



UNIVERSITI
TEKNOLOGI
MARA



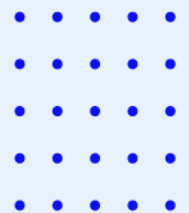
eProceeding

iaac

INTERNATIONAL ACCOUNTING COLLOQUIUM

(FACULTY OF ACCOUNTANCY UiTM CAWANGAN KEDAH &
MINDANAO STATE UNIVERSITY- ILGAN INSTITUTE OF TECHNOLOGY)

Organized by
FACULTY OF ACCOUNTANCY UiTM CAWANGAN KEDAH, MALAYSIA



e ISBN 978-629-98461-0-9



9 786299 846109

eProceeding International Accounting Colloquium (IAC2023)

Published by
Faculty of Accountancy
Universiti Teknologi MARA (UiTM) Kedah

INTERNATIONAL ACCOUNTING COLLOQUIAM (IAC2023)

eProceeding

Faculty of Accountancy, UiTM Kedah
eISBN 978-629-98461-0-9

The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

Published by : Faculty of Accountancy
Universiti Teknologi MARA (UiTM) Kedah

Cover Designed by : Syahrini Binti Shawalludin

Copyright @ 2023 Universiti Teknologi MARA (UiTM) Kedah.

All rights reserved. No part of this publication may be reproduced, copied, stored in any retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission from the Rector, Universiti Teknologi MARA Kedah, 08400 Merbok, Kedah, Malaysia.

The views, opinions and technical recommendations expressed by the authors are entirely their own and do not necessarily reflect the views of the Faculty or the University

EDITORIAL BOARD

Advisor :	Assoc. Prof. Dr Hajah Intan Marzita Saidon
Chief Editor :	Hajah Noora'in Omar
Managing Editor :	Siti Sakinah Azizan
Language Editor :	Fathiyah Binti Ahmad @ Ahmad Jali Syakirah Binti Mohammed Syazliyat Binti Ibrahim Zawani Binti Badri Robekhhah Binti Harun
Cover and Layout Editor :	Syahrini binti Shawalludin

PREFACE

The heartiest congratulation is proffered to the Faculty of Accountancy of UiTM Kedah Branch for the successful organization of the first *International Accounting Colloquium (IAC2023)* in collaboration with Mindanao State University-Iligan Institute of Technology on 31st January 2023. This colloquium marked another milestone for UiTM Kedah Branch as an intellectual hub where stimulating and prolific academic presentations and discussions could always be found.

It is indeed truly encouraging to see UiTM Kedah Branch forging ties with international universities to further strengthen itself in the aspects of research and innovation. This colloquium which covered a wider scope of knowledge had managed to accrue a broad set of perspectives not only in accountancy and business but also in other facets in which those two areas could be applied.

Thus, this colloquium could be viewed as a platform that brought together academicians who were interested in mobilizing innovative and creative global practices in accountancy and business for a sustainable business environment. Hopefully, our valued presenters and participants had not only gained new ideas from others but also managed to share their experiences, ideas and expertise which had been an enriching as well as a fulfilling experience for everyone.

Finally, to all participants and presenters, without your contribution, this colloquium would not have been possible. I would like to take this opportunity to express my immense gratitude and appreciation to you.

Thank you.

PROFESSOR DR. ROSHIMA HJ. SAID
Rector
Universiti Teknologi MARA (UiTM) Kedah
08400 Merbok, Kedah, Malaysia.

PREFACE

Alhamdulillah, my utmost gratitude to Allah SWT as with His blessings and mercy, the *International Accounting Colloquium (IAC2023)* could be successfully held on 31 January 2023. I would like to thank the Rector of UiTM Kedah Branch, Deputy Rectors, and esteemed members of the management for their support and encouragement in making IAC2023 a success. I would also like to extend my heartfelt thanks to Ms. Noora'in Omar, the Chairperson of IAC2023, for her dedication and commitment in accomplishing this program. My humble gratitude also goes to IAC2023 Committee Members and Team for their continuous hard work and effort.

The research effort is essential in educational organizations. Hence, the publication of this online eProceeding comprising of 10 (ten) extended abstracts is an effort by the Faculty of Accountancy, Universiti Teknologi MARA Kedah Branch (UiTM Kedah) to encourage accounting academics to be involved in academic writing. The IAC2023 eProceeding provides a platform for accounting academics to share and disseminate their academic knowledge to a larger audience. The experience gained in writing extended abstracts may help them improve their writing skills and be more confident in producing academic materials in the future.

Finally, the Faculty of Accountancy of UiTM Kedah, organizer of IAC2023, is very proud to share this avenue with academics, students, and industry practitioners. Thanks, and congratulations to all involved.

Thank you.

ASSOCIATE PROFESSOR DR. HAJAH INTAN MARZITA SAIDON

Head of Faculty

Faculty of Accountancy

Universiti Teknologi MARA (UiTM) Kedah

08400 Merbok, Kedah, Malaysia.

PREFACE

Alhamdulillah, all praises to Allah, by whose grace and blessings made it possible to conduct our first *International Accounting Colloquium (IAC2023)* on 31st January 2023. This colloquium was organised by Faculty of Accountancy of UiTM Kedah Branch. The main participants were lecturers of UiTM Kedah Branch, Malaysia and Mindanao State University-Iligan Institute of Technology, Philippines. Hence, I would like to take this opportunity to thank the Rector of UiTM Kedah Branch, Deputy Rectors, Head of Centre of Studies and esteemed members of the management for their support and encouragement in making IAC2023 a success.

As a result of the colloquium, we are now publishing an online eProceeding IAC2023 comprising of 10 (ten) extended abstracts covering various topics such as money laundering, fraudulent financial reporting, ESG and sustainability. Some of the articles highlight the current issues in accounting, current development of related concept in accounting and its application in Malaysia and the Philippines. It is hope that this effort will encourage more academicians of local and foreign countries from different backgrounds to present and publish their research in their respective fields.

On behalf of the colloquium organiser, I would like to thank all presenters and authors for your participation and contribution. Special thanks to all the committee members of the *International Accounting Colloquium (IAC2023)*, I owed all of you so much and I want you to know that this is the best team ever!!! Last but not least, to all participants, we hope to see you in our next colloquium.

Thank you.

HAJAH NOORA'IN BINTI OMAR

Chief Editor

eProceeding International Accounting Colloquium (IAC2023)

TABLE OF CONTENTS

Preface - Rector -----	ii
Preface - Head of Faculty -----	iii
Preface - Chief Editor -----	iv
Director's Networks and Environmental, Social and Governance (ESG) Performance -----	1
Corporate Board Diversity and Sustainability Report Disclosure Mediated by Information Asymmetry -----	5
Factors Influencing Decision to Issue Going Concern Opinion in The Post-COVID-19 Era: Malaysian Evidence -----	10
Fraudulent Financial Reporting and Audit Committee Characteristics: A Systematic Review ---	14
The Role of ESG Reporting in Reshaping Businesses -----	20
Money Laundering Propensity Amongst Accountants in Malaysia -----	24
Factors Influencing Occupational Stress: A Study on Its Effect on The Performance of Msu-Iit Faculty During Covid-19 Pandemic -----	27
Predictors Of Bankruptcy Risk of Food Franchising Companies in The Philippines -----	32
#Cancelled: Predictors of Cancel Culture in The Philippines -----	36
Factors Influencing the Filipino-Muslims' Willingness to Participate in The Takaful Industry --	41

Corporate Board Diversity And Sustainability Report Disclosure Mediated By Information Assymmetry

Muslimah Mohd Jamil¹, Muhammad Hariz Hamid², Marzlin Marzuki³, Siti Sakinah Azizan⁴

^{1, 2, 3, 4} Faculty of Accountancy, Universiti Teknologi MARA Cawangan Kedah, Malaysia
muslimahmj@uitm.edu.my

Abstract

Stakeholders and companies are reciprocal and often complement each other. One element to complement this is through organizing social activities. These social activities can create values for the company and get the stakeholders' attention. Thus, reporting the sustainability issue can be one mechanism to disseminate the information. Preparing for sustainable reporting is not compulsory, but it is encouraged. However, the standard financial authority does not specify the content of sustainable reporting. The pressure of preparing sustainable reporting is determined by the controller of the company's policies and the board of directors. This is because they are the ones to give instructions and evaluate the performance of the management. By utilizing the resource-based view theory and agency theory, this study will propose evaluating the corporate board's composition in terms of the board size, gender diversity, age diversity, academic qualification diversity and ethnic diversity on the sustainability reporting disclosure. The board's knowledge level is likely to strengthen the decision made by the board toward the sustainability reporting disclosure.

Keywords: Corporate board; sustainability disclosure; information asymmetry; resource-based theory; agency theory

1. Introduction

"Life is an echo" becomes a dominant proverb when the Covid 19 hit the world. Limitation of resources makes people understand that human interaction is reciprocal. Companies are recommended to conduct corporate social responsibility program towards the stakeholders. Indirectly, the corporate social responsibility programs give significant impacts to corporate performance, trust, reputation, strong stakeholders relationship, transparency, accountability, corporate legitimacy and better cash flow management (Khan, Khan & Senturk, 2019). Companies can conduct various programs, but it will become meaningless if they do not publicize their activities. Potential investors might not see it as relevant to their investment. Majority investors are only familiar with the financial reporting disclosures like income statement, financial statement, and cash flow statement. These are compulsory documents for the company and act as a legal bind. They cannot see the organized activities as being impactful to the company. The accounting regulator, International Federation of Accountants (IFAC) had published several technical papers on how the company can report their non-financial reporting activities. It is because they believed that non-financial reporting disclosure is important to be published. It is because it can enhance the transparency and enhance the sustainable development goals of the companies and country.

According to European Union, the non-financial reporting disclosure is defined as the disclosure of non-financial information that is vital for managing change towards a sustainable global economy by combining long-term profitability with social justice and environmental protection." It is a very comprehensive documents that evaluate many factors that cannot be justifiable with the monetary item. It further supported by the Global Reporting Initiative (GRI) because non-financial reporting disclosure help the organisation to understand, organise and publicise the effort toward the sustainability development goals (Cosma, S., Leopizzi, R., Nobile, L. and Schwizer, P. 2022). The board of directors are responsible for managing the CSR agenda by utilizing the company resources and developing strategies for sustainability (Khan, Khan & Senturk, 2019). Therefore, this study would like to propose

a study to evaluate the whether the company board of director is practising on sustainability reporting mediated with the information asymmetry.

2. Literature review

2.1 Sustainability Reporting

The reporting of the corporate social responsibility program had been introduced in early 1960 where public become aware about the importance of its program. Due to that, it shapes the accounting and reporting structure of the company. It is where the companies start to report their activities that had been conducted to the public. It is known as the CSR report. The CSR disclosure is a report that demonstrates the influence of firms' activities on society, environment, and uses of natural resources (Khan, Khan & Senturk, 2019). The definition of the CSR report is still not comprehensive and does not meet the expectation of stakeholders. The word "sustainability" was being introduced during the World Commission on Environmental and Development in 1987. According to Brundtland this definition which refers to the sustainability report is a report to explain a development that meets the needs of the current generation without compromising the needs of future generations to meet their own needs. It is a very complex report that covers environmental, social and governance issues (Gold & Taib, 2023).

Environmental, social, and governmental reporting is a very wide reporting. It is requested from the requirement to disclose the non-financial elements. Non-financial information gives twice information as compared to the financial statement. There are two views on the non-financial disclosures. The first view from the opportunist, it is where the managers are being given incentive to manipulate external perceptions of business results to hide failures and emphasize successes. A more transparent disclosure will be presented by the high-performing companies to indicate their superiority as compared to the rivals in the market. Another view is that the manager is responsible to create value and give investors with additional information for their investment choices. They are trying to fulfill the principal agent relationships (Agostini et.al, 2022). This report is also known as triple bottom line report. The report should indicate how human are able to utilize the industrial and biological process to make sure the sustainability of resources is preserved (Gold & Taib, 2023).

Due to its importance, a majority of companies separate this report and it becomes a stand-alone report. The reasons for separation are that it can portray the sustainability risks and opportunities which can influence long-term performance, it can meet the pressure from stakeholder groups that demand transparent disclosure on multiple dimensions of economic, social, and governance (ESG) performance and it can also help to react to the issue of sustainable development (Ngu & Amran, 2019). To increase the quality of non-financial disclosure, the reporting should fulfill the four elements which are readability, conciseness, completeness, and balance (Agostini et.al, 2022).

2.2 Corporate board size

Corporate board can help in improving the leadership and management oversight function, where it can improve board independence. Having a larger number of directors ensures that the talent pool of expertise is available because larger boards are more likely to have more knowledgeable and skilled professionals at their disposal. It is because a firm with a larger board size will have various board composition in situations requiring professional advice as the directors would have varied expertise with much wider experience. It can also provide them with needed counsel in strategic decision-making. It also can contribute to more external relationships and complex contracts would require a larger board for strategic decisions. Extant literatures have equally documented positive evidence for larger board size with supportive argument that firms with larger boards have broader visions and experiences of different professionals, which strengthen their decision-making processes (Gold and Taib, 2023)

Proposition 1: The corporate board size has a positive and significant influence on the extent sustainability reporting disclosure.

2.3 Corporate board diversity

There are two types of board diversity which are heterogeneity and homogeneity. Heterogeneity board diversity consists of members that have differences in the age, gender, ethnicity, nationality, education,

task, skill, expertise, experience, preferences (political and sexual preference) and religion. According to resource-based view theory, it explained that the more diverse members, the more it can increase resources. It can also enrich the strategic decision quality. It also helps to identify and fulfil stakeholder's requirements and later improve performance and reputation of the company.

In addition, homogeneity board diversity comprises of members that have similar perspectives. It can increase the feeling of comfort, in contrast, it can lead to a lower quality of board discussion, less effective corporate governance and low performance. Age diversity escalates the innovation and proficiencies through improvement of company's competitive advantage as understood from the resource-based view theory. A study in Pakistan found that the higher age diversity, the lower the quality of CSR disclosure. It is because the elder directors do not welcome the opinions from new generation. It is a result from the poor management, weak governance, favouritism, and nepotism (Khan, Khan & Senturk, 2019).

Proposition 2: The corporate board diversity have a significant influence on the extent sustainability reporting disclosure.

2.4. Corporate board gender diversity

The existence of female members in the board of directors can give advantage in term of sustainable and CSR initiatives to the company. It is in line with the resource-based view theory. It is because women are moving quickly and assuredly toward sustainability in the sense of governance, economy, society, and environment. Men and women differ with respect to values when it comes to social responsibility (Khan, Khan & Senturk, 2019). Besides, women tend to bring their aura as a wife and mother in a professional environment. It contributes to a greater orientation towards transparency, visibility, ethical issues, and corporate philanthropy (Tapver, Laidroo, & Gurvitš-Suits, 2020).

The diversity in the boardroom can improve governance processes by giving decision-makers a broader viewpoint, minimizing groupthink and enhancing creativity and innovation (Gold and Taib, 2023). The benefits of having women on the board can be categorised into external benefits and internal benefits. The external benefits is the board became more committed and involved; more prepared; and more diligent; and it created better atmosphere. The internal benefits are it improved decision-making process; increased board effectiveness; and resulted of better attendance and participation. It also showed the board that had greater responsibilities; more philanthropically driven; and less concerned with economic performance (Ong & Djajadikerta, 2020). By having this effectiveness, this study would like to propose:

Proposition 3: The corporate board gender diversity has a positive and significant influence on the extent sustainability reporting disclosure.

2.5 Corporate board ethnic diversity

Race ethnicity diversity is one of the elements that can increase the company competitive advantage. It is because every culture has their own norms, values, beliefs, behaviours and ethical rules. These differences can help the company to gain comprehensive views in creating the strategic decision. It is also in line with the resources-based view theory. In addition, multiple ethnicity board of director contribute to better preparation of the CSR report as compared to one ethnicity board. It is because board of directors can understand the stakeholders' need on the financial and non-financial aspects of reporting (Khan, Khan & Senturk, 2019). This study would like to propose:

Proposition 4: The corporate board ethnic diversity has a positive and significant influence on the extent sustainability reporting disclosure.

2.6 Corporate board educational background diversity

Diversity of education in the board can give significant impact on the decision making including the CSR disclosure. It is because this diversity indicates that the board of directors have multiple views on the individual mentality, intellect, cognitive ability and attitude. This qualification can generate and

share new knowledge and enhance the strategic decision-making process. It is in line with resource-based view theory (Khan, Khan & Senturk, 2019). This study would like to propose:

Proposition 5: The corporate board educational background diversity has a positive and significant influence on the extent sustainability reporting disclosure.

2.7 Information asymmetry

There are two type of directors which are independent directors and executive directors. The main differences between these groups are the independent directors are directors that have no personal or professional relationship with a company, other than being a board member. It is also known as external directors. The presence of independent directors on a board can help to segregate the management and control tasks of a company and this is expected to offset inside members' opportunistic behaviours. In addition, independent directors generally have stronger and extended engagement with wider groups of stakeholders, and they tend to have a broader perspective that is likely to result in a greater exposure to reporting requirements (Ong & Djajadikerta, 2020).

In addition, board of directors are required to have two skills. The first skill is human capital. It indicates how the knowledgeable and skilful of board of directors in the business. This experience can be developed through experience and education. The second skill is the related to social capital. It refers to the ability the board of directors in assessing the social networking. It can be established by interlocking directorate ties. The heterogeneous social network can contribute to complex problems and unstable conditions (Ngu & Amran, 2019).

Besides, the independent directors are supposed to monitor and advise the management. Chief executives' officers are responsible to reveal their information to them so that they can give better advice. In contrast, the executive directors can monitor the management performance closely and intensively. If the process fails to be well -executed, the problem of information asymmetry will arise. It is called as independence paradox. The paradox arises because non-executive directors are expected to perform their duties independently from management. However, to execute their role, non-executive directors are dependent upon the information provided by the same management. This paradox indicates that non-executive directors are "unable" to monitor managers because the information they need to do so comes from those same sources (Brennan, Kirwan & Redmond, 2016).

A higher proportion of independent directors is expected to support stronger board governance and more sustainability disclosures. However, the researchers did not find any direct correlation between the proportion of independent directors and the extent of sustainability disclosures in their study. Instead, they found a significant correlation between the proportion of community influential board members and the extent of sustainability disclosures. Independent directors were not "homogeneous in terms of specific skills, knowledge, and expertise". It means independent directors are generally less aligned to the management's interests; hence, they are expected to tend to focus on the needs of a wider group of stakeholders and demand companies to provide more sustainability disclosures (Ong & Djajadikerta, 2020).

The more proportion of independent corporate boards can monitor and influence board decisions for common interest. Independent directors can also play an active role as an internal control mechanism and protect communities' rights. It is where independent directors are entrusted with overseeing the board's activities and protecting the minorities. Their presence in board meetings will ensure lawful and transparent, and credible board decisions. However, the finding revealed that the company of nonexecutive or independent directors does not contribute any effectiveness in board decisions (Akhter et.al, 2022).

This study would like to propose several propositions, which are:

Proposition 6: The corporate board size has positive and a significant influence on the extent sustainability reporting disclosure mediated by information asymmetry.

Proposition 7: The corporate board diversity has a significant influence on the extent sustainability reporting disclosure mediated by information asymmetry.

Proposition 8: The corporate board gender diversity has a positive and significant influence on the extent sustainability reporting disclosure mediated by information asymmetry.

Proposition 9: The corporate board ethnic diversity has a positive and significant influence on the extent sustainability reporting disclosure mediated by information asymmetry.

Proposition 10: The corporate board educational background diversity has a positive and significant influence on the extent sustainability reporting disclosure mediated by information asymmetry.

References

- Akhter, F., Hossain, M.R., Elrehail, H., Rehman, S.U. & Almansour, B. (2022). "Environmental disclosures and corporate attributes, from the lens of legitimacy theory: a longitudinal analysis on a developing country", *European Journal of Management and Business Economics*. <https://doi.org/10.1108/EJMBE-01-2021-0008>
- Brennan, N.M., Kirwan, C.E. & Redmond, J. (2016). "Accountability processes in boardrooms: A conceptual model of manager-non-executive director information asymmetry", *Accounting, Auditing & Accountability Journal*, 29 (1), 135-164. <https://doi.org/10.1108/AAAJ-10-2013-1505>
- Cosma, S., Leopizzi, R., Nobile, L. & Schwizer, P. (2022). "Revising the Non-Financial Reporting Directive and the role of board of directors: a lost opportunity?", *Journal of Applied Accounting Research*, 23 (1), 207-226. <https://doi.org/10.1108/JAAR-04-2021-0102>
- Gold, N.O. & Taib, F.M. (2023). "Corporate governance and extent of corporate sustainability practice: the role of investor activism", *Social Responsibility Journal*, 19 (1), 184-210. <https://doi.org/10.1108/SRJ-06-2021-0228>
- Khan, I., Khan, I. & Senturk, I. (2019). Board diversity and quality of CSR disclosure: evidence from Pakistan. *Corporate Governance*. 19 (6), 1187-1203. <https://doi.org/10.1108/CG-12-2018-0371>
- Ngu, S.B. & Amran, A. (2019). "The impact of sustainable board capital on sustainability reporting". *Strategic Direction*, 35 (12), 8-11. <https://doi.org/10.1108/SD-05-2019-0098>
- Ong, T. & Djajadikerta, H.G. (2020). "Corporate governance and sustainability reporting in the Australian resources industry: an empirical analysis", *Social Responsibility Journal*, 16 (1), 1-14. <https://doi.org/10.1108/SRJ-06-2018-0135>
- Tapver, T., Laidroo, L. and Gurvitš-Suits, N.A. (2020). "Banks' CSR reporting – Do women have a say?", *Corporate Governance*, 20 (4), 639-651. <https://doi.org/10.1108/CG-11-2019-0338>



UNIVERSITI
TEKNOLOGI
MARA

