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MODERATING EFFECT OF FIRM SIZE ON THE RELATIONSHIPS BETWEEN BOARD CHARACTERISTICS, OWNERSHIP STRUCTURE AND INTEGRATED REPORTING DISCLOSURE LEVEL

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ABSTRACT

Integrated reporting is the futuristic reporting approach that disclose an integrated and comprehensive information as well as the company's value creation over long, medium and short term. It assists stakeholders, especially investors to assess the company's prospects to make an informed decision. Currently, integrated reporting has gained attention among report prepares, report users, practitioners and academics. However, the current reporting approach by Malaysian companies has not yet been integrated. In addition, studies on the determinants of the integrated reporting disclosure level are still limited, particularly from the voluntary setting and emerging markets like Malaysia. Therefore, this study aims to fill this literature gap by examining the role of board characteristics and ownership structure on integrated reporting and the moderating role of firm size among Malaysian public listed companies. It combines the legitimacy theory and agency theory to examine a sample of 48 observations over the period 2018 to 2020. The results reported that firm size moderates the significant relationship between board education and integrated reporting disclosure level. The findings have significant implications for companies to include board educational level as part of their board diversity's initiatives. Besides, the company should provide the financial and incentives to steer the company's integrated reporting strategy. The findings also have important implications for regulators to extend the board diversity regulation to the board educational level applicable to all market capitalization sizes. Besides, regulators can also develop a conducive mechanism which consists of policy and clear guidelines, an appropriate standard, aspect of financing and sufficient incentives, as well as increase the awareness and knowledge on integrated reporting practices. This study, therefore, contributes to the determinants of integrated reporting and the corporate reporting development in Malaysia.

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CHAPTER 1
INTRODUCTION

1.1 Introduction

Chapter 1 begins with an overview of the background for this study that focuses on moderating effect of firm size on the relationships between board characteristics, ownership structure and integrated reporting disclosure level. The chapter consists of nine sections. Following the introduction, Section 1.2 provides the research background, and Section 1.3 analyzes the problem statement. Section 1.4 and Section 1.5 outlines the research questions and research objectives, respectively. Section 1.6 determines the scope of the study, and Section 1.7 describes the significance of this study. Section 1.8 lists the definitions of the key terms used in this study. Finally, section 9 details the organization of this study.

In particular, this chapter provides a brief idea of the current state of corporate reporting approach both at the global level and in the context of Malaysia. Then, referring to the current trends and pattern of corporate reporting evolution, this chapter brings attention towards the latest and future reporting, which is crucial to be considered as part of the business strategy.

1.2 Research Background

Communication and information disclosure is an important part of the company's business operations and activities (Zouari & Dhifi, 2021) including the disclosure of corporate reporting. Stakeholders especially the investors are relying on a good reporting to understand the value offer by the company and make an informed decision. In addition, it will help third parties or report users, specifically financial analysts, and shareholders, to understand the companies better and, consequently, will increase the company's reputation (Said et al., 2018). This reporting is prepared by the management with the advised from the board of directors. Corporate reporting can be defined as the publication of both financial and non-financial results of a firm to stakeholders through various tools periodically (Uyar, 2016), whether on a voluntary or compulsory basis (Farcas, 2015). Meanwhile, the concept of corporate reporting