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SHAREHOLDERS' MONITORING AND ONLINE DISCLOSURES OF MINUTES OF SHAREHOLDERS' MEETINGS

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ABSTRACT

Limited studies have previously examined online corporate disclosures particularly on Malaysian public listed companies. As such, little is known about the influence of shareholders' monitoring on the disclosure of shareholders' meeting minutes on corporate websites. This paper investigated the importance of shareholders' monitoring through the Minority Shareholders Watch Group (MSWG), Government and institutional ownerships. This paper also incorporated firm size, audit quality, profitability and grey directors as control variables. Based on the 261 companies' observation, findings showed that shareholders' monitoring through the MSWG and Government ownership were significant and positively associated with the online meeting minutes disclosure. This implies that shareholder activism can be the advocate in pushing for dissemination of online corporate disclosure by Malaysian companies. Contrary to popular belief, institutional ownership appeared to be an obstacle for further online corporate disclosure. Based on the main findings, the first result is in agreement with agency problem Type I, while the third result is in consensus with agency problem Type II, in explaining the voluntary disclosure practices. Therefore, this finding assists academicians, researchers and policy makers to understand the role of online corporate disclosure.

Keywords: corporate websites, government ownership, information environment, shareholder activism

INTRODUCTION

One of the most important yearly corporate events for directors and senior management to engage shareholders to facilitate greater understanding of the company's business, governance and performance is the annual shareholders' meeting or AGM (Bushon & Hassan, 2016; Securities Commission, 2021; Wan-Hussin, 2022). It serves as a vibrant venue for companies to interact with their primary stakeholders, their shareholders, to address various economic, environmental and social issues (O'Rourke, 2003; Nili & Shaner, 2022). Agency theory propagates that shareholders' meetings can help principals and agents communicate effectively (Johed & Catasus, 2018) and promote shareholder democracy where shareholders have the voice and power to oppose ideas that harm the company and pressure management to implement corporate reforms (Dimitrov & Jain, 2011).

However, despite, the meetings providing an avenue for shareholders to influence how managers run corporations, a survey on global institutional investors by the Association of Corporate Governance Asia suggests that more than 60% of global institutional investors did not attend AGMs of investee companies in the Asia-Pacific in 2019 or 2020, although 20%

participated in virtual AGMs in 2020 following the COVID-19 outbreak (CG Watch 2020, p. 36). Moreover, Gao et al. (2020) assert that shareholder attendance at AGMs is extremely low among public firms due to diffused ownership structure and the inconvenience of on-site participation. For example, in the China and the United States, 90% and 70% of shares held by minority shareholders are not voted on in AGMs, respectively. Given such underwhelming engagement, providing detailed AGM minutes available online "allows investors who were not present at a meeting to understand the substance of the discussions that took place" (CG Watch 2020, p. 338). Thereby, in this study, we examine factors that enhance corporate transparency and narrow the information asymmetries between companies and their stakeholders via online disclosures of minutes of annual shareholders' meetings.

The importance of disseminating AGM minutes is emphasised by various regulatory bodies in Malaysia. For example, the amended Malaysian Code on Corporate Governance issued in 2021 states that listed companies should circulate to shareholders the complete minutes of the general meeting detailing the meeting proceedings including issues or concerns raised by shareholders and responses by the company no later than 30 business days after the completion of the general meeting (Securities Commission, 2021). In addition, the Best Practice Guide on AGMs for Listed Issuers recommends that "Minutes of the AGM should be published on the company's website within 30 days from the AGM to enhance transparency. Disclosure of such AGM minutes should include the key matters on the conduct of the AGM" (The Malaysian Institute of Companies Secretaries and Administrators, 2016). This suggestion was subsequently incorporated in the Bursa Malaysia Listing Requirements; item 9.21(2)(b)) mandates listed issuer to publish on its website a summary of the key matters discussed at the AGM, as soon as practicable after the conclusion of the AGM.

A vast literature suggests that institutional shareholders play an important role in improving both corporate governance and corporate information transparency (Bird & Karolyi, 2016; Liu et al., 2018; Chung et al., 2022), consistent with the notion that institutional investors monitor management for the benefits of all (Gillan & Starks, 2000; Matos et al., 2020). As ownership by institutional investors has increased over the years, their monitoring role as shareholders has also evolved by becoming more active participants in the governance of investee firms through sponsoring shareholder proposals seeking changes in environmental, social and governance practices (Matos et al., 2020). In Malaysia, the stewardship by institutional investors is given serious attention by the regulators with the release of the Malaysian Code for Institutional Investors in 2014 (revised in 2022), followed by the establishment of the Institutional Investors Council Malaysia in 2017 (Qasem et al., 2022). Prior to that, following the 1997–98 Asia financial crisis, the Minority Shareholders Watch Group (MSWG) 2000 was established in 2000, an independent association whose main goal is to protect minority shareholders from being expropriated by the major shareholders (Qasem et al., 2022). The aim of the MSWG is to harness shareholder activism and to drive corporate governance reforms in the companies with significant institutional ownership. Additionally, a unique feature of the ownership structure in Malaysia is that the Malaysian government owns substantial shares in the capital market, via Government-Linked Investment Companies (GLIC). The seven institutions that constitute the GLIC are the Ministry of Finance Incorporated, the government's most important GLIC; the three pension funds for employees of the private sector, public sector and armed forces members, namely Employees Provident Funds (EPF), Kumpulan Wang Persaraan or Retirement Fund Incorporated and Lembaga Tabung Angkatan Tentera or Armed Forces Saving Funds, respectively; Lembaga Tabung Haji (Pilgrims Savings Funds), a special purpose savings scheme for Muslims who intend to perform their Hajj pilgrimage; Permodalan Nasional Berhad (National Equity Fund) to encourage share ownership by the indigenous group, i.e., Bumiputera, in the corporate sector through participation in different unit trusts;

and Malaysia's sovereign wealth fund, Khazanah Nasional Berhad. Thus, in this study, we focus on the role of shareholder activism by the MSWG, the government-owned institutional investors and EPF as Chair of the Institutional Investors Council Malaysia to gain a better understanding of the monitoring role played by different types of shareholders in affecting corporate information environment.

LITERATURE REVIEW

Overview on the Online Corporate Disclosure

Buchon and Hassan (2016) explained that recognizing online corporate disclosures through the minutes of the shareholders' meeting is not the latest issue. This concern stems from the lack of specific minutes that allow future investors and investors who are unable to attend the shareholders' meeting on the scheduled date to follow the agenda of the meeting. A large body of literature (Shleifer & Vishny, 1997; Bushon & Fern, 2016), has revealed the importance of the disclosure of information in the annual report that is divided into statutory and regulatory requirements. As more shareholders now rely on PLCs' corporate website for information on their latest developments, Bursa Malaysia has advised PLCs to upload the issued announcement immediately on their corporate website to ensure that current and potential investors can promptly and efficiently access most recent and up to date information.

Another strand of literature focused on voluntary information disclosure by emerging market economies, such as Argentina, Brazil, China, India, Indonesia, Mexico, Poland, South Africa, South Korea, Turkey, Egypt, Iran, Nigeria, Pakistan, Russia, Saudi Arabia, Taiwan, and Thailand, and its association with Corporate Social Responsibility (CSR) reports (Javaid, Ali & Khan, 2016; Al-Janadi et al., 2012; Andrew & Baker, 2020); governance mechanisms (Lokman, Othman, & Dzaraly, 2018); Government ownership (Al-Janadi et al., 2012); specific firm characteristics (Albassam & Ntim, 2017); ethics of additional disclosure (Madi et al., 2017); sustainability report (Zahid et al., 2019); as well as a comprehensive literature review on additional disclosure in emerging countries (Zaini et al., 2017).

Specifically, the Main Market Listing Requirements of Bursa Malaysia were updated in 2016 in response to the mismatch between what investors and regulators want to know about the real thing businesses have to offer. "A listed manufacturer shall post the following information on its website, such as ... a summary of key matters considered at the shareholders' meeting as soon as practicable after the shareholders' meeting," pursuant to paragraph 9.21 (2) (b) (p. 915). Therefore, this study focuses on clarifying this dissatisfaction by investigating factors that explain a corporate disclosure online in the effort to understand how it can improve information transparency of the company.

Until recently, there has been little interest in online corporate disclosure (Zamil et al., 2021). Therefore, the regulation also requires companies to include analyst presentations and briefings in online corporate publications in the future, as proposed by the ACGA (CG Watch, 2018). Earlier reports have shown that certain PLCs take relatively longer time to upload the minutes of shareholders' meeting after AGM, but it is recommended to upload within 30 days after the meeting date (MSWG, 2018; Bursa Malaysia, 2018).

Reports of the Online Corporate Disclosure

The ASEAN Corporate Governance Report is a catalyst for voluntary online corporate disclosure, including shareholders' meeting minutes (MSWG, 2018). The voluntary practice is similar to Corporate Governance Guidance in the UK (2016). With the same goal of strengthening and improving the quality of corporate disclosure and transparency, and applying the *"comply or explain"* concept, the ASEAN Corporate Governance Report for disclosure on corporate websites raises certain questions as to whether the company has a website that discloses updates on shareholders' meeting minutes on corporate websites in line with International Corporate Governance Network principles of transparency and open communication (ICGN, 2009).

As shown in Table 1, based on data provided by MSWG, the percentage of Malaysian PLCs that disclosed the online shareholders' meeting minutes increased marginally from 9% in 2016, to 37% in 2017, to 44% in 2018, and to 50% in 2019 (MSWG, 2018; 2019).

Table 1
Online corporate disclosure from 2012 to 2019 among Malaysian PLCs

*Online corporate disclosure (shareholders' meeting minutes)	2019	2018	2017	2016	2015	2014	2013	2012
Bottom 100 PLCs	19	9	8	1	1	N/I	N/I	N/I
Top 100 PLCs	92	87	78	48	37	26	7	1
All PLCs	50	44	37	9	5	3	1	0.2

Note: PLCs indicated public listed companies, N/I indicated no-information available. (*) shows in percentage.
Source: Re-print with permission from MSWG (2018). Bottom 100 PLCs are based on the lowest market capitalization (in RM billion) of the Main Market Listing Requirements. Top 100 PLCs are based on the highest market capitalization (in RM billion) of the Main Market Listing Requirements.

This trend has been supported by Sia et al. (2018), who found that while Internet use among Malaysians has increased over time, not all PLCs are using it to disseminate more information. For instance, through Internet, researchers can access sources from Malaysia (Companies Commission of Malaysia, Law Net), United Kingdom (UK Government legislation dataset), Australia (Australian Government Federal Register of Legislation dataset and New Zealand (New Zealand legislation) to obtain useful online corporate disclosure information made available to investors. The findings of the study suggest that firms should disclose more information via the Internet to ensure stakeholders have access to value related information, and to enhance corporate image and reputation.

Debate Pertaining Shareholders' Monitoring

Although extensive research has been conducted on shareholders' meetings, much of the literature focuses on the process and implementation of meetings (Apostolides, 2007; Carrington & Johed, 2007; Nyqvist, 2015; Gao et al., 2020). Indeed, Malaysian shareholders are less aware of their rights than their Western counterparts who practice liberal democracy in claiming their rights and explaining to management about their poor performance (Karim et al., 2020; Marzuki et al., 2019). This explains why the relationship between shareholders' monitoring and online corporate disclosure in Malaysia is less clear and therefore an empirical issue to be delved into. Recent issues involving Serba Dinamik Holdings Bhd. and its financial misstatements have put shareholders in the dark where they question the transparency and credibility of the external auditors as independent reviewers. Therefore, it is necessary for more research to restore confidence among shareholders toward Malaysian PLCs and the role of gatekeepers to carry out their duties without compromising the interests of the company (The Star, 2021).

In Malaysia, investors who are not sensitive to pressure, are Employees Provident Fund (EPF), Lembaga Tabung Angkatan Tentera (LTAT), Permodalan Nasional Berhad (PNB), Lembaga Tabung Haji (LTH), Minister of Finance Incorporation (MoF) and Social Security Organisation (SOCSO), pension fund, and state-owned investors, who have no business relationship with a firm. For comparison, stress-sensitive investors refer to investors with business relationships such as insurance, banking, financial intermediaries and other investors (Azmi et al., 2021).

Empirically, there is a strong pressure to introduce pension and wage reforms into the existing institutional investors system to build a more comprehensive and equitable system that can be designed correctly and is commendable not only in the Asian economy but also in Malaysia (Hassan & Othman, 2018). Thus, effective monitoring roles of institutional investors can increase corporate governance quality and firm value (Sakawa & Watanabel, 2020; Tee, 2019). Previous research suggests that major shareholders will exercise their information rights to monitor companies that may benefit all shareholders, rather than acquiring other investors (Nagar & Schoenfeld, 2021). In addressing these gaps, we contribute to the existing literature streams on investors' choice in obtaining corporate information in terms of the level of disclosure.

Furthermore, in the context of the above arguments, the present study adds to the existing literature of shareholders' monitoring as preliminary evidence suggests that firms targeted by activist shareholders should take action in the interests of shareholders (Clifford, 2008; Gillan & Starks, 2000). Meanwhile, results for firms monitored by institutional investors is still unclear.

Shareholders' Monitoring in Malaysia – Through Minority Shareholder Watch Group

Due to the 1997 Asian financial crisis, the Malaysian Government established MSWG in 2000 as a shareholder oversight institution to enhance the company's sustainable shareholder value through collaboration with relevant stakeholders, while carefully considering the interests of minority shareholders (Sarif, 2019).

Anecdotal and empirical data show that MSWG has had a significant impact on improving Malaysia's corporate governance standards as a gatekeeper in the audit of PLC's corporate governance standards and approved by ACGA.

> The MSWG's continuing role is particularly notable. The organisation provides questions in advance of shareholders' meetings and companies frequently include these and responses as an addendum to the company presentation at the start of the Q&A section of the meeting. The consistent assessments have improved the quality and professionalism of shareholders' meetings over time in Malaysia (CG Watch 2020, p. 350).

It has been suggested by past researchers that due to the high-power distance and collectivistic society in Malaysia, an observer body is the ideal solution, as shareholders who are uncomfortable with confrontation should not fear the board as provocative issues are raised on their behalf (Azizan & Ameer, 2012). *The Star* (2018) reports one of MSWG's successes in preventing minority shareholder expropriation was when MSWG joined forces with the EPF, the largest institutional investors in Malaysia, to bring corporate governance reforms in Sapura Energy through shareholders' monitoring: "We oppose the re-election of the independent directors because every year we keep seeing the same thing happening, especially with the excessive director remuneration" (*The Star*, 2018). Although Malaysian research on the relationship between MSWG shareholders' monitoring and corporate transparency is still in its infancy, there are several studies that show MSWG-targeted companies generate better profitability and quality financial reporting. (Azizan & Ameer, 2012; Rahman et al., 2016).

Shareholders' Mmonitoring in Malaysia – Based on the Government Ownership

Most PLCs in Malaysia are either Government or family owned, resulting in these companies having high concentrated ownership. Government ownership can be described as a firm with Government holding a high percentage of shares in a company (Tam & Tan, 2007). According to the Asian Development Bank in 1999, concentration of ownership actually affected the effectiveness of shareholder participation mechanisms in attending and voting at shareholders' meetings, thereby reducing the level of transparency and disclosure and reflecting the protection of shareholders. (ADB, 1999). Additionally, Sánchez et al. (2011) mentioned that the ownership concentration will increase shareholders' power in corporate making decisions.

Furthermore, Governments typically manage economic, political, and social goals to ensure social and economic stability, maximize long-term interests, and reduce the likelihood of conflict (Ntim et al., 2017), therefore, disclosure as a measure of shareholder protection (Eng & Mak, 2003). In fact, past studies have shown that Government ownership and disclosure are interrelated (Mohd-Ghazali & Weetman, 2006). Similarly, Boshnak (2021) showed that Government ownership is indeed one of the main determinants of corporate disclosure but institutional investors as a negative driver of corporate disclosure among Saudi Arabia firms and eventually promote good governance, transparency and disclosure practices (Ntim et al., 2017; Al-Janadi et al., 2012).

Shareholders' Monitoring in Malaysia – Through Largest Institutional Investors

Previous studies argue that different categories of institutional investors have different priorities on sustainability spending for each company (Manogna, 2021) and play a crucial role in financial markets and economies (Chung et al., 2022). For example, the Korean National Pension Service (KNPS) proves that shareholder involvement influences fund share value investments (Jung, 2020). In Malaysia, EPF is considered as one of the largest institutional investors in Malaysia (Ismail & Rahman, 2011; Finance, 2018). Through proactive shareholder engagement, EPF aims to promote best practices among its investee companies (EPF, 2014). A good example is the issue of overpayment of directors to top management, highlighted by EPF (The Star, 2018). In this scenario, institutional investors play the role of shareholder activism by questioning the reason for the increased remuneration of the CEO of Sapura Energy Bhd. despite suffering losses during the period.

Studies conducted by Musallam and Muniandy (2017) between EPF and CSR disclosure among Malaysian PLCs show significant negative relationship as limited studies pertaining ownership structure and voluntary disclosure especially for Malaysia (Esa & Zahari, 2016). Thus, finding of this paper would enrich the ongoing debate between the largest institutional investors and online meeting minutes disclosure.

Theoretical Lens

This study draws on the agency theory to explain the possible existence of information asymmetry between different types of shareholders who have different levels of power hence ability to closely monitor their investee companies by demanding for or suppressing the dissemination of minutes meetings online.

Agency theory illustrates the disparity of interest between two parties, agent (managers) and the principal (business owners) course for two reasons: conflict of interest and information asymmetry. Agency theory recognizes shareholders as one of the main monitoring mechanisms to reduce conflicts of interest and minimise agency costs. Generally, literature on the agency theory argued that majority shareholders tend to suppress minority shareholders thus increasing agency conflict. Lowering agency costs can co-exist with effective shareholders' monitoring as gatekeeper for the minority shareholders activism. Additionally, controlling shareholders with majority or dominant voting power allowed expropriation of the right possessed by the minority shareholders to maintain their own interest at the expense of the minority shareholders. There is an obvious gap in this area of corporate disclosure information.

Shareholders' monitoring, which is about driving change in shareholder activism, arises when shareholders believe that the board has failed to perform their duties, which leads to shareholders' dissatisfaction with the board's performance and want to maximize shareholder value (Othman et al., 2019). Arguably, shareholders' monitoring is likely to be harmful to management, but it is also useful to shareholders (PricewaterhouseCoopers, 2018).

Meanwhile, asymmetric information happens when one party in a transaction has more information than the other. For instance, investors are at a disadvantage than managers in accessing future information pertaining to the stock market due to the latter's access to confidential information owing to their roles in the company. That being the case, there is a dire need for transparent disclosure of financial information. Moreover, Samat and Ali (2019) stressed that shareholders' monitoring mechanisms can also be implemented outside the management of companies such as gatekeepers who have led to a consistent increase in company profits as well as an increase in shareholders' wealth.

Hypothesis Development

Shareholders' monitoring is an alternative solution to reduce information asymmetry and associated agency costs (Type I and Type II agency conflicts). Collectively, both theories (agency costs and asymmetric information theories) support the importance of shareholders' monitoring to encourage meeting minutes online disclosures.
Following prior literature, firms in Middle East and North Africa (MENA) such as Saudi Arabia have examined the association between Government ownership and information disclosure (Al-Janadi et al., 2012). The findings of the study show a negative association between Government ownership and information disclosure because Government-regulated firms tend to influence management decisions in determining company policies, even though, there are still some areas of study that have not been fully covered. To compare this view, Shleifer and Vishny (1997) in turn have proven that regulated shareholders such as Governments are more likely to control companies from disclosing sensitive information to minority shareholders. Compared to Al-Janadi et al. (2012) where MENA Government ownership was mostly among PLCs, we expect that Government ownership in emerging countries is highly dependent on company performance, which can provide an important monitoring system and maximize profits (Firth et al., 2007).

Moreover, the Malaysian Government actively promoted good governance after the economic downturn in 1997/1998 that was reflected in a Report on Corporate Governance as an established framework for best practices. The report also documents concerns on shareholders from exploitation by powerful boards of directors (see Claessens, Stijn, and Joseph "Corporate Governance in Asia: A Survey", p. 71, 95*)*. Additionally, World Bank Report (2018) mentions that EPF and MSWG are actively working toward promoting better governance in Malaysia (Finance, 2018, p. 22). This endeavor can be seen as EPF disclosed its investment position and performance on its website. Earlier in 2017, as one of the largest institutional investors in Malaysia, EPF also supported the establishment of the Institutional Investor Code to promote long term value creation at the benefit of shareholders. Hence, we also expect that EPF, as an advocate of better governance, requires online shareholders' meeting minutes disclosure by their investee companies. Thus, we hypothesize that:

H_1: Companies monitored by MSWG are more likely to disclose shareholders' meeting minutes on their corporate websites, compared to their counterparts not under the MSWG's monitoring portfolio.

H_2: Companies owned by the Government are more likely to disclose shareholders' meeting minutes on their corporate websites, compared to their counterparts not under the under-Government ownership portfolio.

H_3: Companies owned by largest institutional investors are more likely to disclose shareholders' meeting minutes on their corporate websites, compared to their counterparts not under the institutional investors portfolio.

RESEARCH METHODS

Sample and Data Collection

To conduct our examination, the year 2016 was chosen because Bursa Malaysia Listing Requirements were amended during that period, where one of the new requirements stipulates PLCs to post summary of key matters deliberated during shareholders' meeting on the corporate website soon after the event (Bursa Malaysia, 2018). Therefore, we obtained and monitored companies that voluntarily published their minutes of shareholders' meetings online during 2016. The research was based on a cross-sectional study using secondary data collection. Following the existing literature, this study adopt three proxies based on the percentage of firms that disclose comprehensive shareholders' meeting minutes, summary of key points only and do not upload shareholders' meeting minutes online corporate disclosure is 43%, 24% and 33%, respectively. We adopted a larger sample following Mohd-Ghazali and Weetman (2016).

Sample Selection

This study focus on online corporate disclosure during the voluntary disclosure regime. Specifically, we only selected listed companies on Bursa Malaysia with a financial year ending 31 December 2016 (between 1 January 2017 to 30 June 2017) because these firms were in the process of adopting Companies Act 2016.

The main difference between the minutes of a comprehensive shareholders' meeting and a summary of a shareholders' meeting on the main points discussed lies in the level of information disclosed. Key points as mandated by the Listing Requirements, consist of questions raised, and answers given during shareholders' meetings. Meanwhile, comprehensive shareholders' meeting minutes usually provide additional information on duration of the meeting, list of attendance and reasons for non-attendance by directors, and includes the chair's signature. Table 2 describes the selection of 261 sample firms for further analysis.

Table 2
Sample size

Description	Number
Main Market firms with financial year ended 31 December, 2016	501
Less firms with inaccessible corporate websites, or without online shareholders' meeting minutes: (a) not provided email details on corporate websites, or (b) emails undelivered, or (c) fail to reply emails to confirm publication of online shareholders' meeting minutes	(240)
Final firms for analysis	261

Additionally, after filtering steps (a) and (b), the researchers proceed with step (c) if Investor Relations (IR) fail to reply emails to confirm online disclosure of shareholders' meeting minutes. Lastly, the final decision was implemented after we considered no online shareholders' meeting minutes with the financial year ended 31 December 2016 twice in June and December 2017.

Variables Explanation

Dependent variables of the study

Similar to prior studies, we measure the extent of online corporate disclosure by giving a score of "2" for comprehensive disclosure, "1" for disclosure of summary of key matters discussed, and "0" for non-disclosure (Alazzani et al., 2019; Dzaraly et al., 2018; Katmon et al., 2019).

Experimental variables of the study

The data to measure shareholders' monitoring came from several sources. We obtained this proprietary data directly from MSWG representative. For the second indicator which is based on Government ownership, we obtained the ownership information from secondary source (i.e. GLC Monitor 2019: State of Play Since GE14, 2019) adopting definitions from Gomez et al. (2018). We created a dichotomous variable where firms owned and controlled by the Government via KWAP, LTAT, Khazanah, PNB, LTH and MoF through at least 20 percent ownership (Gomez et al., 2018, p. 9) are coded as 1, and 0 otherwise. Even though there is no universal acceptance of 20 percent as *de facto* Government ownership controlled, Gomez et al. (2018) provide strong justification for their 20 percent explanation. This method is also in consensus with Mohd-Ghazali and Weetman (2006) who also used a dummy variable to measure Government ownership. Lastly, we also determined firms monitored by institutional investors based on the list of thirty firms in which EPF is one the largest equity holders (EPF Equity Shares List, 2017).

Control variables of the study

Following previous studies, we control several variables to investigate the relationship between the dependent variable and the independent variables. Prior studies had shown mixed results on the several variables as proxy toward disclosure.

In theory, firm size influences the extent of financial information, and large companies make more financial information available to the public. One of the common proxies for firm size and also used in this study is total assets (Ferguson et al., 2002; Ben-Amar & Zeghal, 2011). Voluminous studies have revealed that large audit firms with international brand names (i.e.

the big four audit firms) have an association with firm disclosure level. The four audit firms include PriceWaterhouseCoopers (PwC), Ernst & Young (EY), Deloitte & Touche and KPMG (Ntim et al., 2017; Alnabsha et al., 2018). The general consensus is, these audit firms perform better audit quality and their auditees have a higher level of disclosure.

Profitability can be measured through return on assets (ROA). ROA can be described as a ratio of net profit after tax to total assets. It represents the management's ability to generate income using financial and actual costs (Al-Homaidi et al., 2020). However, there are mixed results on the role played by ROA on the voluntary disclosure information (Haniffa & Cooke, 2002; Henchiri, 2011; Yermack, 2010; Prasad et al., 2019) which triggers further exploration in this study.

We also consider board positions such as grey directors and outside directors as an important role in providing the company with independent advice and decision-making (Veltrop et al., 2018). Furthermore, the outside directors could affect the management strategy in disclosing company information. Ibrahim and Angelidis (1995) indicate that outside directors tend to impact the company's performance as they interact with stakeholders, know their expectations and are able to entertain the investors demand. Additionally, "directors with diverse backgrounds such as personal characteristics and professional level able to boost the board leadership for the sake of stakeholder interest" (Katmon et al., 2017). Unfortunately, the role of grey directors remains ambiguous in the corporate governance literature, however, their role is more likely as an outside directors of the company (Cadbury, 1992; Hsu & Wu, 2014).

Models Specification

The empirical models to test the hypothesis are shown below:

Model 1: $\text{AGM} = \beta_0 + \beta_1\text{MSWG} + \beta_2\text{SIZE} + \beta_3\text{BIG4} + \beta_4\text{ROA} + \beta_5\text{GREY\%} + \sum$

Model 2: $\text{AGM} = \beta_0 + \beta_1\text{GOVT} + \beta_2\text{SIZE} + \beta_3\text{BIG4} + \beta_4\text{ROA} + \beta_5\text{GREY\%} + \sum$

Model 3: $\text{AGM} = \beta_0 + \beta_1\text{EPF} + \beta_2\text{SIZE} + \beta_3\text{BIG4} + \beta_4\text{ROA} + \beta_5\text{GREY\%} + \sum$

This study leverage on hand-collected data on the extent of shareholders' meeting minutes similar to prior literature (Berezinets & Ilina, 2021). The operationalization of the dependent, explanatory and control variables is shown in Table 3. In this model, we estimated Equations (1) to (3) using multiple OLS regression with robust standard errors, thus mitigating against omitted variables bias, multicollinearity and heteroscedasticity. The OLS regression results are as shown in Tables 4 to 7.

Table 3
Operationalization definition

Variable Name	Acronym	Measurements of variables	Resources	Hand-collect	References
Dependent Variable					
Extent of shareholders' meeting minutes online disclosure	AGM	2 = comprehensive meeting minutes online disclosure 1 = partial meeting minutes online disclosure 0 = none	Corporate websites	Yes	Dzaraly, Lokman & Othman (2018)
Independent Variables					
MSWG target firms	MSWG	1= firm monitored by MSWG 0= firm not monitored by MSWG	MSWG	Yes	

Government ownership (KWAP, LTAT, Khazanah, PNB, LTH, MoF)	GOVT	1= firm owned by the Government Linked Investment Companies 0= firm not owned by the Government Linked Investment Companies	Annual Report, GLC Monitor 2019 Report	Yes	Mohd-Ghazali& Weetman, (2006), Finance. (2018).
Institutional investors	EPF	1= firm owned by the EPF 0= firm not owned by the EPF	EPF Equity Shares List Report	Yes	
Control Variables					
Firm Size	SIZE	Natural logarithm of total Assets (RM '000)	DataStream/ Refinitiv Eikon	No	Haniffa & Cooke (2002), Rossi, Nicolò, Tartaglia Polcini (2018)
Audit quality	BIG4	1= firm audited by PriceWaterhouseCoopers, Ernst & Young, Deloitte & Touche or KPMG, 0= firm not audited by the audit firms mentioned above	DataStream/ Refinitiv Eikon	No	Haniffa & Cooke (2002), Mohamed, Basuony (2014)
Return on Assets	ROA	Ratio of net profit after tax to total assets	DataStream/ Refinitiv Eikon	No	Haniffa & Cooke (2002), Henchiri (2011), Yermack (2010), Prasad, Sankaran & Prabhu (2019)
Percentage of Grey Directors	GREY%	Number of grey directors scaled by board size	Annual report	Yes	Abdulmalik (2015), Hsu & Wu (2014).

Note: The table reports the operational definitions of all variables of the study.

DISCUSSION

Table 4 reports the descriptive statistics for a sample of 261 Malaysian PLCs. The average online corporate disclosure score is 1.11, which reflects a mix of non-disclosure, key matters disclosure, and comprehensive disclosure as 33%, 24% and 43%.

Descriptive Analysis

Based on the descriptive statistics in Table 4, AGM has a mean of 1.11, which indicates that on average, sample firms disclose at least partial of their meeting minutes online. Specifically, referring to Model 1, 113 and 63 firms respectively published full and partial meeting minutes online, while 85 firms did not publish at all. The standard deviation of AGM is 0.87. The results show that companies tend to disclose additional information to promote transparency (Haniffa & Cooke, 2002).

Meanwhile, the average and standard deviation of Government ownership is 0.13 and 0.33, respectively. The findings show that, on average, sample firms are at least 13% owned by the Government (34 firms) consisting of KWAP, LTAT, Khazanah, PNB, LTH and MoF. To compare, the institutional investors major contributor, EPF shows average and standard deviation of 0.25 and 0.43 respectively better compared to Musallam and Muniandy, 2017). With 65 firms monitored by EPF, this study is on the right track to examine the relationship between the institutional investors and online corporate disclosure. Additionally, 34% of sample firms are monitored by MSWG, which is similar to the figure reported in MSWG's annual report 2020.

Moreover, slightly more than half of the sample firms are audited by the Big4, and the total assets of the sample firms range from RM1.4 thousand to RM735 billion, with a mean (median) of RM11 billion (RM492 million). In terms of ROA, on average 3.86 firms recorded mixed performance with minimum ROA is -66.12. Finally, regarding the percentage of grey directors shown in GREY%, an average of 19.56% of directors are grey directors, who have been appointed during the study period.

Table 4
Descriptive statistics

Variables	Minimum	Maximum	Mean	Median	SD.	Variance	Skewness	Kurtosis
AGM	0.00	2.00	1.11	1.00	0.87			
MSWG	0.00	1.00	0.34	0.00	0.48	0.227	0.653	1.426
GOVT	0.00	1.00	0.13	0.00	0.33	0.111	2.248	6.054
EPF	0.00	1.00	0.25	0.00	0.43	0.186	1.184	2.402
SIZE	1.25	20.42	13.28	13.45	2.97	3.75	9.229	95.439
BIG4	0.00	1.00	0.54	1.00	0.50	0.249	–0.146	1.021
ROA	–66.12	62.23	3.86	3.96	12.08	145.913	–0.625	13.245
GREY%	0.00	60.00	19.56	16.67	16.64	2.209	1.198	5.211

Note: Sample, N = 261 Malaysian PLCs. Refer Table 4 for variable definitions. SD indicated standard deviation.

Correlation Analysis

Table 5 reports the correlations (Pearson) between the dependent variable, independent variables and control variables for all firms in the paper. Majority of the variables are strongly correlated with the online corporate disclosure except the non-association between AGM and ROA ($p = 0.07$). The highest correlations can be observed for MSWG and GOVT, with coefficients of about 0.553 and 0.476 respectively. There are no multicollinearity threats as the cut-off threshold for multicollinearity is when the correlation is greater than 0.80 (Gujarati, 1995).

The preliminary finding on the association between shareholders' monitoring and online corporate disclosure is consistent with the hypothesis of the study, where all proxies of shareholders' monitoring (MSWG, GOVT and EPF) are strongly correlated with corporate disclosure. This correlation is also due to the fact that companies that are monitored by MSWG are more likely to be audited by Big4 than companies that are not included in the MSWG's monitoring portfolio. Meanwhile, due to concentrated ownership, firms with Government ownership chose to disclose additional information to promote accountability and transparency of corporate disclosures. With respect to EPF, this study shows that there is a positive correlation between institutional investors associations and online corporate disclosures that facilitate more information transparency once they are under scrutiny of investors. Additionally, a variance inflation factor (VIF) test is conducted among the variables, and the results are shown in Table 6. We see that all the VIFs of all the explanatory variables are smaller than 10, indicating no multicollinearity issues among the variables as suggested by Pallant (2016).

Table 5
Pearson correlations

	Variables	Means	VIF	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1)	AGM	1.11		1.00							
(2)	MSWG	0.34	1.501	0.553**	1.00						
(3)	GOVT	0.13	1.277	0.300**	.476**	1.00					
(4)	EPF	0.25	1.247	0.197**	.355**	.399**	1.00				
(5)	SIZE	13.28	1.386	0.312**	.451**	.283**	.306**	1.00			
6()	BIG4	0.54	1.437	0.338**	.432**	.284**	.316**	.425**	1.00		
(7)	ROA	3.86	1.034	0.07	0.12	–0.04	0.00	.169**	.123*	1.00	
(8)	GREY%	19.56	1.288	0.292**	.409**	.403**	.357**	.218**	.388**	0.05	1.00

Note: Sample, N = 261 Malaysian PLCs. Refer Table 3 for variable definitions.
**. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).

Regression Results

Regression results shown in Table 6 indicated that 31% of the predicted variables reasonably explain the variation in online corporate disclosure. The first explanatory variable shareholders' monitoring, MSWG has a positive and strong relationship with online corporate disclosure (β = 0.453, p < 0.001***), supporting H_1 (model 1). We find that the higher association supports the main intent of the study where the company is already prepared to disclose more information to attract existing and potential investors (Bourveau & Schoenfeld, 2017). Agency theory supports that active monitoring can reduce agency conflicts, so companies under the MSWG monitoring (agency cost Type I) are more compelled to disclose their shareholders' meeting minutes online to attract potential investors. The firms tend to disclose more information to attract and inform absent shareholders if they were unable to attend the shareholders' meeting.

For model 2, the analysis on shareholders' monitoring indicated by the Government ownership reported a positive and strong association (β = 0.154, p < 0.001**) significant at 5% level, supporting H_2. This finding emphasizes that the existence of shareholders' monitoring through Government ownership yields stronger corporate reputation and confidence among the shareholders (coefficients is 2.421**). The importance of online disclosure of meeting minutes particularly by a GLC can be observed via the 1MDB financial scandal involving the former Prime Minister of Malaysia where MoF revealed that Datuk Seri Najib Razak had signed the minutes of the original meeting related to the memorandum of SRC International Sdn. Bhd. and it had been made available online (The Edge Online, 2019). This shows that shareholders have an undeniably powerful influence and voice to ask for clarification if they discover any irregularity from meeting minutes, especially when the disclosure is easily accessible online and made in a timely manner parallel with agency cost Type II which contends that majority shareholders prefer to suppress minority shareholders in terms of voting results and decision making during shareholders' meetings.

When the second proxy for shareholders' monitoring (GOVT) is used in model 2, the adjusted R-Square drops to 17.8% in explaining the variation in online shareholders' meeting minutes. This is because, in this sample, fewer companies are monitored by the Government through its EPF shareholdings. Although all the control variables are insignificant in model 1, however, in model 2, we can see that larger firms (SIZE: β = 0.164, p < 0.001**), audit quality (BIG4: β = 0.172, p < 0.001**) and percentage of grey directors (GREY%: β = 0.127, p < 0.001*) are more likely to provide detailed voluntary disclosure (i.e. meeting minutes), consistent with Haji (2013), Abdulmalik (2015) and Katmon et al. (2019).

Lastly, using EPF shareholdings as the proxy for institutional investors, model 3 reported that EPF has insignificant association with online corporate disclosure that is in agreement with Musallam and Muniandy (2017). In Malaysia, EPF only invests in reputable and promising firms that produce high returns (Finance, 2018). However, our control variables i.e. SIZE, BIG4 and GREY% show positive and significant results. The average adjusted R Square for each model are 30.9% (Model 1), 17.8% (Model 2) and 15.9% (Model 3) respectively. Model 1 has the highest adjusted R Square compared to model 2 and 3. Consistently, all models show strong significance value, F-value as 0.000 respectively as illustrated in Table 6.

Table 6
Multivariate OLS regression analysis between Model 1, 2 and 3

Explanatory		Model 1	Model 2	Model 3
R Square		0.322	0.194	0.176
Adjusted R Square (*Adj* R^2)		0.309	0.178	0.159
Durbin-Watson		1.963	1.852	1.845
F-value		0.000	0.000	0.000
Number of observations		261	261	261
Variable	Expected sign	Coefficients	Coefficients	Coefficients
MSWG	+	0.469		
		[7.434] ***		
GOVT	+		0.154	
			[2.421] **	
EPF	+			0.020
				[0.312]
SIZE	+	0.051	0.164	0.190
		[0.835]	[2.567] **	[2.927] ***
BIG4	+	0.094	0.172	0.183
		[1.516]	[2.601] **	[2.717] ***
ROA	?	–0.010	0.020	0.006
		[0.191]	[0.346]	[0.098]
GREY%	?	0.053	0.127	0.173
		[0.912]	[1.956] *	[2.694] ***

Notes: Sample, N = 261 Malaysian PLCs. *, ** and *** indicate significance at the 1, 5% and 10% levels, respectively. We present the estimated coefficients and the t-statistics (in parentheses) for the regression. Refer Table 4 for variable definitions.

Robustness Analysis

As an alternative measure, additional tests to further verify the key results were conducted. This section provides further robustness analysis by reducing the number of observations (by excluding companies that fall under Finance and REITs of Bursa sectors) due to stricter regulations and more tedious compliance by the Bank Negara Malaysia). Table 7 provided the results for robustness analysis based on model 1, the association between companies monitored by MSWG and online corporate disclosure. To compare our empirical results for the association between online corporate disclosure and GOVT (model 2), the results showed a strong positive finding which was consistent with prior literature (Bourveau & Schoenfeld, 2017). Evidently, companies with the most rigorous monitoring and oversight are willing to reveal more information. Meanwhile, the robustness analysis also reported that there was no relationship between the EPF and online corporate disclosure, similar to the main finding.

Although there was no significant equivalent correlation between online corporate disclosure and EPF from the robustness analysis (model 3), control variables such as SIZE and BIG4 showed positive significance results similar with Ben-Amar & Zeghal (2011) and Ntim et al. (2017). As comparison, the significant results for SIZE is 0.014** and BIG4 is 0.006*** which is strongly associated with the dependent variable, confirming our main results. The results agree with other empirical evidence that SIZE is a highly important and influential variable for online corporate disclosure study. Finally, our results shed important light by providing strong evidence of appropriate determinants of online corporate disclosure, based on monitoring by MSWG (as a gatekeeper) and GLCs. The findings also show that GREY% for model 2 and 3 are highly significant with corporate information disclosure. The involvement of non-Independent non-Executive (GREY%) directors in the board membership positively influenced the decision to disclose shareholders' meeting minutes online. GREY% does influence the level of voluntary disclosure as claimed by Abdulmalik (2015) and Hsu and Wu (2014). In fact, the board of directors also encourages managers to adopt the best disclosure policy (Elshandidy & Neri, 2015).

Table 7
Robustness multivariate OLS regression analysis between Model 1, 2 and 3

Explanatory	Model 1			Model 2			Model 3		
	P>[t]		[95% Conf. Interval]	P>[t]	[95% Conf. Interval]		P>[t]	[95% Conf. Interval]	
MSWG	7.86 [0.000] ***	0.643	1.073						
GOVT				2.90 [0.004] ***	0.126	0.661			
EPF							0.32 [0.748]	–0.195	0.271
SIZE	0.74 [0.457]	–0.0229	0.050	2.28 [0.024] **	0.006	0.086	2.48 [0.014] **	0.011	0.093
BIG4	1.51 [0.131]	–0.0518	0.395	2.73 [0.007] ***	0.088	0.544	2.80 [0.006] ***	0.099	0.570
ROA	–0.22 [0.830]	–0.007	0.006	0.41 [0.683]	–0.005	0.008	0.12 [0.906]	–0.006	0.007
GREY%	0.75 [0.456]	–0.041	0.090	1.92 [0.056] *	–0.002	0.138	2.81 [0.005] ***	0.029	0.168

Note: *, ** and *** indicate significance at the 0%, 5% and 1% levels, respectively. We present the estimated coefficients and the t-statistics (in parentheses) for the regression. Refer Table 3 for variable definitions.

CONCLUSION

Our research adds to the body of knowledge in a variety of ways, for example our research relies on shareholders' monitoring to assess the amount of corporate oversight. We have also expanded the disclosure literature by focusing on the disclosure of the minutes of the shareholders' meeting on the company's website. This is an ongoing issue that has attracted the attention of regulators, shareholder activists and management.

Research Implications

Our findings broaden the understanding of shareholder activism, for instance the role played by the MSWG, in raising the quality of corporate governance, particularly in promoting corporate transparency. We emphasize upon online corporate disclosure as this issue is widely debated among corporate governance advocates after it was found that Malaysian PLCs monitored by MSWG and Government (through their significant ownership) were associated with more detailed disclosures of shareholders' meeting minutes. Contrary to the oft-cited empirical evidence that institutional ownership is associated with enhanced corporate governance practices, shareholders' monitoring by EPF is not significantly relevant, and control blocks are widespread in Malaysian PLCs. In this regard, EPF is a noisy proxy for institutional ownership in measuring the strength of shareholders' monitoring.

However, this study contributes to a novel discovery on the impact of shareholders' oversight on online corporate disclosure. This paper is among a few pioneering studies that empirically examines the relationship between shareholders' monitoring and meeting minutes online disclosure in Malaysia. It also supplements the existing literature on shareholders activism and information asymmetry. Still, some limitations of the study are worth mentioning where, in this study, our shareholders' monitoring is proxy by a simple dichotomous variable that can be improved in future research, by using more precise ways to measure the variable.

Direction for Future Research

Future studies may also look at the Corporate Governance Monitor (2021) that emphasized on the importance of properly recording the minutes of shareholders' meetings, especially specific questions raised by shareholders. Besides, family ownership structure may become an important antecedent to corporate online disclosure in Malaysia as family-owned companies tend to be secretive about their activities hence providing limited disclosure as compared to the counterparts. Increasing the number of firms and years of observations may also yield improved results. Lastly, future study can also explore other possible best practices to maintain and foster shareholders' monitoring especially in the period of post pandemic, and during the current global financial and economic crisis.

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