

Disclosure of Strategic Management Accounting Information: Evidence from award-winning organizations in Malaysia

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ABSTRACT

There is a lack of studies examining the disclosure of strategic management information as a strategy to respond to the global pandemic. This paper examined the extent of the Strategic Management Accounting Disclosure on the 16 National Annual Corporate Report Awards 2020 winners' annual reports using content analysis. A Modified Strategic Management Accounting Disclosure index consisting of 70 disclosure items was employed to measure the extent of the Malaysian public listed companies' strategic management accounting information disclosure. The findings indicated that, on average, 59 out of the 70 items, or 84% of the information listed on the Modified Strategic Management Accounting Disclosure index, were found on all of the annual reports of the award-winning Malaysian organizations. The findings showed that the highest frequency of information disclosed was the new items related to the crisis response plan. The government or the Securities Commission will better understand the impact of future pandemics or crises similar to or worse than the COVID-19 pandemic. Unveiling specific information that needs to be disclosed may support the construction of adequate internal and external policies, help decision-makers optimize sustainability actions, and encourage better use of resources and know-how.

Keywords: Resource-based View, Content Analysis, Strategic Management Accounting, Disclosure

ARTICLE INFO

Article History:

Received: 05 April 2023

Accepted: 17 September 2023

Available online: 01 December 2023

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INTRODUCTION

The National Annual Corporate Report Awards (NACRA) was first established in 1990 and jointly organized by Bursa Malaysia, the Malaysian Institute of Accountants (MIA), and the Malaysian Institute of Certified Public Accountants (MICPA). NACRA is the unification of two awards recognized to have shared common objectives, known as, the Malaysian Corporate Report Awards (MACRA), launched in 1985, and the National Annual Report Awards (NARA) launched in 1988 (MICPA, 2020). The objectives of NACRA are 1) to promote effective communication by organizations through the publication of timely, informative, transparent, and reader-friendly annual reports; 2) to raise the bar for quality corporate reporting in Malaysia; 3) to recognize and encourage excellence in the presentation of financial and corporate information; and 4) to create public awareness on the objective measures of an organization and their value creation over time, and greater understanding of the financial performance and results of what an organization has achieved.

The NACRA guidelines are reviewed and improved each year to confirm that the standards and quality of the annual report preparation reflect the current requirements and the latest global developments. While NACRA's vision of promoting excellence and accountability in corporate reporting remains unchanged, NACRA 2020 introduces a new award structure and grading criteria that expand recognition to many leading organizations and align with the global reporting frameworks and best practices. The most significant change to the NACRA awards structure is that all organizations competing for the Excellence Awards are divided according to market capitalization for public listed companies and with a separate category for non-public listed organizations (MICPA, 2020). The Chairman of Bursa Malaysia has highlighted that during the unprecedented health crisis, it has become increasingly important for investors and shareholders to remain informed about the company's financial condition, risks, and prospects (MIA, 2020). The information will help investors determine their options for action and make informed investment decisions. DiMaggio and Powell (1983) pointed out that societal forces in the modern world led companies to adopt similar structures (disclosure practices) regardless of environmental demands. Similarly, the COVID-19 pandemic has forced companies in Malaysia to revise their strategies and information disclosure

to the public in order for them to remain competitive and sustainable. When the COVID-19 pandemic hit Malaysia at the beginning of 2020, akin damage happened to the global financial crisis. Many businesses needed more opportunities to become relevant in the industry. The phenomenon was attributed mainly to the government's restrictions on business operations and controlled movement order-mandated policy. Due to that, companies must develop a strategic action plan to mitigate any future changes in the market environment that might affect business continuity and communicate the strategy to the public. One of the specific forms of strategy disclosure was the Strategic Management Accounting Disclosure i.e. SMAD (Honggowati et al., 2020). Hence, it is worth examining the annual reports of NACRA 2020 winners as the model for disclosure of strategic management accounting (SMA) information as evidence from the award-winning Malaysian organizations to represent the benchmark for all companies in Malaysia.

Strategic management accounting disclosure (SMAD) provides strategically relevant information about companies' activities, competitors, and market conditions. This information is supreme in formulating and executing business strategies (Dixon & Smith, 1993). The reason is that companies' resources can be aligned to achieve business sustainability by having this information. The affirmations complement Simmonds' (1981) allegations and viewpoint that SMA information aims to monitor, evaluate, and develop business strategies. Companies must analyse the internal and external resources combined with the market information to materialize the concept and achieve strategic decision-making. As for the going concern matters, integrating resources would require control and monitoring to ensure the long-term goals and business sustainability are accomplished. The literature has highlighted that open-handed critical information disclosed by companies can strengthen the corporate reputation, attracts foreign investment, lessens political intervention, and decrease the cost of capital (Honggowati et al., 2020; Guttman & Meng, 2021; Saha & Kabra, 2022; Issa et al., 2022).

Findings in the literature are generic, needing more identification of concrete aspects that affect strategies' effectiveness, especially when there are changes in business environments, such as the impact of the COVID-19 pandemic. This work contributes to filling this gap. Driven to understand this phenomenon in Malaysia, a content analysis study approach was adopted,

and a quantitative method was carried out with the NACRA 2020 winners to map the decision-making process and understand how strategies in strategic management accounting on the award winners are implemented as a benchmark for other companies to increase their disclosure.

The remaining sections of this paper are constructed as follows: The next section reviews the literature on strategic management accounting disclosure. Then, the research methodology used in this paper is discussed, followed by the result and discussion on the disclosure of strategic management accounting information for the 16 Malaysian award-winning companies. The final section concludes the findings and offers a potential investigation of strategic management accounting disclosures research.

LITERATURE REVIEW

The Emergence of Strategic Management Accounting Disclosure

Simmonds (1981) introduced SMA by furnishing and exploring management accounting information to develop and monitor a company's business strategy. Bromwich (1990) stated that SMA focuses on the company's internal resources. This research conforms with Honggowati et al. (2020) that the revelation of SMA information is a specific form of strategy disclosure. After 30 years, the Resource-Based View Theory (RBVT) has assured its place in the intellectual history of business strategy (Davis & DeWitt, 2021).

Disclosure of information plays a crucial role in competitive business environments, where companies apply SMA information to improve performance and business sustainability. The SMA information is fundamental for effective operation and decision-making for all levels of organizations. It is the substance required for a company's visibility and ultimately guides its strategic decisions. Disclosures tend to increase stakeholders' trust and confidence in the company, ultimately alleviating investors' uncertainty concerning the long-term viability and competitiveness (Mooneepen et al., 2022). The disclosure of information regarding a company's conditions and the strategies used to deal with

future developments may be a company's secret. Thus, if it is published, the information will be compelling, and decision-makers can utilize the information (Honggowati et al., 2019).

Strategic Management Accounting Disclosure in Malaysia

The global financial crisis in the U.S. during 2007-2009 damaged businesses in Southeast Asian countries, including Malaysia. When the crises happened, emerging countries fixated on stabilizing their economies and did not have excess funds for investment. They relied heavily on loans to sustain business (Hatane et al., 2021), resulting in the companies' inability to bear the high cost of voluntary disclosure during the financial crisis periods.

The operationalization of SMAD focuses on the purpose of SMA information. Consistent with Maelah et al. (2022), SMA information is conceptualized as the customers, competitors, and product information that are valuable for performance improvement and indirectly leads to the company's business sustainability. For example, specific service or product requirements information can be used as feedback and input for future improvements. In this paper, SMA is considered a source of information collected from outside and inside the company (Maelah et al., 2022).

In order to effectively communicate a company's strategy, governance, performance, and future prospects in its external environment, an annual report should be concise and demonstrate how these factors lead to sustainable value creation. Simultaneously, an annual report must be complete and balanced, including all material matters, both positive and negative (Melloni et al., 2017). This paper further contributes to the limited literature on strategic management accounting disclosure in the annual report as a business sustainability strategy and the application of the RBVT concerning SMA information disclosure.

Resource-Based View Theory

The RBVT of the firm was first mentioned by Wernerfelt (1984). According to Wernerfelt (1984), the resources owned by the company are the main factors that contribute to the company's performance and sustainable competitive advantage. Barney (1991) explained the differences between companies' performance as the result of each company's unique combination

of resources. Barney (1991) discussed four indicators of the potential of company resources to generate sustainable competitive advantage and have four attributes: value, rareness, inability to be imitated, and the inability of substitution. Since RBVT has assured its position as a business strategy for 30 years (Davis & DeWitt, 2021), SMA information consists of companies' internal and external resources that aid companies in strategy formulation, monitoring, and decision-making in strategizing for business sustainability.

The RBVT was originally proposed as a framework for evaluating the strategic positioning of an organization compared to its competitors in terms of markets and products (Wernerfelt, 1984). It was one of the first frameworks that offered answers to the perpetual business question of how an organization achieves greater profitability, more compelling, or sustainable competitive advantage (Pereira & Bamel, 2021). Therefore, the progression of RBVT was aided principally due to its significant potential to offer companies practical options for achieving sustainable competitive advantage (Upadhyay et al., 2020). The central notion of RBVT is that resource heterogeneity, which is possessed or accessible by a company, is the primary source of variance in companies' performance (Barney, 1991).

The list of strategic resources that help to promote a company's competitiveness includes physical and capital resources (traditional factors of production), human resources, organizational processes, firm attributes, capabilities, social relationships (relational capital), and coordinating mechanisms (David-West et al., 2018). These resources are categorized into three groups: physical, human, and organizational capital resources (Barney, 1991). This information is also disclosed in most of the NACRA winners' annual reports.

Current business conditions such as structural changes in organizations, technological advancements, Industry 4.0, and COVID-19 offer an incentive to popularize the RBVT as a framework to gain performance and competitive advantage. Shen et al. (2020), using the financial data of listed Chinese companies, found that COVID-19 harms firm performance. The negative impact of COVID-19 on company performance is more pronounced when a company's investment scale or sales revenue is small and in serious-impact areas and industries. The research suggested that internal factors of the financial system may be the leading causes of the economic decline in recent years.

The recent recession is due to external factors, primarily resulting from the mandatory policy of lockdowns following the COVID-19 pandemic. Therefore, this confirms that a company's competitive advantage that indirectly affects its business sustainability is influenced by the company's internal resources, external resources from the market, and the capabilities of the managers involved in decision-making to integrate the information into a strategy (Felin et al., 2021). This information, known as SMA information, can then be used in the decision-making, control, and monitoring of the companies' performance in achieving business sustainability.

A few research were conducted as examples of competitiveness advantage through the use of analytics in supply chain management and logistics (Herden, 2020), innovation in the agriculture supply chain (Hiranphaet et al., 2020), determinants of international ventures (Martin & Javalgi, 2019), cost-effectiveness and strategic performance (Schütz et al., 2020), value creation (Caputo et al., 2019), financial performance (Shen et al., 2020) and sustainable supply chain (Roy, 2019). Although these studies established the relevance and importance of RBVT, little is known about applying the Theory to achieving business sustainability. For example, how can RBVT be utilized as a theoretical lens and frame in strategy formulation and monitoring to aid in a company's decision-making for business sustainability? It is necessary to evaluate the impact of such major public health emergencies on corporate performance in these tough economic times, as the listed companies are the base component of the national economy. Therefore, this paper examined the NACRA winners' annual reports as a point of reference to set a standard guideline for SMADisclosure for business sustainability with the application of RBVT.

METHODOLOGY

This study analyzed the content of the annual reports for the 16 NACRA winners for the year 2020 to determine the extent of SMA disclosures in the Malaysian public listed companies' annual reports. Consistent with Joseph et al. (2018; 2023) content analysis is generally an easy-to-understand analytical technique that can be imitated by any new researcher. The method considers reliability, convenience, and straightforward application and has several advantages. Benefits include reviewing all written documents,

images, and videos; inexpensive and easily repeatable in case of problems; discreet and not necessarily require human contact; applicable to archival material (Vitouladiti, 2014). The content analysis for the NACRA winners' 2020 annual reports was conducted in February 2023.

The extent of the SMAD was measured using the Modified Strategic Management Accounting Disclosure Index (MoSMADi), earlier developed by James et al. (2023). The index has been developed rigorously for companies' decision-making, control, and monitoring of business strategies in attaining business sustainability, which serves the purpose of this study. There are six steps in the development of the MoSMADI, which is based on the international (International Integrated Reporting Council) requirement and the national (Management Discussion and Analysis) criteria. The steps involved in developing MoSMADi as stated by James et al. (2023), consistent with Joseph et al. (2020; 2023) are as follows:

1. The identification of basic SMA items
2. The reference to previous studies
3. The modification of the index by the addition of the NACRA 2020 criteria.
4. Removal / Addition of SMA items by comparing basic and actual SMA items disclosed in the annual reports of 2020 NACRA winners.
5. Validation of items by experienced scholars and industrial practitioners
6. Preparation of the final version of MoSMADI

The final MoSMADi categories are 1) General and Strategic Communication - 29 items; 2) Financial Information - 4 items; 3) Risk Management Information - 18 items; 4) Non-financial Information – 6 items; 5) Forward-Looking Information – 8 items; and 6) New Items Related to Crisis Response Plan – 5 items. In terms of the reliability of the instrument used in the study, rigorous steps have been undertaken by referring to index development commenced by experienced scholars in disclosure studies, such as Joseph et al. (2023; 2020). As for the validity measures, the verification of SMA information was performed by experienced scholars and academicians in this field (Step 5).

A score of “1” was awarded for disclosure of items in the annual reports, and a score of “0” for non-disclosure of the items in the checklist. An

unweighted index was applied since the results produced had no difference from the weighted analysis (Joseph & Taplin, 2011). Furthermore, the unweighted index could reduce subjectivity in the analysis (Wallace & Naser, 1995). Similar methods have been applied in past studies (Joseph et al., 2018; Honggowati et al., 2020; Honggowati et al., 2019).

To determine the extent of SMA disclosures in Malaysian's public listed companies' annual reports, the scores were calculated as follows:

$$\text{MoSMADi} = (\sum t = 1 X_{ij}) / n_j$$

Where:

- MoSMADi : Modified Strategic Management Accounting Disclosure Index
 nj : Number of SMA items expected for the company, $n_j \leq 70$ items
 Xij : "1" if the company disclosed SMA items and "0" if otherwise

Content analysis provides an empirical basis for monitoring changes in public opinion. The data collected during a pandemic can be objectively compared to data collected after a pandemic to determine if business strategy changes have been reflected in Malaysian companies' annual reports. Although an event like COVID-19 is rare, at least a standard framework is being imposed to prevent or minimize the future negative impact of any pandemic or crisis.

RESULTS AND DISCUSSION

The results generated for the extent of strategic management accounting disclosure practices in Malaysian public listed companies' annual reports are discussed in the following sections. The results are divided into the overall and specific categories of the MoSMADi.

Descriptive Results for the Extent of the Strategic Management Accounting Information Disclosure

The descriptive results of the extent of disclosure of SMA information are presented in Table 1. On average, the NACRA winners disclosed 59 out of 70 (84%) of the total disclosure items in the MoSMADi. The result demonstrated an “outstanding¹” level of disclosure. Table 2 disclosed that the maximum number of items in the annual reports of the NACRA awards winners was 67 out of 70 items (96%). The information comprised 27 items under ‘general and strategic communication’, 4 under ‘financial’, 18 under ‘risk management’, 6 under ‘non-financial’, 7 under ‘forward-looking’, and 5 under ‘new items related to crisis response plan’. Meanwhile, the minimum number of items disclosed was 46 out of 70 items (66%).

Table 1: Descriptive Results for the Extent of Strategic Management Accounting Disclosure

Dependent Variable	Minimum	Maximum	Mean	Standard Deviation
Strategic Management Accounting Disclosure (Number of items)	46	67	59	5.52

The results were better than a similar study conducted by Honggowati et al. (2019) for 109 Indonesian manufacturing companies. The highest SMAD in the previous study was 30 out of 42 (72%) of the items in the SMA index, and the lowest was 7 out of 42 items (16%).

Table 2 exhibits the disclosure index results for each NACRA 2020 award winner. From the results, four companies reported “Good” disclosure (see results in Table 3). The remaining 12 award winners revealed “Outstanding” disclosure. The result implied that the NACRA competition organized annually by the MIA, MICPA, and Bursa Malaysia Berhad to recognize and encourage excellence in the presentation of financial and business information and, at the same time to promote higher standards of corporate governance, has accomplished its objectives. The NACRA competition has become the benchmark for Malaysian companies to have fair, transparent, and informative corporate reporting.

¹ Based on Joseph et al. (2018), five scales of disclosure index are classified into Poor (0.00-0.20), Fair (0.21 – 0.40), Satisfactory (0.41 – 0.60), Good (0.61 – 0.80), and Outstanding (0.81 – 1.00)

Table 2: Disclosure Index Results for NACRA 2020 Award Winners

NACRA 2020 award winners	Disclosure Index (%)
Astro Malaysia Holdings Berhad	87
Axiata Group Berhad	93
Duopharma Biotech Berhad	73
Eco World International Berhad	81
FGV Holdings Berhad	66
Fraser & Neave Holdings Berhad	83
KPJ Healthcare Berhad	90
Nestle (Malaysia Berhad)	80
Petronas Chemical Group Berhad	83
Petronas Gas Berhad	83
Sime Darby Property Berhad	90
Sunway Berhad	96
Sunway Construction Group Berhad	76
Telekom Malaysia Berhad	87
Tenaga Nasional Berhad	90
Yinson Holdings Berhad	90

General and strategic communication

General and Strategic Information includes discussions about the company's background, goals, objectives, awards achieved, and strategies for sustaining the business through resource allocations based on the company structure and specific business model applied. For instance, Telekom Malaysia Berhad's (TM) value creation process was integrated into the company's business model using six capital types (Telekom Malaysia Berhad, 2020). These capitals include financial, human, intellectual, natural, social, and relationships and manufacture (infrastructure networks, data centres, and base stations). The most unique and inimitable resource a company possesses is the people's knowledge, which is from the human capital.

Table 3 shows the frequency of general and strategic communication. This category's average frequency of presentations was 90%, with 29 items. There are 19 items with 100% disclosure by all the Malaysian award-winning companies. These findings signify compliance with the fundamental requirement in the NACRA competition criteria.

Table 3 further revealed that the sales and marketing resources (MoSMADi 24) had the lowest frequency of 6%. Only one out of 16 award-winning companies disclosed this information in its annual report. Furthermore, disclosure relating to competition in the industry (MoSMADi 27) was at 13%; two out of the 16 award-winning companies disclosed this information. The reasons for lower disclosure on these items could be that disclosure may give rise to fiercer competition in the product market and can reduce consumer and total surplus for the companies involved in disclosing the information (Xiong & Yang, 2021).

Table 3: Frequency of General and Strategic Communication

MoSMADi	Items	Frequency (%)
1	Vision	100
2	Mission	100
3	Core Values	100
4	Significant business segments	100
5	Principal products or services	100
6	Principal markets or geographical presence	100
7	Sustainability statement	100
8	Organisational structure/chart	100
9	Corporate communication/Townhall	100
10	Chairman strategic statement	100
11	Restructuring strategy	69
12	Joint venture strategy	81
13	New programme/product launch	81
14	Digitization strategy	94
15	Business strengths	94
16	Stakeholders engagement	100
17	Industry strategic profiles	100
18	Financial capital resources	94
19	Human capital resources	100
20	Social & relationship resources	100
21	Intellectual capital resources	81
22	Operational/Manufactures capital resources	100
23	Natural capital resources	100
24	Sales & Marketing resources	6
25	Business Model	100
26	Statement relating to wealth/value creation	100
27	Disclosure relating to competition in the industry	13
28	Discussion about significant regional economic developments	94
29	Business continuity plan in the events of crisis or disaster	100
	Average Frequency	90

An example of a statement relating to wealth or value creation for various stakeholders with the current pandemic, obtained from the Chairman's statement page, Telekom Malaysia Berhad is engaging, as presented below.

Stakeholder Value Creation During aChallenging Year

At TM, we continue to prioritise value creation for our diverse stakeholder groups. We understand and appreciate the critical roles that each stakeholder plays in driving our digital aspirations and strategic objectives forward. With the challenging year, we reshaped our value creation priorities to ensure that the needs of our stakeholders continued to be met. We also focused on creating value by helping our stakeholders manage the impact of COVID-19.

(Telekom Malaysia Berhad, 2020, p. 28)

Financial information

The financial data is disclosed either in monetary value or in percentage. Most of this information comes from financial statements (Zager & Zager, 2006). Hence, financial statements must provide a realistic and objective picture of the business condition. Business strategy signifies a long-term plan to achieve a competitive advantage through the company's financial system.

Table 4 presents the frequency of financial information. There were four items in this category. With an average frequency of 98%, the result showed that this category, on average, has been fully disclosed. According to Malaysia's generally accepted accounting principles, this category is a mandatory requirement in the annual report. Furthermore, most managers choose disclosure rules that all companies must comply with. Disclosing more precise financial information enables the market to better aggregate for business decision-making. As long as strategies are future-oriented and implemented under intense uncertainty and in complex business environments, the information and control methods must also be preventive and proactive (Nishimura, 2019).

Table 4: Frequency of Financial Information

MoSMADi	Items	Frequency (%)
30	Statement on financial highlights and performance	100
31	Dividend paid	100
32	Tax paid	94
33	Market capitalization in the share market (year-end)	100
	Average Frequency	98

Despite the overwhelming challenges caused by the unprecedented COVID-19 pandemic, Sunway Berhad launched “Floating Island,” made from 1.5 tons of recycled materials (Sunway Berhad, 2020, p. 23). In addition, Sunway Berhad paid dividends per share of 1.50 cents with a market capitalization of RM7.9 billion as of 31 December 2020 and secured two new highway projects in India worth RM823 million as part of Sunway’s construction overseas expansion plan. Furthermore, the Innovative Sunway Future X Farm, the first-ever skills-building hub for urban farming innovations in Malaysia, launched in 2020, has become the inaugural venture into the agri-food-technology sector for Sunway Berhad. This information is framed within the RBVT, which describes the intangible resources and capabilities that lead to a company’s sustainable competitive advantage (Barney, 1991). The internal resources involved are the skills and capabilities as the key factors for innovation (Pradana et al., 2020). The ability of companies to acquire and assimilate information is the best way of sourcing external knowledge, which is an essential antecedent of innovation (Vlacic et al., 2019). Disclosing business competencies information where intangible assets are combined with capabilities can inform stakeholders about the uniqueness of the company’s competitive advantages, thus creating a better impression regarding the business (Abeysekera, 2020).

Risk management information

Table 5 presents the frequency of risk management information. There were 18 items under this category, with an average frequency of 73% under this category. The key risk indicators (MoSMADi 51) represented the highest frequency of 100% disclosure by all the award-winning companies. The result implied that all the award-winning companies were entirely in compliance with the Bursa Malaysia listing requirement to establish a sound risk management framework, which includes a commentary on the company’s level of risk tolerance, identification, assessment, and monitoring

of key business risks to safeguard shareholders' investments and the company's assets (Bursa Malaysia, 2021). According to Andersen and Sax (2020), the ability to adapt the companies' strategy to emergent risks and threats in a changing business environment while generating viable long-term solutions is argued to be the essence of effective risk management.

Table 5 further shows that the cause of risk by geopolitical (MoSMADi 45) had the least frequency (25%) under this category. *Geopolitical risk* is a risk associated with international political conflict to threatens companies' financial and operational stability worldwide (Caldara & Iacoviello, 2018). Furthermore, a study conducted by Astvansh et al. (2022) supported that geopolitical risk has a more significant impact on companies with more foreign customers that are operating internationally. Most of the award-winning companies were mainly operating within Malaysia. Hence, this item applied only to a specific group of companies in the Malaysian context.

Table 5: Frequency of Risk Management Information

MoSMADi	Items	Frequency (%)
34	Nature of risk: Corporate & Strategic	50
35	Nature of risk: Compliance	69
36	Nature of risk: Reputational	44
37	Nature of risk: Operational	94
38	Nature of risk: Financial	88
39	Nature of risk: Information technology	63
40	Cause of risk: Market	81
41	Cause of risk: Regulatory	88
42	Cause of risk: People	88
43	Cause of risk: Technology	75
44	Cause of risk: Cyber & data privacy	88
45	Cause of risk: Geo-political	25
46	Cause of risk: Strategic & Investment	50
47	Risk level	56
48	Impact of risk	94
49	Mitigation action	94
50	Opportunities arising from the risk	69
51	Key risk indicators	100
	Average Frequency	73

Management accountants' competencies, especially strategic management, reporting and control, business acumen and operations, and leadership, are closely associated with risk management (Kose & Agdeniz, 2019). For example, at KPJ Healthcare Berhad, risk management was an essential component of the business, which is to safeguard the company's reputation, bolster investor confidence, ensure continuous shareholder value creation, and drive the sustainable, long-term growth of the business (KPJ Healthcare Berhad, 2020). In comparison, Axiata Group Berhad maintained a risk register, which was reviewed and updated quarterly. The register comprised risks specific to the divisional activities of the business and group-wide risks affecting the long-term strategy and vision. Consistent with the RBVT, risk identification is an ongoing process. The risk register allows companies to handle increasingly complex risks and identify them based on how their resources may be exposed over time. Managers could use a form of risk control of all identified risks under each interaction set regularly to become more proactive in managing risk or exploiting the risks as opportunities (Mishra et al., 2019). The company has established an Enterprise Risk Management (ERM) framework, a standardized approach to identify rigorously, assess, report, and monitor the company's risks. The framework is benchmarked against the International Organization for Standardization (ISO) 31000:2009² (Axiata Group Berhad, 2020).

Non-financial information

Non-financial information corresponds to the company's supply chain, anti-corruption, consumer safety, consumer complaints, satisfaction, customer service improvement, and dividend policy. Despite the new norms caused by COVID-19, customers remained the company's top priority. Table 6 shows the frequency of non-financial information. With an average frequency of 95% under this category, and 100% disclosure for the company's supply chain (MoSMADi 52), anti-corruption (MoSMADi 53), and dividend policy (MoSMADi 57), the result suggested that all companies in NACRA 2020 awards participants were aware of the importance of non-financial information for business sustainability. For example, most companies are focusing on efficient supply chain strategies due to the increasing need for companies to enhance efficiency and reduce costs (Daneshvar et al., 2020).

² ISO 31000 was prepared by the ISO Technical Management Board Working Group on risk management.

The high total frequency was also supported by high disclosure of information on improvement in customer service (MoSMADi 57) at 94% and consumer safety (MoSMADi 54), together with consumer complaints and satisfaction (MoSMADi 55) at 88%.

Table 6: Frequency of Non-Financial Information

MoSMADi	Items	Frequency (%)
52	Company supply chain	100
53	Anti-corruption	100
54	Consumer safety	88
55	Consumer complaints and satisfaction	88
56	Improvement in customer service	94
57	Dividend policy	100
	Average Frequency	95

Forward-looking information

Forward-looking information in a company's annual report falls under the type of voluntary disclosure. Based on a systematic review conducted by Choi and Joseph (2020), there are a few similar terms that have been recognized in previous studies that include "future-oriented information", "projected information", and "prospects". This type of information is easily identified with words such as *estimate*, *forecast*, *future*, and *outlook*. Forward-looking information disclosures are accessible from the annual reports' Management Discussion and Analysis (MD&A) section. Bursa Malaysia Listing Requirement (2021) mandated that Malaysian public companies disclose the MD&A section to discuss various types of information, such as commentary on the group's possible trend, outlook, and sustainability of each of its principal business segments; prospects of new businesses or investments; and distribution policy and factors contributing to the distribution for the financial year (Bursa Malaysia, 2021).

Forward-looking information disclosure can be one of the company's strategies to create a competitive advantage (Choi & Joseph, 2020). Barney (1991) implied that to sustain the business in the long run, the company needs to have unique strategies, which involve value-creating strategies that a current or potential competitor cannot implement. The disclosure indicates that the company is in reasonable control of its internal capabilities and knowledge.

Table 7 exhibits the frequency of forward-looking information. The average frequency of disclosure under this category was 64% with future opportunities. (MoSMADi 62) had a frequency disclosure of 100%. Two items had a frequency of 88%, including technology factors that affected future performance (MoSMADi 60) and the potential impact of business strategy on future performance (MoSMADi 61). Two items with a frequency of 75% were the economic factors that affect future performance (MoSMADi 58) and anticipated future social responsibility (MoSMADi 65). Another two items had a frequency of 44%, namely political factors that affected future performance (MoSMADi 59) and planned capital expenditure (MoSMADi 63).

One item, with 0% frequency, was under the planned advertising and publicity expenditures (MoSMADi 64). These findings indicated that despite the importance of having comprehensive, forward-looking information in a company’s annual report, it fell under voluntary disclosure. Voluntary disclosure is information that is disclosed by a company on a discretionary basis (Ho & Taylor, 2013). MoSMADi 64 estimates a company’s promotional expenditures designed to meet its marketing objectives over a certain period. Thus, most publicity is incidental; it is not pre-planned or deliberate but merely occurs in the natural course of ‘news’ events being picked up and transmitted by various media (Dore & Crouch, 2003).

Table 7: Frequency of Forward-Looking Information

MoSMADi	Items	Frequency (%)
58	Economy factors that affect future performance	75
59	Political factors that affect future performance	44
60	Technology factors that affect future performance	88
61	Potential impact of business strategy on future performance	88
62	Future opportunities	100
63	Planned capital expenditure	44
64	Planned advertising and publicity expenditures	0
65	Anticipated future social responsibility	75
	Average Frequency	64

New items related to the crisis response plan

With the changes in the business environment due to the novel COVID-19 pandemic, annual reports for the year 2020 emphasized a new category of disclosure identified as new items related to COVID-19 crises

or any future crisis response plan. Most companies could not resume work because of a shortage of epidemic-mitigation materials, the inability of employees to return to work, disrupted supply chains, and reduced market demand. Many companies were also facing cash-flow risks, as they had to continue paying for various fixed expenditures despite having little or no revenue (Sheresheva et al., 2021).

Among the most used mitigation measures by different countries, along with loans, forced staff reduction, or reducing wages, there were changes in business concepts or marketing strategies, as well as the broader use of digital technologies (Priyono et al, 2020; Jnr & Petersen, 2021). The RBVT accepts that attributes related to past experiences, organizational culture, and competencies are critical for the success of the company (Foss, 1998). In the context of a crisis, it is also imperative for companies to cooperate since combining scarce resources and sharing knowledge within an ecosystem brings companies more grounds for sustainability (Benn et al, 2018.). In conjunction with this strategy, network members share resources and commonly learn to face the challenges of critical situations (Belso-Martínez et al., 2020).

Table 8 shows the frequency of new items related to the crisis response plan. Five newly disclosed items about the COVID-19 response plan were found in the Malaysian award-winning companies' annual reports. The result implied that companies in Malaysia, mainly the NACRA 2020 award winners were aware of the importance of strategy to remain in the business.

The long-term consequences of the pandemic and the changes in economic actors' behavior have yet to be assessed and comprehended. However, it is already apparent today that the implemented quarantine measures and restrictions have led to structural shifts and significant market transformations. Thus, documenting companies in Malaysia's experience of doing business in crisis conditions allows a more efficient response to similar crises in the future and contributes to a more resilient business sector in the aftermath of the pandemic. For many companies, there will be a period of reflection on what happened, was the response enough, or too late, and looking forward, to how to rebuild a post-pandemic business, maintain agile, and continuously learn lessons from the past.

Table 8: Frequency of New Items Related to Crisis Response Plan

MoSMADi	Items	Frequency (%)
66	Navigating crisis impact	100
67	Crisis lessons learned	100
68	Strategy outlook on crisis: Diversity	100
69	Strategy outlook on crisis: Cost savings	100
70	Strategy outlook on crisis: Optimization initiatives	100
	Average Frequency	100

CONCLUSION

Strategic Management Accounting Disclosure (SMAD) provides strategically relevant information about companies’ activities, the companies’ competitors, and current market conditions. This information is supreme in formulating and executing business strategies. In line with the RBVT, companies would need to analyze the internal and external resources combined with the market information to achieve a competitive advantage. This paper examined the extent of strategic management accounting disclosure for the 2020 NACRA winners’ annual report. The MoSMADi was employed to measure the extent of the SMAD for award-winning Malaysian companies. The results suggested that the extent of the SMAD from the annual reports was at an “outstanding” level. The new items related to the crisis response plan category have the highest frequency of the MoSMADi. It was further revealed that 32 out of 70 items were disclosed in the annual reports of all the award-winning Malaysian companies.

This paper enables regulators to formulate future disclosure recommendations encouraging companies to disclose more information about the business model. The improvement in the SMA disclosures will give investors and the public confidence and trust in the government and the Securities Commission of Malaysia. This paper also contributes to the literature on disclosure practices among the public listed companies’ annual reports in Malaysia. Due to the non-availability of a framework for SMAD, the MoSMADi can be the guideline for all Malaysian companies. The MoSMADi can be applied as a checklist to assist and enhance disclosure practices among Malaysian public listed companies. For decision-making, control, and monitoring purposes, the top management of Malaysian

public listed companies can adopt MoSMADi to periodically re-assess their business strategy to sustain their business in the constantly changing business environment. Moreover, digital is no longer an option or an add-on; it is a necessity in looking forward; meeting a certain level of digital maturity will be on many agendas. The learning that can be taken from the organizational responses during the pandemic will help to shape new approaches and new planning that will assist in defining better organizational responses for any future crisis.

Every study has its limitations, and this study is without exclusion. Firstly, since this paper is based on a quantitative study of 16 award-winning companies in Malaysia, future research can adopt the quality of SMA information disclosure from annual reports on a longitudinal basis, that is, inclusive of more than one year annual reports' data for a larger number of public listed companies in the Bursa Malaysia. Secondly, this study examined the disclosure of SMA information from public listed companies' annual reports. Hence, future studies can use the companies' websites to examine the level of SMA disclosure of Malaysian public listed companies. Thirdly, future investigations can be conducted into the disclosure of SMA information for non-public listed companies or Small and Medium Enterprise companies and the local government of Malaysia to cover an overall picture of companies' SMA disclosure in Malaysia. Finally, factors affecting the disclosure of SMA information by Malaysian public listed companies can be studied through various approaches such as interviews and surveys.

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