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DETERMINANTS OF STRATEGIC INFORMATION DISCLOSURE – MALAYSIAN EVIDENCE

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ABSTRACT

This study is focusing on the voluntary corporate strategic information disclosure and the use of internet as a disclosure channel. The study objectives are to observe the Malaysian companies' practices towards the online disclosure of strategic information and determine the factors that might influence the volume of such information disclosure. The potential factors are derived from the corporate governance mechanisms which include the frequency of board meetings, board size, proportion of independent non-executive directors, CEO duality and institutional shareholdings. The sample used consists of companies listed on the Bursa Malaysia. A disclosure index is constructed to measure the volume of strategic information disclosed online and multiple linear regressions procedure is used to analyze the relationships between the variables. Results indicate that companies, on average, reveal moderate amount of strategic information. The main items disclosed are corporate vision and philosophy, strategic planning and business competition. The study also finds that only board size has a positive significant impact on the volume of strategic information disclosed. This indicates that top level management such as the board has a significant role in controlling and monitoring the disclosure practices of voluntary information.

Keywords: Strategic Information; Online Disclosure; Corporate Governance; Malaysia; Family Business.

1. INTRODUCTION

The rapid technological expansion would have an impact on corporate governance particularly in the practices of corporate information disclosure (Al Arussi et al., 2009). Internet technology will enable business corporations to disclose their corporate information efficiently to the public including the international users as the information can be disclosed and disseminated instantly through internet. According to Wagenhofer (2003), the level of internet

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application in the business operations and capital markets is increasing. Thus, this situation offers opportunities to the analysts and researchers to study its impact on the operation of the company. Some authors believed that the internet is a great tool for the corporations to communicate information to stakeholders at a lower cost. Besides, the online information can be accessed from anywhere and at any time in which this is the main advantage of internet (Debreceny, Gray and Rahman, 2003; Al Arussi et al., 2009). The online information can also be easily shared with others and updateable (Joshi and Al-Modhahki, 2003; Kelton and Pennington, 2012). Interestingly, Andrikopoulos et al (2013) posit that the performance of the shipping players could be sustained by enhanced disclosure of financial information through the internet.

Based on Akhtaruddin and Haron (2010), the issues of corporate governance and disclosure practices in the emerging markets and developed countries have increasingly grasped the interest of researchers, regulators, policy makers, investors and other stakeholders due to its significant in affecting the growth and development of corporations and capital market. It was proposed that the high volume of corporate disclosures will increase the equity performance (Mitton, 2002; Jiao, 2011). In addition, the equity market will react positively and becomes more effective if information disclosure was performed appropriately by the business corporations (Gul and Leung, 2004). Likewise, appropriate information disclosure might increase corporate transparency, improve investor confidence (Samaha et al, 2012), reduce the information asymmetries problem between different type of shareholders (Allegrini and Greco, 2013), between the managers and outsiders and contribute to a higher corporate value (Zhou and Lobo, 2001; Bozcuk, Aslan and Arzova, 2011; Uyar and Kilic, 2012; Al-Akra and Ali, 2012).

Thus, it is interesting to study the practice of the voluntary information disclosure of the company by focusing the type of information disclosed, specifically strategic information and corporate governance structure of company that possibly influence the information disclosure. In this study, corporate strategic information refers to information about corporate planning and strategy. The disclosure of strategic information is the preference of corporate practices due to the several benefits such as company is able to be noticeable from other corporations and helps the stakeholders especially the investors, creditors, and professional analysts to monitor and evaluate the company's position and performance (Higgins and Diffenbach, 1985; Santema et al., 2005; Hermalin and Weisbach, 2012).

Furthermore, the disclosure of corporate strategic information is considered to be very useful for corporate financing in which it could reduce the costs of external financing, improve decisions making and keep away the managers from exercising budgetary discretion for their personal interests (Holland, 1998; Armstrong, Guay and Weber, 2010). The amount of strategic information disclosure can be controlled and monitored directly by the board of directors in order to ensure the stakeholders obtain relevant and adequate corporate information (Cianci and Falsetta, 2008).

The present study is significant because it will provide useful findings regarding the voluntary disclosure practices of Malaysian public listed companies towards the strategic information disclosed online and contribute to knowledge enhancement of the literature on corporate information disclosure. Moreover, this study can be a reference for the Malaysian companies and the regulatory bodies such as Bursa Malaysia, the Securities Commission, and the Malaysian Institute of Corporate Governance in creating regulations or best practices so as to harmonize the voluntary practices of corporate strategic information disclosed online. Indirectly, the corporate governance effectiveness, corporate transparency and disclosure practices can be improved appropriately.

Besides that, previous studies which examined the relationship between corporate governance and online disclosure of strategic information are very limited. For this reason, the current study is conducted to provide interesting insights on how the corporate governance variables can affect the online disclosure of strategic information. In this study, there are five independent variables under the corporate governance mechanisms which have been identified and expected to influence on the volume of strategic information disclosed on the internet. The selected variables include the frequency of board meetings, board size, proportion of independent non-executive directors, CEO duality and institutional shareholdings.

The paper is structured as follow. Next is literature review and hypotheses development, followed with a discussion on research methodology. Then, the results will be presented together with the discussion on the results. The paper then concludes with review of the study to contribution to knowledge together its implications.

2. LITERATUREREVIEW AND HYPHOTHESES DEVELOPMENT

Board of directors who meet up regularly to perform their responsibilities can be said as an active corporate board and good in protecting shareholder interests (Conger et al., 1998; Jackling and Johl, 2009). The frequency of board meetings is an alternative approach that can be used to measure a board effectiveness (Cormier et al., 2010; Shan, 2013). In addition, the active corporate Boards also allocate sufficient time for the meetings so as to observe effectively the actions of top management and to implement corporate strategy (Vafeas, 2005; Shan and Xu, 2012).

An effective corporate Board due to high frequency of Board meetings will have more capacity or opportunities to divulge more information in which the stakeholders could realize about the efficiency of the Board (Lipton and Lorsch, 1992; Jackling and Johl, 2009). In Spain for example, Allegrini and Greco (2013) find that there is a positive impact of board meeting frequency on disclosure. Number of board meetings per year is an element of the board characteristics that has the capacity to influence voluntary disclosure practices (Adawi and Rwegasira, 2011). Moreover, the activity of corporate board such as board meetings could be used by company's directors as a device to diminish the problems of information asymmetries (S Kanagaretnam, Lobo and Whalen, 2007; Sanchez et al, 2011; Shan and Xu, 2012; Shan, 2013).Thus, the next hypotheses is suggested:

H1: *The frequency of board meetings has a significant positive relationship with the volume of strategic information disclosed on the internet.*

Board size which refers to total number of directors on a corporate board is anticipated to give impact on information disclosure practices of a corporation. The issue of board size and how effective they are is quite contentious in terms of providing a good quality of corporate decisions (Sanchez et al., 2011; Kumar and Singh, 2013).

Size of board is important in determining the amount of information disclosure. There are many empirical findings shows that size of the board and corporate disclosure is positively related (Cormier et al., 2010; Rashid, Ibrahim, Othman and See, 2012; Haji and Ghazali; 2013). The number of the board's members could determine the volume of information disclosed to portray the company at a good level of governance and operation and attract more investors to invest in the company (Chiang and Chia, 2005; Raheja, 2005).

On top of that, if the size of a corporate board becomes larger, the company will be more connected or linked to the external environment (Brown, 2005; Ruigrok, Peck and Keller, 2006; Hafsi and Turgut, 2013), higher chances for the directors to have more viewpoints and resources to effectively monitor the company (Coles, Daniel and Naveen, 2008; Tanna, Pasiouras and Nnadi, 2011) and eventually improved the quality of decision making (Pearce and Zahra, 1992; Coles et al., 2008; Frias-Aceituno, Rodriguez-Ariza, Garcia-Sanchez, 2013). Likewise, the board size was found to be positively correlated with corporate decisions in developing new strategies (Pearce and Zahra, 1992; Dalton et al., 1999; Van den Berghe and Levrau, 2004; Siciliano, 2005; Kemp, 2006; Kim, Cha, Cichy, Kim and Tkach, 2012). As the firm's governing body, the board is responsible for safeguarding the interests of the different stakeholders, among other means, through the dissemination of information, in order to reduce information-related problem (Frias-Aceituno et al, 2013).

Consequently, it was understood that the larger size of board will result in higher amount of corporate disclosure especially for strategic information which reflects better monitoring and board effectiveness (Sanchez et al., 2011; Frias-Aceituno et al., 2013).

Ezat and El-Masry (2008) have found that a positive correlation exists between the size of directors' board and the practices of corporate disclosure on websites of the companies. It means that the increment in board size will result in better disclosure practices through the internet. This result is consistent with other authors that show larger board size can provide extensive information due to diverse standpoints, knowledge, experience and skills (Pearce and Zahra, 1992; Singh et al., 2004; Frias-Aceituno et al., 2013). This condition is believed to improve the practices of corporate disclosure, particularly to use of internet for greater disclosure of information (Ezat and El-Masry, 2008). Thus, this study has a propensity to test the following hypothesis:

H2: *Size of the board of directors has a significant positive relationship with the volume of strategic information disclosed on the internet.*

Board with large proportion of independent directors will have greater control over the management actions by reducing information asymmetries and agency problems (Kelton and Yang, 2008), more receptive to information demand (Sánchez, Domínguez and Álvarez, 2011) and thus, increase the quality of information disclosure (Song et al. 2013). This is because outside directors play significant roles to influence corporate governance (Al-Shammari and Al-Sultan, 2010) via effective monitoring (Ramdani and Witteloostuijn, 2010; Shan and Xu, 2012); Fraile and Fradejas, 2014) and limit opportunistic behaviours by CEO (Al-Saidi and Al-Shammari, 2013). This also indicates outsider the absence of collusion between controlling shareholders and directors (Allegrini and Greco, 2013).

Results of empirical research show that board independence is positively related with corporate information disclosure (Forker, 1992; Beasley, 1996; Chen and Jaggi, 2001; Willekens et al., 2005; Karamanou and Vafeas, 2005; Cheng and Courtenay, 2006; Lim et al., 2007; Rashid et al, 2012; Probohudono et al. 2013). In other words, the increment of non-executive directors will result in greater amount of voluntary disclosure. This positive result was obtained by several researchers for certain countries such as in United Kingdom (Forker, 1992; Hussainey and Al-Najjar, 2011; Mallin and Ow-Yang, 2012), Singapore (Cheng and Courtenay, 2006), China (Xiao et al., 2004; Xiao and Yuan, 2007), Australia (Lim et al., 2007), Hong Kong (Leung and Horwitz, 2004; Chau and Gray, 2010), Egypt (Samaha et al., 2012), US (Ettredge, Johnstone, Stone and Wang, 2011; Harkins and Arndt, 2012) and Malaysia (Rashid et al, 2012).

Higher number of outside directors will increase board's effectiveness (Jensen and Meckling, 1976; Rosenstein and Wyatt, 1990; Li, Pike and Haniffa, 2008; Hardwick, Adams and Zhou, 2011) by offering objective and non-bias viewpoints (Franks, Mayer and Renneboog, 2001; Elzahar and Hussainey, 2012) and thus reducing agency problem, greater control over the management behavior, and increase the volume of voluntary disclosure of corporate information (Fama and Jensen, 1983; Ho and Wong, 2001; Cheng and Courtenay, 2006; Cerbioni and Parbonetti, 2007).

For the online disclosures, Kelton and Yang (2008) found that board independence through the proportion of outside directors is significant and positively correlated with corporate disclosures on the internet. This result is consistent with other researchers such as and Chen and Jaggi (2001), Xiao et al. (2004) and Ajinkya et al. (2005). Therefore, it can be said that board independence through the independent directors play a significant role in promoting greater online disclosures as well as improve corporate transparency (Kelton and Yang, 2008).

Since more benefits could be obtained by corporations from the independent or outside directors, this study is positive to originate the following hypothesis:

H3: *Proportion of independent non-executive directors has a significant positive relationship with the volume of strategic information disclosed on the internet.*

CEO duality refers to the circumstances whereby the chairman of a corporate Board is also the company's CEO or managing director. The dual roles for the Board's chairperson who also holds the top position of management is a condition of CEO duality, in which it may affect negatively on Board's effectiveness and independence (Jensen, 1994; Ramdani and Witteloostuijn, 2010). In addition, the Board with less independence might impact negatively on the corporate disclosure practices because the managers' power is increasing (Jensen, 1994; Al Arussi, Selamat and Hanefah, 2009) and likely to abuse that power (Ramdani and Witteloostuijn, 2010).

Duality roles promote extreme integration as well as restraining Board's competency in the processing of corporate information (Zahra, Neubaum and Huse, 2000) and affect the level of disclosure (Gul and Leung, 2004; Sanchez et al., 2011). The tendency of CEO duality to join with managerial team is higher rather than serving the shareholders and this would increase information asymmetries (Al-Shammari and Al-Sultan, 2010). Accordingly, the quality of Board in monitoring the management is less efficient (Al-Saidi and Al-Shammari, 2013) and threatens informative corporate disclosure (Forker, 1992; Chau and Gray, 2010). Likewise, the amount of corporate disclosure is predicted to be low because role duality of CEO tends to keep some important information from shareholders so as to fulfill personal interests (Al-Shammari and Al-Sultan, 2010).

CEO duality also may spoil board independence and reduce board effectiveness in managing the corporation due to supreme power of a single person with double roles within a corporation (Fama and Jensen, 1983; Finkelstein and D'Aveni, 1994; Ramdani and Witteloostuijn, 2010). Indirectly, it also has an effect on the practices of corporate disclosure (Kelton and Yang, 2008) and probably a negative effect on voluntary disclosure (Yuen et al, 2009). More information will be disclosed if there is no role duality or separated roles (Yuen et al, 2009; Hafsi and Turgut, 2013).

Several researchers also found negative evidence in which the companies with duality roles of CEO will provide fewer information disclosures (China – Xiao and Yuan, 2007 and Cheung, Jiang and Tan, 2010; Hong Kong – Gul and Leung, 2004 and Chau and Gray, 2010; United States - Carcello and Nagy, 2004; United Kingdom - Forker, 1992; Egypt - Samaha et al., 2012; Malaysia- Al-Arussi et al, 2009). Similarly, Haniffa and Cooke (2002) reported that the impact of CEO duality is significant in reducing the volume of corporate voluntary disclosure. With regard to online corporate reporting, the impact of duality roles of CEO is significant and negatively related with timeliness of corporate internet reporting (Ezat and El-Masry, 2008). For that reason, this study attempts to substantiate the following hypothesis:

H4: *CEO duality has a significant negative relationship with the volume of strategic information disclosed on the internet.*

Among the main investors in the capital markets are institutional investors and they have the abilities to influence corporate governance of a corporation (Al Najjar, 2010). Institutional shareholders are more capable and effective in monitoring the management actions because they are able to get various and adequate information from the management as well as reducing agency costs (Jensen, 1986; Tong and Ning, 2004; Wan-Hussin, 2009; Fraile and Fradejas, 2014). Shares ownership and shares trading capability by the institutional investors are actually the advantages for them to monitor and control the management effectively (Gillan and Starks, 2003; Delgado-García, Quevedo-Puente, La Fuente-Sabaté and Manuel, 2010). For example, institutional investor can use their resources to appoint independent directors to the board to oversee the management (Kim, Kitsabunnarat-Chatjuthamard and Nofsinger, 2007).

Institutional investors could become a signaling mechanism for a corporation to reduce information asymmetries by providing good signal of corporate performance (Al-Najjar, 2010) and reputation (Brammer and Pavelin, 2006; Delgado-García et al., 2010). Firms which disclose higher amount of corporate information will attract more investment by institutional investors (Bushee and Noe, 2000; Dhaliwal, Li, Tsang, and Yang, 2011). It was found that the impact of institutional shareholders is significant and positively related on corporate information disclosure (Cui, 2004; Mangena and Pike, 2005; Barako, Hancok and Izan, 2006; Cornett, Marcus and Tehranian, 2008; Baek et al, 2009; Gao and Kling, 2012) including financial information via the web (Andrikopolous et al, 2013) and intellectual capital reporting (Gan et al, 2013). Smith (1996) and Eldomiaty and Choi (2006) posit that the impact of local institutional ownership on corporate strategy and performance would be significant and positively correlated.

As of the above mentioned, previous studies provide numerous evidences in which the institutional shareholders are momentous in improving corporate governance. The current study will only consider the local institutional shareholders since their amount of investments is high as compared with other institutional investors. Thus, the following hypothesis is developed to seek for additional evidence:

H5: *Local institutional shareholdings have a significant positive relationship with the volume of strategic information disclosed on the internet.*

3. RESEARCH METHODOLOGY

3.1. Population and Sample Selection

The population used to perform this study consists of all Malaysian public companies listed on the main market of Bursa Malaysia exclude finance and insurance sectors because of

Table 1: Final Sample of the Study

No.	Business Sector	Number of Companies	Percentage (%) of companies within the sample	Proportion (%) of sample within each sector
1	Construction	20	12.12	43
2	Properties	20	12.12	23
3	Industrial Products	20	12.12	8
4	Technology	20	12.12	62
5	Trading & Services	20	12.12	12
6	Consumer Products	20	12.12	14
7	Plantation	20	12.12	48
8	Hotels	5	3.03	100
9	Real estate corporations	12	7.27	100
10	Infrastructure Projects	7	4.24	100
11	Mining	1	0.62	100
	TOTAL	165	100	

different regulation. Stratified random sampling was conducted on 7 sectors, out of which 20 companies were selected from each of the 7 sectors. However, for the other 4 sectors, stratified random sampling was not carried out because these sectors had very few companies as listed on the main market of Bursa Malaysia. In fact, for these 4 sectors, the total population was selected. The final sample size for this study contains 165 companies from 11 sectors of Bursa Malaysia's main market in respect of the year 2010.

3.2. Constructing Disclosure Index for Corporate Strategic Information

In order to determine the amount of strategic information disclosed online by the companies, an analysis on the websites of the companies was performed to identify such information. The information content in the companies' websites will be analyzed thoroughly by using an index of disclosure, known as content analysis. Other authors also used this technique of analysis to study the information included in companies' annual reports (Inchausti, 1997; Prencipe, 2004; Uyar and Kilic, 2012; Shan, 2013). The index of disclosure for the current study is consistent and parallel with previous researchers such as Petersen and Plenborg (2006) and Sanchez et al. (2011).

Preliminary study was done in order to establish a reliable index of disclosure. It was conducted by looking at numerous previous studies in various countries that involved in analyzing voluntary information revealed by corporations through the internet or websites such as in US (Ettredge et al., 2001), Germany (Marston and Polei, 2004), Denmark (Petersen and Plenborg, 2006) and Spain (Sanchez et al., 2011).

With regard to the strategic information items, the current study is able to determine the specific items of such information by considering several papers such as Bartkus et al. (2002), Campbell and Cornelia Beck (2004), Santema et al. (2005) and Sanchez et al. (2011).

Table 2: Disclosure Index Score Sheet for Corporate Strategic Information

Items	Statements
1	Any statement of vision, mission, objective and other relevant philosophy
2	Strategic planning of the company (to get involve with various business ventures)
3	Annual planning of the company
4	Information on business competition
5	Any information on associated risks (economy, financial, technical and operations)
6	Company's strategic position in respective sector (declared as a leading company or main player in the industry)
7	Strategic partnerships or alliances
8	Information on production methods

3.3. Measurement of Variables

The measurements of both independent and dependent variables are summarized in Table 3.

Table 3: Summary of the Variables

Variables	Measurement
Dependent variable:	
Volume of strategic information disclosed online	Using the disclosure index and binary values of 1 (exist) and 0 (non-exist) for the related information disclosed online
Independent variables:	
i) Frequency of board meetings	Number of board meetings during the year
ii) Board size	Number of directors on a corporate board
iii) Proportion of independent non-executive directors	Percentage of independent non-executive directors on the board
iv) CEO duality	Dummy variable where value of 1 if duality exists, and 0 for non-duality
v) Institutional shareholdings	Percentage of shareholdings of local institutional investors

3.4. Explanatory Model of the Study

The general model of the study is as follows:

Online information disclosure = f (Board meetings, Board size, Independent non-executive directors, CEO duality, Institutional shareholders)

The empirical prediction model can be represented by the following equation:

$$OSID_i = b_0 + b_1 Meeting_i + b_2 Size_i + b_3 Independent_i + b_4 Duality_i + b_5 Institutional_i + e$$

Wherein:

$OSID_i$	=	the volume of online strategic information disclosure for company *i*
$Meeting_i$	=	the number of board meetings during the year 2010 for company *i*
$Size_i$	=	total number of directors on a corporate board for company *i*
$Independent_i$	=	the proportion (in percentage) of independent non-executive directors of the corporate board for company *i*
$Duality_i$	=	a dummy variable for the existence of CEO's dual roles, value of 1 if yes and otherwise, 0
$Institutional_i$	=	the percentage of institutional shareholdings in company *i*

4. FINDINGS AND DISCUSSION

Table 4 below shows the descriptive statistics on the volume of strategic information disclosed online by the Malaysian companies. The volume of such information is measured based on the disclosure index which contains eight (8) items of corporate strategic information. The mean value of 4.34 indicates that on average, Malaysian companies tend to disclose 4 items out of 8 items (or 50%) of strategic information. This amount of information disclosure is quite moderate for Malaysian companies to reveal their strategic information to the public. However, there are certain companies in Malaysia do reveal high amount of strategic information on the internet as showed by the maximum statistics value of 8 (or 100%). Conversely, there is also no disclosure made of such information by some Malaysian companies as indicated by value of 0 for the minimum statistics.

Table 4: Descriptive Statistics for the Disclosure Index

	N	Minimum	Maximum	Mean	Std. Deviation
Volume of strategic information	165	0	8	4.34	2.056

The following table (Table 5) summarizes the frequency level for each item of strategic information disclosure among Malaysian companies. It shows that the frequency level for the first item is the highest with 157 companies (95.15%) have disclosed the item on the internet. The second place of high frequency item is "Strategic planning of the company" with 140 companies (84.85%) followed with item "Information on business competition" with 115 companies (69.70%).

Table 5: Frequency of Companies Disclosing Each Item in the Disclosure Index Score Sheet

Items	Description	No. of companies disclosing	Percentage (%) of companies disclosing
1	Any statement of vision, mission, objective and other company's philosophy	157	95.15
2	Strategic planning of the company (to get involve with various business ventures)	140	84.85
3	Annual planning of the company	49	29.70
4	Information on business competition	115	69.70
5	Any information on associated risks (economy, financial, technical and operations)	85	51.52
6	Company's strategic position in respective sector (declared as a leading company or main player in the industry)	41	24.85
7	Strategic partnerships or alliances	71	43.03
8	Information on production methods	58	35.15

On the other hand, item "Company's strategic position" has the lowest frequency of 41 companies (24.85%) were disclosed the item. Other items with lower frequency are "Annual planning of the company" and "Information on production method" in which the frequency levels are 49 (29.7%) and 58 (35.15%) respectively.

4.1. Descriptive Statistics for Independent Variables

Table 6 below shows the descriptive statistics for the 5 independent variables of the study:

Table 6: Descriptive Statistics for the Independent Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Board meetings	165	3	25	5.36	2.280
Board members	165	4	13	7.54	1.965
Outside directors	165	20.00	100.00	44.3890	12.24689
CEO duality	165	0	1	.12	.327
Institutional investors	165	.00	94.67	29.1479	21.41831
Valid N (listwise)	165				

4.2. Results of Forced Entry Multiple Linear Regressions

The model summary data is used to determine whether the overall model of the linear regression is successful or not in predicting the dependent variable. Other information such as multiple correlation coefficient (R) and variation in the outcome (R square) can be found in the model summary table. Based on Table 7 below, the significant value of 0.019 (Sig. F Change) indicates that the overall model is significant and successful in predicting the dependent variable (Sig. F Change = 0.019, $p < 0.05$). The multiple correlation coefficient (R) of 0.284 shows a moderate positive relationship between the independent variables and the dependent variable.

Moreover, the R square (R^2) value of 0.081 signifies that the variation in the volume of strategic information disclosure is 8.1% can be explained by the independent variables. Thus, the remaining of 91.9% could be explained by other factors that require additional study. It should also be pointed out that a low R^2 value would indicate a significant amount of unexplained variance in the model, but this could be caused by a number of different factors.

On the other hand, the model summary table also shows the Durbin-Watson statistic which is used to test the assumption that errors in the regression are independent (uncorrelated). The

Table 7: Model Summary for the Study

Model	R	R Square	Std. Error of the Estimate	Change Statistics					
				R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.284a	.081	2.002	.081	2.792	5	159	.019	1.932

Notes: a. Predictors: (Constant), Board meetings, Board size, Independent, Duality, Institutional investors
b. Dependent Variable: Volume of strategic information

Durbin-Watson value of 1.932 indicates that the multiple linear regressions model does not violate the assumption since the value is close to 2 and between 1 and 3.

The following table (Table 8) provides the coefficients and results for each independent variable. Under the forced entry regression method, the results of significant and insignificant variables are shown in the same coefficients table. Based on Table 8, it shows that only one independent variable (board size) out of five variables is statistically significant in affecting the volume of strategic information disclosed on the internet. The board size has a significant value of 0.001 and positive coefficient value of 0.288 which indicate that it is highly significant and positively related with the dependent variable ($B = 0.288$, $p = 0.001$, $p < 0.001$). Thus, this result supports H2 only. Other independent variables in this study are not significant. This advocates that other factors or variables should be explored in future study to further investigate their impacts on the online strategic information disclosure. From the results obtained, the final model of the study could be depicted as:

$$OSID = 1.489 + 0.288(Size)$$

With regard to the multicollinearity problem, the results of collinearity statistics show that the problem does not exists because all the values of variation inflation factors (VIF) are less than 4 and the tolerance values are above 0.2. So these statistics indicate that all variables in the study are fairly correlated but no extreme correlation exists between the variables. Therefore, the violation of multicollinearity assumption does not occur in the data of the present study and the results are valid.

Table 8: Coefficients for the Variables of the Study

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.489	1.142		1.303	.194		
	Meetings	-.006	.070	-.006	-.082	.934	.965	1.036
	Board size	.288	.088	.276	3.269	.001	.813	1.230
	Independent	.010	.014	.060	.712	.478	.821	1.219
	Duality	.012	.494	.002	.024	.931	.934	1.070
	Institutional	.009	.008	.093	1.189	.236	.945	1.058

Note: a: Dependent Variable: Volume of strategic information

4.3. Discussion

Corporate information disclosure can be categorized into mandatory and voluntary disclosure. The mandatory disclosure is required by the corporate law and regulations in which penalties would be imposed if a company fails to disclose the required information. Whereas, voluntary disclosure is depending on the corporate discretion to reveal any relevant information to the public and the practices are encouraged by the regulators. The scope of the present study is related with the practices of corporate voluntary disclosure.

According to the results of descriptive statistics, it shows that most of the Malaysian companies disclosed 50% (mean = 4.34) of the strategic information on the internet or websites. This is higher than Spanish companies of mean 2.10 as conducted by Sanchez et al. (2011). It indicates that a prudent approach has been applied by Malaysian companies in disclosing voluntary corporate strategic information. The elements of risks and benefits embedded in such information disclosure are properly considered by the corporate management in order to obtain a competitive position as well as avoiding competitive disadvantages. Moreover, a proper disclosure of corporate strategic information would enhance the corporate value and helps the stakeholders to gain relevant information as for the purpose of making favorable business decisions. Indirectly, the problems of information asymmetries and agency conflicts could also be reduced.

With regard to the specific items of strategic information disclosure, the most significant item being disclosed is "Vision, mission, objectives and other corporate philosophy" followed by items "Strategic planning of the company" and "Information on business competition". In general, all these items are very important to be disclosed to reflect on corporate strategy and get external attention. For example, this information could assist the stakeholders in making right business decisions because they are able to identify the uniqueness or the strength elements of a business corporation. Besides, the information on corporate strategic planning and business competition will provide valuable insights to the stakeholders regarding the strategic efforts of the corporations in expanding their business operations and facing business challenges. Hence, appropriate disclosure of these items of strategic information would enhance the corporate position as well as to gain competitive advantage.

On the other hand, there are several items which are scarcely disclosed by the companies such as "Company's strategic position", "Annual planning of the company" and "Information on production method". The Malaysian corporations might consider these items as having high secrecy level in order to compete in the challenging business environment. The companies will disclose less about the information because they want to minimize the risk of competitive disadvantages which could impair their corporate value and position. The information such as corporate annual planning and production process are the strategic information of the corporation and must be controlled and not to actively disclose because it could provide opportunity to the other business competitors in gaining certain advantages.

On top of that, there are certain companies who aggressively reveal their strategic information on the internet, similar with the findings by Sanchez et al. (2011). These companies normally are well established and strong in terms of their assets, workforce and financial performance. Hence, they are very confident to actively disclose the high volume of voluntary corporate information to the public so as to lead the business sectors or industries.

The results obtained from the regression analysis showed that only board size is significant and positively correlated with the amount of strategic information disclosed online. In other words, the number of directors on a corporate Board has a positive significant effect on the level of online strategic information disclosure among the Malaysian companies. The bigger the boards size the higher the amount of strategic information disclosed on the internet. Thus, this results support H2.

The board size plays a significant role in affecting the corporate decision-making process especially to determine the level of corporate strategic information disclosure. For Malaysian companies, the disclosure practices are depending on the size of the directors' board in which larger board size can increase the volume of corporate information disclosure and improve corporate governance. Similarly, the board effectiveness would increase as directors realize their main responsibilities to protect the shareholders' interests and to fulfill the needs of various stakeholders. According to Chiang and Chia (2005) and Raheja (2005), the impact of board size on information disclosure would be positive because the board effectiveness in monitoring the governance and transparency of the company will increase with the large number of directors that sit in the board.

Besides that, directors' decision on the appropriate information disclosure will help to reduce the problems of information asymmetries and agency conflicts. The gap of the corporate information obtainable by the stakeholders would be lesser and managerial actions can be monitored efficiently with the large number of directors. This is consistent with the theories of agency and signalling. Furthermore, this significant result of board size is similar to the previous studies. Ezat and El-Masry (2008), found that a significant positive correlation exists between the size of directors' board and the practices of corporate disclosure on websites of companies. This result is also coherent with other authors such as Pearce and Zahra (1992), Singh et al. (2004), Coles et al. (2008) and Tanna et al. (2011).

The other variables – board meetings frequency, board independence, CEO duality and institutional shareholding is not significantly related with online strategic information disclosure. The impact of board meetings was not significant possibly because directors are less concerned about the online disclosure of strategic information in which the managerial actions and business operations would be the main focus during the meetings. According to Sanchez et al. (2011), the directors are more concerned on mandatory disclosure rather than voluntary disclosure. Corporate voluntary disclosure particularly the strategic information probably contains several risks and sensitive information that might impair the position of a company if known by business competitors. Certain potential risks associated with the strategic information may include the privacy problems (Marsden et al., 2011). Fear of litigation if fail to discharge the needs of stakeholders as promise also appears (Santema and van de Rijt, 2001; Sanchez et al, 2011). In addition, company may also face competitive disadvantage and incur political cost (Guo, Lev and Zhou, 2004; Lim et al., 2007; Sanchez et al, 2011) and hardly to change the project strategy once it is disclosed (Ferreira and Rezende, 2007). Besides, the company worry if it keep on continuing disclose much information, the trend will increase in future, so any non-disclosure of information may give negative signal to the outsiders (Graham, Harvey and Rajgopal, 2005). This situation will restrain the directors in deciding for more disclosure of strategic information and only certain relevant information will be disclosed so as to sustain in the market.

This finding is consistent with the results of some other studies. Cormier et al. (2010) revealed that the relationship does not exist between meetings frequency of board, audit committee meetings and corporate information disclosure. In similar note, Adawi and Rwegasira (2011) reported that in emerging markets, the numbers of board meetings has no significant effect on the voluntary disclosure practices. The corporate board is less proactive in performing their responsibilities. Sanchez et al. (2011) discover that board activity which refers to board meetings has a negative impact on the online disclosure of strategic information. It means that a lower frequency of board meetings divulge a higher volume of strategic information.

The proportion of outside directors or independent directors on a corporate board plays an important role in improving corporate governance of a business corporation. The scope can be extended to the practices of corporate information disclosure. Unfortunately, the result from the regression analysis shows that for the Malaysian companies the number of such independent directors is not able to give significant influence on the amount of online strategic information disclosure, consistent with study conducted by Haniffa and Cooke (2002) and Elzahar and Hussainey (2012).

The possible causes to this insignificant result are the outside directors may not value the importance of such information to be disclosed to the outsiders. According to Ho and Wong (2001) and Al-Shammari and Al-Sultan (2010), the impact of non-executive directors on corporate voluntary disclosure is insignificant because the independent directors are more concerned on mandatory disclosure, hence little pressure put to the company to disclose the voluntary information. Besides, the outside directors are the part time directors of the company. They may have insufficient time to commit more responsibility due to various engagements and obligations with other several corporations (Baysinger and Hoskisson, 1990; Fich and Shivdasani, 2006; Field, Lowry and Mkrtchyan, 2013).

The regression result also shows that CEO duality this is not significant in influencing the amount of online strategic information disclosure of the Malaysian companies. Perhaps the directors have sufficient knowledge about the benefits and drawbacks of CEO duality where the drawbacks might outweigh the benefits. The condition of CEO duality can reduce the Board's independence which could lead to inefficiency in managing the corporations. Hence, the quality of Board in monitoring the management is not so efficient and will impair the corporate disclosure (Forker, 1992; Li et al., 2008). This result is comparable with Ho and Wong (2001) and Elzahar and Hussainey (2012) that reported no relationship exists between CEO duality and corporate disclosure. Similarly, Mohd Ghazali and Weetman (2006) and Kelton and Yang (2008) have found insignificant results of CEO duality in affecting the online disclosure of corporate information.

Finally, the result also indicates that the Malaysian institutional shareholders have no influence on the corporate management to disclose the strategic information online, consistent with prior study on voluntary disclosure by Oyelere, Laswad and Fisher (2003), Wan-Hussin (2009), Hidalgo, García-Meca and Martínez (2011) and Elzahar and Hussainey (2012). There are few possible reasons for this finding. The complexity of strategic information requires more attention from the internal management that already has the expertise. The management clearly is more knowldgeable rather than the institutional shareholders in providing appropriate decisions of strategic information disclosure. Institutional shareholders may more concerned on other corporate decisions such as investment strategy, product innovation and other information that is relevant to them (Eldomiaty and Choi, 2006). Gorton and Kahl (1999) and Nix and Chen (2013) assert that institutional shareholders probably may not monitor the management effectively due to the occurrence of agency conflicts in their organizations such as exercising incompatible roles of activities. Faccio and Lasfer (2000) and Wang and Yang (2008) suggest that the agency problems cannot be reduced effectively by the institutional shareholders because of their frail responsibility and "free rider" problem. Based on entrenchment theory, when institutional investor has excessive ownership in the company, it will give an adverse impact on disclosure decisions (Hidalgo et al., 2011). Firms with institutional investor shareholding are expected to have less information asymmetry. They can access the information as per their requirement and hence, less demands to disclose the information to the outsiders. So, this result is quite distinctive for Malaysian scenario and probably the effective role of such shareholders is still questionable (Wan-Hussin, 2009).

5. CONCLUSIONS

This study found that Malaysian companies, on average, prefer to reveal moderate amount of corporate strategic information on the internet. This is to ensure the required benefits can be obtained appropriately through the disclosure of such voluntary information. This study also found that only board size has a significant and positive relationship with the volume of strategic information disclosed on the internet. The other variables such as frequency of board meetings, proportion of independent non-executive directors, CEO duality and institutional shareholdings have no significant relationship with the volume of such disclosure.

The present study has the purpose of exploring the voluntary disclosure practices and corporate governance mechanisms among the public listed companies in Malaysia. In particular, this study provides interesting insights about the link between corporate governance and the voluntary disclosure of strategic information on the internet. The findings and other information of the present study can be used to upgrade the current literature particularly for Malaysian context. The study could also provide opportunities and motivations to the other researches in various countries in seeking new evidences regarding the disclosure of corporate strategic information on the internet. The findings would be different due to the various potential variables and other factors that may influence the corporate disclosure practices.

The study implicates that the management of the corporations should adopt an appropriate method of voluntary disclosure practices in order to minimize any potential risks of such information disclosure and to maximize the benefits. The disclosure of corporate strategic information is under the scope of voluntary disclosure practices which could provide several advantages and drawbacks to the business corporations. The corporate management should consider this situation properly in providing balance, relevant and sufficient strategic information to the stakeholders as well as to reduce the information asymmetry problems

Technological development such as the internet should be used wisely in having good practices of corporate voluntary disclosure. The present study suggests that the proper disclosure of strategic information on the internet could assist the corporations to sustain in the dynamic business environment and also to improve the corporate value. Overall, a good system of corporate governance should consider both the voluntary financial and non-financial information to be disclosed online appropriately.

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