Voluntary disclosure in Malaysian corporate annual reports: views of stakeholders

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Abstract

Purpose – *The purpose of this paper is to identify ''qualitative'' factors influencing voluntary information disclosure in annual reports.*

Design/methodology/approach – *Semi-structured interviews were held with twenty-seven market participants in Malaysia to elicit opinions on issues related to voluntary information disclosure.*

Findings – *Analysis of interview responses revealed that factors influencing voluntary disclosure in annual reports include the quality of management, gaining analyst trust and promoting company shares, good news versus bad news, the existence of other channel of communication, governance structure and market forces.*

Research limitations/implications – *Some of the ''qualitative'' factors identified do not appear to be totally independent from one another. Further work using factor analysis can be an avenue for future research on accounting disclosure.*

Practical implications – *The results also suggest that some companies may be willing to share information to selected interested parties such as analysts during private meetings rather than in a public document such as the annual report. Thus disclosure in a corporate annual report should not be taken as a conclusive measure of a company's extent of voluntary reporting.*

Originality/value – *This paper is one of few studies which adopts an interview approach to identify ''qualitative'' factors influencing voluntary information disclosure in annual reports.*

Keywords *Voluntary actions, Annual reports, Interviews, Malaysia, Quality management, Meetings*

Paper type *Research paper*

Introduction

Information provided in a company annual report comprises mandatory and voluntary disclosure. Mandatory information refers to information required by the Companies Act, relevant accounting standards, and stock exchange listing requirements (for listed companies) in a particular country. However, some companies do provide voluntary information in their annual reports. Prior research which examined voluntary information disclosure in annual reports documented variation in the level of disclosure among companies investigated. This has led to researchers identifying factors influencing voluntary information disclosure in annual reports. A number of prior research on corporate voluntary disclosure have employed quantitative method such as regression analysis to identify factors influencing voluntary disclosure in corporate annual reports (e.g. Cooke, 1989, 1991; Hossain *et al.*, 1994, 1995; Meek *et al.*, 1995; Raffournier, 1995; Inchausti, 1997; Ho and Wong, 2001; Haniffa and Cooke, 2002; Chau and Gray, 2002; Eng and Mak, 2003; Mohd Ghazali and Weetman, 2006). The use of a regression analysis is however, limited to those factors or variables that can be easily quantified such as company size, profitability, gearing, board composition and ownership structure. Thus, most of prior studies have ignored the potential influence of other ''qualitative'' factors on corporate voluntary disclosure. Review of prior research on voluntary disclosure in Table I also revealed that the highest explanatory

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Table I Selected prior studies on corporate voluntary disclosure

No.	*Authors(s)*	*Country*	*Reporting year*	*Sample*	*Adjusted* R *square (%)*
1.	Chow and Wong-Boren (1987)	Mexico	1982	52 manufacturing companies	15
2.	Cooke (1989)	Sweden	1985	90 non-financial companies	65.8
3.	Cooke (1991)	Japan	1988	48 companies	64.6
4.	Hossain *et al.* (1994)	Malaysia	1991	67 non-financial listed companies	28.6
5.	Hossain *et al.* (1995)	New Zealand	1991	55 listed non-financial companies	68.2
6.	Raffournier (1995)	Switzerland	1991	161 listed non-financial companies	42.0
7.	Depoers (2000)	France	1995	102 listed non-financial companies	53.8
8.	Ho and Wong (2001)	Hong Kong	1997	98 listed companies	31.4
9.	Haniffa and Cooke (2002)	Malaysia	1995	139 non-financial listed companies	47.9
10.	Chau and Gray (2002)	Hong Kong and Singapore	1997	60 listed industrial companies on SEHK, 62 on SSE	HK: 42.7 S: 72.5
11.	Ferguson *et al.* (2002)	Hong Kong	1995/1996	142 listed non-financial companies	34.2
12.	Eng and Mak (2003)	Singapore	1995	158 listed companies	20.6

power of regression model employed was about 70 per cent. This means that almost 30 per cent of factors influencing voluntary disclosure in annual reports have not been captured by the regression models. That could partially be due to factors which are ''qualitative'' or ''not easily quantifiable'' and hence not included in prior regression models.

The use of qualitative data in corporate disclosure area has not been ignored..However, much of these research have focused on investigating issues related to corporate social and environmental disclosure (e.g. Boyce, 2000; Unerman, 2000; O'Dwyer, 2002; Adams, 2002, 2004; Milne and Patten, 2002; Kuasirikun and Sherer, 2004; O'Dwyer *et al.*, 2005; Ogden and Clarke, 2005). Others have examined attitudes and preferences in relation to internet financial reporting (e.g. Beattie and Pratt, 2003; Adams and Frost, 2004; Gowthorpe, 2004), opinions of experts on certain information in annual reports (e.g. McNally *et al.*, 1982; Hooks *et al.*, 2002) and perceptions of users and preparers on the use and importance of annual reports (e.g. Al-Razeen and Karbhari, 2004; Mirshekary and Saudagaran, 2005).

The purpose of this paper is to investigate managerial perceptions of factors influencing voluntary disclosure in annual reports so as to elucidate the motives behind disclosure and non-disclosure. The present study extends prior research on factors influencing voluntary information disclosure in corporate annual reports by conducting semi-structured interviews to identify other ''qualitative'' factors influencing voluntary disclosure.

The remainder of the paper is organized as follows. The next section discusses theories of corporate disclosure. It is then followed by the research method outlining the data collection and research instrument. Interview findings and analysis are then presented. Finally, conclusions and suggestions for future research are provided in the last section.

Theories of corporate disclosure

Elliott and Jacobson (1994) suggest that the primary benefits from information disclosure is a lower cost of capital resulting from reduced information asymmetry while the primary costs of disclosure are competitive disadvantage and information production costs. A company with a large number of analysts following may be motivated to disclose additional information if that can reduce investors' transaction costs thereby making the company shares more attractive. Competitive disadvantage refers to the use of the additional information by competitors to the detriment of the corporation disclosing the information (Radebaugh and Gray, 1997, p. 210). Information production costs refer to the costs of data collection and processing and publishing the information. Information that is already used for internal purposes will not necessitate a high disclosure costs as would be the case for information that had to be compiled wholly. Larger companies are expected to produce additional information for management purposes and to better afford the costs of additional disclosure in annual reports.

Information production costs have been used by a number of studies to explain voluntary disclosure in annual reports. Larger companies are expected to have the resources required for additional information for internal purposes (Singhvi, 1968; Buzby, 1975; Firth, 1979; Lang and Lundholm, 1993; Ng and Koh, 1994; Suwaidan, 1997; Depoers, 2000; Camfferman and Cooke, 2002). Consequently, because the marginal costs of providing additional information for larger companies are lower than smaller companies, larger companies are more likely to disclose additional information than smaller companies.

Disclosure policy has also been argued to be influenced by market pressures. This theory posits that managers of companies wanting to issue public equity or debt, increase disclosure around the period of offerings to reduce the company's cost of capital. Disclosure of additional information reduces the cost of capital by reducing information asymmetry in the market, lowering estimation risks associated with expected future returns, lowering bid-ask spreads and hence transaction costs.

Empirical evidence on the association between voluntary disclosure and equity offerings can be found in Lang and Lundholm (1993, 2000). Lang and Lundholm (1993) found analyst disclosure scores to be higher for companies issuing securities in the current or future period. Lang and Lundholm (2000) reported that companies which significantly increase disclosure activity prior to equity offering, experienced price increases before the announcement but suffered large declines at the announcement date. The study also found that the price declines for consistent disclosers were not as large as other companies, implying that a company's reputation in the market is also an important factor determining market reaction to corporate disclosure.

Another theory that may provide an explanatory framework for voluntary disclosure is based on information asymmetries in the market. Companies that performed better than others may have more incentives to disclose additional information to signal their good performance and screen themselves from companies performing less well (Akerlof, 1970). The theory predicts that other companies with good news will also disclose to avoid possible under-valuation by the market, leaving non-disclosers to be interpreted as having bad news. However, silence may not necessarily imply that the company is withholding unfavourable information. Verrecchia (1983) showed that because companies face different proprietary costs associated with disclosure, investors may find it difficult to assume that non-disclosers are those with bad news. Dye (1985) argued that a company with good news may choose to withhold information whereas a company with bad news may find disclosing to its advantage if the company is concerned with competitors' reaction to such information.

Research method

Data collection

The data for this study come from responses to interview questionnaire. The use of semi-structured interviews has been suggested as an appropriate research method for studies examining relationships between variables, not only for revealing and understanding the ''what'' and ''how'' but also to place more emphasis on exploring the ''why'' questions (Saunders *et al.*, 2003, p. 248). Thus, interviews may shed light on some of the reasons for company disclosure and non-disclosure. Qualitative data such as interview findings have been claimed to be useful when one needs to supplement, validate, explain or reinterpret quantitative data obtained from the same setting (Miles and Huberman, 1994, p. 10).

The interview questions had an open-ended format. It was considered appropriate to use open-ended questions because open-ended questions give freedom to the respondents to express their thoughts and views freely (Smith, 1972, p. 84; Oppenheim, 1992, p. 112). After pilot testing the questionnaires to three qualified Malaysian accountants, some modifications were made to the wordings of a number of questions. The interviews were conducted in late 2002 and early 2003. Each interview lasted for about forty-five minutes to one and a half hours.

Selection of interviewees

Stakeholders in this study are represented by financial controllers, auditors, regulators, investment analysts and bankers. Contacts were made with 32 people through email explaining the purpose of the interview[1]. Of these, 13 were financial controllers and the balance comprising four different user-groups (six regulators, five external auditors, four investment analysts and four bankers). A larger number of financial controllers were targeted because company financial controllers are involved either directly or indirectly in the preparation of annual reports. Hence, it could be expected that financial controllers are more exposed to issues relating to disclosure in annual reports or have a broader perspective on their organisation's corporate disclosure policy. Of the 32 people contacted, five declined to be interviewed[2]. These people declined because of work commitment and time constraint. The 27 respondents who agreed to be interviewed were later contacted through telephone to arrange for suitable time.

Interviews were held with nine company financial controllers, four auditors, six regulators, four investment analysts, and four bankers. All interviewees had at least ten years of working experience with at least five years at managerial levels. As for the regulators, three were from the Securities Commission, two from the Malaysian Institute of Accountant (MIA), and one from the Kuala Lumpur Stock Exchange (KLSE, now known as Bursa Malaysia). All six of them had training in the area of accounting and finance and were formerly from either public practice, commercial, banking or stock-broking firms. Although interviewees were not randomly selected, their diverse background and experience, and familiarity with the Malaysian business environment were considered more necessary and important in further unraveling and understanding factors contributing to managerial decision on corporate disclosure policy[3].

Analysis of interview findings

All except three interviews were tape-recorded[4]. All interviews were transcribed based on the recordings and notes taken down during the interviews. Transcripts for those interviews that were not recorded were sent to the interviewees for verification. Content analysis was carried out to analyse the interview transcripts. Content analysis involves certain key phrases or words being counted, and the frequencies are then analysed (Easterby-Smith *et al.*, 2001, pp. 105-8). In a content analysis, words of the text are classified into fewer categories where each category may consist of one or several words and words or phrases classified in the same category are presumed to have similar meanings (Weber, 1990, p. 12). All transcripts were examined for the presence of themes or keywords. During the first round of transcript examination, emerging keywords and themes were highlighted with different colours. The transcripts were then subjected to second examination to ensure that words, phrases or themes that could be classified in the same category had been highlighted with the same colour. A third and final examination was undertaken to ensure all parts of the interview transcripts (wherever possible) were accordingly categorized. The keywords and themes identified were then arranged in a table to enable scoring of the frequency with which each appeared in the transcripts. Each interview quotation is also labeled with the respondent making the comment.

An issue with coding interview response is that some of the richness of the answers given by respondents might be lost when the answers are classified or coded. Oppenheim (1992, p.112) suggested reporting some of the responses in full to give the reader ''some of the flavour of the replies''. This study combines coding words and reporting selected responses in full to analyse interview findings.

Interview findings and analysis

The responses from interviewees are summarized in Table II. In summarizing the finding, factors influencing voluntary disclosure in annual reports are divided into two categories, ''quantifiable'' and ''qualitative but potentially quantifiable''. This paper discusses factors which have been categorized under ''qualitative but potentially quantifiable''. In drawing up the table to summarize the findings, the response to all questions in the questionnaires were taken into account. This is to ensure that the frequency with which each factor or reason is shown in the table reflects the overall opinions of interviewees on factors influencing voluntary disclosure.

As can be seen in Table II, sixteen ''qualitative'' factors influencing voluntary information disclosure have been suggested by interviewees. These sixteen factors were arrived at based on the researcher's analysis and interpretation of interview transcripts[5]. Out of these sixteen factors only six factors (quality of management, promoting company shares, good news and bad news, existence of other forms of corporate communication, governance structure and market forces) have been suggested by at least one-third of the respondents. For space reasons, this paper discusses these six most frequently cited reasons by interviewees.

Quality of management

As shown in Table II, the ''qualitative but potentially quantifiable'' factor most frequently cited by interviewees as determining company voluntary disclosure practice in annual reports was the quality of management. The importance of the quality of management in influencing corporate disclosure has been documented in prior research. Cerf (1961, p. 24) reported that the item most often mentioned by the 134 analysts who responded to the questionnaires on the characteristics of companies which provide the most useful information was the characteristics of management (mentioned 74 times). This was also consistent with his findings on the interviews that majority of respondents regarded the philosophy of management as an important factor determining corporate disclosure.

With regards to linking the quality of management to theories, arguably the factor can be likened to a company size. That is because the management runs the company. Hence the activities, operations and performance of a company can be said to be a reflection of the quality of management. For example, a company may not want to disclose additional information because the management knows how damaging the disclosure of a piece of information can be to the company (proprietary costs theory). A management that appreciates the benefits of additional disclosure would want to disclose voluntary information to attract additional capital at the cheapest possible price (capital need theory).

A financial controller argued that disclosure is very much the decision of the board, especially the Managing Director:

> It's largely driven by the Board of Directors. It boils down to the directors, their level of sophistication, or confidence that some directors have in the business, their willingness to disclose greater details about their business. To me corporate disclosure is very much the decision of the Managing Director . . . (F9).

Another response from a financial controller was:

> Disclosure of information that enhances shareholders' value is also a reflection of how well the company is being managed . . . (F2).

That implies that companies which are professionally run are expected to disclose more information. This again relates to the quality of management. A council member of the MIA who is also a partner at a medium sized audit firm said the following:

> If you volunteer, that shows that the management has put into place certain infrastructure, quality of management as well, and the management is quite forward looking in the sense that you are concerned about all these areas; that can be the interpretation. If you don't report at all, you may be a company that does not care. In the end, it goes back to the readers and users of financial statements. If they appreciate the information provided, companies will have to deliver, otherwise the annual report is just a practice that we have been doing for the past so many years . . . (R6).

The above response suggests voluntary disclosure in annual reports not only depends on the quality of management but the demand (information costs theory) from users as well and

Table II Factors (qualitative but potentially quantifiable) influencing voluntary disclosure in annual reports – views from interviewees

Respondents	*F1*	*F2*	*F3*	*F4*	*F5*	*F6*	*F7*	*F8*	*F9*	*A1*	*A2*	*A3*	*A4*	*R1*	*R2*	*R3*	*R4*	*R5*	*R6*	*I1*	*I2*	*I3*	*I4*	*B1*	*B2*	*B3*	*B4*	*Total (27)*
Quality of management	✓	✓	✓		✓		✓		✓	✓				✓	✓	✓		✓	✓	✓			✓		✓	✓		16
Analyst trust and promoting company shares	✓	✓	✓	✓			✓	✓				✓			✓		✓	✓	✓	✓	✓		✓	✓				15
Good news vs bad news	✓			✓		✓	✓		✓	✓			✓								✓	✓	✓	✓		✓		12
Existence of other forms of corporate communication		✓	✓	✓		✓	✓		✓			✓	✓	✓						✓	✓			✓				12
Governance structure and directors accountability		✓	✓						✓	✓				✓	✓			✓	✓	✓		✓		✓				11
Market forces e.g expectations, recommendation from industry						✓	✓	✓				✓	✓	✓	✓			✓	✓			✓		✓				11
PR exercise and image building		✓				✓		✓	✓	✓	✓		✓							✓								8
Supplement mandatory requirements	✓				✓	✓		✓			✓		✓						✓						✓			8
Convention e.g industry practice						✓							✓					✓	✓				✓				✓	6
International comparison		✓					✓										✓	✓	✓									5
Shareholder demand												✓	✓			✓	✓		✓									5
Public accountability		✓	✓							✓										✓								4
Proper records and database										✓								✓	✓						✓			4
Relevant for certain type of companies										✓	✓						✓						✓					4
Planning for corporate exercise							✓								✓													2
Beneficial ownership													✓															1

that these factors are inter-related with one another. It also implies that additional disclosure may signal that the management is confident about the future performance of the company.

Analysts' trust

Fifteen respondents suggested gaining analyst trust and promoting company shares as one of the motives for voluntary disclosure in annual reports. This indirectly implies that financial and operational information are the most widely disclosed item in the annual reports because analysts are interested in these types of information when they do company evaluation.

A financial controller said that additional disclosure may be provided:

> If it is to the benefit to the company, and gives more confidence to our shareholders and analysts . . . (F7).

Another financial controller who shared the same view claimed:

> If the information helps to strengthen the case for our company, we will probably disclose. If it is something very rosy and helps to increase our share value, of course we will disclose . . . (F4).

An audit partner with a major international accounting firm who is also a council member of one of the regulatory bodies in Malaysia stressed that:

> When it is voluntary, companies will volunteer to tell people, and show people things that benefit the company. So if the disclosure of that information doesn't help me one bit such as making my company more attractive, I will not disclose . . . (A3).

Other response includes:

> Companies may disclose additional information voluntarily if that could get more investors to buy their shares . . . (I4).

The above responses clearly show that the provision of additional information in annual reports is aimed at attracting more investors to the company. That would suggest that capital need theory provides an explanation for companies to disclose more information.

Good news or bad news

Another factor influencing corporate decisions on voluntary disclosure in annual reports suggested by twelve interviewees was whether the information is good news or bad news. An audit partner with a major international accounting firm said the following:

> Don't forget that voluntary disclosure at the end of the day can be used by companies. For example, if a certain trend doesn't look good for a company, then that company may not want to show that particular trend. That's a fact of life. We all have to accept that when you disclose certain things and because it is voluntary, you are not going to disclose all bad things. To the extent that you can disclose good things, why not, it's a PR exercise too . . . (A4).

A financial controller explained:

> In terms of voluntary information, we tend to show good information . . . (F6)

suggesting that a company would more willingly disclose additional information if the company had done well during the previous financial year. A banker with one of the largest bank in Malaysia said:

> Some companies are more transparent than others. Companies would obviously want to amplify their strengths or perceived strengths rather than their weaknesses . . . (B3)

.A financial controller who seemed cautious of his answers said:

> If the information is detrimental to the company, we will not disclose . . . (F4)

and:

> Companies may not disclose if it creates a negative impact on them . . . (I3).

implying that companies with bad news would not disclose information more than statutorily required. Alternatively, detrimental may not refer to bad news but the impact on the company due to competitors' reaction to the disclosure of that information. Another financial controller (F9) argued that some companies perhaps have something to hide, which again implies either bad news or sensitive information. The responses appear to suggest that the tendency is to disclose good news to signal a company's good performance.

Other forms of corporate communication

The existence of other forms of corporate communication was cited by twelve respondents as a possible factor determining corporate voluntary disclosure in annual reports. An auditor commented:

> The real investors never go to the annual report anyway. That is because we have the analysts to give them all the write up they need. Certain companies actually do provide institutional shareholders with separate forums to discuss their plans and all that . . . (A4).

An analyst clarified:

> Some of the information that we analysts really need such as volume achieved, are not there in the annual report. We will be able to get this information from company visits . . . (I2).

The responses suggest that because corporate information can be obtained through alternative (more efficient) channels, companies may find the costs of providing the additional information in the annual reports more than outweighed by the benefits of providing it. Thus information costs theory may explain disclosure levels in company annual reports. The responses also highlight that information disclosed in an annual report should not be taken as a conclusive measure of the extent of corporate voluntary disclosure.

Governance structure

Eleven interviewees regarded the level of governance structure and directors' accountability as a factor influencing voluntary disclosure:

> If the Chairman and other board members believe in good corporate governance, then they will be motivated to be more transparent in all board decisions and company activities . . . (R2).

An investment analyst argued:

> It is really the philosophy of management. I think to me it reflects a lot on the management, how you place your sense of responsibility and so-called accountability to the shareholders . . . (I1).

That view is supported by a financial controller who said:

> Disclosure also shows accountability of management and the board of directors to all stakeholders . . . (F2).

It appears from these responses that accountability on the part of management is an important factor determining corporate voluntary disclosure decision.

Industry recommendation

Expectations and recommendations from industry were also proposed as another factor influencing voluntary disclosure. An investment analyst attributed a company's reluctance to disclose additional voluntary information to lack of guideline:

> If there is a guideline or checklist then it will be easier for companies to follow. Sometimes you need somebody else to see it from another angle, maybe these other people can see better whether information you disclosed in the annual report is sufficient . . . (I3).

That view is shared by a regulator who argued:

> When you say voluntary disclosure, everyone has his own interpretation, there is no codification and no one has done a list of expectations . . . (R1).

It was also pointed out during some of the interviews that companies perhaps would be persuaded to disclose if there were recommendations from the industry. That in a way suggests initiatives from the various bodies, be it professional or regulatory may assist in persuading companies towards more information disclosure in annual reports[6]. A financial controller suggested that one of the reasons why a company would voluntarily disclose additional information was:

> To be seen as transparent and promote corporate governance . . . (F8).

This implies that some companies might have felt pressured to disclose because of market expectations[7] and if a company did not live up to that expectations, that company could be penalized by the market. The above responses can be interpreted as implying that the costs of providing additional information are high. However, if there are expectations or recommendations, companies may feel that there are justifications or benefits associated with the additional information provision.

Summary, conclusions and suggestions for future research

This paper has reported findings from interviews held with twenty seven market participants on issues related to voluntary disclosure in annual reports. Based on the transcripts prepared, respondents' views and opinions were analysed and interpreted to shed further light on ''qualitative'' factors influencing corporate voluntary disclosure in annual reports.

Sixteen ''qualitative'' factors were suggested by interviewees as possible determinants of voluntary disclosure in Malaysian corporate annual reports. These factors may account for some of the unexplained variation in the multiple regression models reported in prior research on voluntary disclosure. The discussion in the preceding section on the six most cited reasons by respondents on factors influencing voluntary disclosure in annual reports appears to suggest that theoretical frameworks which may help explain managerial motives for voluntary disclosure include information costs, capital need and signaling. This paper suggests that information costs theory may help explain why factors such as market forces, the existence of other corporate communication and quality of management can influence managerial decision to disclose voluntary information in annual reports. Additionally, capital need theory is suggested to help explain analyst trust and quality of management factors. Signaling theory is suggested to explain the influence of good news/bad news and also quality of management on voluntary disclosure in Malaysian annual reports.

With regards to testing the factors suggested by respondents in a statistical model, future research may consider the following recommendations. Firstly, these factors may be incorporated in a statistical model in future studies on voluntary disclosure if a rating or ranking system can be devised to quantify each of them. For example, future research can consider designing a questionnaire to survey market participants on the quality of management. Secondly, some of the factors listed in Table II above do not appear to be totally independent from one another. For instance, it could be argued that industry expectations are related to the convention of following the practice of other companies. Similarly disclosure of good news and public relations exercise can also be considered as part of promoting the image of a company. In addition, international comparison can be said to be related to promoting a company's share. As one of the financial controllers pointed out, if their disclosure in annual report is at least comparable to some of their overseas rivals that may help put his company in a better light. Further work using factor analysis can be another avenue for future research on accounting disclosure. Using factor analysis can help identify variables that load on to the same factor consequently reducing the number of variables to be tested in the voluntary disclosure model.

The interviews have provided some insights into factors influencing voluntary disclosure in annual reports. Some of the qualitative factors suggested by interviewees may not have been identified through other than personal interviews. Of particular interest is the suggestion of interviewees on the use of private discussions and meetings in Malaysia. A number of interviewees pointed out that certain companies prefer private disclosure as opposed to public disclosure. This suggests that information may be reaching the market through routes other than a public document such as the annual report. That could be especially so in a relationship-based economy. The existence of private communication channels may also partially explain the low levels of voluntary disclosure observed in company annual reports investigated in prior studies. Thus, investigating the costs and benefits and importance of private corporate communication in a developing country is a potential future research area. In concluding, it needs to be mentioned that since the sample size is fairly small, generalization of the findings may be limited. Further research in this area employing a larger sample size may produce results that are more valid and generalizable to a wider population.

Notes

1. The 32 people contacted were identified through personal contacts and networking. In a developing country like Malaysia where research is relatively unfamiliar and interviews are not readily welcomed, the use of networking can help increase the researcher's chances of access to interviews. Initially the researcher planned to have an equal number of respondents for preparers and users. However, as the research proceeds it became apparent that a larger number of users could be contacted. Hence the unequal number of 13 preparers and 19 users approached.
2. Four of the five who declined were company financial controllers. The other person was an audit partner with a major international accounting firm.
3. Information about interviewees is provided in the Appendix.
4. These interviews were not tape-recorded because the respondents did not agree the conversation should be tape-recorded.
5. As mentioned in the ''Analysis and interview findings'' section, this research combines coding words and reporting selected responses in full to analyze interview findings.
6. In August 2002, The KLSE set up a Taskforce on Corporate Disclosure Best Practices comprising industry representatives to provide further guidance for public listed companies to develop relevant policies and procedures to promote best practices in corporate disclosure. The Best Practices in Corporate Disclosure was subsequently launched in August 2004.
7. Expectations here refer to the current developments in Malaysia where corporate transparency and accountability are being promoted and strongly encouraged.

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Appendix

Table AI Information about interviewees

Financial controllers		*Auditors*		*Regulators*		*Investment analysts*		*Bankers*	
R	*Industry*	*R*	*Position/audit firm*	*R*	*Position*	*R*	*Position/firm*	*R*	*Position/bank*
F1	Newspaper publishing	A1	Partner/medium size	R1	President	I1	Head of country research/international firm	B1	Director/leading merchant bank
F2	Airport management	A2	Partner/medium size	R2	Director	I2	Senior investment analyst/local fund manager	B2	Director/leading merchant bank
F3	Properties/utility	A3	Deputy chairman/major international accounting firm*	R3	Deputy manager	I3	Group general manager/local investment holding company	B3	Regional head/leading commercial bank
F4	Broadcasting	A4	Executive director/major international accounting firm	R4	Senior manager	I4	International fund manager	B4	Senior manager/leading commercial bank
F5	Insurance			R5	Assistant manager				
F6	Trading and services			R6	Council member**				
F7	Investment holding and property development								
F8	Technology								
F9	Trading and services								

Notes: R – respondent; * also a council member of one of the professional accounting bodies in Malaysia; ** also a partner at a medium size audit firm

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