

### Underlying Theory: Agency Theory

According to Welker (1995) and (Taliyang and Jusop, 2011), the concept of the agency's agency-theory has a linkage between disclosure behaviors and corporate governance. It was used to reduce the agency problems arising from the separation between-of ownership and management. Additionally, excessive intellectual capital disclosure should offer extra-extensive tracking packages for a company to reduce opportunistic behavior and information asymmetry (Li et al., 2008; Taliyang &-and Jusop, 2011). This is consistent~~constant~~ with the studies where; the through adopting company-governance variables, including which includes-audit committee and independent board of directors, may potentially enhance the inner control of~~in~~ each of the businesses, and in turn immediately reduce the problems of a company-troubles by adopting corporate governance.

Besides that, Ho and Wang (2001) in their research-stated that there is-exists a framework linking between agency theory and corporate governance. When viewed ~~From~~ the perspective of disclosure behavior, a corporate governance mechanism is designed to prevent the occurrence of~~control~~ the agency problems, from occurring and to ensure that the management of the each and every company manager performs its duties diligently to maintain~~with trustworthiness to the element of which is able to~~ can be trusted by its shareholders. Based on the agency ~~Given this theory of agency, it can be seen we can see how that~~ the internal governance mechanism provides corporate disclosure, as the corporate mechanism and disclosure mutually support and require each other. The purpose of corporate mechanism includes~~is including~~ the quality of financial accounting and control systems (Collier, 1993; Ho &-and Wang, 2001). This includes an audit committee. The theory predicted-predicts that the formation of an audit committees can reduce~~as a means of reducing~~ agency costs. According to Forker (1992), disclosure quality can be improved with the presence of an audit committee, s by improving enhancing internal control and in respect of~~with regard to the~~ effective monitoring devices. As a result~~Consequently~~~~one~~~~cern~~, it is expected that intellectual capital disclosure in annual reports s could be improved.

### Resource ~~dependency~~-Dependency theory

The Resource-resource dependent dependency theory is also used to examine the relevancy of resources of a company to corporate governance~~see how the organization and resource relationships need to be used~~ (Study.com, 2003). "Resources" referred to to ~~in~~ The sources that this theory includes~~referring to including~~ materials, workers and funding. The focus will be on the role of board resources, as ~~Since this study is relation related to about~~ intellectual capital disclosure, so we will focus more on the role of board resources. According to Afza and Nazir (2014), state that "Another theory of corporate governance which highlights toward the need of different resources for the success of a business is named-referred to as the resource dependence-dependency theory". This theory has argued-claims that the mastery of a resource is able to make an ensure an organization is successful and able to carryies out its operations with lancer (Pfeffer, 1972; Afza &-and Nazir, 2014).

Typically, the resources emphasized in this theory are the role of the board. This is because the role of the board is the most crucial ~~clearest and most important~~-resource

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in helping that has helped the organization to secure and attain the other crucial resources of the organization by utilizing their external connections relation to the environment. With the advantages of available on the board, a company will gain other resources are also available for the organization. access to key constituents like such as supplies of raw materials, buyers of outputs, public policy makers, social groups, as well as legitimacy (Hillman & Dalziel, 2003; Afza & Nazir, 2014). As such, the under this theory, board of directors is act as the key source of various resources that helps to aids in different resources provision enhance organization operations, firm's performance, intellectual capital disclosure, as well as the organizational life (Daily, et al., 2003; Afza & Nazir, 2014). Both Ulrich and Barney (1984) and Afza and Nazir (2014) stated that said similar description on organizational performance which is "organizational is highly reliant on the power of a company to avail the required and scarce resources". Thus, Therefore, it is suggested think that the increase raise of intellectual capital disclosure is also due to the mastery of the organization against the existing resources of the board of directors of a company. who They is are the one who is managing managing the organization, and making critical decisions, making and indicated deciding expand on the corporate governance structure.

#### **Frequency of Board of Director Meeting (FBODM)**

The law requires an organization or corporation to have a board of directors to represent the shareholders. The board is also responsible for the overall and organizational management. As for the board meeting, for a description of the meetings it varies according to the laws of the respective countries. However, it is required to have at least most will meet minimum once one meeting a year, but, if there is an important issue arises, board meetings can be held on the spot, from time to time. Exceptional For small organizations, most of the board meetings will proceed according to with parliamentary procedures. According to Vafeas, (1999), Carcello et al., (2002), Laksmana, (2008) and Greco (2010), the number of meetings can be taken into consideration as a proxy for the time that the directors have to perform their responsibilities and deliver monitoring activities, and to for what the extent of monitoring activities are delivered.