CONSTRUCTING A FINANCIAL REPORTING DISCLOSURE QUALITY MODEL OF LISTED FIRMS IN MALAYSIA

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ABSTRACT

The national accounting standards set by the Malaysian Accounting Standards Board (MASB) is largely converged with the International Financial Reporting Standards (IFRS). The benefit arising from this is to enable foreign investors to analyse their investments via a standardised financial reporting system in Malaysia. Financial reporting disclosure quality by the listed firms in the consumer product and service sector on Bursa Malaysia is an essential feature in the firms' financial reporting to the public. This research evaluates the development of financial reporting disclosure quality assurance by firms listed on Bursa Malaysia, by examining financial reporting disclosure quality and subsequent compliance with the International Financial Reporting Standards. This study uses a content analysis approach to identify a financial reporting standard compliance disclosure index, based the financial statements issued by firms listed on Bursa Malaysia from 2008 – 2016. A panel regression model is utilised to construct a model of financial reporting disclosure quality of the firm, based the extent of compliance with IFRS disclosure requirements from the following perspectives: corporate governance practice, audit quality and corporate social responsibility. The sustainability of financial reporting disclosure quality by the listed firms and subsequently the Malaysian capital markets will enable the same to attain a competitive edge in the international markets. In addition, this study will discuss financial reporting disclosure quality implications relevant to the policy makers in Bursa Malaysia, and it is envisaged that such model can be utilised in the improvement of future financial reporting policies.

Keywords: Financial Reporting, Disclosure Quality Model, Compliance, IFRS, Malaysia.

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