

**UNIVERSITI TEKNOLOGI MARA**

**INTELLECTUAL CAPITAL  
DISCLOSURES: BEFORE AND  
AFTER ISSUANCE OF  
MANAGEMENT COMMENTARY**

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Dissertation submitted in partial fulfillment  
of the requirements for the degree of  
**Master of Accountancy**


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## **AUTHOR'S DECLARATION**

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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## **ABSTRACT**

This study seeks to investigate the trends of Intellectual Capital Disclosures (ICD) by Malaysian companies before and after the issuance of the Practice Statement on Management Commentary in December 2010. The voluntary disclosures of 30 listed companies were reviewed and a total of 120 annual reports were examined from year 2009 to 2012. The study employed a content analysis method with a checklist of 24 IC attributes, of which, 9 are from internal capital, 9 from external capital and 6 from human capital. This study employs a scoring scale from '1' to '5' to distinguish the level of ICD. In addition, this study also analyzed the relationship between ICD and firm characteristics, namely company size, leverage, profitability and growth. The theories underpinning the conceptual framework are agency theory, stakeholder theory and signaling theory. The study used inferential statistics to examine the relationship between firm characteristics and ICD. The findings showed there are significant increasing trends of ICD after the issuance of Management Commentary in 2010. The study also found that none of the firm characteristics were associated to the disclosure of IC. Among the three IC components, external capital was the most disclosed as compared to internal and human capital. This study would be interesting to give insight to the standard setters on the readiness of Malaysian companies in reporting their IC.

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