

The Effect of the Board of Directors' Characteristics on Corporate Sustainability Reporting

ZAINAB AMAN

Faculty of Management and Muamalah
Kolej Universiti Islam Antarabangsa Selangor
MALAYSIA
zainab@kuis.edu.my

SARIFAH ISMAIL

Faculty of Management and Muamalah
Kolej Universiti Islam Antarabangsa Selangor
MALAYSIA
sarifah@kuis.edu.my

ABSTRACT

This paper explores the corporate sustainability reporting by Public listed companies of Bursa Malaysia. Specifically the objective is to examine the effect of board characteristics on corporate sustainability reporting (CSR) disclosure. This study postulates that board characteristics (board size, board independence, CEO duality, women director) influence the level of CSR. Development of research hypotheses are based on legitimacy theory. Sample consists of 260 companies listed on the Main Board of Bursa Malaysia. Results show a positive significant association between board size, board independence and women director and CSR disclosure. Duality CEO has no significant association impact on CSR disclosure among listed firms in Malaysia. This study suggests the need for improving the current practice of corporate governance for public listed companies by focusing on the board of directors' characteristics. The findings of this study are useful for policy makers in evaluating the present corporate governance standards and whether these requirements are sufficient for users of CSR, such as investors in making investment decisions

Keywords: *Corporate governance, Board of directors' characteristics, VCorporate sustainability reporting*

Kesan Ciri-Ciri Lembaga Pengarah Mengenai Pelaporan Berkelanjutan Korporat

ABSTRAK

Kajian ini dilakukan bagi menguji kesan ciri-ciri ahli lembaga pengarah ke atas pelaporan kelestarian korporat oleh syarikat tersenarai di Malaysia. Kajian ini menjangkakan bahawa ciri-ciri ahli lembaga pengarah (saiz lembaga pengarah, kebebasan pengarah, CEO dua peranan, pengarah wanita) akan mempengaruhi pelaporan kelestarian korporat oleh syarikat tersenarai di Bursa Malaysia. Hipotesis dibangunkan berdasarkan teori legitimasi. Sampel kajian terdiri daripada 260 buah syarikat tersenarai di Bursa Malaysia. Hasil kajian mendapati bahawa saiz

lembaga pengarah, pengarah bebas dan pengarah wanita mempengaruhi pelaporan kelestarian korporat. Manakala CEO dua peranan didapati tidak mempengaruhi pelaporan kelestarian korporat oleh syarikat tersenarai di Malaysia. Kajian ini mencadangkan supaya terdapat penambahbaikan dari segi tadbirurus korporat syarikat tersenarai di Malaysia terutama dari segi ciri-ciri lembaga pengarah. Hasil kajian adalah berguna kepada pembuat polisi dalam menilai standard tadbir urus dan adakah keperluan penyenaian di Bursa Malaysia mencukupi bagi penggunaan CSR terutama sekali pelabur dalam membuat keputusan pelaburan

Kata kunci: *Tadbir urus korporat, Ciri-ciri Lembaga Pengarah, Pelaporan kelestarian korporat*

INTRODUCTION

Corporate sustainability reporting (CSR) is attracting the attention of governments, business communities, academia, stakeholders and society as a whole. Sustainability issues have captured the public's interest as well as business organisations (Sharifah 2010). Companies have reported on their Corporate Sustainability Reporting by addressing the needs and expectations of stakeholders such as investors, customers and suppliers, regulators and society (Deegan 2013). CSR is costly and voluntary in nature but the companies still embrace in CSR and the number of companies that informing their stakeholders of their CSR performance is increasing. . Investors look for evidence of sound business strategy and effective management of risk, some customers are concerned with product origins and the conditions under which they are manufactured, and employees want to work for organisations that visibly account for their responsibilities to society and the environment (Belal & Owen 2007). These have all led to an increased prevalence in corporate sustainability reporting (Lee 2008). CSR has been accepted as a business strategy and a way to gain legitimacy from society (Jamali & Mirshak 2007).

CSR has been described by Marrewijk (2003) as demonstrating the inclusion of social and environmental. Sustainability also means as business strategies that meet the needs of the enterprise today and its stakeholders while sustaining the resources, both human and natural, which will be needed in the future" (KPMG 2011). Sustainability practices in corporations revealed the interrelationship between society, environment and economic development (WCED 1987). Providing more sustainability reporting on the annual report is expected to increase firms' chances to attract investors and analysts to give better analysis. This study define CSR as commitments undertaken by the firms, which covers the non-financial aspects, such as the economic, environmental and social disclosures with the intention to preserve a sustainable future for the rights of the stakeholders. Providing more sustainability reporting on the annual report is expected to increase firms' chances to attract investors and analysts to give better analysis.

The term of CSR can be explained as follows:

1. Economy

The impact on the economic conditions of stakeholders (procurement practices, community investment) and the interaction or relationship with the economic systems at local, national and global levels. It does not merely focus on the financial condition of the organisation.

2. Environment

The interaction with living and non-living natural systems, including land, air, water and ecosystems.

3. Social

The interaction or relationship with social systems within which firm's operate. These may include their relationships with communities, employees, consumers, etc.

(GRI G4 Guidelines)

Corporate governance (CG) in particular board of directors can play a significant role in enhancing corporate sustainability reporting (CSR) performance (Zahra, 1989). The shareholders are unable to engage in management when there is a separation of ownership between the owners-shareholders (principals) and the managers (agents), thus, it is the task of the board to represent the shareholder's interest, monitor the effectiveness of management and to ensure that managers of corporations use the assets to maximize shareholders' value. Good corporate governance is required to safeguard the interest of various stakeholders (Al-Malkawi et al. 2014) as it can improve public faith and confidence in the business environment (Güler & Crowther 2008). The companies need to contribute for the well-being of the communities by considering the financial and non financial needs on setting the company's objective. Thus, this study aims to examine the influence of good corporate governance (CG) specifically board characteristics on sustainability reporting. This study extend prior studies by investigating the effect of board's characteristics on the level of CSR in public listed firms in Malaysia. To compliment these prior researches, the current study provides relevant input in these two contributions: (1) using a more recent data, which is the CSR in the 2016 annual reports (2) examine the effect of board's characteristics on the level of CSR by using more comprehensive CSR dimensions (economic, environment and social).

Issues such as pollution, waste, resources depletion, product quality and safety, the rights and status of workers and the power of large corporations have become the focus of increasing attention and concern (Hussainey & Walker 2009). In order to cope with such issues, sustainability engagement has become a vital plan in dealing with such matters. (Muttalib et al.2014).It is crucial to examine if the CSR in Malaysia is comply with reporting regulation imposed by the Malaysian government and Bursa Malaysia and what are the board of directors' effect on corporate sustainability activities in their annual reports in Malaysia. This paper proceeds with literature on corporate sustainability reporting in the next section. Section two will discuss literature review and Section three will discuss hypotheses development. The methodology will be presented in section four. Section five will present results and discuss research findings and finally section six will conclude overall paper.

LITERATURE REVIEW

Many of the corporate sustainabilityreporting (CSR) studies have been carried out in developed countries(Clarkson et al 2008, Isaksson 2009; Sutantoputra 2009; Zeng et al 2010; Suttipun & Stanton 2012, Hahn & Kuhnan 2013). These studies provide insight on the types of sustainability information reported and understanding the development of CSR in those countries. Similar study need to be carried out in Malaysia, since the social, economic, and political environment in Malaysia are different from other countries. In recent years the interests in CSR have been partly

contributed by the increased awareness on corporate accountability. Corporate governance became an attractive issue for Asian researchers especially after financial crisis in 1997. The Malaysian Institute of Corporate Governance was established in 1998 and subsequently the Malaysian Code on Corporate Governance was released in 2000. One of the best practices in corporate governance included in the Code is that the board should receive information that is not only financial-oriented but other performance indicators such as customer satisfaction, product and service quality, and environmental performance. (Esa & Ghazali 2012). Finance Committee on Corporate Governance in Malaysia has defined corporate governance as ‘the process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability.

A few studies have investigated several corporate governance and sustainability reporting issues in Malaysia. Amran and devi (2008) investigate the influence of government and foreign affiliates particularly; multinational companies on (CSR) development in an economy, where CSR awareness is low coupled with weak pressure group activism. Saleh et al. (2010) explore corporate social responsibility (CSR) disclosure and its relation to institutional ownership (IO) of Malaysian public listed companies (PLCs). Results which confirmed earlier estimations indicated that there are positive and significant relationships between CSR disclosure (CSR D) and IO.

Esa & Ghazali (2012) investigate whether there has been a change in the level of corporate social responsibility (CSR) disclosure and to determine whether corporate governance attributes influence CSR disclosure in corporate annual reports of Malaysian government-linked companies (GLCs). They analysed the annual reports of 27 GLCs for two years (2005 and 2007) using content analysis. Multiple regression analysis was performed to identify factors influencing CSR disclosure in annual reports. Their findings showed that the extent of CSR disclosure was increase and the multiple regression analysis revealed that board size was positively associated and statistically significant with the extent of CSR disclosure.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Legitimacy theory is widely used in the literature to explain CSR reporting practices. According to legitimacy theory, a corporation discloses CSR information in order to establish or sustain its legitimacy by obtaining the community acceptance of its actions (Deegan 2002). Legitimacy theory looks at the “society” within which an organisation operates. There are many groups of individuals who may be interested in the organisation’s social and environmental activities, such as shareholders, creditors, employees, customers and suppliers. These groups have been identified as stakeholders who may affect or be affected in the process of the achievement of the organisation’s objectives (Freeman 1984). Stakeholders have the power to influence managerial strategic decisions in the form of control over resources required for the survival of the companies (Ullmann 1985). CSR reporting is expected to be an effective firm management strategy for developing and maintaining satisfactory relationships with various stakeholder groups within the society so as to legitimise the firm’s operation. Based on the legitimacy theory, a corporation must disclose more social activities following changes in the marketplace. Therefore, the corporate governance structure of board of directors (board

independence, board size, CEO duality and women director) is expected to play an important function in reducing the legitimacy gap by expanding the disclosure of CSR. Thus, managers are motivated to disclose more information to support their claim on legitimacy (Shamil et al. 2014). Many studies adopted this theory to examine the movement of CSR responding to incidents (Donovan 2002; Tsang 1998; Haniffa & Cooke 2005; Esa & Ghazali 2012, Monfardini et al. 2013).

Hypotheses Development

This section discusses the development of hypotheses in this study. This study postulates that board of director's characteristics influence the level of sustainability reporting (SR) among firms in Malaysia. The overall theoretical framework of this study is based on the legitimacy theory (Freeman 1984). Seven hypotheses are developed in this study to determine the effect of board of director's characteristics on corporate sustainability reporting in Malaysia. Therefore, the corporate governance structure of board of directors (board size, board independence, CEO duality and women on board) is expected to play an important function in reducing the legitimacy gap by expanding the disclosures of CSR. The control variables are profitability, company size and leverage.

1. Board size

Jensen (1993) argued that larger board size may result in disagreements while proponents of board size suggest that more board members would lead to wider exchange of ideas and experiences. On the other hand, larger boards offer more expertise and increased monitoring capacity (Belkhir, 2009). Large boards could also offer different backgrounds, knowledge, different ideas, Different backgrounds and expertise that can inspire firms to undertake socially responsible activities, especially in times of crisis and regulatory changes. Several studies have examined the relationship between board size and CSR disclosures (Said et al. 2009; Esa & Ghazali 2012; Rao et al. 2012). While Said et al. (2009) did not observe any correlation between CSR disclosures and board size. Rao et al. (2012) and Esa and Mohd Ghazali (2012) both documented a significant positive relationship between the extent of CSR disclosures and board size in Australia and Malaysia, respectively. In the Malaysian context, the Code (revised 2007) does not specify the number of board members rather let the board decide taking into consideration the impact of size on board effectiveness. Therefore, the hypothesis is as follows:

Hypothesis 1: There is likely a significant positive relationship between board size effect on CSR disclosure

2. Board Independence

The presence of independent directors in the board is considered to be a major corporate governance mechanism. It is generally believed that independent outside directors will strengthen the board by monitoring the activities of the management, and ensure that interests of the investors are protected (Petra 2005). In a corporate governance context, independent directors are expected to perform a monitoring role ensuring that shareholders' interests are taken into consideration when arriving at board decisions. In Malaysia, the Code requires that independent directors to be at least one-third of the board membership. This requirement can be interpreted as expecting more independent boards to be more effective in its monitoring role. However, the

relationship between independent directors and the extent of CSR disclosure is unclear. (Cheng & Courtenay 2006; Donnelly & Mulcany 2008) found a significant positive association between independent directors and voluntary disclosure (Cheng & Courtenay 2006; Donnelly & Mulcany 2008). Eng and Mak 2003 and Barako et al. 2006) found a negative association between independent directors and the extent of disclosure. Haniffa and Cooke (2002) and Mohd Ghazali and Weetman (2006) did not find independent directors to be a significant variable influencing voluntary disclosure in Malaysia. The hypothesis is as follows:

H2. There is a significant positive association between independent directors and the extent of CSR disclosure in Malaysia.

3. CEO Duality

In Malaysia, it is common to find that the chairman of the board is also the chief executive officer. Considering this, the Malaysian Code on Corporate Governance recommends that there needs to be a balance on the board of directors with at least one-third of the members being independent. Their inclusion is based on (i) their experience and knowledge, (ii) their contacts, and (iii) their independence from the CEO. Empirical evidence on the relationship between role duality and corporate performance is mixed. Chau and Gray (2010) reported a positive association between dual leadership and voluntary disclosure. Forker (1992) and Gul and Leung (2004) had reported a negative association between CEO duality and voluntary disclosures previously. Haniffa and Cooke (2002) and Barako et al. (2006) found no evidence of an association between dual leadership and voluntary disclosures. Based on the above arguments and empirical evidence, the following hypothesis is proposed:

Hypothesis 3: The separation roles of the CEO and chairman has a significant influence on CSR

4. Women Directors

The board diversity is associated with high intensity of social performance and CSR disclosure (Ibrahim & Angelidis 1994). Women directors are less economically oriented and more philanthropically driven than male directors (Ibrahim & Angelidis 1994). Presence of women directors in board tend to engage in more charities as compared to the firms having smaller proportion of women on boards (Williams 2003). However, empirical evidence on the relationship between women directors and CSR is mixed. Barako & Brown (2008), Bear et al. (2010) and Zhang (2012) found a positive link between boards with female directors and CSR disclosures. Ntim and Soobaroyen (2013) found no relationship between gender diversity and CSR disclosures and Post et al. (2011) found having three or more women on board did not relate to social and environmental disclosures. Based on the above arguments and empirical findings, it is hypothesized that:

H4. There is a positive association between boards with female directors and sustainability reporting.

5. Company size

Larger companies can be expected to disclose more CSR information to show or portray their corporate citizenship, thereby legitimizing their existence (Mohd Ghazali 2007). According to

Cowen et al.1987, larger companies that usually undertake more activities will make a greater impact on society and the annual report can be an efficient means of communicating this information (Cowen et al. 1987).Evidence from previous studies supports the existence of a positive relationship between company size and disclosure level (Mohd Ghazali 2007, Said et al.2009).A similar finding was also reported by (Musteen et al.2010, Lu et al.2015). Based on the empirical results of prior studies, a positive relationship is expected between company size and CSR disclosure. The hypothesis is as follows:

H5. There is a significant positive association between company size and the extent of CSR disclosure.

6. Profitability

Socially responsible companies can be expected to be more profitable as these companies would have the necessary ingredients of a successful company (Belkaoui & Harpik 1989). However, investment in CSR activities may require additional costs and hence reduce the profits of a company (Balabanis et al., 1998).In the Malaysian context, empirical results on the association between profitability and the extent of CSR disclosure are mixed. Company size and profitability did not have significant relationship (Abdul Hamid 2004; Esa & Ghazali 2012).CSR has a significant positive relationship with profitability (Haniffa & Cooke 2005; Said et al.2009). The hypothesis is expressed as follows:

H6. There is a significant association between profitability and the extent of CSR Disclosure.

7. Leverage

Firms with high debt levels are expected to incur high monitoring costs. Therefore, managers of high debt firms may seek to reduce these costs by disclosing more information in annual reports (Ahmed and Courtis, 1999). In other words, highly leveraged companies are expected to disclose more information to assure creditors that shareholders and management are less likely to bypass their covenant claims. Leverage has been found to be significant and positively associated with the extent of disclosure by Naser et al. (2002) and Ferguson et al. (2002). In contrast, Ho and Wong (2001), Chau and Gray (2002) and Esa & Ghazali (2012) did not find leverage to be significantly associated with voluntary disclosure. Haniffa and Cooke (2005) did not find leverage to be a significant factor influencing corporate social disclosure. As the empirical evidence is inconclusive, no expectation is formed regarding the direction of association between leverage and the extent of CSR disclosure. The hypothesis is as follows:

H7. There is a significant association between leverage and the extent of CSR disclosure.

RESEARCH METHOD

The first aim of this study is to examine the effect of board's characteristics on corporate sustainability reporting. The dependent variable is the CSR which is measured based on a disclosure index. The sample of this study comprise of 260 companies listed on main board of Bursa Malaysia using stratified random sampling and data was collected from the company

annual report for the year 2016. This approach is consistent with previous studies by Clarkson (2008) and Aras et al. (2010).

Measurement of Variables

The dependent variable in this study, corporate sustainability reporting (CSR), is measured based on Global Reporting Initiatives (GRI) performance indicator. The indicator is considered to be a valid and suitable measure of CSR because it contains comprehensive measure of social and environmental performance (Sutantoputra, 2009). This study adopts CSR disclosure rating by Santantoputra (2009) and Clarkson (2008), which has 83 total score of disclosure items for social performance, 95 total score for environmental performance and 19 total score for economic performance. This rating system is developed based on GRI 2002 guidelines which categorized the score based on two categories: hard disclosures and soft disclosures. The CSR score in this study was obtained by content analysis of annual reports of selected sample companies.

Regression Model

The aim of the regression model is to provide empirical evidence on the effect of board of directors' characteristics on corporate sustainability reporting. Therefore the dependent variable is the corporate sustainability reporting or CSR. The independent variables of interest include board size (BSIZE), board independence (BIND), CEO duality (DUAL) and women Director (WD). We include three control variables commonly found significant in prior studies examining disclosure level issue, that is, firm size (SIZE), profitability (PRFT) and leverage (LEV). Below is the full regression model utilised in this study:

$$SR_{it} = \beta_0 + \beta_1 SIZE_{it} + \beta_2 BIND_{it} + \beta_3 CEODUAL_{it} + \beta_4 WD_{it} + \beta_5 PRFT_{it} + \beta_6 LEV_{it} + \varepsilon_{it}$$

Where:

- SR_{it} = Level of CSR for firm i at time t
- $BSIZE_{it}$ = Board size and is measured by number of directors on the board (Nazli et al 2010) for firm i shareholders at time t
- $BIND_{it}$ = Board independence is measured by Proportion of INDs to total directors
- $CEODUAL_{it}$ = Duality of CEO is measured by percentage of shares owned by shareholders at 5 % or more (Mustarudin et al 2010)
- WD_{it} = Women director is measured by Proportion of women on the board of directors
- $CSIZE$ = Firm size is measured by Total assets
- PRT_{it} = Profitability is measured by Return on asset (ROA) Nazli et al. 2011
- LEV_{it} = Leverage is measured by Debt Ratio
- ε_{it} = is error term for this regression model

Multicollinearity Issue

To check for multicollinearity issue, Pearson correlation was undertaken among independent variables. Table 1 shows that all variable did not have multicollinearity problem.

Multicollinearity issue is considered under control because it is still below 0.80 (Cooper & Schindler, 1998; Griffiths, Hill & Judge, 1993).

Table 1 : Pairwise Correlation among All Variables (N=100)

	CSR	Bsize	Bind	Dual	wdir	Csize	prft	Leve
CSR	1							
Bsize	0.038*	1						
Bind	0.112	0.000	1					
Dual	0.208	0.071	0.071	1				
Wdir	0.000**	-0.028**	0.074	0.071	1			
Csize	0.035*	0.000**	0.002**	0.341	0.233	1		
Prft	0.032	0.063	0.331	0.065	0.000**	0.035*	1	
Lev	0.45	0.519	0.165	0.081	0.566	0.530	0.089	1

**, *Statistically significant at the 0.05 and 0.10 levels, respectively.

Table2 :Result of Regression Analysis on Independent Variables

Variables	Pred Sig	Beta	t	Sig	Collinearity Statistics	
					Tolerance	VIF
CSR						
BSIZE	+	0.145	2.428	0.010***	0.832	1.202
BIND	+	0.110	1.921	0.050**	0.893	1.120
CEODUAL	NO	0.073	1.322	0.187	0.979	1.021
WDIR	+	0.456	9.928	0.000***	0.892	1.121
CSIZE	+	0.064	1.087	0.278	0.860	1.162
PRFT	+	0.010	0.167	0.860	0.877	1.141
LEV	+	0.066	1.203	0.230	0.991	1.010
F value	12.434					
Adj. R ²	0.236					
N	260					

*, **, *** Denote significance at the 10%, 5%, and 1% (two-tailed) levels, respectively

EMPIRICAL RESULT AND DISCUSSION OF FINDINGS

Table 2 presents the empirical findings of regressing the independent variables on the CSR. The coefficient of R² is 26 percent, and the adjusted R² is 24 percent, indicating a reasonable variance proportion. The table also shows that the p-value of the model is significant at 0.2 percent. The values of Tolerance are higher than 0.10, and the variance inflation factor (VIF) for all independent variables did not exceed 10, indicating that there is no multicollinearity problems between the variables (Kennedy 1998). Table 2 also shows that board size, board independence and women director have significant effects on CSR disclosure at the 0.01, 0.05 and 0.00 levels, respectively. This means that both variables are considered important factors by public listed

companies in deciding whether to disclose CSR information. Board size has positive significant effect on CSR disclosure, and thus supporting hypothesis 1.

This finding is consistent with previous studies (Haji 2013; Said et al., 2009). The same applies for board independence which shows a positive relationship with CSR disclosure. Thus, hypothesis 2 is accepted. This result is also supported by previous studies (Esa & Ghazali 2012). Women director also shows a significant positive effect on CSR disclosure. This is also supported by previous literature (Devi et al. 2016). Further, the result shows no significant relationship between CEO duality and CSR disclosure. It implies that the separation of function between the CEO and the chairman does not affect CSR disclosure, thus supporting hypothesis 3. This finding is consistent with the studies by Li et al. (2008; Said et al. 2009). Company size, profitability and leverage are not significant which means that decision to disclose CSR information in the annual reports is not influenced by these three factors. The non-significance of profitability is consistent with Esa & Ghazali 2012; Abdul Hamid (2004).

CONCLUSION

The objective of this study was to examine the effect of board of directors characteristics (board size, board independence, CEO duality, and women director) on CSR disclosure by public listed companies in Malaysia. The study found that Board size, board independence and women directors have an impact on CSR disclosure. As predicted, CEO duality has no effect on CSR disclosure. The findings of this study can help Malaysian policy-makers and business leaders to formulate strategies to make firms more socially responsible and reputable. It is suggested that the government and policy makers need to make continuous efforts by providing more detailed guidance regarding CSR behaviours and reporting to assist firms to become socially responsible by communicating their CSR activities effectively to regulatory bodies and other stakeholders. This study fills a void in the contemporary research on the influence of board characteristics on CSR reporting in the context of a developing country. This study also adds to the research on board characteristics as important governance signals influencing corporate sustainability reporting by investigating this issue in the context of Malaysian public listed companies. However, it should be acknowledged that the use of a single year's data for testing the relationships hypothesised in this study can restrict generalisability of findings. The above limitations and findings of our study can provide a springboard for further research. For instance, a future study may continue to examine CSR reporting, board characteristics and their influence on corporate social sustainability reporting under different theoretical frameworks and over several reporting periods.

REFERENCES

- Abdullah, S., Mohamad, R., & Mukhtar, M. (2011). Board independence, ownership and corporate social responsibility of Malaysian large firms. *Corporate Ownership & Control*, 8(2).
- ACCA. (2005). Sustainability reporting guidelines for Malaysian Companies.
- Accountants Today, Malaysia, March (2006). ACCA launches a new name for its sustainability awards. February 2009.

- Ahmad, Z., Hassan, S. & Mohammad, J. (2003). Determinants of environmental reporting in Malaysia. *International Journal of Business Studies*, 11(1), 69-90.
- Amran, A., Devi, S., S. (2008). The impact of government and foreign affiliate influence on corporate social reporting. The case of Malaysia. *Managerial Auditing Journal*, 23(4), 386-404.
- Aras, G., Aybars, A. & Kutlu, O. (2010). Managing corporate performance investigating relationship between corporate social responsibility and financial performance in emerging markets. *International Journal of Productivity and Performance Management*, 59(3), 229-254.
- Buniamin, S. (2010). The quantity and quality of environmental reporting in annual report of public listed companies in Malaysia. *Issues in Social and Environmental Accounting*, 4(2), 115-135.
- Campbell, D., Craven, B., & Shrivies, P. (2003). Voluntary social reporting in three FTSE sectors: a comment on perception and legitimacy. *Accounting, Auditing and Accountability Journal*, 16(4), 558-581.
- Chau, K.G. and Gray, J.S. (2002). Ownership structure and corporate voluntary disclosure in Hong Kong and Singapore, *The International Journal of Accounting*, 37, 247-265.
- Clarkson, P.M., Li, Y., Richardson, G.D. & Vasvari, F. P. (2008). Revisiting the relation between environmental performance and environmental disclosure: an empirical analysis. *Accounting, Organizations and Society*, 33(4), 303-327.
- Cooper, D.R., & Schindler, P. S. (1998). *Business Research Method*, 8th Ed. McGraw Hill Companies, Inc: New York.
- Corina, J. (2014). Understanding sustainable development concept in Malaysia. *Social Responsibility Journal*, 9(3), 441-453.
- Cormier, D. & Gordon, I. M. (2001). An examination of social and environmental reporting strategies. *Accounting, Auditing & Accountability Journal*, 14(5), 587-616.
- Debreceeny, R., Gray, G.L. & Rahman, A. (2002). The determinants of internet financial reporting, *Journal of Accounting and Public Policy*, 21, 371-394.
- Deegan, C. (2002). Introduction: The legitimizing effect of social and environmental disclosures. *A Theoretical Foundation, Accounting, Auditing and Accountability Journal*, 15(3), 282-311.
- Eng, L.L. & Mak, Y. T. (2003). Corporate governance and voluntary disclosure. *Journal of Accounting and Public Policy*, 22, 325-345.
- Fama, E. F. & Jensen, M.C. (1983). Separation of ownership and control. *Journal of Law and Economics*, 25, 301-326.
- Freeman, R. E. (1984). *Strategic management: a stakeholder approach*. New York: Basic Books.
- Gimenez, C., Sierra, V. & Rodon, J. (2012). Sustainable operations: their impact on the triple bottom line. *International Journal of Production and Economic*, 140:149-159.
- GRI. (2013). G4 global reporting initiative, pp. 1-94, available at: www.globalreporting.org/reporting/g4/Pages/default.aspx (accessed March 20, 2015)
- Gul, F.A. (1999). Government ownership, investment opportunity set and corporate policy choices in China. *Pacific-Basin Finance Journal*, 7, 157-172.
- Griffiths, W.E., Hill, R.C. & Judge, G.G. (1993). *Learning and practicing econometrics*, John Wiley & Sons: New York.

- Hahn, R. & Kühnen, M. (2013). Determinants of sustainability reporting: a review of results, trends, theory, and opportunities in an expanding field of research. *Journal of Cleaner Production*, 59:5-21.
- Haniffa, R.M. & Cooke, T. E. (2002). Culture, corporate governance and disclosure in Malaysia corporations. *Abacus*, 38, 317-349.
- Haron, H., Yahya, S., Manasseh, S. & Ismail, I. (2006). Level of corporate social disclosure in Malaysia. *Malaysian Accounting Review*, 5(1), 159-184.
- Hossain, M., Tan, L.M. D. & Adam, M. (1994). Voluntary disclosure in an emerging capital market: some empirical evidence from companies listed on the Kuala Lumpur stock exchange. *The International Journal of Accounting*, 29(4), 334-351.
- Hussainey, K. & Walker, M. (2009). The effects of voluntary disclosure policy and dividend propensity on prices leading earnings. *Accounting and Business Research*, 39 (1), 37-55.
- Isaksson, R. & Stteimle, U. (2009). What does GRI- Reporting Tell Us About Corporate Sustainability? *The TQM Journal*, 21(2), 168-181.
- Jaffar, R. (2006). The environmental reporting practice of 'environmentally problematic companies' in Malaysia. *The International Journal of Accounting, Governance and Society*, 1, 37-47.
- Jensen, M.C. & Meckling, W. H. (1976). Theory of the firm, managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305-361.
- Kelton, A. S. & Yang, Y. (2005). The impact of corporate governance on internet financial reporting. *Journal of Accounting and Public Policy*, 27, 62-87.
- KPMG & G100 (2008). Sustainability reporting - a guide. Melbourne: KPMG Australia & the group of 100.
- Manaf, A. N. A., Atan, R. & Mohamed, N. (2006). Environmentally sensitive companies social responsibility and reporting: a study of Malaysian companies. *A paper presented at the 5th Australasian Conference on Social and Environmental Accounting Research*, 22 - 24 November: Sydney.
- Manasseh, S. (2004). Study on the level of corporate social disclosure practices in Malaysia. Master's, Universiti Sains Malaysia.
- Mohd Ghazali, N. A. (2007). Ownership structure and corporate social responsibility disclosure: some Malaysian evidence. *Corporate Governance*, 7(3), 251-266.
- Mohd Nasir, N.A., & Abdullah, S.N. (2004). Voluntary disclosure and corporate governance among financially distressed firms in Malaysia. *Financial Reporting, Regulation and Governance*, 3(1).
- Mohamed Zain, M. & Janggu, T. (2006). Corporate social disclosure (CSD) of construction companies in Malaysia. *Malaysian Accounting Review*, 5(1), 85-114.
- Nazli, A.M.G., & Weetman, P. (2006). Perpetuating traditional influences: voluntary disclosure in Malaysia following the economic crisis. *Journal of International Accounting, Auditing and Taxation*, 15(2), 226-248.
- Patten, D., & Trompeter, G. (2003). Corporate responses to political costs: an examination of the relation between environmental disclosure and earnings management. *Journal of Accounting and Public Policy*, 22(1), 83-94.
- Peiyuan, G., Xubiao, Z., & Ningdi, W. (2007). Study of sustainability reporting in China a journey to discover values. *China Business Council For Sustainable Development, Beijing*.

- Raar, J. (2002). Environmental initiatives: towards triple – bottom line reporting, corporate communications: *An International Journal*, 7(3), 169-183.
- Ramasamy, B. & Ting, H.W. (2004). A comparative analysis of corporate social responsibility awareness: Malaysian and Singaporean firms. *Journal of Corporate Citizenship*, 13, 109-123.
- Said, R., Zainuddin, Y. H., & Haron, H. (2009). The relationship between corporate social responsibility disclosure and corporate governance characteristics in Malaysian public listed companies. *Social Responsibility Journal*, 5(2), 212-226.
- Saleh, M., Zulkifli, N. & Muhamad, R. (2010). Corporate social responsibility disclosure and its relation on Institutional Ownership: Evidence from Public Listed Companies in Malaysia. *Asian Journal of Finance & Accounting*.
- Sharifah Buniamin. The quantity and quality of environmental reporting in annual report of public listed companies in Malaysia. *Issues in Social and Environmental Accounting*, 4(2), 115-135.
- Short, H., Zhang, H. & Keasey, K. (2002). The link between dividend policy and institutional ownership. *Journal of Corporate Finance*, 8, 105-122.
- Shawwarn, T. (2004). Determinants of corporate social reporting in Malaysia. MSc unpublished thesis, Universiti Putra Malaysia.
- Smith, B. & Peppard, D. (2005). Internet financial reporting: benchmarking Irish PLCs against best practice. *Accountancy Ireland*, 37(6).
- Sutantoputra. (2009). Social disclosure rating system for assessing firms CSR reports. *Corporate Communication and International Journal*, 14 (1), 34 – 48.
- Suttipun, M. & Patricia, S. (2012). *Procedia Economics and Finance*, 2, 9-18.
- Wilmshurst, T. D. & Frost, G. F. (2000). Corporate environmental reporting: a test of legitimacy theory. *Accounting, Auditing & Accountability Journal*, 13(1), 10–26.
- Xiao, J.Z., Yang, H. & Chow, C.W. (2004). The determinants and characteristics of voluntary internet-based disclosures by listed Chinese companies. *Journal of Accounting and Public Policy*, 23, 191-225.
- Zeng, S.X., X.D. Xu., Dong, Z.Y. & Vivian W.Y. T. (2010). Towards corporate environmental information disclosure: an empirical study in China. *Journal of Cleaner Production* 18.