BBS ICD

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The Extent of Intellectual Capital Disclosure and Corporate Governance Mechanism to Increase Market Value

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Abstract

The purpose of this study is to investigate the level of intellectual capital disclosure (ICD) in commercial banks listed on Indonesian Stock Exchange. This study also examined the effects of ICD and corporate governance mechanism on market value. The paper provides a novel approach to measure the ICD quality in developing countries using a four-numerical coding system. This study uses content analysis techniques to measure ICD. Secondary data were obtained from the financial statements and annual reports of the banks for the period of 2011–2014. The study reports that the quality of intellectual capital disclosure in Indonesian commercial banks increase steadily. Narrative disclosure dominates the report of intellectual capital in Indonesian Banks. The result indicates that the size of audit committee, frequency of audit committee meeting, and intellectual capital disclosure effect positively toward the firm value. Overall, the result indicates intellectual capital disclosure associate with the market capitalization, these findings indicate that the ICD is a consideration in a stock investment decision. While regulations in Indonesia regarding intellectual capital reporting (ICD) are not conclusive yet, the information needs of stakeholders have encouraged companies to expand voluntary disclosure.

Keywords: intellectual capital disclosure; managerial ownership; institutional ownership; independent commissioner; audit committee; market capitalization.

JEL Classification: G32, M41, O34

INTRODUCTION

In the current era of economic disruption, business management is changing with greater emphasis on intangible things such as intellectual capital (IC). However, financial reports often fail to report ICs as a significant proportion of the total value of the organization (Ousama et al, 2020). As a result, companies with high ICs may look less valuable than their true value (Petty and Guthrie, 2000). Resource-based view states that IC is a company resource that plays an important role, as well as physical capital and financial capital. Intellectual Capital as an organizational capability to create, transfer, and implement knowledge. Bontis et al. (2000) who examined companies in Malaysia found that IC has a significant and substantive relationship to firm performance. Meanwhile Solikhah (2010) also obtained a similar finding in her research in Indonesia that IC has a significant effect on financial performance, growth and market value of the company. Intellectual Capital Disclosure (ICD) is interesting to study because there are no standard guidelines regarding the measurement and reporting of intellectual capital in Indonesia. Intellectual Capital Disclosure in the annual report is a signal to (potential) investors about intangible assets owned by the company (Widarjo, 2011). So that the disclosure of intangible assets which is more widely known as ICD needs to be improved.

One of the company's goals is to improve the welfare of the owner or shareholder by increasing the value of the company (Berzkalne and Zelgalve, 2013). The value of the company as the worth of a business shows the company's performance and representation of public trust. Firm Value is also often associated with how a company manages its business, implements policies, enforces business ethics, and manages the situations and conditions in the work environment facing the company. According to Sudiyatno (2010), the increasing of company's value is an achievement according to the expectations of its owners. Since the value of the company is increasing, the owner's welfare will also increase.

A declining company performance, for example a negative annual profit can cause a decline in the firm value. While investors and analysts often avoid these firms. A poor company management can lead to investor trust go down. Investors will be apprehensive about the sustainability and results of their investments, thus causing the shares offered by the company to be unsold on the stock market. Therefore, a good governance mechanism is needed to ensure that managers do not take actions that harm the company's stakeholders.

The findings of Fama and Jensen (1983) show that managers may take policy that will benefit themselves, based on the premise that individuals have a self-interest behavior. These actions will stimulate conflict in the process of managing and controlling the company. Therefore, certain mechanisms are needed to convince investors that managers do not take deviant actions and cause losses to shareholders. Thus, investors will be optimistic that they can obtain optimal returns from their investments.

Based on agency theory (Jensen and Meckling, 1976), an alternative to reducing agency conflict is to implement corporate governance (CG). CG is believed to be one of the main factors to increase economic efficiency, which regulates the pattern of relations between company management, the board of commissioners, shareholders, and other stakeholders. Sari and Riduwan (2013) find that good governance can increase the value added for stakeholders. The CG mechanism can align the different interests between principals and agents and can be an effective protection for funders to gain their investment and returns.

Ulum (2015) states that information disclosure will also reduce agency conflict caused by asymmetry information. Signaling theory explains that a company will intentionally reveal a signal of their superiority to the market, thus the market is able to provide differences between companies that are performing well and vice versa. Information presented to the market is not only mandatory but also voluntary. This is to give a positive signal to the market that the company pays attention to shareholder information needs (Widarjo, 2011). So it is expected to increase investor trust and have an impact on increasing Firm Value.

The prior studies were eager to conduct research related to the impact of the CG mechanism on company value because the results of previous study had not provided conclusive results. Some previous studies results show that the CG mechanism has a positive effect on firm value. Otherwise, many studies have found that the CG mechanism does not affect the firms value (Mollah et al., 2012; Guo and Kumara, 2012; Hajj, 2014; Ali and Miftahurrohman, 2014; Rodriguez-Fernandes et al., 2014; Al-Amarneh. 2014; Bhatt and Bhattacharya 2015). Therefore, this study combining in one research model the association intellectual capital disclosure and corporate governance mechanisms toward Firm Values.

Agency problems occur because of the asymmetry information between management and shareholders (Jensen and Meckling, 1976). Therefore, it is hoped that the broader ICD disclosure and implementation of corporate governance will increase the market value. Based on the signaling theory and stakeholder theory which explains that companies will voluntarily provide information on their competitive advantage as a positive signal to the market and efforts to fulfill stakeholder rights. The goals of company including banks, can be

achieved by using all their resources and implement a good corporate governance. Therefore, it is important to examine whether intellectual capital disclosure and implementation of good governance will contribute to the firm value in the new economy.

1. LITERATURE REVIEW

1.1 Intellectual Capital Disclosure

Saleh et al., (2010) state that traditional accounting causes fail to report knowledge assets, even though knowledge assets are the most important assets in an organization (Akhavan et al., 2009). Therefore, an appropriate approach to increase the usefulness of financial statements by increasing disclosure about knowledge assets (Canibano et al., 2000).

Since 2000, academics and practitioners have begun to focus on the company's intellectual capital disclosure (ICD) in their annual reports (Guthrie et al. 1999; Petty and Guthrie, 2000; Goh and Lim 2004). Guthrie et al. (1999) have examined the use of content analysis as a research method in understanding intellectual capital disclosure. They finally concluded that content analysis is one of the most widely used research methods to investigate the frequency and type of IC reporting. Management of companies that have a good value of resources including IC will attempt to signal this fact by disclosing more IC information in the financial statements to its stakeholders. Thus, investors will respond to this information through their investment decisions which are reflected in the value of the company. In addition, disclosure of information about ICs can enable users of that information to better determine the future value of the company which might potentially increase the company's stock price (Anam et. Al., 2011).

Signal theory was discovered by Ross (1977) explained that the company encouraged to distribute comprehensive information regarding corporations to prospective investors to increase stock prices. Based on this theory, corporations will try to give signals to the market using positive information to potential investors through various channels include financial statements and annual reports (Widarjo, 2011). Williams (2001) argues that the presentation of intellectual capital is able to show the company's potential in the future. In addition, intellectual capital disclosure can help investors make an appropriate valuation of the company and reduce the perception of investment risk. Fukuyama (1999) stated that the relevance value of information can be measured through the ability to reveal good news in order to increase its investment.

1.2 Corporate Governance

Solikhah et al. (2017) defines corporate governance as a concept of governance that is popular and widely applied in the management of modern organizations. Furthermore, Hasan and Butt (2009) discuss corporate governance as a philosophy and mechanism related to value creation for shareholders. Sanda et al. (2015) argue that corporate governance allows related parties to ensure managers and other internal parties carry out their duties to protect the interests of stakeholders.

Research on the CG variables has received considerable attention from researchers from various countries to investigate its impact on corporate value. Some examples of CG variables that have been studied include managerial ownership, institutional ownership, independent board of commissioners, and audit committees. The research conducted by Sari and Riduwan (2013), Kamardin (2014), Sienatra et al (2015), Haryono et al (2015) found that the Corporate Governance mechanism had a significant positive effect on firm value. While the study of Mollah et al. (2012), Guo and Kumara (2012), Hajj (2014), Ali and Miftahurrohman (2014), Ambarwati and Stephanus (2014) did not find a significant effect of the CG mechanism on firm value.

CG can provide assurance to investors that the agent will manage the company efficiently, so as to increase investor prosperity as reflected in rising share prices. According to Jensen and Meckling (1976) various corporate governance mechanisms can be implemented by companies to reduce agency costs. Therefore, the CG mechanism is expected to provide confidence that managers will not act that can harm investors. Jensen and Meckling (1976) further state that managerial ownership and institutional ownership as part of the CG mechanism can be used to reduce agency costs. Previous studies on CG mechanisms used the number of commissioners, the proportion of independent commissioners, and the number of board meetings as indicators (Solikhah, et al., 2017).

In Indonesia, the concept of good corporate governance (GCG) began to be popular since the 1997 economic crisis. While in the banking sector, regulations regarding the implementation of corporate governance were issued by the Central Bank, namely Bank Indonesia in 2006. However, the CG implementation faces many obstacles, so many banks have not been able to apply good corporate governance as a whole. Subsequently in 2011, the Minister of State-Owned Enterprises issued regulations regarding the implementation of good corporate governance. In 2011, the government also issued a new regulation concerning the assessment of good corporate governance factors, this regulation is contained in Bank Indonesia Regulation No. 13/1 / PBI / 2011 concerning the assessment of the performance commercial banks. This study wants to investigate how the application of CG in banking since the issuance of those regulations.

1.3 Hypotheses Development

The Influence of Intellectual Capital Disclosures toward Firm Values

Voluntary Intellectual Capital Disclosure in the annual report is a signal to prospective) investors about intangible assets owned by the company (Ulum, 2015). The companies that have good corporate value tend to have a broad level of Intellectual Capital Disclosure (Utomo and Chariri, 2015; Ulum, 2015). The intellectual capital information is important for capital markets and external stakeholders in order to increase their understanding of the company's competitive position (Ulum, 2015). The aim is to inform the investors about the competitive advantages possessed of the company (Solikhah, 2015). Utomo and Chariri's research (2015) and Ulum (2015) show that there is a positive effect between the Intellectual Capital Disclosure on the value of the company. The sixth hypothesis proposed is:

H $_1$: Intellectual capital disclosure has a significant positive effect on Firm Value

The Effect of Managerial Ownership on Firm Values

Jensen and Meckling (1976) argue that sharing the concentration of share ownership and increasing supervision can reduce the conflict of interest between agent and principal. This conflict reduction because when the proportion of share ownership by management increases, the interests of shareholders and management become to be similar. Therefore, one way to reduce agency costs arising from conflicts of interest is by increasing managerial ownership (Jensen and Meckling, 1976). The high proportion of managerial ownership will be able to unite the interests of shareholders and management, thus reducing agency costs. Managerial ownership is seen as effective in reducing management moral hazard and encourages management to work more proactively in realizing the prosperity of shareholders through increasing corporate value (Arta et al, 2015). Research conducted by Kamardin (2014) and Sienatra et al (2015) found that managerial ownership has a positive effect on increasing Firm Value. Hence, the first hypothesis proposed is:

H $_2$: Managerial ownership has a positive effect on firm value

The Effect of Institutional Ownership on Firm Values

Based on agency theory, one way to reduce agency costs is to increase institutional ownership. Hariati and Rihatiningtyas (2015) assert that institutional investors able to control management through an effective monitoring mechanism. Thus, management actions that have the potential to harm shareholders can be reduced. In addition, institutional investors can monitor the effectiveness of the management of company resources as reflected through share prices. Compared to individual investors, institutional investors are more supportive of monitoring significant policies made by management. Institutional investors are seen as having professionalism in analyzing information so that it can test the reliability of information. Sari and Riduwan's research (2013), Sienatra et al (2015) show that institutional ownership has a positive effect on firm value. The second hypothesis proposed is:

H_3: Institutional ownership has a significant positive effect on firm value

The Effects of the Independent Board of Commissioners' Proportion on Firm Values

Fama and Jensen (1983) explain that an independent commissioner can be a mediator in disputes between company managers and the board of commissioners. The duty of the board of commissioners including independent commissioners is to oversee management policies and provide advice to the management. The higher proportion of independent directors will encourage better monitoring activities (Hariati and Rihatiningtyas, 2015). An independent commissioner is a party that has no relationship with the company, so it is expected to be impartial and can oversee important company activities. Independent commissioners are expected to be able to foster an objective climate and work environment. Independent commissioners are expected to encourage the fairness and equality of various interests including minority shareholders and other stakeholders (Machmuddah et al, 2015). Kamardin (2014) proves that the proportion of independent commissioners has a positive effect on Firm Value. The third hypothesis proposed is:

H_4: The proportion of independent commissioners has a significant positive effect on firm value

The Influence of Audit Committee Size on Firm Values

Based on the government regulations, the audit committee has a duty to ensure that the financial statements have been in accordance with the rules and regulations. Thus, the more members of the audit committee, more efficient the level of supervision carried out. So that fraudulent financial reporting can be minimized. The more members of the audit committee indicate that the level of ability, knowledge, and experience will be more varied, so that the expected supervision will be more effective and able to prevent fraud in terms of financial reporting. In addition, the number of audit committee members can also be as a signal for investors that the company implements a good governance. According to Arifah (2012) the audit committee acts as a controlling tool in the CG mechanism. Thus credible financial statements will make investors believe and reduce their doubts to invest in the company. The discussion above gives a hypothesis of a positive relationship between the size of the audit committee and Firm Value and the hypothesis proposed is:

H_5: The size of the audit committee has a significant positive effect on Firm Value

The Influence of Audit Committee Meetings Frequency against Firm Values

Based on Haji (2015), one of the methods used to assess the effectiveness of audit committees is by looking at the frequency of meetings in a year. Audit committee meetings

are coordination between its members in order to carry out their duties effectively in terms of supervision of financial reports, corporate control, and the implementation of corporate GCG (Machmuddah et al, 2015). The more meetings conducted by the audit committee indicate that the audit committee is working earnestly in maintaining the company from bad governance practices and overseeing the reliability of financial reports. The frequency of audit committee meetings also shows the desire of its members to fulfill their responsibilities and duties in creating corporate value (Uzliawati et al., 2014). So that the large number of audit committee meeting indicate that they work seriously and is expected to increase Firm Value (Fransiska and Hermawan, 2013). The fifth hypothesis proposed is:

H_6 : The frequency of audit committee meetings gives a significant positive effect on Firm Value

2. METHOD

The samples of this research are 31 comercial banks listed on the Indonesian Stock Exchange during 2011-2014. Banks are chosen with consideration that banking is a high-tech industry that has high intangible resources. This study employs a market-based measurement for firm value, because it is reflecting the current value in the market. Our study makes important contributions to existing literature and differs from previous research in measure Intellectual Capital Disclosure. We modified questionnaire developed by Guthrie et al. (1999) and Ulum (2015), then we adding 15 items regulated by The Financial Services Authority Number: Kep-431/BL/2012 concerning the submission of an Annual report of Listed Companies. The process of identifying intellectual capital disclosures using content analysis with 4 (four) ways numerical coding system as follows: 0 = items not disclosed in the annual report; 1 = item expressed in narrative form; 2 = items expressed in numeric form; 3 = item expressed in monetary value. Then the Intellectual Capital Disclosure is grouped into 3 (three) categories, namely human capital, structural capital, and relational capital. The methods for analyzing data were descriptive statistical analysis and ordinary least square regression. The elaboration of the operational definitions of each variable used in this study is presented in Table 1.

Table 1. Variables Measurement

Variable	Definition	Measurement
Managerial Ownership (X_1) **MO**	Percentage of share ownership by managers, commissioners, and boards of directors and parties directly involved in making decisions.	$MO = \frac{\sum \text{share owned by managers, commissionairs \& directors}}{\sum \text{total share}} \times 100\ \%$
Institutional Ownership (X_2) **IO**	Proportion of share ownership by financial institution investors such as insurance companies, banks, investment companies, and ownership of other financial institutions.	$MO = \frac{\sum \text{share owned by financial institutions}}{\sum \text{total share}} \times 100\ \%$
Proportion of Independent Board of Commissioners (X_3) **BoC**	Percentage of board of commissioners from outside the company from all members of the board of commissioners of the company	$BoC = \frac{\sum \text{independent commissionairs}}{\sum \text{total commissionairs}} \times 100\ \%$
Audit Committee (X_4) **AC**	The number of audit committee members in a company	AC = The number of Audit Committee members in the company
Frequency of Audit Committee Meetings (X_5) **ACM**	The number of meetings conducted by the audit committee in one year	ACM = The number of audit committee meetings in a year
Intellectual Capital Disclosure (Y_1) **ICD**	The amount of disclosure of information about intellectual capital presented in the company's annual report.	
Firm Value (Y_2) **LnMCAP**	The market value of share.	LnMCAP = (The closing price of the stock at the end of March on years $_{n+1}$) x (Number of outstanding shares)

3. RESULTS

3.1 Descriptive Statistics

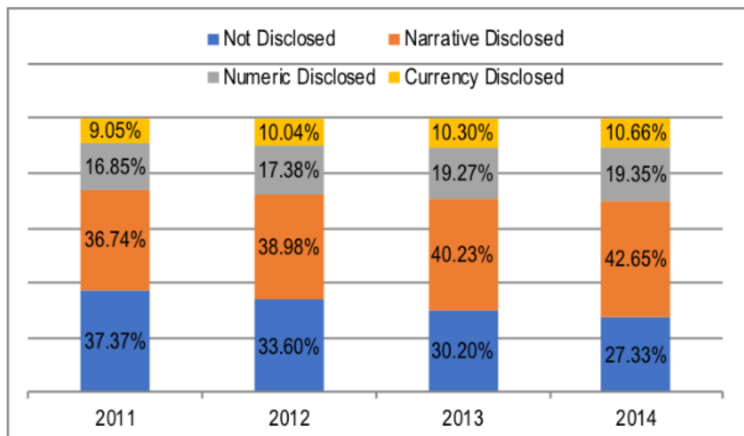

Figure 1. Intellectual Capital Disclossure by Category

Most banks in Indonesia reveal intellectual capital items in the narrative disclosed on average as much as 40%, but most others do not disclose intellectual capital. A business in a knowledge and technology era that growing rapidly, encourage the increasing needs of stakeholders for broader disclosure. Important information needed by stakeholders, especially (potential) investors is the company's ability to develop now until future. This potential is the company's ability to manage knowledge (Intellectual Capital) and its resources in order to increase business productivity and efficiency in the context of value creation. Annual reports can be expected to meet the information needs of stakeholders.

The highest IC disclosure is human capital such as employee demographics, while structural capital and relational capital are not much disclosed by the banking sector. IC disclosures that are too detailed may jeopardize with the company's competitive advantage. Meanwhile, minimizing IC information as a management effort to maintain the competitive advantage that has be 10 owned so as not to be imitated by the competitors.

Table 2 shows the minimum value, maximum value, average, and deviation standard from each variable.

Table 2. The Description of Research Variable

Variables	**N**	**Minimum**	**Maximum**	**Mean**	**Deviation Std.**
ICD	24	32.81%	79.69%	59.72%	10.38%
LnMCAP	24	26.63	33.52	29.49	1.86672
MO	24	0.00%	28.23%	1.47%	4.94%
IO	24	0.00%	99.94%	38.46%	36.58%
BoC	24	50.00%	100.00%	58.70%	9.40%
AC	24	3	8	4	1.194
ACM	24	1	46	13	9.086

Notes: LnMCAP: Firm Value, ICD: Intellectual Capital Disclosures, MO: Managerial Ownership, IO: Institutional Ownership, BoC: Proportion of Independent Commissaris Board, AC: Audit Committee, ACM: Frequence of Audit Committee Meeting.

3.2 Hypotheses Test and Discussion

This paper examines the hypothesis using ordinary least square (OLS), path analysis and sobel test. Overal research model has met the requirements of the classic assumptions

which consist of normality, multicollinearity, autocorrelation and heteroscedasticity. The research model has fulfilled the best linear unbias estimator (BLUE) elements. Based on the statistical test result, the study proposes the model is as follows:

LnMCAP = 25.068 + 5.731 ICD – 3.091 MO – 0.495 KI – 2.453 PDKI + 0.526 KA + 0.046 FRKA + e

Table 3. The Result of t-test (Direct Effect)

Hypothesis	Coefficient	Standart Error	Sig. Value	Noted
ICD → LnMCAP	5.731	.015	0.000	Accepted
MO → LnMCAP	–3.091	1.129	0.219	Rejected
IO → LnMCAP	–0.495	2.501	0.143	Rejected
BoC → LnMCAP	–2.453	.336	0.056	Rejected
AC → LnMCAP	0.526	1.272	0.000	Accepted
ACM → LnMCAP	0.046	.107	0.004	Accepted
Adjusted R Square = .340		Std. Error of the Estimate = .084		

Notes: LnMCAP: Firm Value, ICD: Intellectual Capital Disclosures, MO: Managerial Ownership, IO: Institutional Ownership, BoC: Proportion of Independent Commissaris Board, AC: Audit Committee, ACM: Frequence of Audit Committee Meeting.

4. DISCUSSION

Intellectual Capital Disclosure has a positive effect on firm value so that H_1 is accepted. This result supports the research of Utomo and Chariri (2015), and Ulum (2015). Disclosure of intellectual capital is a positive signal about the company's superiority. The wider disclosure to the public, the higher the company's valuation by investors.

Intellectual capital is one of the information needed by investors to assess the company's ability to create wealth in the future (Goh and Lim, 2004). Another survey by Cuganesan (2005) found that almost 91% of respondents in the survey considered information about intellectual capital in economic decision making. Until now, there are no regulations or guidelines for companies in reporting intellectual capital. Accounting standards in Indonesia only regulate intangible assets such as good will, trademarks, and patents. Meanwhile the company reports intellectual capital voluntarily to meet the needs of (potential) investors. This is consistent with signal theory, the information offered by companies is important for investment decisions.

The corporate governance variables tested in this study consisted of Managerial Ownership, Institutional Ownership, Proportion of Independent Board of Commissioners, Audit Committee, and Frequency of Audit Committee Meeting. The empirical evidence from this study shows that the Audit Committee and Frequency of Audit Committee Meetings have a positive effect on market value, while the Managerial Ownership, Institutional Ownership, and Proportion of Independent Committees Board had no effect on market value.

Bank is a financial institution whose operational activities depend on funds entrusted by customers. The stability of a country's economy is also influenced by the performance of its banking system. Therefore, it is very important if the operational management and banking work principles are implemented corporate governance strictly.

Based on Table 3 at the 5% significance level, it can be stated that managerial ownership does not affect the value of the company so H_2 is rejected. The findings are contrary to agency theory (Jensen and Meckling, 1976), They explains that the higher managerial ownership will decrease the agency problem, furthermore the agency costs can be reduced. These results are in accordance with Mollah et al. (2012), Guo and Kumara (2012), Sari and Riduwan (2013), Haji (2014), Ali and Miftahurrohman (2014) who also did not find

the effect of managerial ownership on firm value. That is because the proportion of managerial ownership in most banks in Indonesia is low (in average 1.465%). Therefore, it is difficult to unify the interests both of shareholders and managers. Based on the theory of stewardship, it explained that managers are not motivated by individual goals but rather are aimed at their primary outcome goals for the benefit of the organization (Donaldson and Davis, 1991).

Institutional ownership variables have no effect on firm value so H_3 is rejected. This result supports the research of Mollah et al. (2012), Ali and Miftahurrohman (2014), Ambarwati and Stephanus (2014). The percentage of large institutional ownership is not necessarily effective in monitoring manager behavior because of the information asymmetry between investors and managers. Investors do not necessarily fully have the information held by managers, so managers are difficult to control by institutional investors. According to Ali and Miftahurrohman (2014) institutional ownership in Indonesia consists of affiliated holding companies. So that even though share ownership by outside institutions is high, it is dominated by parties affiliated with each other, so the control function of the institution is still weak.

The Proportion of independent commissioners does not affect the firm value so that H_4 is rejected. These results are in line with the research of Guo and Kumara (2012), Sari and Riduwan (2013), Hajj (2014). The role of the independent commissioners has not been maximized in monitoring management performance, so it has not been able to increase the value of the company. There is a suspicion that the appointment of an independent commissioner is only possible to fulfill the regulations required by the government.

The size of audit committee has a significant positive effect on Firm Value so that H_5 is accepted. The large number of audit committee members allow a strict supervisory process on the financial statements, internal control systems, and better implementation of CG. The audit committee also has a role as a controlling tool in the Corporate Governance mechanism that has the power to increase Firm Value. The frequency of audit committee meetings was also found to have a positive effect on firm value so that H_6 was accepted. Audit committee meetings are coordination between its members in order to carry out their tasks effectively. The higher frequency of audit committee meetings possible to solve problems immediately.

5. CONCLUSION

The empirical evidence on intellectual disclosure practice in Indonesian listed banking shows an exhilarating tendency. The awareness of management from the banks listed on the Indonesia Stock Exchange in disclose intellectual capital has increased throughout the research year by an average reporting of 60%. Intellectual capital reporting helps organizations to formulate business strategies by identifying and developing key performance indicators to achieve a competitive advantage. The more IC indicators disclosed in the annual report, it will be easier for investors and potential investors to find out the prospects of the organization. However, IC disclosures in Indonesian banking are still dominated by human capital and firm's outputs-outcomes, which are seen in the performance both financial and non-financial. Meanwhile, for structural and relational capital, it is still considered as the organization's business secret. In this study, ICD proved empirically able to increase market capitalization. Therefore, management must be able to balance the interests between providing information for (potential) investors and maintaining the company's business strategy so that it is not imitated by the competitors.

Banks are required to operate in a prudent and comply with regulations, this can be realized by implementing corporate governance. In this study, the authors provide evidence that the audit committee is a corporate governance mechanism that is proven to be able to

increase market value. Corporate governance is a system that controls the company, protects the interests of stakeholders, and creates value-added for all stakeholders (Monks, 2003). Besides, corporate governance can direct progress and trust in the financial system.

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