

**UNIVERSITI TEKNOLOGI MARA**

**DETERMINANTS OF FORWARD-  
LOOKING INFORMATION (FLI)  
DISCLOSURE OF ANNUAL  
REPORTS BY MALAYSIAN PUBLIC  
LISTED COMPANIES**

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## ABSTRACT

The corporate governance failures which involve high-profile international corporations such as WorldCom, Enron, Parmalat, and Satyam Computer Services as well as locally in Malaysia such as Perwaja Steel and the Malaysian Airlines System Bhd (MAS) have jeopardized the trust of stakeholders towards corporate reporting. Therefore, companies in Malaysia were forced to review and revise their business strategies by incorporating forward-looking information (FLI) disclosure in their annual reports to create a sustainable competitive advantage. This thesis focuses on the extent of FLI disclosure by the public-listed companies in Malaysia from 2017 to 2019. Specifically, the objective of this study is to determine the factors that influence the extent of FLI disclosures in Malaysian public listed companies' annual reports by adopting Resource-Based View Theory (RBVT) as the underlying theory. The final sample of this thesis consists of 71 public companies listed in Bursa Malaysia for three consecutive years (2017-2019). An index known as Modified Forward-Looking Information Index (MoFLiDi) was developed in this study to measure the extent of FLI disclosures in Malaysian public listed companies' annual reports. Hierarchical regression is employed in this study to analyse the relationship between the companies' internal factors such as board with accounting expertise, board diversity, independence of the audit committee, board size, and foreign ownership with FLI disclosure from the RBVT perspective. The results obtained reflect that the extent of FLI disclosure statistically increased from 2017 to 2019. Moreover, the extent of FLI disclosure was influenced by different factors throughout the three years (2017 to 2019). Board with accounting expertise and independence of audit committee influenced the extent of FLI disclosures in 2017. In 2018, the extent of FLI disclosure was explained by independence of audit committee, foreign ownership, industry type, and firm leverage. In 2019, board diversity and foreign ownership were identified to influence the extent of FLI disclosures. However, independence of audit committee was identified to influence the extent of FLI disclosures in a negative direction, which means that more independent members in the audit committee team would reduce the FLI disclosures, as independent non-executive member was a poor resource due to limited knowledge on the companies' activities, not supported by RBVT. This study contributes to the body of knowledge that the two attributes of RBVT which are valuable and inimitable are crucial in creating the competitive advantage among companies using the FLI disclosure as a strategy. The findings of this study provide advantageous implications to Malaysian government and policy makers to revise the existing guidelines to FLI disclosure by the companies in Malaysia. This study is hoped to assist Malaysian companies in improving their FLI disclosures to the stakeholders.

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