

# IMPROVING GOVERNANCE LEADS TO IMPROVED CORPORATE COMMUNICATION

*Poh Ling Ho\**, *Greg Tower\*\**, *Dulacha Barako\*\**

## Abstract

Significant changes and reforms have been initiated around the world and in a Malaysian context with the aim of enhancing corporate governance and transparency. The nature of these regulatory reforms clearly impacted on firm management's incentives to disclose information voluntarily. This study empirically examines the influence of corporate governance structure on voluntary disclosure practices of Malaysian listed firms from 1996 to 2001. This important timeframe encompasses the time period before the Asian Financial Crisis and the aftermath of regulatory reforms such as the revamped KLSE Listing Requirement released in 2001, widely recognized as a major milestone in Malaysian corporate governance reform through the enhanced corporate disclosure. Our findings show that the extent of voluntary communication is generally low, albeit showing an increase from 1996 to 2001. There is an increase in the number of corporate governance characteristics adopted by firms, suggesting firms exhibiting an improvement in the corporate governance structure. While corporate governance structure is not a significant explanatory variable in 1996, our results suggest that a firm's corporate governance structure has a significantly positive impact on voluntary disclosure in 2001. Large companies voluntarily disclose more information in both years. The implications are that a greater focus on corporate governance is resulting in an increase in transparency in the Malaysian setting. Corporate change is generating better corporate communication.

**Keywords:** corporate governance, Malaysia, corporate disclosure

---

*\*School of Business, Curtin University of Technology, Sarawak, Malaysia*

*\*\*School of Accounting, Curtin University of Technology, Perth, Australia*

Contact Email: [G.Tower@curtin.edu.au](mailto:G.Tower@curtin.edu.au)

### *Acknowledgements*

*The authors would like to thank the seminar participants of the 2007 Asian Academic Accounting Association annual conference for their valuable feedback of an earlier draft of this paper.*

---

## 1. Introduction

Poor corporate governance and lack of transparency of corporate financial reporting have frequently been identified as some of the root causes of the East Asian financial crisis of 1997 (Johnson et al. 2000; Rahman 1998). The crisis sent a clear message of the importance of good corporate governance and improved disclosure for individual corporations to tap into international capital markets as well as for an economy to achieve sustainable economic growth. The need for a major improvement in transparency, including both accounting and public disclosures, becomes imperative (Greenspan 1998). Communication via corporate disclosure is self-evidently a very important aspect of corporate governance in the sense that meaningful and adequate disclosure enhances good corporate governance. The primary objectives of this paper are to examine the level of voluntary disclosure and investigate the determinants of Malaysian listed firms' pre and post the 1997 Asian financial crisis.

Today's modern corporation is characterized by the agency problem resulting from the separation of management and shareholders. The managers have incentives to take actions to increase their own utility, but not to maximize the returns on capital invested by the shareholders. This problem may manifest itself in numerous ways, including direct wealth transfers from the shareholders to the managers, sub-optimal allocation of capital and managerial perquisite consumption. As such, the need for effective corporate governance mechanism in monitoring manager's opportunistic behaviors becomes a matter of necessity. Corporate governance is aptly defined as an arrangement of a set of internal and external mechanisms designed and adopted to ensure that self-interested managers act to maximize the value of the company to its shareholders (Denis & McConnell 2002; Shleifer & Vishny 1997).

A detailed and structured system of disclosure enables investors to understand, and obtain accurate and reliable information of companies in order to make better investment decisions. Corporate communication in the form of voluntary disclosure is

an especially significant concern in a developing country with emerging markets, like Malaysia where the development and sustainability of capital market relies heavily on reducing the information gap between management and investors. According to the World Bank (2005), Malaysian capital market has increased its importance and is striving diligently to compete with the leading stock market locations in this region. Thus, the study of voluntary disclosure communication practices within the Malaysian setting is important.

The contagious effects of the regional financial crisis, followed by the plummeting of the stock market, had seriously shaken the foundation of the Malaysian economy. Significant changes and reforms were initiated with the aim of enhancing transparency and corporate governance. The nature of these regulatory reforms clearly impacted on firm management's incentives to disclose information voluntarily.

The paper is structured as follows. In the next section, the development of regulatory environment in Malaysia is discussed. Section 3 put forward the theoretical position, relevant prior research and hypothesis development. Section 4 outlines the data set and methodology while section 5 presents the findings of the study. Section 6 concludes the study with final comments.

## **2. Development of regulatory framework**

The crisis heightens the interests in effective corporate governance system and voluntary disclosure to enhance transparency in market forces. Prior to the 1997 financial crisis, the Malaysian regulatory regime governing the corporate governance practices and financial reporting was that of a supposed 'merit-based' regulation system. Under this regulatory regime, regulators decided on the propriety of firm transactions which effectively lowered market incentives for voluntary disclosure. Though Malaysia was enjoying buoyant market condition, there were low regulatory expectations governing disclosure practices.

In 1996, the Malaysian Securities Commission decided that a shift to 'disclosure-based' regulation was a necessary progression for the Malaysian capital market. However, the 1997 financial crisis brought to the foreground the numerous deficiencies whose roots lay in weak corporate governance practices, lack of transparency, disclosure and accountability. As a reaction to the crisis, the Ministry of Finance commissioned a high level of Finance Committee on Corporate Governance in March 1998 to deal with the weaknesses in the existing corporate governance framework in Malaysia. The consultation process resulted in the development of the Malaysian Code of Corporate Governance. Around the same time, the new financial reporting framework was developed, which was represented by Financial Reporting Foundation and Malaysian Accounting Standard

Board. Further, the Securities Commission initiated the disclosure-based regulatory framework in which market participants evaluate firm reporting practices.

The shift to full disclosure-based regulation embedded with higher standards of disclosure, due diligence and corporate governance took place in 2001. At the same time, the revamped KLSE Listing Requirement released in 2001 was also widely recognized as a major milestone in Malaysian corporate governance reform through enhanced corporate disclosure. The policy initiatives undertaken demonstrate the increased emphasis placed on disclosure and transparency. According to Millar et al. (2005), Malaysia appears to now maintain similar corporate governance standards consistent with international best practice. The research question in this paper is to what extent has the development of this new regulatory framework had on the disclosure of information voluntarily in the annual reports.

## **3. Theoretical position and hypothesis development**

The mainstream literature explains accounting policy choice on the basis of agency theory. Directors and management have the choice of information disclosure which is principally dependent on their economic consideration, using agency theoretical framework. Jensen and Meckling (1976) postulated that separation of ownership and control of a firm provides management with the incentive to serve their personal interests at the expense of shareholder interests. A major issue is the information asymmetry between managers and shareholders. In this agency relationship, management (agents) acquires information about the present and likely future performance of the firm that is superior to that acquired by shareholders (principals). Agents may therefore take advantage of the unobservability of his actions to engage in activities to enhance their personal goals. Agents can use their discretion to disclose or not disclose information depending on how this impacts on the wealth of not only themselves, but also all contracting parties to the firm (Watts & Zimmerman 1990). Losses resulting from such actions, and expenditures incurred to mitigate them are referred to as agency costs. By providing appropriate incentives for the agent, and incurring expenditure in monitoring their action, the principals can limit the extent of divergence from their interests. Voluntary disclosure presents an excellent opportunity to apply agency theory. Managers who have better access to information can make credible and reliable communication to the market to enhance the value of the firm by reducing the costs of the agency relationship. Extant literature (Denis & McConnell 2002; Watts & Zimmerman 1990; Welker 1995) has utilized agency theory as a means to explain managerial behavior in the areas of corporate governance.

In order to address agency problems arising from interest divergence, shareholders can design mechanisms to co-align managerial behavior with owner preferences or monitor the actions of the managers. The positivist agency theory describes how governance mechanisms can be used to monitor the agent's self-serving behavior. Corporate governance refers to the arrangement of a set of internal and external mechanisms designed and adopted to ameliorate agency conflicts arising when ownership is divorced from control and ensure that managers act in the interests of shareholders. According to Johnson et al. (1998), the implementation of effective corporate governance mechanisms seems to offer a solution to monitor and reduce managers' opportunistic behavior.

Disclosure facilitates the external monitoring of corporate insiders and reduces the risk of being expropriated by corporate insiders. Deciding on the level of information disclosure allows management to influence the level of uncertainty faced by investors in making economic decisions. Firms with effective processes, policies and systems in place in relation to corporate governance are expected to disclose more information of a discretionary nature (Ho & Wong 2001). Mitton (2002) suggests that disclosure is typically considered as an integral part of corporate governance in research. It is expected that firms with corporate governance mechanism in place will be likely to disclose more information in the annual reports.

Drawing on the principles of the Malaysian Code of Corporate Governance, increased corporate communication is thought to be related to improved corporate governance structure based on independent

oversight and strong internal checks and balances. Consequently, it is hypothesized that the extent of voluntary disclosure will be positively associated to the corporate governance structure. To formally test the influence of corporate governance structure on the extent of voluntary disclosure, the following hypothesis is examined:

H1: There is a positive association between the corporate governance structure and the extent of voluntary disclosure by Malaysian firms.

#### 4. Data and methodology

Data are collected from the 1996 (representing pre-1997 Asian financial crisis) and 2001 (representing post-financial crisis) annual reports of 30 Malaysian listed firms randomly selected from a population of 621 firms listed on the Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange). The criteria of sample firms' selection are: (i) availability of annual reports of companies for both periods, (ii) companies selected in 1996 must remain listed on the stock exchange in the other period; and (iii) all banks, unit trust, insurance and finance companies are excluded from the study due to different and stringent regulatory requirements.

Sector representation of the sample firms, as shown in Table 1, is based on the principal classifications of Bursa Malaysia which include: (i) trading/services sector and consumer products sector; (ii) industrial products sector; (iii) construction and property sectors, and (iv) plantation and mining sectors.

**Table 1.** Sector representation of sample firms

Sector	No. of firms	Representation (%)
Trading/services and Consumer products sectors	8	26.67
Industrial product sector	9	30.00
Construction and property sectors	7	23.33
Plantation and mining sectors	6	20.00
Total	30	100.00

The dependent variable is measured by a voluntary disclosure index (VDI) which comprises a comprehensive list of 84 diverse voluntary disclosure items. The complete content of annual reports is scrutinized against the disclosure checklist. These are classified into the following major categories: strategic and corporate information, financial and capital market information, directors and senior management information, future prospects, and social and value-added information; these items are based on the past literature such as Barako, Hancock & Izan (2006) and Ghazali & Weetman (2006). A VDI score was calculated for each firm for the 1996 and 2001 annual reports. An item scores 1 if disclosed and 0 if it is not, subject to the applicability of the item concerned. The VDI score for each company is

additive and unweighted (Cooke 1989a). A firm's voluntary disclosure index (VDI) is defined as the ratio of actual disclosures to the maximum possible score. The VDI, calculated for each firm in each period, is as follows:

$$VDI_{jt} = \frac{\text{Actual disclosures for each firm}}{\text{Maximum possible disclosure score}}$$

Where,

$VDI_{jt}$  = Voluntary Disclosure Index for firm j year t. This index will be calculated separately for each company in each of the two periods.

The disclosure decision is a complex and multi-faceted one and it is appropriate to consider the simultaneous effects of the independent and control variables on the disclosure outcome (Labelle 2002).

Aside from the VDI as a dependent variable and corporate governance structure as independent variable, this study also includes the standard control variables of firm size and leverage in the statistical analysis. To investigate the explanatory power of the corporate governance structure, a multiple linear regression model was constructed and performed.

$$VDI_{jt} = \beta_0 + \beta_1 CGCS_{jt} + \beta_3 SIZE_{jt} + \beta_5 LEV_{jt} + \varepsilon_{jt}$$

where  $VDI_{jt}$  = firm's voluntary disclosure scores

$\beta$  = estimated coefficient for each item or category;

$CGCS_{jt}$  = corporate governance composite score for firm j in year t

$OSCS_{jt}$  = ownership structure composite score for firm j in year t

$SIZE_{jt}$  = firm size for firm j in year t;

$LEV_{jt}$  = leverage for firm j in year t;

$\varepsilon_{jt}$  = error term

Gompers, Ishii & Metrick (2003) argue that a direct measure of the governance is not only necessary but also more effective. They set up an indicator to measure the corporate governance structure of a firm through merger and acquisition criteria. Following Taylor et al. (2006) and Chen et al. (2007), corporate governance characteristics are combined into one index to proxy for the measure of a firm's corporate governance structure. Based on the Malaysian Code on Corporate Governance, twelve corporate governance characteristics are derived to construct a proxy composite measure of the corporate governance structure of a firm. The composite measure, corporate governance scores (CGS) is created to capture the strength of a firm's corporate governance structure, where a value of one or zero is assigned to each of the corporate governance characteristics as outlined in Table 2. All twelve attributes are treated equally. A firm receives a CGS score ranging from 0 to 12 depending on the number of attributes satisfied. The CGS score, measured as a percentage, was treated as a continuous variable in the statistical analysis.

**Table 2.** Corporate governance characteristics comprising the CGS score

	Characteristics	Scoring
1	Are the roles of the chairman Chief Executive Officer performed by different persons?	Yes = 1 No = 0
2	Do independent non-executive directors comprise at least one-third of the board membership?	Yes = 1 No = 0
3	Does the board have defined policy of management responsibilities of the board and CEO?	Yes = 1 No = 0
4	Is audit committee chaired by independent non-executive directors?	Yes = 1 No = 0
5	Does audit committee comprise at least three directors, majority of whom are independent?	Yes = 1 No = 0
6	At least two members of audit committee have accounting or related financial management expertise	Yes = 1 No = 0
7	Is remuneration committee chaired by independent non-executive director?	Yes = 1 No = 0
8	Does remuneration committee consist wholly of non-executive directors?	Yes = 1 No = 0
9	Is structured remuneration policy in place, where remuneration to directors is contingent of performance?	Yes = 1 No = 0
10	Is there any disclosure of the details of remuneration to each director in the annual report?	Yes = 1 No = 0
11	Does nomination committee consist exclusively of non-executive directors, majority of whom are independent?	Yes = 1 No = 0
12	Does the company maintain sound system of internal control - financial, operational, compliance and risk management - to safeguard shareholders' investment and companies' assets?	Yes = 1 No = 0

## 5. Results

Table 3 presents a summary of the firm's voluntary disclosure scores. The extent of voluntary disclosure for all sample firms is generally low, albeit shown an increase from 28.7% in 1996 to 34.4% in 2001. The extent of voluntary disclosure is relatively higher in trading & consumer products industry, with a mean VDI increased from 32.8% in 1996 to 40.0% in 2001.

Table 4 provides the data on voluntary disclosure of information as categorized into: (i) corporate & strategic information, (ii) financial and capital market data, (iii) information about directors and senior management, (iv) future prospects information, and (v) social reporting and value-added information. There is a general increase in the extent of voluntary disclosure of information in all categories. However, over the two time periods, the extent of voluntary

disclosure relating to directors and senior management (66.6%), and social reporting and value-added information (54.9%) are significantly greater than the other categories.

**Table 3.** Descriptive statistics for all Malaysian firms across industry categories

All firms	VDI		CG score		Size		Leverage	
	1996	2001	1996	2001	1996	2001	1996	2001
Mean	28.68	34.40	31.11	53.33	13.56	13.82	0.14	0.11
Standard deviation	11.24	12.69	12.00	17.73	0.93	1.08	0.55	1.15
Minimum	12.50	15.48	16.67	16.67	11.53	11.62	0.00	0.00
Maximum	57.50	61.25	50.00	83.33	16.07	16.36	1.10	0.88
Trading and consumer products	VDI		CG score		Size		Leverage	
	1996	2001	1996	2001	1996	2001	1996	2001
Mean	32.84	39.98	32.84	53.13	13.72	14.08	0.06	0.12
Standard deviation	6.18	11.14	6.18	23.96	0.76	0.97	0.08	0.19
Minimum	22.62	17.86	22.62	16.67	12.80	12.92	0.00	0.00
Maximum	38.09	52.81	38.09	75.00	15.02	15.66	0.21	0.51
Industrial products	VDI		CG score		Size		Leverage	
	1996	2001	1996	2001	1996	2001	1996	2001
Mean	24.16	29.08	30.55	51.85	13.41	13.56	0.30	0.09
Standard deviation	8.41	10.79	8.33	18.05	1.24	1.50	0.45	2.04
Minimum	14.28	16.67	25.00	33.33	11.53	11.62	0.00	0.00
Maximum	39.29	50.00	50.00	83.33	16.07	16.36	1.10	0.83
Construction	VDI		CG score		Size		Leverage	
	1996	2001	1996	2001	1996	2001	1996	2001
Mean	31.46	37.52	27.38	51.19	13.44	13.72	0.12	0.15
Standard deviation	10.11	11.83	9.27	18.89	0.89	0.80	0.18	0.32
Minimum	17.56	22.37	16.67	25.00	11.84	12.13	0.00	0.00
Maximum	47.62	55.26	41.67	66.67	14.64	14.31	0.48	0.88
Plantation	VDI		CG score		Size		Leverage	
	1996	2001	1996	2001	1996	2001	1996	2001
Mean	26.67	31.33	38.89	51.39	13.72	13.99	0.46	0.59
Standard deviation	17.49	16.77	6.81	8.19	0.84	0.91	0.79	0.10
Minimum	12.50	15.48	33.33	41.67	12.54	12.85	0.00	0.00
Maximum	57.50	61.25	50.00	66.67	15.08	15.32	0.19	0.26

**Table 4.** Voluntary disclosure index per category

Category	No. of items per category	VDI		% of increase
		1996	2001	
Corporate & Strategic information	29	43.53	50.18	15.3
Financial and capital market data	23	20.55	24.75	20.4
Directors and senior management	4	35.00	58.33	66.6
Future prospects	7	31.43	36.19	15.0
Social reporting and value-added information	21	12.15	18.83	54.9
Total	84	28.68	34.40	

There is a general increase in the number of firms over the two periods as shown in Table 5. This is reflected in the increase in the mean corporate governance characteristics adopted by the

governance score from 31.1% in 1996 to 53.3% in 2001, suggesting firms exhibiting an improvement in the corporate governance structure. Table 5 also reveals that greater changes have occurred with board independence, board composition, role duality and

audit committee composition. However, firms tend to be deficient in the remuneration committee particularly the disclosure of details of remuneration to each director (3.3%).

**Table 5.** Firm's adoption rate of each corporate governance characteristics

	Characteristics	Adoption rate	
		1996	2001
1	Are the roles of the chairman Chief Executive Officer performed by different persons?	83.3%	90.0%
2	Do independent non-executive directors comprise at least one-third of the board membership?	46.6%	80.0%
3	Does the board have defined policy of management responsibilities of the board and CEO?	26.6%	30.0%
4	Is audit committee chaired by independent non-executive directors?	83.3%	96.6%
5	Does audit committee comprise at least three directors, majority of whom are independent?	86.6%	96.6%
6	At least two members of audit committee have accounting or related financial management expertise	10.0%	36.7%
7	Is remuneration committee chaired by independent non-executive director?	0%	33.3%
8	Does remuneration committee consist wholly of non-executive directors?	0%	30%
9	Is structured remuneration policy in place, where remuneration to directors is contingent of performance?	0%	26.6%
10	Is there any disclosure of the details of remuneration to each director in the annual report?	0%	3.3%
11	Does nomination committee consist exclusively of non-executive directors, majority of whom are independent?	0%	53.0%
12	Does the company maintain sound system of internal control - financial, operational, compliance and risk management - to safeguard shareholders' investment and companies' assets?	0%	56.7%

Correlation coefficients between the two independent variables, computed using Pearson's product moment correlations, are presented in Table 6. Included in the same table is Spearman's Rho which provides analysis of independent variables to

VDI. In 1996, Spearman's Rho indicates that no significant association found between VDI and CGS and the other two control variables. On the other hand, significant associations between VDI and CGS and total assets are found in 2001.

**Table 6.** Pearson correlations among continuous independent variables and Spearman's Rho

1996	Total assets	Leverage	VDI
CGS	-.006	.205	.036 (NS)
Total asset		.654 **	.331 (NS)
Leverage			.025 (NS)
** Correlation is significant at the 1% level (two-tailed).			
2001	Total assets	Leverage	VDI
CGS	-.039	-.167	.435 * (p = 0.016)
Total asset		.086	.514 ** (p = 0.004)
Leverage			-.344 (NS)

\* Correlation is significant at the 5% level (two-tailed).

\*\* Correlation is significant at the 1% level (two-tailed).

**Table 7.** Regression estimates for voluntary disclosure

Variables	Predicted Signs	Estimated Coefficients	t-stat.	P-value
1996				
Constant		-38.911	-1.100	0.281
CG score	+	0.097	0.427	0.673
Firm size	+	4.839	1.922**	0.045
Leverage	+	-7.292	-0.842	0.407
Model summary				
Adjusted R <sup>2</sup>		26.1%		
F-Stat. (P-value)		0.308		
Number of observation		30		
2001				
Constant		-61.360	-2.480	0.019
CG score	+	0.303	2.621*	0.014
Firm size	+	5.785	3.334*	0.002
Leverage	+	-3.371	-0.410	0.684
Model summary				
Adjusted R <sup>2</sup>		36.7%		
F-Stat. (P-value)		0.001		
Number of observation		30		

\*Significant at the 1% confidence level

\*\*Significant at the 5% confidence level

The results of the multivariate test of the hypothesis are documented in Table 7. The multiple regression model for voluntary disclosure gives an adjusted  $R^2$  figure of 26.1% in 1996. Corporate governance structure of a firm is not significant at the 5% level and this does not support the positive association predicted in the hypothesis. Firm size is found to be significant (5 per cent level) and positively associated with the extent of voluntary disclosure as expected. This is contrary to the findings by Haniffa & Cooke (2002) but consistent with that found in Hossain, Tan & Adams (1994) for Malaysian listed companies prior to the 1997 Asian financial crisis. Consistent with these two studies, leverage is not statistically significant.

A regression test was also performed using 2001 data. The multiple regression model is highly significant ( $p < 0.001$ ). The adjusted  $R^2$  of 36.7% in 2001 has improved compared to that in 1996. The coefficients representing corporate governance structure and firm size are statistically significant (1 per cent level) and positively associated with the voluntary disclosure. Again, there is no association between leverage and the extent of voluntary disclosure in 2001.

## Conclusion

The paper has examined corporate governance structure in influencing the extent of voluntary disclosure in annual reports of companies listed on the KLSE. The extent of voluntary disclosure is measured in a cross-sectional manner for 1996 and 2001 using a comprehensive voluntary disclosure index comprising 84 disclosure items. The study finds that there is an increase in the extent of information voluntarily disclosed by Malaysian listed firms over the two periods. Corporate governance structure is measured using a composite index consisting of 12 characteristics derived from the Malaysian Code of Corporate Governance.

There is no association between the corporate governance structure and the extent of voluntary disclosure in 1996. However, there is a clear positive association between corporate governance structure and the extent of voluntary disclosure by Malaysian listed firms in the 2001 financial year. The enhancement of corporate governance structure as well as the other regulatory reforms is statistically significant in explaining voluntary disclosure in annual reports. This implies that the effect of regulations to enhance corporate transparency has a strong parallel effect on Malaysian listed firms towards more voluntary information disclosure in their annual reports.

The control variable of firm size provides additional explanatory predictor of voluntary disclosure. Firm size is the significantly positively associated with the voluntary disclosure levels. Larger firms possess the necessary resources for collecting and presenting an extensive array of information. This provides support for the agency theory that voluntary disclosure systematically varies depending upon firm size. On the other hand, leverage provides no explanatory predictor of voluntary disclosure of information in firms' annual reports. This could be due to the prevalent practice in Malaysia of including restrictive covenants in debt agreements. Future research should be undertaken to ascertain if ownership structure of these firms is an additional important determinant of the extent of voluntary disclosure. Overall, the corporate reforms implemented by Malaysia in 2001 appear to have increased corporate governance structures and resultant rise in disclosures. Transparency is enhanced.

## References

1. Barako, DG, Hancock, P & Izan, HY 2006, 'Factors influencing voluntary corporate disclosure by Kenyan companies', *Corporate Governance*, vol. 14, no. 2, pp. 107-25.
2. Chen, A, Kao, L, Tsao, M & Wu, C 2007, 'Building a corporate governance index from the perspectives of ownership and leadership for firms in Taiwan', *Corporate Governance*, vol. 15, no. 2, pp. 251-61.
3. Cooke, TE 1989a, 'Disclosure in the corporate annual report of Swedish companies', *Accounting and Business Research*, vol. 19, Spring, pp. 113-22.
4. Denis, DK & McConnell, JJ 2002, 'International corporate governance', *Journal of Financial and Quantitative Analysis*, vol. 38, no. 1, pp. 1-36.
5. Ghazali, N & Weetman, P 2006, 'Perpetuating traditional influences: voluntary disclosure in Malaysia following the economic crisis', *Journal of International Accounting, Auditing & Taxation*, vol. 15, pp. 226-48.
6. Gompers, PA, Ishii, J & Metrick, A 2003, 'Corporate governance and equity prices', *The Quarterly Journal of Economics*, vol. 118, pp. 107-56.
7. Greenspan, A 1998, 'Testimony before the Committee on Banking and Financial Services of the US House of Representative', *BIS Review*, vol. 6, pp. 1-8.
8. Haniffa, RM & Cooke, TE 2002, 'Culture, corporate governance and disclosure in Malaysian corporations', *ABACUS*, VOL. 38(3), PP. 317-49.
9. Ho, SM & Wong, KS 2001, 'A study of corporate disclosure practice and effectiveness in Hong Kong', *Journal of International Financial Management and Accounting*, vol. 12, no. 1, pp. 75-102.
10. Hossain, M, Tan, LM & Adams, M 1994, 'Voluntary disclosure in an emerging market: Some empirical evidence from companies listed on the Kuala Lumpur Stock Exchange', *The International Journal of Accounting*, vol. 29, pp. 334-51.
11. Jensen, MC & Meckling, WH 1976, 'Theory of the firm: Managerial behaviour, agency costs and ownership structure', *Journal of Financial Economics*, vol. 3(4), pp. 305-60.
12. John, K & Senbet, LW 1998, 'Corporate governance and board effectiveness', *Journal Of Banking and Finance*, vol. 22, pp. 371-403.
13. Johnson, S, Boone, P, Breach, A & Friedman, E 2000, 'Corporate governance in the Asian financial crisis', *Journal of Financial Economics*, vol. 58, pp. 141-86.
14. Labelle, R 2002, 'The statement of corporate governance practices (SCGP): A voluntary disclosure and corporate governance perspective'. HEC Montreal, Working paper.
15. Millar, C, Eldomiaty, TI, Choi, CJ & Hilton, B 2005, 'Corporate governance and institutional transparency in emerging markets', *Journal of Business Ethics*, vol. 59, pp. 163-74.
16. Mitton, T 2002, 'A cross-firm analysis of the impact of corporate governance on the East Asian Financial Crisis', *Journal of Financial Economics*, vol. 64(2), pp. 215-41.
17. Rahman, MZ 1998, 'The role of accounting in the East Asian financial crisis: lessons learned?' *Transnational Corporation*, vol. 7, pp. 1-51.
18. Shleifer, A & Vishny, R 1997, 'A survey of corporate governance', *Journal of Finance*, vol. 52, no. 2, pp. 737-83.
19. Taylor, G, Tower, G, VanderZahn, M & Neilson, J 2006, 'Corporate governance determinants of Australian Resource Companies' Financial Instrument Disclosure Practices', in *Eighteenth Asian-Pacific Conference on International Issues*, Maui, Hawaii, October.
20. Watts, RL & Zimmerman, JL 1990, 'Positive accounting theory: a ten-year perspective', *Accounting Review*, vol. 65, no. 1, pp. 131-56.
21. Welker, M 1995, 'Disclosure policy, information asymmetry and liquidity in equity markets', *Contemporary Accounting Research*, vol. 11, no. Spring, pp. 801-27.
22. World Bank 2005, *Report on the observance of standards and codes (ROSC), Corporate governance country assessment, Malaysia*. Retrieved 10 September, from [http://www.worldbank.org/ifa/rosc\\_cg\\_malaysia.pdf](http://www.worldbank.org/ifa/rosc_cg_malaysia.pdf)