Board Characteristics and Disclosure of Corporate Anti-Corruption Policies

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ABSTRACT

This study examined the influence of board characteristics (independent of board members, board expertise, women on board, political directors, and board remunerations) on corporate anti-corruption policies of public listed companies in Malaysia. This study used the Agency Theory to explain the relationship between board characteristics and corporate anti-corruption disclosure based on the Malaysian Code on Corporate Governance (MCCG) 2017. Focussing on empirical evidence of influential board members on corporate commitment to fight corruption; this study utilized content analysis techniques on companies' annual reports and websites to extract data for board characteristics and disclosure of corporate anti-corruption policies. Using OLS regression analysis on 200 companies listed in the main Board of Bursa Malaysia, the finding indicated that board characteristics have an insignificant relationship with corporate communication in fighting corruption. Thus, the study complements the existing literature on corporate governance by focusing on empirical evidence on the linkage between board characteristics and corporate anti-corruption policy disclosure. Further, it also acts as a preliminary study on corporate commitment to provide adequate procedures concerning the MACC Act of corporate liability that took effect in Malaysia in June 2020.

Keywords: Corporate governance, Board characteristics, Anti-corruption policies, Private sector corruption.

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INTRODUCTION

Corporate governance incorporates processes, practices, and procedures to ensure that a company is managed best to achieve its objectives. The purpose of corporate governance is to facilitate effective, entrepreneurial, and prudent management that can lead to a company's long-term success. One essential element in corporate governance is the board of directors which is at the heart of the survival of any business. Besides, the board serves as a crucial constituent in the decision and policy-making process (Bawaneh, 2020), setting the company’s strategic aims, demonstrates leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship (Lombardi et al., 2020). Despite a board's important role, little is known whether this corporate governance mechanism holds the potential to increase corporate commitment in fighting corruption, especially in Malaysia. The increase and prevalence of corruption cases concerning corporations in Malaysia have increased corporate involvement in the fight against corruption. International Government Organisations and Non-Government Organisations have implemented initiatives to combat bribery by soliciting corporations to disclose adequate information concerning corporate anti-corruption policies (ACP) and to disclose the implementation of such policies (Dissanayake et al., 2011). Joseph et al. (2016) stated that organizations must communicate their ACP to all members of organizations and recommended that the board approve the ACP of Directors with guidelines on corporate social responsibility (CSR) activities such as charitable donations, which is subsequently to be published on company websites. Traditionally, research on corporate social responsibilities have focussed more on workers’ welfare, environmental protection, local community, and stakeholder relations (Do Nascimento Ferreira Barros, Rodrigues, & Panhoca, 2019). Despite the importance of tackling the corruption issue, there is a lack of literature on ACP disclosure.

The adoption of ACP and its disclosure is integrated with corporate governance systems involving total commitment by internal factors: the board of directors and internal auditors and external factors such as stakeholders (Lombardi et al., 2019). The Agency Theory (AT) suggests that disclosure can be a monitoring mechanism and might be the right solution to the agency cost problem (Darussamin et al., 2018), and thus disclosure of ACP helps reduce the information gap between managers and investors (Masud et al., 2019). The Theory also suggests that the board of directors should monitor any decision made by managers (Naciti, 2019) to reduce any conflict resulting from the separation of ownership from control, which involves different parties related to firms and their respective interests. The diversity of interest and expectations between each party increases the likelihood of having different attitudes toward risks. It is difficult to determine whether each party has an appropriate behaviour towards risks. Further, since there is limited published research examining the influence of corporate governance mechanisms on disclosure of ACP this study intended to extend literature with empirical evidence on the effectiveness of board characteristics as one corporate governance mechanism based on the Malaysian Code on Corporate Governance 2017 (MCCG 2017) on corporate initiatives to combat corruption in organizations through disclosure of their ACP in Malaysia, which has different institutional settings from developed countries. It also provides a preliminary study on corporate commitment to provide adequate procedures concerning the MACC Act of corporate liability that took effect in Malaysia in June 2020. However, the finding contrasts with the AT as it was found that board characteristics had no significant relationship with disclosure of ACP. Only firm size had a significant positive relationship with companies' decision to communicate their ACP. The remainder of the paper is presented as follows. The following section reviews the literature on corporate governance and disclosure of ACP and the development of hypotheses. The third section explains sample selection, the variables and their measurement, and the empirical model. The fourth section lays out the empirical results. In the last section, concludes.

LITERATURE REVIEW

Corporate Governance Reform Concerning the Board of Directors

Good corporate governance plays a fundamental role in reinforcing the integrity and efficiency of financial markets. Poor corporate governance weakens a company’s potential and prospects and, at worst, can lead to financial difficulties and even fraud. In Malaysia the government has made a series of corporate governance reforms to ensure better-managed corporations and aims to improve the aspect of transparency, disclosure levels, accountability and responsibility in the management of firms (Vithiatharan & Gomez, 2014). The reforms also demonstrate Malaysia's commitment to improving the effectiveness of corporate governance standards, ensuring a favourable business climate in the country. In 2017, the Securities Commission (SC) in Malaysia released the new MCCG 2017, which took effect on 26 April 2017 to replace the 2012 code. The MCCG 2017 introduced substantial changes and recommendations to raise the standard of corporate governance in Malaysia. This fourth version of code results from the SC's comprehensive review in 2016 with feedback from local and international stakeholders, the lessons from corporate governance failures, the shift in market structures, and business needs. In contrast to the MCCG 2012 which was only applicable to large companies, which are the Companies Listed in Top 100 FTSE Bursa Malaysia, this new MCCG 2017 encouraged non-listed entities such as state-owned enterprise, SMEs, and licensed intermediaries to adopt the code to enhance accountability, transparency, and sustainability (Zin et al., 2020). The new code contains 36 practices to support three core principles concerning an effective company’s Board, audit and risk management, and integrity.

The MCCG 2017 highlighted that the composition of a board influences its ability to fulfil its oversight responsibilities. To ensure effectiveness, it should include the right group of people with a balance of sufficient skills, experience, knowledge, and independent elements that fits a company’s vision and strategic goals. Diversity on the board of directors brings competitive advantage and benefits to companies and improves performance (Naciti, 2019). An effective board of directors plays a vital role in motivating and monitoring managers to perform according to shareholders’ interests, thus minimizing agency problems and leading the firm towards better performance (Hassan et al., 2017). Among the amendments in the MCCG 2017 on board matters, includes strengthening a board's independence in which the code recommended companies to have at least half independent directors on a board, and large companies must be represented by a majority of independent directors on the board. In terms of board diversity, the MCCG 2017 encouraged companies to include participation of women on the board and senior management, and large companies are required to have 30% women on the board. Further, the code also reinforced the need for transparency of board remuneration and accountability to shareholders whereby companies need to provide a detailed disclosure on the remuneration paid to directors including all fees, salary, bonus, benefits-in-kind and other emoluments, and the remuneration paid to the top five personnel in senior management within the bands of RM50,000 that includes all fees, salary, bonus, benefits-in-kind and other emoluments.

Disclosure of Anti-Corruption Policies

In many Asian countries, corruption is seen as an inevitable cost in doing business and has caused a serious obstacle to corporations and the business environment (Lombardi et al., 2019). Corruption creates a monopolistic market condition and can create severe economic, social and political problems (Islam et al., 2018). Therefore, fighting corruption in the business environment needs a firm commitment from the industry players. Consistency and effective participation of corporations in the fight against corruption can lower corruption levels and allow the emergence of efficient markets and governments (Sullivan, 2006). Corporate ACP is one of the corruption prevention strategies and a powerful tool to avoid corruption in the business environment (Carrillo et al., 2019). The policies reflect the commitment of the corporation to mitigate corruption and make it possible to keep the corporate management accountable to the public (Naciti, 2019). Consistently, Barkemeyer et al., (2015) stated that publicly reporting ACP can demonstrate companies' commitment to addressing the corruption challenge, thus giving more credibility to its efforts and raising awareness of corruption-related problems. Therefore, communicating ACP is an essential indicator of an actual commitment of a company to anti-corruption initiatives. This is the reason that has made ACP a crucial element in sustainability reports and a standard element of mainstream reporting guidelines, such as the Global Reporting Initiative (GRI).

According to Branco and Matos (2016), anti-corruption reporting has not garnered the same level of attention as environmental reporting because corruption is by definition secretive, hidden, and viewed as sensitive by businesses, as well as the broadness of its scope, complexity, and lack of an emotive weight compared to other social issues. Among studies on anti-corruption disclosures in the emerging markets is by Joseph et al. (2016). They used a sample of 24 Malaysian companies and 34 Indonesian companies that participated in the Sustainability Reporting Award to examine the extent of disclosure of ACP and found that the disclosure of ACP was still at an infant stage in both countries. However, Indonesian companies disclosed higher amounts of ACP information compared to Malaysian companies. This was due to efforts put by the Indonesian government to clear up the reputation of Indonesia as a corrupt nation that served as coercive pressure to the Indonesian companies to disclose ACP information more than Malaysian companies. The Indonesian Good Corporate Governance Roadmap encouraged public companies to have an anti-corruption policy, and disclosure was established in June 2015. As for Malaysia, in 2019, the Prime Minister's Department embarked and launched the first national-level anti-corruption plan for Malaysia known as the National Anti-Corruption Plan (NACP) 2019-2023. The five-year plan was developed with six main strategies, namely, 1. political governance; 2. public sector administration; 3. public procurement; 4. legal and judicial; 5. law enforcement; and 6. corporate governance. Under the corporate governance strategy, the plan obliged the Statutory Bodies, State-Owned Enterprises (SOEs), Company Limited by Guarantee (CLBG) and the private sector regulated by regulatory bodies to develop an Organizational Anti-Corruption Plan (OACP). This was then followed by the enforcement of section 17A of the Malaysian Anti-Corruption Commission (MACC) Act on corporate liability that came into effect on 1 June 2020. Under this section, corporations will be held liable for any corrupt offence committed by their directors, staff, or other associated individuals, unless the corporations can prove that they have established a suitable defence that can be used to protect both the corporations and top management from liabilities. These measures should take the form of policies and procedures, with training, communication and enforcement to ensure effectiveness. Therefore, the disclosure of ACP among listed corporations in Malaysia was expected to improve from 2020 onwards.

Hypotheses Development

Independent of board members

The AT argues that outside directors play a vital role in monitoring management activities by focusing more on firms' financial performance, which will minimize agency costs (Fama & Jensen, 1983). Independent directors provide a robust monitoring mechanism (Ghafoor et al., 2018) that leads to better supervision of board effectiveness (Naciti, 2019), and the appointment of independent directors with a wealth of expertise helps to bring a broader perspective to the affairs of companies as they are capable of exercising independent judgement (Wahab et al., 2007)the Malaysian Code on Corporate Governance (MCCG. Additionally, Chen, Firth, Gao, and Rui (2006) stated that companies with a large number of independent directors committed less fraud as independent directors continuously monitor firm activities and help mitigate fraud. Considering the above arguments, it is argued that the presence of more independent directors on a board will help companies reduce corrupt practices and subsequently disclose more on their ACP. The following hypothesis was then formulated:

H1: Independent board directors have a significant relationship with disclosure of corporate ACP.

Board expertise

Individual board director competencies contribute to a board's process and priorities in different ways, motivating management to implement various strategies and actions. Therefore, the presence of experts on the board can be viewed as specialists who provide expertise and connections in specific, identifiable areas that support a firm's strategies. Johl et al., (2015) stated that a board having more experts in accounting will better supervise the board and serve shareholders' better interest. Additionally, Masud, Bae, Manzanares, and Kim (2019), suggested that accounting experts on the board play a variety of roles, including leading experts in pressuring management to prevent fraud, corruption, and informal transactions which ultimately improve the soundness and accountability of a firm's financial statements. They also contended that the presence of external expert directors reduces the agency conflict by disclosing genuine corruption disclosure. On the other hand, Jahid et al. (2020) found that financial experts on boards had an insignificant contribution to board decision making on corporate social responsibility (CSR) disclosure because financial experts focus more on financial performance that distracts the management from contributing to CSR. The finding is similar to a Malaysian based study by Darussamin et al. (2018) that found that financial expertise did not reflect any significant relationship with risk disclosure. Thus, the following hypothesis was developed:

H2: A board's expertise has a significant relationship with disclosure of corporate ACP.

Women on Board

Gender differences in decision making and risk-taking behaviour have also been observed in previous studies. There is growing evidence in the business literature that when board teams are more diverse (also in terms of gender), companies experience significant business enhancements (Ghafoor et al., 2018; Nguyen, Locke, & Reddy, 2015;). Zalata et al. (2019) stated that women directors may possess qualities that male directors do not typically possess, such as unique experiences, expertise, perspectives, preferences, skills, talents, values, and work ethics. Furthermore, women are more cautious and less aggressive than men in various decision-making contexts. They are less likely to take risks, especially in financial decision-making environments. Most importantly, women are more ethical in their professional life and less likely than men to act in immoral ways for financial gain (Gull et al., 2018). Therefore, women on a board will improve a firm's observance of ethical and social policies, which positively affects a firm's value (Isidro and Sobral, 2015). However, a study by Yusof and Arshad, (2020) indicated that Malaysian firms managed by women are more likely to expect a request for informal gifts or payments to facilitate construction-related permits or import or operating licenses. Given the above discussion, the following hypothesis was formulated:

H3: More women on aboard have a significant relationship with disclosure of corporate ACP.

Political directors

The existence of political power in a company enables it to affect law and regulations and provides the company with inside information that helps them anticipate economic changes and reduce insecurity. On the other hand, entering the business world enables politicians, mainly through donations, to receive financial support during election periods (Maaloul et al., 2018). Due to the close association between Malays and political control and dominance in Malaysia, public listed companies tend to appoint Malay directors to obtain political connections and favours from the government

(Gul et al., 2016). According to Mohammed et al. (2017), having political directors on a board allows firms to have political ties with the government, which benefits the company in subsidy allocation and other forms of government funding and enables companies to participate in government projects with fewer business risks. These benefits lead political directors to affect the quality of financial reporting in relationship-based economies negatively. Therefore. political connections can be perceived as a weak form of corporate governance because agency costs will increase at the expense of public merit. (Mohammed et al., 2017). Hence, the following hypothesis was formulated:

H4: The existence of political directors has a significant relationship with disclosure of corporate ACP.

Directors' remuneration

The high level of remuneration for directors received in Malaysia has attracted significant attention due to whether such a remuneration is justified. There are debates that some Malaysian directors are being overpaid to the detriment of shareholders, other employees, and the company (Ibrahim et al., 2019). Directors' remuneration is commonly used as an incentive that can affect strategies planned and decisions made by directors, which cause a significant impact on firm performance and profitability (Ibrahim et al., 2019). Fama and Jensen, (1983), suggested that attractive reward offered to the directors in the form of remuneration appears to minimize the agency problem and increase firm efficiency. Similarly, Lakshan and Wijekoon (2012) indicated that directors remuneration for non-failed companies is significantly higher than failed companies. On the other hand, Haron (2018) suggested that in the Malaysian context, where most firms are family-owned, remuneration is less effective in improving firm performance due to different agency problems faced. Hence, the following hypothesis was posited:

H5: Directors' remuneration has a significant relationship with corporate ACP disclosure.

METHODOLOGY

Sample Selection

The primary basis for this study was the MCCG 2017, therefore companies listed on the Main Board of Bursa Malaysia were selected as sample frame since this market has a stricter listing requirement and adherence to MCCG 2017. Thus, the sampling frame provided a reasonable representation of companies' complying with the MCCG 2017. A total of 200 companies were randomly selected from the sample frame. This sample period focused on 2019 to capture data for board characteristics and 2020 for disclosure of ACP. The year 2019 was chosen to capture corporate governance data because it was the preparation year for all listed companies before the enforcement of section 17A of the MACC Act on corporate liability that came into effect on 1 June 2020. Companies that operate in Malaysia must take urgent action to review their procedures and introduce comprehensive enforcement systems before this regulation took effect in June 2020. Therefore, most of the corporate anti-corruption policies were made available to the public in 2020.

Variables and Analysis

Disclosure of ACP disclosure was the dependent variable in this study, and content analysis was used to capture data of disclosure of ACP since this method has been used extensively in disclosure studies, including corruption reporting (Dissanayake et al., 2011; Islam et al., 2018; Joseph et al., 2016). The data was collected based on the analysis of annual reports, sustainability reports and companies' websites. It was measured based on dichotomous scales of measurement of the availability of thematic disclosure of the anti-corruption disclosure categorization scheme. The anti-corruption index was adopted from Islam et al. (2018) and Joseph et al. (2016). The index was developed based on several International Governmental Organizations guidelines, such as United Nations, World Bank, Transparency International, and World Economic Forum for the anti-corruption movement, categorized into seven general themes and 48 subcategories. The general themes included: 1) Accounting for combating corruption, 2) Board and senior management responsibilities, 3) Building human resources to combat corruption, 4) Responsible business relation, 5) External Verification and assurance, 6) Codes of conduct, and 7) Whistleblowing.

Table 1: Measurement of Dependent, Independent and Control Variables

Variables	Measurement	Reference
Dependent variable		
Anti-corruption policies disclosure (ACPD)	$\sum_{t=1}^{nj} \frac{Xj}{N}$ Where: N= number of items expected for j firm, Xj = total number of items disclosed	(Dissanayake et al., 2011)
Independent Variables		
Board independence (BinD)	Percentage of non-executive directors over the total numbers of board members	Naciti, (2019)
Board expertise (Bexp)	Proportion of total member with accounting or finance expert	Masud et al., (2019)
Women on Board (WoB)	Proportion of women directors	Isidro and Sobral, (2015)
Political directors (PolDr)	1 for the company with political directors and 0 otherwise	Masud et al. (2019)
Directors' remuneration (DRem)	Total remuneration received by directors	Elsayed and Elbardan, (2018)
Control variables		
Company' size (Size)	Log of total asset	Sari, Cahaya, and Joseph, (2020)
Leverage (Lev)	Ratio of total liabilities to total assets	Elsayed and Elbardan, (2018)

Several independent variables were included to present board characteristics: board independence, board expertise, women on board, political directors, and directors' remuneration. We also included company size and leverage as control variables since these variables may influence ACP disclosure activities. The measurement approaches for the dependent, independent and control variables are presented in Table 1. The data was statistically analysed using descriptive statistics and OLS regression to examine the influence of board characteristics on the extent of disclosure of ACP. The OLS regression model used follows:

$$ACPD = \alpha + \beta_1 BinD + \beta_2 Bexp + \beta_3 WoB + \beta_4 PolDr + \beta_5 DRem + \beta_6 Size + \beta_7 Lev + \varepsilon$$

FINDING AND DISCUSSION

Descriptive Statistic and Correlation

The descriptive statistics are reported in Table 2, and it shows that all of the companies had disclosed their anti-corruption policies with the average score for disclosure at 0.419, which was lower than 50% of the full score indicating the lower level of disclosure of ACP and the minimum score was 0.02. The statistics also showed that, on average, 52.2% of the independent directors on the boards satisfied the requirement of the MCCG 2017, which recommended companies to have at least half of the independent directors on a board. Meanwhile, the results also indicated that there are still companies that are not represented by women directors and financial experts, and more than half of the sample companies had political directors.

Table 2: Descriptive Statistic

Var	Mean	Min	Max	Std Dev
1. ACPD	0.419	0.02	0.73	0.177
2. BinD	0.522	0.30	1.00	0.126
3. Bexp	0.361	0.00	0.80	0.153
4. WoB	0.203	0.00	0.80	0.149
5. DRem	7378373.30	69000	583029000	41541547.21
6. PolDr	0.55	0.00	1.00	0.499
7. Size	8.79	5.54	10.88	0.787
8. Lev	0.484	0.00	12.59	0.909

Table 3 explains the results of the Pearson Correlation of the dependent and independent variables used in this study. The table indicates that all variables are correlated at less than 0.8, indicating no multicollinearity issues among the variables (Naciti, 2019). The result also depicts that size had a significant positive association with disclosure of ACP and women on board and a significant negative association with leverage. In addition to size, board independence also had a significant negative association with disclosure of ACP and negatively associated with company size, showing that larger companies tended to have more women on the board and fewer independent directors.

Table 3: Correlation and Multicollinearity Analysis

Variables	ACPD	BinD	Bexp	WoB	DRem	PolDr	Size	Lev
1 ACPD	1							
2. BinD	-0.175*	1						
3. Bexp	-0.30	0.098	1					
4. WoB	0.105	0.072	0.044	1				
5. DRem	-0.115	0.046	0.048	0.004	1			
6. PolDr	0.087	0.131	-0.045	0.048	-0.078	1		
7. Size	0.297**	-0.055	-0.117	0.231**	-0.39	0.126	1	
8. Lev	-0.126	0.036	-0.090	-0.024	-0.034	-0.020	-0.225**	1

Regression Analysis

The regression analysis results on the influences of board characteristics on disclosure of ACP disclosure are presented in table 4. The regression model was statistically significant and fit at the1% level with the p-value = 0.000, and R^2 = 0.134. The results indicated that none of the board characteristics had a significant relationship with ACP disclosure except for board independence, which had a significant negative relationship with ACP disclosure, which showed that companies with a lower percentage of independent directors reported more ACP. The finding is consistent with (Naciti, 2019), which found a negative relationship between the presence of independent directors with sustainable performance disclosure and explained that independent directors took a prudent stance in reporting sustainable performance to protect their prestige from the threat of potentially misleading information. Accordingly, we contend that a similar logic can be applied in the case of disclosure of ACP. Another variable with a negative relationship with disclosure of ACP was director remuneration, and the other independent variables showed a positive relationship but was insignificant. Our result is also consistent with Lombardi et al. (2019), who found a weak involvement of directors in corruption prevention activities and argued that involvement of the board of directors will only increase the bureaucratic process, involving a loss of efficiency and a decreased company performance. Therefore, the responsibility for preventing corruption and ensuring accountability is frequently assigned to the internal audit department as a staff function under Top Management control.

For control variables, company size showed a positive and significant relationship with disclosure of ACP. According to Murtaza, Habib, and

Khan (2020), larger firms disclosed more information clearly due to greater visibility that exhibits higher disclosure levels. Additionally, larger firms are usually scrutinised since they belong to initiatives such as the United Nations Global Compact (UNGC) (Blanc et al., 2019), which implied a greater concern with compliance that reinforces the implementation and communication of ACP. The significant relationship between firm size and disclosure of ACP thus explains the negative relationship between board independence and ACP disclosure, as firm size negatively correlates with board independence, as indicated in Table 2. Germain, Galy, and Lee (2014), when studying the determinants of board structure for Malaysian companies, suggested that large firms did not raise the number of independent directors compared to small and medium firms because small and medium firms have more room to expand their operations, and thus need more independent directors who possess diverse backgrounds, attributes and expertise to participate in the decision-making process. This is why firm size had a negative association with board independence. Thus, less level of board independence is not a determinant for disclosure of ACP.

Table 4: Regression Analysis

	Beta	Std error	Coefficients Beta	P-value
Constant	0.25	0.157		0.873
BinD	-0.237	0.096	-0.169	0.015**
Bexp	0.017	0.079	0.015	0.829
WoB	0.065	0.082	0.055	0.434
DRem	-4.059E-10	0.000	-0.095	0.160
PolDr	0.024	0.024	0.067	0.333
Size	0.056	0.016	0.251	0.001***
Lev	-0.012	0.014	-0.063	0.368
Observation	200			
Adjusted R Square	0.134			

SUMMARY AND CONCLUSION

This paper examined the relationship between board characteristics and disclosure of ACP among public listed companies. Using a sample of 200 companies, we found that all companies had disclosed their anti-corruption policies which had a minimum score is 0.02. This could be due to Malaysia's new anti-corruption law requiring companies to establish and publicly publish their anti-corruption programs. However, this study found an insignificant relationship between board expertise, women on board, political directors, board remunerations and disclosure of ACP. The findings contrast the expectation, which predicted that board characteristics will significantly affect ACP disclosure. This showed that board characteristics are not determinants for disclosure of ACP among large companies in Malaysia. This finding could be explained by the fact that corporate liability enforcement was still at its infancy stage at the time of the study, and companies had not yet determined what information on ACP should be disclosed. At this stage, external motivation, for example, government agency requirement, was the main reason to disclose on ACP rather than internal motivation such as the decision by the board of directors. Thus, other factors such as ownership type could account for the disclosure, as some of the companies listed on Bursa Malaysia are government-owned and thus subject to greater scrutiny and compliance with government policies. The significant negative relationship between board independence and disclosure of ACP was influenced by less percentage of independent directors in large companies. Germain et al. (2014) explained that large companies have bigger boards and barely raise the number of independent directors due to their stability and performance in the industry.

This study suffers from some limitations, focusing on board characteristics in the form of independence, expertise, number of women directors, political connection and remuneration. Further, this study only considered companies listed in the main Board of Bursa Malaysia. Future research should include other board characteristics or other determinants such as audit committee or risk management committee composition as previous studies have suggested that internal audit committees might have more influence on corporate anti-corruption disclosure than the board of directors. Future research could also include companies listed in the ACE Market or the LEAP Market of Bursa Malaysia which will include smaller companies as sample. Our results indicated that larger companies have fewer independent directors that led to a negative relationship between board independence and disclosure of ACP. Studies that include smaller companies may yield different results.

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