CHAPTER 5

SUMMARY AND CONCLUSION

5.1 Introduction.

This chapter consists of a summary and a conclusion of the study. The second part of this chapter will make a recommendation towards future research in this area of study. It will also discuss the benefit gained from this study.

5.2 Summary and Conclusion.

This paper reports the result of a study that examined the effect of quarterly reporting requirement on the timeliness of annual reporting of the public listed companies. The quarterly reporting requirement had been announced in September 1999 as a part of the KLSE efforts toward producing timely annual reporting. The new requirement was imposed at about the same time with other requirements as part of the KLSE revamp program.

There are 170 companies chosen as a sample selected randomly from the KLSE main and second boards. This sample covered various kinds of industry. There are two main sources from where the data were collected. These are the KLSE library and the KLSE web site. The data of each company were collected for four continuous years beginning from the year 1997 until the year 2000. The study focuses on the number of days taken by the companies in submitting their annual reports to the KLSE for the public purposes. The number of days starts from the
balance sheet date until the date the companies submit their annual reports to the KLSE.

The method used in investigating the impact of the quarterly reporting requirement on the timeliness is by comparing the years involved. This comparative study is expected to explain clearly the effect of the new requirement from the observation of the average number of days taken between the years and by applying statistical methods in order to strengthen the findings. The year 1997 and 1998 could be classified as a period before the implementation and the year 1999 and 2000 as periods after the implementation of the quarterly reporting requirement. It is expected that there is a significant difference between both periods. Thus it is hypothesized in the alternative form that there is a significant difference in the numbers of days taken by the listed companies between the years as a result of the impact of the quarterly reporting requirement.

The analysis of the data comprised descriptive and inferential statistical analysis. The descriptive analysis indicated that the means of the number of days taken in submitting the annual reports show a decreasing trend. They were shortened by three days from the year 1997 to the year 2000. In the year 2000, the descriptive analysis also shows that on average Malaysian companies take approximately almost 20 weeks and 1 day to submit their annual report.

Table 6 : Summary of the findings on the descriptive analysis.

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum</th>
<th>Mean</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>60 days</td>
<td>143 days</td>
<td>288 days</td>
</tr>
<tr>
<td>1998</td>
<td>55 days</td>
<td>144 days</td>
<td>196 days</td>
</tr>
<tr>
<td>1999</td>
<td>55 days</td>
<td>143 days</td>
<td>243 days</td>
</tr>
<tr>
<td>2000</td>
<td>34 days</td>
<td>141 days</td>
<td>241 days</td>
</tr>
</tbody>
</table>
The K-Smirnov test indicated that the data is non-normal therefore the study applied a non-parametric test in order to test the hypothesis. This paper found that Kruskal Wallis test is the most appropriate test in determining the differences between the years.

The results of Kruskal Wallis H Test show that there is a difference between the years. The significant value was greater than 0.05 at Alpha value 0.05 that enables this study to accept the hypothesis which are hypothesized in the alternative form. Based on the descriptive analysis observation and the results from the Kruskal Wallis H Test, this paper therefore concludes that there is a difference between the years. However the impact on the timeliness is not significant as the period is shortened by only three days as depicted by the mean (refer table 6). Based on the interview conducted with the KLSE listing officer, Encik Ismail Johari Othman, he stated that "the companies could submit their annual report earlier but they just like to wait until the last minute". Therefore it is assumed that the quarterly reporting requirement gives an impact to the firm reporting process but somehow it is an attitude of the corporate society that determines timeliness.

5.3 Suggestion for additional research.

The study on the timeliness of annual reporting is not a new topic. There are several areas that can be continued from this paper. Among these is study on the factors that influence the reporting lag. This kind of study had been carried out widely among overseas researchers. The replication of this kind of study had been carried out in many countries for example: Bahrain (Abdulla, 1996), New Zealand (Courtis, 1976), Zimbabwe (Stephen Owusu Ansah, 2000), Hong Kong (Ng and Tai, 1994) and Australia (Dyer and Mc Hugh, 1975). This is useful to see if there is any differences in terms of the factors that influence the timeliness among the countries around the world. Prior studies showed that not all countries reported the same factors that influence the timeliness of annual reporting.
Future research may also extend the number of companies in the sample. This could further strengthen the findings.

5.3 Implication of the study.

This study is important for a developing country like Malaysia for in terms of the delivering annual reports to the public. An efficient capital market will depend largely on the information delivered to the potential investors. Annual reports are the only sources that can be available cheaply and easily. Thus it is important for the annual reports to be published on a timely basis.

This study will also help the regulators and researchers to examine the effectiveness of the implementation of the new regulation. It could help them find ways to improve the rules and regulations for them to reach the objectives. Further studies can be carried out to identify any loopholes within the regulations.