CHAPTER IV

DISCUSSION

A. Overview of Research Objects

The samples of this research are all High-Intellectual Capital Intensive companies listed on Indonesia Stock Exchange (IDX) and Bursa Malaysia. This research uses data from 2015 and 2016 to get the update data and can be compared from previous year. Based on the purposive sampling method established in chapter III, 169 samples are obtained in Indonesia and 194 samples in Malaysia High-IC Intensive companies that met the criteria. The details of sample selection can be seen in Table 4.1 and Table 4.2.

Table 4.1
Sample Selection Procedure in Indonesia

No	Description	Total
1.	High IC Intensive Companies listed on BEI 2015-2016	**428**
2.	Companies that do not meet the criteria and do not have complete data related to the research variables	**(228)**
3.	Outlier Data	**(31)**
Total Sample of Companies		**169**

Based on Table 4.1 High IC Intensive companies listed on BEI 2015-2016 are 428 companies. Companies that do not meet the sample criteria are 228 companies. The outlier data are 39 samples. Thus, the total samples of this research are 169 companies.

Table 4.2
Sample Selection Procedure in Malaysia

No	Description	Total
1.	High IC Intensive Companies listed on Bursa Malaysia 2015-2016	**998**
2.	Companies that do not meet the criteria and do not have complete data related to the research variables	**(798)**
3.	Outlier Data	**6**
Total Sample of Companies		**194**

Based on Table 4.1 High IC Intensive companies listed on MGX 2015-2016 are 998 companies. Companies that do not meet the sample criteria are 798 companies. The outlier data are 6 samples. Thus, the total samples of this research are 194 companies.

B. Data Quality Test

1. Descriptive Statistics Analysis

Descriptive statistics analysis is used to describe the sample data. The results of descriptive statistic were showed in Table 4.3 and Table 4.4.

Table 4.3
Descriptive Statistics Indonesia

	N	Minimum	Maximum	Mean	Std. Deviation
BSIZE	169	3,00	13,00	6,1953	2,29201
ACCOM	169	2,00	9,00	3,4911	,93298
ICD	169	,48	,78	,5940	,06656
Valid N (listwise)	169				

Based on Table 4.3 shows the result of statistics descriptive for 169 samples. The results are: variable board size (BSIZE) has minimum value 3; maximum value 13; mean 6,1953 and standard deviation 2,29201. Variable

CEO Duality (DUAL) has minimum value 0; maximum value 1; mean 0,1538 and standard deviation 0,36187. Variable audit committee (ACCOM) has minimum value 2; maximum value 9; mean 3,4911 and standard deviation 0,93298. Variable board gender (GENDER) has minimum value 0; maximum value 1; mean 0,5858 and standard deviation 0,49405. Intellectual Capital Disclosures (ICD) has minimum value 0,48; maximum value 0,78; mean 0,5940 and standard deviation 0,6656.

Table 4.4
Descriptive Statistics Malaysia

	N	Minimum	Maximum	Mean	Std. Deviation
BSIZE	194	4,00	14,00	8,3557	2,12615
ACCOM	194	2,00	5,00	3,3608	,63058
ICD	194	,30	,88	,5788	,12192
Valid N (listwise)	194				

Based on Table 4.4 shows the result of statistics descriptive for 194 samples. The results are: variable board size (BSIZE) has minimum value 4; maximum value 14; mean 8,3557 and standard deviation 2,12615. Variable CEO Duality (DUAL) has minimum value 0; maximum value 1; mean 0,0258 and standard deviation 0,15887. Variable audit committee (ACCOM) has minimum value 2; maximum value 5; mean 3,3608 and standard deviation 0,63058. Variable board gender (GENDER) has minimum value 0; maximum value 1; mean 0,6340 and standard deviation 0,48295. Intellectual Capital Disclosures (ICD) has minimum value 0,3; maximum value 0,88; mean 0,5788 and standard deviation 0,12192.

C. Classic Assumption Test

1. Normality Test

Normality test is performed to test whether the data being analyzed is normal distribution or not. The results of normality test are shown in Table 4.5 and Table 4.6.

Table 4.5
Normality Test Indonesia

		Unstandardized Residual
N		169
Normal Parameters(a,b)	Mean	,0000000
	Std. Deviation	,05885899
Most Extreme Differences	Absolute	,060
	Positive	,060
	Negative	-,048
Kolmogorov-Smirnov Z		,775
Asymp. Sig. (2-tailed)		,585

a Test distribution is Normal.
b Calculated from data.

Based on Table 4.5 the value of Asymp. Sig (2-tailed) that obtained by One Sample Kolmogorov-Smirnov Test was 0,585 > α (0,05). Thus, it can be concluded that data used in this research distributed normally.

Table 4.6
Normality Test Malaysia

		Unstandardized Residual
N		194
Normal Parameters(a,b)	Mean	,0000000
	Std. Deviation	,11599211
Most Extreme Differences	Absolute	,066
	Positive	,066
	Negative	-,050
Kolmogorov-Smirnov Z		,924
Asymp. Sig. (2-tailed)		,361

a Test distribution is Normal.
b Calculated from data.

Based on Table 4.6 the value of Asymp. Sig (2-tailed) that obtained by One Sample Kolmogorov-Smirnov Test was 0,361 > □ (0,05). Thus, it can be concluded that data used in this research distributed normally.

2. Autocorrelation Test

The results of autocorrelation test are shown in Table 4.7 and Table 4.8.

Table 4.7
Autocorrelation Test Indonesia

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,467(a)	,218	,199	,05957	2,102

a Predictors: (Constant), GENDER, ACCOM, DUAL, BSIZE
b Dependent Variable: ICD

Based on Table 4.7 the value of Durbin Watson is 2,102. The value of dU < dW < 4-dU was 1,7970 < 2,007 < 2,203. It means that the data does not contain autocorrelation.

Table 4.8
Autocorrelation Test Malaysia

Model	R	R Square(a)	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,945(b)	,892	,890	,12316	1,888

Based on Table 4.7 the value of Durbin Watson obtained by Cochrane-Orcutt test. The value was 1,888. The value of dU < dW < 4-dU was 1,8072 < 1,888 < 2,1928. It means that the data does not contain autocorrelation.

3. Multicollinearity Test

The results of multicollinearity test are shown in Table 4.9 and Table 4.10.

Table 4.9
Multicollinearity Test Indonesia

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	BSIZE	,843	1,187
	DUAL	,938	1,067
	ACCOM	,950	1,052
	GENDER	,894	1,118

a Dependent Variable: ICD

Based on Table 4.9 the value of VIF for each variables ≤ 10 and the value of tolerance > 0,1. VIF for variable BSIZE is 1,187; DUAL is 1,067; ACCOM is 1,052; GENDER is 1,118. The tolerance value of variable BSIZE is 0,843; DUAL is 0,938; ACCOM is 0,950; and GENDER is 0,894. Thus, it can be concluded that the data in this research does not contain multicollinearity.

Table 4.10
Multicollinearity Test Malaysia

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	BSIZE	,850	1,176
	DUAL	,989	1,011
	ACCOM	,884	1,132
	GENDER	,932	1,073

a Dependent Variable: ICD

Based on Table 4.10 the value of VIF for each variables ≤ 10 and the value of tolerance > 0,1. VIF for variable BSIZE is 1,176; DUAL is 1,011; ACCOM is 1,132; GENDER is 1,073. The tolerance value of variable BSIZE is 0,850; DUAL is 0,989; ACCOM is 0,884; and GENDER is 0,932. Thus, it can be concluded that the data in this research does not contain multicollinearity.

4. Heteroscedasticity Test

The results of heteroscedasticity test are shown in Table 4.11 and Table 4.12.

Table 4.11
Heteroscedasticity Test Indonesia

Model		Sig.
1	(Constant)	,001
	BSIZE	,374
	DUAL	,481
	ACCOM	,329
	GENDER	,077

a Dependent Variable: ABS_RES

Based on Table 4.11 the Sig value of each variables > alpha (0,05). Variable BSIZE is 0,374; DUAL is 0,481; ACCOM is 0,329; GENDER is 0,077. Thus, it can be concluded that the data in this research does not contain heteroscedasticity.

Table 4.12
Heteroscedasticity Test Malaysia

Model		Sig.
1	(Constant)	,001
	BSIZE	,361
	DUAL	,627
	ACCOM	,367
	GENDER	,826

a Dependent Variable: ABS_RES

Based on Table 4.12 the Sig value of each variables > alpha (0,05). Variable BSIZE is 0,361; DUAL is 0,627; ACCOM is 0,369; GENDER is 0,826. Thus, it can be concluded that the data in this research does not contain heteroscedasticity.

D. Hyphoteses Test

1. Coefficient Determination (Adjusted R^2)

The results of coefficient determination test are shown in Table 4.13 and Table 4.14.

Table 4.13
Coefficient Determination Test Indonesia

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,467(a)	,218	,199	,05957	2,102

a Predictors: (Constant), GENDER, ACCOM, DUAL, BSIZE
b Dependent Variable: ICD

Based on Table 4.13 the value of coefficient determination (Adjusted R^2) is 0,199 or 19,9 %. It means that 19,9 % of variable BSIZE, DUAL, ACCOM, and GENDER can explain the variable ICD. However, the rest of

80,1 % will be affected by other variable that did not contain in this research model.

Table 4.14
Coefficient Determination Test Malaysia

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,308(a)	,095	,076	,11721	1,209

a Predictors: (Constant), GENDER, DUAL, ACCOM, BSIZE
b Dependent Variable: ICD

Based on Table 4.14 the value of coefficient determination (Adjusted R^2) is 0,76 or 7,6 %. It means that 7,6 % of variable BSIZE, DUAL, ACCOM, and GENDER can explain the variable ICD. However, the rest of 92,4 % will be affected by other variable that not contain in this research model.

2. F Test

The results of f-test are shown in Table 4.15 and Table 4.16.

Table 4.15
f Test Indonesia

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,162	4	,041	11,428	,000(a)
	Residual	,582	164	,004		
	Total	,744	168			

a Predictors: (Constant), GENDER, ACCOM, DUAL, BSIZE
b Dependent Variable: ICD

Based on Table 4.15 the value of F is 11,428 with significant value 0,000 < alpha (0,05). Thus, all independent variables that consist of BSIZE, DUAL, ACCOM, and GENDER affected simultaneously towards dependent variable (ICD).

Table 4.16
f Test Indonesia

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,272	4	,068	4,954	,001(a)
	Residual	2,597	189	,014		
	Total	2,869	193			

a Predictors: (Constant), GENDER, DUAL, ACCOM, BSIZE
b Dependent Variable: ICD

Based on Table 4.16 the value of F is 4,954 with significant value 0,001 < alpha (0,05). Thus, all independent variables that consist of BSIZE, DUAL, ACCOM, and GENDER affected simultaneously towards dependent variable ICD.

3. T-Test

The results of f-test are shown in Table 4.17 and Table 4.18.

Table 4.17
t-Test Indonesia

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	,487	,020		23,927	,000
	BSIZE	,010	,002	,346	4,601	,000
	DUAL	,028	,013	,151	2,122	,035
	ACCOM	,012	,005	,164	2,315	,022
	GENDER	-,002	,010	-,011	-,154	,877

a Dependent Variable: ICD

Based on Table 4.17 the regression model is:

ICD = 0,487 + 0,010 BSIZE + 0,012 ACCOM + e

The result of hypothesis testing by using sample company in Indonesia:

a. Board Size towards Intellectual Capital Disclosure level

Based on Table 4.17 shows that the board size (BSIZE) has a positive regression coefficient value of 0,010 with significant value of

0,000 < α (0,05). Thus, the board size of Indonesia companies positively affect towards Intellectual Capital Disclosure (ICD). Thus, the first hypothesis (H_{1a}) which states that board size has positive significant effect towards ICD in Indonesia is accepted.

b. CEO Duality towards Intellectual Capital Disclosure level

Based on Table 4.17 shows that the CEO Duality (DUAL) has a positive regression coefficient value of 0,028 with significant value of 0,035 < α (0,05). Thus, the CEO Duality in Indonesia companies positively affect towards Intellectual Capital Disclosure (ICD). Thus, the second hypothesis (H_{2a}) which states that CEO Duality has negative significant effect towards ICD in Indonesia is rejected.

c. The Size of Audit Committee towards Intellectual Capital Disclosure level

Based on Table 4.17 shows that the audit committee (ACCOM) has a positive regression coefficient value of 0,12 with significant value of 0,022 < α (0,05). Thus, the audit committee in Indonesia companies positively affect towards Intellectual Capital Disclosure (ICD). Thus, the third hypothesis (H_{3a}) which states that audit committee has positive significant effect towards ICD in Indonesia is accepted.

d. Board Gender (the Existence of Women Director) towards Intellectual Capital Disclosure level

Based on Table 4.17 shows that the the existence of board gender has a negative regression coefficient value of -0,002 with significant

value of 0,877 < α (0,05). Thus, the existence of women in board in Indonesia companies negatively affect towards Intellectual Capital Disclosure (ICD). Thus, the fourth hypothesis (H_{4a}) which states that board gender has positive significant effect towards ICD in Indonesia is rejected.

Table 4.18
t-Test Malaysia

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	,371	,050		7,456	,000
	BSIZE	,006	,004	,109	1,450	,149
	DUAL	,022	,053	,029	,420	,675
	ACCOM	,042	,014	,217	2,949	,004
	GENDER	,022	,018	,085	1,189	,236

a Dependent Variable: ICD

Based on Table 4.18 the regression model is:

ICD = 0,371 + 0,042 ACCOM + e

The result of hypothesis testing by using sample company in Malaysia:

a. Board Size towards Intellectual Capital Disclosure level

Based on Table 4.18 shows that the board size (BSIZE) has a positive regression coefficient value of 0,006 with significant value of 0,149 < α (0,05). Thus, the board size of Malaysia companies positively affect towards Intellectual Capital Disclosure (ICD). Thus, the first hypothesis (H_{1b}) which states that board size has positive significant effect towards ICD in Malaysia is rejected.

b. CEO Duality towards Intellectual Capital Disclosure

Based on Table 4.18 shows that the CEO Duality (DUAL) has a positive regression coefficient value of 0,002 with significant value of 0,675 < α (0,05). Thus, the CEO Duality in Malaysia companies positively affect towards Intellectual Capital Disclosure (ICD). Thus, the second hypothesis (H_{2b}) which states that CEO Duality has negative significant effect towards ICD in Indonesia is rejected.

c. The Size of Audit Committee towards Intellectual Capital Disclosure

Based on Table 4.18 shows that the audit committee (ACCOM) has a positive regression coefficient value of 0,42 with significant value of 0,004 < α (0,05). Thus, the audit committee in Malaysia companies positively affect towards Intellectual Capital Disclosure (ICD). Thus, the third hypothesis (H_{3b}) which states that audit committee has positive significant effect towards ICD in Malaysia is accepted.

d. The Existence of Board Gender towards Intellectual Capital Disclosure

Based on Table 4.17 shows that the the existence of board gender has a negative regression coefficient value of 0,022 with significant value of 0,236 < □ (0,05). Thus, the existence of women in board in Malaysia companies negatively affect towards Intellectual Capital Disclosure (ICD). Thus, the fourth hypothesis (H_{4b}) which states that board gender has positive significant effect towards ICD in Indonesia is rejected.

4. Independent Sample t-test

Different t-test tests were used to determine whether two unrelated samples had different mean values (Ghozali, 2011). The results of the different test of this study are shown in Table 4.19.

Table 4.19
Group Statistics

	COUNTRY	N	Mean	Std. Deviation	Std. Error Mean
ICD	INDONESIA	169	,5940	,06656	,00512
	MALAYSIA	194	,5788	,12192	,00875

Based on Table 4.19, the samples of Indonesia are 169 companies and Malaysia is 194 companies. The mean of intellectual capital disclosure in Indonesia is 0,5940 and Malaysia is 0,5788.

Table 4.20
Levene's Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	T	df	Sig. (2-tailed)
ICD	Equal variances assumed	69,553	,000	1,444	361	,150
	Equal variances not assumed			1,499	306,440	,135

Based on Table 4.20 the sig value of levene's test was 0,000 < alpha (0,05). It means that there was a different variance so that used equal variance not assumed that the sig value 0,135. Because the sig value was 0,135 > alpha (0,05), thus the fifth hypothesis (H_5) is rejected.

5. Chow Test

Table 4.21
Residual Value Test Indonesia (RSS1)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,162	4	,041	11,428	,000(a)
	Residual	,582	164	,004		
	Total	,744	168			

a Predictors: (Constant), GENDER, DUAL, ACCOM, BSIZE
b Dependent Variable: ICD

Table 4.22
Residual Value Test Malaysia (RSS2)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,272	4	,068	4,954	,001(a)
	Residual	2,597	189	,014		
	Total	2,869	193			

a Predictors: (Constant), GENDER, DUAL, ACCOM, BSIZE
b Dependent Variable: ICD

Table 4.23
Residual Value Test (RSSr)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,348	4	,087	9,478	,000(a)
	Residual	3,286	358	,009		
	Total	3,634	362			

a Predictors: (Constant), GENDER, DUAL, ACCOM, BSIZE
b Dependent Variable: ICD

Chow Test Equation:

$$F = \frac{(RSSr - RSSUr) / k}{(RSSUr) / (n1 + n2 - 2k)}$$

$$= \frac{(3{,}286 - (0{,}582 + 2{,}597) / 4}{(0{,}582 + 2{,}597) / [164 + 194 - 2(4)]}$$

$$= \frac{0{,}02675}{0{,}00895} = 2{,}98$$

From table F with df1 = 3 (k-1) and df2 = 359 (n1+n2-k) with a significance level of 0.05, obtained F table value of 2,26. Because F count (2,98)> F table (2,26), it can be concluded that there is difference of influence of board size, CEO duality, audit committee, and board gender towards intellectual capital disclosure in Indonesia and Malaysia. Thus the sixth hypothesis (H6) is accepted.

Table 4.24
The Results of the Hypotheses

Code	Hypotheses	Results
H_{1a}	Board size has positive significant effect towards intellectual capital disclosure level in Indonesia	Accepted
H_{1b}	Board size has positive significant effect towards intellectual capital disclosure level in Malaysia	Rejected
H_{2a}	CEO duality has negative significant effect towards intellectual capital disclosure level in Indonesia	Rejected
H_{2b}	CEO duality has negative significant effect towards intellectual capital disclosure level in Malaysia	Rejected
H_{3a}	Audit committee has positive significant effect towards intellectual capital disclosure level in Indonesia	Accepted
H_{3b}	Audit committee has positive significant effect towards intellectual capital disclosure level in Malaysia	Accepted
H_{4a}	Board gender has positive significant effect towards intellectual capital disclosure level in Indonesia	Rejected
H_{4b}	Board gender has positive significant effect towards intellectual capital disclosure level in Malaysia	Rejected
H_5	There is a difference between intellectual capital disclosure's level in Indonesia and Malaysia	Rejected
H_6	There are differences in the effect of board size, CEO duality, audit committee, and board gender towards intellectual capital disclosure level in Indonesia and Malaysia	Accepted

E. Discussion

This study examines the effect of board size, CEO duality, audit committee, board gender, and ICD. Based on the tests that had been undertaken, the results show that not all independent variables in this research significantly affect the dependent variable. Independent variables proven positively affect ICD are board size and the size of audit committee.

1. The Influence of Board Size towards Intellectual Capital Disclosure Level

The results of first hypothesis, Indonesia show that the board size has positive significant effect towards ICD. It means that hypothesis (H_{1a}) is accepted. Based on resource dependence theory, it is emphasized that the larger size of the board will increase skills and offer a wide range of perspectives in making the decision. The larger board size also offers increased monitoring capacity for handling organizational activities. It was supported by Abeysekera (2010); Hidalgo *et al.*, (2010) in Kenya and Mexico.

However, Malaysia has no effect towards ICD. It means that hypothesis (H_{1b}) is rejected. This study assumes that more directors on board mean the more difficult in making decision. The information may be hard to inform and misunderstand that cause information asymmetry and agency problems. It also need longer time to inform the information that will reduce the usefulness of information. In addition, educational

background and experience in managing the company also influence the quality of board (Abeysekera, 2010).

2. The Influence of CEO Duality towards Intellectual Capital Disclosure Level

CEO Duality refers to condition when the position both CEO and chairman is the same person. The results of second hypothesis, both Indonesia and Malaysia show that the CEO Duality has no effect towards ICD level. It means that hypothesis (H_{2a}) and (H_{2b}) are rejected.

The result of this research is consistent with prior studies that there is no association between duality and corporate performance (Berg and Smith, 1978; Rechner and Dalton, 1989). The existence of duality or not in company did not influence toward ICD level. Although duality is consider reducing company information, but duality can improve corporate performance since it provides the firm with a CEO and chairman who has the knowledge and experience to make better decisions in a timely way.

CEO duality also has no effect toward ICD level in Malaysia. This study assumes that it is due to the policy governing that the CEO and the chairman should be separated. The Malaysian Code of Ethics on Corporate Governance (MCCG) recommends separating the positions of CEO and Chairman to ensure a balance of power and authority, so that no individual had the authority to make decisions. It was hoped that the code will lead to more independent board that can provide important checks and balances on management performance (Rahman and Haniffa, 2005).

3. The Influence of Audit Committees towards Intellectual Capital Disclosure Level

The audit committee plays a role in ensuring that processes related to financial disclosure proceed according to existing rules (PwC, 2000). The audit committee is effective in overseeing corporate financial reporting and disclosure as well as curbing opportunistic management behaviors (Akhtaruddin and Haron, 2010). Thus, the larger size of audit committee act as a powerful monitoring device for improving voluntary disclosures such as ICD.

The results of third hypothesis, both Indonesia and Malaysia showed that the number of audit committee had positive significant effect towards ICD level. It means that hypotheses (H_{3a}) and (H_{3b}) are accepted. The results in this research were consistent with prior research that the size of audit committee is a significant determinant of both financial reporting quality (Ahmad-Zaluki and Wan-Hussin, 2010) as well as IC disclosure practices (Li *et al.,* 2012). This positive effect between audit committee and ICD level shows that the large size of audit committee is able to share knowledge about the thing that should be disclose in financial report. The expertise of audit committee was able to indicate the advantage of releasing information toward hidden value of a company. In addition, large groups tend to be resourceful and are able to cover individual weaknesses thus resulting in an enhanced monitoring role (Haji, 2015).

4. The Influence of Board Gender (the Existence of Women Directors) towards Intellectual Capital Disclosure Level

Gender diversity in board of directors generates more competence and expertise. Based on Nature Theory, men and women are born with different genetics that influence the character and also the paradigm of making the decision. The result of fourth hypotheses, both Indonesia and Malaysia shows that the existence of women director has no effect towards ICD level. It means that hypotheses (H_{4a}) and (H_{4b}) are rejected.

The results show that the existence of women has no effect towards ICD level. This study assumes that the lack influence of women on board is suspected because women are less likely to take a risk than men, thus women have a lower percentage in some positions than men (Charness and Gneezy 2004). This result was consistent with prior research conducted by Swartz (2005) who examined the effect of women on the board towards company performance.

5. Intellectual Capital Disclosures in Indonesia and Malaysia

The result of the fifth hypothesis (H_5) shows that there is no difference in the level of intellectual capital disclosures in Indonesia and Malaysia. This result indicates that the hypothesis (H_5) is rejected. This study assumes that this result is due to Indonesia and Malaysia has many similarities. Indonesia and Malaysia are also members of the Association of Southeast Asian Nations (ASEAN) which has enacted the ASEAN Economic Community (AEC) as an effort to improve the economies of

ASEAN member countries. In addition, when viewed from the perspective of the global economy, Indonesia and Malaysia are at the same economic level.

According to the International Monetary Fund (IMF, 2016) at the World Economic Outlook Report of October 2016, Indonesia and Malaysia are still included in developing countries. The development of new investment based on intangible assets can give the value added to the companies and attract the international investor. In World Economic Situation and Prospects 2016, Indonesia is still included in lower-middle income and Malaysia is included in the upper-middle income (IMF, 2016).

6. Differences in the Influence of Board Size, CEO Duality, Audit Committee, and Board Gender (the Existence of Women Director) towards Intellectual Capital Disclosures Level in Indonesia and Malaysia

The result of sixth hypothesis (H_6) shows that the differences in the effect of board size, CEO duality, audit committee, and board gender towards intellectual capital disclosures level in Indonesia and Malaysia. This result indicates that the hypothesis (H_6) is accepted. A difference in regulation of financial statements is one of the factors causing the difference of influence of independent variables of this research towards intellectual capital disclosures. The standard financial statements in Indonesia use the Standard Accounting Standard (PSAK) Standard. While

the Malaysian financial reporting standards using Malaysia Standard Accounting Standards Board (MASB). Indonesia and Malaysia have converged International Financial Reporting Standards (IFRS). Both countries also have oversight agencies for financial reporting companies such as Bapepam-LK in Indonesia and Securities Comission of Malaysia (SCM) in Malaysia. Despite having regulatory agencies, compliance and assertiveness in enforcing regulations in Indonesia and Malaysia differ.

In addition, Indonesia and Malaysia also have different corporate governance systems. As stipulated in Law No. 40 of 2007 on Limited Liability Companies, Indonesia adopts two tier system. While Malaysia, based on existing practices, Malaysian companies are more likely to embrace one tier system. This will affect the effect of independent variables on intellectual capital disclosure considering that the variables of this study related to the financial statements and corporate governance.