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OWNERSHIP AND SEGMENT DISCLOSURE: MODERATING EFFECT OF COMPETITIVENESS IN MALAYSIA

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ABSTRACT

This paper aims to investigate whether firm and industry level of competitiveness has had a moderating effect on the level of segment disclosure, prior to the introduction of IFRS 8 – operating segments for companies, with differing ownership structures in Malaysia. A self-constructed segment disclosure index using data was drawn from firms listed in the Malaysian stock exchange for the period of 2006 to 2008. A total of 1,752 firm-year observations were used. The results show that competitiveness, either at the firm level or industry level experienced no effect on the extent of segment disclosures during the duration of pre-IFRS 8. However, the findings suggest that accounting qualifications of audit committee members, sizes of firms, years of listing, profitability and analyst following of the firms have significantly explain the extent to which segment information was disclosed in Malaysia.

Keywords: *Segment disclosure, ownership concentration, emerging market, competitiveness*

INTRODUCTION

The growth in internationalization of trade has resulted in firms' diversion in products they offer and geographical locations that they represent. In the wake of this inevitable reality, the need for reliable information on each

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of segments that firms operate in has become imperative for stakeholders and analysts.

The introduction of International Financial Reporting Standard 8 (IFRS8) on operating segments is an effort to bridge the information gap that persisted between users and preparers of accounts, especially in situations where consolidated financial statements are partially revealed in order to infer operational inefficiencies that present in some segments.

One of motivations for the introduction of IFRS8 is to mandate the provision of segment's information from the management perspective, which the presupposed will eliminate each information asymmetry that existed under the predecessor standard. Arguments were made that the predecessor standard availed undue managerial discretion, where the reported segments were substantially different to those that the internal decision makers utilized. This matter was argued due to both, competitive pressures faced by firms and ownership structures.

Emerging economies are generally characterized by concentrated ownership with family ownership taking the lead (Claessens, Djankov, Fan & Lang, 2002). This is therefore reasonable to presume that the provision of information could be impaired by the entrenchment effects in these economies. This claim is exacerbated if one considers the proprietary costs as attached to such revelations. There is ample evidence in the literature to suggest that firms shy away to disclose information that could impair their competitive advantage. Firms with sensitive information and specific reference to segment disclosures would refrain them from disclosing such information, if the proprietary costs attached to those information outweighs that pressures exercised by the users of such information (Harris, 1998; Botosan & Stanford, 2005; Hayes & Lundholm, 1996). Hence, this is reasonable to conjecture that competitiveness plays a moderating role in the determination of extent to which a company would reveal its sensitive information.

Given the plausibility of the above argument, this research attempts to investigate whether there was a moderating effect of competitiveness on the provision of segment information by Malaysian companies before the formal introduction of IFRS 8. Malaysia, with an emerging economy, has fully adopted the provisions contained in IFRS 8 with effect, starting from January 2012. If the competitive pressures are likely to moderate the information provision in the post implementation period, they should have been highly pronounced in the pre implementation period, as discretions permitted under the pre-IFRS 8 regime were greater. Malaysia was chosen as the setting for the above analysis, due to the well fit of the country with the argument set out above. Most publicly listed companies in Malaysia originated as family controlled companies, with founding family members eagerly exercising the majority control. Although over the passage of time their ownership structures have become somewhat diffused, the founding family's control still persists. Malaysia also presents itself with companies that have an ownership concentration stemming from institutional control, especially through shareholdings by the government. A number of companies which listed in the Malaysian stock exchange are controlled by the government, and hence the researchers of this study surmise that their informational disclosures could have been moderated significantly by competitiveness.

The results of this study suggest that neither increases nor decreases in the levels of segment disclosures under various ownership structures were moderated by competitiveness of firms at both firm and industry levels in Malaysia. There are three ownership structures that examined herein, namely family and founding family, managerial, foreign and institutional.

This study contributes to the existing literature on segment disclosures in two ways. Primarily, this study considers the moderating effect of competitiveness on ownership structures as opposed to their direct effects as compared to what was done previously. Secondly, in measuring the extent of disclosures by Malaysian firms, this study, in addition intend to check for the financial and non-financial information mandated by the standard, performs content analysis on other disclosures such as the chairman's statements, management discussion documents and operational results to corroborate the facts. The detailed investigation of disclosures on activities segmentation from various sources within the annual report has ensures a robust effort to seek evidence on whether the firms choose to remain opaque and reluctant to disclose their high quality of segment disclosures as a result of the ownership structure.

REVIEW OF LITERATURE AND HYPOTHESIS DEVELOPMENT

The impact of ownership structure on levels of disclosure has been a topic of interest for many researchers (Shleifer & Vishny, 1997; Morck, Shleifer & Vishny, 1988; Morck & Yeung, 2003; Jiang & Habib, 2009). This has been widely acknowledged that developed countries tend to have diffused ownership structures, wherein no single shareholder owns a controlling percentage. Diffused structures are considered superior to concentrated structures as they curtail the incidences of expropriation of minority interests, and as a consequence provide disclosures with greater degree of detail that helps to reduce information asymmetry. Concentrated ownership structures on the other hand, when viewed through the lens of corporate governance literature, rank poorly due to their potential to expropriate minority interests.

Companies in developing countries are typically characterized as having highly concentrated ownership structures. However, concentrated ownership leads to poor levels of disclosure, and remains inconclusive (Chau & Gray, 2002; Eng & Mark, 2003; Haniffa &, Cooke, 2002; Ho & Wong, 2001). Concentrated ownership in companies occurs when a single category of shareholders own a majority of the shares, while the others are dispersed with no more than 5%. These categories of ownership could stand among of the founding family, management, foreign institutions, and the state.

Some studies that relied on Agency Theory and information asymmetry hypotheses suggest that firms with concentrated ownerships have less incentive to disclose, either over and above the requirement. The rationale being that is due to the entrenched nature of the owners in the management of their businesses, as there would be low agency conflict and consequently low information asymmetry. Under such conditions, the literature argues that managers will imply with less disclosure, and taking advantage of the discretionary limits which accorded to them in the accounting standard.

Family and Founding Family Ownership

In the case of the East Asian countries, the controlling–shareholders' holding more than 50% is common, and the separation of ownership and control is least pronounced amongst family-controlled firms (Thillainathan, 1999). Even in the developed sectors of the region, like Singapore and Hong Kong, the family ownership structures have been found as a determinant onto disclosure orientation of firms. (Lam, Mok, Cheung & Yam, 1994; Mok, Lam & Cheung, 1992). As all emerging markets are in the race to become developed markets, the propensity for them to hide their sensitive information could possibly create high competitive disadvantages. This was found to be so through the case in Hong Kong, where impaired performance by concentrated firms was further degraded the voluntary segment disclosure levels (Leung & Horowitz, 2004).

Although the above arguments and empirical findings conform to rational expectations, an evidence is also presented as a contrary. Shleifer and Vishny (1997), Morck, Shleifer and Vishny (1988), and Morck and Yeung (2003) found that family controlled companies are less likely to engage with opportunistic behavior in reporting accounting earnings, if the engagement is potentially could damage the family's reputation, wealth, and long-term performance. These researchers argue that family controlled type of firms would be inclined to report high quality financial information.

Given the contrary views, the extent to which managers have exercised the discretionary latitude provided under the pre-IFRS 8 when faced with family control and competitive pressures, remains as an empirical question, especially in the case of Malaysia. Following the popular expectation of negative impact on segment's disclosures, the researcher of this study hypothesize that family-firms as tend to have greater incentive not to disclose the segment's information, especially in the presence of firm and industry level competitiveness that protect their competitive advantages during the slot of pre-IFRS 8.

H_{1A}: The extent of family and founding family ownership will negatively impact the extent of segment disclosure for firms with higher firm-level competitiveness.

H_{1B}: The extent of family and founding family ownership will negatively impact the extent of segment disclosure for firms with higher industry-level competitiveness.

Managerial Ownership

Managerial ownership arises when the Chief Executive Officer (CEO) or the executive directors acquire certain percentage of ownership in firms that they manage. In emerging countries such as Malaysia, the managerial ownership predominantly occurs when a manager or director is a founder of the firm or a member of the founding family (Claessens, Djankov, Fan & Lang, 2002). Due to this, managerial ownerships mirror the family ownership characteristics as per described earlier. Since the extent of managers' shareholding has determines the extent of alignment of interests between the management and shareholders (Jensen & Meckling, 1976; Demsetz, 1983; Shleifer & Vishny, 1997), it is suggested that the traditional agency problem could possibly mitigate by enhancing managerial ownerships in firms, which thereby increasing managers' incentive in providing more disclosure. Eng & Mak (2003) and Chau & Gray (2010) had confirmed this notion and shown the lower managerial ownership as to have a negative effect on disclosure.

Managerial ownership, which is common and prevalent in emerging markets, tends to stifle public accountability when outsiders' interests are relatively small. This is therefore argued through the controlling owners who have less incentive to provide detailed financial information. This can be further exacerbated by given the discretionary nature of segment disclosures and the disincentive for managers in closely-held firms to disclose segment information when having to face other stronger competition. The researchers of this study therefore proposed the following hypotheses.

H_{2A}: The extent of managerial ownership will negatively impact the extent of segment disclosure for firms with higher firm level competitiveness.

H_{2B}: The extent of managerial ownership will negatively impact the extent of segment disclosure for firms with higher industry level competitiveness.

Institutional Ownership

Block shareholdings by institutions in companies represent their long term commitment. These institutional owners possess greater influence over individual's owners due to the size of their investment and their ability to harness expert knowledge. Therefore, this is reasonable to presume that higher institutional control in firms would trigger greater monitoring and consequently lead to the high quality of disclosures. Zhang and Ding (2006) argued that the strong shareholder activism by institutional investors would increases the quality of disclosures, which also helps in a way to improve investor's ability in monitoring managers, as corroborates with similar conclusions stated by Jensen and Meckling (1976); Huafang and Jiangguo (2007); Chau and Gray (2002), and Haniffa and Cooke (2002). Argument to the contrary has suggests that institutional ownership with the cause of its size and influence is potentially could be enjoying the access to privileged information, and minimising the need for formal disclosure.

In the case of Malaysia, although the presence of active large beyond share ownership is minimal, there is a significant presence of state ownership in corporations. The political pressures, that exerted by the state and state affiliated institutions seem as highly happening in Malaysian companies, which resulting in such reluctance of firms to disclose thier information, as per evidenced by Ghazali and Weetman (2006). The researcher of this study hence believe that in the case of Malaysia, the companies which dominated by institutional ownership would be less willing to disclose segment information during competition.

H_{3A}: The extent of institutional ownership will negatively impact the extent of segment disclosure for firms with higher firm-level competitiveness.

H_{3B}: The extent of institutional ownership will negatively impact the extent of segment disclosure for firms with higher industry-level competitiveness.

Foreign Ownership

Foreign investors are likely to be less informed of the local economic realities and may demand more disclosures of financial information (Bradbury, 1991). Demands for disclosures are generally higher when foreigners hold high proportions of shares, which allowing them to reduce the need for more costly private information. However, Ananchoticul (2007), and Mangena and Tauringana (2007) found that foreign investors tend to become part of the 'insiders', when they have control over the firm, and react like other local investors. This argument resulted to portray the weakness of corporate governance, and consequently mirroring to the low levels of disclosure.

Unlike firms in other emerging market countries, Malaysian firms generally have low levels of foreign ownership. Hence, foreign investors are likely to react more alike with the minority shareholders, preferring firms to provide greater disclosures; both in quantity and quality. Due to their relatively insignificant presence in Malaysia, the extent to which managers in companies would yield to their demands has remains to be tested empirically. This is therefore reasonable to expect that managers in such firms will utilize the discretionary latitude which provided in the standard to conceal information, while considering in hampering competitive advantages. Hence, the researchers expect that the effect of foreign ownership on the extent of segment disclosure as to be negative for firms with higher firm and industry level competitiveness.

H_{4A}: The extent of foreign ownership will negatively impact the extent of segment disclosure for firms with higher firm level competitiveness.

H_{4B}: The extent of foreign ownership will negatively impact the extent of segment disclosure for firms with higher industry level competitiveness.

RESEARCH DESIGN

Sample

The sample for this analysis was chosen from Malaysian firms listed on Bursa Malaysia, with the data was collected from annual reports, which available in the Securities Commission Listing website and the Compustat database. The research data covers financial periods from 2006 to 2008. The data beyond the year 2008 was not considered as Malaysia introduced the significant changes to its corporate governance regulations partly in an effort to converge the accounting standards with the International Financial Reporting Standards in 2007. A further care was taken in order to include companies that contained significant percentages of foreign operations

(Nichlos & Street, 2007; Tsakumis Doupnik & Seese, 2006; Boonlert U-Thai, Meek & Nabar, 2006) which would help in a way to investigate hypothesis 4.

The final sample contains 584 companies, covering all industry sectors with the exception of Banking, Finance, Trust and Insurance, and divisions that failed to perform a consistent report segment's information during the evaluation period. Both ownership and segment data were handily collected, corroborating the information with matters stated in the Chairman's statement, and notes to the financial statement contained in annual reports.

Segment Disclosure Index

The quality of segment disclosure is an abstract phenomenon which cannot be measured directly as stated by Cooke and Wallace (1990). To circumvent this issue, prior studies have constructed disclosure indices in which to proxy the quality of segment information (Talha, Sallahuddin & Mohammad, 2006).

In this study, a robust disclosure index was self–constructed, based on the mandatory disclosure checklist that specified in the IAS 14 (R), and the voluntary–disclosure checklist developed by Wang, Sewon and Clairborne in 2008. Conformation was also sought from relevant literature on the disclosure requirements for Malaysian firms listed in the Bursa Malaysia. The segment disclosure index was further validated by the content analysis method, using the chairman's report and management discussion documents, which are available in the annual reports. Although there is no prior studies have used content analysis in measuring the quality of segment disclosure, this method is commonly done for other accounting disclosures such as corporate social responsibility or CSR (Amran & Devi, 2008; Haniffa & Cooke, 2002). Herrmann and Thomas (1997) argued that, although the quality of segment disclosure is often measured by the number of disclosed items, it is not robust enough unless assisted with the corroborated of other statement disclosures. This research has overcomes the respective problem by incorporating content analysis in corroborating disclosures.

In the application of scoring system, this research has determined a score of 1 as to be accorded for disclosure of an element, and 0 for non-disclosure. The non–financial information was coded by using the topic–based analysis method used by Robb, Single and Zarzeski in 2001, as per recommended in the Jenkins report. The Jenkins report highlights four main items as desirable segment information, namely business, geographical disclosure, competitor analysis, and market share analysis as per highlighted by Chau and Gray (2002) and further extended by Wang, Sewon and Clairborne (2008). For each item of non–financial information, an additional score of 1 for disclosure or 0 otherwise was awarded.

The final scoring system contained a total of 31 items (4 non–financial information items and 27 item highlighted in IAS 14(R)). These scores were aggregated to form an overall disclosure scores.

Model Specification

The researchers of this study used regression analysis to test the moderating effect of competitiveness on the relationship between the types of ownership structures and the extent of segment disclosures.

Model A: Firm-level Competitiveness Model

$$SDINX_{jt} = \beta_0 + \beta_1\ MANOWN*COCOM_{jt} + \beta_2\ FAFOWN*COCOM_{jt} + \beta_3 FOREOWN*COCOM_{jt} + \beta_4\ INSTOWN*COCOM_{jt} + \beta_5 ACIND_{jt} + \beta_6 ACPRO_{jt} + \beta_7 SZFIRM_{jt} + \beta_8 AUQ_{jt} + \beta_9 LISTYRS_{jt} + \beta_{10} LEVER_{jt} + \beta_{11} PROFIT_{jt} + \beta_{12} ANALYST_{jt} + \beta_{13}\ INDUSTRY_{jt} + \text{“}\varepsilon\text{”}_{jt}$$

Model B: Industry-level Competitiveness Model

$$SDINX_{jt} = \beta_0 + \beta_1\ MANOWN*INDCOM_{jt} + \beta_2\ FAFOWN*INDCOM_{jt} + \beta_3 FOREOWN*INDCOM_{jt} + \beta_4\ INSTOWN*INDCOM_{jt} + \beta_5 ACIND_{jt} + \beta_6 ACPRO_{jt} + \beta_7 SZFIRM_{jt} + \beta_8 AUQ_{jt} + \beta_9 LISTYRS_{jt} + \beta_{10} LEVER_{jt} + \beta_{11} PROFIT_{jt} + \beta_{12} ANALYST_{jt} + \beta_{13}\ INDUSTRY_{jt} + \text{“}\varepsilon\text{”}_{jt}$$

Where:

Dependent variable:

$SDINX_{jt}$ Segment disclosure index for company $_j$, in year $_t$
Independent variables:

$MANOWN_{jt}$	Managerial ownership for company $_j$ in year $_t$;measured as percentage of shares held by executive directors
$FAFOWN_{jt}$	Family and founding family ownership for company $_j$ in year $_t$; measured as percentage of shares held by family members and founding family members.
$FOREOWN_{jt}$	Foreign ownership for company $_j$ in year $_t$; measured as percentage of shares held by foreign companies.
$INSTOWN_{jt}$	Institutional ownership for company $_j$ in year $_t$; measured as percentage of shares held by institutions including the State.

Moderator variables:

$COCOM_{jt}$	Company level of competitiveness for company $_j$ in year $_t$; measured as market share by taking ratio of company's sales to the total sales of the companies in the same industry sector.
$INDCOM_{jt}$	Industry level of competitiveness for company $_j$ in year $_t$; measured as concentration ratio by taking the ratio of total sales made by two largest companies in the industry to the total sales of that industry

Control variables:

$ACIND_{jt}$	Independence of audit committee for company $_j$ in year $_t$ is measured by the ratio of non – executive directors in audit committee to total numbers of audit committee members.
$ACPRO_{jt}$	Professional accounting qualifications possessed by the audit committee members for company $_j$ in year $_t$; measured by the ratio of number of audit committee members possessing accounting qualifications to the total number of audit committee members.

$SZFIRM_{jt}$	Size of the firm for company $_j$ in year $_t$; measured by the natural log of total assets at the end of the fiscal year.
AUQ_{jt}	Audit quality for company $_j$ in year $_t$ is coded 1 if "Big 4" and 0 if "Non–Big 4"
$LISTYRS_{jt}$	Years listed in the stock exchange for company $_j$ in year $_t$; measuredby total number of years since listing.
LEV_{jt}	Leverage for company $_j$ in year $_t$ is measured by long-term debt divided by shareholder equity.
$PROFIT_{jt}$	Profit for company $_j$ in year $_t$; measured by net profits divided by total assets.
$ANALYST_{jt}$	Analyst following for company $_j$ in year $_t$; coded 1 if the firms have analysts' following and 0 if none.
$INDUSTRY_{jt}$	Industry dummy for company $_j$ in year $_t$ for following industries: consumer discretionary; consumer staples; industrial; financial; information technology; healthcare; materials and utilities
$\beta 0$	Intercept
$\beta 1\text{-}13$	Estimated coefficient for each item;
ε_{jt}	Error term

RESULT AND DISCUSSION

Descriptive Results

Table 1 provides the descriptive statistics of this study. Based on the researchers, the average segment disclosure score is 0.34, which is very low. This indicates that managers in Malaysia have been taking advantage of the discretion that provided in the standard in order to inform less to the market. The ownership scores for managerial, family and founding family and foreign ownership are at 7.93 and 5.87 and 3.19 respectively. The higher score of 8.4 for institutional ownership is a result of inclusion of the state ownership under this category.

Table 1: Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
SDINX	0.000	0.647	0.339	0.137
MANOWN	0.000	57.270	7.931	12.366
FAFOWN	0.000	83.140	5.873	14.842
FOREOWN	0.000	61.970	3.188	10.188
INSTOWN	0.000	69.160	8.406	10.904
ACIND	0.574	1.000	0.934	0.089
ACPRO	0.000	1.000	0.575	0.213
SZFIRM	0.000	5.010	2.547	0.711
AUQ	0.000	1.000	0.567	0.496
LISTYRS	0.000	47.000	12.195	9.655
LEVER	0.000	28.180	3.813	3.476
PROFIT	0.000	20.050	2.345	1.399
ANALYST	0.000	1.000	0.411	0.492
INDCOM	0.000	0.330	0.022	0.053
COCOM	0.000	0.910	0.333	0.247
CDIS	0.000	1.000	0.173	0.379
CSTA	0.000	1.000	0.120	0.325
FIN	0.000	1.000	0.070	0.256
HTC	0.000	1.000	0.024	0.153
IND	0.000	1.000	0.334	0.472
MAT	0.000	1.000	0.057	0.231
UTL	0.000	1.000	0.173	0.379

Tables 2 and 3 present the Pearson correlation matrices for firm-level competitiveness and industry-level competitiveness. The segment disclosure scores (SDINX) are positively correlated with managerial ownership (firm level: $p = 0.14$; industry level: $p= 0.14$), and family and founding family ownership (firm-level: $p= 0.09$; industry level: $p= 0.10$) supporting the notion that managerial ownership in Malaysia is an evolution of family ownership. The segment disclosure scores are also significantly correlated with the control variables, which are the size of the firm, years of listing, leverage, profitability, and the analyst-following.

Table 2: Pearson's Correlations for Firm-Level Competitiveness Model

	SDINX	MAN*COM	FAF*COM	FORE*COM	INST*COM	ACIND	ACPRO	SZFRM	AUQ	LSTYRS
SDINX	1**									
MAN*COM	.14**	1**								
FAF*COM	.09*	-.09*	1**							
FORE*COM	.051	-.07	-.11**	1**						
INST*COM	-.03	-.06	-.01	-.03	1**					
ACIND	.05	.09*	.07	.03	.09*	1**				
ACPRO	.04	.029	-.14**	-.161**	.06	.08	1**			
SZFRM	.25**	.40**	.05	-.07	-.06	.08	-.03	1**		
AUQ	0	.11*	-.11**	.03	.03	.05	.03	.27	1**	
LSTYRS	.10*	.19**	.02	-.05	-.02	.07	-.08	.28**	.04	1**
LEVER	.09*	.25**	-.04	-.02	-.02	.05	-.06	.39**	.13**	.05
PROFIT	-.17**	-.05	-.02	-.01	.07	.05	.09*	.11**	-.04	-.06
ANALYST	-.08*	.13**	.03	-.01*	-.04	.17**	.21**	.22**	.13**	.04
CDIS	-.01	.02	.21**	.10*	-.07	.04	-.14**	-.12**	-.06	-.08*
CSTA	-.14**	.012	.17**	-.11**	-.09*	-.06	.06	.06	-.03	.11**
FIN	-.06	-.05	.16**	.19**	.16**	.06	-.04	.11*	.02	.27
HTC	-.01	.03	-.05	.06	.19**	.11**	-.01	-.05	.00	.00
IND	.06	-.05	-.07	-.01	.08	-.06	.01	-.01	-.01	-.10*
MAT	.05	-.06	.28**	.02	.09*	.13**	-.02	-.17**	-.06	-.03
UTL	.01	-.07	-.21**	-.14**	-.12**	-.09*	.06	.03	.11**	-.06

	LEVER	PROFIT	ANALYST	CDIS	CSTA	FIN	HTC	IND	MAT	UTL
LEVER	1**									
PROFIT	-.14**	1**								
ANALYST	-.05	.08*	1**							
CDIS	-.07	-.02	-.11	1**						
CSTA	-.05	.04**	.01	-.17**	1**					
FIN	-.02	-.07	.14	-.13**	-.10**	1**				
HTC	-.02	.06	.05	-.07	-.06	-.04**	1**			
IND	.05	-.02	-.07	-.32	-.26	-.2	-.11	1**		
MAT	-.11**	.14	-.04	-.11**	-.09	-.07*	-.04**	-.17	1**	
UTL	-.05	-.04	.01	-.21**	-.17**	-.13**	-.07*	-.32	-.11	1**
** Correlation is significant at the 0.01 level (2-tailed)										
* Correlation is significant at the 0.05 level (2-tailed)										

Table 3: Pearson's Correlations for Industry-Level Competitiveness Model

	SDINX	MAN*COM	FAF*COM	FORE*COM	INST*COM	ACIND	ACPRO	SZFRM	AUQ	LSTYRS
SDINX	1									
MAN*COM	.14**	1								
FAF*COM	.1*	-.0 4	1							
FORE*COM	.08	-.03	-.01	1						
INST*COM	.00	.02	-.03	.71**	1					
ACIND	.05	.02	.04	.09	.06	1				
ACPRO	.04	.02	-.03	-.02	.01	.08	1			
SZFRM	.25**	.28**	.01*	.06	.02	.08	-.03	1		
AUQ	.00	.01	.06	-.00	-.02	.05	.03	.27**	1	
LSTYRS	.10*	.11*	-.02	-.03	.02	.07	-.08	.28**	.04	1
LEVER	.09*	.24**	.01	.00	-.00	.05	-.06	.39**	.13**	.05
PROFIT	-.17**	-.01	.01	.06	.07	.05	.09	.11**	-.04	-.06
ANALYST	-.08	-.00	-.12**	.10*	.13**	.17**	.21**	.22**	.13**	.04
CDIS	-.00	-.07	-.04	-.04	-.03	.04	.14**	-.12**	-.06	-.08*
CSTA	-.14**	-.06	-.02	-.04	-.04	-.06	.06	.06	-.03	.11**
FIN	-.06	-.04	-.03	-.04	-.01	.06	-.04	.11*	.02	.27**
HTC	-.01	-.02	.06	.36**	.40**	.11**	-.00	-.05	.00	.00
IND	.06	-.11**	-.10*	-.06	-.09*	-.06	.01	-.01	-.01	-.10*
MAT	.05	-.04	.30**	-.04	-.02	.13**	-.02	-.17**	-.05	-.03
UTL	.01	-.07	.02	.04	.00	-.09	.06	.03	.11**	-.06

	LEVER	PROFIT	ANALYST	CDIS	CSTA	FIN	HTC	IND	MAT	UTL
LEVER	1									
PROFIT	.14**	1								
ANALYST	-.05	.08	1							
CDIS	-.07	-.02	-.11	1						
CSTA	-.05	.04	.10**	-.17	1					
FIN	-.02	-.07	.14	-.13	-.10	1				
HTC	-.02	.06	.05	-.07	-.06	.04**	1			
IND	.05	-.02	-.07	-.32**	-.26*	-.19	.11*	1		
MAT	-.11**	.14	-.04	-.11	-.09**	-.07	-.04	-.17**	1	
UTL	-.05	-.04	.01	-.21	-.17	-.13	-.07	.32*	-.11	1
** Correlation is significant at the 0.01 level (2-tailed)										
* Correlation is significant at the 0.05 level (2-tailed)										

Table 4 shows the result of the regression. In Model A, the researchers examined the moderating effects of firm-level competitiveness on the relationship between types of ownership structures and the extent of segment disclosure. Besides, the researchers find positive and significant coefficients for managerial ownership (MANOWN*COCOM) ($\beta = 0.234$), and a positive and significant coefficient for family and founding family ownership (FAFOWN*COCOM) ($\beta = 0.228$). In Model B, the researchers examined the moderating effects of industry-level competitiveness where they found family and founding family ownership (FAFOWN*INDCOM) ($\beta = 2.628$) as positively associated with disclosure levels.

Table 4: OLS Estimations for Emerging Market

	FIRM LEVEL (MODEL A)		INDUSTRY LEVEL (MODEL B)	
	Coefficient	t-statistic	Coefficient	t-statistic
(Constant)	5.770	(2.248)	19.056	(2.709)
MANOWN * COCOM	0.234	(1.871)*		
FAFOWN * COCOM	0.228	(2.456)**		
FOREOWN * COCOM	-0.112	(-0.627)		
INSTOWN*COCOM	-0.036	(-0.282)		
MANOWN * INDCOM			1.006	(0.913)
FAFOWN * INDCOM			2.628	(2.625)**
FOREOWN * INDCOM			-3.219	(-1.347)
INSTOWN*INDCOM			0.308	(0.340)
ACIND	4.833	(0.784)	3.727	(0.603)
ACPRO	7.940	(2.984)**	6.708	(2.570)**
SZFIRM	5.563	(5.887)***	5.384	(5.540)***
AUQ	-1.736	(-1.539)	-1.865	(-1.670)*
LISTAT	-0.118	(1.964)*	0.113	(1.865)*
LEV	-0.231	(-1.300)	-0.242	(-1.360)
PROFIT	-1.564	(-4.036)***	-1.619	(-4.168)***
ANALYST	-3.357	(-2.810)**	-3.347	(-2.770)**
CDIS	-0.510	(0.133)	0.064	(0.017)
CSTA	-5.560	(-1.400)	-6.530	(-1.670)*
FIN	-7.230	(-1.717)*	-5.692	(-1.357)
HTC	1.081	(0.217)	-1.767	(-0.346)
INT	3.888	(0.907)	4.505	(1.040)
IND	0.722	(0.197)	0.358	(0.098)
MAT	0.473	(0.122)	-0.805	(-0.213)
UTL	6.348	(1.264)	4.584	(0.878)
R 2	0.176		0.173	

	FIRM LEVEL (MODEL A)		INDUSTRY LEVEL (MODEL B)	
	Coefficient	t-statistic	Coefficient	t-statistic
Adjusted R2	0.147		0.144	
p- value	0.000		0.000	
F – stat	6.019		5.892	
Note: Significance at: *10; **5; 1*** percent level				

Overall, these findings suggest that even in the presence of firm and industry-level competitiveness, companies that are family controlled were appear to be inclined in providing segment information. Although these findings run contrary to the expectation, a plausible explanation could be provided upon this matter. As per discussed in the literature review, family controlled companies have been found as to own a responsibility in protecting their reputation and long-term financial performance by providing more information than needed (Shleifer & Vishny, 1997; Morck, Shleifer & Vishny, 1988; Morck & Yeung, 2003). Therefore, these companies are not intimidated by the presence of competition, while highly prefer to have more concerned on the negative effects of not providing adequate information.

The influence of managerial ownership on the other hand has appears to be significant when faced with firm-level competition. However, there is no influence of managerial ownership when faced with industry-level competition. The possible explanation for the pattern of influences would be gained through to the relationship of managerial ownership increment and the reduction of need in concealing information due to better alignment of objectives between owners and the managers.

In summary, this research finds that the level competitiveness of firm and industry has no moderating effect in the provision of segment information for both family and management controlled companies. Although the positions of foreign and institutional ownerships have correspond to the expected signs in model A, the results are not statistically significant, which hence conclusive into the failure of making a judgement.

CONCLUSION

Generally, the diversity of firm structures in the emerging markets has significantly influence the extent to which disclosures are made. Hence, the objective of this study is to examine the moderating effects of firm-level and industry-level competitiveness on segment information disclosures under different types of ownership structures amongst Malaysian companies.

The expectation in the presence of competition, irrespective of the nature of ownership, and the tendency for a company would withhold the information, in order to signify the competitive advantage protection. To substantiate this claim, the researchers invoked the agency and proprietary cost theories to argue that companies would use the latitude of discretion provided in the standard to inform less than more.

However, the overall findings of this research suggest otherwise. Competitiveness, either at firm-level or at the industry level appears to have no moderating effect on the extent of segment disclosure. Although the findings were run contrary with the findings figured by Wan Hussein (2009), the interpretation should be implemented in the light of low values of segment disclosure, which were prevalent in Malaysia during the pre IFRS 8 period. Through the low levels of disclosure (mean of 0.34), Malaysian companies is plausible to have already discounted onto the competitive pressures in their disclosure policies. All in all, the finding of positive associations of competitiveness in this research is not surprising.

On the analysis of control variables, the researcher managed to figure out that the audit committee members with accounting qualifications tend to have a positive and significant impact on the extent to which segment disclosures are made. The role played by audit committees with competent knowledge appears to give a great influence towards the extent of segment disclosures by companies in Malaysia. However, the researcher failed to find any significant relationship between the independence of audit committee and the extent of segment disclosures, even though the presence of a highly independent audit committee is considered as a mandatory requirement of the corporate governance code. The findings also highlight that size of the firm, numbers years of listing, leverage, profitability, and analyst following as to have a significant effect on the extent of segment disclosure.

This study has contributes to the literature, by extending the findings of previous studies which mainly focused on the uniqueness of the family controlled firms in Malaysia, specifically on the extent of voluntary disclosures. In this study, the researchers have considered thorough perspectives, including the family controlled firms and ownership structures which dominated by management, institutions, and foreign shareholders. Additionally, the researchers attempted to investigate the popular belief of firms as likely to shy away from disclosing information whenever competition is around, as a reflection of protecting their competitive advantage. This confounding attribute has hitherto not yet been investigated in the Malaysian context, and the results of this study do suggest that this belief is does not been uphold in case which happening in Malaysia.

Regulators and policy makers may find comfort in the findings of this research, as the objective of the revised standard is to elicit greater disclosure than what has been disclosed in the slot of pre-IFRS 8. Regulators also can use the results of this research in order to compare the moderating effects of competitiveness after the introduction of IFRS 8 by replicating this research for the post implementation period.

LIMITATIONS

The conclusions of this study suffer from the following limitations. Firstly, although this study explains the moderating effects of competitiveness in a cross-section of industries in Malaysia, the omitted companies may contain information that could materially alter the conclusions. Secondly, this study assumed all disclosure items as to have the same weight. As the matter of fact, there is a possibility for a firm to achieve a high score by merely providing quantity at the expense of quality. Although, the content analysis employed in this research has circumvented this flaw, the possibility of bias still exists. Lastly, as this study is only limited to Malaysian data, the difficulty to generalise the findings with other countries or environments is inevitably unavoidable.

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