implications for the companies' performance in the capital market. In other words, companies are willing to provide voluntary disclosure when it seems safe to disclose the information. Two of the interviewees expressed their beliefs about disclosure in this area:

> … disclosure in respect to market, what they do to communities, such as charity support, scholarship for students, education, foundation … because it is safer than other types of information. (P27, researcher)

> … they would like to give the information as adequately as possible but not on sensitive areas. (P41, CEO, services provider)

In addition to confining disclosure to certain areas, in terms of the voluntary disclosure features, most of the information provided in the annual reports does not contain a full and clear description of the disclosed item. The information consists of general and superficial statements, and so is merely a statement of intent and a signalling that there is an intention to implement certain activities. Some companies tend to cover as much as they can in voluntary disclosure segments, but the level of such disclosure goes no further than basic description. One participant commented, "They just provide surface information for the sake of box ticking because competitors are doing so" (P14, services provider). Echoing this view, another participant commented:

> Basically what they are satisfying first, primarily, is the regulatory framework what needs disclosing, and above that also reporting to investors, the general investing public at large. (P8, analyst)

Saleh, Zulkifli, and Muhamad (2010), for example, found that voluntary disclosure provided by companies in Malaysia such as corporate social responsibility (CSR) information which is also a voluntary disclosure, is still limited to general information and qualitative statements. The findings from the interviews in this study, therefore, confirm prior studies such as Saleh et al. (2010), since they argue that disclosed information takes more narrative forms which do not contain economic signs and which are, in general, merely statements.

This finding also reflects the idea that companies provide voluntary disclosure because of the mandatory requirements to do so (such as listing purposes, bidding for government tender/contract, and borrowings) and also in response to peer pressure (i.e., external factors). According to Uyar and Kılıç (2012), companies tend to provide the mandatory information in order to fulfil the regulatory requirements so that they are able to satisfy their investors. The findings from this current study show that Malaysian companies also tend to react in the same way as companies in other emerging countries such as Turkey, since this finding reveals they need capital to finance high growth and respond to the intense competition for international capital in order to attract foreign investors.

While the interviewees commented that the voluntary disclosure level in Malaysia is limited to certain categories, all the participants seemed to view the additional information disclosed as being limited to good news only. The preparers expressed this view when speaking about the CSR information in the annual reports. Essentially, the relationship between external factors and voluntary disclosure which relates to only limited voluntary disclosure categories may lend empirical support to the aforementioned assumptions reported in previous studies such as Healy and Palepu (2001).

(b) ***Confined to information that presents a good outlook.*** The interview responses emphasised that corporate social responsibility (CSR) is the most commonly disclosed category. This is the case because CSR information is considered as information that can be used to create a positive impression of a company, for example, by portraying a convincing picture about the company's responsible use of resources, and underlining the contributions that the company has made to the community (Saleh et al., 2010). According to the majority of the participants, the aim of CSR voluntary disclosure is to raise stakeholders' recognition of the company. Their comments showed that much of the voluntary disclosure, particularly in the CSR category, is more likely to promote social engagement designed to build or maintain a company's reputation in a capital market than nondisclosure would. Consistent with this category type, almost all the participants agreed that the CSR category presents a good view of companies and informs the stakeholders about the contributions that have been made by the organisations. The following comments indicate some of the ways in which the participants viewed CSR disclosure:

> … for example CSR, this type of category of disclosure is likely, for a company, to create branding for recognition. (P38, Regulator)

> I think normally people will do it [disclose voluntarily] because of branding; for example, CSR. Why do you want to show that you are doing a lot on CSR? Because you want to be associated with something good, and create societal recognition. (P24, professional body)

> … other charitable works and money to be spent and shared with the public. … by sharing this information with shareholders, it should satisfy what they have done with the stakeholders' money. Stakeholders' money was spent for good deeds. For example, creating Yayasan (The Yayasan or Foundation), helping misfortunate people. So I think that would give satisfaction to the shareholders. (P41, CEO, services provider)

Previous studies such as Saleh et al. (2010), and Campbell (2007) document that disclosing CSR information is important as its reporting can show how companies act in socially responsible ways. These authors also suggest that there is still a lack of CSR disclosure in companies' annual reports and argue that this disclosure could help companies to attract new investment opportunities. These findings, therefore, indicate that companies in Malaysia should not overuse CSR disclosure simply to build reputation and image. Rather, this information should also be concerned with and focused on the credibility of CSR disclosure that represents the ethical behaviour of the companies.

In the participants' experience as users of annual reports, the voluntary disclosure practices can be poorly presented as a result of decisions made by managers. Managers tend to provide voluntary disclosure because it accords with their own interests rather than to provide objective and useful information, and they see such disclosure as a complement to the mandatory disclosure reporting in the annual reports. Thus, it can be concluded that the level of voluntary disclosure practices in the companies' annual reports is influenced by both internal and external factors. The first is that voluntary disclosure is optional for companies. When managers choose to disclose information voluntarily, the disclosure aims to complement the mandatory information and to attract more stakeholders' interest in their companies. The second is that, since it is done on a voluntary basis, both the reporting styles and information contained in the reports are dependent on the company managers' interests and their perceptions of the information provided. For these reasons, voluntary disclosure practices by Malaysian listed companies may be questionable, and may be influenced by certain corporate governance characteristics.

Question 5: Do you think voluntary disclosure in Malaysia is a new kind of reporting trend?

When the participants were asked about the current reporting trend in Malaysia, some agreed that the voluntary disclosure practices are no longer in their infancy. That said, they believed the transition from one phase to another has been quite slow. This notion seems consistent with the findings presented in chapter 6, where longitudinal study of companies in Malaysia showed small, positive, responsive changes in the voluntary disclosure practices. Conceding Malaysia is an emerging country, the participants believed that Malaysian social culture overall can influence the disclosure practice trends. One participant went further and suggested the country needs to encourage this change in society, and argued, "The society or stakeholders believe that the government and policy makers are responsible for initiating or developing disclosure responsibility through laws and regulation, and thus it's their responsibility instead of the society's" (P27, researcher).

One reason that might explain this situation is that the culture of a country shapes voluntary disclosure practices. For example, in the case of Tabung Haji, one of the interviewees stated, "It reflects on the interests of a society. For example, the news about Tabung Haji's[49] plans for property investment in Detroit, in the U.S. The news has triggered regrets and concerns by all Muslims who had kept their money in the pilgrim fund." This situation demonstrated that the significance of a society's culture (i.e., cultural sentiment) can be seen to contribute to the shaping of the voluntary disclosure practices. As Haniffa and Cooke (2002) argue, given that Malaysia is a developing country with an emerging market, factors such as ethnicity, religion, and language can contribute to the way the nation perceives accounting reporting and the voluntary disclosure practices.

In the context of cultural factors, this finding reflects similar views about cultural underpinnings of accounting practices in India and New Zealand (Mir et al., 2009). Mir et al. (2009) argue that disclosure practice cannot be free from either cultural influence or societal values resulting from globalisation. The cultural diversity of a country can contribute to the policies underlying financial reporting as well as the level of corporate information to be shared with the stakeholders. Mir et al. (2009), for example, found that the increase in formal education in Indian society along with the system for managing companies have resulted in growing levels in disclosure reporting. This finding, therefore, supports the idea that the more developed a society's culture, the better the level of voluntary disclosure practices will be, because the government is concerned about the relationship between these stakeholders' interests and the country's economic growth.

C. Factors and challenges for voluntary disclosure practices

Question 6: Looking at Malaysia's current economy and social phenomenon, what drives the companies to disclose information voluntarily?

The interview findings indicate that the regulatory bodies which enforce mandatory requirements are the main drivers for companies to disclose information voluntarily. Within this context, the majority of the participants believe that listed companies in Malaysia are more concerned about the authorities' requirements

[49] Tabung Haji is a government corporation that provides facilities for saving and investment, for the welfare of Muslims in relation to their pilgrimage to the Holy Land (Mecca).

rather than those of the society at large. The finding shows that government regulations, listing requirements, and industries' regulations can drive the companies to disclose additional information voluntarily. Pressure from society at large seems to have a subtle influence, particularly when companies have close relationships and dealings with the regulators or other authorities in the capital market. Over and above that, companies also consider the benefits that the company will get from the voluntary disclosure. For example, will the companies which disclose voluntarily gain greater long-term stability in the capital market than those which do not? As P8 commented:

> As a manager, the factors that drive me to disclose more are interrelated. What drives me to disclose information is due to expectations to meet the minimum requirement as far as the regulators are concerned, and as the industry practices are concerned, and a corporate responsible concern. (P8, corporate finance advisor)

Furthermore, P18 said:

> If the business feels that the society doesn't need the information and they are fine with the statutory disclosure that is already made compulsory by law, then they don't have the push factor to disclose. But I would say that the society also plays the role of actually showing the business owner that they need more than what is required to be disclosed, because the statutory requirement may not be enough for the society to make decisions and [it may] need a better picture. For example, how CSR-friendly are you; how employee-friendly are you; how environmentally friendly are you? Thus, these are probably some of the soft factors that an investor and society want to know (P18, regulator)

As already noted in chapter 3, the regulatory system of a country plays a vital role in shaping the voluntary disclosure practices. The absence of a well-organised regulatory system constitutes one of the challenges for voluntary disclosure practices. Since the business environment is growing and becoming globalised, the Malaysian government has to ensure a common regulatory corporate reporting framework for business activities. Bushman, Piotroski, et al. (2004), and Broberg et al. (2010) show that a country's regulatory system and framework can lead to increasing voluntary disclosure practices on the part of companies.

The findings from the interviewees' responses to question 6 suggest that Malaysia's regulatory system can be strengthened to facilitate and enhance the quality and/or level of the voluntary disclosure practices by companies. For example, government could plan long-term benefits for companies that provide voluntary disclosure, and the securities commission of Malaysia could consider establishing voluntary disclosure criteria that are beneficial in measuring the quality of the information and so help the annual reports users to assess the information.

Question 7: Why is the level of voluntary disclosure practices in Malaysia low?

The majority of the interviewees pointed out that several challenges may account for the low level of voluntary disclosure practice in Malaysia. These challenges include: (a) the preparers' fear of disclosing information that can be used against their companies; (b) a third party (vendor) being the preparer of annual reports; and, (c) the companies' ownership.

Managers' attitude.

One participant commented as follows:

> The biggest paranoia is that they [the family-controlled companies] don't want it [to disclose voluntarily] because of the competitors out there using the information against them and they can lose out against the competitors. Although this paranoia applies to all listed companies, it is about the level of paranoia. (P8, corporate finance advisor)

P8, a corporate finance advisor, agreed that revealing too much information will result in negative implications for the company itself. P8 commented that his advice would be:

> … do not disclose too much information because you [management] know that competitors can take it up and use it as a means against you [your company]. (P8, corporate finance advisor)

P8 highlights the damage that companies might suffer if certain unnecessary disclosures were to be made in their annual reports. This statement also reflects the need for managers to make wise decisions when providing additional information, as competitive behaviour exists among companies in Malaysia. Here, ironically, concern (i.e., fear) is positioned as a reason for providing less disclosure.

When managers tend to limit the information disclosed for fear of both their competitors and the reaction of external stakeholders, this fear can result in less disclosure. P19, who also stated his disappointment about the level of voluntary disclosure, said that low levels of voluntary disclosure are also a result of the organisation being concerned about the reaction of stakeholders and, especially, the reaction of investors, since they dislike negative or bad news. P19 commented:

> … that they [companies] prefer not to disclose or disclosed less is probably because they anticipate that information would reflect the society interest at large …. Although it [voluntary disclosure] creates an opportunity for them [the company], the information may create emotional resentment on the part of the public at large. (P19, researcher)

The interviewees believe that by providing other types of voluntary disclosure may show irregularities. Hence, providing that information might create a risk for them, and could trigger external parties to seek additional information on the company, information that then presents the company in a less positive light (see, Chau & Gray, 2010). Thus, in addition to crafting their companies' image and reputation through positive information, some managers might favour withholding private news in order to avoid or reduce any financial cost, political cost, or litigation costs that could result from providing too much additional information in their companies' annual reports.

The participants' insights that managers may fear damaging their companies through irregularities or disclosing too much information support the findings of Healy and Palepu (2001) who suggest that companies tend to disclose less or focus on disclosure related to other areas to protect their companies' performance. The findings of this study revealed that companies in Malaysia are concerned about their reputation and, thus, limit the disclosure of additional information because they believe that the authorities could penalise them for any irregularities in their business activities reporting.

Third party (vendor) as the preparer of annual reports.

The second challenge that may lead to low voluntary disclosure is the fact that companies usually appoint a third party vendor to provide the company's annual reports. This finding suggests that the facilities provided by third party vendors can result in the provision of insufficient information and in a lack of useful information that is specifically informative about the companies' overall performance. For example, some of the information produced by third party vendors tends to be generic in that it uses similar wording and format for a number of companies' annual reports. P23 expressed his belief that annual reports seem to be template-driven:

> Usually, from the party (vendor) that the company hired to prepare the annual reports, choices of presentation and format are usually presented to the company and most boards decide to use the same format they had used the previous year, as it is easy to produce. Save time and take the information. (P23, Trading company CEO)

Although the Malaysian Company's Act, 1965 does not specify the presentation format of annual reports, the information contained in the annual reports should be independent. It should vary from one company to another, and should also reflect the nature of the company and its activities. Hossain and Hammami (2009), who conducted their study in Qatar, also document that company law in Qatar also does not specify the format for a company's annual reports. The law does, however, specify that the information provided shall reflect a "true and fair view" of the state of the company.

The findings from the interviews show that the third party vendor engaged for annual reports preparation can lead to information discrepancies and/or annual reports' being template-driven. While third party vendor services do help companies in the preparation of their annual reports, these vendors should be aware of the importance of the information reported within the annual reports. In particular, the disadvantage of employing third party vendors lies in the fact that this practice can lead to other obstacles to companies' improving voluntary disclosure within their annual reports.

Company ownership.

Another challenge for companies to disclose voluntarily in annual reports suggested by the majority of the interviewees is a company's ownership type. P7, a services provider with a major listed company, said the following:

> Ownership of the company: probably that will be two things. First, I think family firms are not interested in disclosing so they are going to be as private as possible and do the minimum required. Unless that particular firm happens to be a very large firm or conglomerate, and that interest could be on the larger scale; their views in that sense will be more global. Their tendency or

> willingness to provide more information is higher compared to that of smaller ones. (P7, services provider)

A regulator explained:

> If the company is family-based, and controlled by family members, we seldom see disclosure in this company. Even though they are a large public company, they still maintain their secrecy and they don't like people to know a lot about the company. They only announce what is required by the law. They would like to keep it in their circle of controlling shareholders. (P34, regulator)

Although the family-controlled companies are publicly listed, the comments by P7 and P34 show that, for some reason, a company's ownership type is one of the inevitable challenges to voluntary disclosure practices within the annual reports. Participants highlighted a number of elements relating to family characteristics in the context of corporate governance, managers' culture, customs, and beliefs. In light of these challenges, factors contributing to the differences in the voluntary disclosure practices of family-controlled and nonfamily-controlled businesses were discussed with the participants. The findings in these areas are presented in the next section.

D. The differences in the voluntary disclosure practices of family-controlled and nonfamily-controlled companies

Question 8: Do you think there will be differences in the voluntary disclosure practices of family-controlled companies and those of other companies?

During the interviews, a number of participants agreed that family-controlled companies have a different approach and style in their voluntary disclosure practices. The majority of the participants agreed that the level of voluntary disclosure practices in family-controlled companies is different from that in other types of companies. P40, an analyst, gave one example of when he had to request more information from companies for issuance of bonds or sukuk[50]. According to P40:

> When it is a family business, they refuse to disclose more because it is not mandatory. But some investors want to examine the share structure in line with the standard. So when they were told that

[50] Sukuk is a form of Islamic financing instrument. It is also known as 'bond' in conventional terms.

> such information is a requirement for share structure, then they will provide it. But then we always find a couple of things that normally are hidden by the family-controlled companies. (P40, fund manager)

In particular, sharing information with nonfamily members is perceived to have a detrimental impact on a company's survival and a family's control rights. An analyst, P1, expressed his view as follows:

> But, for a family-controlled company, which is also sharing the company with other investors, they [family owners] have this fiduciary obligation to ensure that the company can really be a going concern. So they need to be very careful in choosing what they plan to disclose. (P1, analyst)

P1's statement reveals that the combination of ownership and control in family businesses, and being selective about the choice of voluntary disclosure in their annual reports, can be advantageous for this type of company. As noted in P1's statement, the protection of the company's wealth and information can be safeguarded, since the family members determine and control the important business decisions. P1's observation is, therefore, consistent to Villalonga and Amit (2006, p. 410) who suggest that, in relation to voluntary disclosure, a company's value is dependent on the company's corporate governance system. Villalonga and Amit (2006) suggest that the combination of family ownership, control, and management in a company can shape the board of directors' decision on voluntary disclosure, and that this information can have an impact in line with a company's value. In this case, Villalonga and Amit (2006) contended that family-controlled companies are more likely to be selective about disclosure to counter any reverse causality interpretation on the part of stakeholders.

While some participants placed the unwillingness of family businesses to share information within the context of ownership and control, others contended that some family-controlled companies have made an effort to provide voluntary disclosure, and are progressing towards internationalisation (i.e., globalisation) processes and markets.

> Family-controlled, sometimes they don't really happen as what we expected (i.e., less disclosure, or less transparency); for example QL is a family business and [it] disclosed information at quite an acceptable level …. Yes, there are companies reluctant

> to disclose more in their annual report, but some of the good ones do disclose information voluntarily. (P13, government agency)
>
> They [family businesses] are at the global standards. They [family businesses] are aware of what needs to be disclosed and how disclosing this information has [an] impact … The trend of voluntary disclosure – it's developing and in fashion. (P8, corporate finance advisor)

In defining the differences in the voluntary disclosure practices of family-controlled and nonfamily-controlled companies, the findings for Question 8 show mixed opinions with these being based on the participants' experience in using companies' annual reports. It was found that not all family-controlled firms adhere solely to their traditional business principles and concepts based on family values[51]. As these companies' business operations and reporting are governed by financial institutions and regulators such as the Malaysia Securities Commission and Bursa Malaysia, abiding by this notion seems to motivate some family-controlled companies to move forward for better disclosure reporting. Thus, interview data suggested that some family-controlled companies seem to have shifted away from their traditional focus, which was mainly on profit, to now providing more voluntary disclosure. At the same time, the interviewees indicated that these family businesses are also constructing their business management identity, since they have the privilege of being able to control the type of information to be disclosed.

Some comments made by P13 and P8 show that they shared a common experience. It can be inferred from their statements that, regardless of the fact that the companies they referred to were family-controlled, these interviewees agreed that, in principle, diverse other factors which are likely to impact on any competitive nonfamily-controlled company, for instance, the manager's background and characteristics in relation to norms and beliefs, family upbringing, education, and professionalism, will influence the voluntary disclosure practices. Nevertheless, when questioned further these interviewees both agreed that the differences in voluntary disclosure are actually rooted in the individuals who sit on the companies' board of directors, because, when making a decision to disclose additional information, the board members will decide what best meets their interests, first as

[51] Eventually, the stakeholders construct the views by taking consideration of two basic models of corporate governance in emerging countries: the "market-based" model (i.e., maximising the shareholders' value), and the "relationship-model" (i.e., maximisation of the interests of a broader group of stakeholders).

the owners and controllers of the company, or second, as stewards who manage the company in the best interest of others too. Given that the aim of this thesis is to seek out the differences that lead to low voluntary disclosure practice by family-controlled companies, several factors which the interviewees highlighted are presented below.

The family-controlled companies and voluntary disclosure practice.

Throughout the interviews, the participants commented on common elements that represent family-controlled companies[52]. Consistent with the ownership factor, the culture within the family, and the family's business tradition formed the primary foundation for their voluntary disclosure practice within their business operation. The family-controlled company is seen as an entity which is different from other types of companies, because the direction of family-controlled companies relies on the founder/owner or the successor's business and entrepreneurial style. This self-direction element often relates to the level of openness of the individual, either for sharing or for change. As one participants put it:

> For me to ensure that my company [family business] would live healthily for the next 25 years, there are things that I will not share with others. (P1, analyst).

Here, positioning himself as a business owner, P1 emphasises that in directing his business, namely its objectives and vision, he would follow his own business philosophy, and that the same principle should apply in sharing information with external parties. The main concern with regard to disclosure, and to this business philosophy of self-direction, is often related to the owner's motivation, which is the long-term survival of the company. The strength of business motivation can be used as a continuous factor for the family business' continuous direction, as noted by one of the participants:

> … if you look at [an] entrepreneur-driven company, say [a] family-oriented business, the only mantra is about survival. (P8, corporate finance advisor)

When P8 mentioned that the objective of his family business is survival, he also added that this family business has to ensure that it is also making profit so that it

[52] The family-controlled companies identified by the stakeholders during the interview were described as founding-family-controlled, ownership and management by founder and extended family, and ownership by extended family (third and later generations).

can grow. Once more, the objective of remaining as a family business is the main focus. This situation also demonstrates that the owner of the family business gives a higher priority for his own interest over those of external parties. However, while this does not mean his duty as a director is breached, it does mean greater focus on the primary objective that the director needs to fulfil, and on ensuring the existence of the business so that the company can meet the other stakeholders' demands, particularly on investment return.

One way to ensure that family businesses will continue in the longer term is through showing their financial strength in the capital market. This view also supports an argument made by Hutton (2007) who contends that family-controlled companies tend to provide more financial or earnings disclosures in order to signal the company's future positive cash flow. This notion is also consistent with the statistical findings in chapter 6 of this thesis, where it was found that the financial information category is frequently disclosed in the family-controlled companies investigated in this study.

Along with the voluntary disclosure practices of family businesses, it is important to highlight that these companies can be willing to share information. That sharing, however, can be subject to the extent of the family's business relationship with stakeholders. An equity investor commented:

> Those [family-controlled companies] who have a strong link with the shareholders, then they are more inclined to disclose more, to maintain market share, competency, trust, and support to expand their market share but not for those who are a little bit away from the shareholder touch, so they don't feel that they are under pressure to meet the needs of stakeholders. (P2, equity investor)

Another participant stated:

> But if you own 75% of family-owned shares in the company and you are not looking to extend the company beyond the borders, if your particular business is not economically impactful, and has no interest to grow beyond what you have right now and you're just hanging on to your shareholders [family members] as they are, nobody making the fuss, nobody asking more, then you are not going to do disclosure because, especially if it has been fine for the last few years, why change when you do not have to? (P7, services provider)

This notion, and comments from participants, demonstrate the link between the willingness of family-controlled companies to share information and the interplay between with the stakeholders' demands and the amount of information these companies disclose so that both parties can gain mutual benefits. As noted in chapter 3 of the thesis, their interactions with stakeholders can be seen as a reason for family businesses to provide voluntary disclosure. As Chen et al. (2008) suggest, family-controlled companies often act in their own best interests. That said, voluntary disclosure does not necessarily show that the level of information asymmetry is low in family-controlled companies, because companies may see the importance of reducing risks in the interest of society and other stakeholders in order to reduce the levels of uncertainty over their companies' performance. This finding seems to support Chen et al. (2008) finding that family-controlled companies are also similar to other types of ownership which tend to use disclosure as a mechanism to control the amount of information shared with external stakeholders. This result suggests that family-controlled companies would not respond to calls for more additional information if there were no pressure for them to disclose.

The relationship between the board of directors' role and the level of voluntary disclosure seems to include the individuals' interactions and informal norms in shaping the actual practice of doing things that are reflected in regulations (Gibbins, Richardson, & Waterhouse, 1990; Gómez-Mejía et al., 2007). With regard to the management aspect, some participants associated the board of directors' attitude towards voluntary disclosure decisions with cultural factors such as family business customs, ethnicity, religion, and the beliefs of an individual. P8 voiced his belief that family businesses, compared to other types of ownership, involve a different entrepreneurial concept.

> I suppose, an entrepreneur-driven, family company, the culture [the way they manage business] is vastly different … the only mantra is about survival. They are making sure that they are making profits, to grow. (P8, analyst)

P8 reflected on his experience in dealing with family-controlled companies. P8 had found that the process of dealing with family-controlled companies and their sharing of information with external parties is different in terms of their concern with business continuity and performance in the capital market. Maintaining the family business concept and success are important, because these elements are seen by the family to reduce the probability of business failure. Md Zabid and Ibrahim (2002) contend that a family business is more likely to maintain its social tradition in every aspect of life. Drawing on P8's experience and previous studies, one possible factor in retaining the family business concept is the trust factor between family members and the fact that their objective is to ensure and maintain the company's existence in the capital market for as long as possible. As noted by P8, the only 'mantra' or principle that the company has is its ability to survive and exist in the capital market through continuously making profit. Therefore, family trust and the family relationship are the core elements that sustain the company's long-term existence in the capital market so that the company can continue to make profit.

The influence of family tradition.

The way in which tradition affects the concept of the family business is often related to a manager's upbringing. This upbringing often relates to the traditions that have been upheld by a family. P7 commented:

> Family firms have [their] own successful line. Your [family firm's] next generation comes up … they [family firms] have a different vision for the company to grow. (P7, services provider)

P7's statement shows that, in carrying out their businesses' operational activities, family-controlled companies have different forms of management ideas and objectives. The family-controlled companies can be seen as an ownership type that has a positive entrepreneurial culture which basically must maintain the stability of the family business in the capital market or industry. Interestingly, in Malaysia, Md Zabid and Ibrahim (2002) contend that family control and upbringing can influence the managers' attitude towards corporate disclosure reporting. Applying this notion to the family business, the family's control and upbringing can be influential factors in determining the individuals' (i.e., managers') attitudes towards the management style that has been followed in a family-controlled company (Zahra et al., 2004). Along the same lines, Haniffa and Cooke (2002) argue that social tradition refers to customs that have been practised by a nation. Since the traditions have become instilled in people, tradition can, therefore, explain their attitudes on certain matters.

The above statements are also supported by Wang (2006) who argues that family-controlled companies are more focused on the importance of passing the company on to subsequent generations and concerns over the reputation of the family and the company. Consistent with previous studies on cultural elements, the interviewees seemed to agree that, to ensure future stability, a family business also has greater commitment and devotion to the business' goal(s) and objective(s) (see also Chen et al., 2008). Chen et al. (2008) found that family-controlled companies have a greater commitment to the company because of the family's longer investment timeline – the family tends to hold shares for generations. Chen et al. (2008) also contend that the active involvement of the family members in the management can influence the level of voluntary disclosure practices.

Another contributing factor in maintaining control is through the family members' competencies to execute the business operation and so continue their family's business concept and tradition. The findings revealed that one of the ways the managers' competencies can influence the level of voluntary disclosure in the companies' annual reports comes through the generations the family members belong to. Each generation can impose different interests, management styles, and objectives on the family firms (Haniffa & Cooke, 2002). With regard to cultural characteristics, education, and competencies, these can also refer to one's learned traditions and lifestyles, which include shaping the way of thinking, feeling, and acting. As P38 states:

> Knowledge and professionalism play a part in voluntary disclosure. The young generation's level of education is supposed to be better with voluntary disclosure. But in terms of attitudes, they are different. This is because, their attitude notwithstanding, they should see no problem to disclose more information. Unless they have something to hide. Education is the essence of professionalism. (P38, regulator)

Danes, Lee, Stafford, and Heck (2008) suggest that a family manager is an individual often influenced by family culture through the interaction of the family's members and their communities. This environment emanates from the family values and beliefs that pattern these interactions. This notion also supports the findings in chapter 6 of this study that show the characteristics of the generations (i.e., hierarchical and multigenerational) of the family members who sit on the board of directors of the company influence the decision for disclosure. This finding shows that the interactions between family members from different generations have an effect on their approach to managing the business. Within family-controlled companies' governance, the family members' characteristics can differ in terms of the age of the members, whether the company is run by the founder or by a later generation, the education background of the members, and the different positions and authority the family members hold in the company (Miller & Breton-Miller, 2011). These elements, therefore, can include intergenerational interaction patterns, personalities, and experiences. An example that highlighted the differences between young and older family members is found in the following statement. P11, a business owner, remarked:

> Basically old companies may have the older generation running the companies. If you look at today's young market leaders, they are more open-minded and into Western culture instead of the Eastern culture, which has resulted to various management styles …. Now what are they [the family owner/founder] concerned about is who can serve the company best and who is the best to serve [lead and control] the company. (P11, provider of goods and services)

P11's statement confirms that the education and lifestyles of the family members play a major role in making decisions about voluntary disclosure reporting. P11's comment implies that traditional family values and the education received by the different generations have a great influence in the family business. Here, when the founder or older generation is considering passing on the business legacy, the preparedness of the new generation to run the company is important. The leaders of the family business will usually assess the competency of the family members in terms of their personality and emotional relationship (Miller & Breton-Miller, 2011). These factors can determine the family-controlled companies' strategies and governance, and eventually affect the voluntary disclosure reporting practices. At the same time, the younger generation is viewed as open-minded and more likely to follow current reporting environment trends and demands because most of these younger people have studied abroad and are familiar with voluntary disclosure reporting trends.

While the younger generation is acknowledged to be broad-minded and familiar with Western reporting styles, some participants argued that the differences in the generations within a family business can lead to tension between them. The younger generation are basically ready to run their business at the same pace as other large companies in the market. By contrast, the older generation remain concerned about their conservative views, which centre on profit growth and continuously operating in the market.

> In terms of family generation, the younger generation will follow the demand in order to be a success in the market. The younger generation have fresh ideas, more exposure because they have new knowledge, yet the old generation or family member are still important. This is because the older generation is more concerned about financial and relationship elements as a success factor. However, the drawback about this legacy is the family members tend to have closed minds. They don't see things broadly and rely on traditional ways instead of the modern ways. Although technology is good, they still prefer to use the old way and don't want to change to the new system for continuous legacy and profit. But the younger generation often wants to change. Therefore, we can see that there is a conflict between family members. (P39, media)

Tradition is an inherent part of longevity and the younger generation must know how to combine and balance the businesses' traditions, and how to progress through competitive advantage (Amran & Ahmad, 2009; Danes et al., 2008). Analysis here shows that the family businesses, regardless of which generation is in charge, are more conservative in their corporate strategies and do not adapt to changes as other companies do, particularly when it comes to spending their resources (financial and employee resources) on additional disclosure. The family companies are often leveraging longevity with modernity and flexibility. According to P18, the younger generation's decision on voluntary disclosure may differ from that of the older generation because, in order to correspond to both the family and the external stakeholders' interest, the younger generation's personality and emotional factors encompass a wider perspective. As a result, the voluntary disclosure provided by this younger generation is believed to be different on certain matters. For that reason, P18 stated:

> Last time, during the founder's time, CSR is just simply additional information that is not pertinent, and then it comes to the next generation CSR has become important to measure the sustainability of the business. And then, under this new generation, voluntary disclosure is used not only for business sustainability, but also used for the business venture purposes. I suppose it is a different mind-set from the founder because the founder came about and started out the company; it's more on focusing on one type of business. Whereas when it comes to the new generation, manning the company, you [young generation]

> are more venturing into other business, how to diversify their income and how to do other things for better branding like CSR, how they are supposed to support the environmental exercise … not just pumping out on profits but also the image, branding, and how they want to go international. (P18, regulator)

The statement above implies that as part of the multigenerational family life-cycle the hierarchical element in the family business continues to determine thinking and behaviour. This notion also supports Danes et al. (2008) assumption that the older generation remains involved in the family's key decision-making team because of the culture of respect for the elderly that continues to exist in certain ethnic groups. One reason that can explain this factor is that Eastern culture remains central to the country's society (see Danes et al., 2008).

Question 9: Does culture play a role in business? If so, how?

Haniffa and Cooke (2002, 2005) suggest that culture is constructed through socially learned and acquired traditions and lifestyles of the members of a society. These shape their way of thinking, feeling, and acting. In general, companies' managers perform the same functions when shaping a company's culture, but the way they do it could be different because they may be affected by their own tradition, history, values, and beliefs. These elements are usually a result of the managers' ethnicity, religion and education. In other words, ethnicity, religion and education construct a society's culture. In the same vein, Muniandy and Ali (2012) add that culture influences the quality of financial reporting practices in Malaysia.

These insights of Haniffa and Cooke (2002, 2005), and Muniandy and Ali (2012) underpin the current study of voluntary disclosure practices. Findings from the interviews revealed that cultural elements such as ethnicity, religion, education, and professional background are interrelated. In particular, ethnicity and religion were often regarded as a discrete factor. The external stakeholders believe the current business environment is moving towards a broader and more global outlook, and believe this phenomenon can limit the board of directors' decision on the control of information with regard to any material released to the public. The majority of the interviewees explained how these cultural factors are interrelated, and remain in the family-controlled companies, and ultimately affect their decision on making voluntary disclosure. Findings from this question are presented as follows.

The influence of ethnicity.

Ethnicity, which is also a cultural factor, is among the key influences that can shape the family-controlled companies' voluntary disclosure practices. Here, it is also important to acknowledge that the majority of the family-controlled companies listed on the top Malaysia Stock Exchange are Chinese. In Malaysia, studies by Haniffa and Cooke (2002, 2005), Muniandy and Ali (2012), and Hashim (2012) found that ethnicity can differentiate the way companies' managers think about their business operation and management, and this factor might include voluntary disclosure. When asked about ethnicity, the interviewees most frequently gave examples of Chinese ethnicity as a cultural factor. One participant gave his view as follows:

> For Chinese family companies, they see business as a battle. And because of that, they are less inclined to disclose information, unless it is useful to them. So it has to be something that is useful, then they will disclose. (P27, researcher)

P27 expressed his concern about the way the managers of family-controlled companies perceived external stakeholders when sharing information, and dealing with them. Almost all of the participants acknowledged that Chinese family businesses are likely to create relationships and trust within their own ethnic circle. In addition, the majority of the participants agreed that this relationship and trust have limited the degree of willingness of these family-controlled companies to share their company information through voluntary disclosure reporting

A comment by P21, an analyst, also showed that the close relationships that exist within the family business can result in limited voluntary disclosure, since the decisions on any business matter are discussed among family members only:

> Because the business is family-owned, every discussion and decision made is sufficient by having a family meeting [will do]. So they don't really need to disclose more. (P21, analyst)

P21 feels family ties, or the relationship in terms of the business matters and management, represent a dominant influential factor in their decision-making. Although official meetings are conducted in the office, certain business matters that need detailed attention would definitely be discussed among family members. In addition, another participant, P36, commented:

> For a family business – decisions can be made anytime and anywhere, and they concern my [the owner's] family … Although my wife is not directly involved in the business, it still matters what she says, and it does matter what my son thinks, whether to take this project or not. This attitude reflects how much information is disclosed and how a decision is being made outside the boardroom. (P36, researcher)

Ramasamy, Ting, and Ling (2007) contend that the Chinese businesses in Malaysia are known as large, prudent, and long-term orientated companies. Regardless of which family generations sit on their board, these companies are often regarded as successful but cautious in sharing information with others (Ramasamy et al., 2007). In addition, as cited by Rashid and Ho (2003), the Chinese appear to be diligent, pragmatic, family-oriented, prosperous, harmonious, and willing to take risks in business. As noted earlier, the Chinese regard trust highly in the establishment and maintenance of good relationships (Ramasamy et al., 2007; Rashid & Ho, 2003, p. 77).

This finding seems to show that the Chinese family-controlled companies in Malaysia are seen as an entity with a collectivist characteristic that often avoids sharing company information with unrelated parties. This conclusion is drawn because they often work closely with family members, employees, and other business partners of their own ethnicity. In addition, by making a close relationship with family members and ethnicity a priority, these factors are consequently seen to shape the managers' decision on voluntary disclosure practice.

The influence of religious belief, knowledge and professionalism.

The inclusion of a question about the religious[53] beliefs of family-controlled companies and their influence on accountability led a number of participants to share their opinions and experiences. P36 offered her view on the interface between individuals, family characteristics, and being accountable and transparent in family business activities. The family's religious belief was found to be one of the vital factors that shape the accountability and transparency of the family business. As P36 put it:

> The religious teaching is the most important factor. Belief in God is important. This situation can be seen in the family itself, for example, among the siblings, among employees, and how they

[53] Religious belief falls under the cultural factor. Religion is also interrelated with ethnicity in this thesis.

> [family and employees] are arguing unethical action by the family members in using the company's money. And also family in the US, the family are Jewish, very stern Jewish, are doing very well in their business. The values and the culture that are embedded in the organisation are carried from the family itself, carved by that religion. (P36, researcher)

According to P24 and P12:

> An individual's belief and principles have to do with it, not ethnicity per se. (P24, professional body)

> I think managers' culture, norms, and beliefs do contribute to the willingness to provide additional disclosure. Of course, the other part is the market place. If the market expects more, then I think people naturally respond to that, but if the market doesn't care, then, of course, nobody bothers to disclose. Culture plays a significant role in making decisions because right and wrong is determined more by culture than anything else — ethical virtue. (P12, regulator)

In contrast, one participant expressed her view on religious influence as follows:

> I think when it comes to CSR information any religion or ethnicity will have similar beliefs and direction, including disclosing information. Sometimes, maybe Muslim companies, tend to reveal information like zakat[54] and waqf [55](or what relates to CSR) more compared to other ethnicities, but I can't deny that other religions or ethnicity also have the awareness on CSR, except that in Islam it is more. As for other forms of information such as risk, financial, or general information, that would be the same regardless of their religion and ethnicity. (P10, financial provider)

The findings from these interviews revealed that, to a certain extent, the influence of religion is associated with the level of voluntary disclosure practice by family-controlled companies. The interviewees implied that managers' beliefs, which also represent their ethical values, can influence the amount of information disclosed on certain voluntary disclosure categories. However, these comments ultimately show that the influence of religious belief is usually complemented by the individual's education and professional background too.

In the case of P36 and P24's comments, their statements imply that they think that individual professionalism and religious beliefs can shape the voluntary disclosure

[54] Zakat is a form of taxation based on Islamic Shariah law.
[55] Waqf is a voluntary act of charity for a general or specific cause that Islam regards as socially beneficial– charitable spending.

reporting style, as (Haniffa & Cooke, 2005) assert. The Malaysian managers cited in Haniffa and Cooke (2005) study are influenced by norms and beliefs, education, and the type of organisation they work for, thus reflecting the influence family-controlled companies' managers' beliefs, thoughts, and the execution of their responsibility for the organisation they work for. Haniffa and Cooke (2005) contend culture, in terms of ethnicity (i.e., including the religious element), and education are among the influential factors for voluntary disclosure style. This notion was also implied when P21 stated, "Some cultures [ethnicities] that value truthfulness and transparency may favour more voluntary disclosure." Thus, ethnicity, religious belief, education, and professionalism factors seem to support the way the family members manage their business activities.

8.4 Reflection on the findings

The findings reveal that there is wide variation in the participants' interpretation of and opinion on voluntary disclosure practice due to its not being regulated. A number of the participants tended to use different expressions for voluntary disclosure. These were influenced by their own way of thinking which was based on both the characteristics of their professional background and how they utilise and interpret the information in the annual reports. Ultimately, regardless of the different groups of stakeholders, the participants in this study interpret voluntary disclosure as information disclosed voluntarily and not regulated by any statutory laws.

Furthermore, the findings reveal that all of the participants have similar views on the growth of the level of voluntary disclosure in the companies' annual reports. They were all in agreement that voluntary disclosure in Malaysia is growing, but that it remains at a low level, and they emphasised the need for further improvement. They agreed that the content of the information disclosed voluntarily is deemed insufficient because reporting such disclosure is likely to be superficial, with limited or no substantial explanation on the matters disclosed. As a result, such disclosure requires stakeholders to use alternative or additional information to assess the company.

Ownership type and reputation are the main concerns contributing to the low level of voluntary disclosure. A number of the participants, namely the corporate advisors, business owners, and those in government agencies argued that, regardless of the companies' ownership type, only large and reputable companies can afford to provide more voluntary disclosure. In this context, operational cost seems to be an issue for all types of companies when making decisions regarding voluntary disclosure. Interestingly, all the participants were of the opinion that proprietary cost that can affect the company's reputation, rather than the monetary cost, may have a greater impact on the companies' performance. However, from the financial reporting perspective, all of the participants agreed that the level of voluntary disclosure is mainly determined by the major controller of the company, and so refers to the ownership of the company.

The interviewees agreed that family-controlled companies tend to have less voluntary disclosure in their annual reports. However, from the regulators and business owners' perspectives, the family-controlled companies have made a great effort to provide additional information, beyond what is mandatory, voluntarily. They believe that whatever is disclosed beyond the mandatory requirement reflects a positive attitude on the part of annual report preparers. Ultimately, all the participants gave several reasons to account for differences in the level of voluntary disclosure in the family-controlled companies. These related to ownership factors and the nature of family control. Elements inherent in the way the companies are controlled, and related management factors, are also seen to be among the factors that contribute to the differences in disclosure practices. Given almost all the family-controlled companies in this study that are listed on the main board with high market value are Chinese-owned, it is contended that ethnicity still impacts modestly, in terms of cultural characteristics and values, on providing additional information voluntarily. As noted earlier, irrespective of the ethnicity of the family businesses' ownership, the voluntary disclosure practices by listed family-controlled companies are evolving. One reason for this change in reporting is that these companies are also considering embracing internationalisation in order to expand their businesses, particularly those operating within a diversified industry.

The findings also reveal that the attitudes of the preparers and interview participants are restricted to matters that conform to profit and performance. The nonfamily-controlled companies tend to provide more profit and performance voluntary disclosure compared to family-controlled companies for several reason, namely nonfamily-controlled companies have no one major controller and are not owned by an individual. They have more institutional shareholders, and government connections (also known as political relationships) (Akhtaruddin et al., 2009; Hutchinson et al., 2009). The political relationships are evidenced by the presence of the independent executive directors who are Bumiputera and have considerable influence in certain government ministries. Hutchinson et al. (2009) contend that racial diversification and the Malaysian government's policy on Bumiputera participation in the country's economy could be one reason for the existence of politically connected companies. Most participants in this study believed that these companies are expected to have more positive attitudes in providing more voluntary disclosure compared to family-controlled companies. They also believe that initiatives for better information flows in the capital market lie in the hands of government and regulators. The government and regulators are deemed to be the bodies responsible for improving the supply of voluntary disclosure through laws and regulation for all types of companies.

Overall, the findings show that voluntary disclosure practices are market-driven. Globalisation and local structures such as historical and individual cultural influences are among the elements that can have an impact on the behaviours of preparers and stakeholders in Malaysia. They, subsequently, shape the level of voluntary disclosure in this context. For example, pressure from regulators in the form of regulations and best practices, and the stakeholders' demand for accountability through certification such as halal status certification can induce the preparers to disclose more voluntary information. As noted earlier, a number of participants argued that when a company disclosed less information, stakeholders were likely to seek answers, and that this situation resulted in the company incurring additional cost to produce such information. Therefore, the content of voluntary disclosure should be appropriately guided so that it is acceptable to both stakeholders and preparers.

8.5 Summary

This chapter represents the final stage of the current study which focused on investigating the voluntary disclosure practices by Malaysian listed family-controlled companies. The chapter presented an overall view of the voluntary disclosure context through the corporate managers' (i.e., stakeholders') lenses. The analysis was accomplished by identifying the current environment of voluntary disclosure practices in Malaysia, particularly in family-controlled companies. A number of the study's participants pointed out that the level of voluntary disclosure by family-controlled companies is largely influenced by the individual and/or family ownership and inheritance factors. As mentioned in chapter 4, Atlas.ti software was utilised to transcribe the interview data and create themes in relation to the voluntary disclosure practice characteristics in Malaysia. These were then justified in the form of arguments and supported by relevant evidence. Reflection on the findings indicated the motives behind the current voluntary disclosure practices by Malaysian listed companies, and also what is needed to enhance the level of voluntary disclosure practices.

Further discussions and the implications of this current study will be presented in chapter 9. That chapter will discuss the relationship between the findings in chapters 6, 7, and 8, in order to develop a voluntary disclosure best practice framework for Malaysian listed family-controlled companies.

CHAPTER NINE

DISCUSSION OF OVERALL FINDINGS

9.1 Introduction

This chapter reflects on the main findings of the research in terms of a) their contributions to the development of a best practices voluntary disclosure framework, b) the level of voluntary disclosure practices in Malaysia, and, c) the factors contributing to differences in the level of voluntary disclosure practice. The chapter first presents the results of the quantitative and qualitative data, and then considers how they have contributed to meeting the research objectives. In addition, this chapter presents the emergent voluntary disclosure model for Malaysian companies; the attributes of family-controlled companies; and, the driving forces behind the decision-making on voluntary disclosure in the annual reports of such companies.

Section 9.2 returns to the discussion of the development of a best practices voluntary disclosure framework which was first presented in chapter 5. Section 9.3 sets out the current level of voluntary disclosure practices in Malaysia, before discussing the association between company attributes and the level of voluntary disclosure practices. Thereafter, section 9.3 moves to a discussion of the findings from the study's sample of annual report users and preparers, in order to consider in detail factors that cause the differences between family-controlled and nonfamily-controlled companies' voluntary disclosure practices. Some personal views on how certain enhancement can be made to promote voluntary disclosure among companies in Malaysia are then offered. Section 9.4 looks at the implications for practice in terms of mechanisms that can drive voluntary disclosure practices in Malaysia, while section 9.5 summarises the chapter.

9.2 Discussion of the development of a best practices voluntary disclosure framework

This section reflects on the outcomes of the Delphi process and the contribution to knowledge this research makes in terms of its methodology. As stated previously in chapter 5, it was important to develop a voluntary disclosure index in this study. Creating this index involved several key phases including: research preparation;

data collection and analysis; and, results interpretation. It is also worth noting here that this study's findings on a voluntary disclosure index instrument support previous studies such as Coy and Dixon (2004), Beattie et al. (2004), and Campbell and Abdul Rahman (2010). For example, Campbell and Abdul Rahman (2010) suggest that a disclosure index with a proper content analysis scoring system is capable of capturing the information's meaning. To summarise, the research findings in that section concluded that:

a. Expectation of voluntary disclosure items can vary in many ways, depending on how the annual report preparers think their stakeholders and/or users perceive the meaning and usefulness of the information in terms of their economic decision-making.

b. Financial information is the main voluntary disclosure category, followed by the forward-looking and risk review management category.

c. The presentation of nonnarrative information in monetary, unit, or percentage form is likely to be an important form of voluntary disclosure.

d. In terms of methods, the content analysis scoring process is understood to be a research approach that can incorporate ways to measure the importance of the voluntary disclosure items in the annual reports.

The first of these findings signifies that voluntary disclosure items can be varied depending on the types of stakeholder identified as relevant and the ways in which these items can assist them with their economic-related decision-making. In relation to disclosure quality, useful voluntary disclosure should contain rich and meaningful additional information. This information must be presented as facts that can be expressed and/or indicated in a meaningful manner, for example, financial value, and not as mere perception or impression (Campbell & Abdul Rahman, 2010). In particular, the importance of voluntary disclosure reporting across entities can differ as a result of a country's financial reporting regulations, and its company law regime. For instance, companies situated in emerging countries tend to emphasise their governance and operational transparency disclosure rather than those located in developed countries like in the United Kingdom would do (see, Shi, Magnan, & Kim, 2012; Uyar & Kılıç, 2012 for examples). To capture the importance of the additional information, a Delphi process was used. The stakeholders’ opinions gathered through the Delphi exercise not only form the basis of the voluntary disclosure index, but also demonstrate the validity of the list of voluntary disclosure items used and finalised as an index. Coy and Dixon (2004), and Hooks et al. (2001) tend to see the principles of the Delphi process as an approach that serves to validate the voluntary disclosure items according to the current reporting practice and their benefits to interested parties. Therefore, the panel members were willing to fulfil the stakeholder’s role. In terms of the voluntary disclosure items’ features, the panel members scored each item and identified both how important and how relevant each item is with regard to the respective disclosure categories and purposes.

The second point indicates that stakeholders have a high expectation that voluntary disclosure within the financial information and forward-looking and risk review management categories will be provided in the companies’ annual reports. It is noteworthy that regardless of the panel members’ background and interest in voluntary disclosure, they all expected very similar types of voluntary disclosure information. Both the panel members and the stakeholders, who in this study consisted of a company’s top management team, reveal that the financial information category remains important. Thus, they see financial information that signifies financial or key economic indicators as essential for them in assessing a company’s performance. At the same time, the stakeholders also expected that not only the historical information but also the current information provided must denote the company’s present and future business performance by providing a platform or basis for future performance. For example, financial information often refers to disclosure reporting that relates to a company’s tangible outcomes such as profits and return on investment. This information is often use in the strategic management decision to evaluate the company’s performance in the future.

It is significant that the findings in chapter 5 of this study are consistent with those of Ghazali and Weetman (2006). Their study found that financial information has the largest impact on the level of voluntary disclosure. However, Ghazali and Weetman’s (2006) study was carried out to assess the level of voluntary disclosure practices in reaction to the Asian financial crisis. In this research, however, the panel members’ concerns with the financial information seem to indicate a growing awareness about the importance of such information. These concerns show that voluntary disclosure is vital for enhancing companies’ accountability and transparency in corporate reporting. In relation to disclosure, it was found that voluntary disclosure practices can maintain or enhance the accountability and transparency of companies. Indeed, Uyar and Kılıç (2012) found that this practice reflects positively on the image and reputation of companies in the capital market. In addition, the findings in this study show that, in order to strengthen the corporate governance system practices and the companies' value, voluntary disclosure such as financial information should accommodate the company's forward-looking and risk review information category. The notion underlying this opinion is first that the reporting of forward-looking and risk review management information appears to be linked with the value creation process, which is ultimately related to a company's corporate strategy. Secondly, financial performance refers to the efficiency in allocating the resources to generate the company's return (see also Ho & Taylor, 2013).

The third finding reveals that the presentation of nonnarrative voluntary disclosure information in the annual reports is important for overall annual report users. Such nonnarrative information is indicated in the form of a dollar sign ($) or as a unit or percentage (%), as detailed in chapter 5. In addition, chapter 5 also documented that the development of this study's voluntary disclosure index has recognised that it is imperative to include economic symbols to broaden the voluntary disclosure dimensions that are expected, in order to enhance and complement the mandatory disclosure. This study's findings about nonnarrative presentation corroborate previous studies such as Beattie and Thomson (2007), Beattie et al. (2004), and Beretta and Bozzolan (2004). Beretta and Bozzolan (2004), for example, found that annual reports offer multiple usage, are easily available, and contain information and presentation of disclosure that explains and validates the quantitative measures in the financial statements. Therefore, findings from the current study confirm Beretta and Bozzolan (2004) in that nonnarrative information is important to annual report users. It is important to note that this current study reveals that the Malaysian stakeholders' view on voluntary disclosure is not limited to narrative presentation, but also encompasses nonnarrative information such as images, charts, and graphs which can disclose brief information clearly and support the overall disclosure.

The fourth point signifies that, based on the researcher's interpretation, the scoring process helped to identify the importance of each item in the voluntary disclosure list. As a result of the criteria established by the researcher, the characteristics of the scoring system can vary in every content analysis research approach. For example, a company may provide little information about discussion of opportunities, i.e., the firm's prospects in general, and its business strategy on future performance in general. As Campbell and Abdul Rahman (2010) note, information disclosed might be merely in the form of a general statement which does not represent any key material economic effect that can mark it as useful voluntary disclosure. In that case, the item would receive a score of only 1, which acknowledges the presence of the item but indicates that it ignores the economic effects. As suggested by Beck et al. (2010), a potential limitation with the content analysis approach is the aggregate final score because it can conceal and obfuscate any differences with other studies. However, as explained by Beck et al. (2010), "An interrogation of information quality, or its fitness for purpose, is capable of analysis only when the views of users can be included in the analysis" (Beck et al., 2010, p. 210). Therefore, this current study carried out two pilot processes using two different coders in order to ensure the coding approach was viable. Within this process, the coders had to determine the depth and useful meaning of sentences within their paragraphs on the basis of the coding guidelines established in this study. With regard to the reliability and validity of the coding instruments, the content scale identifiers drew on the methods of Beck et al. (2010), Samkin et al. (2014), and Campbell and Abdul Rahman (2010). The final version of the coding system consisted of five content categories. These were tested for intracoder reliability prior to the system's final application to ensure the consistency of coding decisions. They yielded a Krippendorff's alpha of 0.9, a result that exceeds the threshold of 0.800. Consequently, the coding system for the content analysis process was deemed acceptable. Beattie and Thomson (2007, p. 140) suggest that a proper voluntary disclosure scoring system is crucial because it is the fundamental premise of content analysis.

9.3 The current level of voluntary disclosure practices by Malaysian listed companies and its association with companies' attributes

In this section, the findings of chapters 6, 7, and 8 are discussed and evaluated. The section outlines the contribution of this research to knowledge in three areas: a) the current level of voluntary disclosure practices in Malaysian companies, particularly family-controlled companies; b) the differences in the voluntary disclosure practices between the sample companies; and, c) the influence of family-controlled characteristics that contribute to the differences in the level of voluntary disclosure practices. The key discussion is presented in line with the three areas mentioned above.

9.3.1 The current level of voluntary disclosure practices by Malaysian listed companies

Drawing upon the comparative analysis, the findings show that the overall actual score of each item within the categories used in this current study is quite low compared to that expected by the panel members. The highest average voluntary disclosure score (AVDS) is 1.77, and the lowest is 1.00 out of a maximum score of 5.00. The results indicate that companies merely disclosed general statements, and statements of fulfilment relating to the voluntary disclosure item provided. This finding also confirms prior studies in Malaysia relating to disclosure such as Saleh et al. (2010), and Sumiani, Haslinda, and Lehman (2007) who found that the level of voluntary disclosure provided by Malaysian listed companies is low, and the content is a common statement, where the mean score is less than 1.00 out of 5.00. In addition, findings from chapter 7 also reveal that the majority of the stakeholders' emphasis on the need to improve the content and presentation of the voluntary disclosure should be considered. One implication here is the possibility that voluntary disclosure is important not just to analysts, bankers, or fund managers, but is also valued by other stakeholders such as potential employees, suppliers, researchers, consumers, and nongovernment agencies.

In section 6.3 the comparative results examining the level of voluntary disclosure items provided by the sample companies from 2009 to 2013 show that the financial information category is the most frequently voluntarily disclosed information in the annual reports. Findings from the panel members' expectation in the Delphi process corroborate the actual financial information disclosure in this study. Unlike the financial information, the comparative result shows that the provision of information about management and shareholders is the second category where the panel members' expectation differs from the practice of those who provide this information. As noted in chapter 5, the panel members ranked the forward-looking and risk review category as the second most important information category. This finding has important implications for any guidelines used in developing a voluntary disclosure index for listed family-controlled companies' practices.

The forward-looking and risk review information category is important, because it not only enables stakeholders to evaluate the financial information when making economic decisions but also facilitates future projection of overall business performance and management credibility. Aljifri and Hussainey (2007) suggest that the advantage of forward-looking and risk review information is that it is useful for reducing the degree of uncertainty, and information asymmetry, between preparers and stakeholders. Thus, it helps the investors to make forecasts on the basis of comprehensive information. It is important that findings from chapter 8 of this current study align with Aljifri and Hussainey (2007). With regard to the type of voluntary disclosure category, the majority of the interview participants agreed that both the financial information, and the forward-looking and risk review information categories are interrelated and support the information within companies' annual reports. This finding provides some support for the idea that the study's participants expressed difficulty in assessing the information in the annual reports, particularly the projection of cash flow for the following year, since the risk review information is usually lacking in the report.

It is worth highlighting here that the level of voluntary disclosure items relating to Islamic values was found to be disappointing. It was found that both the panel members and the actual companies ─ judging by the practices of sample companies ─ were relatively unconcerned about Islamic values disclosures. Findings from the analysis revealed that the perceived importance of additional information relating to Islamic values remains low in Malaysia. These findings show that companies that do provide such information are likely to be involved in Shariah-based sectors or to focus on Muslim stakeholders. This combination of findings provides some support for previous studies in relation to Islamic values, for instance, (Aribi & Gao, 2010). Aribi and Gao (2010) argued that voluntary disclosure relating to Islamic values is unlikely to be found in the companies' annual reports, particularly those in conventional businesses. Aribi and Gao (2010) suggested one reason that could explain this circumstance is that these disclosures are related to religious practices. Therefore, the idea that some of the issues emerging from this finding relate specifically to Islamic values is also consistent with arguments made by a few of

Delphi panel members. They believed that these disclosures apply to businesses that have Muslim owners, or are Shariah-based, or Shariah-compliant.

That said, the content analysis results are important in at least two major respects. The results of this investigation show that halal[56] certification of the product, and the Shariah-based financing structure were among the Islamic values-related items found in the companies' annual reports. These findings support the conceptual premise of Ireland and Abdollah Rajabzadeh (2011) study in the United Arab Emirates. They suggest that, in a country with a majority of Muslim consumers, concern about the halal status of their products tends to influence companies to provide halal certification on their products and services. Scholars also suggest that halal certification represents a great market and economic opportunity for trustworthy firms, brands, and institutions. Therefore, the results of this present study explain that a country with a large Muslim population would likely encourage company managers to consider more disclosure about their products for the benefit of their company. This finding suggests that some companies are now trying to seize the opportunity and benefits offered by the disclosure of Islamic values to capture stakeholders' investment interest and confidence in their company business activities, rather than seeing the Islamic values disclosure as an additional operating cost.

9.3.2 The differences in the voluntary disclosure provided by Malaysian listed companies

As previous studies have documented, various factors can contribute to the level of voluntary disclosure and can influence the managers' decision to disclose additional information voluntarily. For example, Broberg et al. (2010) noted that these factors could come from either internal or external forces (see also, Adams, 2002; Ho & Wong 2001). External factors such as a country's financial accounting reporting standards, securities commission listing requirements, company law, and corporate governance systems can shape the amount of information reported in a company's annual reports. As for internal forces, company attributes such as ownership type, corporate governance practices, company industry, and company culture can determine the amount of information provided by companies. However, the

[56] Halal means "permissible" in Islam. Halal covers the aspect of slaughtering, storage, display, preparation, hygiene, and sanitation.

findings show that the main constraint for voluntary disclosure practices is relate to internal forces, specifically to the ownership structure of companies.

Ghazali and Weetman (2006) found that among Malaysian listed companies, those with family business ownership (i.e., family-controlled companies) provide less voluntary disclosure in their annual reports. Ghazali and Weetman (2006) found an overall variation of differences in the level of voluntary disclosure categories by all companies in the areas of corporate social responsibility, strategic information, and financial information. With regard to ownership type, this current study extends Ghazali and Weetman (2006) in that it examines separately the level of voluntary disclosure categories provided by both family-controlled and nonfamily-controlled companies. Findings from the analysis in section 6.3.5 reported that family-controlled companies are more likely to provide, amongst others:

(a) General corporate and strategic information: i.e., disclosure relating to external causes or factors that may affect the company’s production and performance

(b) Financial information: i.e., disclosure relating to financial statements

(c) Forward-looking and risk-review information: i.e., disclosure relating to the current risk exposure factors related to economic and equity issues that may affect the company’s performance in the capital market.

These results signify that family-controlled companies are concerned about litigation and reputation issues, issues which were often claimed by stakeholders to be one of the reasons to strategise and be selective about information disclosed voluntarily. Because companies try to avoid negative consequences for their reputation and market value, this approach resulted in a low level of voluntary disclosure. One implication of this result is the possibility that companies, particularly family-controlled companies, are concerned about their long-term family investment horizon (Chen et al., 2013; Chen et al., 2008). Chen et al. (2013) suggest that the family owners’ long-term investment perspective is one of the factors that causes them to be selective about certain information such as low voluntary disclosure about techniques, plant, and equipment used in their production process. One of the issues emerging from these findings is that a firm’s value is often related to the reputation of a family company and business continuity. These elements are important because this type of control, which limits the intervention of other shareholders, enables family-controlled companies to maintain and/or enhance their companies' flagships in the capital market. The emphasis on reputation and business continuity can have a great impact on the amount of information disclosed voluntarily. For example, it was observed that many family-controlled companies provide general information and data that limits the voluntary disclosure items included in the annual reports. This style of reporting is created when the family companies feel that too much information can threaten the companies' long-term orientation.

As Meek et al. (1995) state, strategic and financial information can provide a feasible measurement for companies to benchmark themselves, especially in terms of listing status in the capital market. As the current study shows, nonfamily-controlled companies tended to report information relating to past and current market conditions that had affected their companies' current performance when compared to that of others. These companies also highlighted their mission and vision relating to the companies' contribution to the national economy. The companies' performance and position are also stated through the companies' achievements, market share in the industry, market capitalisation in the share market, as well as the share price information trends, and price at year-end.

Information about the management and shareholders category is discussed and presented comprehensively in the annual reports through the inclusion of all related data and images regarding the key management profile. This type of voluntary information can be considered as common voluntary disclosure for stakeholders, as it contributes to marking the direction and performance of the company in the capital market. In addition, some of these companies also provide an information breakdown on the shareholdings held by the board of directors. Findings from this study support previous research by Ho and Taylor (2013) who suggest that Malaysian listed companies tend to provide additional information to inform the stakeholders about their direction in enhancing corporate governance systems in the capital market. On the other hand, as noted in chapter 7, some of the participants argued that the additional information disclosed is essential for them to evaluate the company's performance, strength, and stability in the capital market, particularly when making plans and projections on the company's future cash flow and sustainability in the industry. The combination of these findings suggests that voluntary disclosure on the companies' strategic and financial information and on top management can establish trust and confidence in the companies' current performance and future directions on the part of the stakeholders.

The differences in the level of voluntary disclosure can also be seen from the Islamic perspective. It is important to note that this current study documented that the nonfamily-controlled, compared to family-controlled, companies are more likely to provide Islamic values disclosure than others. This result refutes Thani and Othman's (2010) study which suggests that listed companies in Malaysia provide only minimal social justice through Islamic social reporting voluntary disclosure and so are not offering the level of transparency and accountability required by Muslim society. Thani and Othman's (2010) study was, however, limited to zakat[57] and waqf[58] information. The current study's finding, on the other hand, is rather encouraging because halal certification, zakat, and waqf information is frequently found in most of the annual reports, particularly within those of nonfamily-controlled companies. One possible reason for this result could be the dispersed ownership in nonfamily controlled companies, as they have no substantial control and ownership by an individual or a group of individuals. Dispersed ownership within a company can result in lower opportunities for a particular owner to use his or her right of control for private benefit and, therefore, there is less incentive not to disclose additional information.

Aribi and Gao (2010) indicate that Islamic values disclosure is likely to be a common practice among emerging markets in Islamic bloc countries. Aribi and Gao (2010) suggest that the differences in the Islamic values disclosure between the listed companies are usually a result of globalisation and broader accounting reporting needs. However, in this current study, apart from the financial reporting growth due to cross-border international markets, findings from chapters 6 and 8 signify that the practice of disclosing Islamic values by the sampled companies is done to meet the expectations of religious needs in the context of Islamic environments. In other words, although Malaysia is classified as a multiethnic society with various races and religions, Islam is the official religion and, hence, a number of the sampled companies are willing to disclose their halal certification within their annual reports. This practice seems to support the notion that a

[57] Zakat is a form of taxation based on Islamic Shariah law.
[58] Waqf is a voluntary act of charity for a general or specific cause that Islam regards as socially beneficial charitable spending.

country's religion can be one of the contributing factors for listed companies' disclosing information voluntarily in respect to the social environment (Ireland & Abdollah Rajabzadeh, 2011). In addition, Hasegawa and Noronha (2009, p. 333) stated that some Islamic values have increasingly been incorporated into the legislative and administrative systems in Malaysia. For example, cafeteria or canteen arrangements need to be considered because Muslims do not eat pork and eat only halal food. The incorporation of Islamic values within a management's work policy can be seen as another contributing factor that allows the companies to accommodate the need for voluntary disclosure, particularly in relation to Islamic values.

With regard to the corporate social responsibility category, nonfamily-controlled companies focus more on employee issues. The majority of these companies frequently disclosed information regarding employee workplace safety, the amount spent on employees' benefits and training, and a general discussion on employees' training. Some of the nonfamily-controlled companies clearly stated the breakdown of workforce by categories of employees and by level of qualifications. According to Beattie and Smith (2010), and Campbell and Abdul Rahman (2010), information regarding employee or human capital is considered one of the elements that can contribute to a company's value creation. Adding to the conclusions arrived at in these previous studies, findings from this current study signify that, regardless of the companies' attributes, voluntary disclosure on employees' issues can give a useful focus for the stakeholders when it comes to predicting each company's value creation in areas such as goodwill and intellectual property.

9.3.3 The influence of family-controlled characteristics that contribute to the differences in the level of voluntary disclosure practices

The choice for voluntary disclosure can be influenced by ownership type, particularly in the case of family-controlled companies where it was found to be the main contributing factor for low disclosure practices in Malaysia. The findings of this longitudinal[59] data analysis show that the actual level of voluntary disclosure practices is lower than the stakeholders' expectation. In addition, over the 5-year period analysed, voluntary disclosure did not improve significantly in accordance with stakeholders' expectations. This finding is consistent with previous studies

[59] This study carried out an analysis of annual reports for the 5 years from 2009 to 2013.

such as (Akhtaruddin et al., 2009), Haniffa and Cooke (2002), Chau and Gray (2010), and Ali et al. (2007) who all found that in developing countries family-controlled companies tend to provide less voluntary disclosure. As suggested by Salvato and Moores (2010), “not all shareholders are alike. Investors with concentrated ownership, for instance, and owner families in particular may reasonably have different preferences for disclosure” (p. 197).

As explained by Chen et al. (2013), not all family-controlled companies are the same (see also Miller & Le Breton-Miller, 2006; Salvato & Moores, 2010). In terms of internal forces, family-controlled companies are often acknowledged as having a unique and different approach to business management and decision- making because of the family members’ involvement in the companies’ management. A previous study by Chau and Gray (2010), for example, suggests that the influence of the family member(s) who sit(s) on the board affects the level of voluntary disclosure. This influence manifests itself in the controlling of the type of information provided in their annual reports. In addition, Bamber et al. (2010), and Al-Shammari and Al-Sultan (2010) suggest that the characteristics of the family members who are on the board seem to reflect the way they perceive voluntary disclosure. Two elements within cultural factors, namely customs and knowledge, were argued to be components shaping the level of voluntary disclosure practices.

In addition, Miller and Le Breton-Miller (2006) suggest that the combination of younger and older generation family members can result in the process of transferring and sharing of tacit knowledge within a family company’s management. Findings in this current study reveal that the main internal forces that differentiate between family-controlled and nonfamily-controlled companies in Malaysia are, amongst others, the governance structure and the backgrounds of family members involved in the companies. The number of family members sitting on the board, the generations to which members of the family belong, and the education level of family members are positively significant in terms of the level of voluntary disclosure in the family-controlled companies’ annual reports. For instance, a company with at least two family members sitting on the board tends to show a higher level of total mean score in the financial statement and in the corporate social responsibility information categories. This finding has important implications for developing a conceptual premise that the degree and content of information disclosed voluntarily is controlled by the company’s decision-maker/s, given that, family members are usually the substantial controllers of the company's overall business activities. The result may be explained by the influence that family customs, intergenerational family members, and the family members' background business knowledge can have on the managers in making decisions around voluntary disclosure practices.

This current study shows that the family managers' characteristics can influence the level of voluntary disclosure provided by family-controlled companies. The combination of a manager's family background and demographic is of importance to family businesses. These elements are also found to mark an association between the family-controlled companies' managers and the amount or level of information disclosed. As suggested by Bamber et al. (2010), *"*Managers' unique disclosure styles are associated with observable demographic characteristics of their personal backgrounds*"* (p. 1131).

Al-Akra and Hutchinson (2013) suggest that the background of family members and their demographic can have a positive impact that affects the business's approach and strategy, including its corporate reporting. On the one hand, findings in this study reveal that different families have different approaches. These are based on their customs, the number of family members involved in the business, and the knowledge gained and/or education received either abroad or in their home country. These factors can all also influence the companies' individual style in deciding the amount of additional information to be disclosed voluntarily. Findings in chapter 7 show that having a high number of family members involved on the company's board can lead to less voluntary disclosure in the company's annual reports. One explanation for this finding could be a conflict of characteristics when making business decisions. This result also indicates that the background of the family members has a significant relationship with the level of voluntary disclosure provided. For example, if too many (i.e., five or more) family members sit on the board and are involved in the company's management, the level of voluntary disclosure tends to be lower than that for family-controlled companies with four or fewer family members on the board. This finding supports previous studies such as Ibrahim and Samad (2010), and Bamber et al. (2010). This phenomenon could be explained by family background in areas such as level of acquired business knowledge. The finding shows that experiential and professional elements can influence managers' preferences for disclosing information voluntarily.

As the content analysis revealed, the annual reports demonstrate not only the family values but also the philosophies and beliefs of family-controlled companies. A few of the family-controlled companies in this current study set out their family and business philosophies in their annual reports to indicate their focus and direction in managing the company. According to Melin et al. (2013), family business customs or philosophies are often shown in a number of subtle and covert ways. These include not only the language used in the annual reports but also symbols, characters, and images that represent their beliefs (see also Gray, 1988). Take, for example, Top Glove Corporation Berhad. The owner provides a list of business rules in the company's annual report. These are: "(i) Do not lose our shareholders' money, (ii) Do not lose our health, (iii) Do not lose our temper; and (iv) Do not lose our customers (Top Glove Corporation Berhad, 2012, p. 8). Berjaya Sports Toto Berhad uses red as its official colour in the annual reports, and Mandarin as a third language in the company's annual reports. Keck Seng (Malaysia) Berhad also uses Mandarin as a third language in the company's annual reports, although its use is limited to the Chairman's Statement section. Another example is QL Resources Berhad, which also lists the company's values and 'personality' in its annual reports as follows: (a) "values–integrity, win-win, team work, and innovation, and (b) personality–progressive, trustworthy, initiative, and humility." These findings have important implications as they show that family-controlled companies frame the way they run their businesses in terms of their personal and family values, their companies' reputation, and the trust factor.

The majority of the sample family-controlled companies are second generation family business. Here, ironically, the family business remains in the hands of the founder, but the network relationship is extended to siblings, children, and through marriage. Within family business, Steier and Miller (2010) explored the family business governance implications on the organisation's operational and economic decision. They argue that family-controlled companies appear to be typically structured and cognisant of maintaining the traditional ways of doing things. Steier and Miller (2010) contend that the companies' management structures normally remain unchanged, even when the business is in the hands of a successor. Using the lens of Steier and Miller (2010), and the observation made within this current study, it is argued that the younger generation will introduce changes into the organisation, and that these include the amount of additional information in their annual reports (see also, Miller & Le Breton-Miller, 2006). The result for Cahaya Mata Sarawak presented in chapter 7 illustrates this point. The company's deputy group chairman, who is also a nonindependent, nonexecutive director, is a son of the founder who is also a major shareholder. His brothers-in-law also sit on the company's board. It was observed that Cahaya Mata Sarawak shows a higher level of voluntary disclosure practices in its annual reports compared to the disclosure practices of other family-controlled companies.

The total correlation result for all categories shows that the familial generation factor is significant ($p = 0.1$) to only one category of voluntary disclosure, namely general corporate and strategic information. As noted in the preceding sections, the generation to which family members belong, along with their personal background, education, and knowledge acquired by these managers can influence the level of voluntary disclosure provided in the annual reports. It seems, therefore, that the relationship between family generation and the level of voluntary disclosure is supported by how much business knowledge the family members who sit on the board have acquired. Although the generation factor seems to show a moderately significant correlation with the level of voluntary practices, family members who have high levels of professional education and experience play an important role in demarcating the decisions for making voluntary disclosure (Baydoun & Willett, 1995). Family-controlled companies that show a high level of voluntary disclosure are found to have family members who have taken their tertiary education and graduated overseas, and some who have gained professional qualifications in their respective areas either locally or abroad. For example, in IOI Berhad the family members within the company have a combination of overseas and local academic and professional qualifications, and the company also provides a high level of voluntary disclosure compared to that of others. This finding provides some support for the conceptual premise that the type of education and experiences acquired can influence the level of voluntary disclosure. As Bamber et al. (2010) contend, a manager's preference in voluntary disclosure practice can be influenced by the level of education and experiences gained. These elements can result in managers' preferences on certain additional information, and impact on the way they manipulate the disclosure for the benefit of the company. For example, managers from finance or accounting areas may develop more precise communication styles in the annual reports (see Bamber et al., 2010, p. 137 for examples).

The number of family members sitting on the board of these companies and the generation the members come from seem to signify the importance of the knowledge and education elements. These elements could contribute to the effectiveness of the voluntary disclosure practices by these companies. This finding has important implications in that it signifies that the family managers tend to provide voluntary disclosure in line with their own functional expertise, and that the amount of information disclosed voluntarily is subject to their discretion. Regardless of whether a decision is made collectively or individually within family-controlled companies, the process is typically influenced by the social and cultural values of the person/s involved (Bamber et al., 2010; Hasegawa & Noronha, 2009).

As noted in chapter 8, the interview findings agreed that voluntary disclosure practices in Malaysia are likely to involve market-driven reporting. The combination of findings provides some support for the conceptual premise that the voluntary disclosure practices by family-controlled companies signify a pattern of managers' attitudes and perception on voluntary disclosure practices in their annual reports. Family business managers are typically influenced by their societal norms, professional background, and perhaps some government regulations. It can, therefore, be assumed that such elements can collectively represent a "subculture", within a wider society. Subcultures are not, however, limited to only those within a business community (Gray, 1988; Haniffa & Cooke, 2002; Hashim, 2012; Jaggi & Low, 2000). The business subculture is made up of stakeholder groups ranging from nonprofessional users such as graduates to professional managers who use information in the companies' annual reports. Although family-controlled companies are often regarded as conservative, and to have overriding interest issues between shareholders (Ali et al., 2007; Sharma, Chua, & Chrisman, 1997; Villalonga & Amit, 2006), findings from this current study show that family-controlled companies are tending to participate in providing voluntary disclosure and are becoming more receptive to the stakeholders' expectations. These efforts are shown in section 6.3.5, where some of the voluntary disclosure provided by these companies in their annual reports is frequently found to be greater compared to that of other nonfamily-controlled companies. Once again, it is noteworthy to highlight that it is a common behaviour for family-controlled companies to decide to provide voluntary disclosure up to a certain level only. It should be noted that stakeholders' interests are not necessarily or likely to take precedence over family interests, as managers are not keen to sacrifice the family's legacy to accommodate stakeholders' expectations (Chen et al., 2008; Takashi et al., 2012). One implication of this point is the possibility that most of the family-controlled companies in this study provide more voluntary disclosure that is closely related to the mandatory disclosure. In summary, the findings reveal that the family-controlled companies have a distinct character in their business management approach, and this distinctiveness includes voluntary disclosure.

9.4 Mechanisms to enhance the voluntary disclosure practices by listed family-controlled in Malaysia

The evaluation of the annual reports and interview data highlighted three key areas of concern: 1) disclosure of current and future performance measures; 2) family-controlled companies' business and entrepreneurial practices; and, 3) external forces as contributing factors for voluntary disclosure practices by listed family-controlled companies. These concerns were discussed with the interview participants. In their opinion, it is important to improve on the voluntary disclosure practices in the companies' annual reports. They pointed out that forward-looking and risk review information is important and has to be improved in order to accommodate the evaluation of financial information to measure the current and future performance of the companies in the capital market.

The comprehensiveness and depth of the voluntary disclosure content was highlighted, and three of the participants who were regulators and auditors mentioned integrated reporting styles. As stated in chapter 2, integrated voluntary disclosure is considered as a future direction for voluntary disclosure reporting. It is, however, still in its infancy in terms of its implementation in Malaysia. A number of limitations (such as cost and framework) for the implementation of integrated reporting were highlighted, because the capital market regulations and business practices, as well as environment, in Malaysia differ from those of other countries (Jensen & Berg, 2012). With regard to integrated reporting practices in Malaysia, a number of participants argued that, although the introduction of integrated reporting has been announced and recently introduced by professional bodies, such practices, in their opinion, are likely to be utilised by nonfamily-listed companies rather than by family-controlled companies. In addition, the participants were in agreement that the current voluntary disclosure practices in the companies' annual reports need to be improved first, rather than leaping into a new reporting practice. As noted, cost and proper framework or guidelines have always been part of the challenges for those companies wanting to move on to a new reporting style. This issue was explored in chapter 7 of the thesis. In addition, PWC Malaysia recently carried out an assessment of answers given to 110 questions used to identify the level of Malaysian listed companies' readiness to embrace integrated reporting[60]. PWC found that listed companies tend to report basic reporting information and to lack interrelated content or linkage of information within the elements outlined in the recommended Integrated Reporting Framework. Based on the participants' opinions and the PWC Malaysia survey assessment (PricewaterhouseCoopers, 2015, p. 9), it is clear that the companies are not ready to embrace a new era of corporate reporting. Enhancing some current technical structures for better corporate reporting in the annual reports is, therefore, suggested.

Following the discussions and opinions expressed by all the participants, a model of voluntary disclosure practices for voluntary disclosures by listed family-controlled companies in Malaysia emerged. This model is recommended to listed family-controlled companies. The average level of importance for each category in the model was arrived at through the Delphi process results from panel members and through discussions with interview participants. This process has important implications for developing a voluntary disclosure model for family-controlled companies in Malaysia. The level of importance for each category that emerges from this Delphi process is that the financial information category contains the most important data, followed by forward-looking and risk review information. At the same time, corporate general and strategic information and the management and shareholders' information categories were also ranked as important, because information within these contains: the key elements of a company's overview and external environment implications; the company's strategies, resource allocation, monitoring, and coordinating processes; and, the company's business model, governance, and direction and performance in the capital market. The results are summarised in Table 34.

[60] http://www.pwc.com/my/en/publications/integrated-reporting-2014.html

Table 34. The emergent model of voluntary disclosure for family-controlled companies in Malaysia.

Category	Motive	Level of importance (1 to 5)
Financial information	To link the forward-looking and risk review information with past financial performance so as to assess the company's plans and the provision provided, and to be able to mitigate possible unexpected risks to the company	5
Forward-looking and risk review information	To evaluate past and current risk mitigation plans so as to forecast the possible outcomes resulting from the plan implementation – sustainability implications	4
Corporate general and strategic information	To assess the company's overall market and industry growth, and to compare it with the prevailing economic and political situations	4
Management and shareholders information	To indicate the professionalism and knowledge acquired by the company's key person to direct and lead the company's success	4
Corporate social responsibility information	To indicate the ethical values that underpin the organisation's activities, and its appreciation of stakeholders at large	3

Author source for this study.

Note: 5 - is very important; 4 - should be disclosed and important; 3 – the information is of intermediate importance; 2 - the information is of minor importance; and, 1 – the information is not important.

The family-controlled companies' business and entrepreneurial practices are often recognised as being different from those of other companies in various respects such as governance (namely ownership), control and management, and the family's customs and beliefs. The researcher's concerns about these family-controlled companies were also discussed with the interview participants.

The participants stated that the biggest challenge for a family-controlled company is relying on a governance system carried out within the family management. As noted in chapter 8, they agreed that family-controlled companies hesitate to disclose more information voluntarily because of the family business legacy. This concern was also expressed in previous studies such as Sharma (2004) and Villalonga and Amit (2006). It is interesting to note that most of the business decisions made are often associated with the family's wealth and continuous business operation. These aim to retain family business matters in a protected environment and to protect the business from unnecessary interference by external parties or authorities. However, at the same time, findings in chapter 6, 7 and 8 signify that some large family-controlled companies show that they tend to provide additional information voluntarily in order to meet the stakeholders' (institutional investors and government) expectations and the current corporate reporting environment in Malaysia. As a result of the combination of both internal and external factors, these companies tend to provide additional information voluntarily to the degree that the managers perceive it to be safe, important, and of benefit to the annual reports users to do so.

With regard to cultural elements, the majority of the interview participants agreed that cultural elements such as customs associated with ethnicity, religion, education, and family values are considered important, because they believe that these elements resulted in what the family's manager considered true and, thus, likely to influence their attitude and behaviour towards providing information voluntarily. Amongst other factors, a family-controlled company's business philosophy, corporate colours, and the language used in the annual reports are some of the cultural means that are employed to represent a specific meaning common to the same culture, as well as for the identification of the company's stand in relation to its business condition (Hashim, 2012; Rashid & Ho, 2003). Indeed, when ethical concerns were raised and discussed in chapter 7, culture, among other things, was seen as an important transmitter and generator of ethical values within companies' voluntary disclosure practices. Interestingly, comments from the participants seem to support Rashid and Ho's (2003) study which suggests that the influence of ethnic groups on business ethics may be dependent on the situational context (see also, Mir et al., 2009). Consequently, this study argued that the more complex the business situation (i.e., the greater the interaction with external stakeholders and companies), the more likely the influence of culture. Some examples of cultural influence are the consumption of halal food among Muslims, and the sensitivity to feelings among the Malays (the majority of whom are Muslims) about investment issues that contradict Islamic principles.

The participants also believe that the family-controlled companies in Malaysia are progressing towards better voluntary disclosure. These companies are seen as trying to adapt to the transition to a capital market regime, and to simultaneously develop a style that family businesses are comfortable with. As noted in chapter 8, any additional information beyond the mandatory requirement provided by the companies is considered as a good effort, because the participants agreed that, whether companies, managers, or individuals respectively are typically influenced by their surroundings and the background of the individual involved in making additional information, disclosure is, after all, provided on a voluntary basis. Following the review and discussion of the voluntary disclosure practices by family-controlled companies, the participants were agreed that the driving factors for these companies to disclose information voluntarily are often subject to: (a) company reputation; (b) trust level; and, (c) market forces (i.e., regulations and peer factors). The results are summarised in Figure 23 which follows.

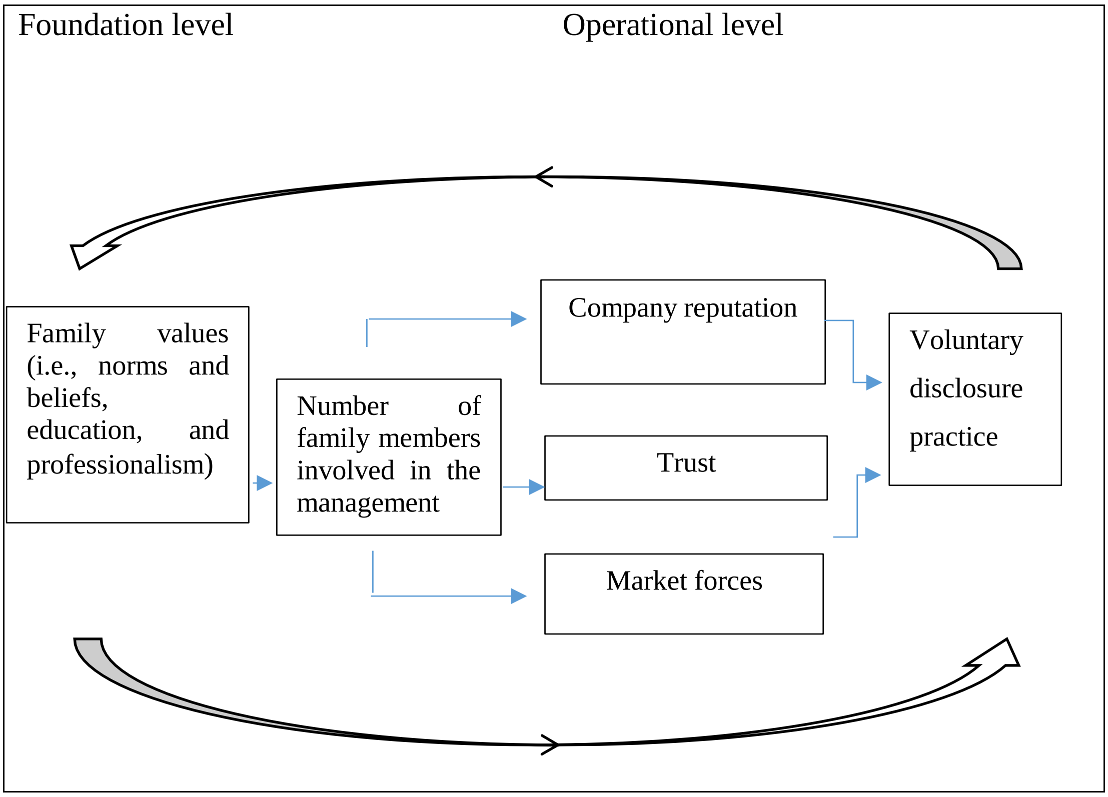


Figure 23. The emergent model of family-controlled company in relation to voluntary disclosure decision making.

In Figure 23, family values form the core element for the family-controlled company in making decisions for voluntary disclosure. This family values element is influenced by the number of family members involved in the management which, in turn, associates with the selection and preferences regarding voluntary disclosure in their annual reports. This selection of and preference for positive and encouraging information is often intended to assure stakeholders Thus, it represents the company's reputation and embodies trust among the family and the people (i.e., stakeholders) around them. At the foundation level, the decision on the amount of information disclosed voluntarily often governs by the family manager's demographic background. Elements such as norms, education and professionalism often take the form of family business spirit in various ways. The way of business carried out by these family-controlled companies is interconnected with family business spirit, which includes the composition of family members' involvement in the management of the companies, at the operational level. As a result, the decision on the level of voluntary disclosure in the company's annual report are often shaped by the managers' preferences and views in various economic contexts. However, according to accounting literature, family-controlled companies have reached a stage of development, where it is necessary for them to give emphasis to the company reputation, trust, and market forces factors. In light of this research-based emergent model, it seems very likely that outcomes from this research will clarify the relationship between family-controlled companies and their decision-making for voluntary disclosure in the future. This finding also shows that voluntary disclosure decisions vary among companies, and are more complex within family-controlled companies since the control elements (i.e., equity rights) are majority-shared between family members. Therefore, in explaining the rationale for the family-controlled companies to provide additional information voluntarily, the family-specific values and governance often determine the level of voluntary disclosure in their annual reports. Since these companies are listed on the Malaysian market, they have to ensure their businesses' continuity in the capital market. They, therefore, have to maintain company reputation, build trust among stakeholders, and follow market forces that have economic value for the organisation and society. In addition, as mentioned earlier in this thesis, it is possible to place family-controlled companies in the context of isomorphic voluntary disclosure practices, in which the family-controlled companies business environment influenced them to evolve for better disclosure and governance.

9.5 Summary of the chapter

This chapter presented a discussion of three findings reported in this thesis. First, it discussed the development of the best practices voluntary disclosure framework. The aim of this section was to describe the importance of the voluntary disclosure index in this research in order to demonstrate how it helps to achieve the objectives of this study. The list of voluntary disclosure index items developed stems from the panel members' knowledge about voluntary disclosure information and regulatory changes or updates to the mandatory disclosure requirements that relate to voluntary disclosure. This section also explored the feasibility of the voluntary disclosure scoring instrument developed for the purpose of this study. Within this section, financial information was found to be the most important category of voluntary disclosure. It was also found that the presentation or inclusion of nonnarrative forms of voluntary disclosure in the companies' annual reports enhanced the information presented.

Second, this chapter presented a discussion on the current level of voluntary disclosure practices by Malaysian listed companies. This section revealed that the current level of voluntary disclosure practices by Malaysian listed companies remains at a low level. This research investigation indicates that the financial information category is the category most frequently provided by these companies. By contrast, voluntary disclosure relating to Islamic values is minimal. Only two voluntary disclosure items related to Islamic values were frequently found among the sampled companies' annual reports.

Several factors that cause a low level of voluntary disclosure practice were identified, namely market value, industry, and ownership. However, the analysis showed that family-controlled companies' ownership is the major factor that contributes to the current level of voluntary disclosure. Analysis showed that both family-controlled and nonfamily-controlled companies tend to disclose different areas of voluntary disclosure. The family-controlled companies tend to disclose information concerning the implications of economic conditions that have affected their operational costs. They also disclose information that relates to market opportunities which may have had a moderating effect on their economic achievement in the market. By contrast, the nonfamily-controlled companies are more market-oriented. Hence, most of their voluntary disclosure items relate to those past and current market conditions that have affected their companies' current performance.

Third, this chapter presented a discussion on the challenges for voluntary disclosure practices by listed family-controlled companies. It presented the challenges in terms of ownership, control, and management of family-controlled companies, as well as the external environment's influence in relation to making decisions about voluntary disclosure. The aim of this section was to map the importance of information as segments or categories of voluntary disclosure practices, and to recommend a voluntary disclosure framework to the listed family-controlled companies in Malaysia. The summary and conclusion of the thesis are presented in the next chapter.

CHAPTER TEN

SUMMARY AND CONCLUSION

10.1 Introduction

This chapter concludes the thesis by providing the study's background and explaining how the research objectives have been achieved. The chapter also addresses the scope and limitations of the research in respect of its research design. It also suggests directions for future research. The chapter draws to its conclusion with the presentation of final reflexive remarks on the research process.

10.2 Background of the study and its research objectives

Muniandy and Ali (2012) point out that voluntary disclosures in companies' annual reports have been used as a means of communication that complements the current statutory disclosure and enhances the flow of information provided in Malaysia's capital market. Studies such as, Healy and Palepu (2001), Wang et al. (2013), and Wang and Hussainey (2013) all show that voluntary disclosure is regarded as valuable information by stakeholders who wish to make economic decisions. The voluntary disclosure practices by companies often result from the managers' decision to show their accountability and transparency towards their stakeholders. These concepts are of importance not only to the stakeholders, but also to companies as they help to achieve the businesses' objectives and sustain the businesses' long-term prospects in a competitive and globalised market. In other words, voluntary disclosure is regarded as a communication tool than can reduce the information asymmetry in a capital market (Ho & Taylor, 2013; Uyar & Kılıç, 2012; Wang et al., 2013).

Previous studies in Malaysia argued that the level of voluntary disclosure provided is considered low when compared with stakeholders' levels of expectation (Akhtaruddin et al., 2009; Ghazali, 2008). Ghazali (2008) suggests that one reason for low disclosure in the companies' annual reports is due to factors such as governance structures and directors' accountability, market forces, shareholders' demands, and quality of management within some companies in Malaysia.

Another important reason why companies fail to meet the stakeholders' expectations is that the depth and detail of the information disclosed are not at a constructive level (Ho & Taylor, 2013; Saleh et al., 2010). As Campbell and Abdul Rahman (2010, p. 56) state, "A key challenge in voluntary corporate reporting concerns the relevance and usefulness of the information being conveyed." In addition, responses to improving the level of voluntary disclosure practices were not seen as encouraging, due to the low level of willingness on the part of companies' key managers, and particularly the board of directors, who make the disclosure decisions (Akhtaruddin et al., 2009). The low level of willingness to disclose has also, therefore, resulted in differences in the selection of additional information for disclosure in companies' annual reports (Broberg et al., 2010; Haniffa & Cooke, 2005; Ho & Taylor, 2013; Naser et al., 2002). Ultimately, these studies argue that ownership type is one of the main factors that contributes to the differences in the level of voluntary disclosure. The extent and nature of current voluntary disclosure practices were a motivating factor for this research, and hence its key objective is to evaluate the possible factors that cause the differences in the level of voluntary disclosure between family-controlled companies and nonfamily-controlled companies.

Family-controlled companies are among the major contributors to Malaysia's economy and gross domestic product (GDP). Their importance is evidenced by the number of family-controlled companies listed on the first board of Bursa Malaysia, and the fact that many are flagship companies in their respective industries in Malaysia (Hashim, 2011; Ibrahim & Samad, 2010). In spite of best practices guidelines for disclosure provided by the Bursa Malaysia, Akhtaruddin et al. (2009), for example, suggest that the level of voluntary disclosure practices in family-controlled companies in Malaysia needs to be improved. In terms of the low level of voluntary disclosure practices, it was also argued that these companies tend to provide other additional information which the managers perceived important to the company (Depoers, 2000; Haniffa & Cooke, 2002; Hashim, 2011). Research into voluntary disclosure reporting such as Akhtaruddin et al. (2009), and Hashim (2011) contends that particular attributes of family-controlled companies may explain their corporate reporting practice. In Malaysia, research on voluntary disclosure by family-controlled companies is scarce. Hashim (2011), for example, documents that research into family-controlled companies in developing countries is limited, and suggests further research into family-controlled companies in the disclosure area is important in order to measure corporate governance transparency.

Extant studies argue that one factor that causes differences in the voluntary disclosure practices is the company's corporate governance system. Villalonga and Amit (2006) suggest that family members are the major controllers of family-owned companies, and so they also, substantially, have the right to decide what should be disclosed within their annual reports. Villalonga and Amit (2006) contend that the level of voluntary disclosure is not caused by a company's corporate governance alone but also by both external and internal elements. According to Villalonga and Amit (2006), the weaknesses arising within both elements were seen to result in considerable differences in the level of voluntary disclosure practice, and thus in the provision of insufficient useful information in the disclosure reporting. In addition, Villalonga and Amit's (2006) study shows that external elements such as regulatory requirements, stock exchange listing requirements, and reporting standards were influential, and could drive the companies to disclose more additional information. This current research, therefore, suggests that voluntary reporting developed from the annual report users' perspective can enhance the value of voluntary disclosure provided by companies. Since companies' annual reports are their most accessible and comprehensive communication material, they have the potential to make information available in one document (Campbell & Abdul Rahman, 2010).

In order to improve the level of voluntary disclosure practices by family-controlled companies, attention to the type of information provided in terms of its depth and relevance is important (Ali et al., 2007). Study on the voluntary disclosure practices, particularly by family-controlled companies, is important because of the ownership and control factors that are inherent in the family businesses' decision-making. Here, it is crucial to investigate the actual voluntary disclosure practices provided by these companies to discharge their accountability and responsibility towards other stakeholders. The aim of this current research is to develop a voluntary disclosure index for family-controlled companies. This research also set out to identify both substantial differences across relevant industries and the factors that contribute to such phenomena. This aim is important because companies' annual reports provide a convenient way to record all the past, current, and potential prospects of a company and because they act as a mechanism for communicating this information to users (Hooks et al., 2002, p. 502).

The methodology and method of this current research embodies both quantitative and naturalistic elements. This combination allows the research to better understand the expectations and gain deeper insight into issues. The benefits of this approach can be seen through the interaction with panel members and users and preparers of annual reports, in terms of its ability to facilitate interpretation, illustration, and validation in the research data and findings. In other words, the mixed methods approach enables flexibility in the process of discovering "what is" and "what ought to be" disclosed in the family-controlled companies' annual reports. It also helps in establishing the potential factors that contribute to the differences in the voluntary disclosure practices by family-controlled companies. In addition, this approach contextualises the family-controlled companies within the social, political, and economic environment, and distinguishes the users' and the preparers' interest in voluntary disclosure reporting (Ghazali, 2008; Haniffa & Cooke, 2002; Ho & Wong, 2001; Salvato & Moores, 2010).

The aim of this study was to develop a best practice framework of voluntary disclosure for family-controlled companies. To achieve this end, the study has addressed the following primary research objectives:

(a) To develop a disclosure index, from the users' and the preparers' perspectives, for assessing the nature and extent of information disclosed in Malaysian listed family-controlled companies' annual reports, and to incorporate a voluntary disclosure framework within the disclosure index
(b) To identify the level of voluntary disclosure practices in Malaysian listed family-controlled companies from 2009 to 2013
(c) To review and discuss the voluntary disclosure practices in Malaysia from stakeholders' perspectives.

10.3 Research approach and process

Voluntary disclosure indices have been used as a research tool in accounting studies to measure the extent and amount of voluntary disclosure provided by companies in their annual reports (see for example, Coy & Dixon, 2004; Hooks et al., 2002; Yi & Davey, 2010). The continuing uses of this method provide support for the importance of these voluntary disclosure items as a means of scoring the level of voluntary disclosure information. This current study involved three major phases as follows.

In the first phase, research issues and objectives were identified, and an initial 54 items were identified from the literature. Subsequently, in the second phase, the Delphi process was employed to develop a voluntary disclosure framework.

Using the Delphi model, 40 panel experts were approached. Weightings were assigned to each item and category through the use of a questionnaire survey. Items considered of greater importance by the panel of experts were awarded higher weights than those they considered to be of less importance. The Delphi process involved two rounds with the 40 panel experts. This process ultimately yielded 61 items and these were classified into five categories. These voluntary disclosure items were seen to be applicable to the Malaysian business and corporate reporting environment. Thereafter, the weighting for each voluntary disclosure item within the five categories was determined. The weighting was based upon the opinions of the panellists on the level of importance of each item as expressed in a questionnaire survey. Lastly, criteria for assessing the content and level of voluntary disclosure were established on the basis of the prior literature.

Within the second phase in this research, semistructured interviews were conducted. Those who had responded to the main survey, along with additional new participants, were invited to participate in the interviews. The interview data were seen as providing an in-depth understanding of the participants' experience as stakeholders. Thus they enabled the researcher to undertake a comprehensive review of the extent and nature of voluntary disclosure practices. This approach also helped the researcher gain deeper understanding from the viewpoint of the actual participants. Thematic analysis of this qualitative data enabled the researcher to identify the phenomena that resulted in a model for voluntary disclosure practices of family-controlled companies along with factors that influence these companies' decision for voluntary disclosure.

Once the index had been constructed, it was used to code the annual reports of the sample companies in order to identify the level of voluntary disclosure by Malaysian companies. Within this stage, the scoring criteria for the coding scheme to be used on the companies' annual reports was developed. Most previous studies (for example, Akhtaruddin et al., 2009; Hashim, 2011; Ho & Taylor, 2013) involving disclosure indices in the voluntary disclosure area have focused on the extent of disclosure by assessing the absence and presence of an item. The present study, however, makes several noteworthy contributions to the development of voluntary disclosure in terms not only of the number of items being disclosed but also the quality of each disclosure. In order to assess the level of voluntary disclosure practice by Malaysian listed companies, each paragraph within the selected sections, that is, (1) Chairman's Statement or Statement to Shareholders, (2) Review of Operation or Business Review, (3) Management, Discussions, and Analysis, and (4) Others: Business Management and Operational Summary, was studied, and a unit of analysis was identified. The approach used in this process built upon previous work carried out by Guthrie et al. (2004), Abeysekera and Guthrie (2005), and Samkin et al. (2014). In order to evaluate the effectiveness of the coding scheme, two rounds of pilot tests were conducted. The pilot tests involved two assessors: the author, and a second assessor. The two assessors evaluated the results of the first pilot test; thereafter, some minor amendments were made to the scoring guidelines. These amendments involved the inclusion of one additional section – Others: Business Management and Operational Summary – and some additional guidelines for coding. The results from the second round pilot test showed that the amendments made during the first pilot test had improved the content analysis guidelines in terms of the overall consistency of the results. This process showed that the index was both valid and reliable in practice. It achieved a Krippendorff's alpha of 0.9. As this score was higher than the threshold of 0.800, the index was deemed ready for use.

All the data gathered through content analysis of the annual reports were then recorded in a spreadsheet, quantified, and analysed from several perspectives. These included: the frequency of voluntary disclosure items found in the companies' annual reports; the comparative analysis of average voluntary disclosure scores provided by the sample companies; the association between companies' market value, industry, and ownership; and, the relationship between the average voluntary disclosure scores and the attributes of family-controlled companies. These findings were then used to determine the differences between the panel members' expectations and the actual practices of Malaysian companies.

In the final phase, the results obtained from the content analysis were integrated with the interview data. The final results formed a basis for discussion of the following: the overall level of voluntary disclosure practice in Malaysia; the level of voluntary disclosure provided by family-controlled and nonfamily-controlled companies in the sample; and, the contributing factors that influenced the managers to provide voluntary disclosure. Within this phase, a model of Malaysian listed family-controlled companies' voluntary disclosure emerged. The benefits of this model are manifold: (a) it provides a conceptual framework of voluntary disclosure practices in terms of family values; (b) it can be applied in other disciplines; and, (c) it provides a theoretical underpinning for analysis of how a board of directors' demographic background, and a country's capital market environment have actually contributed to listed companies' voluntary disclosure practices.

10.4 Research findings and contributions of this thesis

Chapter 3's review of the extant literature and research into the level of voluntary disclosure identified the limitations in current knowledge. These limitations relate to the following: the subjective nature of voluntary disclosure and its measurement; the family-controlled ownership; the external influence of regulatory bodies and society; and, the environment. This research has offered a contribution to the body of knowledge in these areas. Consequently, by discussing the contributing factors that influence the level of voluntary disclosure in Malaysia in a wider context, this study aims to provide an overview of the current voluntary disclosure practices of both those who prepare annual reports and of stakeholders.

10.4.1 Development of voluntary disclosure index: Methodological contributions

On the basis of the index, it was found that the stakeholders, who were also the panel experts, ranked financial information as a primary disclosure category that must appear in the annual reports. This item was then followed by forward-looking and risk management information, corporate general and strategic information, and management and shareholders' information. Information relating to corporate social and responsibility (CSR) was deemed to be the least important category. The panel of experts were in agreement that the first three categories are interrelated, complement each other, and provide a complete picture of a company's performance in the market. As regards the management and shareholders' information, and CSR, this type of disclosure was seen to be useful in terms of both ethical considerations with regard to the major controller of the company, and the accountability of the management towards external stakeholders, because the companies' operational activities are often related to social and environmental matters in general. Therefore, stakeholders tend to expect that information relating to social and environmental activities will be disclosed voluntarily in the companies' annual reports.

10.4.2 The level of voluntary disclosure practices by listed companies in Malaysia: Practical contributions

The second objective of this study is to identify the level of voluntary disclosure practices in Malaysian listed family-controlled companies from 2009 to 2013. The level of voluntary disclosure provided by the sampled companies is measured by the average voluntary disclosure score (AVDS) in their annual reports. Based on the findings presented in chapter 6 of the thesis, the study found that the current level of voluntary disclosure practices by Malaysian listed companies remains at a low level and does not yet match with the stakeholders' expectations. The following are the essential features of the current voluntary disclosure practices:

- The general corporate and strategic information category is the most frequently provided category of the sampled companies, followed by financial information, and the corporate social responsibility information category. The forward-looking and risk review management category was found to be the least frequently provided type of information.
- Results from the panel members showed that they rated financial information as very important. Information relating to the forward-looking and risk review management category ranked next and was seen as should be disclosed and important, while the corporate general and strategic information, and the management and shareholders' information categories were rated as should be disclosed and important respectively. The corporate social responsibility information was rated as intermediate important.
- This longitudinal data analysis (2009 to 2013) shows that the quality of the information disclosed is merely general and expressed in discursive rather than numerical symbols that can reflect monetary and economic measurements. Much of the information disclosed provided the company's

statement and its commitments to its product and services, general strategy plan, achievements, and operational activities carried out during the period. The information disclosed was not quantified, which meant that it also avoided any inaccurate meaning in terms of the information users were assessing.

- Two Islamic values voluntary disclosure items were frequently disclosed by all the companies over the 5-year period. These were Halal certification of the product and the Shariah-based financing structure of companies.

The results reported in chapter 7 show that companies' market value and ownership type have a positive influence on their level of voluntary disclosure practices. That said, findings relating to companies by industry yielded mixed results. In addition, the results indicate that family-controlled companies, although having an overall lower level of voluntary disclosure than others, had better disclosure than most other companies in areas such as:

- Discussion of the company's new major product/services/projects
- Discussion of recent industry trends
- General statement for corporate strategy
- Information relating to the general outlook of the economy
- Discussion of competitive environment
- Discussion of employees' benefits
- Sadaqa/donation
- Retirement schemes through foundations or other means
- Discussion on specific external factors affecting the firm's prospects
- Planned advertising and publicity expenditure
- Nature and cause of risk, and natural disasters (e.g., earthquakes, flood).

By examining the extent of voluntary disclosure practice in these companies, this study reveals that voluntary disclosure practices vary significantly within company ownership. While this study's results have some similarities with previous studies such as Akhtaruddin et al. (2009), Ho and Taylor (2013), and Hashim (2011), the current study found that differences in the family-controlled company attributes are quite pronounced. For example, the number of family members involved in the companies' management, the generation the family members belong to, and the business and management knowledge they have acquired have a positive relationship with the level of voluntary disclosure provided. In particular, the number of family members on the board should not make up more than half of the board of directors. The combination of these family members' coming from various educational and experiential backgrounds and generations did, in some cases, result in a higher level of voluntary disclosure.

10.4.3 Review and discussion of findings with the users and preparers of annual reports: Theoretical contributions

This study reinforces Hossain and Hammami's (2009) findings that the level of voluntary disclosure practices is complex and multifaceted. One aspect of the differences in the level of the voluntary disclosure practices phenomenon is the product of both external factors (such as accounting regulations, capital market environment, and listing requirements), and internal factors (such as ownership, management, and governance system). As presented in chapter 2 of the thesis, Malaysia has experienced extensive accounting regulatory reformation and corporate reporting environment changes through disclosure-based regimes. This situation has resulted in a significant change in the voluntary disclosure practices by the preparers of company annual reports (Hashim, 2012; Muniandy & Ali, 2012). Similarly, the majority of the participants believed that companies often tended to provide voluntary disclosure, because pressure from their external surroundings forced them to satisfy the demand for additional information. It is, therefore, not surprising that some companies in this study have changed their disclosure practices to build or maintain their reputation and relationship with the stakeholders. Over and above that idea, the interviewees agreed that voluntary disclosure is lower than stakeholders expected. The key views being highlighted are that:

- the decision to disclose information voluntarily is subject to company resources and activities which belong to the family;
- the influence of family ownership and control can result in differences in the levels of voluntary disclosure between family-controlled and nonfamily-controlled companies in terms of their voluntary disclosure. Consequently, family ownership and control provide a plausible explanation for the low level of voluntary disclosure by listed companies revealed in this thesis;

- the participants agreed that attributes such as the number of family members involved in the family business, the generations the family members in the company come from, and the business knowledge they have acquired are of importance in relation to the level of voluntary disclosure practice.

In light of the findings reported in previous chapters of the thesis, it can be said that the level of voluntary disclosure provided by the family-controlled companies in this study is moving towards better disclosure reporting than was reported in previous studies such as Akhtaruddin et al. (2009), Ho (2008) and Ghazali (2007). As is the case with other publicly listed companies, the Malaysian publicly listed family-controlled companies investigated for this study have also undergone substantial development over the past decades as a result of all the regulatory changes in the country. These external factors have resulted in many family-controlled companies changing the voluntary disclosure practices in their annual reports to adapt to the business environment in an attempt to increase and/or maintain the companies' long-term business sustainability. However, at any stage of making the decision for voluntary disclosure, influences around family values and reputation that entail negotiation of the amount, usefulness, and relevance of additional information disclosed voluntarily can arise.

10.4.4 Perceptions of family-controlled voluntary disclosure practices by stakeholders

This section presents the stakeholders' overall perception of family-controlled companies' voluntary disclosure practices within the constructed conceptual framework in this thesis and the model that emerged in chapter 9.

Generally, the findings showed that family-controlled companies are evolving towards better disclosure reporting, even though the stakeholders agreed that some family-controlled companies have not departed from their traditional business mode. The findings in this research indicate that two dimensions influence the voluntary disclosure practices of family-controlled companies: first, at the foundation level, and second at the operational level. Developments along the two dimensions were found.

At the foundation level, the demographic background of family managers, including norms and belief that are embedded in the managers' character are often shaped the way that these managers make decision for their organisation. Family business continuity and interests are among the main concern for these managers to safeguard in a business environment. The managers often maintain the family values as to strengthen their family business reputation and in managing the organisation direction based on their own business mode.

As for operational level, the influence of family values leads to the complexity of the families' managers decision-making in their business. The family relationships factor often reside in the family managers' characteristics and lead to conservative action for voluntary disclosure practice. Furthermore, the influence of family values actively multiplies when family members are involved in the management of the companies.

As a result of the family members' involvement in the organisation, the nature of the businesses' rules and governance usually differ from those of other nonfamily-controlled companies. The number of family members who sit on the board of directors or who are involved in the management plays a vital role in determining the level of voluntary disclosure. Having a balanced composition, or low number, of family members involved in the business management can result in better voluntary disclosure practice. In addition, within the nature or rules and compliance mechanisms, these family-controlled companies are driven to diverge from a more traditional business concept, and to follow their peer industry environment. This process implies that family-controlled companies are trying to follow their peers, but with reputation, trust, and gain economic value from the market forces.

In order to further improve voluntary disclosure practices by family-controlled companies, a conceptual framework that can highlight good voluntary disclosure reporting is, therefore, needed. Findings from this study suggest that information relating to financial information, forward-looking and risk review, corporate general and strategic information, followed by management and shareholders information, and corporate social responsibility information should be clearly stated. The specific purpose, and the principal and possible results from both the companies' current and future performance needs to be identified. The findings also suggest that the presentations of the voluntary disclosure should integrate both financial and nonfinancial indicators to denote the companies' overall performance.

10.5 Research limitations and directions for future research

The study was subject to the following limitations which must be considered when evaluating its results.

First, a total of 30 companies listed on the main board in the Bursa Malaysia (Malaysia' Stock Exchange) provided the setting for this study's investigation. While this sample can be seen as a relatively small one compared to the total number of companies listed on the main board of Bursa Malaysia, the study does offer insights into and contribute to our understanding of family-controlled companies in an emerging market. Second, given that the aim of this thesis was to explore differences between family-controlled and nonfamily controlled companies in the multiethnic context of Malaysia, the study's findings need to be viewed within this particular context, and not in terms of their wider generalisability. Furthermore, the rigid characterisation of the term family-controlled used in this particular research context meant that the family-controlled companies sampled were found to be predominantly ethnically Chinese (14). Only one company was Bumiputera-run. In addition, the ethnic imbalance in the current sample limited the study's ability to fully explore ethnicity in relation to the level of voluntary disclosure in companies' annual reports and to compare the behaviours of companies with a more diverse range of ownership in terms of their ethnicity. It is hoped, therefore, that future studies may be able to redress this limitation, as the business environment in Malaysia develops greater diversity of ownership and control.

Second, this current research is restricted to the context of voluntary disclosure practices provided in the companies' annual reports in Malaysia. Therefore, the generalisability of its findings is limited by the characteristics of the specific context. The findings are based on the researcher's experience of the specific data obtained, and there is a risk that it may not, therefore, be possible to raise the level of the generality of the findings. In addition, this research examined the level of voluntary disclosure in the sampled companies' annual reports. Any other forms of media that the companies may have used for disclosure purposes are excluded because of the restricted possibility of retrieving and accessing the material.

Third, to a certain extent, the interviewee sample was likely to limit the ability to generalise in terms of voluntary disclosure practices by family-controlled companies. Only half of the interviewees sampled are business owners and advisors, and had previous exposure to and experience of preparing voluntary disclosure within family-controlled companies' annual reports.

10.5.1 Directions for future research

The limitations mentioned in the preceding section suggest valuable directions for future research which could extend the research findings. Thus, this section proposes several interesting research ideas to be investigated or explored on the basis of the knowledge gained from the research undertaken.

First, future research could perhaps look into the role played by female family board members in terms of their involvement with and influence on the level of voluntary disclosure provided in the annual reports of family-controlled companies. Research could be undertaken to see if the involvement of female members in family-owned businesses has an influence on particular categories of the voluntary disclosure. In addition, future research could extend the study by exploring further the role of family business succession planning to establish whether or not it might influence the decision-making process within the context of voluntary disclosure.

Second, future research could extend the study to specific categories of market-value range, and even to public listed family-controlled companies on the second board of Bursa Malaysia. Doing so would also enable future research to develop a coding scheme to measure, test, and validate the voluntary disclosure index framework developed in this study. Further, a longitudinal or temporal study could be embarked upon to determine the robustness of the current findings.

Third, it would also be interesting to see how religion plays a part in shaping family and organisational values. Perhaps future research could also be carried out using a similar methodology in predominantly Islamic countries such as Turkey, Pakistan, Bangladesh, Brunei, Indonesia and the United Arab Emirates. Furthermore, the research could also be extended to compare Malaysian companies with companies in other neighbouring countries within the Asia Pacific region, thus supporting the idea that a country's social culture in general, whether in terms of ethnicity and/or culture, might have some influence on some of the identified and discovered factors, and/or whether religion is a factor that binds the family and organisational shared values within the voluntary disclosure context.

Fourth, this research employed a mixed methods approach. However, other approaches could also be employed in the future. Future research could investigate the perceptions or attitudes of business owners towards voluntary disclosure practice. Various stakeholder groups could be surveyed and interviewed to obtain in-depth information regarding their preference for providing voluntary disclosure, and explore the importance of voluntary disclosure items for them.

10.6 Final reflexive remarks

As already reported in chapter 4, throughout the research process the author has positioned herself as a stakeholder, considering that she has '"first-hand' experience of using companies' annual reports. During the course of the research, the author has articulated both a quantitative and a qualitative approach as a researcher. This mixed methods approach accepts the answers and/or opinions of stakeholders including, in this case, those of users and preparers of annual reports. Creswell (2007) suggests "the individual using this worldview will use multiple methods of data collection to best answer the research question, will employ both quantitative and qualitative sources of data collection, and will emphasize the importance of conducting research that best addresses the research problem" (p. 23).

The search for understanding of the voluntary disclosure practices, the significance, and the relevance of differences in reporting practices, as well as the driving factors that can explain the position of family-controlled companies have provided better explanation for the different company attributes that influence the level of voluntary disclosure practices. Reflecting on the research process and findings, the following key knowledge could shape a researcher's understanding and thinking in the future:

(a) Voluntary disclosure practices do not represent the accountability and transparency of the companies' business-related action only. Rather than showing companies' transparency, the practice reveals much about the company's top management, because it reveals the board of directors' personal interest, given the fact that it is ultimately these individuals who control the amount of information to be disclosed. In particular, the family-controlled companies are often faced with complex and unique family-business relationships.

(b) Family-controlled companies are moving towards better voluntary disclosure practices. Despite the frustrations of stakeholders, and insufficient additional information within the annual reports, the level of voluntary disclosure provided by companies in Malaysia is moving towards positive change in certain disclosure categories. In addition, it is believed that companies that are disclosing voluntarily are making an enormous effort to do so.

(c) More training and guidance about voluntary disclosure can also improve the level of voluntary disclosure practices. Professional institutions and/or agencies could provide training to preparers on the significant features to disclose. Over and above the pressure from regulatory requirements, stakeholders' awareness can influence the Malaysian listed companies, particularly the family-controlled ones, to improve their voluntary disclosure practices.

(d) With regard to research aspects, conducting field interviews in Malaysia is quite a challenging experience. Cultural values within the society such as power distance, individualism, and uncertainty avoidance may impede the probability that a researcher can successfully approach managers. Nevertheless, reputation and professional connections are among the features that are useful in investigating and approaching top management stakeholders. Such connections can help the researcher to gain meaningful data.

10.7 Summary of the chapter

This study had the objective of developing a voluntary disclosure index, exploring the level of voluntary disclosure in the annual reports provided by family-controlled companies, and elucidating factors that influence the companies' managers' decisions for voluntary disclosure in Malaysia. These objectives were achieved by investigating the importance of voluntary disclosure in detail with reference to the relevant literature, supporting documents, and stakeholders' opinions. It also identified a number of important themes that could contribute to existing knowledge.

This study revealed that the current levels of voluntary disclosure provided by listed family-controlled companies are low. Consequently, these companies may require suitable guidance when providing voluntary disclosure in their annual reports, particularly in terms of the content and type of information to be provided voluntarily. It appears that the degree of improvement in the level of voluntary disclosure is quite slow and small. Additionally, lack of demand for voluntary disclosure in companies' annual reports in Malaysia offers an opportunity to some companies, particularly the family-controlled companies, to continue providing low voluntary disclosure.

To an extent, voluntary disclosure is currently biased towards certain types and categories of information that contain less important and useful data for stakeholders making economic decisions. As a result, stakeholders, in practice, often have to utilise the limited information obtained from the statutory disclosure. Doing so leads to uncertainty. The current situation creates ambiguity in the corporate reporting, because no appropriate concept or guidelines for voluntary disclosure exist. Moreover, the findings revealed that the consequences of the diverse forms of voluntary disclosure content in the annual reports cause some stakeholders simply to ignore the information, as they cannot compare and measure the details for the purpose of economic evaluation. This situation often occurs when stakeholders face a lack of useful information such as information in relation to a company's strategic plan – when dealing with various types of risk that may impact on the company's performance.

Given that a company's board of directors have the prerogative to decide the type of information to be disclosed voluntarily, further revision of current statutory disclosure is imperative to deal with the aforementioned problems of providing useful voluntary disclosure. The overall interview findings revealed that most of the stakeholders agreed that suggested guidelines for voluntary disclosure would be a great help to them. While nearly all of them recognised the importance of voluntary disclosure in the annual reports, they were uncertain whether the level of voluntary disclosure provided by these companies would improve effectively if society's perception of voluntary disclosure in general were changed. One important finding was that most considered that the governance of family-controlled companies is different from that of other publicly listed companies. The unification of ownership and control in family-controlled companies is seen to create challenges in providing information voluntarily and in the sharing of it with others.

However, better incentives coupled with appropriate guideline suggestions would minimise issues related to the level of voluntary disclosure provided by family-controlled companies. As shown in the quantitative data, the involvement of multigenerational family members with diverse knowledge and professional experience may offer an opportunity for these companies to improve their disclosure practice. This study found that three internal factors (i.e., number of family members involved in the company, the different family generations, and their knowledge and experience gained) influenced the decision for voluntary disclosure. These findings run counter to the existing perceptions that family-controlled companies are influenced by the inherent tension between institutional arrangements, and the families' businesses and values.

These findings suggest that a revision of the provision of voluntary disclosure guidelines and the incorporation of better tax incentives are needed in order to improve the level of voluntary disclosure provided by Malaysian public listed companies, particularly Malaysian family-controlled publicly listed companies. It is hoped that the knowledge gained through this study will provide a greater understanding of how voluntary disclosure could result in better corporate reporting for stakeholders and promote greater transparency and accountability in the capital market.

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APPENDICES

A. Primary listing of local and foreign companies

Primary Listing of Local and Foreign Companies

Qualitative Criteria

Core Business

- An identifiable core business which it has majority ownership and management control
- Core business should not be holding of investment in other listed companies

Infrastructure Project Corporation Test

- Continuity of substantially the same management for at least three full financial years prior to submission
- For market capitalisation test, since the commencement of operations (if less than three full financial years)

Financial Position and Liquidity

- Sufficient level of working capital for at least 12 months;
- Positive cash flow from the operating activities for listing via profit test and market capitalisation test; and
- No accumulated losses based on its latest audited balance sheet as at the date of submission

Moratorium on Shares

- Promoters' entire shareholdings for six months from the date of admission
- Subsequent sell down with conditions for companies listed under Infrastructure Project Corporation test

Transaction with Related Parties

- Must be based on terms and conditions which are not unfavourable to the company
- All trade debts exceeding the normal credit period and all non-trade debts, owning by the interested persons to the company or its subsidiary companies must be fully settled prior listing

Quantitative Criteria

Mode of Listing

Profit Test

- Uninterrupted profit after tax ("PAT") of three to five full financial years ("FY"), with aggregate of at least RM20 million; and
- PAT of at least RM6 million for the most recent full FY

Market Capitalisation Test

- A total market capitalisation of at least RM500 million upon listing; and
- Incorporated and generated operating revenue for at least one full FY prior to submission

Infrastructure Project Corporation Test

- Must have the right to build and operate an infrastructure project in or outside Malaysia, with project costs of not less than RM500 million; and
- The concession or licence for the infrastructure project has been awarded by a government or a state agency, in or outside Malaysia, with remaining concession or licence period of at least 15 years

Public Spread

- At least 25% of the Company's share capital; and
- Minimum of 1,000 public shareholders holding not less than 100 shares each

Bumiputera Equity Requirement

- Allocation of 50% of the public spread requirement to Bumiputera investors on best effort basis **

** the portion made available for subscription via balloting, 50% of which are to be made available to retail *Bumiputera* investors (source: Securities Commission Malaysia (2012a)

Additional Criteria for foreign Companies must comply with the following:

Place of incorporation, Approval of regulatory Authorities of Foreign Jurisdiction, Registration, Accounting Standards, Translation of Documents, Valuation of Assets, Currency Denomination and Resident directors.

Additional Criteria for Foreign Companies

Place of incorporation

Approval of regulatory Authorities of Foreign Jurisdiction

- Prior approval of all relevant regulatory authorities of the jurisdictions(s) in which it is incorporated or carries out its core business operations before issuing its listing prospectus

Registration, Accounting Standards

- Must have been registered with the Registrar of Companies under the Companies Act 1965

Translation of Documents

- All documents to be submitted to the authorities (including financial statements), which are in a language other than English, must be accompanied by a certified English translation

Valuation of Assets

- Standards applied in Malaysia or International Valuation Standards

Currency Denomination

- Applicants is required to consult Bursa Malaysia and obtain approval of the Controller of Foreign Exchange for quotation of securities in a foreign currency

Resident directors

- Companies predominantly Malaysian-based operations - majority of directors whose principal or only place of residence is in Malaysia; companies predominantly foreign-based must have at least one director

Qualitative Criteria

Listing Board

- Secondary listing is allowed on Main Market only

Additional Listing Criteria

- Place of Incorporation – From a jurisdiction with standards of laws and regulations equivalent to those in Malaysia, particularly with respect to :- (i) corporate governance, (ii) shareholders and minority interest protection; and (iii) regulation of take-overs and mergers or the company making variations to its constituent documents to provide those standards.
- Approval of Regulatory Authorities of Foreign Jurisdiction – Prior approval of all relevant regulatory authorities of the jurisdiction (s) in which it is incorporated or carries out its core business operations before issuing its listing prospectus
- Registration – Must have been registered with the Registrar of Companies under the Companies Act 1965
- Accounting Standards – Standards in accordance with the Financial Reporting Act 1997, which include International Accounting Standards
- Auditing Standards – Standards applied in Malaysia or International Standards in Auditing
- Translation of Documents – All documents to be submitted to the authorities (including financial statements), which are in a language other than English, must be accompanied by a certified English translation
- Valuation of Assets – Standards applied in Malaysia or International Valuation Standards
- Currency Denomination – Applicants is required to consult Bursa Malaysia and obtain approval of the Controller of Foreign Exchange for quotation of securities in a foreign currency
- Resident Directors – Companies with predominantly Malaysian-based operations must have majority of directors whose principal or only place of residence is in Malaysia
  Or Companies with predominantly foreign-based operations must have at least one director whose principal or only place of residence is in Malaysia.
- Sufficient level of working capital for at least 12 months;
- Already have primary listing on the main market of a foreign stock exchange which is a member of World Federation of Exchanges;
- Fully comply with the listing rules of its home exchange; and
- Home exchange where the applicants is primarily listed must have standards of disclosure rules at least equivalent to those of Bursa Malaysia

(Source: Bursa Malaysia, 2012)

B. Ethical approval

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THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

MANAGEMENT SCHOOL
Te Raupapa

24th August 2012

Syeliya Zaini
8B June Place
Hamilton East
Hamilton

Dear Syeliya

Ethical Application WMS 12/129
The extent and variability of voluntary disclosure practise in listed family firms in Malaysia

As per my earlier email the above research project, as outlined in your application, has been granted Ethical Approval for Research by the Waikato Management School Ethics Committee.

Please note: should you make changes to the project outlined in the approved ethics application, you may need to reapply for ethics approval.

Best wishes for your research

Regards,

Amanda Sircombe
Research Manager

i. Participant Information Sheet

Waikato Management School
Te Raupapa

THE UNIVERSITY OF WAIKATO
Te Whare Wānanga o Waikato

The Extent and Differences of Voluntary Disclosure practice in Listed Family Firms in Malaysia

Dear Sir/Madam,

I am Syeliya Md Zaini, a PhD candidate at the University of Waikato, New Zealand. Currently, I am conducting the above research as my PhD requirement under the supervision of Professor Howard Davey, Associate Professor Grant Samkin and Dr. Umesh Prasad Sharma. The objectives of this research are to examine, and identify the extent of voluntary disclosure practices in Malaysian listed family firms by assessing the differences in voluntary disclosure items in firms' annual reports.

I am writing to ask if you would be willing to assist me with some research over the next two months. This would require you to answer a set of questionnaires between October and November, and would take about 40 to 50 minutes (approximately) of the session. As part of my thesis research procedures, I am conducting a Delphi opinion seeking exercise of annual reports user groups. As a representative of ....….. the invitation is for you to participate as one of anonymous members of the external stakeholders' group. Your opinion would be sought about what information listed companies should disclose in their annual reports. The research will provide valuable insights for stakeholders, regulators and standard setting bodies to develop better strategies and frameworks in providing voluntary disclosure in the annual reports. It will also identify the current challenges faced by firms in providing voluntary disclosure in the annual reports.

Information obtained in this research is strictly confidential. There will be no identification of your firm or participation in my PhD thesis, or any publication related to the research. You may refuse to answer any particular questions and to withdraw from the interview.

The outcomes of this research cannot be produced without your participation. Your opinions and experiences are important in this research.

Should you have questions or concerns about this study, please contact me at 017-5707705 or email me at sbm11@waikato.ac.nz.

I look forward to your participation in the study.

Thank you

Yours sincerely

Syeliya Md Zaini

ii. Consent Form for Participants

Waikato Management School
Te Raupapa

THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

The Extent and Differences of Voluntary Disclosure Practices in Listed Family Firms in Malaysia

Syeliya Md Zaini, PhD Candidate, Waikato Management School
Email: sbm11@waikato.ac.nz

Consent Form for Participants

I have read the **Information Sheet for Participants** for this study and have had the details of the study explained to me. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I also understand that I am free to withdraw from the study at any time (within **TWO (2) weeks** after the interview), or to decline to answer any particular questions in the study. I agree to provide information to the researchers under the conditions of confidentiality set out on the **Information Sheet**.

I agree to participate in this study under the conditions set out in the **Information Sheet** form.

Signed: ______________________________

Name: ______________________________

Date: ______________________________

Researcher's name and contact information:

Syeliya Md Zaini
Department of Accounting
Email: sbm11@waikato.ac.nz
Phone (Mobile): 0221893779

Supervisor's Name and contact information:
Professor Howard Davey
Department of Accounting
Email: hdavey@waikato.ac.nz
Phone (Office): 07-856889 extn: 4441

C. List of panel members and category as annual report user

ID	Position	Classification
1	Chief Executive Officer	Analyst
2	Deputy Director of Research	Analyst
3	Manager - Risk and Governance	Provider of services
4	Audit Manager	Provider of services
5	Business Consultant	Provider of services
6	Head of Research Centre	Researcher
7	Manager - Company Secretary	Provider of services
8	Managing Director	Corporate Finance Advisor
9	Director	Equity investor
10	Relationship Manager	Financial provider
11	General Manager	Provider of services
12	Executive Director Securities Malaysia	Regulator
13	Deputy Director - Institute of Integrity Malaysia	Government agencies
14	Senior Analyst	Analyst
15	Assistant Manager	Provider of services
16	Audit Director	Provider of services
17	Audit Associate	Provider of services
18	Manager - Securities Malaysia	Regulator
19	Dean of Institute	Researcher
20	Managing Director	Provider of goods and services
21	Senior Research Analyst	Analyst
22	Senior Executive	Analyst
23	Chief Executive Officer	Trading company
24	Senior Manager	Regulator
25	Manager	Auditor
26	Head of Risk and Shariah Compliance	Financial provider
27	Head of Institute	Researcher
28	Director of Corporate Management and Communication	Government agencies
29	Assistant Vice President	Analyst
30	Finance Manager	Financial provider
31	Project Manager	Provider of goods & services
32	Finance Manager	Government agencies
33	Head Group Risk	Provider of services
34	Manager - Market Surveillance	Regulator
35	Director of Private Sector	Analyst
36	Associate Professor	Researcher
37	Business Consultant	Provider of services
38	Director	Regulator
39	Assistant Editor	Journalist
40	Assistant Vice President - Wealth Management	Financial provider

D. The voluntary disclosure index list from the preconsultative process

General corporate and strategic information	Information about management and shareholders	Financial information	Corporate Social Responsibility (CSR)	Forward- looking information
1. Financial summary for 5 years 2. Brief history of the firm and nature of the business 3. Discussion of company's major products/services /projects 4. Images of major types of product 5. Information on new product development 6. Discussion of recent industry trends 7. Information on acquisitions and expansion 8. General statement of corporate strategy 9. General statement of corporate strategy	1. Background of the directors and management team (academic, professional qualifications, and position held) 2. Senior management responsibilities, experience, and background 3. Picture of board of directors and senior management team) 4. Analysis of distribution of shareholdings by type of shareholders, and number of Muslim shareholders and their shareholdings 5. Details of Shariah oversight board (if applicable) 6. Domestic and foreign shareholdings breakdown	1. Review of financial highlights related to financial statement shareholdings 2. High-level operating data and performance measurements that management uses to manage the business and in the decision making 3. Share price information (trend) 4. Share price information (year-end) 5. Market capitalisation (year-end) 6. Any form of financing/investment or funding that contradicts Islamic law (interest/gambling/ uncertainties activities) (if applicable)	1. CSR policy, a statement of compliance 2. Discussion of participation in government social campaigns 3. Discussion of involvement in community programmes (health/education/charity) implemented 4. Discussion of environmental protection programme implemented 5. Discussion of involvement in public/private action designed to protect environment 6. Corporate policy on employee benefits 7. Corporate policy on employees' training	1. Discussion of opportunities (firm's prospects in general and business strategy on future performance in general) 2. Discussion of specific external factors affecting firm's prospects (economy, politics, technology) 3. Discussion of future products/services research and development activities with planned R&D expenditure 4. Planned advertising and publicity expenditure 5. Nature and cause of risks 6. Identification of major differences between actual business performance and

10. Organisation structure/group chart 11. Information relating to the general outlook of the economy 12. Discussion of competitive environment 13. Information on disposal and cessation 14. A statement of corporate goals 15. Vision and mission statement 16. Description of marketing and distribution network for products/services 17. Generating value for stakeholders 18. Statement of ways to improve customer service 19. Actions taken during the year to achieve the corporate goal 20. Reasons for the acquisitions and expansion (including		7. Zakat: method used/amount/beneficiaries (if applicable)	8. Discussion of employees' benefits 9. Discussion of employees' training 10. Breakdown of workforce by line of business distribution or categories of employees by level of qualifications 11. Amount spent on employees' benefits and training 12. Retrenchment/redundancy information 13. Information about employee workplace safety 14. Discussion of health and safety standards 15. Sadaqa/donation (description of the recipients and purpose) (if applicable) 16. Waqf (description of the policy and amount spent) (if applicable)	previously disclosed opportunities, risks, and management plans 7. Effects of opportunities and risks on future core earnings and cash-flows

planned capital expenditure) 21. Impact of strategy on current results 22. Discussion about major regional economic development 23. Reasons for the disposal and cessation 24. Description of R&D projects 25. Impact of competition on current market 26. Firm's contribution to the national economy 27. Corporate milestones have been achieved 28. Business activities related to Shariah matters (if applicable) 29. Halal status of the product (if applicable) 30. Declaration of activities that involve alcohol and gambling (if applicable)			17. Qard Hassan – borrowing without profit and interest (details on the policy, accounting treatment, and recipients) (if applicable)	

E. List of voluntary disclosure categories, items, and explanation for each item

	General corporate and strategic information	Explanation of item
1	Financial highlights – at least 5 years.	Information on key financial performance of the company for at least 5 years (such as revenue, profit before tax, and return on equity).
2	Discussion of company's new major products/services/projects.	Disclosures related to the major products/services/projects including, descriptions and images that represent the main production of the company.
3	Information on new product development.	Disclosure related to the new product/services/project in progress.
4	Discussion of recent industry trends.	Description of the current status of the industry demand, supply, or regulations that is applicable on such industry.
5	Statement and/or information of ways to improve product and service quality.	Information or description on the company's strategy to improve the previous or current production in order to meet a specific demand or benchmark.
6	General statement of corporate strategy.	Disclosure relating to the company's plan to further enhance the firm's overall performance to position the company in the capital market
7	Information relating to the general outlook of the economy.	Description of productivity limitations due to the industry demand and supply as well as the effect of global economic conditions.
8	Discussion of competitive environment.	Information that discusses the related industry's conditions and have significant implications for the growth and opportunity to the company.
9	A statement of corporate goals.	A statement made by the company to achieve either its vision, goals, or objectives .
10	Vision and mission statement.	Information or statement relating to the vision or mission the company attempts to achieve. Description of the company's short-term or long- term goal being met.
11	Description of marketing and distribution network for products/services.	Disclosure addresses related to new commencement of marketing and distribution location or type for production purposes (i.e., commencement of new division or plant).
12	Awareness of responsibilties to the stakeholders.	Information or disclosure relating to the company's acceptance of the importance of prioritising stakeholders' wealth, namely to improve the interest of all groups of stakeholders, particularly to enhance the value, and performance of the company.
13	Discussions on specific actions taken during the year to achieve the corporate goal.	Disclosure about the company's implemented strategy and outcomes.
14	Impact of strategy on current results.	Disclosure that demonstrates the current achievement due to the strategy or plan carried out by the company.
15	Discussion about major regional economic development pertaining to product and business.	Description of last year and current year's global economic implication on the industry (i.e., increase/decrease in the price of oil palm).
16	Impact of competition on current market	Disclosure that demonstrates the current achievement due to the force of competition in the industry.
17	Firm's contribution to the national economy.	Disclosure that addresses the contribution of the company in the form of plan, strategy, or activities towards the country's growth (i.e., GDP).
18	Corporate achievement.	Disclosure related to the achievement made by the company.
19	Business activities related to Shariah matters (if applicable).	Disclosure addresses business activities related to Islamic principles.
20	Halal status of the product (if applicable).	Disclosure addresses business activities related to Islamic principles.
21	Declaration of activities that involve alcohol and gambling as part of business (if applicable).	Disclosure of information regarding any business activities or production that relates to the consuming of or investment in alcohol/gambling activities.
22	Industry specialised operational statistics.	Statistic information related to the position or performance in the industry either in division, product, or any business network.
23	Adoption/supporting mechanism to enhance ethical and productive practices.	Disclosure relating to the mechanism or tool employed to improve the current operational activities in an ethical way.
	Information about management and shareholders	**Explanation of item**
24	Senior management responsibilities, experiences, and backgrounds.	Information and description related to the Board of Directors including photo of each of them.
25	Picture of board of directors and senior management team.	Photo of the key management (board of directors and management team) with names and position.
26	Details of Shariah oversight board (if applicable).	Description and information of Board of directors with Shariah background to monitor and coordinate the related business activities in accordance to Islamic principles and laws.
27	Domestic and foreign shareholdings breakdown.	Disclosure on the proportion of share held by the directors in any of the listed companies.

Table continued

	Financial information	Explanation of item
28	Review of financial highlights related to the financial statements.	Disclosure and description of the company's financial performance (such as profit before tax, revenue/sales, or return on investment).
29	High level operating data and performance measurements that management uses.	Information on business division, product or plan contribution on the company's financial performance.
30	Share price information (trend).	Disclosure on the share-price movement from last year and current year.
31	Share price information (year-end).	Disclosure on the current share price performance.
32	Market share in the industry	Additional information about the company's market size within its industry/sector.
33	Market capitalisation in the share market (year-end).	Disclosure on the company's market capitalisation in the stock exchange.
34	Any form of financing/investment or funding related to Shariah law (if applicable).	Information or disclosure of financing structure or investment in accordance to Islamic law.
35	Zakat: method used/amount/beneficiaries (if applicable).	Disclosure on the policy for Islamic form of tax payable including amount and zakat paid breakdown.
	Corporate social responsibility	**Explanation of item**
36	CSR policy; a statement of compliance.	Brief information about the company's CSR policy or statement of compliance for CSR.
37	Discussion of involvement in community programmes (health/education/charity)	Disclosure regarding the company participation and involvement in the community programmes carried out. Information can include the objectives, amount spent, and benefits (who and what) of the programme.
38	Discussion of environmental protection programme implemented.	Disclosure regarding the company participation, and involvement reports on the environmental protection programmes, carried out. Information can include the objectives, amount spent, and benefits (who and what) of the programme.
39	Discussion of involvement in public/private action designed to protect the environment.	Disclosure regarding adopting or employed policy or machine or plant to protect the environment around the organisation project or plant operating.
40	Corporate policy on employees' benefits.	Brief information about the company's corporate policy or statement of compliance for employees' benefits.
41	Corporate policy on employees' training.	Brief information about the company's corporate policy or statement of compliance for employees' training or career advancement.
42	Discussion of employees' benefits.	Disclosure of information relating to types of benefits solely for employees, and/or may include the amount and breakdown of benefits provided since their commencement.
43	Discussion of employees' training.	Disclosure of information relating to types of training (external/in-house) solely for employees, and/or may include the amount and breakdown of training provided since its commencement, and successful employees from the programme.
44	Breakdown of workforce by line of business distribution or categories of employees by level of qualifications.	Disclosure of information relating to the proportion or statistical figure of workforce employed (by level of qualifications) based on business distribution.
45	Amount spent on employees' benefits and training.	Information relating to the breakdown or details of the benefits and training expenditure.
46	Retrenchment/redundancy information.	Information relating to the past or possible number of employees compensated due to restructuring process
47	Information about employee workplace safety.	Disclosure on the importance of the company's responsibilities towards employees' workplace safety and health.
48	Discussion of health and safety standards.	Information may include healthy activities or programme/s carried out and their purpose and outcomes.
49	Sadaqa/donation (description on the recipients and purpose) (if applicable).	Disclosure of information relating to charity made in accordance with Islamic principles Information may describe the beneficiaries, amount donated, aims, and objectives for such donations.

Table continued

50	Waqf (description on the policy and amount spent) (if applicable).	Information relating to charity made in accordance with Islamic law, such as building of mosques, schools, or premises for the use of society, employees, or specific community groups.
51	Retirement scheme through foundation or other means.	Disclosure of information relating to employees' retirement benefits (either in cash or material).
	Forward-looking and risk review information	**Explanation of item**
52	Discussion of opportunities (firm's prospects in general and business strategy on future performance in general).	Disclosure of information relating to the company's plan for future investment strategy to improve the company's performance due to certain government policies or competitive environment.
53	Discussion of specific external factors affecting firm's prospects (economy, politics, technology).	Disclosure of information relating to last year's and/or current governmental policy or economic global status that can or may affect the company's position.
54	Discussion of future products/services research and development activities with planned research and development expenditure.	Disclosure of information relating to implementation of system, machine, technique, or any form of device employed for production enhancement and firm's competitive advantage.
55	Planned advertising and publicity expenditure.	Disclosure of information regarding the budgeted or forecast expenditure cost for the company's product and branding marketing.
56	Nature and cause of risks.	Information relating to the type, cause, and effect on the company's financial and performance status.
57	Identification of major differences between actual business performance and previously disclosed opportunities, risks, and management plans.	Information relating to past year's performance and expected production and profit and current year's performance that may have either positive or negative implication for the strategy carried out.
58	Environmental incidents - Implementation of procedures for managing materials containing environmentally sensitive substances - convert the production processes.	Disclosure relating to company's contingency plan, procedures, and strategies to mitigate any possible environmental uncertainty or risk related to the use of materials for production.
59	High degree of government regulation - dicussion on the ways for appropriate investment decision.	Information relating to government policy or regulation that has led the company to make suitable economic investment.
60	Technical failure - discussion on hiring and retaining highly trained and experienced staff / developing control quality system and equipments maintenance/implementing software that allows better design and manufacturing process.	Disclosure relating to company plans and strategies that involve special equipment, software, programme for productivity enhancement.
61	Natural disasters (e.g., earthquakes, flood) - Discussion on engineering, administrative and operating staff to identify and develop control program.	Disclosure relating to the company's contingency plans and strategies to mitigate any possible natural disasters.

F. The List of Top 150 Companies in Malaysia as at 31.12.13

No	NAME	MARKET VALUE	No	NAME	MARKET VALUE
1	MALAYAN BANKING	88089.0	76	QL RESOURCES	3386.32
2	PUBLIC BANK	68519.25	77	DAYANG ENTER.HDG.	3184.50
3	TENAGA NASIONAL	64224.25	78	MAH SING GROUP	3137.70
4	AXIATA GROUP	58930.42	79	DUTCH LADY MILK	3016.96
5	CIMB GROUP HOLDINGS	58897.57	80	PARKSON HOLDINGS	3008.23
6	SIME DARBY	57210.06	81	SHANGRI-LA HOTELS (MAL.)	2974.40
7	PETRONAS CHEMICALS GP.	55359.98	82	POS MALAYSIA	2942.90
8	MAXIS	54549.71	83	MEDIA PRIMA	2883.21
9	PETRONAS GAS	48043.62	84	SARAWAK OIL PALMS	2853.39
10	DIGI.COM	39246.19	85	IJM PLANTATIONS	2847.79
11	GENTING	38161.89	86	KOSSAN RUBBER	2762.50
12	IHH HEALTHCARE	31400.99	87	TSH RESOURCES	2720.52
13	PETRONAS DAGANGAN	31234.18	88	UOA DEVELOPMENT	2599.18
14	IOI	30352.59	89	BERJAYA	2536.74
15	SAPURA-KENCANA PETROLEUM	29361.55	90	KECK SENG (MALAYSIA)	2486.96
16	HONG LEONG BANK	27070.68	91	CAPITAMALLS MAL.TRUST	2481.95
17	KUALA LUMPUR KEPONG	26580.86	92	HONG LEONG CAPITAL	2419.59
18	GENTING MALAYSIA	26008.62	93	AIRASIA X	2358.52
19	MISC BHD.	25443.61	94	CAHYA MATA SARAWAK	2333.76
20	AMMB HOLDINGS	21822.70	95	ZHULIAN	2295.40
21	RHB CAP.	20120.58	96	LINGKARAN TRANS KOTA HDG.	2251.15
22	TELEKOM MALAYSIA	19854.58	97	WCT HOLDINGS	2239.55
23	PPB GROUP	19133.98	98	ALLIANZ MALAYSIA IRR.CV. PF.S	2235.56
24	BRIT.AMER.TOB.(MALAYSIA)	18308.17	99	EASTERN & ORIENTAL	2146.33
25	YTL	17397.06	100	HAP SENG PLTNS.HDG.	2144.00
26	FELDA GLOBAL VENT.HDG.	16380.18	101	MALAYSIAN RES.	2130.19
27	HONG LEONG FINL.GP.	16296.86	102	AEON CREDIT SERVICE	2119.68
28	NESTLE (MALAYSIA)	15946.00	103	TIME DOTCOM	2034.48
29	UMW HOLDINGS	14089.63	104	JAYA TIASA HOLDINGS	1986.38
30	YTL POWER INTERNATIONAL	13562.77	105	AMWAY (MAL.) HDG.	1972.63
31	BUMI ARMADA	11814.30	106	ALLIANZ MALAYSIA	1945.03
32	MALAYSIA AIRPORTS HDG.	11091.99	107	SHELL REFINING CO.FOM	1908.00
33	GAMUDA	11002.95	108	SUPERMAX	1884.03
34	UEM SUNRISE	10708.34	109	SCOMI ENERGY SERVICES	1861.71
35	KLCC PROPERTY HOLDINGS	10561.20	110	TASEK	1839.48
36	DIALOG GROUP	8774.59	111	MALAYSIAN BULK CARRIERS	1770.00
37	MMC	8769.76	112	YINSON HOLDINGS	1740.26
38	BATU KAWAN	8544.63	113	PERISAI PTL.TEKNOLOGI	1724.40
39	GENTING PLANTATIONS	8377.67	114	SYARIKAT TAKAFUL MAL.	1677.02
40	IJM	8308.25	115	COASTAL CONTRACTS	1657.61
41	SP SETIA	7400.72	116	TH PLANTATIONS	1655.24
42	ALLIANCE FINANCIAL GP.	7368.98	117	SELANGOR PROPERTIES	1649.36
43	LAFARGE MALAYSIA	7281.88	118	STAR PUBLICATIONS (MAL.)	1647.00
44	BIMB HOLDINGS	6780.52	119	NCB HOLDINGS	1645.89
45	FRASER & NEAVE HOLDINGS	6755.43	120	MUDAJAYA GROUP BHD.	1599.96
46	HAP SENG CONSOLIDATED	6632.79	121	OSK HOLDINGS	1598.95
47	AFFIN HOLDINGS	6202.49	122	MY EG SERVICES	1598.80
48	AIRASIA	6118.27	123	HONG LEONG INDUSTRIES	1587.05
49	BOUSTEAD HOLDINGS	5812.07	124	JOBSTREET	1577.13
50	MALAYSIA BUILDING SOC.	5794.14	125	TA ANN HOLDINGS	1545.97
51	MALAYSIA MAR.& HVY.ENGR. HDG.	5600.00	126	TA GLOBAL	1491.88
52	BERJAYA SPORTS TOTO	5471.67	127	DATASONIC GROUP	1478.25
53	DRB-HICOM	5451.73	128	TUNE INS HOLDINGS	1465.93
54	UNITED PLANTATIONS	5411.48	129	UNITED MALACCA	1464.22
55	HARTALEGA HOLDINGS	5390.98	130	TDM	1407.58
56	ORIENTAL HOLDINGS	5267.14	131	KIAN JOO CAN FACTORY	1385.8
57	AEON CO.(M)	4914.00	132	KRETAM HOLDINGS	1367.06
58	GUINNESS ANCHOR	4833.57	133	PANASONIC MNFG.MAL.	1355.85
59	SUNWAY	4687.98	134	AXIS REAL EST.INV.TST.	1351.43
60	MAGNUM	4543.29	135	TROPICANA	1351.02
61	KULIM (MALAYSIA)	4451.54	136	YTL HOSPITALITY REIT	1337.63
62	BURSA MALAYSIA	4383.39	137	PUNCAK NIAGA HOLDINGS	1336.60
63	BERJAYA LAND	4225.28	138	TA ENTERPRISE	1335.29
64	TAN CHONG MOTOR HOLDINGS	4159.68	139	SCIENTEX	1308.70
65	IGB REAL ESTATE INVESTMENT TRUST	4072.92	140	JCY INTERNATIONAL	1298.85
66	IJM LAND	3981.18	141	WAH SEONG	1278.56
67	KPJ HEALTHCARE	3979.14	142	ALAM MARITIM RES.BHD.	1258.04
68	LPI CAPITAL	3859.89	143	MBM RESOURCES	1254.18
69	PAVILION REIT.TST.	3852.39	144	GOLDIS	1245.41
70	CARLSBERG BREWERY MAL.	3752.39	145	MPHB CAPITAL	1201.20
71	IGB	3712.25	146	ATLAN HOLDINGS	1192.15
72	SUNWAY RLST.INV.TRUST	3625.37	147	PADINI HOLDINGS	1190.81
73	MSM MAL.HOLDINGS	3514.90	148	PRESS METAL	1181.70
74	TOP GLOVE	3493.59	149	APM AUTOMOTIVE HDG.	1167.26
75	BINTULU PORT HOLDINGS	3450.00	150	PERDANA PETROLEUM	1156.28

G. Minor changes in the voluntary disclosure index

Initial	**After**
23. Adoption/supporting mechanism to enhance ethical and productive practices	Adoption/supporting mechanism to enhance ethical and/or productive practices
59. Technical failure – discussion on hiring and retaining highly-trained and experienced staff/developing control quality system and equipment maintenance/implementing software that allows better design and manufacturing process	Discussions on hiring and retaining highly-trained and experienced staff/developing control quality system and equipment maintenance/implementing software that allows better design and manufacturing process

H. Listed Family-controlled companies – from TOP 150 in FTSE Bursa Malaysia as at December 31, 2013

Company's Name	**IOI Corporation**	**Top Glove**	**Berjaya Sports Toto**	**Tan Chong Motor**	**QL Resources**	**Kuala Lumpur Kepong**	**Keck Seng (M)**
Industry	Plantation	Glove	Gaming	Motor	Consumer Product	Plantation & Food Processing	Plantation-Oil Palms
Number of shares Direct: - Indirect:-	2,926,637,480 71,924,800 2,854,712,680	258,777,152 202,842,248 55,934,904	2,521,368,774 979,007,147 1,542,361,627	318,419,682 27,185,362 291,234,320	387,754,998 4,077,000 383,677,998	496,505,277 155,250 496,350,027	248,606,207 73,866,061 174,740,146
Number of share capital issued and fully paid	6,434,491,295	620,219,962	4,294,836,000	672,000,000	832,020,000	1,067,504,692	361,477,110
Number of shares (%)	45.48%	41.72%	58.7%	47.38%	46.6%	46.51%	68.77%
Information on substantial interest	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number family members on the board	4 members	3 members	3 members	2 members	7 members	2 members	3 members
Position of the family member(s) in the composition of the board	Executive Chairman-1 Executive Director - 3	Chairman-1 Executive Director - 2	Chairman/Chief Executive Director - 1, Executive Director - 1 Nonindependent Nonexecutive Director - 1	Executive Chairman - 1 Executive director - 1	Group Managing Director - 1 Executive director - 6	Chief Executive Officer - 1 Executive Director -1	Executive Chairman – 1 Managing Director – 1 Nonexecutive Director - 1

Table continued

Company's Name	**Sarawak Oil & Plantation**	**Supermax Corporation Berhad**	**Mah Sing**	**Kossan Rubber**	**Oriental Holdings**	**TSH Resources**	**Cahaya Mata Sarawak**
Industry	Plantation	Gloves	Property	Glove	Automotive/ Motor	Plantation-Oil Palms	Diversified
Number of shares Direct: - Indirect:-	283,658,236 31,069,808 252,588,428	253,529,448 253,529,448	502,382,926 502,382,926	328,320,752 763,776 327,556,976	354,733,940 3,969,914 350,764,026	214,876,344 214,858,344 107,486,906	232,050,476 96,570,170 135,480,306
Number of share capital issued and fully paid	438,253,000	680,154,880	839,868,000	639,468,000	620,394,000	896,942,633	339,704,000
Number of shares (%)	64.72%	37.27%	59.82%	51.34%	57.18%	35.94%	68.31%
Information on substantial interest	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number family members on the board	3 members	3 members	2 members	5 members	7 members	3 members	2 members
Position of the family member(s) in the composition of the board	Chairman - 1 Nonindependent Nonexecutive director - 1 Nonindependent Nonexecutive - 1	Executive Chairman & Group Managing Director - 1 Group Executive Director - 1 Nonexecutive Director - 1	Group Managing Director/ Group Chief Executive Officer - 1 Executive Director - 1	Managing Director/Group Chief Executive Director - 1 Executive Director - 4	Executive Chairman - 1 Deputy Chairman - 1 Group Managing Director-2 Nonindependent Nonexecutive Director - 1 Alternate Director - 2	Chairman-1 Group Managing Director - 1 Group Executive Director - 1 Alternate Director - 1	Deputy Group Chairman - 1 Group Executive Director - 1

Table continued

Company's Name	**JayaTiasa Holdings**
Industry	Plantation oil palms & wood- based
Number of shares Direct: - Indirect:-	445,628,688 215,687,073 229,941,615
Number of share capital issued and fully paid	973,718,000
Number of shares (%)	45.77%
Information on substantial interest	Yes
Number family members on the board	4 members
Position of the family member(s) in the composition of the board	Deputy Executive Chairman -1 Nonindependent Executive Director - 3

I. Descriptive analysis – *T*-test results for each items within categories from 2009 to 2013

General corporate and strategic information	Minimum	Maximum	Mean	Std. Deviation
Financial highlights – at least 5 years	1	5	1.77	1.425
Discussion of company's new major products/services/projects	1	5	1.16	.645
Information on new product development	1	5	1.23	.686
Discussion of recent industry trends	1	4	1.23	.588
Statement and/or information of ways to improve product and service quality	1	5	1.23	.658
General statement of corporate strategy	1	5	1.15	.466
Information relating to the general outlook of the economy	1	4	1.21	.563
Discussion of competitive environment	1	4	1.11	.417
A statement of corporate goals	1	4	1.21	.551
Vision and mission statement	1	5	1.26	.581
Description of marketing and distribution network for products/services	1	5	1.29	.807
Awareness of responsibilties to the stakeholders	1	4	1.16	.489
Discussions on specific actions taken during the year to achieve the corporate goal	1	5	1.32	.758
Impact of strategy on current results	1	5	1.21	.578
Discussion about major regional economic development pertaining to product and business	1	4	1.20	.554
Impact of competition on current market	1	5	1.18	.576
Firm's contribution to the national economy	1	4	1.07	.322
Corporate achievement	1	5	1.20	.542
Business activities related to Shariah matters (if applicable)	1	3	1.03	.226
Halal status of the product (if applicable)	1	5	1.05	.369
Declaration of activities that involve alcohol and gambling as part of business (if applicable)	1	2	1.00	.041
Industry specialised operational statistics	1	5	1.28	.881
Adoption/use of supporting mechanism to enhance ethical and productive practices	1	5	1.37	.822

Information about management and shareholders	Minimum	Maximum	Mean	Std. Deviation
Board of directors' responsibilities, experiences, and backgrounds	1	5	1.74	1.378
Details of senior management team	1	5	1.20	.781
Details of Shariah oversight board (if applicable)	1	1	1.00	0.000
Domestic and foreign shareholdings breakdown	1	4	1.02	.219

Financial information	Minimum	Maximum	Mean	Std. Deviation
Review of financial highlights related to the financial statements	1	5	1.74	1.249
High level operating data and performance measurements that management uses	1	5	1.74	1.322
Share price information (trend)	1	4	1.15	.508
Share price information (year-end)	1	5	1.23	.734
Market share in the industry	1	3	1.03	.203
Market capitalisation in the share market (year-end)	1	5	1.13	.531
Any form of financing/investment or funding related to Shariah law (if applicable)	1	3	1.01	.147
Zakat: method used/amount/beneficiaries (if applicable)	1	5	1.02	.219

Table continued

Corporate social responsibility (CSR)	Minimum	Maximum	Mean	Std. Deviation
CSR policy; a statement of compliance	1	5	1.49	.851
Discussion of involvement in community programs (health/education/charity)	1	5	1.66	1.198
Discussion of environmental protection program implemented	1	5	1.22	.668
Discussion of involvement in public/private action designed to protect the environment	1	5	1.27	.755
Corporate policy on employees' benefits	1	4	1.19	.514
Corporate policy on employees' training	1	5	1.23	.577
Discussion of employees' benefits	1	5	1.07	.366
Discussion of employees' training	1	5	1.15	.597
Breakdown of workforce by line of business distribution or categories of employees by level of qualifications	1	5	1.15	.646
Amount spent on employees' benefits and training	1	4	1.13	.496
Retrenchment/redundancy information	1	1	1.00	0.000
Information about employee workplace safety	1	5	1.23	.712
Discussion of health and safety standards	1	5	1.17	.581
Sadaqa/donation (description on the recipients and purpose) (if applicable)	1	2	1.01	.071
Waqf (description on the policy and amount spent) (if applicable)	1	4	1.02	.173
Retirement scheme through foundation or other means	1	3	1.00	.082

Forward-looking and risk review information	Minimum	Maximum	Mean	Std. Deviation
Discussion of opportunities (firm's prospects in general and business strategy on future performance in general)	1	5	1.26	.673
Discussion of specific external factors affecting firm's prospects (economy, politics, technology)	1	5	1.16	.515
Discussion of future products/services research and development activities with planned research and development expenditure	1	5	1.15	.526
Planned advertising and publicity expenditure	1	4	1.02	.158
Nature and cause of risks	1	4	1.10	.380
Identification of major differences between actual business performance and previously disclosed opportunities, risks, and management plans	1	4	1.15	.516
Environmental incidents - Implementation of procedures for managing materials containing environmentally sensitive substances - convert the production processes	1	5	1.19	.664
High degree of government regulation - dicussion on the ways for appropriate investment decision	1	5	1.09	.389
Technical failure - discussion on hiring and retaining highly trained and experienced staff / developing control quality system and equipment maintenance/implementing software that allows better design and manufacturing process	1	4	1.10	.406
Natural disasters (e.g., earthquakes, flood) - Discussion on engineering, administrative and operating staff to identify and develop control program	1	4	1.02	.168

J. Chi-square, Cross tabulation analysis – Comparative of voluntary disclosure by ownership type for the total period of 5 years

Item 1 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 1	None/Immaterial	Count	224	226	450
		% of Total	37.3%	37.7%	75.0%
	Info. fairly provided	Count	1	13	14
		% of Total	.2%	2.2%	2.3%
	Info. intermediate detailed	Count	1	26	27
		% of Total	.2%	4.3%	4.5%
	Info. is detailed and sufficiently provided	Count	17	25	42
		% of Total	2.8%	4.2%	7.0%
	Highly detailed disclosure	Count	57	10	67
		% of Total	9.5%	1.7%	11.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 2 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 2	None/Immaterial	Count	272	282	554
		% of Total	45.3%	47.0%	92.3%
	Info. fairly provided	Count	10	9	19
		% of Total	1.7%	1.5%	3.2%
	Info. intermediate detailed	Count	9	3	12
		% of Total	1.5%	.5%	2.0%
	Info. is detailed and sufficiently provided	Count	4	2	6
		% of Total	.7%	.3%	1.0%
	Highly detailed disclosure	Count	5	4	9
		% of Total	.8%	.7%	1.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 3 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 3	None/Immaterial	Count	248	275	523
		% of Total	41.3%	45.8%	87.2%
	Info. fairly provided	Count	28	8	36
		% of Total	4.7%	1.3%	6.0%
	Info. intermediate detailed	Count	18	10	28
		% of Total	3.0%	1.7%	4.7%
	Info. is detailed and sufficiently provided	Count	4	2	6
		% of Total	.7%	.3%	1.0%
	Highly detailed disclosure	Count	2	5	7
		% of Total	.3%	.8%	1.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 4 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 4	None/Immaterial	Count	243	259	502
		% of Total	40.5%	43.2%	83.7%
	Info. fairly provided	Count	36	28	64
		% of Total	6.0%	4.7%	10.7%
	Info. intermediate detailed	Count	20	6	26
		% of Total	3.3%	1.0%	4.3%
	Info. is detailed and sufficiently provided	Count	1	7	8
		% of Total	.2%	1.2%	1.3%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 5 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 5	None/Immaterial	Count	244	276	520
		% of Total	40.7%	46.0%	86.7%
	Info. fairly provided	Count	26	13	39
		% of Total	4.3%	2.2%	6.5%
	Info. intermediate detailed	Count	23	6	29
		% of Total	3.8%	1.0%	4.8%
	Info. is detailed and sufficiently provided	Count	5	3	8
		% of Total	.8%	.5%	1.3%
	Highly detailed disclosure	Count	2	2	4
		% of Total	.3%	.3%	.7%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 6 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 6	None/Immaterial	Count	269	259	528
		% of Total	44.8%	43.2%	88.0%
	Info. fairly provided	Count	21	35	56
		% of Total	3.5%	5.8%	9.3%
	Info. intermediate detailed	Count	8	6	14
		% of Total	1.3%	1.0%	2.3%
	Highly detailed disclosure	Count	2	0	2
		% of Total	.3%	0.0%	.3%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 7 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 7	None/Immaterial	Count	263	248	511
		% of Total	43.8%	41.3%	85.2%
	Info. fairly provided	Count	23	37	60
		% of Total	3.8%	6.2%	10.0%
	Info. intermediate detailed	Count	10	11	21
		% of Total	1.7%	1.8%	3.5%
	Info. is detailed and sufficiently provided	Count	4	4	8
		% of Total	.7%	.7%	1.3%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 8 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 8	None/Immaterial	Count	278	276	554
		% of Total	46.3%	46.0%	92.3%
	Info. fairly provided	Count	12	19	31
		% of Total	2.0%	3.2%	5.2%
	Info. intermediate detailed	Count	6	5	11
		% of Total	1.0%	.8%	1.8%
	Info. is detailed and sufficiently provided	Count	4	0	4
		% of Total	.7%	0.0%	.7%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 9 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 9	None/Immaterial	Count	241	269	510
		% of Total	40.2%	44.8%	85.0%
	Info. fairly provided	Count	33	26	59
		% of Total	5.5%	4.3%	9.8%
	Info. intermediate detailed	Count	21	5	26
		% of Total	3.5%	.8%	4.3%
	Info. is detailed and sufficiently provided	Count	5	0	5
		% of Total	.8%	0.0%	.8%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 10 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 10	None/Immaterial	Count	221	258	479
		% of Total	36.8%	43.0%	79.8%
	Info. fairly provided	Count	52	37	89
		% of Total	8.7%	6.2%	14.8%
	Info. intermediate detailed	Count	25	3	28
		% of Total	4.2%	.5%	4.7%
	Info. is detailed and sufficiently provided	Count	2	1	3
		% of Total	.3%	.2%	.5%
	Highly detailed disclosure	Count	0	1	1
		% of Total	0.0%	.2%	.2%
Total		Count	300	300	600
		% within OwnershipType	100.0%	100.0%	100.0%
		% of Total	50.0%	50.0%	100.0%

Item 11 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 11	None/Immaterial	Count	249	265	514
		% of Total	41.5%	44.2%	85.7%
	Info. fairly provided	Count	22	15	37
		% of Total	3.7%	2.5%	6.2%
	Info. intermediate detailed	Count	17	9	26
		% of Total	2.8%	1.5%	4.3%
	Info. is detailed and sufficiently provided	Count	8	2	10
		% of Total	1.3%	.3%	1.7%
	Highly detailed disclosure	Count	4	9	13
		% of Total	.7%	1.5%	2.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 12 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 12	None/Immaterial	Count	266	263	529
		% of Total	44.3%	43.8%	88.2%
	Info. fairly provided	Count	26	24	50
		% of Total	4.3%	4.0%	8.3%
	Info. intermediate detailed	Count	7	9	16
		% of Total	1.2%	1.5%	2.7%
	Info. is detailed and sufficiently provided	Count	1	4	5
		% of Total	.2%	.7%	.8%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 13 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 13	None/Immaterial	Count	237	251	488
		% of Total	39.5%	41.8%	81.3%
	Info. fairly provided	Count	30	27	57
		% of Total	5.0%	4.5%	9.5%
	Info. intermediate detailed	Count	23	15	38
		% of Total	3.8%	2.5%	6.3%
	Info. is detailed and sufficiently provided	Count	5	6	11
		% of Total	.8%	1.0%	1.8%
	Highly detailed disclosure	Count	5	1	6
		% of Total	.8%	.2%	1.0%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 14 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 14	None/Immaterial	Count	257	255	512
		% of Total	42.8%	42.5%	85.3%
	Info. fairly provided	Count	29	30	59
		% of Total	4.8%	5.0%	9.8%
	Info. intermediate detailed	Count	12	8	20
		% of Total	2.0%	1.3%	3.3%
	Info. is detailed and sufficiently provided	Count	2	6	8
		% of Total	.3%	1.0%	1.3%
	Highly detailed disclosure	Count	0	1	1
		% of Total	0.0%	.2%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 15 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 15	None/Immaterial	Count	263	255	518
		% of Total	43.8%	42.5%	86.3%
	Info. fairly provided	Count	23	27	50
		% of Total	3.8%	4.5%	8.3%
	Info. intermediate detailed	Count	12	14	26
		% of Total	2.0%	2.3%	4.3%
	Info. is detailed and sufficiently provided	Count	2	4	6
		% of Total	.3%	.7%	1.0%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Table continued

Item 16 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 16	None/Immaterial	Count	263	269	532
		% of Total	43.8%	44.8%	88.7%
	Info. fairly provided	Count	19	21	40
		% of Total	3.2%	3.5%	6.7%
	Info. intermediate detailed	Count	12	7	19
		% of Total	2.0%	1.2%	3.2%
	Info. is detailed and sufficiently provided	Count	3	3	6
		% of Total	.5%	.5%	1.0%
	Highly detailed disclosure	Count	3	0	3
		% of Total	.5%	0.0%	.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 17 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 17	None/Immaterial	Count	275	294	569
		% of Total	45.8%	49.0%	94.8%
	Info. fairly provided	Count	20	3	23
		% of Total	3.3%	.5%	3.8%
	Info. intermediate detailed	Count	3	3	6
		% of Total	.5%	.5%	1.0%
	Info. is detailed and sufficiently provided	Count	2	0	2
		% of Total	.3%	0.0%	.3%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 18 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 18	None/Immaterial	Count	249	269	518
		% of Total	41.5%	44.8%	86.3%
	Info. fairly provided	Count	29	23	52
		% of Total	4.8%	3.8%	8.7%
	Info. intermediate detailed	Count	19	7	26
		% of Total	3.2%	1.2%	4.3%
	Info. is detailed and sufficiently provided	Count	2	1	3
		% of Total	.3%	.2%	.5%
	Highly detailed disclosure	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 19 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 19	None/Immaterial	Count	292	298	590
		% of Total	48.7%	49.7%	98.3%
	Info. fairly provided	Count	2	1	3
		% of Total	.3%	.2%	.5%
	Info. intermediate detailed	Count	6	1	7
		% of Total	1.0%	.2%	1.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 20 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 20	None/Immaterial	Count	290	299	589
		% of Total	48.3%	49.8%	98.2%
	Info. fairly provided	Count	1	0	1
		% of Total	.2%	0.0%	.2%
	Info. intermediate detailed	Count	2	1	3
		% of Total	.3%	.2%	.5%
	Info. is detailed and sufficiently provided	Count	6	0	6
		% of Total	1.0%	0.0%	1.0%
	Highly detailed disclosure	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 21 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 21	None/Immaterial	Count	299	300	599
		% of Total	49.8%	50.0%	99.8%
	Info. fairly provided	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 22 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 22	None/Immaterial	Count	267	268	535
		% of Total	44.5%	44.7%	89.2%
	Info. fairly provided	Count	3	8	11
		% of Total	.5%	1.3%	1.8%
	Info. intermediate detailed	Count	13	9	22
		% of Total	2.2%	1.5%	3.7%
	Info. is detailed and sufficiently provided	Count	6	8	14
		% of Total	1.0%	1.3%	2.3%
	Highly detailed disclosure	Count	11	7	18
		% of Total	1.8%	1.2%	3.0%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 23 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 23	None/Immaterial	Count	217	251	468
		% of Total	36.2%	41.8%	78.0%
	Info. fairly provided	Count	42	29	71
		% of Total	7.0%	4.8%	11.8%
	Info. intermediate detailed	Count	25	14	39
		% of Total	4.2%	2.3%	6.5%
	Info. is detailed and sufficiently provided	Count	10	3	13
		% of Total	1.7%	.5%	2.2%
	Highly detailed disclosure	Count	6	3	9
		% of Total	1.0%	.5%	1.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 24 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 24	None/Immaterial	Count	226	226	452
		% of Total	37.7%	37.7%	75.3%
	Info. fairly provided	Count	0	2	2
		% of Total	0.0%	.3%	.3%
	Info. intermediate detailed	Count	10	48	58
		% of Total	1.7%	8.0%	9.7%
	Info. is detailed and sufficiently provided	Count	10	15	25
		% of Total	1.7%	2.5%	4.2%
	Highly detailed disclosure	Count	54	9	63
		% of Total	9.0%	1.5%	10.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 25 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 25	None/Immaterial	Count	259	292	551
		% of Total	43.2%	48.7%	91.8%
	Info. fairly provided	Count	16	8	24
		% of Total	2.7%	1.3%	4.0%
	Info. is detailed and sufficiently provided	Count	5	0	5
		% of Total	.8%	0.0%	.8%
	Highly detailed disclosure	Count	20	0	20
		% of Total	3.3%	0.0%	3.3%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 26 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 26	None/Immaterial	Count	300	300	600
		% of Total	50.0%	50.0%	100.0%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 27 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 27	None/Immaterial	Count	295	299	594
		% of Total	49.2%	49.8%	99.0%
	Info. intermediate detailed	Count	5	0	5
		% of Total	.8%	0.0%	.8%
	Info. is detailed and sufficiently provided	Count	0	1	1
		% of Total	0.0%	.2%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 28 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 28	None/Immaterial	Count	201	221	422
		% of Total	33.5%	36.8%	70.3%
	Info. fairly provided	Count	12	10	22
		% of Total	2.0%	1.7%	3.7%
	Info. intermediate detailed	Count	51	31	82
		% of Total	8.5%	5.2%	13.7%
	Info. is detailed and sufficiently provided	Count	18	21	39
		% of Total	3.0%	3.5%	6.5%
	Highly detailed disclosure	Count	18	17	35
		% of Total	3.0%	2.8%	5.8%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 29 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 29	None/Immaterial	Count	218	220	438
		% of Total	36.3%	36.7%	73.0%
	Info. fairly provided	Count	7	12	19
		% of Total	1.2%	2.0%	3.2%
	Info. intermediate detailed	Count	29	25	54
		% of Total	4.8%	4.2%	9.0%
	Info. is detailed and sufficiently provided	Count	23	18	41
		% of Total	3.8%	3.0%	6.8%
	Highly detailed disclosure	Count	23	25	48
		% of Total	3.8%	4.2%	8.0%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 30 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 30	None/Immaterial	Count	265	287	552
		% of Total	44.2%	47.8%	92.0%
	Info. fairly provided	Count	1	9	10
		% of Total	.2%	1.5%	1.7%
	Info. intermediate detailed	Count	34	3	37
		% of Total	5.7%	.5%	6.2%
	Info. is detailed and sufficiently provided	Count	0	1	1
		% of Total	0.0%	.2%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 31 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 31	None/Immaterial	Count	260	277	537
		% of Total	43.3%	46.2%	89.5%
	Info. fairly provided	Count	4	12	16
		% of Total	.7%	2.0%	2.7%
	Info. intermediate detailed	Count	23	11	34
		% of Total	3.8%	1.8%	5.7%
	Info. is detailed and sufficiently provided	Count	1	0	1
		% of Total	.2%	0.0%	.2%
	Highly detailed disclosure	Count	12	0	12
		% of Total	2.0%	0.0%	2.0%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 32 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 32	None/Immaterial	Count	295	295	590
		% of Total	49.2%	49.2%	98.3%
	Info. fairly provided	Count	1	4	5
		% of Total	.2%	.7%	.8%
	Info. intermediate detailed	Count	4	1	5
		% of Total	.7%	.2%	.8%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 33 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 33	None/Immaterial	Count	272	287	559
		% of Total	45.3%	47.8%	93.2%
	Info. fairly provided	Count	8	7	15
		% of Total	1.3%	1.2%	2.5%
	Info. intermediate detailed	Count	15	6	21
		% of Total	2.5%	1.0%	3.5%
	Highly detailed disclosure	Count	5	0	5
		% of Total	.8%	0.0%	.8%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 34 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 34	None/Immaterial	Count	298	298	596
		% of Total	49.7%	49.7%	99.3%
	Info. fairly provided	Count	0	1	1
		% of Total	0.0%	.2%	.2%
	Info. intermediate detailed	Count	2	1	3
		% of Total	.3%	.2%	.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 35 * OwnershipType Crosstabulation

			OwnershipType		
			Nonfamily-controlled	Family-controlled	Total
Item 35	None/Immaterial	Count	295	300	595
		% of Total	49.2%	50.0%	99.2%
	Info. fairly provided	Count	1	0	1
		% of Total	.2%	0.0%	.2%
	Info. intermediate detailed	Count	3	0	3
		% of Total	.5%	0.0%	.5%
	Highly detailed disclosure	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Table continued

Item 36 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 36	None/Immaterial	Count	199	202	401
		% of Total	33.2%	33.7%	66.8%
	Info. fairly provided	Count	54	85	139
		% of Total	9.0%	14.2%	23.2%
	Info. intermediate detailed	Count	28	12	40
		% of Total	4.7%	2.0%	6.7%
	Info. is detailed and sufficiently provided	Count	5	1	6
		% of Total	.8%	.2%	1.0%
	Highly detailed disclosure	Count	14	0	14
		% of Total	2.3%	0.0%	2.3%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 37 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 37	None/Immaterial	Count	204	228	432
		% of Total	34.0%	38.0%	72.0%
	Info. fairly provided	Count	27	14	41
		% of Total	4.5%	2.3%	6.8%
	Info. intermediate detailed	Count	40	28	68
		% of Total	6.7%	4.7%	11.3%
	Info. is detailed and sufficiently provided	Count	6	14	20
		% of Total	1.0%	2.3%	3.3%
	Highly detailed disclosure	Count	23	16	39
		% of Total	3.8%	2.7%	6.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 38 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 38	None/Immaterial	Count	258	266	524
		% of Total	43.0%	44.3%	87.3%
	Info. fairly provided	Count	16	24	40
		% of Total	2.7%	4.0%	6.7%
	Info. intermediate detailed	Count	16	6	22
		% of Total	2.7%	1.0%	3.7%
	Info. is detailed and sufficiently provided	Count	6	2	8
		% of Total	1.0%	.3%	1.3%
	Highly detailed disclosure	Count	4	2	6
		% of Total	.7%	.3%	1.0%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 39 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 39	None/Immaterial	Count	253	255	508
		% of Total	42.2%	42.5%	84.7%
	Info. fairly provided	Count	24	31	55
		% of Total	4.0%	5.2%	9.2%
	Info. intermediate detailed	Count	11	8	19
		% of Total	1.8%	1.3%	3.2%
	Info. is detailed and sufficiently provided	Count	3	2	5
		% of Total	.5%	.3%	.8%
	Highly detailed disclosure	Count	9	4	13
		% of Total	1.5%	.7%	2.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 40 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 40	None/Immaterial	Count	258	262	520
		% of Total	43.0%	43.7%	86.7%
	Info. fairly provided	Count	21	31	52
		% of Total	3.5%	5.2%	8.7%
	Info. intermediate detailed	Count	19	6	25
		% of Total	3.2%	1.0%	4.2%
	Info. is detailed and sufficiently provided	Count	2	1	3
		% of Total	.3%	.2%	.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 41 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 41	None/Immaterial	Count	239	265	504
		% of Total	39.8%	44.2%	84.0%
	Info. fairly provided	Count	28	32	60
		% of Total	4.7%	5.3%	10.0%
	Info. intermediate detailed	Count	29	3	32
		% of Total	4.8%	.5%	5.3%
	Info. is detailed and sufficiently provided	Count	3	0	3
		% of Total	.5%	0.0%	.5%
	Highly detailed disclosure	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 42 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 42	None/Immaterial	Count	290	283	573
		% of Total	48.3%	47.2%	95.5%
	Info. fairly provided	Count	6	13	19
		% of Total	1.0%	2.2%	3.2%
	Info. intermediate detailed	Count	0	3	3
		% of Total	0.0%	.5%	.5%
	Info. is detailed and sufficiently provided	Count	3	1	4
		% of Total	.5%	.2%	.7%
	Highly detailed disclosure	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 43 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 43	None/Immaterial	Count	265	290	555
		% of Total	44.2%	48.3%	92.5%
	Info. fairly provided	Count	16	4	20
		% of Total	2.7%	.7%	3.3%
	Info. intermediate detailed	Count	7	5	12
		% of Total	1.2%	.8%	2.0%
	Info. is detailed and sufficiently provided	Count	6	1	7
		% of Total	1.0%	.2%	1.2%
	Highly detailed disclosure	Count	6	0	6
		% of Total	1.0%	0.0%	1.0%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 44 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 44	None/Immaterial	Count	272	293	565
		% of Total	45.3%	48.8%	94.2%
	Info. fairly provided	Count	4	1	5
		% of Total	.7%	.2%	.8%
	Info. intermediate detailed	Count	12	3	15
		% of Total	2.0%	.5%	2.5%
	Info. is detailed and sufficiently provided	Count	3	3	6
		% of Total	.5%	.5%	1.0%
	Highly detailed disclosure	Count	9	0	9
		% of Total	1.5%	0.0%	1.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 45 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 45	None/Immaterial	Count	263	297	560
		% of Total	43.8%	49.5%	93.3%
	Info. fairly provided	Count	6	0	6
		% of Total	1.0%	0.0%	1.0%
	Info. intermediate detailed	Count	28	3	31
		% of Total	4.7%	.5%	5.2%
	Info. is detailed and sufficiently provided	Count	3	0	3
		% of Total	.5%	0.0%	.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 46 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 46	None/Immaterial	Count	300	300	600
		% of Total	50.0%	50.0%	100.0%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 47 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 47	None/Immaterial	Count	249	277	526
		% of Total	41.5%	46.2%	87.7%
	Info. fairly provided	Count	14	18	32
		% of Total	2.3%	3.0%	5.3%
	Info. intermediate detailed	Count	23	3	26
		% of Total	3.8%	.5%	4.3%
	Info. is detailed and sufficiently provided	Count	7	1	8
		% of Total	1.2%	.2%	1.3%
	Highly detailed disclosure	Count	7	1	8
		% of Total	1.2%	.2%	1.3%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 48 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 48	None/Immaterial	Count	261	281	542
		% of Total	43.5%	46.8%	90.3%
	Info. fairly provided	Count	16	13	29
		% of Total	2.7%	2.2%	4.8%
	Info. intermediate detailed	Count	13	4	17
		% of Total	2.2%	.7%	2.8%
	Info. is detailed and sufficiently provided	Count	8	2	10
		% of Total	1.3%	.3%	1.7%
	Highly detailed disclosure	Count	2	0	2
		% of Total	.3%	0.0%	.3%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 49 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 49	None/Immaterial	Count	300	297	597
		% of Total	50.0%	49.5%	99.5%
	Info. fairly provided	Count	0	3	3
		% of Total	0.0%	.5%	.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 50 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 50	None/Immaterial	Count	294	299	593
		% of Total	49.0%	49.8%	98.8%
	Info. fairly provided	Count	5	0	5
		% of Total	.8%	0.0%	.8%
	Info. intermediate detailed	Count	1	0	1
		% of Total	.2%	0.0%	.2%
	Info. is detailed and sufficiently provided	Count	0	1	1
		% of Total	0.0%	.2%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Table continued

Item 51 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 51	None/Immaterial	Count	299	300	599
		% of Total	49.8%	50.0%	99.8%
	Info. intermediate detailed	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 52 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 52	None/Immaterial	Count	253	253	506
		% of Total	42.2%	42.2%	84.3%
	Info. fairly provided	Count	15	29	44
		% of Total	2.5%	4.8%	7.3%
	Info. intermediate detailed	Count	28	14	42
		% of Total	4.7%	2.3%	7.0%
	Info. is detailed and sufficiently provided	Count	2	2	4
		% of Total	.3%	.3%	.7%
	Highly detailed disclosure	Count	2	2	4
		% of Total	.3%	.3%	.7%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 53 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 53	None/Immaterial	Count	284	252	536
		% of Total	47.3%	42.0%	89.3%
	Info. fairly provided	Count	11	34	45
		% of Total	1.8%	5.7%	7.5%
	Info. intermediate detailed	Count	4	6	10
		% of Total	.7%	1.0%	1.7%
	Info. is detailed and sufficiently provided	Count	1	7	8
		% of Total	.2%	1.2%	1.3%
	Highly detailed disclosure	Count	0	1	1
		% of Total	0.0%	.2%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 54 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 54	None/Immaterial	Count	269	276	545
		% of Total	44.8%	46.0%	90.8%
	Info. fairly provided	Count	16	15	31
		% of Total	2.7%	2.5%	5.2%
	Info. intermediate detailed	Count	10	5	15
		% of Total	1.7%	.8%	2.5%
	Info. is detailed and sufficiently provided	Count	4	4	8
		% of Total	.7%	.7%	1.3%
	Highly detailed disclosure	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 55 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 55	None/Immaterial	Count	297	296	593
		% of Total	49.5%	49.3%	98.8%
	Info. fairly provided	Count	3	3	6
		% of Total	.5%	.5%	1.0%
	Info. is detailed and sufficiently provided	Count	0	1	1
		% of Total	0.0%	.2%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 56 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 56	None/Immaterial	Count	281	277	558
		% of Total	46.8%	46.2%	93.0%
	Info. fairly provided	Count	12	15	27
		% of Total	2.0%	2.5%	4.5%
	Info. intermediate detailed	Count	6	8	14
		% of Total	1.0%	1.3%	2.3%
	Info. is detailed and sufficiently provided	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 57 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 57	None/Immaterial	Count	266	277	543
		% of Total	44.3%	46.2%	90.5%
	Info. fairly provided	Count	14	16	30
		% of Total	2.3%	2.7%	5.0%
	Info. intermediate detailed	Count	14	6	20
		% of Total	2.3%	1.0%	3.3%
	Info. is detailed and sufficiently provided	Count	6	1	7
		% of Total	1.0%	.2%	1.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 58 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 58	None/Immaterial	Count	258	283	541
		% of Total	43.0%	47.2%	90.2%
	Info. fairly provided	Count	19	9	28
		% of Total	3.2%	1.5%	4.7%
	Info. intermediate detailed	Count	11	6	17
		% of Total	1.8%	1.0%	2.8%
	Info. is detailed and sufficiently provided	Count	3	2	5
		% of Total	.5%	.3%	.8%
	Highly detailed disclosure	Count	9	0	9
		% of Total	1.5%	0.0%	1.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 59 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 59	None/Immaterial	Count	278	289	567
		% of Total	46.3%	48.2%	94.5%
	Info. fairly provided	Count	11	7	18
		% of Total	1.8%	1.2%	3.0%
	Info. intermediate detailed	Count	9	4	13
		% of Total	1.5%	.7%	2.2%
	Info. is detailed and sufficiently provided	Count	1	0	1
		% of Total	.2%	0.0%	.2%
	Highly detailed disclosure	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 60 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 60	None/Immaterial	Count	266	292	558
		% of Total	44.3%	48.7%	93.0%
	Info. fairly provided	Count	18	8	26
		% of Total	3.0%	1.3%	4.3%
	Info. intermediate detailed	Count	13	0	13
		% of Total	2.2%	0.0%	2.2%
	Info. is detailed and sufficiently provided	Count	3	0	3
		% of Total	.5%	0.0%	.5%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

Item 61 * OwnershipType Crosstabulation

			OwnershipType: Nonfamily-controlled	OwnershipType: Family-controlled	Total
Item 61	None/Immaterial	Count	297	297	594
		% of Total	49.5%	49.5%	99.0%
	Info. fairly provided	Count	1	3	4
		% of Total	.2%	.5%	.7%
	Info. intermediate detailed	Count	1	0	1
		% of Total	.2%	0.0%	.2%
	Info. is detailed and sufficiently provided	Count	1	0	1
		% of Total	.2%	0.0%	.2%
Total		Count	300	300	600
		% of Total	50.0%	50.0%	100.0%

K. Test of data normality – Kolmogorov-Smirnov test

One-Sample Kolmogorov-Smirnov Test

		Ownership Type	MeanCat1	MeanCat2	MeanCat3	MeanCat4	MeanCat5
N		150	150	150	150	150	150
Normal Parameters[a,b]	Mean	1.50	1.2139	1.2404	1.2535	1.1852	1.1217
	Std. Deviation	.500	.21949	.49456	.33007	.32676	.21371
Most Extreme Differences	Absolute	.341	.165	.435	.270	.285	.329
	Positive	.341	.141	.435	.270	.273	.329
	Negative	-.341	-.165	-.313	-.221	-.285	-.285
Test Statistic		.341	.165	.435	.270	.285	.329
Asymp. Sig. (2-tailed)		.000[c]	.000[c]	.000[c]	.000[c]	.000[c]	.000[c]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

L. Mean differences between companies' industry and voluntary disclosure categories – result from post hoc test

Industry	Mean Difference	General corporate and strategic information	Mean Difference	Information about management and shareholders	Mean Difference	Financial information	Mean Difference	Corporate social responsibility (CSR)	Mean Difference	Forward-looking and risk review
Diversified v.s. Gaming	0.12	0.05**	0.24	0.11	0.20	0.02**	0.08	0.74	-0.05	0.54
Diversified v.s. Plantation	0.07	0.215	0.16	0.15	0.18	0.00***	-0.01	1.00	0.02	0.94
Diversified v.s. Consumer product	0.07	0.09*	0.13	0.27	0.18	0.00***	0.06	0.63	0.02	0.98
Diversified v.s. Automotive	0.08	0.09*	0.15	0.35	0.17	0.00***	0.06	0.81	0.02	0.98
Diversified v.s. Property	0.04	0.87	0.11	0.68	0.17	0.01***	0.00	1.00	0.02	0.98
Plantation v.s. Diversified	-0.07	0.22	-0.16	0.15	-0.18	0.00***	0.01	1.00	0.05	0.54
Plantation v.s Consumer product	0.00	1.00	-0.03	0.99	0.00	1.00	0.07	0.39	0.07	0.04**
Plantation v.s. Automotive	0.02	0.99	-0.02	1.00	-0.01	1.00	0.07	0.65	0.07	0.19
Plantation v.s. Property	-0.03	0.94	-0.05	0.98	-0.01	1.00	0.01	1.00	0.07	0.19
Plantation v.s. Gaming	0.05	0.79	0.08	0.96	0.02	1.00	0.09	0.60	0.07	0.37
Consumer product v.s. Diversified	-0.07	0.09	-0.13	0.26	-0.18	0.00***	-0.06	0.63	-0.02	0.94
Consumer product v.s. Plantation	0.00	1.00	0.03	0.99	0.00	1.00	-0.07	0.39	0.07	0.04
Consumer product v.s. Automotive	0.01	0.99	0.01	1.00	0.00	1.00	0.00	1.00	0.00	1.00
Consumer product v.s. Property	-0.03	0.85	-0.02	0.99	0.00	1.00	-0.06	0.70	0.00	1.00
Consumer product v.s. Gaming	0.05	0.84	0.10	0.82	0.02	0.99	0.02	0.99	0.00	1.00
Automotive v.s. Diversified	-0.09	0.09	-0.15	0.35	-0.17	0.00***	-0.06	0.81	-0.02	0.98
Automotive v.s. Plantation	-0.02	0.99	0.02	1.00	0.01	1.00	-0.07	0.65	-0.07	0.19
Automotive v.s. Consumer product	0.01	0.99	-0.01	1.00	0.00	1.00	0.00	1.00	0.00	1.00
Automotive v.s. Property	-0.05	0.72	-0.03	0.99	0.00	1.00	-0.06	0.84	0.00	1.00
Automotive v.s. Gaming	0.03	0.98	0.09	0.93	0.03	0.99	0.02	0.99	0.00	1.00
Property v.s. Diversified	-0.04	0.87	-0.11	0.68	-0.17	0.01***	0.00	1.00	-0.02	0.98
Property v.s. Plantation	0.03	0.94	0.05	0.98	0.01	1.00	-0.01	1.00	-0.07	0.19
Property v.s. Consumer product	0.03	0.85	0.02	0.99	0.01	1.00	0.06	0.69	0.00	1.00
Property v.s. Automotive	0.05	0.72	0.04	0.99	0.00	1.00	0.62	0.84	0.00	1.00
Property v.s. Gaming	0.08	0.40	0.13	0.76	0.03	0.99	0.85	0.76	0.00	1.00
Gaming v.s. Diversified	-0.12	0.047*	-0.24	0.11	-0.20	0.02**	-0.08	0.74	-0.02	0.98
Gaming v.s. Plantation	-0.05	0.79	-0.08	0.96	-0.02	1.00	-0.95	0.60	-0.08	0.37
Gaming v.s. Consumer product	-0.04	0.84	-0.11	0.82	-0.02	0.99	-0.02	0.99	0.00	1.00
Gaming v.s. Automotive	-0.03	0.97	-0.09	0.93	-0.03	0.99	-0.02	0.99	0.00	1.00
Gaming v.s. Property	-0.08	0.40	-0.13	0.76	-0.03	0.99	-0.09	0.76	0.00	1.00

***The mean difference is highly significant at the 0.01 level.
** The mean difference is significant at the 0.05 level.
*The mean difference is moderately significant at the 0.1 level.

M. The mean difference results between companies' market value and the level of voluntary disclosure – result from post hoc analysis

Market value	Mean Difference	General corporate and strategic information	Mean Difference	Information about management and shareholders	Mean Difference	Financial information	Mean Difference	Corporate social responsibility (CSR)	Mean Difference	Forward-looking and risk review information
Above 30 billion v.s <10 billion	0.18	0.000**	0.16	0.12	0.37	0.000**	0.03	0.84	0.34	0.49
<30 billion and >10b v.s. < 10 billion	0.10	0.000**	0.11	0.17	0.12	0.004**	0.14	0.002**	0.04	0.16
Above 30 billion v.s <30 billion and >	-0.1	0.000**	-0.11	0.17	-0.12	0.004**	-0.14	0.002**	-0.05	0.16

***The mean difference is highly significant at the 0.01 level
** The mean difference is significant at the 0.05 level
*The mean difference is moderately significant at the 0.1 level

N. The mean difference results between companies' ownership and the level of voluntary disclosure – result from post hoc analysis

Ownership type	Total score	General corporate and strategic information	Information about management and shareholders	Financial information	Corporate social responsibility (CSR)	Forward-looking and risk review information
Nonfamily-controlled	6.26	1.25	1.32	1.30	1.24	1.14
Family-controlled	5.77	1.17	1.16	1.21	1.13	1.10
Significance level	0.000***	0.000***	0.001***	0.000***	0.000***	0.013**

***The mean difference is highly significant at the 0.01 level.
** The mean difference is significant at the 0.05 level.
*The mean difference is moderately significant at the 0.1 level.

O. Total Average voluntary disclosure scores for 30 companies from 2009 until 2013 – results from content analysis

		Family-controlled companies														
No item	**Voluntary disclosure items**	**BERJAYA**	**CMS**	**IOI**	**JAYATIASA**	**KECKSENG**	**KLK**	**KOSSAN**	**MAH SING**	**ORIENTAL**	**QL RES**	**SOP**	**SUPERMAX**	**TAN CHONG**	**TOP GLOVE**	**TSH**
	General corporate and strategic information															
1	Financial highlights – at least 5 years	1.75	1.35	2.00	1.55	1.10	1.75	1.50	1.90	1.50	1.30	1.65	1.40	1.75	2.00	1.50
2	Discussion of company’s new major products/services/projects	1.00	1.45	1.70	1.00	1.00	1.15	1.10	1.05	1.00	1.00	1.00	1.00	1.15	1.25	1.00
3	Information on new product development	1.00	1.40	1.50	1.00	1.00	1.45	1.00	1.95	1.00	1.05	1.00	1.10	1.20	1.05	1.00
4	Discussion of recent industry trends	1.00	1.20	1.40	1.35	1.20	1.10	1.10	1.75	1.00	1.00	1.05	1.50	1.10	1.20	1.10
5	Statement and/or information of ways to improve product and service quality	1.40	1.45	1.40	1.00	1.05	1.10	1.15	1.30	1.00	1.00	1.00	1.00	1.00	1.25	1.00
6	General statement of corporate strategy	1.20	1.00	1.10	1.30	1.20	1.00	1.05	1.20	1.25	1.15	1.00	1.05	1.30	1.55	1.00
7	Information relating to the general outlook of the economy	1.25	1.20	1.30	1.45	1.10	1.35	1.25	1.30	1.00	1.30	1.10	1.10	1.35	1.35	1.15
8	Discussion of competitive environment	1.00	1.10	1.20	1.10	1.00	1.25	1.15	1.00	1.15	1.00	1.00	1.20	1.10	1.20	1.00
9	A statement of corporate goals	1.00	1.45	1.25	1.10	1.00	1.05	1.15	1.15	1.00	1.30	1.00	1.00	1.05	1.30	1.00
10	Vision and mission statement	1.25	1.25	1.25	1.25	1.00	1.20	1.25	1.35	1.00	1.30	1.00	1.00	1.15	1.25	1.00
11	Description of marketing and distribution network for products/services	1.10	1.35	2.20	1.05	1.00	1.30	1.05	1.25	1.05	1.00	1.10	1.10	1.00	2.20	1.00
12	Awareness of responsibilties to the stakeholders	1.00	1.70	1.10	1.30	1.15	1.30	1.15	1.55	1.00	1.15	1.00	1.10	1.00	1.10	1.10
13	Discussions on specific actions taken during the year to achieve the corporate goal	1.65	1.25	1.10	1.05	1.05	1.45	1.55	1.50	1.05	1.15	1.10	1.30	1.40	1.10	1.25
14	Impact of strategy on current results	1.45	1.45	1.60	1.20	1.05	1.15	1.55	1.10	1.05	1.15	1.00	1.15	1.15	1.25	1.10
15	Discussion about major regional economic development pertaining to product and business	1.10	1.25	1.35	1.10	1.05	1.60	1.20	1.70	1.10	1.15	1.05	1.15	1.25	1.20	1.10
16	Impact of competition on current market	1.55	1.35	1.25	1.05	1.15	1.20	1.10	1.05	1.05	1.00	1.00	1.05	1.15	1.25	1.00
17	Firm’s contribution to the national economy	1.00	1.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.05	1.00	1.00	1.00	1.00	1.00
18	Corporate achievement	1.45	1.00	1.20	1.00	1.00	1.20	1.15	1.40	1.20	1.10	1.05	1.15	1.10	1.00	1.00
19	Business activities related to Shariah matters (if applicable)	1.00	1.15	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20	Halal status of the product (if applicable)	1.00	1.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
21	Declaration of activities that involve alcohol and gambling as part of business (if applicable)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
22	Industry specialised operational statistics	1.00	1.00	2.85	1.80	1.00	1.50	1.00	1.00	1.30	1.00	1.30	1.00	1.15	1.00	1.00
23	Adoption/use of supporting mechanism to enhance ethical and productive practices	1.00	1.75	1.70	1.35	1.05	1.65	1.00	1.80	1.00	1.20	1.00	1.00	1.00	1.25	1.15

		NonFamily-controlled Companies														
No item	Voluntary disclosure items	DUTCH LADY	GAMUDA	IJM	KPJ	KULIM	MAGNUM	MBM RES	SIME DARBY	SP SETIA	SUNWAY	TAA ANN	TASEK	TELEKOM	UMW	WCT
	General corporate and strategic information															
1	Financial highlights – at least 5 years	2.05	2.00	2.00	2.00	2.15	1.80	1.75	1.65	2.00	2.00	1.70	2.00	2.00	2.00	2.00
2	Discussion of company's new major products/services/projects	1.00	1.15	1.00	1.30	1.25	1.00	1.25	1.60	1.30	1.55	1.00	1.00	1.30	1.15	1.15
3	Information on new product development	1.15	1.70	1.00	1.75	1.35	1.20	1.20	1.35	1.25	1.55	1.00	1.00	1.20	1.25	1.25
4	Discussion of recent industry trends	1.10	1.30	1.00	1.60	1.25	1.20	1.30	1.15	1.25	1.30	1.35	1.40	1.20	1.30	1.25
5	Statement and/or information of ways to improve product and service quality	1.25	1.20	1.00	1.65	1.45	1.15	1.70	1.15	1.15	1.70	1.10	1.00	1.70	1.55	1.00
6	General statement of corporate strategy	1.00	1.10	1.00	1.25	1.00	1.50	1.10	1.35	1.00	1.10	1.10	1.15	1.50	1.05	1.05
7	Information relating to the general outlook of the economy	1.15	1.25	1.05	1.30	1.40	1.10	1.10	1.10	1.10	1.15	1.35	1.00	1.15	1.40	1.15
8	Discussion of competitive environment	1.05	1.00	1.00	1.20	1.80	1.00	1.00	1.30	1.10	1.05	1.10	1.00	1.15	1.05	1.00
9	A statement of corporate goals	1.20	1.40	1.00	1.50	1.80	1.00	1.00	1.30	1.25	1.65	1.75	1.00	1.45	1.10	1.10
10	Vision and mission statement	1.30	1.50	1.40	1.35	1.70	1.10	1.10	1.25	1.30	1.60	1.60	1.10	1.35	1.10	1.65
11	Description of marketing and distribution network for products/services	1.00	1.30	1.85	1.45	1.45	1.10	1.35	1.55	1.20	1.75	1.10	1.00	1.25	1.45	1.00
12	Awareness of responsibilties to the stakeholders	1.30	1.10	1.30	1.30	1.25	1.00	1.05	1.00	1.10	1.25	1.00	1.00	1.20	1.00	1.30
13	Discussions on specific actions taken during the year to achieve the corporate goal	1.05	1.35	1.15	1.45	1.60	1.50	1.55	1.45	1.25	1.50	1.35	1.10	1.35	1.45	1.45
14	Impact of strategy on current results	1.10	1.20	1.05	1.25	1.40	1.00	1.35	1.35	1.05	1.15	1.05	1.00	1.35	1.40	1.25
15	Discussion about major regional economic development pertaining to product and business	1.00	1.15	1.35	1.00	1.60	1.00	1.00	1.20	1.05	1.35	1.20	1.10	1.05	1.45	1.15
16	Impact of competition on current market	1.00	1.35	1.05	1.45	1.15	1.20	1.35	1.10	1.05	1.25	1.00	1.05	1.50	1.70	1.00
17	Firm's contribution to the national economy	1.30	1.10	1.00	1.25	1.15	1.00	1.05	1.15	1.20	1.00	1.00	1.00	1.25	1.10	1.05
18	Corporate achievement	1.20	1.35	1.10	1.35	1.40	1.10	1.15	1.05	1.50	1.60	1.10	1.10	1.05	1.75	1.05
19	Business activities related to Shariah matters (if applicable)	1.00	1.00	1.10	1.05	1.00	1.00	1.00	1.20	1.00	1.00	1.00	1.00	1.00	1.35	1.00
20	Halal status of the product (if applicable)	1.20	1.00	1.00	1.00	1.90	1.00	1.00	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00
21	Declaration of activities that involve alcohol and gambling as part of business (if applicable)	1.00	1.00	1.00	1.00	1.00	1.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
22	Industry specialised operational statistics	1.00	1.00	2.00	1.00	1.80	1.00	1.30	2.00	1.00	1.00	1.25	1.00	1.55	1.65	1.00
23	Adoption/use of supporting mechanism to enhance ethical and productive practices	1.45	1.75	1.80	1.65	2.45	1.00	1.10	1.90	1.15	1.70	1.50	1.05	1.60	1.15	1.05

Table continued

No item	Voluntary disclosure items	BERJAYA	CMS	IOI	JAYATIASA	KECKSENG	KLK	KOSSAN	MAH SING	ORIENTAL	QL RES	SOP	SUPERMAX	TAN CHONG	TOP GLOVE	TSH
		Family-controlled companies														
	Information about management and shareholders															
24	Board of directors' responsibilities, experiences, and backgrounds	1.50	1.65	2.00	1.65	1.50	1.50	1.50	1.70	1.50	1.75	1.40	1.50	1.50	1.80	1.50
25	Details of senior management team	1.00	1.20	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.20	1.00
26	Details of Shariah oversight board (if applicable)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
27	Domestic and foreign shareholdings breakdown	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.15	1.00
	Financial information															
28	Review of financial highlights related to the financial statements	2.05	1.80	3.25	1.50	1.40	1.00	1.80	1.85	1.50	1.40	1.45	1.40	1.80	1.75	1.20
29	High level operating data and performance measurements that management uses	2.00	2.35	3.40	1.90	1.40	1.90	1.15	1.90	1.50	1.25	1.75	1.10	1.60	1.40	1.20
30	Share price information (trend)	1.00	1.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.05	1.00	1.15	1.15	1.15	1.00
31	Share price information (year-end)	1.00	1.40	1.50	1.00	1.00	1.10	1.00	1.30	1.00	1.00	1.00	1.15	1.25	1.00	1.00
32	Market share in the industry	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.10	1.15	1.05	1.00
33	Market capitalisation in the share market (year-end)	1.00	1.00	1.50	1.00	1.00	1.25	1.00	1.00	1.00	1.00	1.00	1.10	1.00	1.10	1.00
34	Any form of financing/investment or funding related to Shariah law (if applicable)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.10	1.05
35	Zakat: method used/amount/beneficiaries (if applicable)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

No item	Voluntary disclosure items	DUTCH LADY	GAMUDA	IJM	KPJ	KULIM	MAGNUM	MBM RES	SIME DARBY	SP SETIA	SUNWAY	TAA ANN	TASEK	TELEKOM	UMW	WCT
		NonFamily-controlled Companies														
	Information about management and shareholders															
24	Board of directors' responsibilities, experiences, and backgrounds	1.80	2.00	2.00	2.00	2.00	1.50	1.75	2.00	2.00	2.00	1.75	1.50	2.00	2.00	2.00
25	Details of senior management team	1.00	1.00	2.00	1.25	2.00	1.00	1.05	2.00	1.00	1.75	1.00	1.00	2.00	1.25	1.25
26	Details of Shariah oversight board (if applicable)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
27	Domestic and foreign shareholdings breakdown	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.10	1.00	1.00	1.00	1.00	1.40	1.00
	Financial information															
28	Review of financial highlights related to the financial statements	1.35	1.55	1.70	1.85	2.35	1.40	1.55	2.45	1.60	2.50	1.35	1.40	2.70	1.50	1.75
29	High level operating data and performance measurements that management uses	1.20	1.95	1.25	1.65	2.65	1.75	1.60	1.80	1.60	1.70	2.00	1.10	1.90	2.35	1.80
30	Share price information (trend)	1.00	1.00	1.50	1.00	1.05	1.00	1.20	1.20	1.50	1.50	1.50	1.00	1.50	1.20	1.30
31	Share price information (year-end)	1.00	1.00	1.50	1.25	1.80	1.00	1.30	1.60	1.00	2.00	1.40	1.00	2.00	1.00	1.20
32	Market share in the industry	1.00	1.00	1.00	1.00	1.00	1.00	1.20	1.00	1.00	1.10	1.00	1.00	1.00	1.15	1.00
33	Market capitalisation in the share market (year-end)	1.00	1.00	1.00	1.50	1.20	1.05	1.20	1.50	1.00	1.15	1.00	1.00	2.00	1.20	1.10
34	Any form of financing/investment or funding related to Shariah law (if applicable)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.10	1.00	1.00	1.00	1.00	1.00	1.00	1.10
35	Zakat: method used/amount/beneficiaries (if applicable)	1.00	1.00	1.00	1.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.00	1.00

Table continued

No item	Voluntary disclosure items	BERJAYA	CMS	IOI	JAYATIASA	KECKSENG	KLK	KOSSAN	MAH SING	ORIENTAL	QL RES	SOP	SUPERMAX	TAN CHONG	TOP GLOVE	TSH
		Family-controlled companies														
	Corporate social responsibility															
36	CSR policy; a statement of compliance	1.50	1.40	1.50	1.25	1.25	1.55	1.35	1.45	1.25	1.45	1.30	1.10	1.30	1.45	1.50
37	Discussion of involvement in community programs (health/education/charity)	2.00	1.80	2.20	1.40	1.30	1.75	1.00	2.05	1.50	1.55	1.40	1.10	1.65	1.75	1.35
38	Discussion of environmental protection program implemented	1.25	1.20	1.40	1.05	1.00	1.30	1.00	1.35	1.25	1.00	1.15	1.00	1.20	1.30	1.05
39	Discussion of involvement in public/private action designed to protect the environment	1.00	1.30	1.55	1.35	1.20	1.35	1.00	1.65	1.20	1.10	1.05	1.25	1.00	1.15	1.30
40	Corporate policy on employees' benefits	1.40	1.15	1.05	1.25	1.00	1.30	1.00	1.35	1.25	1.00	1.35	1.00	1.05	1.05	1.10
41	Corporate policy on employees' training	1.00	1.25	1.00	1.15	1.00	1.30	1.05	1.15	1.25	1.15	1.25	1.10	1.00	1.05	1.20
42	Discussion of employees' benefits	1.00	1.25	1.00	1.00	1.00	1.20	1.00	1.25	1.00	1.15	1.00	1.00	1.20	1.05	1.00
43	Discussion of employees' training	1.00	1.25	1.00	1.00	1.00	1.15	1.00	1.25	1.00	1.05	1.00	1.00	1.00	1.00	1.15
44	qualifications	1.00	1.30	1.00	1.00	1.00	1.00	1.00	1.45	1.00	1.00	1.00	1.00	1.00	1.05	1.00
45	Amount spent on employees' benefits and training	1.00	1.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.20	1.00	1.00	1.00	1.00	1.00
46	Retrenchment/redundancy information	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
47	Information about employee workplace safety	1.00	1.15	1.00	1.20	1.00	1.35	1.00	1.40	1.00	1.00	1.00	1.10	1.00	1.20	1.15
48	Discussion of health and safety standards	1.00	1.20	1.00	1.20	1.00	1.50	1.00	1.15	1.00	1.05	1.00	1.00	1.00	1.15	1.10
49	Sadaqa/donation (description on the recipients and purpose) (if applicable)	1.00	1.15	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50	Waqf (description on the policy and amount spent) (if applicable)	1.00	1.15	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

No item	Voluntary disclosure items	DUTCH LADY	GAMUDA	IJM	KPJ	KULIM	MAGNUM	MBM RES	SIME DARBY	SP SETIA	SUNWAY	TAA ANN	TASEK	TELEKOM	UMW	WCT
		NonFamily-controlled Companies														
	Corporate social responsibility															
36	CSR policy; a statement of compliance	1.65	1.95	1.85	1.25	2.15	1.55	1.40	2.10	1.30	1.75	1.50	1.05	1.45	1.75	1.35
37	Discussion of involvement in community programs (health/education/charity)	1.60	1.95	1.40	1.75	2.05	1.85	1.40	1.65	2.10	2.00	1.50	1.55	1.55	2.15	1.35
38	Discussion of environmental protection program implemented	1.45	1.35	1.05	1.40	1.00	1.00	1.00	1.60	1.25	1.55	1.30	1.00	1.50	1.65	1.00
39	Discussion of involvement in public/private action designed to protect the environment	1.00	1.60	1.65	1.20	1.60	1.05	1.15	1.30	1.15	1.85	1.60	1.05	1.15	1.10	1.10
40	Corporate policy on employees' benefits	1.55	1.10	1.25	1.25	1.30	1.50	1.25	1.10	1.00	1.30	1.45	1.00	1.15	1.00	1.05
41	Corporate policy on employees' training	1.50	1.55	1.30	1.60	1.80	1.10	1.35	1.10	1.00	1.20	1.50	1.00	1.50	1.40	1.05
42	Discussion of employees' benefits	1.00	1.00	1.15	1.05	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.10	1.15	1.00
43	Discussion of employees' training	1.00	1.85	1.15	1.60	1.60	1.00	1.00	1.00	1.00	1.60	1.10	1.00	1.20	1.40	1.10
44	qualifications	1.00	1.00	1.95	1.50	2.50	1.00	1.00	1.00	1.00	1.40	1.00	1.00	1.30	1.00	1.00
45	Amount spent on employees' benefits and training	1.00	1.55	1.35	1.45	1.80	1.00	1.00	1.20	1.00	1.50	1.00	1.00	1.70	1.00	1.00
46	Retrenchment/redundancy information	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
47	Information about employee workplace safety	1.40	1.75	1.10	1.15	1.80	1.00	1.20	1.25	1.00	1.60	1.50	1.00	1.75	1.70	1.25
48	Discussion of health and safety standards	1.10	1.40	1.10	1.20	1.85	1.00	1.20	1.25	1.00	1.20	1.35	1.00	1.25	1.55	1.25
49	Sadaqa/donation (description on the recipients and purpose) (if applicable)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50	Waqf (description on the policy and amount spent) (if applicable)	1.00	1.00	1.00	1.35	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Table continued

		Family-controlled companies														
No item	Voluntary disclosure items	BERJAYA	CMS	IOI	JAYATIASA	KECKSENG	KLK	KOSSAN	MAH SING	ORIENTAL	QL RES	SOP	SUPERMAX	TAN CHONG	TOP GLOVE	TSH
	Forward-looking and risk review															
51	Retirement scheme through foundation or other means	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
52	Discussion of opportunities (firm's prospects in general and business strategy on future performance in general)	1.20	1.50	1.50	1.35	1.15	1.15	1.10	1.40	1.35	1.15	1.00	1.05	1.20	1.25	1.20
53	Discussion of specific external factors affecting firm's prospects (economy, politics, technology)	1.50	1.40	1.45	1.15	1.20	1.20	1.25	1.55	1.20	1.05	1.10	1.10	1.15	1.10	1.15
54	Discussion of future products/services research and development activities with planned research and development expenditure	1.15	1.10	1.25	1.35	1.00	1.00	1.30	1.00	1.00	1.35	1.00	1.00	1.15	1.15	1.05
55	Planned advertising and publicity expenditure	1.15	1.05	1.00	1.00	1.05	1.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
56	Nature and cause of risks	1.10	1.30	1.20	1.10	1.15	1.10	1.05	1.20	1.00	1.00	1.00	1.00	1.10	1.20	1.05
57	Identification of major differences between actual business performance and previously disclosed opportunities, risks, and management plans	1.15	1.10	1.45	1.10	1.15	1.20	1.10	1.05	1.00	1.00	1.00	1.05	1.15	1.05	1.00
58	Environmental incidents - Implementation of procedures for managing materials containing environmentally sensitive substances - convert the production processes	1.00	1.30	1.00	1.15	1.00	1.15	1.00	1.00	1.00	1.30	1.00	1.10	1.05	1.10	1.20
59	High degree of government regulation - dicussion on the ways for appropriate investment decision	1.20	1.20	1.15	1.05	1.00	1.05	1.00	1.00	1.00	1.05	1.00	1.00	1.00	1.05	1.00
60	Technical failure - discussion on hiring and retaining highly trained and experienced staff / developing control quality system and equipment maintenance/implementing software that allows better design and manufacturing process	1.00	1.00	1.05	1.05	1.00	1.05	1.00	1.00	1.00	1.05	1.05	1.00	1.05	1.10	1.00
61	Natural disasters (e.g., earthquakes, flood) - Discussion on engineering, administrative and operating staff to identify and develop control program	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.15	1.00	1.00	1.00	1.00

		NonFamily-controlled Companies														
No item	Voluntary disclosure items	DUTCH LADY	GAMUDA	IJM	KPJ	KULIM	MAGNUM	MBM RES	SIME DARBY	SP SETIA	SUNWAY	TAA ANN	TASEK	TELEKOM	UMW	WCT
	Forward-looking and risk review															
51	Retirement scheme through foundation or other means	1.00	1.00	1.00	1.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
52	Discussion of opportunities (firm's prospects in general and business strategy on future performance in general)	1.00	1.40	1.00	1.40	1.80	1.10	1.30	1.20	1.00	1.40	1.20	1.35	1.35	1.60	1.15
53	Discussion of specific external factors affecting firm's prospects (economy, politics, technology)	1.00	1.10	1.00	1.05	1.25	1.20	1.05	1.05	1.05	1.15	1.00	1.00	1.15	1.05	1.00
54	Discussion of future products/services research and development activities with planned research and development expenditure	1.00	1.00	1.20	1.30	1.90	1.00	1.00	1.15	1.10	1.10	1.40	1.00	1.35	1.10	1.00
55	Planned advertising and publicity expenditure	1.00	1.00	1.00	1.00	1.00	1.00	1.05	1.00	1.05	1.00	1.00	1.00	1.00	1.05	1.00
56	Nature and cause of risks	1.20	1.15	1.10	1.05	1.30	1.00	1.05	1.10	1.00	1.00	1.15	1.05	1.05	1.10	1.05
57	Identification of major differences between actual business performance and previously disclosed opportunities, risks, and management plans	1.05	1.65	1.00	1.05	1.45	1.25	1.15	1.15	1.05	1.55	1.10	1.00	1.05	1.45	1.05
58	Environmental incidents - Implementation of procedures for managing materials containing environmentally sensitive substances - convert the production processes	1.10	1.05	1.65	1.15	2.80	1.00	1.05	1.25	1.00	1.25	1.40	1.00	1.05	1.35	1.20
59	High degree of government regulation - dicussion on the ways for appropriate investment decision	1.00	1.10	1.00	1.40	1.45	1.00	1.15	1.10	1.10	1.00	1.15	1.10	1.20	1.05	1.00
60	Technical failure - discussion on hiring and retaining highly trained and experienced staff / developing control quality system and equipment maintenance/implementing software that allows better design and manufacturing process	1.05	1.60	1.15	1.50	1.25	1.00	1.00	1.00	1.00	1.00	1.50	1.00	1.20	1.25	1.15
61	Natural disasters (e.g., earthquakes, flood) - Discussion on engineering, administrative and operating staff to identify and develop control program	1.00	1.00	1.05	1.00	1.15	1.00	1.00	1.00	1.00	1.00	1.10	1.00	1.00	1.00	1.00

P. Computation of mean for each voluntary disclosure items for family-controlled companies

Company name		Item 1	Item 2	Item 3	Item 4	Item 5	Item 6	Item 7	Item 8	Item 9	Item 10	Item 11	Item 12	Item 13	Item 14	Item 15	Item 16	Item 17	Item 18	Item 19	Item 20	Item 21	Item 22	Item 23	Item 24	Item 25	Item 26	Item 27	Item 28	Item 29	Item 30	Item 31	Item 32
BERJAYA	Mean	3.00	2.25	2.25	2.25	2.65	2.45	2.50	2.25	2.25	2.50	2.35	2.25	2.90	2.70	2.35	2.80	2.25	2.70	2.25	2.25	2.25	2.25	2.25	2.75	2.25	2.25	2.25	3.30	3.25	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.176	2.221	2.221	2.221	2.207	2.188	2.212	2.221	2.221	2.115	2.207	2.221	2.150	2.227	2.207	2.118	2.221	2.155	2.221	2.221	2.221	2.221	2.221	2.099	2.221	2.221	2.221	2.227	2.197	2.221	2.221	2.221
CMS	Mean	1.35	1.45	1.40	1.20	1.45	1.00	1.20	1.10	1.45	1.25	1.35	1.70	1.25	1.45	1.25	1.35	1.40	1.00	1.15	1.10	1.00	1.00	1.75	1.65	1.20	1.00	1.00	1.80	2.35	1.40	1.40	1.00
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	.745	1.050	1.046	.696	1.050	0.000	.523	.308	.759	.444	.875	1.081	.639	1.050	.639	.813	.754	0.000	.489	.447	0.000	0.000	1.020	1.182	.410	0.000	0.000	1.152	1.531	.754	.754	0.000
IOI	Mean	3.25	2.95	2.75	2.65	2.65	2.35	2.55	2.45	2.50	2.50	3.45	2.35	2.35	2.85	2.60	2.50	2.25	2.45	2.25	2.25	2.25	4.10	2.95	3.25	2.25	2.25	2.25	4.50	4.65	2.25	2.75	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.337	2.282	2.291	2.033	2.183	2.183	2.089	2.164	2.115	2.115	2.089	2.183	2.207	2.007	2.062	2.115	2.221	2.139	2.221	2.221	2.221	1.944	2.139	2.337	2.221	2.221	2.221	1.539	1.631	2.221	2.099	2.221
JAYATIASA	Mean	2.80	2.25	2.25	2.60	2.25	2.55	2.70	2.35	2.35	2.50	2.30	2.55	2.30	2.45	2.35	2.30	2.25	2.25	2.25	2.25	2.25	3.05	2.60	2.90	2.25	2.25	2.25	2.75	3.15	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.167	2.221	2.221	2.113	2.221	2.114	2.105	2.183	2.183	2.115	2.203	2.114	2.203	2.139	2.183	2.203	2.221	2.221	2.221	2.221	2.221	2.139	2.088	2.150	2.221	2.221	2.221	2.099	2.231	2.221	2.221	2.221
KECKSENG	Mean	2.35	2.25	2.25	2.45	2.30	2.45	2.35	2.25	2.25	2.25	2.25	2.40	2.30	2.30	2.30	2.40	2.25	2.25	2.25	2.25	2.25	2.25	2.30	2.75	2.25	2.25	2.25	2.65	2.65	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.183	2.221	2.221	2.139	2.203	2.139	2.183	2.221	2.221	2.221	2.221	2.186	2.203	2.203	2.203	2.162	2.221	2.221	2.221	2.221	2.221	2.221	2.203	2.099	2.221	2.221	2.221	2.110	2.134	2.221	2.221	2.221
KLK	Mean	1.75	1.15	1.45	1.10	1.10	1.00	1.35	1.25	1.05	1.20	1.30	1.30	1.45	1.15	1.60	1.20	1.00	1.20	1.00	1.00	1.00	1.50	1.65	1.50	1.00	1.00	1.00	1.00	1.90	1.00	1.10	1.00
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	1.333	.366	.759	.447	.447	0.000	.587	.444	.224	.616	.657	.470	.686	.489	.883	.523	0.000	.410	0.000	0.000	0.000	.889	.813	.889	0.000	0.000	0.000	0.000	.968	0.000	.308	0.000
KOSSAN	Mean	1.50	1.10	1.00	1.10	1.15	1.05	1.25	1.15	1.15	1.25	1.05	1.15	1.55	1.55	1.20	1.10	1.00	1.15	1.00	1.00	1.00	1.00	1.00	1.50	1.00	1.00	1.00	1.80	1.15	1.00	1.00	1.00
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	.889	.447	0.000	.308	.366	.224	.550	.489	.489	.444	.224	.489	.826	.686	.523	.308	0.000	.366	0.000	0.000	0.000	0.000	0.000	.889	0.000	0.000	0.000	1.281	.489	0.000	0.000	0.000
MAHSING	Mean	1.90	1.05	1.95	1.75	1.30	1.20	1.30	1.00	1.15	1.35	1.25	1.55	1.50	1.10	1.70	1.05	1.00	1.40	1.00	1.00	1.00	1.00	1.80	1.70	1.00	1.00	1.00	1.85	1.90	1.00	1.30	1.00
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	1.294	.224	1.468	1.251	.801	.410	.923	0.000	.489	1.089	.786	1.050	1.147	.308	1.174	.224	0.000	.681	0.000	0.000	0.000	0.000	1.322	1.261	0.000	0.000	0.000	1.531	1.619	0.000	.733	0.000
ORIENTAL	Mean	2.75	2.25	2.25	2.25	2.25	2.50	2.25	2.40	2.25	2.25	2.30	2.25	2.30	2.30	2.35	2.30	2.25	2.45	2.25	2.25	2.25	2.55	2.25	2.75	2.25	2.25	2.25	2.75	2.75	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.099	2.221	2.221	2.221	2.221	2.115	2.221	2.162	2.221	2.221	2.203	2.221	2.203	2.203	2.183	2.203	2.221	2.139	2.221	2.221	2.221	2.089	2.221	2.099	2.221	2.221	2.221	2.099	2.099	2.221	2.221	2.221
QLRES	Mean	2.55	2.25	2.30	2.25	2.25	2.40	2.55	2.25	2.55	2.55	2.25	2.40	2.40	2.40	2.40	2.25	2.30	2.35	2.25	2.25	2.25	2.25	2.45	3.00	2.25	2.25	2.25	2.65	2.50	2.30	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.114	2.221	2.203	2.221	2.221	2.186	2.114	2.221	2.089	2.089	2.221	2.162	2.162	2.162	2.186	2.221	2.203	2.183	2.221	2.221	2.221	2.221	2.164	2.176	2.221	2.221	2.221	2.134	2.164	2.203	2.221	2.221
SOP	Mean	2.90	2.25	2.25	2.30	2.25	2.25	2.35	2.25	2.25	2.25	2.35	2.25	2.35	2.25	2.30	2.25	2.25	2.30	2.25	2.25	2.25	2.55	2.25	2.65	2.25	2.25	2.25	2.70	3.00	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.150	2.221	2.221	2.203	2.221	2.221	2.183	2.221	2.221	2.221	2.183	2.221	2.207	2.221	2.203	2.221	2.221	2.203	2.221	2.221	2.221	2.164	2.221	2.110	2.221	2.221	2.221	2.105	2.176	2.221	2.221	2.221
SUPERMAX	Mean	2.65	2.25	2.35	2.75	2.25	2.30	2.35	2.45	2.25	2.25	2.35	2.35	2.55	2.40	2.40	2.30	2.25	2.40	2.25	2.25	2.25	2.25	2.25	2.75	2.25	2.25	2.25	2.65	2.35	2.40	2.40	2.35
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.084	2.221	2.183	2.149	2.221	2.203	2.183	2.188	2.221	2.221	2.183	2.183	2.188	2.234	2.186	2.203	2.221	2.186	2.221	2.221	2.221	2.221	2.221	2.099	2.221	2.221	2.221	2.231	2.183	2.162	2.162	2.183
TANCHONG	Mean	3.00	2.40	2.45	2.35	2.25	2.55	2.60	2.35	2.30	2.40	2.25	2.25	2.65	2.40	2.50	2.40	2.25	2.35	2.25	2.25	2.25	2.40	2.25	2.75	2.25	2.25	2.25	3.05	2.85	2.40	2.50	2.40
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.176	2.162	2.188	2.207	2.221	2.139	2.113	2.207	2.203	2.186	2.221	2.221	2.134	2.234	2.140	2.186	2.221	2.207	2.221	2.221	2.221	2.186	2.221	2.099	2.221	2.221	2.221	2.235	2.231	2.234	2.115	2.186
TOPGLOVE	Mean	3.25	2.50	2.30	2.45	2.50	2.80	2.60	2.45	2.55	2.50	3.45	2.35	2.35	2.50	2.45	2.50	2.25	2.25	2.25	2.25	2.25	2.25	2.50	3.05	2.45	2.25	2.40	3.00	2.65	2.40	2.25	2.30
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.337	2.259	2.203	2.139	2.140	1.936	2.137	2.139	2.089	2.115	2.164	2.207	2.183	2.140	2.212	2.188	2.221	2.221	2.221	2.221	2.221	2.221	2.115	2.350	2.139	2.221	2.234	2.176	2.323	2.162	2.221	2.203
TSH	Mean	2.75	2.25	2.25	2.35	2.25	2.25	2.40	2.25	2.25	2.25	2.25	2.35	2.50	2.35	2.35	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.40	2.75	2.25	2.25	2.25	2.45	2.45	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.099	2.221	2.221	2.183	2.221	2.221	2.162	2.221	2.221	2.221	2.221	2.183	2.115	2.207	2.183	2.221	2.221	2.221	2.221	2.221	2.221	2.221	2.162	2.099	2.221	2.221	2.221	2.139	2.139	2.221	2.221	2.221
Total	Mean	2.52	2.04	2.10	2.12	2.06	2.07	2.15	2.01	2.04	2.08	2.17	2.10	2.18	2.14	2.14	2.06	1.95	2.05	1.93	1.92	1.92	2.18	2.18	2.51	1.94	1.92	1.93	2.59	2.64	1.98	2.03	1.94
	N	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
	Std. Deviation	1.992	1.964	1.970	1.930	1.949	1.908	1.912	1.923	1.917	1.915	1.986	1.927	1.930	1.931	1.922	1.928	1.936	1.922	1.937	1.938	1.938	1.993	1.935	1.970	1.932	1.938	1.941	2.010	2.041	1.934	1.929	1.935

Table continued

Company name		Item 33	Item 34	Item 35	Item 36	Item 37	Item 38	Item 39	Item 40	Item 41	Item 42	Item 43	Item 44	Item 45	Item 46	Item 47
BERJAYA	Mean	2.25	2.25	2.25	2.75	3.25	2.50	2.25	2.65	2.25	2.25	2.25	2.25	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.221	2.221	2.221	2.099	2.337	2.212	2.221	2.134	2.221	2.221	2.221	2.221	2.221	2.221	2.221
CMS	Mean	1.00	1.00	1.00	1.40	1.80	1.20	1.30	1.15	1.25	1.25	1.25	1.30	1.10	1.00	1.15
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	0.000	0.000	0.000	.821	1.436	.523	.733	.489	.550	.444	.786	.733	.447	0.000	.366
IOI	Mean	2.75	2.25	2.25	2.75	3.45	2.65	2.80	2.30	2.25	2.25	2.25	2.25	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.099	2.221	2.221	1.970	2.188	2.183	2.238	2.203	2.221	2.221	2.221	2.221	2.221	2.221	2.221
JAYATIASA	Mean	2.25	2.25	2.25	2.50	2.65	2.30	2.60	2.50	2.40	2.25	2.25	2.25	2.25	2.25	2.45
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.221	2.221	2.221	2.115	2.110	2.203	2.113	2.115	2.162	2.221	2.221	2.221	2.221	2.221	2.139
KECKSENG	Mean	2.25	2.25	2.25	2.50	2.55	2.25	2.45	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.221	2.221	2.221	2.115	2.164	2.221	2.139	2.221	2.221	2.221	2.221	2.221	2.221	2.221	2.221
KLK	Mean	1.25	1.00	1.00	1.55	1.75	1.30	1.35	1.30	1.30	1.20	1.15	1.00	1.00	1.00	1.35
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	.444	0.000	0.000	.605	1.118	.657	.671	.470	.571	.616	.489	0.000	0.000	0.000	.587
KOSSAN	Mean	1.00	1.00	1.00	1.35	1.00	1.00	1.00	1.00	1.05	1.00	1.00	1.00	1.00	1.00	1.00
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	0.000	0.000	0.000	.587	0.000	0.000	0.000	0.000	.224	0.000	0.000	0.000	0.000	0.000	0.000
MAHSING	Mean	1.00	1.00	1.00	1.45	2.05	1.35	1.65	1.35	1.15	1.25	1.25	1.45	1.00	1.00	1.40
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	0.000	0.000	0.000	.510	1.572	.813	1.348	.813	.366	.716	.639	1.099	0.000	0.000	.883
ORIENTAL	Mean	2.25	2.25	2.25	2.50	2.75	2.50	2.45	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.221	2.221	2.221	2.115	2.099	2.115	2.139	2.115	2.115	2.221	2.221	2.221	2.221	2.221	2.221
QLRES	Mean	2.25	2.25	2.25	2.70	2.80	2.25	2.35	2.25	2.40	2.40	2.30	2.25	2.45	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.221	2.221	2.221	2.055	2.142	2.221	2.183	2.221	2.186	2.186	2.203	2.221	2.188	2.221	2.221
SOP	Mean	2.25	2.25	2.25	2.55	2.65	2.40	2.30	2.60	2.50	2.25	2.25	2.25	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.221	2.221	2.221	2.114	2.110	2.162	2.203	2.062	2.115	2.221	2.221	2.221	2.221	2.221	2.221
SUPERMAX	Mean	2.35	2.25	2.25	2.35	2.35	2.25	2.50	2.25	2.35	2.25	2.25	2.25	2.25	2.25	2.35
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.183	2.221	2.221	2.183	2.183	2.221	2.164	2.221	2.183	2.221	2.221	2.221	2.221	2.221	2.183
TANCHONG	Mean	2.25	2.25	2.25	2.55	2.90	2.45	2.25	2.30	2.25	2.45	2.25	2.25	2.25	2.25	2.25
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.221	2.221	2.221	2.089	2.100	2.164	2.221	2.203	2.221	2.139	2.221	2.221	2.221	2.221	2.221
TOPGLOVE	Mean	2.35	2.35	2.25	2.70	3.00	2.55	2.40	2.30	2.30	2.30	2.25	2.30	2.25	2.25	2.45
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.207	2.207	2.221	2.003	2.271	2.235	2.162	2.203	2.203	2.203	2.221	2.203	2.221	2.221	2.282
TSH	Mean	2.25	2.30	2.25	2.75	2.60	2.30	2.55	2.35	2.45	2.25	2.40	2.25	2.25	2.25	2.40
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Std. Deviation	2.221	2.203	2.221	1.997	2.137	2.203	2.139	2.183	2.139	2.221	2.186	2.221	2.221	2.221	2.162
Total	Mean	1.98	1.93	1.92	2.29	2.50	2.08	2.15	2.07	2.04	1.99	1.97	1.97	1.94	1.92	2.02
	N	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
	Std. Deviation	1.934	1.937	1.938	1.845	2.008	1.936	1.940	1.914	1.911	1.931	1.939	1.946	1.939	1.938	1.934

Company name		Item 48	Item 49	Item 50	Item 51	Item 52	Item 53	Item 54	Item 55	Item 56	Item 57	Item 58	Item 59	Item 60	Item 61	Average
BERJAYA	Mean	2.25	2.25	2.25	2.25	3.70	4.00	3.65	3.65	3.60	3.65	3.50	3.70	3.50	2.00	2.60
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.221	2.221	2.221	2.221	2.430	2.248	2.498	2.498	2.501	2.498	2.565	2.430	2.565	2.406	
CMS	Mean	1.20	1.15	1.15	1.00	2.75	2.65	2.35	2.30	2.55	2.35	2.55	2.45	2.25	.75	1.44
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	.696	.366	.671	0.000	2.099	2.207	2.183	2.203	2.164	2.207	2.235	2.188	2.221	.444	
IOI	Mean	2.25	2.25	2.25	2.25	4.00	3.95	3.75	3.50	3.70	3.95	3.50	3.65	3.55	2.00	2.77
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.221	2.221	2.221	2.221	2.200	2.259	2.337	2.565	2.386	2.139	2.565	2.434	2.523	2.406	
JAYATIASA	Mean	2.45	2.25	2.25	2.25	3.85	3.65	3.85	3.50	3.60	3.60	3.65	3.55	3.55	2.00	2.58
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.139	2.221	2.221	2.221	2.346	2.434	2.368	2.565	2.479	2.479	2.434	2.523	2.523	2.406	
KECKSENG	Mean	2.25	2.25	2.25	2.25	3.65	3.70	3.50	3.55	3.65	3.65	3.50	3.50	3.50	2.00	2.49
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.221	2.221	2.221	2.221	2.434	2.408	2.565	2.523	2.434	2.455	2.565	2.565	2.565	2.406	
KLK	Mean	1.50	1.00	1.00	1.00	2.40	2.45	2.25	2.30	2.35	2.45	2.40	2.30	2.30	.75	1.38
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	.946	0.000	0.000	0.000	2.162	2.139	2.221	2.203	2.207	2.164	2.186	2.203	2.203	.444	
KOSSAN	Mean	1.00	1.00	1.00	1.00	2.35	2.50	2.55	2.25	2.30	2.35	2.25	2.25	2.25	.75	1.28
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	0.000	0.000	0.000	0.000	2.207	2.115	2.188	2.221	2.203	2.207	2.221	2.221	2.221	.444	
MAHSING	Mean	1.15	1.00	1.00	1.00	2.65	2.80	2.25	2.25	2.45	2.30	2.25	2.25	2.25	.75	1.44
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	.489	0.000	0.000	0.000	2.084	2.191	2.221	2.221	2.188	2.203	2.221	2.221	2.221	.444	
ORIENTAL	Mean	2.25	2.25	2.25	2.25	3.85	3.70	3.50	3.50	3.50	3.50	3.50	3.50	3.50	2.00	2.52
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.221	2.221	2.221	2.221	2.254	2.386	2.565	2.565	2.565	2.565	2.565	2.565	2.565	2.406	
QLRES	Mean	2.30	2.25	2.25	2.25	3.65	3.55	3.85	3.50	3.50	3.50	3.80	3.55	3.55	2.00	2.54
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.203	2.221	2.221	2.221	2.455	2.523	2.300	2.565	2.565	2.565	2.353	2.523	2.523	2.406	
SOP	Mean	2.25	2.25	2.25	2.25	3.50	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.55	1.85	2.50
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.221	2.221	2.221	2.221	2.565	2.479	2.565	2.565	2.565	2.565	2.565	2.565	2.523	2.231	
SUPERMAX	Mean	2.25	2.25	2.25	2.25	3.55	3.60	3.50	3.50	3.50	3.55	3.60	3.50	3.50	1.70	2.50
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.221	2.221	2.221	2.221	2.523	2.479	2.565	2.565	2.565	2.523	2.501	2.565	2.565	2.250	
TANCHONG	Mean	2.25	2.25	2.25	2.25	3.70	3.65	3.65	3.50	3.60	3.65	3.55	3.50	3.55	2.00	2.56
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.221	2.221	2.221	2.221	2.430	2.455	2.455	2.565	2.501	2.455	2.523	2.565	2.523	2.406	
TOPGLOVE	Mean	2.40	2.25	2.25	2.25	3.75	3.60	3.65	3.50	3.70	3.55	3.60	3.55	3.60	2.00	2.62
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.162	2.221	2.221	2.221	2.468	2.479	2.434	2.565	2.386	2.523	2.479	2.523	2.479	2.406	
TSH	Mean	2.35	2.25	2.25	2.25	3.70	3.65	3.55	3.50	3.55	3.50	3.70	3.50	3.50	2.00	2.51
	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
	Std. Deviation	2.183	2.221	2.221	2.221	2.408	2.434	2.523	2.565	2.523	2.565	2.408	2.565	2.565	2.406	
Total	Mean	2.01	1.93	1.93	1.92	3.40	3.40	3.29	3.19	3.27	3.27	3.26	3.22	3.19	1.64	2.25
	N	300	300	300	300	300	300	300	300	300	300	300	300	300	300	
	Std. Deviation	1.934	1.936	1.941	1.938	2.351	2.352	2.418	2.472	2.420	2.421	2.435	2.453	2.464	2.072	

Q. Test of Spearman's correlation results for family-controlled company attributes

Correlations

			TwoFamilyMem	ThreeFamilyMem	MoreThanFourFamMem	FamMemBelow66	FamMemyoungandAbove66	Around 50 to 70	Below 49	KnowHowInd1	KnowHowInd2	KnowHowInd3	KnowHowBM1	KnowHowBM2	KnowHowBM3	KnowHowComb1	KnowHowComb2	MeanCat1	MeanCat2	MeanCat3	MeanCat4	MeanCat5
Spearman's rho	TwoFamilyMem	Correlation Coefficient	1.000	-.645**	-.302	-.492	-.237	.431	.443	-.040	-.023	-.161	.318	-.262	-.302	-.302	-.161	.354	.040	.460	.630*	.292
		Sig. (2-tailed)		.009	.275	.062	.396	.109	.098	.887	.936	.566	.248	.346	.275	.275	.566	.195	.888	.085	.012	.291
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	ThreeFamilyMem	Correlation Coefficient	-.645**	1.000	-.535*	.491	-.026	-.327	-.286	-.071	.262	-.286	-.040	.071	.134	.134	.250	-.083	.053	.033	-.321	-.259
		Sig. (2-tailed)	.009		.040	.063	.926	.234	.302	.800	.346	.302	.887	.800	.635	.635	.369	.770	.851	.908	.243	.352
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	MoreThanFourFamMem	Correlation Coefficient	-.302	-.535*	1.000	-.068	.294	-.068	-.134	.134	-.302	.535*	-.302	.200	.167	.167	-.134	-.289	-.110	-.549*	-.295	0.000
		Sig. (2-tailed)	.275	.040		.810	.287	.810	.635	.635	.275	.040	.275	.474	.553	.553	.635	.297	.696	.034	.285	1.000
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	FamMemyoungandAbove66	Correlation Coefficient	-.237	-.026	.294	-.320	1.000	-.320	-.105	-.026	.207	-.105	-.237	.026	.294	.294	-.105	.146	.182	.120	.223	.380
		Sig. (2-tailed)	.396	.926	.287	.245		.245	.710	.926	.459	.710	.396	.926	.287	.287	.710	.605	.517	.671	.423	.163
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	Around 50 to 70	Correlation Coefficient	.431	-.327	-.068	-.667**	-.320	1.000	-.218	-.055	.123	-.218	.123	-.218	-.068	-.408	-.218	.219	-.072	-.050	-.034	-.264
		Sig. (2-tailed)	.109	.234	.810	.007	.245		.435	.847	.662	.435	.662	.435	.810	.131	.435	.433	.799	.860	.903	.343
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	Below 49	Correlation Coefficient	.443	-.286	-.134	-.218	-.105	-.218	1.000	-.286	-.161	-.071	-.161	.286	-.134	-.134	-.071	.298	.247	.391	.338	.518*
		Sig. (2-tailed)	.098	.302	.635	.435	.710	.435		.302	.566	.800	.566	.302	.635	.635	.800	.281	.374	.149	.217	.048
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	KnowHowInd1	Correlation Coefficient	-.040	-.071	.134	.218	-.026	-.055	-.286	1.000	-.645**	-.286	.262	-.196	.134	.468	.250	0.000	-.389	-.228	-.068	0.000
		Sig. (2-tailed)	.887	.800	.635	.435	.926	.847	.302		.009	.302	.346	.483	.635	.079	.369	1.000	.152	.413	.811	1.000
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	KnowHowInd2	Correlation Coefficient	-.023	.262	-.302	-.185	.207	.123	-.161	-.645**	1.000	-.161	-.023	.040	-.302	-.302	-.161	.131	.279	.368	.134	0.000
		Sig. (2-tailed)	.936	.346	.275	.510	.459	.662	.566	.009		.566	.936	.887	.275	.275	.566	.643	.314	.177	.635	1.000
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	KnowHowInd3	Correlation Coefficient	-.161	-.286	.535*	.327	-.105	-.218	-.071	-.286	-.161	1.000	-.161	.286	-.134	-.134	-.071	-.265	.247	-.293	-.034	0.000
		Sig. (2-tailed)	.566	.302	.040	.234	.710	.435	.800	.302	.566		.566	.302	.635	.635	.800	.341	.374	.288	.905	1.000
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	KnowHowBM1	Correlation Coefficient	.318	-.040	-.302	.123	-.237	.123	-.161	.262	-.023	-.161	1.000	-.564*	-.302	-.302	.443	.224	.040	.276	.420	-.292
		Sig. (2-tailed)	.248	.887	.275	.662	.396	.662	.566	.346	.936	.566		.029	.275	.275	.098	.423	.888	.320	.119	.291
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	KnowHowBM2	Correlation Coefficient	-.262	.071	.200	.055	.026	-.218	.286	-.196	.040	.286	-.564*	1.000	-.468	-.134	-.250	.331	.389	.163	.068	.518*
		Sig. (2-tailed)	.346	.800	.474	.847	.926	.435	.302	.483	.887	.302	.029		.079	.635	.369	.229	.152	.562	.811	.048
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	KnowHowBM3	Correlation Coefficient	-.302	.134	.167	-.068	.294	-.068	-.134	.134	-.302	-.134	-.302	-.468	1.000	.583*	-.134	-.495	-.397	-.549*	-.527*	-.323
		Sig. (2-tailed)	.275	.635	.553	.810	.287	.810	.635	.635	.275	.635	.275	.079		.022	.635	.061	.143	.034	.043	.241
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	KnowHowComb1	Correlation Coefficient	-.302	.134	.167	.272	.294	-.408	-.134	.468	-.302	-.134	-.302	-.134	.583*	1.000	-.134	-.495	-.397	-.549*	-.295	0.000
		Sig. (2-tailed)	.275	.635	.553	.326	.287	.131	.635	.079	.275	.635	.275	.635	.022		.635	.061	.143	.034	.285	1.000
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	KnowHowComb2	Correlation Coefficient	-.161	.250	-.134	.327	-.105	-.218	-.071	.250	-.161	-.071	.443	-.250	-.134	-.134	1.000	.066	.247	.065	-.034	0.000
		Sig. (2-tailed)	.566	.369	.635	.234	.710	.435	.800	.369	.566	.800	.098	.369	.635	.635		.815	.374	.817	.905	1.000
		N	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

R. List of interviewees

ID	Position	Years in the Profession	Classification
P1	Chief Executive Officer	11 to 20	Analyst
P2	Deputy Director of Research	0 to 10	Equity investor
P3	Manager - Risk and Governance	0 to 10	Services provider
P4	Audit Manager	0 to 10	Services provider
P5	Business Consultant	0 to 10	Services provider
P6	Business Owner	11 to 20	Services provider
P7	Manager - Company Secretary	0 to 10	Services provider
P8	Managing Director	11 to 20	Corporate finance advisor
P9	Director	More than 31 years	Equity investor
P10	Relationship Manager	0 to 10	Financial provider
P11	General Manager	0 to 10	Provider of goods and services
P12	Executive Director Securities Malaysia	21 to 30	Regulator
P13	Deputy Director - Institute of Integrity Malaysia	0 to 10	Government agency
P14	Senior Analyst	0 to 10	Analyst

P15	Assistant Manager	10 to 20	Services provider
P16	Audit Director	11 to 20	Services provider
P17	Audit Associate	0 to 10	Services provider
P18	Manager - Securities Malaysia	0 to 10	Regulator
P19	Dean of Institute	More than 31 years	Researcher
P20	Managing Director	21 to 30	Provider of goods and services
P21	Senior Research Analyst	0 to 10	Analyst
P22	Senior Executive	0 to 10	Analyst
P23	Chief Executive Officer	0 to 10	Trading company
P24	Senior Manager	11 to 20	Professional body
P25	Manager	11 to 20	Auditor
P26	Head of Risk and Shariah Compliance	11 to 20	Financial provider
P27	Head of Institute	More than 31 years	Researcher
P28	Director of Corporate Management and Communication	11 to 20	Government agencies
P29	Assistant Vice President	0 to 10	Analyst
P30	Finance Manager	11 to 20	Financial provider

P31	Project Manager	0 to 10	Provider of goods and services
P32	Finance Manager	11 to 20	Government agencies
P33	Head Group Risk	11 to 20	Services provider
P34	Manager - Market Surveillance	11 to 20	Regulator
P35	Director of Private Sector	0 to 10	Analyst - Government agency
P36	Associate Professor	0 to 10	Researcher
P37	Senior Vice President - Corporate Financing	11 to 20	Services provider
P38	Director	0 to 10	Regulator
P39	Assistant Editor	11 to 20	Media
P40	Assistant Vice President - Wealth Management	0 to 10	Fund manager
P41	Chief Executive Officer	0 to 10	Services provider