CHAPTER 1

INTRODUCTION

1.0 Introduction

On chapter 1, it is providing an overview of the study context and explaining the research problem of the corporate social responsibility disclosure of listed companies in Malaysia. In this chapter, I will outline the background of the study, problem statement, research objectives, research questions, hypotheses of the study, and significance of the study.

1.1 Research Background

Corporate social responsibility (CSR) has become a key business practice in the recent years. It has grows the interest of businesses and academician to identify the used and the reflection of the CSR related to other terms such as sustainability of the business. The disclosure of the corporate social responsibility was becomes important issues in the global business environment nowadays due to the companies' scandal existed (Buniamin, 2008). Buniamin (2008) also stated that the CSR is the motivating factor for the companies in order to build the image of

the companies (Buniamin, 2008). According to Liong (2013), he stated that the CSR has various attempts to define it by the different researchers which can be concluded the general define of CSR as the conduct of the practice or the concept of the companies that considering the impact on the social and environment by the stakeholders (Liong, 2013).

The CSR Status Report (2007) stated that the corporate social responsibility disclosure could improve the knowledge and understanding the concept of the CSR and how the CSR could link to the business operation (CSR Status Report, 2007). Due to the reason of the CSR disclosure is important to the company, the government of Malaysia has outlined the incentives for the companies with the CSR programmes and introduced the need for the PLCs to disclose the CSR activities done by the companies which outlined in the National Budget at 2008/2009 (Malaysia Budget, 2008). Besides that, the CSR Status Report also stated that the public listed companies in Malaysia still lack of the knowledge and awareness of the CSR (CSR Status Report, 2007).

With the trend of the CSR disclosure is increased in the global world, the International CSR reporting bodies had introduced and encouraged the adaption of the sustainability reporting as well as CSR reporting with providing the guidelines to the users regarding either the performance indicators to be reported, the reporting process standard or the reporting principles. These guidelines are the progress in the field of CSR which the Global Reporting Initiatives (GRI), OECD Guidelines for Multinational Enterprises, and AccountAbility's AA1000 Assurance Standards are the most common guidelines adapted around the world

(Trans, 2014; Liong, 2013). Therefore, the CSR disclosure is selected as the topic of this research.

1.2 Problem Statement

According to Ahmad (2003) and Hossain et al. (2006) stated that there is just a few studies has been published in the 1990's onward in Malaysia on the topic of corporate social responsibility. It is due to most of the studies gave more concentrated on the developed countries such as Singapore, USA, Europe and others developed countries. Malaysia still under category of developing country and it was getting the less concentration by the researchers. Therefore, it shows that it still have a room to increase the studies on corporate social responsibilities disclosure in the company of Malaysia especially public listed company (Hossain et al., 2006).

Besides that, the issues arise related to the social and environment responsibilities of the businesses had been aware. It was expected the level of disclosure in the social and environment responsibilities would be changed in Malaysia. This expectation of the change in the social and environment responsibilities in Malaysia could means that there is a gap in the knowledge on the CSR disclosure practices as the Malaysia still lacking in the CSR study (Ahmad, 2003; Hamid, 2003).

In addition, according to Lindgreen et al. (2009) had stated that although the organizations increasingly demonstrate their commitment to CSR, it still consists many struggles with the effort (Lindgreen et al., 2009). In Malaysia, although some of the organization had practice the CSR for a long time ago after the scandal of Enron happened, what will the level of the contribution be in practiced the CSR? Therefore, this is one of the problem statement could be identified in this research.

While all the company around the world has struggling in a new role on CSR disclosure, the companies also being asked to apply the sustainability principles to conduct the business. Therefore, it has another problem statement when come over this study which is the guidelines introduced by the International CSR reporting bodies included Global Reporting Initiatives (GRI), OECD Guidelines for Multinational Enterprises, and AccountAbility's AA1000 Assurance Standards (Trans, 2014; Liong, 2013). These guidelines aimed to encourage the corporate accountability and responsibility and had shared some of the common elements which are related to the economic, social, environment issues. Besides that, these guidelines also have similar element which is the guidelines will reflect multi-stakeholder inputs, designed to be relevant at the global level as well as intended for the voluntary use (Global Reporting Initiatives, 2004).

In conclusion, the research problem is to examine whether the company characteristic (company size, company profitability, company leverage, and earnings per share) have the effect on the corporate social responsibility disclosure.

1.3 Research Objective

With the problem statement stated above, the general objectives and specific objectives was outlined as below.

1.3.1 The General Objectives

The purpose of this research is to identify and analyze whether the company size, company profitability, company leverage, and earnings per share will affect the level of corporate social responsibility disclosure.

1.3.2 The Specific Objectives

The specific objectives are derived from the general objective above. Subsequently, the specific objectives of the study are as follows:

1. To identify whether company size have the effect on the level of corporate social responsibility disclosure.

2. To identify whether company profitability have the effect on the level of corporate social responsibility disclosure.

3. To identify whether company leverage have the effect on the level of corporate social responsibility disclosure.

4. To identify whether earnings per share have the effect on the level of corporate social responsibility disclosure.

1.4 Research Question

In order to meet the research objectives that mentioned above, the research questions will outlined to examine as below:

1. Does the company size have the effect on the level of corporate social responsibility disclosure?

2. Does the company profitability have the effect on the level of corporate social responsibility disclosure?

3. Does the company leverage have the effect on the level of corporate social responsibility disclosure?

4. Do the earnings per share have the effect on the level of corporate social responsibility disclosure?

1.5 Hypotheses of the Study

Hypotheses 1

H0: There is a no relationship between the company size and the corporate social responsibility disclosure.

H1: There is a positive relationship between company size and the corporate social responsibility disclosure.

Hypotheses 2

H0: There is a no relationship between the company profitability and the corporate social responsibility disclosure.

H1: There is a positive relationship between company profitability and the corporate social responsibility disclosure.

Hypotheses 3

H0: There is a no relationship between the company leverage and the corporate social responsibility disclosure.

H1: There is a positive relationship between company leverage and the corporate social responsibility disclosure.

Hypotheses 4:

H0: There is a no relationship between earnings per share and the corporate social responsibility disclosure.

H1: There is a positive relationship between earnings per share and the corporate social responsibility disclosure.

1.6 Significance of the study

This study is important for the industry player such as the shareholders, investors, and organizations to have further understanding of the importance of corporate social responsibility disclosure. It is because through this study, the industry player could have more understanding that which characteristics of the company will have the effect on the level of CSR disclosure. This study is involved four variables (company size, company profitability, company leverage, and earnings per share) to determine the level of CSR disclosure.

Besides that, the industry player especially the organizations could have more understanding which area of the CSR should be improved and enhanced in the annual reports. In addition, the organizations could know which variables have the most influence to determine the level of CSR disclosure for the company. Therefore, it could help the organizations build the reputation, attract the potential

investors and others benefits for the organizations in the future and gain higher competitive advantages in the market.

1.7 Chapter Layout

The overall chapters of the research are basically consisted of 5 chapters, which are the following:

Chapter 1: Introduction

This chapter outlines the research background of the study, problem statement, research objectives to be achieved, research questions to be answered, hypotheses of the study to be tested, and the significance of the study. The overall chapter layout of the research project is included as well.

Chapter 2: Literature Review

This chapter outlines the reviews of the relevant literature, review of the relevant theoretical models, proposed conceptual framework to proceed with the further investigation. Hypotheses will formulate in this chapter based on the previous researcher.

Chapter 3: Methodology

This chapter outlines the data collection, sampling design, method of measurement, and statistical methods used in the study.

Chapter 4: Data Analysis

This chapter present the analyses of the result which are relevant to the research questions and hypotheses.

Chapter 5: Discussions, Conclusions and Implications

This chapter presents the research project summary, discuss the limitations and the implications of the study, and provide the recommendations for the researcher in future research.

1.8 Conclusion

This chapter outlined the background of the research, describes the problem statement, addressing the research objectives and research questions, and establishing the hypotheses of the study. The significance of the study and the outlines of each chapter will be presented in the research project.

The review of the literature of the other researchers will be provided in the Chapter 2.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

In this chapter, the first section will be comprehensive review of secondary data on the topic of the corporate social responsibility disclosure and the characteristics of the company. The second section followed by the review of relevant theoretical models. A proposed conceptual framework will be developed based on the research objectives and research questions in the third section. Finally, in the last section, hypotheses on each of the components will be developed and be tested to review the relationship toward corporate social responsibility disclosure.

2.1 Review of the Literature

2.1.1 Corporate Social Responsibility (CSR) Disclosure

Corporate social responsibility (CSR) attracted a lot of researchers, scholars, and the practitioners extensively to discuss since it was proposed about half a century ago (Zheng, 2010). In the late of the 1970s, there is a new laws introduced in the US and UK compelled to disclose the social, labour and environmental intentions and its performance (Liong, 2013).

Both country's Accounting Association which is the UK Accounting Standards Steering Committee and the American Accounting Association were mulling over the concept of CSR with the papers and proposals whereas the academics continuously to develop the theories as well as the empirical studies into the CSR disclosure (Liong. 2013).

With the effort of the Accounting Associations from UK and US as well as the academics, several of the CSR theories, concepts and empirical studies related to the CSR disclosure had developed and published. Most of the theories, concepts and empirical studies of the CSR disclosure have stated that CSR has the influences toward the company profitability, businesses and societies, economy of the country, and others from the finding and argument of the researchers and academics (Corporate Social Responsibilities, n.d.). According to Tran (2014), he stated that one of the researchers named Bowen was defined the CSR in the early stage as the sense of duty of businessmen to pursue the policies, to make the decisions, or follow the action which is fitting in the objectives and values of the society (Trans, 2014).

After the definition from Bowen in the early stage, the scope of CSR has been explored, studied and developed over the years and the perception on CSR is recognized in the various areas. For example, Johnson perceived that CSR balances the interest from the shareholders' and the expectation on society in the year 1971 whereas Backman recognized the effect of the environment issues had been disconnected from the CSR activities in the year 1975. As the summarized, the concept of the CSR has been accepted as an obligation to guide the business behaviours because CSR promotes

the organizations to take account of the stakeholder's interest and well-being (Zheng, 2010).

There are four stages have been classified by the CSR which are conception, explosion, development and extension (Zheng, 2010). Conception stage is a process of forming the germinal CSR concept and emphasizes in normative and ethical businesses. Explosion is the second stage which showed that the organizations with formation of CSR awareness would have a noticeable growth and it will lead to the positive social change such as the ethical and social values take precedence over the economic values. Development stage is more on the social sustainability as the principle of the social sustainability is linking to the CSR. Lastly, the extension means the CSR has become the essential concept in the academy and business world (Zheng, 2010).

Besides that, Tziner et al. (2011) stated that although most of the organizations understood that the organizations would spend heavy costs when implementing the CSR policies but the organizations still will implement the CSR policies as the organizations believed that the CSR would be beneficial and profitable to the organizations. In addition, Tziner et al. (2011) also stated that there is an evidence showed that CSR and organizational has the positive relations on increasing the reputation, customer loyalty, competitiveness, and sustainability of the organization. Furthermore, Tziner et al. (2011) also found out that the organizations with the good reputation created by CSR, the job applicants will attractiveness to join the organizations (Tziner et al., 2011).

The public awareness of the role of the corporations has been growing as well as the corporate social responsibility in the various dimensions. According to Hackston & Milne (1996) and Deegan & Rankin (1996), corporate social responsibility disclosure defined as the provision of the financial and non-financial information which is relating to the interaction of the organization with its physical and social environment stated in the corporate annual reports or the separate social reports. They also stated that the details of the physical environment, energy, human resources, products and community involvement matters was included in the corporate social responsibility disclosure (Hackston & Milne, 1996; Deegan & Rankin, 1996). Therefore, several researchers stated that the corporate social responsibility disclosure practices are divided into five major areas or themes which are environment, regulation and political, community involvement, products and human resources (Thompson & Zakaria, 2004; Tran, 2014).

2.1.2 Company Size

Company size could be explained as the size of the company's image which assessed based on the volatility of the company's activities and can be reviewed in the various aspects. It is measured based on the total assets of the company (Georgeta, 2013).

According to Haniffa & Cooke (2005), they stated that the large organizations would involve more activities and have the greater impact

on the society. The large organizations have to involve in corporate social responsibility disclosure whereas the smaller enterprise could voluntary disclose the information but it may incurred the higher cost for the small enterprise. Therefore, the possibility for the small enterprise to disclose the corporate social responsibility and provides the corporate social responsibility activities is relatively low compared to the large organizations (Haniffa & Cooke, 2005). Besides that, Udayasankar (2008) stated that the government agencies and the media has the close scrutiny with the large organizations, thus the large organizations have to disclose the corporate responsibility (Udayasankar, 2008).

2.1.3 Company Profitability

Company profitability is one of the company characteristics in the corporate social responsibility disclosure. Profitability is the ability of the company to produce a profit that would sustain the long-term growth as well as the short-term growth (Georgeta, 2013). According to Mia (2011) stated that a companies with the profitability would easily get the attention from the public. The profitable companies disclose the corporate social responsibility activities and information could legitimise the existence of the companies that is well-being (Mia, 2011).

Company profitability is measured based on the return on assets. Return on assets (ROA) is the financial ratio which generally used by the business managers to determine the return of money on the investment

(Georgeta, 2013). In another word, ROA shows that how profitable the assets of the company are in generating the revenue. The ROA is equal to net income divided by the total assets (Georgeta, 2013).
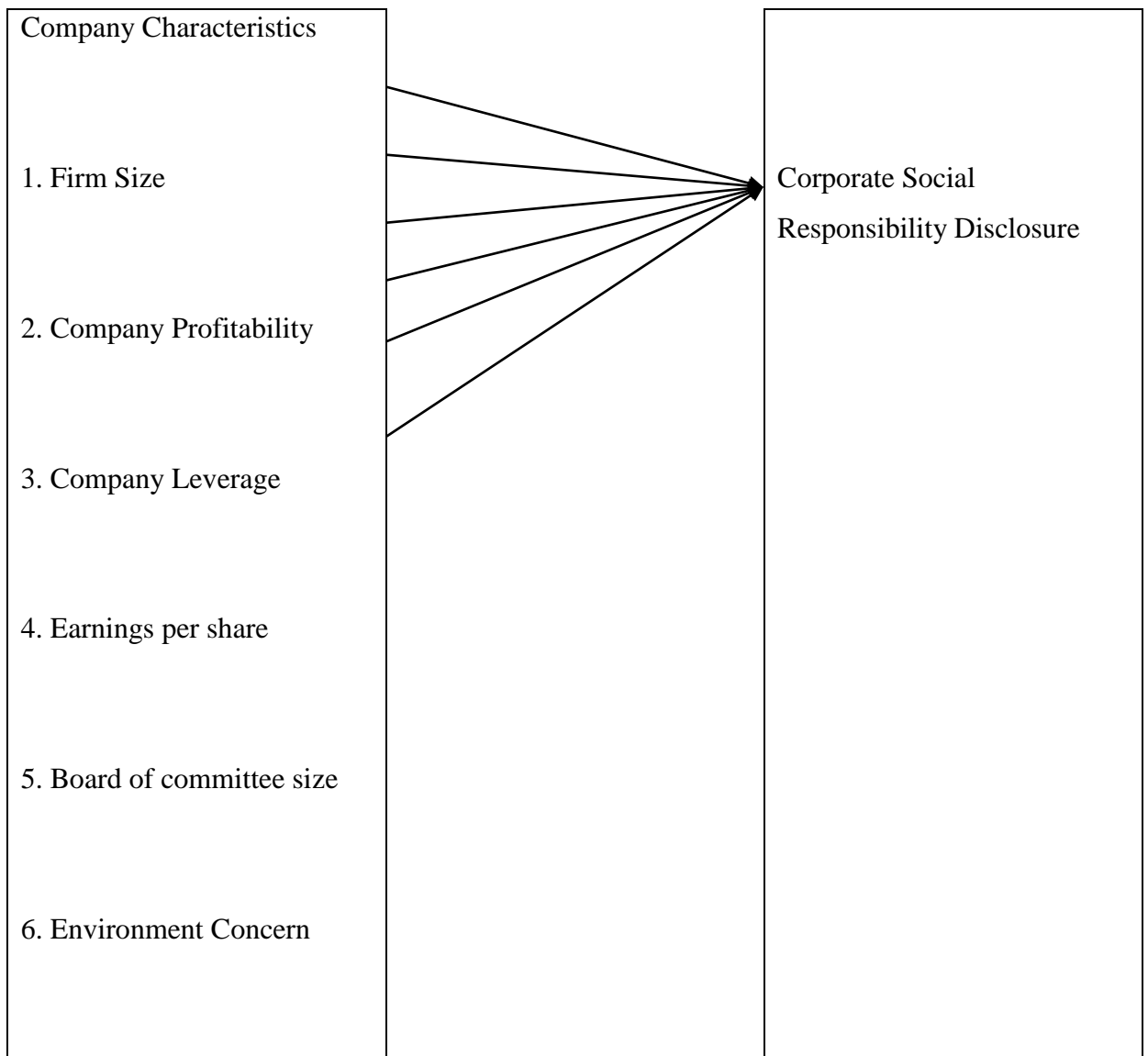
2.1.4 Company Leverage

According to Mia (2011) stated that the company with the higher leverage, the company will in the risky position. Most the companies need to maintain certain leverage ratio in order the debt-equity could be controlled. Besides that, financial crisis brought the financial problem to the companies which will increase the level of the firm leverage. In addition, the companies with delay paying he interest also might increase the company leverage as well (Mia, 2011).

2.1.5 Earnings per share

Earnings per share is the primary components of the net income or the income from the continuing the operations. It would have the result from discontinued operations and extraordinary gains and losses (Watson & Head, 2010). According to Cheng (2011) stated that the companies with the higher EPS are more likely to disclose the CSR activities in order to increase the transparency of the company. According to Dhaliwal et al.

(2011) stated that the companies could reduce the cost of equity capital when the companies disclose on CSR activities (Dhaliwal et al., 2011).

2.2 Review of Relevant Theoretical Model

| Company Characteristics	Corporate Social Responsibility Disclosure
1. Firm Size	
2. Company Profitability	
3. Company Leverage	
4. Earnings per share	
5. Board of committee size	
6. Environment Concern	

Source: Lucyanda & Siagian (2012). The Influence of Company Characteristics Toward Corporate Social Responsibility Disclosure – Jakarta, Indonesia.

The theoretical method is developed by the Lucyanda & Siagian (2012) for the influence of company characteristics toward corporate social responsibility disclosure. The objective of the model is to demonstrate how the company characteristics influence the level of corporate social responsibility disclosure (Lucyanda & Siagian, 2012).

The model starts with the six company characteristics which are the firm size, company profitability, company leverage, earnings per share, board of committee size, and environment concern that may affect the corporate social responsibility disclosure. From the model, it suggested that the company characteristics can affect the corporate social responsibility disclosure (Lucyanda & Siagian, 2012).

2.3 Proposal / Conceptual Framework

Figure 2.1 Determinant for Corporate Social Responsibility Disclosure

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┌──────────────────┐
│  Company Size    │ ──────────────────┐
└──────────────────┘              ( + ) │
                                         ▼
┌──────────────────┐              ( + ) ┌──────────────────┐
│    Company       │ ──────────────────▶│ Corporate Social │
│  Profitability   │                    │  Responsibility  │
└──────────────────┘              ( + ) │   Disclosure     │
                                         └──────────────────┘
┌──────────────────┐              ( + )
│ Company Leverage │ ──────────────────▶
└──────────────────┘
+
┌──────────────────┐
│ Earnings per Share│ ─────────────────▶
└──────────────────┘
```
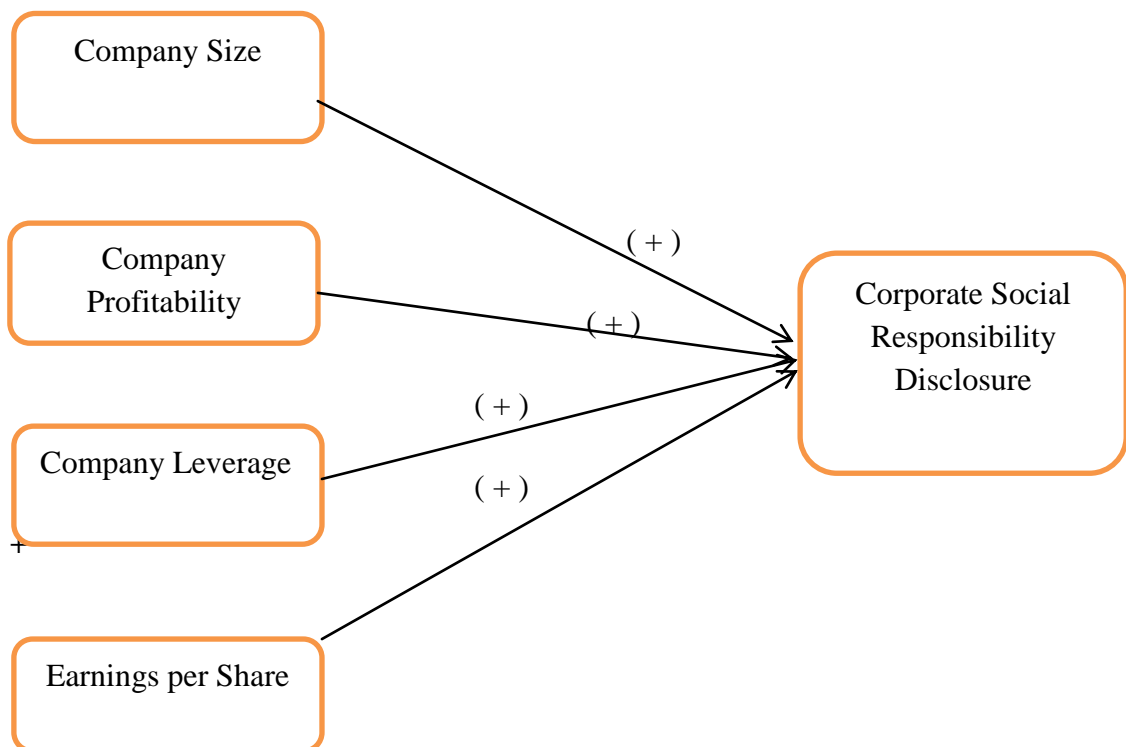
Source: Developed for the Research

Figure 2.1 showed that the proposed conceptual framework that served as the foundation to continue in this research study. This model is drawn based on the theoretical stated by the Lucyanda & Siagian (2012). However, this research is without the board of committee size and the environment concern because the

other studies does not included the board of committee size and the environment concern as the characteristics of the company (Uwalomwa, 2011; Branco & Rodrigues (2008); Gray & Bebbington (2001); Haniffa & Cooke (2005). It is giving the idea or starting point to extent the new conceptual framework for this study. Besides that, the research objective and research question in this study developed is based on the framework. The company size, company profitability, company leverage and earnings per share are classified as the independent variable, corporate social responsibility disclosure classified as the dependent variables.

The conceptual framework is developed to identify the independent and dependent variables and shows their expected relationships to one another. The dependent variable and each of its independent variables were discussed detail earlier. There are hypotheses will then present in the following section.

2.4 Hypotheses Development

2.4.1 Company Size and Corporate Social Responsibility (CSR) Disclosure

There is a lot of the studies indicated that the size of the company have the effect on corporate social responsibility disclosure. Some of the researchers found out that the company size have the significant relationship between the corporate social responsibility disclosures

(Trotman & Bradley, 1981, Cowen et al., 1987). Cowen et al. (1987) suggested that when the companies in the larger sizes, the companies tend to receive more attention from the public. It will generate greater public pressure to disclosure the social responsibility (Cowen et al., 1987). Besides that, Ahmed & Courtis (1999) also found out that the company size was one of the important variables to predict the disclosure level in the corporate annual reports (Ahmed & Courtis, 1999).

According to Uwalomwa (2011), he stated that the company size have the significant positive relationship between the size of the company and the level of the corporate social responsibility disclosure. The result showed that the larger size of a firm, the willingness to invest on the resources and corporate environmental technologies that are environmental friendly will be higher by the firm. Besides that, Branco & Rodrigues (2008), Gray & Bebbington (2001), and Haniffa & Cooke (2005) are stated that there is a significant positive association between the company size and the amount of corporate social responsibility disclosure (Branco & Rodrigues, 2008; Parsa & Deng, 2008; Haniffa & Cooke, 2005). They also found out that the large companies tend to disclosure more CSR information than the small companies such as the small and medium companies (Branco & Rodrigues, 2008; Moore, 2001). The reason is due to the stakeholders expect the greater corporate social responsibility disclosure from the large companies than the small companies (Branco & Rodrigues, 2008).

H10: There is no relationship between the company size and corporate social responsibility disclosure.

H1a: There is a positive relationship between the company size and corporate social responsibility disclosure.

2.4.2 Company Profitability and Corporate Social Responsibility (CSR) Disclosure

There are some of the studies showed that there is a significant positive relationship between the company profitability and corporate social responsibility disclosure. According to Belkaoui & Karpik (1988) stated that there has an underlying cause which is the knowledge of management have a positive relation between the corporate social disclosure and the profitability. They argued that the manager with the knowledge of management could make their companies profitability as well as having the knowledge and understanding the social responsibility at the same time (Belkaoui & Karpik, 1989).

Besides that, Hassan et al. (2006) and Aly et al. (2010) are stated that there is a significant positive association between the voluntary disclosure and profitability. Hassan et al (2006) stated that the investors pay the close attention to the profit figures of the companies and the investors could perceive the companies as the higher-value companies when the companies reported and disclose the higher profit levels. It is because the

level of the profits would lead to the higher dividends in the future (Hassan et al., 2006). In addition, Aly et al. (2010) stated that disclosed the company information on the media such as the websites would help the companies generated the profitability (Aly et al., 2010).

In contrast, Lungu et al. (2011) found that there is negative relationship between profitability and social and environmental disclosure. It is because the companies tend to give a smaller disclosure on the social and environment disclosure or the companies have been reached the superior level of the concision with the higher changes in revenue and higher return on equity for one year (Lungu et al.).

H20: There is no relationship between the company profitability and corporate social responsibility disclosure.

H2a: There is a positive relationship between the company profitability and corporate social responsibility disclosure.

2.4.3 Company Leverage and Corporate Social Responsibility (CSR) Disclosure

Such a several of the studies indicated that there is a positive relationship between the company leverage and the corporate social responsibility disclosure (Bradbury, 1992; Naser, 1998; Malone et al., 1993). According to Malone et al. (1993), they explained that the high leverage of the

company would put the companies in a risky position as the companies are under the pressure from the creditors or the banks. Therefore the companies are likely to disclose more information to the public and stakeholders in order to assure them are not breaching any debt-covenant conditions (Malone et al., 1993).

There are some of the researchers argued that it has a negative relationship between the company leverage and the corporate social responsibility disclosure. According to Uwuigbe & Egbide (2012) and Belkoui & Karpik (1988), they found out that there is a negative significant relationship between the company leverage and corporate social responsibility disclosure. It is due to the high leverage means the companies are under risky position and it would create a negative impact for the companies as well as the public(Uwuigbe & Egbide, 2012).

H30: There is no relationship between the company leverage and corporate social responsibility disclosure.

H3a: There is a positive relationship between the company leverage and corporate social responsibility disclosure.

2.4.4 Earning per share and Corporate Social Responsibility (CSR) Disclosure

A lot of the researchers found out that the Earning per share (EPS) have the positive relationship between the corporate social responsibilities disclosure (Dhaliwal et al., 2011; Cheng et al., 2011). According to Dhaliwal et al. (2011), they stated that the companies tend to disclose more on the CSR activities when the companies with higher earnings per share (EPS). They explained that the companies could reduce the cost of equity capital and able to attract the institutional investors to invest in the companies (Dhaliwal et al., 2011). Besides that, Cheng et al. (2011) stated that the companies with the higher earnings per share would more likely involve in corporate social responsibility disclosure. They stated that the companies disclose the activities of corporate social responsibility would increase the transparency of the companies. They also stated that with the disclosure of the corporate social responsibility activities may change the internal management practices. It would create the incentives for the companies when the internal management practice changed (Cheng et al., 2011).

H40: There is no relationship between the earnings per share and corporate social responsibility disclosure.

H4a: There is a positive relationship between the earnings per share and corporate social responsibility disclosure.

2.5 International CSR reporting bodies and frameworks

2.5.1 Global Reporting Initiatives Guidelines

According to Tran (2013), the Global Reporting Initiatives (GRI) Guideline is the most common adopted around the world. It could enable all the companies to report their economic, environmental, social and governance performance. The intention of introduced the GRI is to establish the sustainability-reporting framework and to enhance the sustainability reporting practices (Tran, 2013). According to Alan (2003), he mentioned that the GRI Guideline is becoming more efficient and crucial method for the companies due to the reason that is allowed the companies to be transparent with their stakeholders on the performance and accountability that is more beyond the financial bottom line (Alan, 2003). The GRI reporting framework is constituted by four main components which are Sustainability Reporting Guidelines, the Indicator Protocols, the Sector Supplement and the Technical Protocols.

Sustainability Reporting Guidelines are made up of the principles and standard disclosure. Principles are for defining the report content and ensuring the report quality whereas the standard disclosure is used to define the performance indicators and other disclosure items. Secondly, the indicator protocols are made up to tailor to each performance indicators in the Guidelines and provide the definitions, guidance, and other information that is assisting the report preparers to ensure the consistency of the report. Third is the Sector Supplement which is the

interpretations and guidance on how to apply them in a given sector and sector-specific performance indicators. Fourth is the Technical Protocols is the guidance for the organizations that the issues faced most in reporting process.

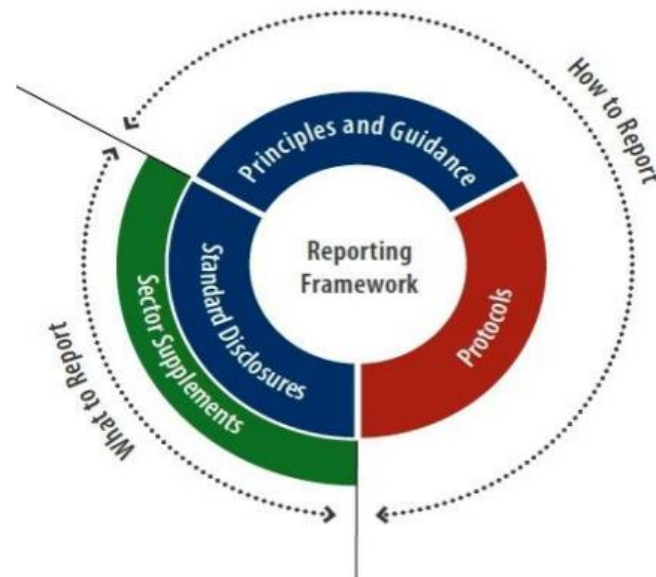Below figure is illustrated the connection and the function of the four components.

Figure 1.1: The Connection and the Function of Four Components in GRI Guidelines.

2.6 Conclusion

The information found in the Chapter 2 is useful to give a comprehensive view and understanding of this study. The relationship of the dependent variables with each independent variable is clearly defined in the hypotheses form. In the next chapter, the entire hypotheses will be tested based on the respondents with appropriate research method.

CHAPTER 3

METHODOLOGY

3.0 Introduction

This study aims to examine whether the characteristics of the company and board is affected the level of corporate social responsibility (CSR) disclosure. Therefore, this chapter will discuss the body of the research report, including the research design, data collection methods, and sampling design.

3.1 Research Design

According to Zikmund& William (2003), research design is to classify a business research in either the exploratory research, descriptive research, or the causal research. It is a master plan that specified the methods and procedures for collecting and analyzing the needed information for taking the action in doing the research. Cooper & Schindler (2001) defined that the research design is a plan stated overall view of the research that include the outline of what the researcher or the investigator will do from writing the hypothesis and the implication of

operational to the final analysis of the data This is a guideline to increase the validity and reliability of the result in the research (Cooper & Schindler, 2001).

There are four types of the basic research methods such as surveys, experiments, secondary data studies and observations. This research is a secondary data study which the research design is based on cross-sectional design type and this study is carried out from the year 2013 to the year 2014. This study is aim to examine the relationship between the corporate social responsibility disclosure with the characteristics of the company included the company size, profitability, leverage, and earnings per share.

Besides that, the method of collecting the data is based on the observation and analysis of the annual reports. This study is a quantitative research which using the interpretive approach to the data by observation and analysed the annual reports of targeted companies which are from different industries included construction, consumer, industrial, plantation, properties, technology, and trading. An approximate of the total 100 annual reports will be studied and analysed in order to achieve the research objective.

3.2 Data Collection Methods

Data collection is the most important aspect to do the research study because the inaccurate data collection can influence the result of the study and lead to the invalid results. Therefore, it is important to decide the type of the data should be used for the study so that lead to the valid result. In this research, only the secondary data is used to answer the hypotheses and the research question.

3.2.1 Secondary Data

According to Smith (2008), secondary data defined as the data collected by someone else for some other purpose rather than for the specific purpose under the consideration (Smith, 2008).

The annual reports of the public listed companies which listed under the Bursa Malaysia main market are taken from the Bursa Malaysia official website from the year 2013 to 2014 (Bursa Malaysia, n.d.). This study focuses on the company's annual report because most of the information would disclose inside the annual report. It has the high degree of credibility attached to the information disclosed and more accessible for the research purpose in this way (Haniffa & Cooke, 2005). The total of 7 industries are being selected and used in this studies which are construction, consumer, industrial, plantation, properties, technology, and trading. The companies were randomly selected on a proportional

allocation basis in order the companies selected could be representative sample from all the industries.

3.3 Sampling design

3.3.1 Target Population

The population in this research is focusing on the public listed companies (PLCs) which listed in the Bursa Malaysia. The purpose of focus on the PLCs is because these companies tend to have more complete financial reports compared to the companies that are not listed. Besides that, the information of the PLCs is easier to obtain as the public listed companies are required to disclose the information in various area including the corporate social responsibility (CSR) activities. Therefore, PLCs is the best choice to become the target population and could meet the purpose of the research which is the characteristics of the companies affecting the CSR disclosure in Malaysia.

According to the assessment of Minority Shareholder Watchdog Group (2013), it stated that there are 930 listed companies in Malaysia in 2013 (MSWG, 2013). Therefore, the target population of this study will be 930 listed companies in Malaysia.

3.3.2 Sampling Frame, Sampling Location and Sampling Size

The sampling frame of this research is the Public Listed Companies (PLCs) in the Bursa Malaysia. The sample of this research is approximately 100 annual reports from the PLCs that could obtain from the Bursa Malaysia websites as well as that particular company websites to gain more information on the companies. The finance industry was excluded in this research because the disclosures requirement is different from the other industries.

The simple random method will be selected to use in this research. The Research Randomizer will be used to select the list of the companies to use in this study from Bursa Malaysia.

3.4 Research Instrument

The research instrument used in this study is the checklist for the corporate social responsibilities disclosure as well as the Research Randomizer. The reason to select this two research instrument used in this study is stated as below.

3.4.1 Checklist for the corporate social responsibilities disclosure

In this research, a checklist for the corporate social responsibilities disclosure will be adopted from the past studies in order does not miss any important point need to be checked on the annual reports from the PLCs. The research instrument included 5 categories of corporate social responsibilities disclosure which are environmental, community, workplace, and marketplace. The checklist for the corporate social responsibilities disclosure was in appendix 1.

3.4.2 Research Randomizer

Research Randomizer is a site purposely designed for the researcher and students to generate the random number or assign participants to experimental condition in the quick way (Research Randomizer, n.d.) Therefore, this study will use the Research Randomizer from the internet websites in order to randomly select the PLCs to use in this study. Every company would give a number and then run the Research Randomizer. The number of the companies selected by the Research Randomizer will be used in this study.

3.5 Construct Measurement

3.5.1 Company Size

Company size is measured by the amount of the total assets of the company. It is used as a parameter measuring the size of the company.

3.5.2 Company Profitability

Company profitability is measured by the Return on Assets (ROA) with the formula of the Net Income divided by the total assets.

3.5.3 Company Leverage

Company Leverage is measured by the Debt to Equity Ratio (DER) with the formula of Total Liabilities divided by the Shareholder Equity.

3.5.4 Earnings per Share

Earnings per share are measured by the ratio of the Net Income after deducting the taxes and dividends divided by the number of shares issued.

3.5.5 Corporate Social Responsibilities Disclosure

This study uses two types of the measurement which are quality measurement and quantity measurement to capture the level of the corporate social responsibilities (CSR) disclosure in the sample companies through the checklist listed in the Appendix 1. For quality measurement, the number of CSR disclosure items is expressed as an index based on the weighted procedure whereas the quantity measurement is based on the length of CSR disclosure items expressed in terms of the number of sentences. There are five areas will be measured on the corporate social responsibilities disclosure included the environmental, community, workplace, and marketplace.

3.5.5.1 Corporate Social Responsibility Disclosure Quality (CSRDQL)

CSRDQL is using a weighting procedure. It is considered as an appropriate procedure because it can overcome the problem existed in using the dichotomous procedure which is the problem of failing to reflect the level of importance toward each of the CSR disclosure items. The measurement will assign in four different values for each item disclosed which stated as below table.

Table 3.1: The measurement value for each item disclosed

Value	Measurement
3	There is quantitative disclosure
2	There is qualitative specific information disclosure
1	There is a general qualitative disclosure
0	There is no information disclosure

3.6 Data Processing

3.6.1 Item Checking

The initial step in the item checking from the Annual Reports is to see whether that particulars company have disclose the information provided in the checklist for the corporate social responsibility (CSR) disclosure. If there is the companies do not provide any CSR disclosure, the Research Randomiser will select new companies to replace the companies that are no provided any information on the CSR disclosure.

3.6.2 Coding

A number or code will be given to every item in the checklist for CSR disclosure.

3.6.3 Transcribing

In this research project, the Statistical Project for Social Science Version 20 (SPSS software 20) will be used for transcribing the data.

3.6.4 Data Cleaning

Data cleaning includes consistent check and treatment of missing responses which are more through and extensive. Consistency checks identify data that are out of range, logically inconsistent or have extreme values which are inadmissible and must be corrected. Missing responses represent values of a variable that are unknown; either because respondents provide ambiguous answer or their answer was not properly recorded.

3.7 Data Analysis

After the data collection is completed, Statistical Package for Social Sciences (SPSS version 20) software was used to analyse the data.

3.7.1 Inferential Analysis

Inferential analysis is used to generate conclusions about the population's characteristics based on the sample data. There are two rational for the

chosen statistical tests which are Pearson's Correlation Analysis and Multiple Regression Analysis.

3.7.1.1 Pearson's Correlation Analysis

In this study, Pearson's correlation coefficient is used to measure the co-variation or associations between dependent variable (corporate social responsibilities disclosure) and independent variables (company size, company profitability, company leverage, and earnings per share). The significant of the relationship between two or more variable are important for interpreting the result of the variables.

The table below is showing the result of coefficient range and the strength of the association.

Table 3.2: The result of coefficient range and the strength of the association

Coefficient Range	Strength of Association
± .81 - ± 1.00	Strong
± .61 - ± .80	Moderate
± .41 - ± .60	Weak
± .21 - ± .40	Very weak
± .00 - ± .20	None

3.7.1.2 Multiple Regressions Analysis

According to Hair et al. (2007) multiple regression analysis is a statistical technique which analyzes the linear relationship between a dependent variable and independent variables by estimating coefficients for the equation and for a straight line. The equation in multiple regressions has the following form:

$$y = a + b1\ x1 + b2x2 + b3x3 \ldots + bmxm$$

Equations:

$$A = a + b1CoS + b2CoPro + b3CoLev + b4EPS$$

Where

     CoS = Company Size

     CoPro= Comapany Profitability

     CoLev= Company Leverage

     EPS= Earnings per Share

With the multiple regressions, it helps the researcher clearly identify which independent variables have great impact on the dependent variable. In addition, five basic questions used to determine the result in this study: whether a relationship exists; how strong is the relationship; whether the relationship is positively or negatively skewed; what is the best way to describe the relationship and what are the best means of fitting a straight line to the data.

3.8 Conclusion

This chapter described research design, data collection methods, sampling design, research instrument, construct measurement, data processing and methods of data analysis are adopted in this study. Chapter 3 provide a linkage to chapter 4, they are interrelated. The following chapter will show the patterns of the result and analysis of the results which are relevant to the research questions and hypotheses. Chapter 4 will report on the result of the statistical analysis as well as discussion and interpretation of result of hypotheses.

CHAPTER 4

RESEARCH RESULT

4.0 Introduction

This chapter aims to present, analyze and interpret the result of the research findings. This chapter reported the research results of quantity and quality data collected through the annual reports of listed companies in Bursa Malaysia based on Statistical Package Social Science Version (SPSS) 20.0. Besides that, in order to analyze the relationship between company size, company profitability, company leverage, and earnings per share in corporate social responsibilities disclosure which focus in particularly **four** industry included consumer product, construction, technology and trading or services by using several analysis techniques. The techniques included descriptive analysis, Pearson Correlation, and multiple linear regressions are presented.

Besides that, the discussion of the research outcome will be based on the research questions and objectives Chapter One and hypothesis development from Chapter Two.

4.1 Descriptive Analysis

Descriptive analysis is used to describe the sample characteristic of the typical respondents and disclose the general pattern of responses (Burns and Bush, 2003). The descriptive analysis for this research is presented in the following sections.

4.1.1 Demographic Analysis

The demographic item was divided into four industries, which were consumer product, construction, technology and trading or services. The details of the analysis were illustrated in Table 4.1.1.

Table 4.1.1: Summary of Demographic Industries

Demo-graphic Items	Constructs	Frequency	Cum. Frequency	Percentage	Cum. Percentage
Industry Type	Construction	12	12	11.88%	11.88%
	Consumer Products	29	41	28.71%	40.59%
	Technology	12	53	11.88%	52.47%
	Trading / Services	48	101	47.53%	100.00%

Source: Developed for this research

Based on the Table 4.1.1, it shows that there are 11.88% of the companies are from Construction and Technology sectors and it is the lowest percentage sectors. The highest percentage is from the Trading / Services sector which is 47.53%. Meanwhile, the Consumer Product sector is 28.71%.

Table 4.1.2: Descriptive Statistics for CSR

Themes	Items	Score (%)
Environment	Pollution control / abatement	86 (85.15%)
	Environment conservation and repairs	88 (87.13%)
	Energy conservation	66 (65.35%)
	Resource conservation and waste management	93 (92.08%)
	ISO 14001 /14004 (Environmental Management System) certification	37 (36.63%)
	Envioronmental awards	6 (5.94%)
	Other commitments towards environmental protection / sustainability	24 (23.76%)
Community	Education	46 (45.54%)
	Charity	82 (81.19%)
	Equality in community	46 (45.54%)
	Youth development and graduate employment programme	36 (35.64%)
	Employees participation in community service	49 (48.51%)
	Community health and safety	25 (24.75%)
	Community and infrastructure support	5 (4.95%)
	Community awards	7 (6.93%)
	Community engagement	54 (53.47%)
	Support for nation pride / government sponsored campaigns	13 (12.87%)
Workplace	Employee health and safety	77 (76.24%)
	Human capital development	96 (95.05%)
	Workplace diversity and equal opportunity	29 (28.71%)
	Employee appreciation	88 (87.13%)

	OHSAS 18001 (Occupational Health and Safety Management Systems) certification	17 (16.83%)
	Employee relation / engagement	87 (86.14%)
	Workplace awards	8 (7.92%)
	Employee remuneration, benefit and assistance	95 (94.06%)
	Work-life balance	35 (34.65%)
	Industrial relations	5 (4.95%)
Marketplace	Product development	72 (71.29%)
	Product / service quality	75 (74.26%)
	Product / service safety	29 (28.71%)
	Corporate governance	100 (99.00%)
	Supplier relation / engagement	96 (95.05%)
	Customer relation / satisfaction	100 (99.00%)
	Stakeholder engagement	93 (92.08%)
	Other stakeholders' matters	9 (8.91%)
	Marketplace awards	5 (4.95%)

Source: Developed for this research

Table 4.1.2 shows that the CSR Disclosure is divided into four themes which are environment, community, workplace, and marketplace. According to the Table 4.1.2, the result under the themes of environment indicated that the majority of the companies disclosed the items of resource conservation and waste management with 92.08% (93 companies). It is followed by the items of environment conservation and repairs with 87.13% (88 companies), pollution control /abatement with 85.15% (86 companies), energy conservation with 65.35% (66 companies), ISO 14001 / 14004 or Environmental Management System certification with 36.63% (37 companies), and other commitments towards environment protection / sustainability with 23.76% (24 companies).

However, it is only 5.94% (6 companies) disclosed the environmental awards under the environment themes.

For the community disclose, majority of the company disclosed the items of charity with 81.19% (82 companies) which showed at the Table 4.1.2. It is followed by community engagement with 53.47% (54 companies), employees participation in community service with 48.51% (49 companies), education and equality in community with 45.54% (46 companies), youth development and graduate employment programme with 35.64% (36 companies), community health and safety with 24.75% (25 companies), support for nation pride/government sponsored campaigns with 12.87% (13 companies). The least disclosed items by majority companies are community awards and community and infrastructure support with only 6.93% (7 companies) and 4.95% (5 companies) accordingly.

There are ten items under the workplace disclose. According to the Table 4.1.2, the items of human capital development and employee remuneration, benefit and assistance are the majority of the companies disclosed with the result of 95.05% (96 companies) and 94.06% (95 companies) accordingly. It is followed by the employee appreciation with 87.13% (88 companies), employee relation / engagement with 86.14% (87 companies), employee health and safety with 76.24% (77 companies), work-life balance with 34.65% (35 companies), workplace diversity and equal opportunity with 28.71% (29 companies), OSHAS 18001 (Occupational Health and Safety Management Systems) certification with 16.83% (17 companies). The items of workplace awards and industrial relations were the least companies to disclose which only consist of 7.92% (8 companies) and 4.95% (5 companies) accordingly

According to the Table 4.1.2, the last theme is the marketplace disclosure. The result indicated that the majority of the companies disclosed the items of corporate governance and customer relation / satisfaction with 99.00% (100 companies). It is followed by supplier relation / engagement with 95.05% (96 companies), stakeholder engagement with 92.08% (93 companies), product /service quality with 74.26% (75 companies), product development with 71.29% (72 companies), and product / service safety with 28.71% (29 companies). It is only consist of 8.91% (9 companies) and 4.95% (5 companies) to disclose the items of other stakeholders' matters and marketplace awards accordingly under the themes of marketplace.

Table 4.1.3: Descriptive Statistics

Statistics

		Company Size	Company Profitability	Company Leverage	Earnings per share
N	Valid	101	101	101	101
	Missing	0	0	0	0
Mean		19.790096	.531808	3.471598	10.5056
Std. Deviation		1.6973532	3.5313011	22.6390353	17.38108
Minimum		14.2103	-1.1549	-2.3556	-38.85
Maximum		26.0729	32.5633	228.0000	70.90

Source: Developed for the research

Based on the Table 4.1.3, total asset is using to justify the company size. The maximum amount for the company size is 26.07 whereas the minimum amount for the company size is 14.21. Besides that, the mean for the company size is 19.79 with the standard deviation of 1.6973. The huge amount of the total assets held under listed company have been convert to 'log10' in order to provide a better view of the result. Next is the company profitability which using the return on assets (ROA) to indicate the profitability of the companies. The maximum ratio of the company profitability is 32.56 and the minimum ratio of the company profitability is -1.15 with the mean of 0.53 and standard deviation of 3.5313.

The company leverage is using the debt to equity to indicate the leverage of the companies. The maximum ratio of the company leverage is 228 and the minimum ratio of the company leverage is -2.35 with the mean of 3.47 and standard deviation of 22.6390. Next is the earning per share (EPS) with the maximum ratio of 70.90 and minimum ratio of -38.85. Besides that, the mean of the EPS is 10.50 and the standard deviation is 17.3811.

4.2 Inferential Analysis

One of the objectives of data analysis is testing the hypotheses. The hypotheses are tested by using the inferential analysis.

4.2.1 Pearson Correlation Analysis

Pearson correlation analysis is to measure the degree of linear association between two variables (Hair et al., 2006). The results of the Pearson correlation analysis for the two different conceptual frameworks were illustrated in Table 4.2.1.

Table 4.2.1: Pearson Correlation Analysis

Correlations

		Company Size	Company Profitability	Company Leverage	Earnings per share
Company Size	Pearson Correlation	1	.111	.057	.156
	Sig. (2-tailed)		.267	.568	.118
	N	101	101	101	101
Company Profitability	Pearson Correlation	.111	1	.063	.163
	Sig. (2-tailed)	.267		.534	.104
	N	101	101	101	101
Company Leverage	Pearson Correlation	.057	.063	1	.118

		.568	.534		.241
	Sig. (2-tailed)				
	N	101	101	101	101
Earnings per share	Pearson Correlation	.156	.163	.118	1
	Sig. (2-tailed)	.118	.104	.241	
	N	101	101	101	101

Source: Developed for the research.

The correlation range in between -1.0 to +1.0 is showing the strength of association between variables. A perfect correlation between two variables is represented by 1.0 while perfect negative correlation is represented by -1.0. The correlation result among variables is varies among each other because the raw data inserted are different and the results are not expected to be same (Rummel, 1976). According to Saunders et al. (2009), the results indicated that the higher correlation figure, the higher the strength of association between variables. However, it could cause the multicollinearity problem if the correlation figure among the independent variables is more than 0.9 as the variables are too highly correlated (Sauders, Lewis, and Thornhill, 2009).

According to the Table 4.2.1, the results shows the correlation among the variables which are company size (log 10 total assets), company profitability

(return on assets), company leverage (debt to equity), and earnings per share (share return). The table indicated there is correlation among all the variables without any multicollinearity problem existed for this research.

The correlation between company size and company profitability is 0.111, company size and company leverage is 0.57, and the company size and earnings per share is 0.156. Besides that, the correlation between company profitability and company leverage is 0.063, company profitability and earnings per share is 0.57. Lastly, Table 4.2.1shows the result of the correlation between earnings per share and company leverage is 0.118.

4.3 Multiple Regression Analysis

The objective of multiple regression analysis is to predict the single dependent variable by a set of independent variables (Heppner and Heppner, 2004). It was carried out to test the four hypotheses that were identified in Chapter 2. The result of the analysis is shown in the Table 4.3.1 and Table 4.3.2.

Table 4.3.1: Result of Multiple Regression Analysis

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	287.496	4	71.874	1.431	.230[b]
	Residual	4822.505	96	50.234		
	Total	5110.001	100			

a. Dependent Variable: CSRD

b. Predictors: (Constant), Earnings per share, Company Leverage, Company Size, Company Profitability

Source: Developed for the research.

The model as a whole is significant to the data as shown in the Table 4.3.1. According to the Table 4.3.1, the F-value is 1.431 and the significant level is 0.230.

Table 4.3.2 Model Summary of Multiple Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.237[a]	.056	.017	7.08762

a. Predictors: (Constant), Earnings per share, Company Leverage, Company Size, Company Profitability

Source: Developed for the research.

As shown in the Table 4.3.2, the adjusted R square for the data is 0.017. This implies that 1.7% of the variance for CSR disclosure is accounted for by the four independent variables in the model. The independent variables included company size, company profitability, company leverage and earnings per share.

Table 4.3.3 The Coefficient of Multiple Linear Regression Analysis

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	19.759	8.372		2.360	.020
Company Size	.049	.425	.012	.116	.908
Company Profitability	-.161	.204	-.079	-.786	.434
Company Leverage	.060	.032	.191	1.907	.059
Earnings per share	.046	.042	.113	1.105	.272

a. Dependent Variable: CSRD

Source: Developed for the research.

Based on the results tabulated in the Table 4.3.3 above, the multiple regressions for KLSE main market listed company can be expressed as follows:

$$CSRD = 19.759 + 0.049CoS - 0.161CoPro + 0.060CoLev + 0.046EPS$$

From the equation above, it can be concluded that the CSRD are positively related to the CoS (Company Size), CoLev (Company Leverage), and EPS (Earnings Per Share) whereas the CSRD are negatively related to the CoPro

(Company Profitability). However, variables of company size, company leverage, earnings per share, and company profitability have no significant positive relationship with CSRD due to significant value is more than 0.05.

4.4   Inferential Analysis

4.4.1   Hypothesis 1

H1a: There is a positive relationship between the company size and corporate social responsibility disclosure.

Based on the research analysis, the company size has positive relationship toward the CSR disclosure of the listed company in KLSE as the Beta

value is in the positive coefficient. However, size of the companies does not have significant influence on CSR Disclosure due to the significant value equal to 0.908 which is above standard p value of 0.05. Therefore, H1a is not accepted. This result contradicts with the findings of (Trotman & Bradley, 1981; Cowen et al., 1987; Ahmed & Courtis (1999); Uwalomwa (2011); Branco & Rodrigues (2008); Gray & Bebbington (2001); Haniffa & Cooke (2005); and Moore, 2001).

4.4.2   Hypothesis 2

H2a: There is a positive relationship between the company profitability and corporate social responsibility disclosure.

Based on the research analysis, the company profitability has negative relationship toward the CSR disclosure of the listed company in KLSE as the Beta value is in the negative coefficient. However, profitability of the companies does not have significant influence on CSR Disclosure due to the significant value equal to 0.434 which is above standard p value of 0.05. Therefore, H2a is not accepted. This result is not contradicts with the findings of (Belkaoui & Karpik (1988); Hassan et al. (2006); and Aly et al. (2010).

4.4.3   Hypothesis 3

H3a: There is a positive relationship between the company leverage and corporate social responsibility disclosure.

Based on the research analysis, the company leverage has positive relationship toward the CSR disclosure of the listed company in KLSE as the Beta value is in the positive coefficient. However, leverage of the companies does not have significant influence on CSR Disclosure due to

the significant value equal to 0.059 which is above standard p value of 0.05. Therefore, H3a is not accepted. This result contradicts with the findings of (Bradbury, 1992; Naser, 1998; and Malone et al., 1993).

4.4.4 Hypothesis 4

H4a: There is a positive relationship between the earnings per share and corporate social responsibility disclosure.

Based on the research analysis, the earnings per share have positive relationship toward the CSR disclosure of the listed company in KLSE as the Beta value is in the positive coefficient. However, earnings per share of the companies does not have significant influence on CSR Disclosure due to the significant value equal to 0.272 which is above standard p value of 0.05. Therefore, H4a is not accepted. This result contradicts with the findings of (Dhaliwal et al., 2011; and Cheng et al., 2011).

4.5 Conclusion

In this research, it is perceived that the four independent variables that have influenced on CSR disclosure for the KLSE Main Market listed companies. The four independent variables are the company size, company profitability, company leverage, and earnings per share. The hypothesis for company size, company profitability, company leverage, and earnings per share are rejected due to no significant generated from the regression analysis result. Further discussion will be discussed in the following chapter.

CHAPTER 5

DISCUSSIONS, CONCLUSION AND IMPLICATIONS

5.0 Introduction

This chapter is divided into the four sections which are the overall discussion of the study will addressed into first part. The second part consists of the limitations encounter during the study whereas the third part is the recommendation for the future research. Last part of this chapter is the conclusion for the research.

5.1 Discussion

Table 5.1 is the acceptability of the hypotheses developed based on the results generated from the previous chapter.

Table 5.1: Summary of the Results

Hypothesis	Significant P	Results
H1a: There is a positive relationship between the company size and corporate social responsibility disclosure	0.908	Not Supported
H2a: There is a positive relationship between the company profitability and corporate social responsibility disclosure	0.434	Not Supported
H3a: There is a positive relationship between the company leverage and corporate social responsibility disclosure	0.059	Not Supported
H2a: There is a positive relationship between the earnings per share and corporate social responsibility disclosure	0.272	Not Supported

Noted: All path coefficients are significant at the $P < 0.05$.

Source: Developed for the research.

Based on the Table 5.1 above, it is shown that all the hypothesis are not supported because there is no significant obtained from the regression analysis result done from the SPSS as presented in Chapter 4.

5.1.1 The relationship between company size and CSR disclosure

The result shows variable of company size is not significant at 0.908. Thus, this hypothesis is rejected due to its significant value is more than 0.05. It is found that the size of the company does not have significant positive relationship with CSR disclosure in the context of Malaysia KLSE main listed companies. This result does not support the findings of Trotman & Bradley, 1981; Cowen et al., 1987; Ahmed & Courtis (1999); Uwalomwa (2011); Gray & Bebbington (2001); Haniffa & Cooke (2005); and Moore (2001) who indicate that the sign of the relationship of company size and CSR disclosure is positive and statistically significant.

In addition, the result shows the positive relationship between size of company and CSR disclosure indicates that the larger the companies, the higher the level of CSR disclosure as per the findings of Branco & Rodrigues (2008) and Cowen et al. (1987). Branco & Rodrigues (2008) stated that the larger the companies, the higher the level of CSR disclosure because of the stakeholders expect the greater corporate social responsibilities disclosure from the larger companies. According to Cowen et al. (1987), they also stated that when the companies in the larger sizes, the companies tend to receive more attention from the public and continuously generate the greater public pressure toward the companies in order to disclose the social responsibility (Cowen et al., 1987).

5.1.2 The relationship between company profitability and CSR disclosure

The result shows variable of company profitability is not significant at 0.434. Thus, this hypothesis is rejected due to its significant value is more than 0.05. It is found that the profitability of the company does not have significant positive relationship with CSR disclosure in the context of Malaysia KLSE main listed companies. This result does not support the findings of Belkaoui & Karpik (1988); Hassan et al. (2006); and Aly et al. (2010) who indicate that the sign of the relationship of company profitability and CSR disclosure is positive and statistically significant.

In addition, the result shows the negative relationship between profitability of company and CSR disclosure indicates that the companies tend to give a smaller disclosure on the social and environment disclosure or the companies have been reached the superior level of the concision with the higher changes in revenue and higher return on equity for one year (Lungu et al., 2011). As per the findings of Lungu et al. (2011),

5.1.3 The relationship between company leverage and CSR disclosure

The result shows variable of company leverage is not significant at 0.059. Thus, this hypothesis is rejected due to its significant value is more than 0.05. It is found that the leverage of the company does not have

significant positive relationship with CSR disclosure in the context of Malaysia KLSE main listed companies. This result does not support the findings of Bradbury, 1992; Naser, 1998; and Malone et al., 1993 who indicate that the sign of the relationship of company leverage and CSR disclosure is positive and statistically significant.

In addition, the result shows the positive relationship between leverage of company and CSR disclosure indicates that the high leverage of the company would put the companies in a risky position as the companies are under the pressure from the creditors or the banks as per the findings of Malone et al. (1993). Therefore, the companies are likely to disclosure more information to the public and stakeholders in order to assure them are not breaching any debt-covenant conditions.

5.1.4 The relationship between earnings per share and CSR disclosure

The result shows variable of earnings per share is not significant at 0.272. Thus, this hypothesis is rejected due to its significant value is more than 0.05. It is found that the earnings per share of the company do not have significant positive relationship with CSR disclosure in the context of Malaysia KLSE main listed companies. This result does not support the findings of Dhaliwal et al., 2011; and Cheng et al., 2011 who indicate that the sign of the relationship of earnings per share and CSR disclosure is positive and statistically significant.

In addition, the result shows the positive relationship between earnings per share and CSR disclosure indicates that the companies with higher earnings per share, the companies tend to disclose and involve more on the CSR as per the findings of Dhaliwal et al. (2011). Besides that, it also could reduce the cost of equity capital and attract the institutional investors to invest in the companies. The findings of Cheng et al. (2011) also stated that the companies with higher earnings per share would more likely involve in corporate social responsibility disclosure as the activities disclosure would increase the transparency of the company and created the incentives for the companies when the internal management practice changed (Cheng et al., 2011).

5.2 Implications

At the end of this research, it is able to provide information regarding the extent of understanding towards CSR disclosure in Malaysia. Besides that, the results may be helpful to the corporate players in their business decision making. In addition, this research also provides more information on variables that will affect the degree of CSR disclosure in Malaysia. The result shown at the Chapter 4 provides positive relationships for all the independent variables with CSR disclosure for the main market listed companies except the independent variables of company profitability. Therefore, the listed companies in Malaysia may need to consider in improving their level of CSR disclosure because it is beneficial to their company.

5.3 Limitations

On this research, the KLSE main market listed companies were being selected and used to conduct this research as the availability and accessibility of the companies' annual reports were higher whereas the other market was not included such as the ACE listed companies. Therefore, the results might not reflect the overall influence in Malaysia companies.

There were only four industries used in this research which are construction, consumer products, technology, and trading / services. The other types of industry were being neglected because it might not generate a strong significant result on hypothesis being tested. In present study, only four variables were being investigated to find out the influence on CSR disclosure. Most of the variables were financially related. Thus, there is possibility of absence of other influential non-financial variables such as corporate governance and culture.

The other limitation for this research is that there is only two year annual report being used. This causes the result is insufficient to reflect the whole changes and development in CSR disclosure over time. In addition, CSR practices are still new and it is still in the infant stage in Malaysia. It has the leading difficulties to inspect CSR disclosure over a long period.

Lastly, the corporate annual reports were being used to collect the information for data analysis in this research. It is still consists of the possibility that some of CSR practices were not fully disclosed due to existence of other medium is being used to deliver the info such as through the media, separate environmental and social reporting and interim financial report.

5.4 Recommendations for the Future Research

It is suggested that the researcher may consider including the other market in the KLSE such as ACE market listed companies into the research sample. Besides that, the researcher also can conduct a research for small and medium enterprises on their CSR disclosure as well as can conduct the research in other countries rather than focusing in Malaysia only.

In addition, it is also recommend that to focus one particular sector or to include the entire sector for deeper research on the level of CSR disclosure for specific industry. It may also be able to add more non-financial factors such as innovation, management capability, employee relations, quality, brand value and others to be tested.

Lastly, future research is strongly recommended to widen the source of secondary data such as the announcement made by the company through media like Bursa Saham Malaysia website. This could enable future

research to have more information gathers for analysis and producing higher reliability of result.

5.5 Conclusion

This research has achieved its objective to provide information regarding the extent of understanding towards CSR disclosure in Malaysia. This study involved four variables which is company size, company profitability, company leverage, and earnings per share in order to determine the level of CSR disclosure in public listed companies in Malaysia.

The result shows there have three variables which are company size, company leverage and earnings per share have positive relationship with CSR disclosure and one variable which is company profitability has negative relationship in the public listed companies under the main market listed companies. All the variables was identified that there have non-significant positive relationship with CSR disclosure. It is achieved the research question in determining whether the variable has the effect on the level of CSR disclosure.

In overall, the KLSE listed companies are still lack of intention in conducting CSR, thus, the level of CSR disclosure on the companies in Malaysia still behind developed country. The international CSR reporting

bodies had introduced and encouraged the adaption of the sustainability reporting as well as CSR reporting with providing the guidelines to the user. One of the common and friendly used guideline is Global Reporting

Initiatives (GRI). In order to improve the long term sustainability and development, it is one of the good starts to follow the indicators to be reported on the annual report. It could enable to standardize the format for the annual report and improved the social, environment, and development of the companies as well as the country Malaysia.

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