

Chapter Five

Conclusion of the Study

5.1 Introduction

This chapter of the study presents three main aspects. There are the summary of the study, the suggestions for additional research and implications of the study. The summary of the study describes briefly the findings of the study. The suggestions aspect shares some views about future studies. Finally, the last aspect of the chapter introduces with probable positive effects of the research on different interested parties.

5.2 Summary of the Study

The study found a significant difference in the disclosure level of the pharmaceutical companies in Malaysia and Uzbekistan. The results showed the consistency in the disclosure of information in the annual reports of both pharmaceutical companies from year 1997 to 1999. Based on the study, it is found that the Malaysian company disclosed more information in their annual reports compared with the company from Uzbekistan. The disclosure level of Malaysian company is 79 % for each of the three years, whereas, the disclosure level of Uzbekistan company is 63%. Therefore, it indicates that the disclosure level percentage of the Malaysian company is significant and it almost complied with the IASs disclosure requirements. Interestingly, the study has detected a high level of compliance with IAS 2 “Inventories”, that is, the Malaysian company is fully complied with this standard, whereas, the Uzbekistan company shows only 80% of compliance. In addition, the information presented in annual reports of the Malaysian company was in both the Malay and English languages, while, the Uzbekistan company presented its annual reports in English.

The above-mentioned differences in disclosure of information between Malaysia and Uzbekistan, can be due to a number of reasons, such as differences in legal and regulation systems in the field of the corporate disclosure as well as different historical background.

The study found that Malaysia has three main legal and regulation documents like the Companies Act 1965, the Guideline of Security Commission 1995 and the KLSE Listing Requirements, whereas, Uzbekistan has three main legal documents, which are the Accounting Law 1996, the Enterprises Law 1991 and the Law on Joint-Stock Companies and Protection of Shareholders Rights 1996. However, it should be noticed that Uzbekistan doesn't have a specific stock exchange listing requirements i.e. the Tashkent Stock Exchange Listing requirements are based on the previously mentioned legal documents. Thus, the differences in legislative backgrounds between Malaysia and Uzbekistan were a result of the different level of corporate disclosure practices.

The historical background of both countries explains the differences in existing legal and regulatory systems as well as the effect of this differences on disclosure practices of these countries. In the case of Malaysia, the country was previously colonized by Great Britain and became independent on 31st of August 1957 (Malaysia Country Review, 2001). Malaysia has been fully influenced by Great Britain in developing its legislative basis. Consequently, the establishment of accounting legislations and regulations has been influenced too. In the case of Uzbekistan, the country was more than 70 years under the Soviet Union regime and became independent on 1st of September 1991 (Uzbekistan Economic Studies, 2000). Thus, legislations and regulations in Uzbekistan in the field of accounting have been influenced by the Soviet Union system. However, Uzbekistan is in the transition period i.e. the country is transforming step-by-step from centralized economy system to the free market economy, and at the same time, gradually developing its legal and regulation background. However, it should be highlighted here that there are confusion in the existing multiple legal

and regulation background in field of corporate disclosure. The legal and regulation requirements in field of corporate disclosure in Uzbekistan should give a clear guideline for the enterprises and professionals in order to prepare sound reports, which will not only satisfy the legal and regulation requirements, but will also meet the needs of other interested parties. Therefore, the Republic of Uzbekistan needs continuous efforts toward the development and improvement of its legal and regulation background in the field of corporate disclosure. As a consequence of that, the study showed a low level of disclosure in the annual reports of the Uzbekistan company.

In the case of Malaysia, the high disclosure resulted from the fact that there is a properly developed legal and regulation background in the field of corporate disclosure. This development started a long time ago and as an example; Malaysia adopted the IASs starting from years 1978 (IAS 1 to 4), 1979 (IAS 5 to 10) and later, based on these IASs, the MASB was developed (International Accounting Standards and Malaysian Accounting Standards adopted by MIA and MACPA, 1995). It can be concluded that the International Accounting Standards Committee has had a significant impact on the standards of reporting in Malaysia. Malaysian standards are already very close to IAS and the introduction of IAS for so many other countries may precipitate a move here to adopt IAS formally. This would make sense, as currently most standards fulfill the criteria for IAS, some with additional disclosure requirements⁴.

5.3 Suggestions for additional research

The study has several opportunities for further researches in comparing the corporate disclosure practices in pharmaceutical industry of both countries by increasing the sample size, that is, the study will select more companies from both countries, Malaysia and Uzbekistan. The increased sample size will give a more complete picture on corporate disclosure practices in the above-mentioned countries. In addition, the study can compare the level of voluntary disclosure in

⁴ Lay Choon Loh, Audit and Accounting News, October 2002.

the pharmaceutical industry between Malaysia and Uzbekistan, because the study may explore supplementary disclosure requirements, which are compulsory in pharmaceutical industry.

5.4 Implications

The findings of the study will extend the knowledge of the professionals, academicians and other interested parties on corporate disclosure practices in the pharmaceutical industry between both countries, Malaysia and Uzbekistan. The study will especially introduce the legal and regulation requirements in the field of corporate disclosure in these countries. Also, the findings of study will be useful for future comparative researches.

5.5 Conclusion

The chapter of the study summarized the essential research findings, which have been discovered during the research process. Further, the study broadened the knowledge on corporate disclosure environments in Malaysia and Uzbekistan as well as the level of disclosure between both countries. The study found that there are differences in the level of disclosure between two countries. The differences in disclosure level between these countries were due to a number of reasons, such as difference in legal and regulations systems in the field of corporate disclosure plus difference in historical background. Therefore, the differences have been a result of existing corporate disclosure practices in Malaysia and Uzbekistan.