THE IMPACT OF CORPORATE DISCLOSURE AND WEBSITE INFORMATIVENESS ON ENHANCING CORPORATE GOVERNANCE AND PERFORMANCE

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Abstract

This study aims to investigate how transparency affects the company's performance. Transparency in corporate governance is crucial to prevent misconduct, encourage accountability, and integrity, and ultimately, enhance sustainable performance in businesses. In contrast, inadequate disclosure of information can lead to business scandals and fraud, diminishing trust in institutions, harming stakeholders, and adversely affecting the entire economy (Salin et al., 2019). The study measures transparency through firm disclosure policy and website informativeness. This study employs archival analysis of the annual reports of the top 500 publicly listed firms in Malaysia based on market capitalization. Nine items were created to assess the independent variables, while the dependent variable was business performance, represented by return on equity (*ROE*), return on assets (*ROA*), Tobin's Q, and market-to-book ratio (*MTB*). This study concludes that there is no substantial association between the company's disclosure policy and website informativeness and corporate performance, leading to the rejection of both hypotheses. In the age of digital transformation and artificial intelligence, companies have various alternative methods to disseminate information besides annual reports and websites.

Keywords: Corporate Governance, Transparency, Corporate Disclosure, Information Technology, Information Asymmetry, Financial Reporting

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1. INTRODUCTION

Corporate governance refers to the methods and systems used to manage and oversee a company's operations and decision-making processes (The Committee on the Financial Aspects of Corporate Governance, 1992). It establishes a framework to harmonise the interests of many stakeholders through rules and procedures, enabling the company to achieve its objectives within the economic, regulatory, and social contexts. The breakdown of major companies and continuous fraud by global market participants has led to the increased significance of corporate governance (Abidin et al., 2019). Various international organisations, such as the International Corporate Governance Network (ICGN) and the Organisation for Economic Co-operation and Development (OECD), have formulated suggestions for corporate governance. The ICGN, for instance, seeks to advance robust corporate governance principles to foster the efficiency of markets. The organisation consists of international investors from over 50 nations, managing assets totalling more than USD 26 trillion. Conversely, the OECD collaborates with governments from other nations to address economic, social, and environmental issues, while simultaneously advocating for policies that enhance the global population's economic and social welfare.

One of the hallmarks of good governance practices is transparency (Liao et al., 2024). It refers to a company's disclosure of relevant information to its stakeholders, such as shareholders, employees, customers, and regulators. This disclosure covers diverse information such as financial data, operational performance, strategic decisions, and risk management practices. Transparency is critical for fostering trust, accountability, and integrity within an organisation (Kalyani & Mondal, 2024; Agustino et al., 2023; Capalbo et al., 2022). It empowers stakeholders to make informed decisions, assess management performance, and hold the board of directors accountable for their actions. Furthermore, transparency encourages fairness and reduces information asymmetry between insiders and external stakeholders, improving the overall effectiveness of corporate governance mechanisms (Mohd Zam et al., 2023; Otman, 2021).

However, still, many companies do not take the issues of transparency seriously. There are many cases where business entities do not provide sufficient information to their shareholders and potential investors for decision-making. An example worth mentioning is the Enron scandal that occurred in the early 2000s. The corporation hid debt and boosted earnings by using intricate financial arrangements and off-balance-sheet entities like special purpose vehicles, which were not fully revealed in its financial statements. The corporation failed as a result of a significant accounting fraud. Similar to other well-known scandals such as WorldCom, Volkswagen, Satyam Computer Services, Carillion, and Kraft Heinz Company, these incidents caused substantial harm to the companies' reputations, leading to large financial repercussions, legal actions, and a decline in public confidence (Salin et al., 2019).

Based on this situation, it is interesting to examine whether transparent practices embarked on by the companies will influence the performance of the company. This is because a company that is more transparent will be preferred by the shareholders and investors as their investment choice. This will contribute to the lower cost of capital and hence, the performance of the company. In short, the purpose of this study is to examine the influence of transparency on the performance of the company. Insufficient or lack of disclosure of information can result in corporate scandals and fraud, eroding trust in institutions, affecting stakeholders, and negatively impacting the whole economy. Transparency in corporate governance is essential to prevent wrongdoing, promote accountability, and integrity, and ultimately, contribute to sustainable performance in organisations. This study aims to address the research question:

RQ: What is the impact of transparency on the performance of the company?

This study is original in that it investigates and assesses the company's transparency through the lens of the Malaysian Code of Corporate Governance. This code outlines two key aspects of transparency: corporate disclosure policies and website informativeness. Robust company disclosure standards are crucial in the corporate governance environment. They assure transparency, allowing stakeholders to make well-informed decisions. The policies promote market efficiency, ensure stakeholder protection, deter insider trading, and enhance long-term value development. On the other hand, website informativeness allows stakeholders to access pertinent information effectively. Clear website design, straightforward navigation, and well-organized material in corporate disclosures improve transparency and help stakeholders locate crucial facts, which promotes trust and enables informed decision-making. These areas must be integrated into a systematic and comprehensive governance framework of the organisation to enable efficient and effective management.

This study has made multiple contributions. First, the study's outcome will emphasise the significance of transparency in overseeing and securing the company's strong performance. Second, this study will assist the regulatory body, policymakers, and the company in guiding and monitoring their transparency efforts. Guidelines and best practices for company disclosure and website transparency can be established to ensure compliance with local and worldwide standards. Third, this study will enhance the existing literature and theoretical understanding of transparency within the context of emerging countries. Most corporate governance literature primarily examines the correlation between corporate governance traits and overall corporate performance, neglecting to address the impact of corporate disclosure rules and the informativeness of a company's website.

The structure of this paper is as follows. Section 2 reviews the relevant literature. Section 3 analyses the methodology that has been used to conduct research on board responsibility. Section 4 presents the result of the study. Section 5 discusses the findings. Finally, Section 6 is the conclusion.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Corporate governance overview

Various models of corporate governance can be classified in multiple ways. Recognising the fact that a single model of corporate governance cannot be universally applicable to all companies, as different nations have varying laws and regulations, it is necessary to adopt a distinct approach to corporate governance that is in line with the operations and management of each company. US corporations often have a dispersed shareholding structure, but European companies often have a more concentrated and family-based shareholding. Therefore, external orientations that rely on corporate governance, such as take-over procedures, shareholders' rights, and regulating the activities of the chief executive officer (CEO), are more efficient in governing US corporations. Internal orientations that prioritise corporate governance, such as placing importance on board independence, maintaining a clear separation of authority between the CEO and chairman, strong internal control (Shariman et al., 2018), code of ethics (Salin et al., 2020) and whistleblowing mechanism (Nawawi & Salin, 2019) have proven to be more effective in regulating European corporations.

According to Rezaee (2008), corporate governance worldwide can be categorised into three models: closed, open, and hybrid. The close model is distinguished by the consolidation of ownership and debt capital, reduced reliance on the capital market, heightened direct control and supervision by a select group of major investors such as banks, insurance companies, and individuals, emphasis on internal information flow, and decreased information asymmetry between managers and shareholders. Conversely, the open model is commonly recognised as a market-oriented or external model. This model exhibits the following characteristics: ownership is widespread, diffused, and less concentrated; businesses rely heavily on the capital market for financing; there is a separation between managerial and oversight functions; governance and corporate activities are less regulated; there is a focus on external information flow; and there are information asymmetries present. The hybrid model, the most recent iteration, integrates elements from both the closed and open models. The model proposed by Rezaee (2008) closely resembles the European model, which is prevalent in countries like Germany. On the other hand, the open model is more similar to the Anglo-Saxon model, which is commonly adopted in the US. According to Škare and Hasić (2016), the open and closed models of governance are alternatively referred to as the one-tier and two-tier systems.

2.2. Transparency issues in Malaysia

Due to the absence of press freedom, the media lacks the ability to bring attention to unethical behaviours, namely those carried out by government officials in positions of authority. Malaysia does not have a federal Freedom of Information Act, which means that individuals can freely express their opinions and criticise others without fear. While several states in Malaysia have enacted freedom of information legislation, this legislation still has certain limits (Transparency International, 2014). Additionally, various laws such as the Official Secrets Act 1972, Printing Presses and Publications Act 1984, National Harmony Act 2012 (which replaced the Sedition Act 1949), and the Security Offences (Special Measures) Act 2012 (which replaced the Internal Security Act 1969) are being improperly utilised to hide corrupt activities. These laws restrict the sharing of official information, including classified documents, and deny public access, thereby limiting the ability to conduct judicial review (Transparency International, 2014). Furthermore, due to the ownership of the major media by the ruling political parties, journalists are impeded from revealing the truth regarding unethical incidents. The discretion to publish such stories lies with management designated by these political parties.

During the 13th general election in 2013, information freedom in Malaysia reached its nadir as opposition parties were prohibited from broadcasting live to elucidate their agenda. In addition, the ruling parties declined to participate in a live election debate, arguing that "political debate is not a customary practice in Malaysian culture". This rationale is unfounded and untenable, given numerous other advanced nations, such as Australia, the US, and the UK, mandate and facilitate debates between the head of state and the opposition leader prior to elections. In the 2014 presidential election, Indonesia also permitted public discussions.

2.3. Corporate disclosure

In order to recognise the significance of effective information transmission to the market, the Malaysian Code on Corporate Governance (MCCG) mandates that enterprises must establish a corporate disclosure strategy and processes and employ state-of-the-art technology to distribute information. Information disclosure, whether required or optional by the company, is crucial for mitigating information asymmetry and conflicts among the owner and manager (Healy & Palepu, 2001), manager and external parties (Lobo & Zhou, 2001), and various categories of shareholders (Allegrini & Greco, 2013). Moreover, the act of revealing reliable information is linked to improved standards of accounting (Francis et al., 2008) and would decrease confusion among stakeholders (Hirst et al., 2007), while also impacting board compensation in a positive manner (Sengupta & Zhang, 2015). In addition, implementing this strategy will result in a more favourable market response, including a stronger reaction in share prices (Hutton et al., 2003), a reduction in the company's cost of capital (Easley & O'hara, 2004; Mangena et al., 2016), a decrease in the cost of private debt financing (Mazumdar & Sengupta, 2005), promotes credit market development (Adusei & Adeleye, 2021), influence stock market liquidity (Aman & Moriyasu, 2022) and a decrease in the company's leverage. Consequently, these factors will have a positive impact on the company's performance (Sharif & Lai, 2015).

Furthermore, a policy of limited disclosure may indicate a lack of integrity in financial reporting

(Bharath et al., 2008) and even the intention to conceal and manipulate facts (Leuz & Wysocki, 2006). Conversely, organisations that have a greater level of disclosure have a wider range of choices when it comes to obtaining external funding (Bhattacharya et al., 2004), but companies with poor disclosure are limited to securing financing through private debt (Dhaliwal et al., 2011). The empirical data presented by Debreceny et al. (2003) suggests that having a strong disclosure policy and providing more information might incentivize the company. This is because it has been shown to enhance equity performance (Gul & Leung, 2004), associated with financial stability (Rastogi & Kanoujiya, 2022), and raise corporate value (Temiz, 2021; Lobo & Zhou, 2001). This study investigates the corporate disclosure policies established according to the MCCG. Specifically, it focuses on the board's implementation of corporate disclosure policies and processes to ensure adherence to stock market regulations.

This argument leads to the next hypothesis:

H1: There is a positive relationship between corporate disclosure policies and corporate performance.

2.4. Website informativeness

The progress in information technology has provided companies with the ability to transmit information to external users immediately. Therefore, the issue of timely information distribution is effectively answered by the implementation of the Internet and corporate websites. The swift advancement of technology is expected to significantly influence corporate governance, namely in the area of corporate information disclosure (Al Arussi et al., 2009). As an illustration, the presence of broadband has led to a rise in the amount of social, economic, and environmental data released by regional governments in Spain (Navarro-Galera et al., 2016).

Company websites offer a convenient and cost-effective means for corporations to quickly distribute accounting information to the broader financial community. These emerging communication tools are also very advanced in their capabilities (Rowbottom et al., 2005; Debreceny et al., 2003). Conversely, the conventional method of transmitting information through paper has numerous limitations and necessitates significant financial resources. This becomes crucial when the company's owners and investors are spread out over a large geographical area, making it costly to physically provide them with information. Web-based disclosure, as stated by Debreceny et al. (2003), offers a cost-effective, speedy, adaptable, and universally accessible format for users across different countries. Therefore, the company's profit will be enhanced by the cost reductions resulting from the decrease in production and distribution expenses related to print-based information, such as annual reports (Oyelere et al., 2003).

Hence, the utilisation of the Internet and websites is expected to promote an increased abundance of information, extending beyond financial matters, due to the cost savings and widespread accessibility facilitated by these platforms. This includes areas such as social and environmental reporting requirements (Wong et al., 2015). This would further enhance the company's edge in building its reputation and instilling confidence among its stakeholders. Less successful companies may be more inclined to withhold information and provide less voluntary disclosure through Internet reporting (Oyelere et al., 2003).

The following hypothesis is then established:

H2: There is a positive relationship between the use of websites to disseminate information and corporate performance.

2.5. Theoretical framework: Signalling theory

This idea is grounded in the research conducted by Spence (1973), which illustrates how job seekers distinguish themselves from other candidates by utilising their advanced education as a means of signalling their superior qualifications, with the ultimate goal of being chosen by potential employers. Researchers frequently employ signalling theory to elucidate the behaviour and actions of two distinct parties that possess varying levels of information influence yet have a common interest. In addition, the internal factions of the organisation will determine the method and nature of the signal to be transmitted, while the external factions will interpret the message conveyed by the signal and offer feedback based on their understanding (Connelly et al., 2011).

Spence (2002) employed signalling theory to elucidate the issue of information asymmetry between two parties. Managers will offer increased transparency in their disclosures to attract investors, as a result of knowledge asymmetry. In this scenario, the company may seek to augment its capital while minimising expenses, in order to attract a reputable long-term investor who is interested in aligning with the company's positive reputation. Companies have various methods to indicate their level of quality. These factors encompass the recruitment of esteemed directors (Certo et al., 2001), connections between organisations (Park & Mezias, 2005), stability in management (Perkins & Hedry, 2005), and acquisition of intellectual property (Warner et al., 2006).

3. RESEARCH METHODOLOGY

3.1. Sample and period of study

This study encompasses the largest 500 firms, as determined by their market capitalization, that are listed on Bursa Malaysia, the stock exchange of Malaysia. This selection of firms was made based on their high valuation by investors, attractiveness for investment, security and stability, as well as their inclusion of numerous industry leaders. Many of these companies have also been chosen as benchmarks or indicators for stock exchange indexes. Typically, the number of companies listed in Bursa Malaysia falls between the range of 750 to 800 companies. A sampling of 500 enterprises constitutes roughly 67% to 63% of the entire population. Moreover, according to Sekaran and Bougie (2013), the minimum sample size required for a population size of 800 is 260. Hence, a sample size of 500 is adequate for the investigation. This study collected data for a duration of two years, specifically in 2013 and 2014.

3.2. Variables

This study will utilise seven metrics to assess business success, which are categorised into three groups: operating performance, market valuation, and shareholders' return. *ROE* and *ROA* are used to assess operating performance. These metrics are commonly employed by researchers as substitutes for evaluating company performance (Gompers et al., 2003; Bhagat & Bolton, 2008). *Tobin's Q* and the *MTB* are often used to assess the market valuation of a corporation. *Tobin's Q* is widely used by scholars such as Kaplan and Zingales (1997), Gompers et al. (2003), and Bhagat and Bolton (2008). Meanwhile, *MTB* is employed by Gompers et al. (2003), Donker et al. (2008), and Chen et al. (2002).

The study's independent variables consist of business disclosure policy and website informativeness. It was assessed based on the criteria outlined in the MCCG. An evaluation tool was created to examine factors using a 3-point Likert scale. A score of "2" indicates a high level of disclosure (more information), a score of "1" indicates the minimum required disclosure according to MCCG, and a score of "0" signifies no disclosure (no information). The first instrument underwent validation by multiple specialists in the field of corporate governance research to improve its construct validity. In all, a set of five items was created and employed to assess business disclosure practices, while four items were utilised to evaluate website informativeness.

Company size, leverage, and age were specified as control factors in this study. Company size is determined by calculating the logarithm of the total assets, as described by Bebchuk et al. (2009) and Mitton (2004). Leverage is calculated by dividing the total liabilities by the total assets, as explained by Bhagat and Bolton (2008) and Bebchuk et al. (2009). Firm age is calculated by considering the number of years that have passed since the firm was officially established (Bebchuk et al., 2009; Camfferman & Cooke, 2002).

3.3. Model specification

In testing the hypotheses, a regression model was used as follows:

$$PERF = Disc + Web + Size + Lev + Age + \varepsilon \quad (1)$$

where *PERF* = performance, *Disc* = disclosure policy, *Web* = website, *Size* = size of the company, *Lev* = leverage, *Age* = years since incorporation, and ε = error term.

3.4. Alternative methods

A widely favoured alternate approach for performing this kind of research is to administer a survey to the firms. A survey instrument may be created by assembling many questions that assess all the relevant variables. One may use appropriate statistical analysis, such as structural equation modelling, to examine the link between independent and dependent variables. Nevertheless, the primary drawback of this approach is the relatively low response rate, which may be attributed to factors such as respondents' concerns about anonymity, their busy schedules, and a lack of enthusiasm to engage in research.

4. FINDINGS AND DISCUSSION

4.1. Descriptive statistics

The study's descriptive findings are shown in Table 1. The result demonstrates a mediocre outcome across all factors.

Table 1. Descriptive statistics for 2013 and 2014

Variables	*N*	*2013*					*2014*				
		Minimum	*Maximum*	*Mean*	*Median*	*Std. dev.*	*Minimum*	*Maximum*	*Mean*	*Median*	*Std. dev.*
Disc	437	0	6	1.25	0.00	1.632	0	8	1.53	0.00	1.970
Web	437	0	8	3.93	4.00	1.825	0	8	4.60	5.00	1.731
ROE	437	-0.6950	1.6580	0.1056	0.0920	0.1715	-1.2930	12.8330	0.1393	0.0880	0.7221
ROA	437	-0.3890	0.5910	0.0610	0.0540	0.07903	-0.3260	6.3380	0.0702	0.0500	0.3101
NP	437	-3.4030	7.9480	0.1501	0.0900	0.6362	-1.8200	90.303	0.3294	0.0850	4.3450
Tobin's Q	437	-0.4400	14.3540	1.6949	1.3550	1.3014	-12.5035	11.1836	1.0491	1.1510	1.9197
MTB	437	0.0260	13.4590	0.9920	0.6290	1.2773	0.0190	14.7720	0.9064	0.5388	1.3116
Size	437	4.6392	7.9957	5.9290	5.8461	0.5838	4.7367	8.0440	5.9731	5.8815	0.5814
Lev	437	0.0000	0.6429	0.1255	0.0879	0.1363	0.0000	0.6070	0.1280	0.0836	0.1387
Age	437	1.0000	41.0000	17.3157	18.000	8.5236	2.0000	43.0000	18.8352	19.00	8.6668

Note: Disc = disclosure policy, Web = website, ROE = return on equity, ROA = return on assets, NP = net profit margin, MTB = market-to-book ratio, Size = size of the company, Lev = leverage, Age = years since incorporation.

Table 1 shows the descriptive results of the study. The average marks scored by the companies for disclosure policies was only approximately 1.25 in 2013 and slightly increased to 1.53 in 2014, representing about 8.3% to 10.2% of the total marks allocated for this practice. For website informativeness, the average score for 2013 was 3.93, which slightly increased in 2014 to 4.6, from the total available 12 marks.

This study uses four measurements as dependent variables, which are separated into two groups. The initial category consists of two metrics, namely *ROE* and *ROA*, which are utilised to evaluate the company's success based on its accounting profit. The mean *ROE* rose marginally from 10.56% in 2013 to 13.93% in 2014. Nevertheless, the highest value rose from 165.8% in 2013 to 1,283.30% in 2014, and the lowest value dropped from -69.5% in 2013 to -129.3% in 2014. The average *ROA* rose from 6.1% in 2013 to 7.0% in 2014. The maximum value had a significant increase from 59.1% in 2013 to 633.80% in 2014. The minimum value demonstrated a notable enhancement, decreasing from -38.9% in 2013 to -32.6% in 2014.

Another kind of performance assessment is *MTB* and *Tobin's Q*, which are derived from

the market value of the company. Regarding these metrics, most companies exhibited a favourable value, approaching 1 for *MTB* and above 1 for *Tobin's Q*. This suggests that the market value and share price of these companies were either equal to or more than their replacement cost or book value of assets. In 2013, the *Tobin's Q* ratio stood at 1.6949. Despite declining to 1.0491 in 2014, the ratio remained over 1. In 2013, the maximum value was 14.354 and the minimum value was -0.44. In 2014, the maximum value was 11.1836 and the minimum value was -12.5035. For *MTB*, the highest score was 13.459 in 2013 and 14.772 in 2014, while the lowest value was 0.026 in 2013 and 0.019 in 2014.

The control variables exhibited a high degree of stability in both the years 2013 and 2014. The mean total assets for both years were roughly 6.0, with a range of approximately 4.5 to 8.0. The mean duration of the company's operation was 18 years, with the smallest duration being approximately one year, while the maximum duration was 43 years. The leverage level was quite low, with an average below 13%. The highest amount of leverage observed was 64% in 2013 and 60% in 2014.

4.2. Regression and hypotheses analysis

Table A.1 in the Appendix shows the multiple regression results of the study. It shows the relationship between independent variables (*corporate disclosure* and *website informativeness*) with dependent variables (*corporate performance*). Companies that provide extensive information through several communication channels, such as annual reports and websites, and have well-established *corporate disclosure* policies and procedures are anticipated to exhibit superior *corporate performance*. Nevertheless, both hypotheses *H1* and *H2* were invalidated.

Past empirical research has consistently demonstrated that companies that provide a higher level of disclosure are associated with superior accounting quality (Francis et al., 2008), greater share price responses (Hutton et al., 2003), lower cost of capital (Easley & O'hara, 2004; Mangena et al., 2016), and lower cost of debt financing (Mazumdar & Sengupta, 2005). The study anticipated a favourable correlation between *corporate disclosure* rules and business performance, based on the observed favourable impacts. However, the statistical analysis revealed no correlation between these characteristics. Table A.1 in the Appendix demonstrates a notable inverse correlation between *corporate disclosure* and business performance based on *ROE* and *ROA* in 2014 (*ROE*: 2014 – $\beta = -0.125$, $p < 0.05$; *ROA*: 2014 – $\beta = -0.119$, $p < 0.05$) and no relationship with the other performance measures (*ROE*: 2013 – $\beta = -0.012$, $p > 0.1$; *ROA*: 2013 – $\beta = -0.046$, $p > 0.1$; *Tobin's Q*: 2013 – $\beta = 0.016$, $p > 0.1$; 2014 – $\beta = 0.061$, $p > 0.1$; *MTB*: 2013 – $\beta = 0.016$, $p > 0.1$; 2014 – $\beta = 0.055$, $p > 0.1$).

According to the MCCG, organisations also must establish a dedicated corporate governance part on their websites. This area should contain comprehensive information about the board charter, shareholders' rights, and the annual report. Just as hypothesis *H1*, sharing information, especially important information about the company, will indicate to external parties and hence, have a favourable impact on the company's financial performance. The results, however, indicated a lack of correlation between this characteristic and the corporate performance of the organisation (*ROE*: 2013 – $\beta = 0.062$, $p > 0.1$; 2014 – $\beta = -0.061$, $p > 0.1$; *ROA*: 2013 – $\beta = 0.064$, $p > 0.1$; 2014 – $\beta = -0.055$, $p > 0.1$; *Tobin's Q*: 2013 – $\beta = 0.047$, $p > 0.1$; 2014 – $\beta = 0.026$, $p > 0.1$; *MTB*: 2013 – $\beta = 0.046$, $p > 0.1$; 2014 – $\beta = -0.044$, $p > 0.1$).

5. DISCUSSION

In contrast to the findings of prior empirical studies (Gul & Leung, 2004; Rastogi & Kanoujiya, 2022; Temiz, 2021; Lobo & Zhou, 2001), this study discovered that there is no connection between corporate transparency and the performance of corporations. The likely reason for this outcome is that most corporations had not yet implemented and made public their corporate transparency rules and procedures. According to MCCG, corporations were required to establish internal corporate disclosure policies and procedures to ensure adherence to the listing requirements of the stock exchange. It is advisable for these rules and processes to be informed by the most effective methods. Upon further analysis of the descriptive statistics, it was observed that a significant proportion of the organisations offered below-average information regarding these needs. The average values for this variable in 2013 and 2014 were just 1.25 and 1.53, respectively, significantly lower than the maximum attainable score of 15. Presumably, the companies in Malaysia prioritised their main activities and business procedures, neglecting non-essential corporate processes such as information disclosure.

The result of the website informativeness is also not coherent with other studies such as Oyelere et al. (2003), Debreceny et al. (2003) and Wong et al. (2015). The shareholders may have undervalued the information provided on the website, as outlined in the MCCG, such as the dedicated area for corporate governance disclosure and the details in the annual report. For instance, the corporate governance part on the company's website was lacking in comprehensiveness, providing limited information, and including outdated content. The annual report of the corporation contains more detailed and readable information. Those who provided the corporate governance statement found it to be a repetition of information already published elsewhere, lacking any additional valuable information. Shareholders and stakeholders seeking the company's financial statement for the annual report can conveniently access and download the information from Bursa Malaysia's website (https://www.bursamalaysia.com/). In addition, Bursa Malaysia's website is very comprehensive and regularly updated. It serves as a mandated platform for companies to publicise and communicate any corporate announcements.

6. CONCLUSION

The purpose of this study is to examine the relationship between a company's disclosure policy and website informativeness on the performance of the company. Both the company's disclosure policy and website informativeness do

not show any significant relationship with corporate performance and hence, both hypotheses are rejected. Possibly, in the era of digital transformation and artificial intelligence, there are many other ways of company can deliver information other than annual reports and websites.

The primary objective of the disclosure policy is to guarantee the timely, accurate, comprehensive, intelligible, convenient, and affordable disclosure of necessary information to shareholders and other stakeholders, excluding confidential business information. However, this material typically consists of lengthy content filled with complex financial and legal terminology, which investors sometimes find difficult to comprehend. The language employed is intricate and arduous to interpret, rendering it exceedingly challenging for non-specialist investors to make prudent investment choices.

In addition, progress in technology, namely in artificial intelligence and machine learning, has enabled the automation of diverse finance-related processes, such as financial reporting. Artificial intelligence presents a hopeful resolution by utilising sophisticated algorithms and machine learning methods to automate and optimise accounting procedures, enhance data analytic capabilities, and enhance the accuracy and timeliness of financial reporting. Hence, the mechanisation of financial reporting is not merely feasible but also progressively indispensable in the contemporary dynamic company environment. Therefore, presenting an abundance of specific information may inundate consumers, so impeding their ability to extract the most pertinent insights. Hence, the corporation must transition from employing conventional methods of information dissemination, such as websites and printed financial reports, to more sophisticated and interactive forms of information display.

This study is significant for future research as it demonstrates the importance of openness in effectively supervising and safeguarding the company's robust performance. Furthermore, the findings of this study will assist the regulatory body, policymakers, and the corporation in implementing more proactive measures to guide commercial organizations in their transparency initiatives. For instance, well-defined and transparent procedures for business disclosure and website openness would ensure adherence to both local and global standards. Therefore, it will attract a greater amount of high-quality investment from prospective investors.

The study has multiple limitations. This study employed a sample consisting solely of the top 500 firms, selected based on their market value. This represents around 50% of the whole number of companies examined. Subsequent research should encompass all corporations listed on the stock exchange to mitigate the potential bias towards larger entities in this study. Small-scale enterprises often adopt unique governance protocols due to their consistent evasion of regulatory bodies, financial analysts, and the wider public's attention. Furthermore, this study specifically concentrates on the corporate governance data presented exclusively in a company's annual report. In the future, additional methods for gathering data, such as surveys and interviews, may be employed to directly obtain information from the business and top management. This is particularly beneficial for obtaining thorough information on corporate governance practices that are not accessible through public sources such as annual reports and firm websites.

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APPENDIX

Table A.1. Multiple regression results

Variables	ROE						ROA						Tobin's Q						MTB					
	2013			2014			2013			2014			2013			2014			2013			2014		
	R = 0.151 R^2 = 0.023 Adjusted R^2 = 0.011 F-value = 1.999 Sig. F: 0.078			R = 0.096 R^2 = 0.009 Adjusted R^2 = -0.002 F-value = 0.808 Sig. F: 0.544			R = 0.271 R^2 = 0.073 Adjusted R^2 = 0.063 F-value = 6.820 Sig. F: 0.000			R = 0.177 R^2 = 0.031 Adjusted R^2 = 0.20 F-value = 2.774 Sig. F: 0.018			R = 0.254 R^2 = 0.065 Adjusted R^2 = 0.054 F-value = 5.954 Sig. F: 0.000			R = 0.215 R^2 = 0.046 Adjusted R^2 = 0.035 F-value = 4.163 Sig. F: 0.001			R = 0.275 R^2 = 0.075 Adjusted R^2 = 0.065 F-value = 7.031 Sig. F: 0.000			R = 0.308 R^2 = 0.095 Adjusted R^2 = 0.085 F-value = 9.065 Sig. F: 0.000		
	B	SE B	β	B	SE B	β	B	SE B	β	B	SE B	β	B	SE B	β	B	SE B	β	B	SE B	β	B	SE B	β
Constant	0.035	0.090		-0.627	0.299		0.055	0.040		-0.420	0.323		-0.076	0.108		-2.352	1.020		1.098	0.223		0.116	0.192	
Disc	0.004	0.005	0.042	-0.017	0.014	-0.061	0.000	0.002	0.006	-0.019	0.015	-0.061	0.012	0.006	0.092*	0.076	0.047	0.078	0.027	0.013	0.099**	0.021	0.009	0.112**
Web	0.004	0.005	0.045	0.006	0.016	0.020	0.002	0.002	0.050	0.008	0.017	0.023	0.007	0.006	0.065	0.072	0.054	0.065	0.017	0.011	0.070	0.008	0.010	0.039
Size	0.017	0.016	0.056	-0.066	0.054	-0.070	0.006	0.007	0.044	-0.130	0.058	-0.125**	0.051	0.020	0.141**	0.575	0.184	0.174**	-0.021	0.041	-0.027	-0.048	0.035	-0.075
Lev	-0.148	0.067	-0.117**	0.282	0.217	0.071	-0.146	0.030	-0.252***	-0.289	0.235	-0.066	-0.278	0.080	-0.180**	-0.798	0.741	-0.058	-0.680	0.166	-0.212***	-0.636	0.139	-0.238***
Age	-0.002	0.001	-0.089*	0.001	0.003	0.017	-0.001	0.000	-0.123**	0.002	0.003	0.034	-0.004	0.001	-0.149**	-0.020	0.011	-0.091*	-0.005	0.002	-0.107**	-0.002	0.002	-0.055

*Note: Statistically significant at * 0.10, ** 0.05, and *** 0.01. VIF is less than 10 and tolerance for collinearity is more than 0.1 for all variables. ROE = return on equity, ROA = return on assets, MTB = market-to-book ratio, Disc = disclosure policy, Web = website, Size = size of the company, Lev = leverage, Age = years since incorporation, SE = standard error.*