THE DETERMINANTS OF INTELLECTUAL CAPITAL DISCLOSURE AMONG MALAYSIAN LISTED COMPANIES

BY

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ABSTRACT

The purpose of this study is to examine the extent of the intellectual capital (IC) disclosure by Malaysian listed companies. The study aims to investigate whether the following variables determine the IC disclosure by Malaysian listed companies. The variables tested in this study are: (1) age; (2) size; (3) leverage; (4) profit; (5) ownership; and (6) growth. A sample of 150 companies listed on Bursa Malaysia was selected consisting of five industries which are; Information Technology, Consumer Product, Industrial Product, Trading/Services and Finance. The content analysis, descriptive analysis and ordinary least squares (OLS) regression model are performed in this study. The total IC disclosed by the companies is measured using a modified model popularized by Bontis (2003) and Vergauwen and van Alem (2005). The results reveal the extent of the intellectual capital disclosure among Malaysian companies is still relatively low. However, the study reveals that, there is high intellectual capital disclosure among Malaysian listed companies as indicated at 72.6 percent. Besides that, out of six variables being tested, only three variables can be concluded as a determinant of intellectual capital among Malaysian companies. They are size, growth and director ownership.
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TABLE OF CONTENTS

Abstract........................................................................................................ iii
Acknowledgement......................................................................................... iv
List of Tables............................................................................................... vii
List of Figures............................................................................................. viii
List of Abbreviations.................................................................................... viii

CHAPTER 1: INTRODUCTION
1.1 Background of the Study......................................................................... 1
1.2 Problem Statement................................................................................. 2
1.3 Research Questions................................................................................ 2
1.4 Research Objectives............................................................................. 3
1.5 Significance of the Study...................................................................... 4
1.6 Organization of the Thesis................................................................... 5

CHAPTER 2: LITERATURE REVIEW
2.1 Development of IC in Malaysia............................................................. 6
2.2 Definition of IC................................................................................... 8
2.3 The Importance of Disclosing IC.......................................................... 10
2.4 Theoretical Framework....................................................................... 10
2.5 Literatures on IC Disclosure................................................................. 12
   2.5.1 Intellectual capital reporting......................................................... 12
   2.5.2 Evidence on determinants of IC disclosure.................................... 14

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY
3.1 Hypotheses Development.................................................................... 17
   3.1.1 Firm age..................................................................................... 17
   3.1.2 Firm size................................................................................... 17
   3.1.3 Level of leverage....................................................................... 18
   3.1.4 Ownership concentration.......................................................... 19
   3.1.5 Profitability............................................................................... 20
   3.1.6 Firm growth.............................................................................. 21
3.2 Variables Measurement and Instrumentation...................................... 23
   3.2.1 Measurement for dependent variable........................................... 23
   3.2.2 Measurement for independent variables...................................... 24
3.3 Control Variables................................................................................ 25
3.4 Data Collection.................................................................................... 26
   3.4.1 Population and sample selection.................................................. 26
   3.4.2 Procedures................................................................................ 27
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5</td>
<td>Data Analysis</td>
<td>28</td>
</tr>
<tr>
<td>3.5.1</td>
<td>Descriptive analysis</td>
<td>28</td>
</tr>
<tr>
<td>3.5.2</td>
<td>Content analysis and OLS regression model</td>
<td>28</td>
</tr>
<tr>
<td>4.1</td>
<td>Descriptive Results</td>
<td>31</td>
</tr>
<tr>
<td>4.2</td>
<td>Content Analysis</td>
<td>33</td>
</tr>
<tr>
<td>4.3</td>
<td>OLS Regression Model</td>
<td>38</td>
</tr>
<tr>
<td>4.3.1</td>
<td>Correlation</td>
<td>38</td>
</tr>
<tr>
<td>4.3.2</td>
<td>Multicollinearity</td>
<td>39</td>
</tr>
<tr>
<td>4.3.3</td>
<td>Regression result</td>
<td>40</td>
</tr>
<tr>
<td>5.1</td>
<td>Summary and Conclusion of the Study</td>
<td>43</td>
</tr>
<tr>
<td>5.2</td>
<td>Limitations and Suggestion for Future Study</td>
<td>45</td>
</tr>
<tr>
<td>REFERENCES</td>
<td></td>
<td>47</td>
</tr>
<tr>
<td>APPENDICES</td>
<td></td>
<td>52</td>
</tr>
</tbody>
</table>
# LIST OF TABLES

<table>
<thead>
<tr>
<th>Table No.</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1.1: Act under IPD</td>
<td>7</td>
</tr>
<tr>
<td>Table 4.1: Descriptive Statistics</td>
<td>31</td>
</tr>
<tr>
<td>Table 4.2: IC Related Items</td>
<td>34</td>
</tr>
<tr>
<td>Table 4.3: Number of Disclosed Items</td>
<td>35</td>
</tr>
<tr>
<td>Table 4.4: IC Disclosure -by items</td>
<td>38</td>
</tr>
<tr>
<td>Table 4.5: Correlation Result</td>
<td>39</td>
</tr>
<tr>
<td>Table 4.6: Multicollinearity Result</td>
<td>39</td>
</tr>
<tr>
<td>Table 4.7: Regression Result</td>
<td>40</td>
</tr>
<tr>
<td>Table 4.8: Regression Result -delete one outlier</td>
<td>42</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Figure No. | Page No.
--- | ---
Figure 3.1: Determinants of IC Disclosure | 22

LIST OF ABBREVIATIONS

EBITDA | earning before interest, tax, depreciation and amortization expenses
et al | (et alia); and others
i.e | (id est), that is
IC | intellectual capital
IPD | Intellectual Property Division
IPO | initial public offering
IT | information technology
MASB | Malaysian Accounting Standard Board
MCCG | Malaysia Code of Corporate Governance
MTBV | market to book value
OLS | ordinary least square
SPSS | Statistical Package for the Social Science
Stata | Statistics Analysis Data
VIF | Variance Inflating Factor
CHAPTER ONE
INTRODUCTION

1.1 Background of The Study

In the new economy which is knowledge-based economy, value creation become one of the crucial issues in the world and tends to be based on intangible rather than tangible assets. In the knowledge economy, companies' capital and resources consists of 80 percent of intangible assets and resources and 20 percent of tangibles. The high percentage of intangibles directly reflects the importance of intellectual capital in companies' capital and resource and has attracted researchers to study it (Ousama, 2007).

In Malaysia, the development of human capital like empowerment of the human mentality and intellectual capacity of the nations is one of the targeted area or government focus under the Ninth Malaysia Plan. Intellectual capital has been regarded as a prominent source of competitive advantage of various organizations, which influence the level of innovativeness and creativity that lead to the increase of business performance and a country's economic growth (Nik Maheran et al. 2006).

To be competitive in the global market, a progressive developing Asian country like Malaysia has to effectively transfer from just being an input-driven to a knowledge-driven economy that focuses more on utilizing human knowledge and skills, rather than on productions of labor-intensive goods (Goh, 2005).
The contents of the thesis is for internal user only
REFERENCES:


Section 3.06, Chapter 3, "Bursa Listing Requirement".


