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CORPORATE SOCIAL DISCLOSURE BY THE TOP MALAYSIAN LISTED COMPANIES

BY

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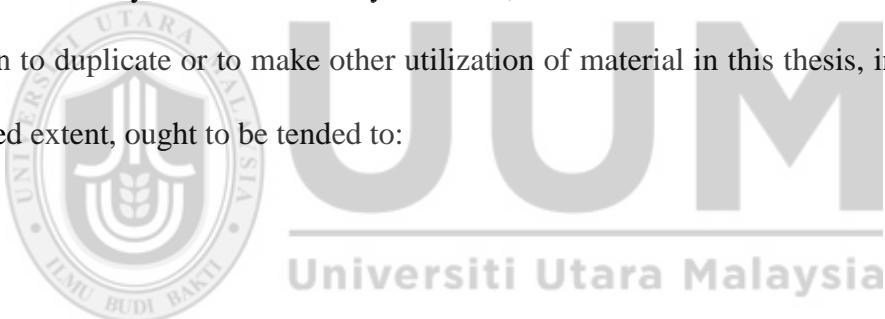
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ABSTRAK

Kertas penyelidikan ini dijalankan dengan objektif untuk menyelidik pelaporan tanggungjawab sosial korporat di kalangan 50 syarikat utama di Malaysia dan untuk menentukan perkara-perkara yang menyebabkan syarikat-syarikat ini mengeluarkan atau menerbitkan laporan tanggugjawab sosial korporat mereka. Berdasarkan kepada kajian penyelidik yang lalu, kajian kepada 50 syarikat utama di Malaysia dapat menerangkan paten atau kerangka di dalam pelaporan tanggungjawab sosial. Pembolehubah tak bersandar yang digunakan untuk penyelidikan ini ialah struktur pemilikan syarikat, tempoh perniagaan, syarikat dalam senarai Index FTSE4Good dan Laporan Keberlanjutan. Berdasarkan kepada analisis regrasi yang telah dijalankan mendapati Laporan Keberlanjutan, Syarikat dalam senarai Index FTSE4Good dan Syarikat Berkaitan Kerajaan adalah signifikan dengan pembolehubah bersandar Laporan Tanggungjawab Sosial Korporat. Persekitaran pekerjaan dan Komuniti juga didapati mempunyai ketinggian maklumat di dalam Laporan Keberlanjutan sampel syarikat.

Kata Kunci: Laporan Tanggungjawab Sosial, Teori Legitimasi, Malaysia

ABSTRACT

This research was conducted with the objectives to study the Corporate Social Disclosure (CSD) report among 50 top listed companies in Malaysia and also to choose plausible factors that caused these companies to produce or present their Corporate Social Disclosure (CSD). According to the researches done by the previous researchers on 50 top listed companies in Malaysia, it was found that these researches were able to elaborate the patterns or models of the Corporate Social Disclosure (CSD). The independent variable used in this research were the company ownership structure, the age of companies or businesses , or either it is listed in the FTSE4Good Index and extended reports. Based on the regression analysis that had been done, it was found that extended reports, companies listed in FTSE4Good Index and government-related companies were significantly positive with dependant variable of Corporate Social Disclosure (CSD). Environment of workplace and Community were also one of the factors having high information in Extended Report of company samples.

Keywords: Corporate Social Disclosure Standard, Legitimacy Theory, Malaysia

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In the name of Allah, the Beneficent and the Merciful. Power and authority belongs to Allah along, who can decide a future to be certain, and who gave me the opportunity to undertake this study and eventually make it possible.

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May the blessing of Allah be upon us in the here and here-after.

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Abbreviations	Descriptions of Abbreviations
CSD	Corporate Social Disclosure
CSR	Corporate Social Responsibility
ROA	Return on Assets
ROE	Return on Equity
GLC	Government Link Companies
FE	Foreign Ownership
Top 20	Top 20 Shareholder
SR	Sustainability Report
ESG	Environmental, Social Governance
CG	Corporate Governance
GRI	Global Reporting Initiative
GLC	Government Linked Companies
SRI	Sustainability Responsible Investment
WORK	Workplace
COM	Community
MAR	Marketplace
ENV	Environment

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The topic on corporate social responsibility (CSR) has been actively discussed in Malaysia since 1997 financial impact crisis (Amran & Devi, 2007). Since then, corporate social responsibility awareness has gradually increase among public listed companies due to Bursa Malaysia campaign on four framework should be appear in companies report whether in Annual Report of external report especially for CSR. The rising stakeholder's awareness regarding CSR is also became a commitment to listed companies to begin profiling their efforts at CSR as part of their overall corporate and business strategies. Today's globalization is one reason lots of huge companies rising up and every company intended to gain profits. CSR is needed to add value of the organization. Based on the profit earned from those huge companies, stock exchange Bursa Malaysia in 2007 were stressing over ESG (Environmental, Social Governance) disclosure in all public listed companies in Malaysia (Ioannou & Serafeim, 2014). Since then, corporate social responsibility (CSR) has been actively involved in Malaysia and been highlighted in external reporting on economic aspect.

CSR is one of corporate governance activities. Since financial crisis in 1997 gave an impact to Malaysia, the roles of corporate governance and corporate responsibility had much been debated ever since. One research outlined seven development of corporate governance in Malaysia (Said R., Hj Zainuddin Y., Haron H., (2009). This shows that Malaysia is serious to overcome the issue of scandals in term of mismanagement, earnings management and other further issues that's making capital investor loss their confidence and giving such negative perceptions towards us. Thus, CSR is also one of the factors that company to disclose more; so they could convey the information to investors, giving positive image of corporate citizen

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and thus getting contracts from the government (Amran & Devi, 2007). Another reason is to make it attractive to foreign funds (Saleh, 2009).

Furthermore, corporate governance is also one of an effective ways to gain shareholder interest (Said et al., 2009). To link corporate governance issues with corporate social disclosure, the top management should clarify the suitable control system and report corporate social activities in term of economic, social or environmental performance to stakeholder's knowledge. Thus, development of an organization shows that companies that are well-managed may attract investors. Open and transparent information are the possible way for company should attempt. Investors continually are seeking for improved information, transparent structure and increased disclosure. It is crucial that investors and the general public should be supplied with timely, comprehensive and consistent report of financial and non-financial information at all time.
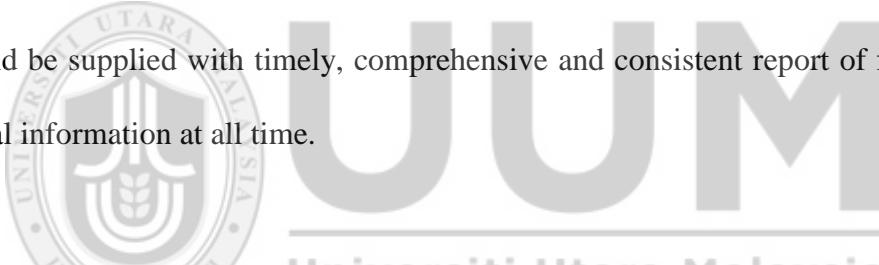
Malaysia code on corporate governance 2012 in first principle also mentioned about the main characteristics of effective board, "Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board". In guidelines 1.1 (f) of code on corporate governance 2012 also stress about "consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation". Corporate governance and corporate social responsibility are the issues of same topic. Based on Said et al., (2009), government ownership and audit committee are the elements associates with corporate social responsibility disclosure. Usually social event will focus on company activities and want to

motive and highlight people about what exactly companies had done and currently concerned.

Thus, this paper examine the issues from perspectives of ownership structure, reporting of sustainability, government linked companies, FTSE4Good Index companies, age of business that contributes to the issue of lack of producing stand-alone report for corporate social responsibility in each firm within top 50 listed companies.

1.2 Problem Statement

In Malaysia, during year of 1997 to 1998 Malaysia had received negative financial impact affected from the Asian financial crisis that actually give strong impact to the whole Asian economic too. The consequences of the impact for example has caused many employees lost their permanent job and also lost investors confident around the globe. Thus, this is among the issues of CSR had began to discuss in Malaysia to overcome the issues of irresponsibility from organizations that received strong financial impact during the financial crisis (Amran & Devi, 2007).

In 2004, the Minister of Finance II YB Tan Sri Nor Mohamed Yakcop on his speech highlighted that Malaysian Government had not given force to private sectors to CSR disclosure since its voluntary adoption reporting and hoping that this voluntary adoption may not interfere progress of the organization (www.treasury.gov.my) [1]. Bursa Malaysia has provided framework for all Public Listed Companies (PLC's) in practicing CSR and focuses on four dimensions which are **Environment, Community, Marketplace and Workplace** (www.bursamalaysia.com) . Based on Malaysia Association of Certified Public Accountant

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[1] Corporate Social Responsibility conference CSR: Creating Greater Competitive Advantage 22 June 2004 speech at Putrajaya

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(MACPA) in 1998 as currently known as The Malaysian Institute of Certified Public Accountants (MICPA), CSD is voluntary in nature. Specific patterns of social performance related to particular industry is need to investigate (Griffin & Mahon, 1997).

1.3 Research Objectives

Due to low awareness of corporate social disclosure among listed companies, it had become such a need to find an answer of how this could happen and what issues had contributed towards low awareness of corporate social disclosure or stand-alone report especially among top listed companies as concerned by this study.

1.4 Research Questions

1. To investigate the CSR disclosure by top Malaysian companies;

2. To determine the factors that influence the extend of CSR Disclosure by the top Malaysian companies.
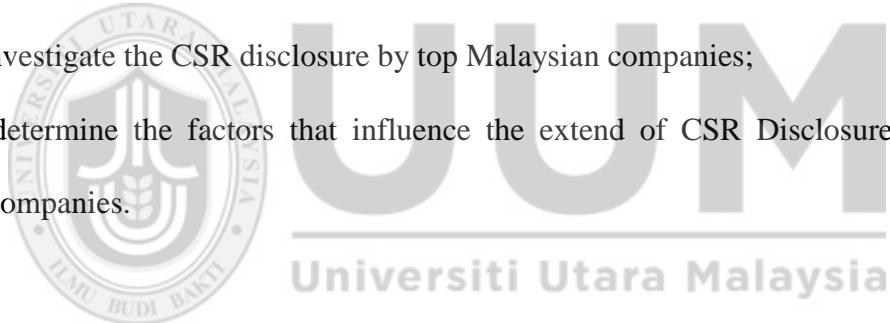
1.5 Scope of the Study

The research only covers the 50 top companies in Bursa Malaysia by analysing their factors of producing corporate social disclosure (CSD) or stand-alone social responsibility report.

1.6 Significance of the Study

The primary reason of this study is to investigate CSD characteristics or factors contributing to CSR disclosure. Many researchers had done their studies in CSR area (Teoh and Thong, 1984; Andrew B.H., Gul F.A., Guthrie J.E. and Teoh H.Y. (1989); Che Zuriana M.J., Kasumalinda A. and Rapiah M. (2002); ACCA, 2002; Haniffa and Cooke, 2002; Nik Ahmad N N., Sulaiman M., Siswantoro D., (2003); Thompson and Zakaria, 2004; Elijido-Ten, 2004;

Haron H., Sofri J., Chambers A., Manasseh S. and Ismail I. (2006). Many researchers also studied about CSD and the impact towards corporate governance characteristics or corporate social performance (Hackston and Milne, 1996; Adebayo, 2000; Gray R., Javad M., Power M. D. and Sinclair C. D., 2001; Manasseh, 2004; Shaw, 2004; Haniffa and Cooke, 2005; Guan Yeik, 2006; Mohamed Zain and Janggu, 2006; Said et al., 2009; Abd Rahman, Mohamed Zain and Yahaya Al-Haj (2011).

However, there is no research had been conducted on 50 top companies by market capitalization companies in Bursa Malaysia. Thus, this study is to focus on 50 top companies only in Bursa Malaysia, whereas these 50 companies are found less producing corporate social disclosure (CSD) as the sample testified. This study is also conducted in terms of interest in finding the factor for these companies to be unaware about CSD.

1.7 Summary of the Chapter

CSR report as known as non-financial disclosure, Social Responsible Investment (SRI), environmental report, sustainability report or corporate social disclosure had been actively shown in annual reports among public listed companies in Malaysia. However, the awareness of producing external report or 'publish' stand-alone sustainability reports disclosures are still lacking for both party public and private companies (Foo and Tan, 1988; Manasseh, 2004; Nik Ahmad and Sulaiman, 2004; Shaw Warn, 2004; Ramasamy and Ting, 2004; Mohamed Zain and Janggu, 2006; Said et al., 2009). Comparing Malaysia to other Asian countries, we are lagging far behind in terms of self-disclosure report on CSR activities such as Singapore, Indonesia and Thailand. How to argue this issue? This is because, at present, there are no regulations in Malaysia that require companies to produce stand-alone sustainability reports. CSD is still voluntary in nature especially in stand-alone report. This paper is focusing on

public listed companies whereas much percentage of them are of government awareness in business and had found that the number of companies voluntarily publishing stand-alone reports is still small based on 50 top listed companies in Malaysia. Thus, corporate governance is the effective way to ensure that the companies are in socially responsible in term of shareholders and stakeholders interests to be looked after. (Said et al., 2009).

CHAPTER TWO: LITERATURE REVIEW

2.1 Corporate Social Disclosure (CSD)

The early literature in CSD was by Bowen (1953) and he concerned about CSR reporting should become a doctrine or a principle and he also mentioned about definition of disclosure (Carroll, 1999). Then, the practices of corporate social disclosure was idealized and been practiced since 20th century (Guthrie and Parker, 1989; Gray, 2000). The definitions of CSR disclosure from Bowen also was expended by Heald (1957, 1970) and Ells (1956). The interest of CSD literature and practices among researches and companies make an enhancement in development of CSR disclosure (Mathew, 1997). US National Association of Accountant (NAA) also remarked their attractions toward CSR disclosure by establishing a Committee on Accounting for Corporate Social Performance.
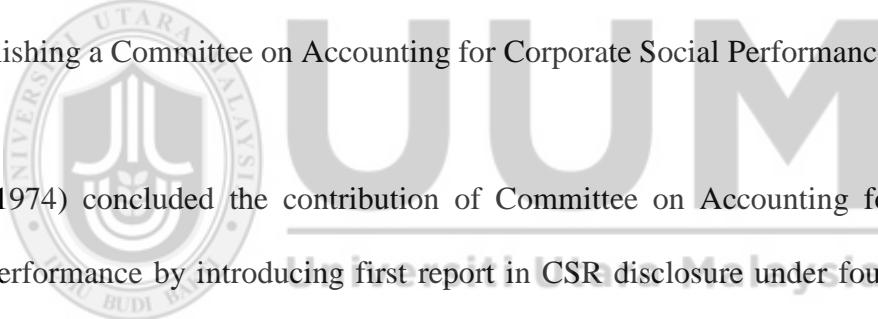
Keller (1974) concluded the contribution of Committee on Accounting for Corporate Social Performance by introducing first report in CSR disclosure under four title that is community involvement, human resources, physical resources and environment contributions, and product and service contribution. Belkaoui (1984) cited in Ernst and Ernst, (1971) to (1978) mentioned that continuous development in corporate social disclosure within life insurance companies and commercial banks in the United States under Fortune 500. There are seven dimensions that attract companies to disclose their CSR in term of environment, energy, fair business practices, human resources, community involvement, products and other social responsible disclosure.

Again, Belkaoui (1984) cited in Blomstorm (1975), found other additional dimensions in CSD is in ecology and environment quality, consumerism, community needs,

governmental relations, business giving, minorities and disadvantages person, labor relations, stockholder relations and economic activities.

The history of CSR became a subsequently big issue when Asian financial crisis 1997 and continued with Enron or Worldcom failure in their corporate governance. Thus, in 1998 this issues makes OECD countries started paying full attention in order to strengthen their corporate governance (Wing and Len, 2011). Malaysia is not one of OECD member but the corporate crisis among investors, public attention on government linked companies or listed companies problems such as Perwaja Steel, Transmile or MAS were mentioned and another few names were being raised in the issue of financial reporting transparency (FCCG Report, 1999). This is also a sign for Malaysian companies to acknowledge the CSR involvement in business environment for getting benefits of progressive better image of a long term profitability (Rashid Z. A., & Ibrahim S., (2002).
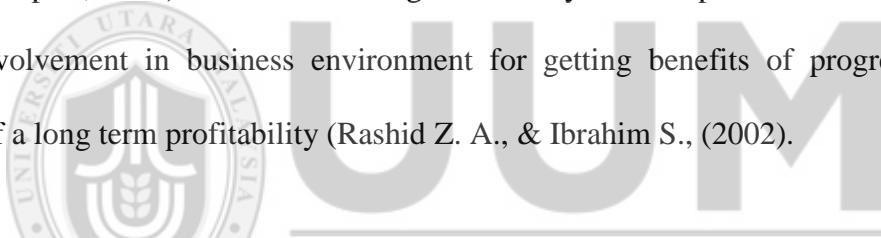
There are many enhancer of CSR initiative among Malaysian companies. One of the statement shows that Malaysian regulator related to CSR are really concern about this CSR issue. Datuk Johan Raslan the Chairman of Institute of Corporate Responsibility (ICR) Malaysia mentioned that "Our regulators and influencers such as the Securities Commission and Bursa Malaysia have done a huge amount to ensure that corporate Malaysia has 'CR Inside'. As a result, CR is on the management and boardroom agenda in most large companies and many small ones too" (Star, 2010).

2.2   Corporate Social Disclosure (CSD) Practice in Malaysia

Corporate social disclosure in Malaysia is still in voluntary acceptance (MACPA, 1998). Based on previous research in Malaysia, the objectives of CSR is divided into two groups

which is the extent of CSR and to investigate the factors in CSR development (Teoh and Thong, 1984; Andrew et al., 1989; Che Zuriana, M.J., Kasumalinda, A. and Rapiah, M. 2002; ACCA, 2002; Haniffa and Cooke, 2002; ACCA, 2004; Nik Ahmad and Sulaiman, 2004; Thompson and Zakaria, 2004; Elijido-Ten, 2004; Haron et al., 2006).

One of the earlier studies in Malaysia about corporate social disclosure was by Teoh and Thong (1984). They investigated about corporate social disclosure in Malaysia by choosing Chief Executive Officer's (CEO) from 100 selected Malaysian companies and conducted the questionnaires. Teoh and Thong (1984) focused on three issues namely the concept of CSR, nature and extent of companies towards activities and CSR reporting. They found that CSR disclosure in Malaysia was concerned in human resources, product or service contribution and concluded that the level of social disclosure among Malaysian firms are not extensive and lack of legislations and regulations (Teoh and Thong, 1984). Thompson & Zakaria (2004) also concluded that lack of regulations, lack of stakeholders pressure, and many tangible benefits did not occur in financial performances are such factors CSR disclosure is not so popular among companies to disclose it to public. Azlan & Devi (2007) has mentioned that CSR development in Malaysia was based on Malaysia government Agenda 21 in five years Malaysian Development Plans and Outline Perspective Plans. In 2009, ACCA claimed that 28 PLC's companies published their CSR report[2]. GLC's was found as an early organization running CSR activities and disclose it by report, thus GLC's is the best example and early practitioner to other listed companies to follow (Abdul Hamid & Atan, 2011).

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[2] (http://www.csr-weltweit.de/en/laenderprofile/profil/malaysia/ retrieved on 1st Nov, 2015)

World Business Council for Sustainable Development on Corporate Social Responsibility (WBCSD 1999) cited in Moir (2001) defined corporate social responsibility as an ethical behaviour between business and other stakeholders which can be a tool to generate, progressing business and improve economic development. For Malaysia, it is based on the profits earn from large companies, stock exchange Bursa Malaysia in 2007 which focuses on ESG (Environmental, Social Governance) disclosure in all public listed companies in Malaysia (Ioannou & Serafeim, 2014). Since then, corporate social responsibility has been actively involved in Malaysia. However CSR in Malaysia still was in voluntary acceptance rather than some other countries which made it mandatory for CSR; which means here, there is no specific regulations for companies to disclose their CSR in Malaysia. Bursa Malaysia in the website has given guidelines for CSR reporting and it was based on Global Reporting Initiative (GRI), G4 Guidelines, Integrated Reporting (IR), and standards by Sustainability Accounting Standards Board (SASB). Based on Mohamad Z. Z., Mohamed Salleh H., Ismail N. D., Chek I. T., (2014) research about non-financial information disclosure consists of Corporate Social Responsibility disclosure, Intellectual Capital disclosure, Risk Management disclosure and Corporate Governance disclosure.

CSR also had been found as a tool to attract investors, competitive advantages, branding, positive value, and market enhancement (Cheah et al., 2011). Thus, the board of director is one of the tools to make corporate social responsibilities activities in organization to be in a correct social. Those social activities were explained in Sustainability report in Annual Report in every company within public listed. Much of annual reports were such disclose CSR, in term of marketplace, workplace, community and environment. However, voluntary acceptance of CSR made it a bit difficult to measure the effectiveness of CSR

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because of no legal binding for reporting standards, since the CSR is about welfare and firm choices that is not observable. Kruger (2009).

2.3 Legitimacy Theory

CSR is closed with legitimacy perspectives. "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995). However, there is no single theory in CSR (Choi, 1999). Gray, R., Owen D. and Adams, C. (1996) explained why there is no single or fixed theory represent corporate social. "Any theory, mental framework or way of visualising the world is temporary, conditional and debatable" (Gray et al, 1996, p.32).

Furthermore, Legitimacy theory and Stakeholder Theory were found to be employed in many CSR study. Most of prior disclosure studies employed legitimacy theory to explain business CSR initiatives. However, CSR disclosure is still hard to measure the theory suitable with because it depends on CSR arguments itself by the companies activities (Gray, R., Kouhy, R. and Lavers, S., 1995; 2001; Choi, 1999; Cormior and Gordon, 2001; Newson and Deegan, 2002). One of the studies by Van der Laan (2009) argued the role of legitimacy theory and stakeholder theory to enhance corporate to be more responsible for disclose their CSR activities whether by voluntary or solicited. She concluded that much of researches of corporate social disclosure has utilised or 'tested' for legitimacy theory and for companies it is based on management discretion (Van der Laan, 2009). However, majority of researchers that studies in corporate social disclosure were supported with legitimacy theory. One study that examined if legitimacy theory can be used to explain

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CSR disclosure had found that legitimacy theory was supportive in explaining CSR disclosure (Nik Ahmad et al., 2003).

During to disclose corporate social activity in company, there were threats and suggested strategies for companies were advised to follow. Cormoir and Gordon (2001) and Gray et al. (1995) highlighted four legitimized strategy proposed by Dowling and Preffer (1975) and Lindblom (1994). It was regarding educating society about what organization should focus on marketing, how to alter society perceptions, manipulate attention of society to alternative issues beneficial to organization and organization performance after altered and manipulated society expectation. This shows that legitimacy theory is about to make proper organizational behaviour and focusing on how to grab attention of society and stakeholder about companies (Abdul Hamid, 2004).

In conclusion, to link legitimacy theory with this study , it was found that it is possible because previous researches had tested legitimacy theory and found that CSD had positive link with legitimize motives (e.g. O'Dwyer, 2002; Wilmshurst and Frost, 2000; Brown and Deegan, 1999; Adams, C.A., Hill, W.Y. and Roberts, C. B., 1998; Deegan and Rankin, 1997; Patten, 1992).

2.4 Conclusion

Chapter 2 reviews the past literatures with regards to the CSR meaning in widely, CSR history, the CSR disclosure and the history of existing CSD. Legitimacy Theory also found in positively related with this research topic on CSD based on previous researches study in CSD. The next chapter justifies the methodology used for the purposes of achieving the research objectives and giving solutions for research questions.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explain the methodology of the study. It presents the population, sampling method, model development and definition of variable of the study. The chapter further explains the techniques and tools of data analysis, which include descriptive statistics, correlation and regression analysis. Finally, the models of the study analysis are also explained.

3.2 Population

The population of this study comprises of 50 top companies 2014 in Bursa Malaysia. The data was collected from Bursa Malaysia and confirmed by Datastream.

3.2.1 Population of Interest

The population of interest for this study comprises 50 top companies by market capitalization in Bursa Malaysia. The selection of companies based on their highest until low ranking in market capitalization. This study evaluated these top 50 companies on their disclosure in separate Sustainability Report.

3.2.2 Target Population

This study comprises 100 top market capitalization companies in Bursa Malaysia in 2014. The year of 2014 was chosen because several companies did not publish their 2015 annual report yet. The top 100 companies were being chosen and the companies that producing stand-alone CSD report only selected. Inadequate research about companies under market capitalization was another factor to use the list of companies under market capitalization.

3.3 Sampling Method

The initial sample of 100 companies was drawn from the main board of Malaysian listed companies. From 100 companies only 50 companies represented in the final sample because of no contribution from below 50 companies in CSD in term of producing stand-alone report.

3.3.1 Sampling Size

The sample composition of this study comprised 50 companies that were selected at market capitalization within all companies listed in Bursa Malaysia. These represented all the industry captured in market capitalization 2014.

3.3.2 Method of Data Collection

The data collected from this research was from secondary data gathered from Annual Report and Sustainability Disclosure. From the annual reports, all information about independent and control variable are collected from Annual Report. The research method is much similar with previous studies that relied on secondary data for analysis (Esa and Zahari, 2014 and 2016; Esa and Mohd Ghazali, 2012). For dependent variable, the data was collected from sustainability disclosure and annual report, which one applicable. The amount of pages the company's focus more on social responsibilities based on Bursa Malaysia requirement. For the control variable, the data was formed from the information about financial performance in companies in term of return on assets and equity and the assurance whether they have their own sustainability report. For independent variable, the data about government intervention, top shareholder, age of corporation and foreign ownership are also derived from Annual Report and website of the companies. An only FTSE4Good listing company is derived from Bursa Malaysia website.

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Furthermore, this study focused on the content analysis statements consist on Total Disclosure Index measured by pages. The elements from the criteria were based on the Bursa Malaysia that is the Marketplace, Workplace, Environment and Society. The sample for this study consists of top fifty (50) public listed companies. The initial sample and selection of companies was based on their highest market capitalization ranking in 2014. One research in longitudinal study examined 33 public listed companies in Singapore and covers the period from 1986 to 1995 and found that companies in higher proportion of large and medium size companies had more disclose CSR information rather than small companies (Tsang, 1998). The selection criterion is consistent with previous research on CSD (e.g. Thompson and Zakaria, 2004; Hackston and Milne, 1996; and Guthrie and Parker, 1990).

The content analysis method also been chosen to make a valid interpretation from data according to the contents. A score of 1 is given to the company if the independent variable in the checklist were disclosed in the annual report or CSD. However, the score will be recorded zero if it did not possess any disclosed in variable item such as SR, FTSE4Good, and Government Linked Companies. Those three variables defined as dummy variable.

This study used Statistical Package for Social Science (SPSS) to investigate the relationship between variables. The descriptive analysis of variables was run to analyze the CSR practices among top 50 companies in Malaysia. It includes mean, median, standard deviation, skewness and kurtosis and the values of minimum and maximum. To analyze the hypothesis relationship, the regression analysis was used to explain significant or insignificant association between dependent and independent variables, to determine the variation in dependent variable towards independent variables, determine the strength of relationship,

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forecast the dependent variable value and to control other possible independent variables that give contribution (Abd Rahman et al. 2011).

3.4 Hypothesis Development

In this section, study focuses on the CSD as a dependent variable and the hypothesis development was built from dependent variable and independent variable of this research in term of foreign ownership, top 20 shareholders, government linked companies, age of business, FTSE4Good companies and sustainability report.

3.4.1 Ownership structure

Ownership structure can be divided by several categories which is government ownership, family ownership, institutional investors and companies ownership (La Porta R., Lopez-De-Silanes F., Shleifer A., Vishny R. (2000); Claessens S., Djankov S., Lang L. H. P. (2000); Mohd Sehat R., and Abdul Rahman, 2011). For estimation in this study the government ownership and companies ownership in term of foreign ownership and top 20 larger shareholders were used to determine whether these both factors were contributed to companies disclose stand-alone report or CSD.

Until 2004, there are lots of researches concluded that Malaysia was still in low CSD awareness (e.g Foo and Tan, 1988; Nik Ahmad and Sulaiman, 2004; Shaw, 2004; Ramasamy and Ting, 2004). In 2005, there were continuing study that examined the relationship between CSD and foreign shareholders and eventually found a significant relationship between it (Haniffa and Cooke, 2005). The study was shows that Malaysian companies used CSD as a legitimate strategy as pleased ethical among investors and at the same time to gain capital inflows.

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Another study to make concrete of the hypothesis was a study that examined about the effect of foreign ownership to firm performance in India (Chibber and Majumdar, 1997). The study used 1,000 Indian firms listed on the Bombay Stock Exchange. They divide foreign ownership at three levels. Firstly for firms up to 25 per cent (FOREIGN LOW), secondly greater than 25 but less than 40 per cent prior 1991 and 51 per cent afterwards (FOREIGN MEDIUM), and thirdly those greater than 40 per cent prior 1991 and larger than 51 per cent after 1991 (FOREIGN HIGH). The dependent variables used return on assets and return on sales. The result shows foreign ownership (FOREIGN HIGH) does have a positive and significant influence on various dimension of firm performance such as size, age, group, advertising, marketing, debt equity, diversity. However the results were different when it comes to FOREIGN MEDIUM and FOREIGN LOW which due to property rights regime and control devolve (Chibber and Majumdar, 1997). Thus the hypothesis could be generated from these different findings.
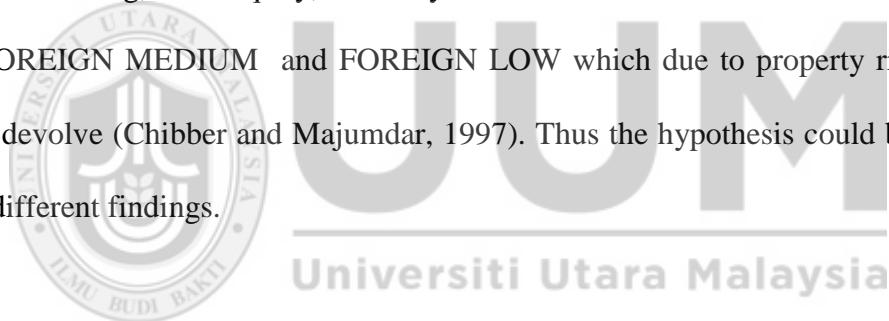
H1: there is positive relationship between the proportion of foreign ownership with firm performance and lead to CSD.

For the top shareholders, there are several study support that largest shareholders actually give positive impact to disclose information about companies (Haniffa and Hudaib, 2006; Abdul Samad 2002; Chau and Gray, 2002; Haniffa and Cooke, 2002). One early study about company performance is from Jensen and Meckling (1976) and found the larger portion share for manager may influence better company performance. One study from Indonesia also found that there were more potentially disclosures if the company have greater number of board (Bezemer, Peij, De Kruijs, and Maassen, 2014). However there were also conflicts or

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different findings from several studies (Coffey and Wang, 1992; Halme and Huse, 1997; Mohd Ghazali and Wheetman 2006; Alsaeed 2006). The different results for example found that there was no significant result between ownership concentration and the extent voluntary disclosure (Mohd Ghazali and Wheetman, 2006). The result from Mohd Ghazali and Wheetman, (2006) are consistent with another researches results that found no significant relationship between ownership concentration and corporate environmental that reporting in annual report (Halme and Huse, 1997). The other result also found that director shareholding gave negative association with corporate performance (Chiang, 2005).

Another study found that there was no significant relationship between insider ownership and corporate valuation (Mak and Kusnadi, 2005). The study used the data from 1999 to 2000 and examined the impact of corporate governance mechanism on corporate values. Thus, based on several results from previous study, it was hypothesized that:

H2: There is positive relationship between top shareholders and the extent of CSD;

Furthermore, government linked companies were one of department in government which later implies in privatisation policy (Amran and Devi, 2008). Mohd Ghazali and Wheetman, (2006) found government ownership was not significant with the extent of voluntary disclosure. The study examined about relationship between government ownership and voluntary disclosure. However there were also another result that found government ownership actually increased voluntary disclosure (Eng and Mak, 2003; Mohd Nasir and Abdullah, 2004). Based on study from Abd Rahman et al. (2011) they found that some GLC's had influence other companies to disclose CSR information. The aim of that study is to assess the level of CSR within forty four Government Linked Companies listed on Bursa

Malaysia from year 2005 to 2006 and the positive significant level was in company's size. Thus, from above several findings from researchers, the hypothesis was:

H3: There is positive relationship between GLC's with the CSD ;

3.4.2 Listing Status

In this study, FTSE4Good listing companies were used as independent variable. To meet continuing sustainability in business, in 2014 Bursa Malaysia and FTSE had launched an Environmental Social and Governance (ESG) index (www.bursamalaysia.com). This index series is one of the way to measure company performance with CSR practices because the criteria for companies to be included as FTSE4Good listing companies are needed to meet a variety ESG criteria from framework such as Global Reporting Initiative (GRI) and Carbon Disclosure Project (CDP) (www.bursamalaysia.com). Furthermore, the companies that had been selected under FTSE4Good index are also evaluating their transparency and definition of Environmental Social and Governance (ESG) criteria in their business companies. From Malaysia perspective of FTSE4Good, there are 200 top Malaysian companies that selected by Bursa Malaysia. Based on Teoh and Thong (1984) listed companies disclosed higher CSD rather than unlisted firm. The information to disclose were also high in countries that rely on capital market rather than debt financing (Saudagaran, 2000).

H4: There are positive relationship between FTSE4Good companies and CSD;

3.4.3 Age of Business

Based on Choi (1999) concluded that the age of companies related to quality on their environmental disclosure. The study used the data from companies in Korean Stock

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Exchange. Legitimacy Theory also supports this argument on age of business increase reputation and higher discloses (Abdul Hamid, 2004). However the contradict result also was found in a study that examined CSR disclosure within 44 GLC's and one of independent variable is age of business. The study concluded that the age of business was of no significant association with CSD (Abd Rahman et. al., 2011). The hypothesis generated from this variable is:

H5: There are positive association between age of corporation and CSD;

3.4.4 Sustainability Report

This study also used Sustainability Report as one of independent variable. Some companies were found to produce two types of CSR reports, in Annual Report and stand-alone Sustainability Report. The report consists of four framework suggested by Bursa Malaysia which is marketplace, workplace, community and environment. One study that examined the nature and extent of CSR Disclosure in the annual report, found that CSR disclosure as ad-hoc, general and self-laudatory in nature (Nik Ahmad et al., 2003). The study used samples from 200 companies listed in main board of Kuala Lumpur Stock Exchange (KLSE) in Malaysia. Many researches used annual report as a measurement for firm disclosure (e.g. Thompson and Zakaria, 2004; Nik Ahmad et al., 2003; Abu Baker and Naser, 2000; Alnajjar, 2000; Abbort and Monsen, 1979). There were also many studies in Malaysia found the growing of CSD (Abdul Hamid, 2004; Thompson and Zakaria, 2004; Nik Ahmad and Abdul Rahim, 2003; Che Zuriana et al., 2002). Thus, from this perspective of growing number of researches using annual report, the hypotheses derived for this section is:

H6: There are positive relationship between Sustainability Report and CSD;

3.5 Research Framework
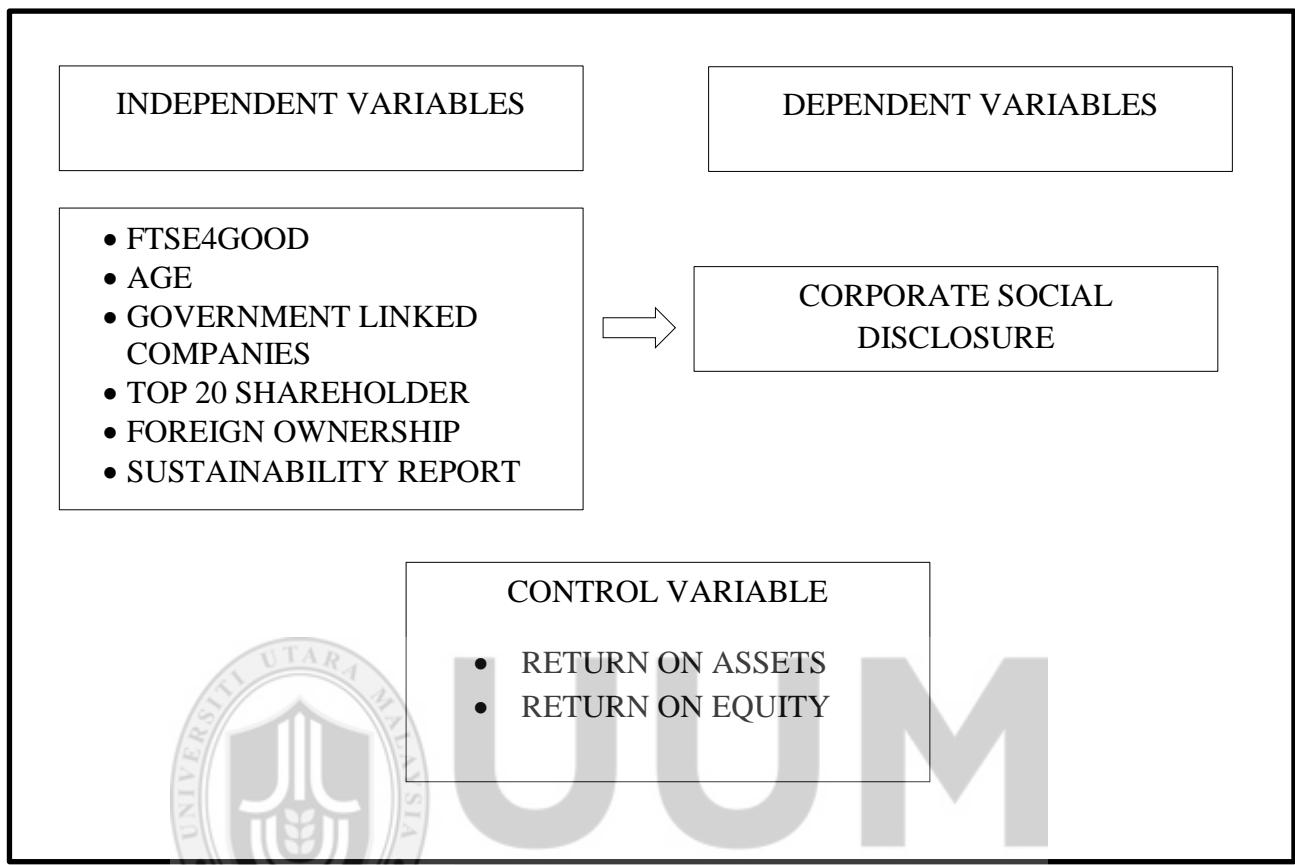
3.6 Model Development

Model development is about effective method in measuring the variables of study and giving accurate support to fulfil research objective especially to investigate the relationship among dependent variable and independent variable.

Model is developed to regress sustainability disclosure with variables relating to the ownership structure (for example: government ownership, foreign ownership), board characteristics (for example: board size, top shareholders) and other control variables such as company size, profitability). Thus, the equation can be written as follows:

$$TDI = \beta_0 + \beta_1 OwnTwenty + \beta_2 GovtOwn + \beta_3 ForOwn + \beta_4 ROE + \beta_5 Prof + \beta_6 Age + \beta_7 Listing + \beta_8 SR + \beta_9 CSD + \varepsilon$$

Where:

TDI	Total Disclosure Index measured by pages
OwnTwenty	Ratio of shares owned by 20 largest shareholders
GovtOwn	Government Ownnership or Government Linked Companies
ForOwn	Ratio of shares held by foreign shareholders
ROE	Return on Equity (profit available for distribution/ shareholders fund)
Prof	Profitability measured by profit before tax over total assets
Age	No of years from inceptions until 2014
Listing	one if listed at FTSE4GOOD or zero if not listed
SR	Sustainability Report
CSD	Total Corporate Social Disclosure
ε	Disturbance term
β	constant (i = 0), regression coefficients (i = 1, 2, 3, …)

The OLS regression is used to assess the effect of each independent variable on the CSD. The above model is replicated from Patten (1992) and Hackston and Milne (1996) with some modifications by including independent variable of age, listing status, government intervention, twenty largest shareholders and foreign shareholders. The model also has been used by Abdul Hamid (2004) and Esa and Zahari (2016) with some modification.

3.7 Definition of Variables

The variables of this study comprises of foreign ownership, government linked companies, top 20 shareholders, age of companies and FTSE4Good companies. While control variable

has defined by two variables which is return on equity and return on assets. Dependent variable is corporate social disclosure (CSD).

Corporate Social Disclosure (CSD)

The data in Corporate Social Disclosure (CSD) was collected from Sustainability Report. If the companies not produce the report then CSR item or framework in Annual Report is use. The theme of CSR was determined from this step which divided by four as suggested by Bursa Malaysia, Environment, Marketplace, Workplace and Community. Total pages of each themes were calculate to measure the level active participate of companies during disclose CSR theme in their disclosure.

Total disclosure = Total pages of workplace + Total pages of marketplace + Total pages of environment + Total pages of Community.
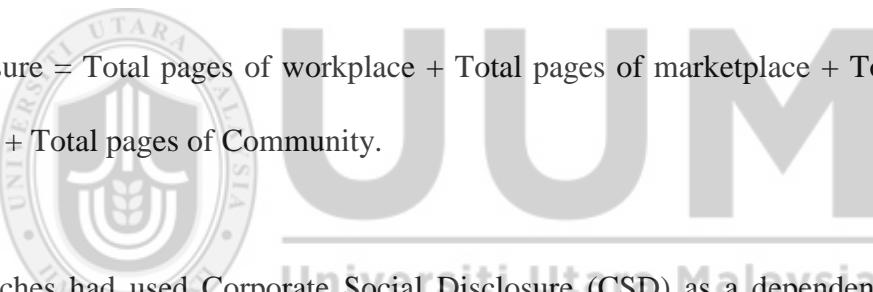
Many researches had used Corporate Social Disclosure (CSD) as a dependent variable to measure the level of studies (eg. Salleh, 2009; Thompson and Zakaria, 2004; Abdul Hamid 2004; Nik Ahmad and Abdul Rahim, 2003; Che Zuriana et al., 2002; Abu Baker and Naser, 2000; Tsang, 1998). CSD also defined as one of the tool for companies to communicate their accountabilities of companies business (M. Grahovar, 2010). M. Grahovar (2010) also mentioned about level of interpretation and translation in corporate social in organization to investor will build reputation, relationship and trust.

Foreign Ownership

Foreign ownership refers to non-citizen individual or company that hold shares in companies that located in another countries.   Foreign affiliates also refered to as one of ownership

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which is business partner or other multinationals operating in Malaysia (Amran and Devi, 2008). The data for foreign ownership was determined from top twenty shareholders in Annual Report from 50 companies. From the top 50 companies, only one company found which did not have any relationship with foreign ownership from top shareholders is Bank Islam Malaysia Berhad.

Government Linked Companies

GLC shares are controlled by government (Fang, F., Qian, S. and Tomg, W.H.S., 2004). In Malaysia context, GLC is an entity that owned by government through the Minister of Finance and some of companies are fully owned by government such as Kumpulan Wang Amanah Pencen (Abd Rahman et al., 2011). From this study, a GLC is use as a dummy variable. The value 1 is given if sample have link with government and 0 values for otherwise.
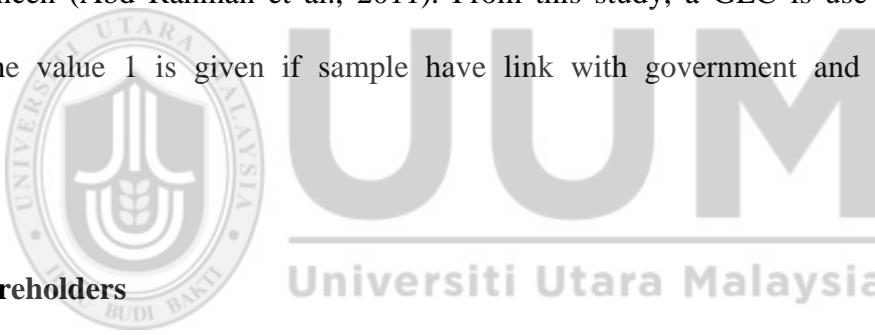
Top 20 Shareholders

This type of independent variables was determined from Annual Report. Usually the analysis of shareholdings consist of top 30 shareholders, whereas this study chose to shorten the list for only 20 top shareholders in per cent of total issued shares to be included in the analysis. Several studies had also been derived for this type of independent variables such as study from Said et al., (2009). The study used 10 largest shareholders to examine the relationship between CSR disclosure and corporate governance in Malaysia.

Age of Business

The age of corporation was determined from the year of establishment of business until 2014. The information of establishment mostly was found in Annual Report or the website of

companies. Some of companies may indicate their year of starting business in milestone content. Several studies tested the age of business as their independent variables and was using the same measurement; for example Abd Hamid, (2004).

Listing Status

The listing status in this study focused on FTSE4Good Index companies and as a dummy variable. Coded 1 is given if the companies are including in FTSE4Good Index listing and 0 for otherwise. Bursa Malaysia website are available to give information about companies that listing in FTSE4Good Index (www.bursamalaysia.com).

Sustainability Report

The companies that have their own CSR report or sustainability coded as 1 and 0 for otherwise.

Control Variable

This study used control variables in term of profitability (ROE and ROA) which had been widely used in prior researches ` (eg. Ho and Wong, 2001; Bliss and Balachandran, 2003; Eng and Mak, 2003; Mohd Nasir and Abdullah, 2004; Shaw Warn, 2004; Haniffa and Cooke, 2002; Willekens, M., Bauwhede, H.V., Gaeremynck, A. and Van De Gucht, L., 2005; Barako, D.G., Hancock, P. and Izan, H.Y., 2006. Control variable is used to enhance the relationship between variables.

3.8 Conclusion

The preceding sections have discussed the research methodology, research framework, model development and the hypothesis development. The independent variables are expected

to have influence on the CSD. All the hypothesis development in variable also is expected to have positive relationship with the CSD since it is argued within previous researches.

CHAPTER FOUR: RESULT AND DISCUSSION

 4.1 Introduction

The objective of this research is to investigate the factor in corporate governance influence CSD within top companies in market capitalization in Bursa Malaysia 2014. The data was analysed by using SPSS software . In this chapter the research findings will be discussed. Due to the process of finding and to achieve objective of study, the study used content analysis in term of TDI (Total disclosure index) measured by pages of CSD. The method of content analysis is to determine practices through sustainability or CSD. The technique of content analysis was used in many researches (Abdul Hamid, 2004; Amran and Devi, 2008); Haniffa and Cooke, 2005; Guthrie and Parker, 1989; Gray et al., 1995a, 1995b). The remaining sub title is shown on descriptive statistics, correlation analysis and multiple regression analysis.
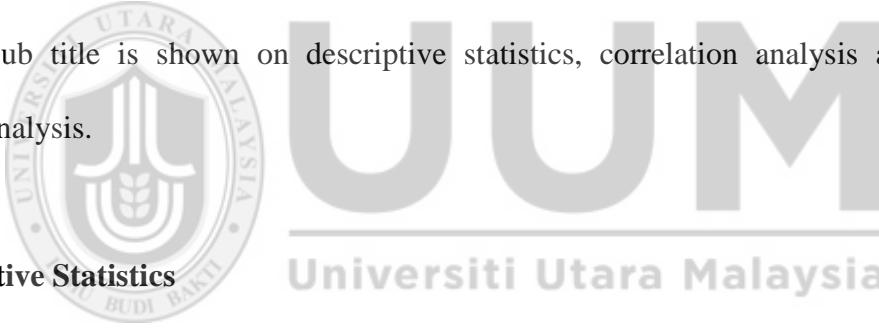
4.2 Descriptive Statistics

The sample of this study consists of top 50 listed companies in Malaysia. Table 1 provides descriptive statistics for CSD and the independent variables measurement for Government Linked Companies (GLC), Foreign Ownership (FE), Top 20 shareholder (Top20), Age of business (Age), FTSE4Good (FTSE4Good) and SR (Sustainability Report).

ROA and ROE mediated as control variable in this study. The level of ROA and ROE range widely from -6.5 % to 296% and -2.2% to 73% with a mean of approximately 22.6% and 8.4% respectively. The figures of both profitability highlighted that there was an improvement in the economic performance among top 50 listed companies under market capitalization in 2014. In average of theme in CSD suggested by Bursa Malaysia, WORK

(workplace)was found as having the highest page among other theme disclosures using mean statistics 5.56% following by COM (community) 5.52% and with their standard deviation of WORK and COM for 6.734 and 7.807 respectively. The result on community was consistent with previous study by Abu Baker and Naser (2000). This shows that companies that listed in Bursa Malaysia are more concerned with their workplace and community information rather than other framework dimension.

The result of others two frameworks are contrast. The lowest mean statistics is ENV (Environment) and MAR (marketplace) 3.90% and 3.47% respectively. Environment was found having less information to disclose because of the nature of business in companies did not give any impact to environment and lack of government support (Perry and Sheng, 1999). The result on environment was consistent with previous research (Saleh, 2009 ; Thompson and Zakaria, 2004; Abu Baker and Naser, 2000).
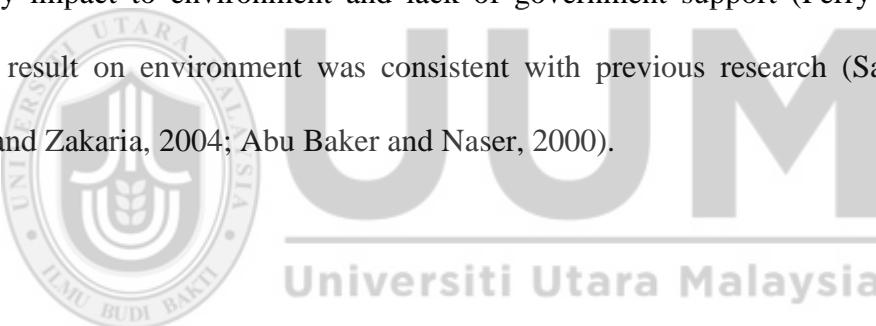
Table 1

Descriptive Statistics (with theme of CSD)

	N	MIN	MAX	Mean	Std Deviation
CV					
ROE	50	-6.540	296.100	22.63110	46.782116
ROA	50	-2.230	73.070	8.43700	14.582172
IV					
GLC	50	0	1	.28	.454
FE	50	0	52.690	10.02256	11.121059
TOP 20	50	48.270	93.525	78.40652	11.265285
Age	50	0	53.00	21.8400	15.44227
FTSE4GOOD	50	0	1	.24	.431
SR	50	0	1	.30	.463
DV					
CSD	50	0	98	19.29	22.139
CSD THEME					
ENV	50	0	37	3.90	5.758
COM	50	0	42	5.52	7.807
MAR	49	0	19	3.47	4.302
WORK	50	0	32	5.56	6.734
Valid N (listwise)	49				

4.3 Multicollinearity Test

Hair, Anderson, Tatham and Black, (1995) mentioned that multicollinearity test explains the level by which one variable's effect could be managed by other variables. Pearson Correlations under Multicollinearity Test is used for this research.

4.3.1 Pearson Correlation Analysis

Table 2 is about correlation analysis between variables. Correlation analysis was used in this research to explain the level of relationship between all variables (Asteriou and Hall, 2007). The relationship between independent variable and dependent variable were determined in this correlation analysis and as a guide to estimating the model. The zero amounts in correlation will appear if no relationship between variables. If the correlation equals to +1 means there are perfectly positive relationship but if correlation equals to -1 means perfectly negative relationship. The relationship is strongly weak if the range 0.30 to 0.49 and if greater than 0.50 is weak relationship but substantial.

Table 2 shows the correlation between variables. As summary of result, the highly positive and significant with coefficient of 0.767**, 0.603** and 0.503** between ROE with ROA, SR with CSD, and ROE with FE respectively. Other variables that seems in positive medium and significant with coefficient of two tale is 0.292* (ROE with SR), 0.314* (ROA with FE), 0.337* (GLC with CSD), 0.326* (FTSE4Good with CSD). The result that imply in medium positive means any respective variables are also leads for factor companies produce stand alone CSD.

The test on Spearman's Rho also has been testified to concrete the result shown in Pearson correlation analysis. The relation between Spearman and Pearson correlations is based on ranks and monotonic relationships and Pearson is on true value and depicts linear relationships. There are differences between both measurements which is Pearson is most appropriate for interval scale and Spearman is measurement from ordinal scale (Chok, 2008). Thus, the result that been tested shown in Spearman's Rho was significant with Pearson correlation.

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Table 2:

Pearson Correlation Coefficients of Variables (Sample = 50)

variables	ROE	ROA	GLC	FE	Top 20	Age	FTSE4GOOD	SR	CSD
ROE	1	.767**	-0.154	.503**	0.035	0.119	0.219	.292*	-0.007
ROA		1	-0.184	.314*	0.09	0.1	0.253	0.192	-0.042
GLC			1	-0.17	-0.255	0.018	0.171	0.078	.337*
FE				1	-0.269	-0.058	0.043	-0.028	-0.048
Top 20					1	-0.188	0.063	0.062	-0.045
Age						1	-0.043	0.25	0.099
FTSE4GOOD							1	0.245	.326*
SR								1	.603**

4.3.2 Variance Inflation Factor (VIF)

There are possibility of high collinearity exists among independent variables. Variance Inflation Factor (VIF) explains that when tolerance value is below 0.10 and VIF is greater than 10, the high collinearity were exists and has to be addressed (Healy, 2002).

As shown below in Table 3, the tolerance level for all variables is greater than 0.10 and the VIF values are less than 10. This result explains that there are no serious multicollinearity problem exists.

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Table 3: *Collinearity Statistics*

Variables	Tolerance	VIF
ROE	.300	3.338
ROA	.384	2.601
GLC'S	.808	1.238
FE	.583	1.715
TOP 20	.742	1.348
AGE	.848	1.179
FTSE4GOOD	.838	1.194
SR	.787	1.270

4.4 Normality Test

Normality Test is to determine whether the data is normal enough for further statistical test. The main concern of Normality Test is the distribution score on variables and refers to values of skewness as known asymmetry of the distribution and kurtosis as known as peakness of the distribution. The data is in normal distributed id the value of skewness is less than 3 and the kurtosis is not exceed 10.

Table 4 below presents Statistical Package for the Social Science (SPSS) normality result for skewness and kurtosis. All independent variables are found normal skewness. For CSD theme ENV and COM are found with the highest skew 4.235 and 3.257 meaning that theme or framework is not normally distributed because it has highest deviation. For the kurtosis all theme of CSD are found positive. But for ENV and COM the values is higher than normal distributed exceed than 10. The result for ENV was similar with previous research conduct by Abdul Hamid (2004).

Table 4: Normality Test for CSD

Item	Skewness	Kurtosis
GLC	1.011	-1.021
FE	1.960	4.017
TOP 20	-.989	.585
AGE	.393	-.787
FTSE4GOOD	1.256	-.443
SR	.900	-1.241
CSD	2.301	5.094
CSD THEME		
ENV	4.235	22.553
COM	3.257	11.862
MAR	1.967	3.837
WORK	2.327	5.821

4.5 Multivariate Analysis

Table 5 below reports on the methodology results based on the model discussed earlier. It also carried out result for hypothesis development on the relationship between variables.

The regression presents an adjusted R Square of 0.413, meaning that the variability of CSD can be explained by the variables in the model as about 41 per cent. There are three significant result found in this study which is Sustainability Report, government linked companies and FTSE4Good companies.

The first significant result is Sustainability Report at one per cent level. The coefficient also found as the highest among other variables. Statistical result shows the positive and significant association with t = 5.018. The hypothesis for this result were accepted and proven. There are positive relationship between CSD and Sustainability Report. Thus, this can conclude that companies that disclose their CSR in Annual Report also are motivating to disclose more in Sustainability Report.

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The second result is from Government Linked Companies (GLC's) that shows in significant at the five per cent level. The result indicates that the higher government share, the better CSD in the company and hypothesis for this variable are accepted. GLC's hypothesis was to have positive relationship with CSD. Coefficient for GLC's variable also is positive and found the second highest 11.836 after Sustainability Report. The statistical results also reveal that the GLC's is positively and significantly related to CSD with a T value = 1.991. This implies that GLC's is proven that one of factor for companies to be motivating in producing CSD.

The third significant result is from FTSE4Good companies that significant at ten per cent level. FTSE4Good was hypothesizing to have positive relationship with CSD. Thus, the statistical result shown that FTSE4Good is positive and significantly related to CSD with T value = 1.534. Coefficient for FTSE4Good variable also is positive and found the third highest 9.416 after GLC's. Thus, result concludes that companies under FTSE4Good Index are found positively producing CSD.

Others variables found was not significant but positively associated with CSD are foreign ownership shareholding and top 20 shareholders. The coefficient results for both variables foreign ownership and top 20 shareholders also indicating no contribution to the explanation of CSD because low value 0.0263 and 0.02 respectively. The hypothesis for both variables is accepted one in term of top shareholders. The other variables age of business found negatively significant and did not associate at all with CSD plus the coefficient result also in negative value -0.017. This result shows that the long or short the age of companies or

businesses had no influence or effects on decision to produce CSD. This finding for age of companies is similar with the study by Abd Rahman et al. (2011).

The Legitimacy Theory was relating to dependent and independent variables based on discussion and consideration. Due to linked companies, listing status and stand-alone report may support the legitimacy action. Company often to use legitimize strategies when they faced with legitimacy threats (Abd Hamid, 2004). The status of company in term of significant result of this paper may motivate companies to disclose social information. Logically companies that unlisted may see no reason for them to reveal their social activities because it basically for internal activities among them. This is consistent with Patten (1991) arguments on decision to disclose social activities because of public pressure.

Table 5

Multiple Regression result between dependent variable and independent variables

	B	Std. Error	Beta	t	Sig.
(Constant)	3.818	22.373		0.171	0.433
ROE	-0.114	0.095	-0.242	-1.209	0.117
ROA	-0.028	0.268	-0.018	-0.105	0.459
GLC'S	11.836	5.944	0.242	1.991	0.027**
FE	0.263	0.285	0.132	0.923	0.181
TOP 20	0.02	0.25	0.01	0.08	0.468
AGE	-0.017	0.17	-0.012	-0.097	0.462
FTSE4GOOD	9.416	6.136	0.183	1.534	0.066*
SR	29.595	5.898	0.619	5.018	0.000***
Regression measure					
Multiple R	0.713				
R Square	0.509				
Adjusted R Square	0.413			F =5.314	Sig. F = 0.000
Std Error	16.959				

*** Significant at 1 per cent level ; **significant at 5 per cent level ;

* significant at 10 per cent level

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

This chapter conclude and provide recommendation. Summary of findings based on analysis chapter, theoretical contribution, the implication from practical and policy, suggestion of further study and limitation of study.

The objective of the research is to investigate CSR disclosure and the element or factor contributes to CSD among top 50 market capitalization companies in Bursa Malaysia. Since no research had highlighted those areas of market capitalization, this research provide some evidence and significant variables based on variable had been used from previous researches. Some findings are different or either same significant variable with previous researches. Summarizations of findings are explained in this chapter as well.

5.2 Summary of Findings
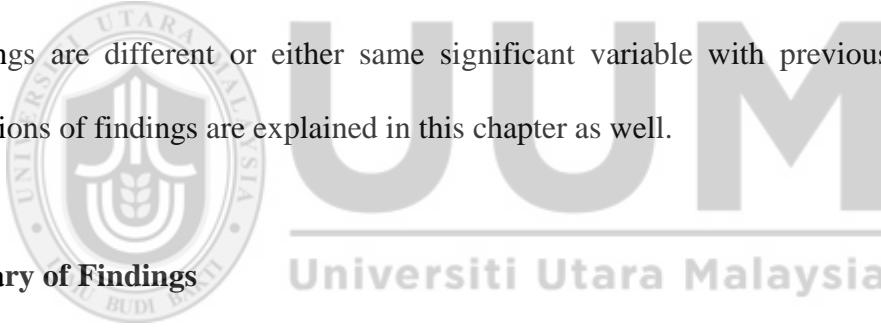
The main objective of this study is to investigate the CSD among top Malaysia companies and to determine factors that influence extend of CSR Disclosure. Testing of data covered a sample of 50 companies extracted from 100 companies listed on the main board Bursa Malaysia. These companies also denoted top 50 companies of the total market capitalization in 2014. Other study that is also using market capitalization was from Saleh (2009). Result of content analysis revealed that CSD within the company sample involved four categories highlighted by Bursa Malaysia which is marketplace, workplace, community and environment. Workplace and Community found as majority companies disclose more consist of 30 per cent for each framework.

Result on the regression models indicates that only three variables associated with the extent of disclosures namely Sustainability Report, FTSE4Good Index companies and government linked companies. These three independent variables also positively and significantly correlated with the level of CSD. The most significant variables that influence the level of CSD are from Sustainability Report. Sustainability Report is the extended report or stand-alone report for companies to disclose in a special way about what they did in term of social activities of the companies. This is voluntary disclosure among companies after they did CSR disclosure in annual report.

Table 6: Summary of hypothesis

H1	there is positive relationship between the proportion of foreign ownership and CSD ;	Rejected
H2	There is positive relationship between top shareholders and the extent of CSD ;	Rejected
H3	There is positive relationship between Government Linked Companies with the CSD ;	Accepted
H4	There are positive relationship between CSD and FTSE4Good companies ;	Accepted
H5	There are positive association between CSD and age of corporation;	Rejected
H6	There are positive relationship between CSD and Sustainability Report;	Accepted

5.3 Theoretical Contribution of the Study

The contribution of this study consists of extending the research method by using Sustainability Report instead of using fully Annual Report as measurement sample. The study also found that Sustainability Report companies, FTSE4Good Index companies and GLC's companies are significant to producing stand-alone report. The policy maker or any institutional of CSR initiative should grab this opportunity to expose more companies to be listed in FTSE4Good companies for instance.

Based on the content analysis Workplace and Community are the most desired framework to enhance disclosure in sustainability report. Thus highlighting that companies in Malaysia are ready to grab investors or employees by disclosing good image in community and workplace.

5.4 Practical and Policy Implication of the Study

Addressing the various pressures of social activities that needed disclosure to be presented to stakeholder and shareholder, Malaysian companies were called to make the gap between overseas companies that has been applying CSD earlier to be narrower (Thompson and Zakaria, 2005). Based on Deputy Director 1 in Royal Malaysian Police Force from Commercial Crime and Investigation Dato Hj Sulaiman Hj Mohd Yusof, suggested that companies should introduce self-disclosure report on CSR activities and there is a need to introduce a system for CSR disclosure in Malaysia (Accountant Today, 2006). The speech was in year 2006 and now in year 2016 the self-disclosure report on CSR activities was called Sustainability Report had been implemented by several companies in Malaysia. Even though this voluntarily action is gradually increase among listed companies, there is a need for a

bigger enhancement from government or other policy maker such as Security Commission Malaysia to address more on these issue of disclose social activities.

5.5 Limitations of the Study

Some limitations of this study were found. First, this study period time took only four months by using the content analysis which means to absorb any human error (Thompson and Zakaria, 2004). Thus there is limitation of time consuming to disclose more information especially for more than one year to see differences between contents in social report. Secondly, this study also only focuses on disclosures in annual report and stand-alone reporting (Sustainability Report). Thus it is to take considerations to follow up for other dimensions such as web site reporting, magazine or newspaper. Thirdly is about the sample size of company that was taken from 50 highest and top company market capitalizations in Bursa Malaysia. The additional of more companies with variety sizes of firm may enhance the results. Fourthly it is about the year of sample is in 2014 because certain companies still did not yet publish their annual report and sustainability report in 2015.

5.6 Suggestion for Further Research

The future research should extend the result for which categories of Workplace and Community disclose consistently in this study finding. For example Saleh (2009) examined CSD in emerging market in Malaysia and found workplace in term of employee dimension range is the most favourite companies to disclose more. The timeframe for his study is from 1999 to 2005 which is about seven years. The result from Saleh (2009) was consistent with this study result. Other further research should use the latest years such as in 2015 and above and include more companies if there were found to increase in numbers of producing Sustainability Report and how the report are growing either every year or not because of the

ticket of voluntary disclosure. Last but not least, the highly recommended suggestion is to make a study by using survey to get a much precise results and to know more about management perceptions towards CSD.

5.7 Conclusion

This study is aimed to examine the CSD among top 50 companies in Malaysia and the type of factors influenced them to disclose and commit to agree with linkage for Legitimacy Theory as mentioned in Legitimacy Theory in previous chapter. Taking the previous researches with some modifications and enhancement of moderation of models, samples and independent variable, the result mostly found consistent with previous researches as stated above in discussion and analysis. There are also some contributions from this study that focuses on new issues of FTSE4Good Index and stand-alone disclosure (Sustainability Report) as found significantly and positively related to CSD. The theme or framework in CSD also found significantly positive with this study in term of Workplace and Community.
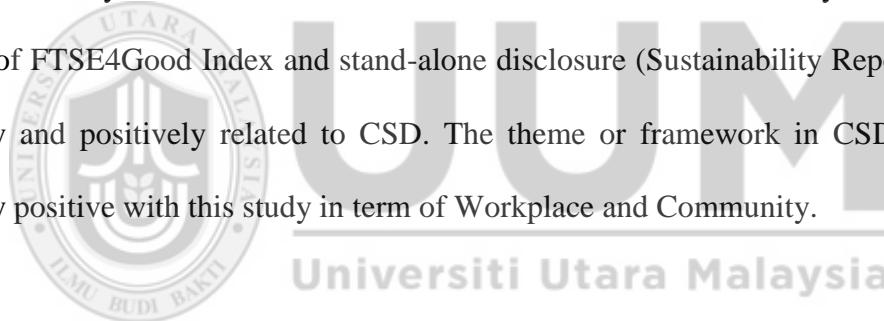
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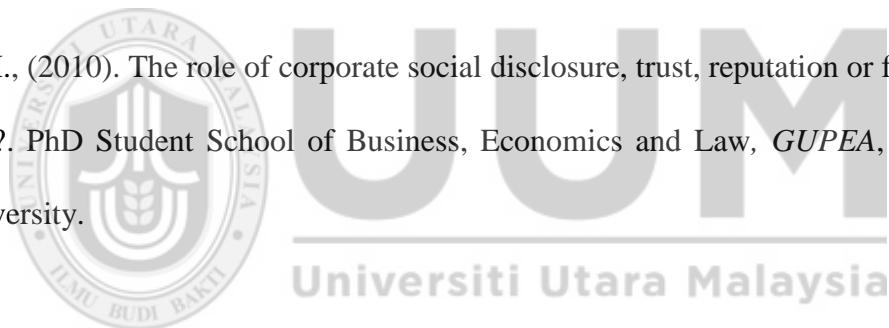
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