EMPLOYEES' PERCEPTION TOWARDS THE IMPLEMENTATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES IN MALAYSIA

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Employees' Perception Towards the Implementation of
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Practices in Malaysia

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DECLARATION

I hereby declare that:

(1) This Research Project is the end result of my own work and that due acknowledgement has been given in the references to all sources of information be they printed, electronic, or personal.

(2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

(3) The word count of this research report is 23,038.

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DEDICATION

I dedicate the completion of this research to the enduring quest for knowledge and the unquenchable thirst for understanding that defines our shared human spirit. This endeavour stands as a testament to the power of curiosity and the relentless drive to explore the unknown. It is dedicated to every individual who dares to question, to seek answers, and to expand the horizons of human comprehension.

I dedicate this work to the countless visionaries—past and present—who have paved the way for scientific inquiry and intellectual discovery. From early philosophers and scholars to modern-day innovators, their wisdom, perseverance, and sacrifices form the bedrock upon which this research stands. May their dedication continue to inspire future generations to push the boundaries of knowledge and imagination.

I also extend this dedication to the spirit of collaboration and shared purpose. The completion of this research would not have been possible without the unwavering support, insight, and encouragement of mentors, colleagues, and fellow researchers. Their willingness to challenge assumptions, share ideas, and offer guidance has been instrumental in shaping the path of this study. This work stands as a tribute to the profound impact that emerges when diverse minds unite in pursuit of a common goal.

Lastly, I dedicate this research to all who value learning and remain open to the wonders of discovery. May this work serve as a reminder that the pursuit of knowledge is never a solitary endeavour but a collective journey, enriched by the contributions of many. As we continue to uncover new truths, may we do so with humility, curiosity, and a steadfast commitment to the betterment of humanity.

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CSR	Corporate Social Responsibility
COVID-19	Coronavirus Disease 2019
ESG	Environmental, Social and Governance
GRI	Global Reporting Initiative
HRDC	Human Resource Development Corporation
MCCG	Malaysian Code on Corporate Governance
SRI	Sustainable and Responsible Investment
SC	Securities Commission Malaysia

PREFACE

Embarking on this research has been both a challenging and enlightening journey. The impetus for this study arose from my growing interest in how Environmental, Social, and Governance (ESG) programmes are implemented within Malaysian organizations, particularly from the perspective of the employees who are at the heart of these initiatives. In an era where corporate sustainability is not only a strategic necessity but also a moral imperative, understanding employee perceptions of ESG efforts has become increasingly vital.

This study was conceived during a time of significant global shifts—inclusive of the COVID-19 pandemic, rising sustainability challenges, and high-profile corporate controversies—that underscored the need for transparent, ethical governance. The case of Top Glove, among other industry events, provided a striking example of how lapses in ethical practices can undermine stakeholder trust and corporate reputation. It became evident that for ESG programmes to be effective, they must resonate with the very people who drive them: the employees.

In pursuing this research, I have drawn upon a range of theoretical frameworks including psychological contract theory, agency theory, and stewardship theory. These theories have provided a rich context for exploring the interplay between governance structures, transparency, management commitment, and employee engagement. The empirical component of this study is anchored in a quantitative methodology—using structured questionnaires to gather insights from a diverse sample of Malaysian employees—which has enabled a systematic examination of the factors influencing perceptions of ESG programme implementation.

I am deeply grateful for the support and guidance provided by my academic mentors, industry experts, and the many respondents who generously shared their insights. Their contributions have been instrumental in shaping the scope and direction of this study. It is my sincere hope that the findings presented herein not only contribute to the existing body of knowledge but also serve as a practical guide for organizations striving to enhance their sustainability initiatives and foster a culture of ethical governance.

As you delve into this report, I invite you to consider the broader implications of integrating ESG principles into business operations—not merely as a regulatory requirement, but as a fundamental pathway to building trust, promoting employee engagement, and securing long-term corporate success.

ABSTRACT

This study examines the critical factors that influence employee perceptions of Environmental, Social, and Governance (ESG) programme implementation in Malaysian organizations. In an era marked by heightened global sustainability awareness and significant corporate controversies related to ethical labour practices and governance lapses, understanding how internal stakeholders perceive ESG initiatives is paramount. Drawing upon psychological contract theory, agency theory, and stewardship theory, the research posits that key determinant—namely board independence, the adequacy of financial reporting and auditing, top management commitment, and transparency—play pivotal roles in shaping employees' trust and engagement with ESG programmes.

A quantitative research design was adopted, with data collected via structured questionnaires distributed among employees in Glenmarie Industrial Park, Shah Alam. Advanced statistical techniques, including descriptive analysis and regression analysis using SPSS, were employed to analyse the relationships between the independent governance variables and employee perceptions of ESG effectiveness. The findings reveal that robust governance mechanisms and transparent communication strategies not only enhance the credibility of ESG initiatives but also promote a culture of sustainability that aligns with organizational values. Moreover, the study underscores that employees are more likely to actively support and participate in ESG efforts when they perceive a genuine commitment from both leadership and the broader corporate governance framework.

This research contributes to the theoretical development of agency and stewardship theories by highlighting the significant role of internal stakeholder perceptions in the successful implementation of ESG programmes. The implications extend to practitioners and policymakers, suggesting that fostering an environment of trust and accountability is essential for achieving long-term corporate sustainability and competitive advantage.

Keywords: Employee Perception; ESG Programme Implementation; Corporate Governance; Top Management Commitment; Transparency

Subject Area: HD60-60.5 Social responsibility of business

CHAPTER 1

INTRODUCTION

1.1 Introduction

“ESG” is an acronym for Environmental, Social, and Governance. In recent years, Malaysian businesses have made substantial efforts to manage and disclose their performance in these three pillars. This focus is largely driven by increasing stakeholder demands and various regulatory requirements. Several sustainability reporting frameworks guide such disclosures, including the Global Reporting Initiative (GRI) Standards, the Integrated Reporting Framework (2014), and the Corporate Social Responsibility (CSR) Framework promoted by Bursa Malaysia (Patmanathan, 2021). In Malaysia, the Sustainable and Responsible Investment (SRI) Roadmap introduced by the Securities Commission Malaysia has further propelled organisations to incorporate ESG considerations into their strategies and reporting practices. Bursa Malaysia, as the national stock exchange, has likewise established Sustainability Reporting Guidelines, encouraging listed companies to disclose their ESG performance in alignment with recognised frameworks. As a result, there is growing concern among stakeholders regarding the quality, consistency, and credibility of ESG data, given the increasing number of corporations publicly sharing their ESG information. Among these stakeholders, employees play a dual role: not only do they monitor the organisation’s sustainability initiatives, but they also contribute directly to the execution of those initiatives. Their perceptions and engagement are therefore crucial to the success of ESG programmes, as positive employee buy-in can significantly enhance overall sustainability performance. This study aims to assess Malaysian employees' perspectives on the implementation of ESG programmes within organisations, thereby shedding light on how their views affect the success and adoption of sustainability strategies.

Jalil (2021) states that the level of sustainability awareness among corporations in Malaysia is similar to that of other developing markets. This is due to the increasing importance of ESG initiatives among investors and stakeholders. Despite being a relatively new concept in the local market, the implementation of the green idea by corporations has been accelerated by the COVID-19 outbreak. Amid the COVID-19 crisis, many employees experienced significant challenges commuting to their workplaces due to the enforced lockdown measures. Furthermore, given that a significant number of employees and their families were affected by COVID-19, the manner in which the company supported its workforce played a crucial role in its post-epidemic performance.

The recent incidents, such as the ESG controversy with Top Glove have primarily focused on labour abuses, particularly the treatment of migrant workers (Poo, 2020). Accusations of coerced labour practices, such as prolonged working hours, passport seizure, substandard living conditions, and exorbitant recruitment fees, have been made. In July 2020, the U.S. Customs and Border Protection (CBP) prohibited the importation of Top Glove's products due to these allegations. These incidents revealed deficiencies in Top Glove's governance, particularly in monitoring labour conditions and ensuring adherence to international labour standards. The controversy has significantly impacted Top Glove's reputation and operations, leading to stock market fluctuations and prompting large clients to reassess their relationships with the company. This scandal underscores the importance of ethical labour practices and strong governance in preserving corporate reputation and sustainable business operations.

Patmanathan (2021) stated that despite Malaysian companies in important sectors investing significantly in improving their corporate governance, responsible business practices, and managing their ESG risks, doubts about the effectiveness of these efforts have been raised due to ongoing reports of mistreatment of migrant labourers gaining global attention. To address and minimize the recurrence of the uncertainty scandal, the Malaysian government has implemented measures in the field of ESG programmes. This includes the introduction of a formal ESG framework in 2023, as well as the allocation of funds in the 2024 budget to promote and enhance ESG in Malaysia (Foo et al., 2023).

With the increasing importance of ESG in the global agenda, Malaysian businesses must proactively incorporate it into their company strategy and operations. Nevertheless, this is a complex endeavour. Salin et al. (2023) found that organisations that implement and give importance to ESG programmes in their business strategy and operations have a higher chance of attracting stakeholders who value stability and long-term prosperity. The sustainable business model enhances productivity by fostering employee satisfaction and loyalty, while also attracting and retaining talent. Increasing research suggests a connection between ethical company practices and financial performance, known as an ethics premium. To effectively implement the ESG programme in Malaysia, stakeholders must cultivate a culture and mindset that embraces ESG as an integral part of conducting business, rather than treating it as a distinct function or set of obligations.

ESG programmes have gained popularity in recent times, particularly following the pandemic. Numerous corporations in Malaysia, together with the Malaysian government, have heightened their focus on corporate sustainability policies. Employees, as key internal stakeholders, play a crucial role in the success of these initiatives, often serving as the frontline implementers of sustainability measures. Their participation can range from adopting eco-friendly workplace practices to spearheading community outreach projects, thereby reinforcing an organisation's commitment to social and environmental responsibility. By actively engaging employees in planning and decision-making processes, companies can foster a sense of ownership and accountability that ultimately strengthens overall ESG performance. Hence, the objective of this study is to assess the perceptions of Malaysian employees regarding the implementation of ESG programmes. This study aims to ascertain the factors that influence employees' perceptions of ESG programme implementation in their organisations.

1.2 Research Background

Environmental, social, and governance (ESG) is increasingly a key motto for Malaysian businesses. ESG programme has been an important component of Malaysian business and economic policy in recent years because of numerous issues raised and debated throughout the world. ESG is a framework created around three major factors or pillars: environment, social, and governance, to guide and monitor an entity's level of sustainable operation (Lee et al., 2023).

In Malaysia, the implementation of ESG programme has become increasingly significant, driven by rising awareness of sustainable development and corporate responsibility. The Malaysian government, through the Malaysian Code on Corporate Governance (MCCG) and Bursa Malaysia's Sustainable and Responsible Investment (SRI) framework, has been encouraging companies to embed ESG considerations into their core strategies. In addition, the Securities Commission Malaysia (SC) has introduced Responsible Investment Principles to guide investors in aligning their portfolios with sustainability goals. Meanwhile, Bank Negara Malaysia (the Central Bank) promotes ESG integration within the financial sector through initiatives such as the Climate Change and Principle-based Taxonomy (CCPT), and the Companies Commission of Malaysia (SSM) emphasizes corporate accountability by advocating for transparent ESG reporting practices. Beyond these regulatory measures, agencies like Social Security Organization (SOCSO/PERKESO), the Human Resource Development Corporation (HRDC), and the Ministry of Human Resources play a vital role in safeguarding employee welfare and promoting workforce development. Through social security coverage, upskilling initiatives, and fair labour policies, these organizations collectively support the social dimension of ESG, ensuring that sustainable practices benefit both businesses and their employees.

Introduced in 2000 by the Securities Commission Malaysia, the Malaysian Code on Corporate Governance (MCCG) has since been revised several times—with notable updates in 2012, 2017, and most recently in 2021. In its pursuit to raise corporate governance standards in Malaysia, the MCCG not only encourages companies to refine their governance practices to meet global benchmarks but also requires listed companies to disclose their sustainability practices and performance. This includes reporting on environmental impacts, social contributions, and governance structures. The aim is to provide transparency and accountability, allowing stakeholders to assess the company's commitment to sustainable development. Besides that, companies are encouraged to engage with their stakeholders, including employees, customers, suppliers, and the community, to understand their concerns and expectations regarding ESG issues. This engagement helps companies align their ESG strategies with stakeholder interests.

As Malaysia's primary stock exchange, Bursa Malaysia plays a pivotal role in advocating sustainable and responsible investing practices, along with the implementation of ESG initiatives among listed companies. Bursa Malaysia has introduced several frameworks and guidelines to support ESG integration in the Malaysian capital market. Launched in 2014, the SRI framework provides guidelines for the issuance of green, social, and sustainability bonds. It aims to facilitate the growth of sustainable finance by directing investments into projects with positive environmental and social impacts. Furthermore, Bursa Malaysia also introduced a sustainability reporting framework for listed companies, requiring them to disclose their sustainability practices and performance. The guide provides a structured approach to reporting, covering key ESG aspects such as environmental management, social responsibility, and governance practices.

In addition to the measures outlined by Bursa Malaysia, other key institutions in Malaysia have introduced various ESG-related initiatives to strengthen corporate accountability and responsible investing. The Securities Commission Malaysia (SC), for instance, has launched the Responsible Investment Principles, which provide a framework for integrating ESG considerations into investment decision-making processes. This move is in line with the broader Sustainable and Responsible Investment (SRI) Roadmap, aimed at encouraging businesses and investors to align their strategies with sustainability goals.

Meanwhile, the Central Bank of Malaysia (Bank Negara Malaysia) has also taken steps to support ESG integration in the financial sector. One notable example is the Climate Change and Principle-based Taxonomy (CCPT), which guides financial institutions in classifying and assessing economic activities according to climate-related risks and opportunities. By promoting consistent standards, Bank Negara Malaysia seeks to drive sustainable lending and investment practices that benefit both the environment and society.

The Companies Commission of Malaysia (SSM) plays a complementary role by emphasizing transparency and accountability in corporate governance. Through various guidelines and best practices, SSM encourages companies to adopt clear reporting mechanisms on environmental, social, and governance performance. This focus on enhanced disclosure aims to provide stakeholders—ranging from investors to employees—with reliable information about a firm's sustainability commitments.

ESG efforts also extend to agencies responsible for workforce welfare and development. For example, PERKESO (SOCSO) offers social security coverage and implements workplace safety and rehabilitation programs, aligning with the "S" dimension of ESG. Likewise, the Human Resource Development Corporation (HRDC) oversees training and upskilling initiatives that contribute to employees' professional growth and adaptability. In addition, the Ministry of Human Resources has enacted labour policies and standards that promote fair employment practices, safeguard workers' rights, and foster inclusive workplaces—core elements within the social aspect of ESG.

Collectively, these measures underscore Malaysia's commitment to building a robust ESG ecosystem that benefits multiple stakeholders, including employees. By integrating responsible investment principles, enforcing transparent corporate governance, and prioritizing workforce well-being, the Malaysian regulatory environment is steadily guiding organizations toward more holistic sustainability practices. As employees often serve as the frontline implementers of ESG programmes, understanding their perspectives on these initiatives is critical for ensuring long-term success and meaningful impact in the Malaysian business landscape.

Figure 1.1: Principles of Environmental, Social & Governance (ESG)

Environmental Issues	Social Issues	Governance Issues
Climate change and CO2 emissions	Gender and diversity	Board structure
Pollution in water and air	Data protection and privacy	Executive compensation
Energy efficiency	Employee engagement	Lobbying
Deforestation	Labor standards	Political Impact
Waste Disposal	Human rights	Whistleblower policies
Scarcity of Water	Customer satisfaction	Audit committee structure
Biodiversity, Natural Resource Conservation	Community relations	Bribery and corruption

(Source: Pathak, N., 2024)

The environment, encompassing issues such as climate change, frequent disasters, extensive flooding, global warming, carbon emissions, deforestation, food wastage, energy efficiency, loss of biodiversity, plastic pollution, deteriorating air and water quality, escalating sea levels due to melting ice caps, and affected marine ecosystems, is increasingly becoming a crucial factor that affects the quality of human life. The social dimension of a corporation is deeply intertwined with its engagement with various stakeholders—including employees, customers, suppliers, vendors, and the local community. This aspect involves thorough exploration of key issues such as fair compensation, comprehensive training, inclusive hiring practices and career advancement opportunities, as well as prioritizing employee well-being, safety, and equitable pay. Academics and practitioners have recently been discussing concerns related to internal whistleblower protection (Nawawi & Salin, 2018) and the security and theft of consumer data (Abidin et al., 2019). The governance component primarily concerns the proper guidance and management of a corporation. This addresses issues like the autonomy of the board, the rights and participation of shareholders, the compensation of senior management, and ethical practices in business (Shahar et al., 2020; Alias et al., 2019; Nor et al., 2018).

ESG serves as an evaluative instrument for investors, aiding them in selecting companies for investment by assessing their stance on environmental, social, and governance matters (Li et al., 2021). The framework has progressed beyond its initial focus on sustainable development, urging corporations to embrace methods that safeguard the environment and advance the welfare of workers and society (Khan, 2022). The formation of ESG is driven by the concept of sustainable development, which involves rigorously evaluating a company's sustainable performance (Khan, 2022). The name 'ESG' originated from the paper titled 'Who Cares Wins', which was collaboratively issued by the Swiss Federal Department of Foreign Affairs and the United Nations, with contributions from the financial sector (Dathe et al., 2022).

ESG can be viewed as a form of corporate social responsibility (CSR) that is often embraced by international private companies on a voluntary and self-regulated basis. Its purpose is to contribute to community development through charitable activities, such as environmental initiatives like tree planting and public space cleaning (Latapí et al., 2019). Nevertheless, the voluntary character of CSR and the absence of government engagement have resulted in inconsistencies in its execution and insufficient oversight of its results. It is also prone to 'greenwashing,' a situation when firms excessively highlight their involvement in CSR for the purpose of enhancing their brand image. In addition, CSR is perceived as the inclination of firms to surpass regulatory requirements to promote social welfare (Sharma, 2019). Nevertheless, the dynamic character of CSR, the lack of explicit structures, and the restricted emphasis on environmental and governance aspects have led to a gradual transition towards ESG considerations (Dathe et al., 2022). Initially, ESG lacked adequate frameworks and guidelines, but it has experienced a growing government push, leading to the progressive implementation of regulations and guidelines. Several nations have implemented mandatory ESG requirements, while governments have also offered incentives to promote its implementation (Ellili, 2022). Although ESG's origins were primarily tied to the financial industry, its utilisation has now broadened to encompass many sectors, facilitating the enhancement of their operational sustainability and fulfilment of stakeholder demands (Li et al., 2021).

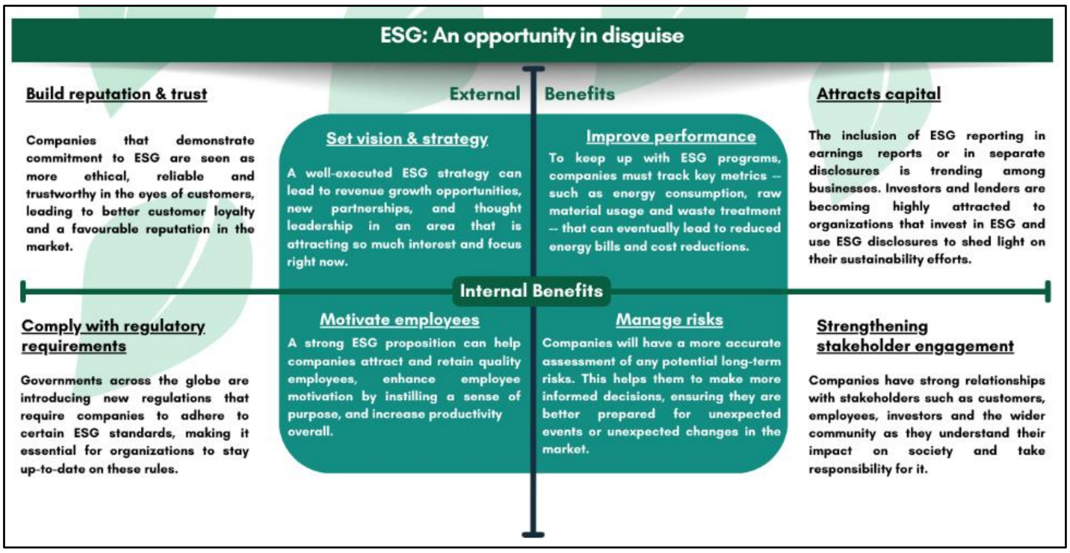
Implementing ESG programmes into business operations is widely acknowledged as crucial for promoting sustainable and ethical business practices. ESG programme provide guidance for firms to operate in a responsible manner, ensuring that their actions have a beneficial effect on the environment, society, and their own governance systems. ESG has just emerged as a prominent topic and is rapidly garnering widespread recognition. The global community must recognise the significance of "ESG" to avoid any adverse outcomes. Multiple adverse outcomes can occur, affecting both the organisation and its stakeholders. Lack of sufficient understanding of ESG principles can lead to substandard labour practices, such as unjust compensation, hazardous work environments, and disregard for workers' entitlements. These practices have the potential to result in diminished employee morale, elevated rates of employee turnover, and possible labour issues.

The effective implementation of ESG programme inside an organisation is significantly impacted by the opinions and attitudes of its personnel. Khan et al. (2023) stated that ESG programmes are attracting growing interest from investors and employees, especially younger generations. Investors are increasingly recognising the potential value creation and financial return associated with this programme, while employees are seeking opportunities in companies that demonstrate success in these areas. Regarding employee perception, it can be asserted that an organisation's performance and the effectiveness of its "ESG" programme are mostly influenced by the attitudes of its workers.

Employees play a crucial role in implementing ESG programmes, and their involvement and dedication significantly impact their success. A high level of awareness and understanding of ESG programmes is essential for successful execution. Employees who understand the importance of ESG programmes and align with the organisation's objectives are more likely to endorse and engage in these projects. Those who view ESG programmes as aligned with personal values are more likely to be inspired to carry out these activities. Aligning ESG programmes can enhance job satisfaction and foster a stronger commitment to the organisation. Positive attitudes towards ESG programmes can lead to enhanced organisational performance, as engaged and motivated employees are more likely to demonstrate higher levels of productivity, innovation, and commitment to the organisation's success.

As per Bell's (2021) findings, businesses that effectively managed their staff during the COVID-19 pandemic are more likely to have garnered favourable media coverage and experienced a boost in their economic activities. Conversely, trust and image were compromised when certain corporations abandoned their declared objectives during periods of economic decline. Such action not only leaves a lasting impression on potential clients but also resonates deeply with the workforce. Hence, a robust ESG programme is essential as it can bolster the organisation's brand image, allure exceptional talent, and cultivate loyalty among current employees.

Figure 1.2: Benefits of Implementing "ESG" Principles



(Source: MITI, 2023)

According to the employees, this is highly crucial as it enhances their productivity, hence increasing the overall efficiency of the firm. Furthermore, it has been noted that the use of ESG programme significantly improves the overall financial well-being of businesses, thereby benefiting both the owners and employees. As stated by Solikhah & Maulina (2021), employee remuneration rises primarily occur when there is an improvement in the overall economic condition of an organisation.

1.3 Problem Statement

Based on the PwC Workforce Hopes and Fears Survey 2022, 69% of employees prioritize financial compensation for job retention in Malaysia. Nonetheless, ESG concerns are also important, with 65% value transparency and 64% prioritizing health and safety. Only 31% of respondents believe employers provide adequate support to minimize environmental impact. This highlights the need for organisations to educate employees on reducing corporate carbon footprint and encourage positive change (Mardhiah, 2022). The successful implementation of ESG programmes within organisations is often hindered by several governance and operational challenges. Key issues stem from the independency of the board of directors, the adequacy of reporting & auditing of financial statements, top management's commitment and overall transparency. Despite growing awareness of ESG importance, many organisations struggle with fostering a culture of commitment and transparency, which negatively impacts employee perceptions.

The independence of the board of directors plays a crucial role in the oversight and governance of ESG initiatives within an organisation. However, many organisations face challenges due to a lack of truly independent board members, which hinders the effective implementation and monitoring of ESG programmes. Studies suggest that when boards lack independence, they may struggle to provide adequate oversight, leading to ineffective ESG implementation and insufficient accountability for management's ESG-related actions. This lack of independent oversight can reduce employee confidence in the organisation's commitment to sustainability and corporate responsibility (Cucari et al., 2018). Without independent directors who can challenge management and advocate for robust ESG strategies, the board's influence over sustainable business practices is weakened, diminishing the potential for long-term ESG success (Manita et al., 2018).

When financial reports and budgets are misaligned with stated ESG goals, employees may view the organisation's sustainability efforts as superficial or lacking genuine commitment. Inconsistent or inadequate internal reporting can lead to a disconnect between financial resources allocated to ESG initiatives and the organisation's public sustainability goals, thus reducing employee trust and engagement. Research shows that weak internal auditing and insufficient transparency in financial statements related to ESG activities can lead to scepticism about the true commitment of the company towards sustainable development (Hammami & Zadeh, 2020). Additionally, internal financial audits that fail to incorporate ESG criteria effectively may result in poor accountability and oversight of ESG investments, further diminishing employees' perception of the programme's seriousness.

Top management's commitment is a critical factor in the successful implementation of ESG programmes within organisations. However, many companies face challenges due to inconsistent or superficial support from executive leadership. When top management fails to prioritise ESG initiatives or integrate them into the organisation's core business strategy, it signals to employees that ESG is not a genuine priority. Research has shown that when leadership does not actively engage with ESG goals, employees are less likely to support or participate in these initiatives, leading to poor programme outcomes (Manita et al., 2018). Furthermore, the absence of strong leadership commitment can lead to fragmented ESG efforts that lack the resources and attention necessary for success (Khamisu et al., 2024). To overcome this, top management must not only endorse ESG initiatives but also champion them through active participation, clear communication, and visible accountability.

Many companies face challenges in providing clear, consistent, and reliable ESG information to their employees (Miao, 2024). Inadequate transparency often leads to scepticism among employees regarding the authenticity of the organisation's sustainability efforts. Research has shown that when ESG reporting is incomplete, poorly audited, or perceived as biased, employees are more likely to view these initiatives as superficial or insincere (Gritter, 2023). This lack of transparency contributes to concerns about greenwashing, where companies appear to engage in ESG activities for public relations purposes without genuine commitment to sustainability. Studies suggest that effective ESG communication, supported by independent audits and comprehensive reporting, is crucial for aligning employee perceptions with the organisation's ESG goals (Oncioiu et al., 2020). When employees perceive transparency in ESG efforts, they are more likely to trust the organisation's commitment, actively engage in sustainability initiatives, and support long-term ESG goals.

In summary, this study aims to investigate factors that influence the Malaysian employee perception on the implementation of ESG programme in their organisation. Employee perception is a key determinant of the effectiveness of ESG programme implementation. However, many organisations struggle to align their ESG objectives with the values and expectations of their workforce. When employees perceive that the organisation's ESG efforts are inconsistent, insincere, or lacking in transparency, their engagement and participation in these programmes are significantly diminished. Thus, addressing the gap between organisational ESG programmes and employee perceptions is essential to creating a culture of sustainability and ensuring programme success.

1.4 Research Objective

1. To determine the relationship between independency of the board of directors and employee perception towards ESG programme implementation.
2. To determine the relationship between adequacy of reporting & auditing of financial statements and employee perception towards ESG programme implementation.
3. To determine the relationship between top management commitment and employee perception towards ESG programme implementation.
4. To determine the relationship between transparency and employee perception towards ESG programme implementation.

1.5 Research Questions

1. Is there a relationship between independency of the board of directors and employee perception towards ESG programme implementation?
2. Is there a relationship between adequacy of reporting & auditing of financial statements and employee perception towards ESG programme implementation?
3. Is there a relationship between top management commitment and employee perception towards ESG programme implementation?

4. Is there a relationship between transparency and employee perception towards ESG programme implementation?

1.6 Significance of the Study

By examining the factors that shape employees' perceptions regarding the implementation of ESG programmes, this study significantly deepens our understanding of how these initiatives correlate with employee attitudes within organisations. The insights generated could offer a wide array of benefits and implications for both the organisation and its workforce.

To begin with, boosting employee engagement and satisfaction hinges on understanding how employees view ESG programmes. When workers perceive that their organisation is committed to robust ESG initiatives, it builds trust and confidence in the decision-making process. This favourable perception can result in heightened commitment, improved job satisfaction, and enhanced overall well-being, ultimately leading to greater staff retention and lower turnover.

Secondly, the study highlights the vital role of openness and trust in the workplace. Employees' views on ESG programmes—which emphasize ethical conduct and transparency—reveal an organisation's commitment to fostering a culture of trust and openness. This transparent approach can strengthen manager-employee relationships and streamline communication, ultimately creating a supportive and positive work environment.

Third, the results of the study may directly affect how well an organisation performs. Positive views of ESG programmes among employees increase the likelihood that they will act in a way that is consistent with the strategic objectives and values of the business. The workforce's efficacy and efficiency are increased as a result of this alignment, raising performance and production levels. Furthermore, workers are more inclined to offer creative solutions and actively engage in company projects when they believe that governance procedures are fair and transparent.

Fourth, the research will contribute to the theoretical development of agency theory and stewardship theory. The study will expand agency theory by focusing on how governance structures such as board independence and adequacy of financial reporting & auditing affect employee perceptions. This highlights how mechanisms traditionally designed to reduce principal-agent conflict also play a role in influencing internal stakeholder (employee) views, thereby adding a new dimension to agency theory. Besides that, this research will explore how top management commitment and organisational transparency – core elements of stewardship – affect employee perceptions of ESG programmes. The study will contribute to stewardship theory by demonstrating how leadership behaviours that emphasize sustainability and openness foster a culture of trust, cooperation, and employee engagement with ESG initiatives.

Fifth, given the study's focus on Malaysia, it will provide a useful methodological framework for conducting similar research in other emerging economies, where ESG programmes and corporate governance mechanisms are gaining increasing importance. This enhances the generalizability of future studies and offers practical methodological insights for researchers studying ESG in different cultural and economic contexts.

In summary, this study offers enduring insights for scholars, corporate leaders, and policymakers aiming to improve the implementation of ESG programmes. By understanding and addressing employee perceptions, organisations can secure a competitive advantage in today's dynamic business landscape, boost employee morale, and foster a positive work environment.

1.7 Conclusion

In summary, this chapter laid the foundation for the study by introducing the research topic and outlining its background, problem statement, research objectives, and research questions. It also highlighted the significance of the study. The following chapter will build on these ideas by presenting a comprehensive review of the literature.

CHAPTER 2

LITERATURE REVIEW

This chapter examined numerous interconnected factors related to the research. The first section explored the research theories that are integrated into investigations prior to the examination of the research framework. The second section was the proposed research framework of this study. The third section concentrated on analysing the critique derived from prior publications and journals concerning the variables. The fourth section focuses on the formation of hypotheses, while the last section provided a summary of the entire chapter's discussion.

2.1 Research Theory

This study employs three theoretical frameworks: one theory centres on employee perception as the independent variable, while the other two focus on the dependent variables. The first theory is psychological contract theory. This theory helps explain the implicit agreements and expectations between employees and their organisations, especially concerning non-written or informal aspects like organisational values, sustainability initiatives, and ethical governance. According to psychological contract theory, employees develop unwritten expectations about their relationship with their employer, based on promises and perceived obligations. When an organisation implements ESG programmes, employees may perceive this as a fulfilment of a psychological contract, wherein they expect the company to demonstrate corporate responsibility, environmental sustainability, and social equity. Conversely, if these initiatives are poorly communicated or inconsistent with the organisation's actions, employees may view this as a breach of the psychological contract, leading to negative perceptions. The alignment between an organisation's communicated ESG values and its actual practices plays a critical role in shaping employee perceptions (Chen, Hsieh & Ko, 2022).

Employees tend to positively perceive ESG programmes when they believe that the organisation genuinely prioritizes social and environmental responsibility, which can increase job satisfaction, trust, and commitment. However, if employees perceive these initiatives as merely symbolic or poorly executed, it can result in a psychological contract breach, reducing employee engagement and loyalty (Popova & Strikh, 2022). Psychological contract theory thus offers valuable insights into how employees' perceptions of ESG implementation are influenced by their broader expectations of organisational behaviour and integrity.

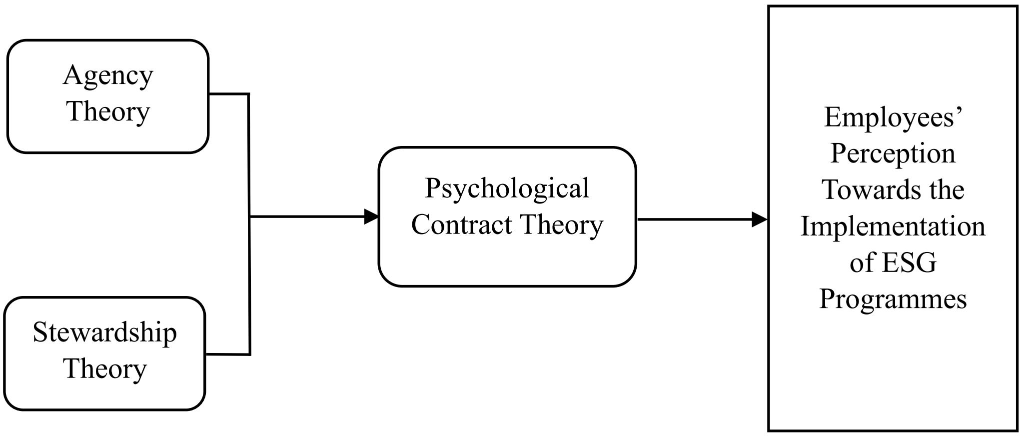
The second theory is agency theory. Agency theory posits that there is an inherent conflict of interest between principals (owners or shareholders) and agents (managers or the board of directors), as the latter may not always act in the best interest of the former. The theory highlights the need for adequate governance mechanisms to ensure that agents make decisions aligned with the goals of the principals, which is particularly relevant in the context of ESG programmes and financial reporting. The independence of the board of directors is crucial to minimizing agency costs. Independent board members, free from conflicts of interest, are more likely to hold management accountable for actions that align with shareholder interests, particularly regarding financial transparency and ethical governance. According to agency theory, an independent board can mitigate risks of self-serving behaviour by executives, ensuring that decision-making aligns with long-term sustainability goals, including proper implementation of ESG programmes (Perez Baez & Remond, 2022).

The adequacy of financial reporting & auditing also plays a pivotal role in reducing information asymmetry between shareholders and management. Adequate auditing mechanisms ensure that financial statements present a true and fair view of the organisation's performance, which is critical to maintaining investor confidence and organisational credibility. Agency theory suggests that comprehensive financial reporting and rigorous auditing practices help reduce the agency problems by providing shareholders with the transparency they need to monitor management's activities.

The third theory is stewardship theory. Stewardship theory differs from agency theory by proposing that managers, when entrusted with responsibility, act as stewards who are naturally motivated to work in the best interests of the organisation and its stakeholders, including shareholders. Instead of assuming a conflict of interest between managers and shareholders, stewardship theory suggests that managers are intrinsically motivated by organisational goals, ethical obligations, and long-term success. According to stewardship theory, the commitment of top management is crucial to driving the success of ESG programmes. When top leaders demonstrate a strong commitment to sustainability and ethical practices, it permeates throughout the organisation, creating a culture of responsibility and trust. Leaders who act as stewards prioritize the long-term sustainability of the organisation over short-term profits, thereby ensuring that ESG practices are implemented not only for compliance but for genuine positive impact (Bhattacharya et al., 2023). This leadership commitment also reassures employees and stakeholders that the organisation’s ESG efforts are authentic and aligned with the organisation’s values.

Transparency is a key tenet of stewardship theory, where organisations that embrace openness foster trust among stakeholders. When an organisation practices full transparency – whether in ESG reporting, financial disclosures, or decision-making – it signals accountability and integrity (Popova & Strikh, 2022). This transparency not only improves internal trust (among employees and management) but also enhances the organisation’s external reputation, as stakeholders are more likely to support organisations that disclose clear, accurate, and complete information. Stewardship theory holds that organisational transparency is not just a regulatory obligation but a strategic tool that reflects the company's ethical values and commitment to long-term success.

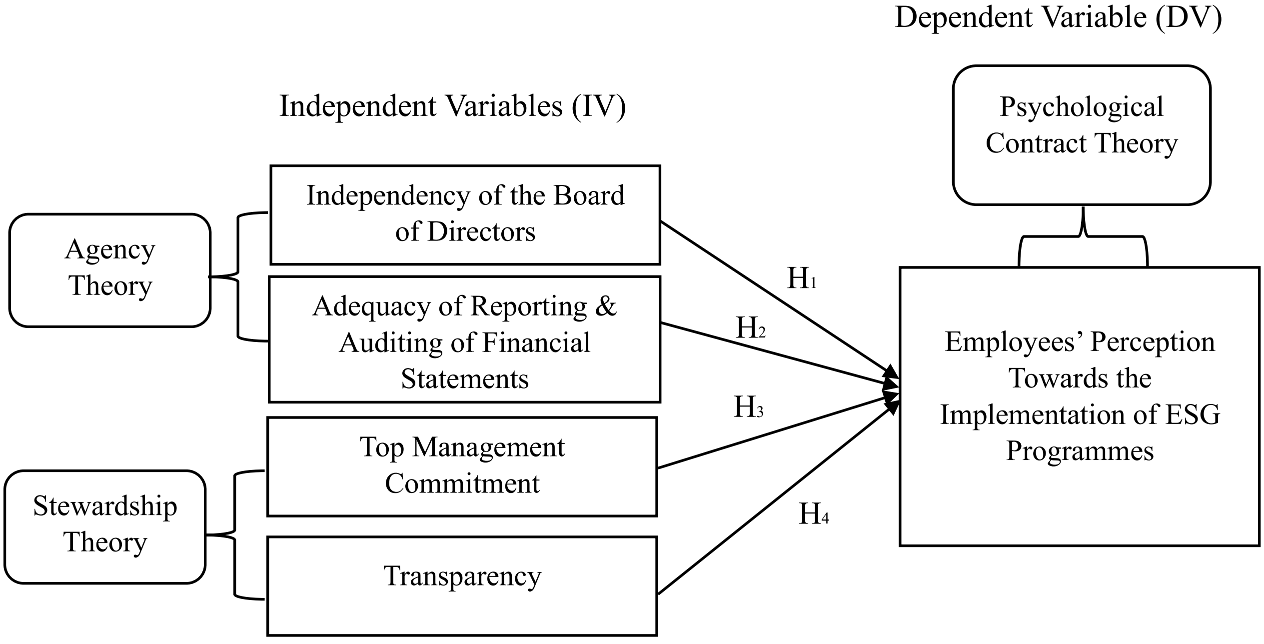
Figure 2.1: Theoretical Framework



2.2 Research Framework

The proposed research framework aims to explore the relationship between various independent variables and one dependent variable, thereby establishing the research objectives and questions. The independent variables under investigation include the independence of the Board of Directors, the adequacy of financial statement reporting and auditing, top management commitment, and transparency. The study examines how these factors influence employees' perceptions of ESG programme implementation.

Figure 2.2: Research Framework



2.3 Literature Review

This section is dedicated to a comprehensive literature review, where previous studies on both the dependent and independent variables and their interrelationships will be examined. The analysis will incorporate research conducted in Malaysia as well as studies from other countries.

Employee Perception towards ESG Programme Implementation

Employee perception plays a vital role in the successful implementation of ESG programmes. Employees are more likely to engage with ESG programmes when they perceive them as genuine, well-structured, and aligned with ethical governance frameworks. Khamisu, Paluri & Sonwaney (2024) examined how stakeholder perspectives shape ESG implementation success, emphasizing that positive employee perception is crucial for organisational sustainability efforts. Their study found that employees who perceive strong corporate commitment to ESG initiatives exhibit higher job satisfaction, engagement, and organisational loyalty. The research also highlights that corporate social responsibility (CSR) and ESG branding strategies influence how employees internalize sustainability values, further reinforcing the link between ESG perceptions and workforce engagement. Thus, positive employee perception towards ESG programmes is expected to drive greater employee commitment, organisational trust, and overall sustainability success.

Recent research has elucidated the significance of employee perception in ESG programme. As employees develop a stronger sense of organisational identification, they are more inclined to support and uphold the principles and practices of the organisation. This ultimately results in higher levels of loyalty and satisfaction. According to Zhang, Zhang & Tu (2024), employees who have a favourable view towards ESG principle are more inclined to acknowledge and support the ESG programme of their company, hence promoting a good social identification with the organisation. This positive sentiment not only helps employees actively uphold organisational rules and value goals but also enhances their sense of satisfaction.

Zambon (2024) explores how CSR and ESG policies shape employer branding and employee engagement. The study found that employees are more likely to perceive ESG programmes positively when they are embedded into the company's branding strategy and ethical commitments. Organisations that prioritize ESG in their employer branding attract talented individuals who align with sustainability values, leading to higher job satisfaction and reduced turnover rates. This reinforces the argument by Zhang, Zhang & Tu (2024) that employees with a favourable view toward ESG tend to be more loyal and engaged.

Furthermore, Ghosh & Gurunathan (2014) found that when organisations provide employees with opportunities to participate in ESG programme, employees not only derive satisfaction from contributing to the community but also cultivate robust connections and enhanced alignment with the organisation, community, and surrounding environment. This platform provides alignment between the organisational ideals and the personal values of employees, hence enhancing job compatibility and satisfaction. This could influence financial results and the overall performance of the organisation.

Podobińska-Staniec & Sukiennik (2024) highlights the role of organisational culture in shaping employee perceptions of ESG programmes. They found that companies with strong ethical cultures and transparent governance models foster higher levels of ESG commitment among employees. Employees working in organisations that integrate ESG principles into their core values are more likely to perceive sustainability efforts as authentic and meaningful. This is consistent with Gosh & Gurunathan (2014), who found that alignment between personal values and organisational ESG goals enhances job satisfaction.

Sunil & Sasikumar (2024) argue that education and training play a crucial role in shaping employee attitudes toward ESG programmes. Their study found that when employees undergo structured ESG-related training, they not only gain knowledge but also develop a personal commitment to sustainability goals. Employees in organisations that invest in ESG training are more likely to view sustainability as a shared value rather than a mere corporate policy. This aligns with

Gosh & Gurunathan (2014), who emphasized that active participation in ESG fosters stronger job satisfaction and commitment.

Meng et al. (2023) suggests that stakeholders, including employees, are becoming more focused on a company's sustainable practices in the environmental and social aspects. Participating in ESG programme not only improves a company's reputation, but the company's noble aim also motivates employees, leading to a stronger sense of pride among members of the organisation and generating greater organisational identification (Jones, 2010). As a result, employees experience a sense of contentment in their working relationship.

According to Zumente & Lāce (2022), regulatory frameworks significantly shape employee perceptions of ESG programme implementation. The study highlights that when ESG compliance is enforced through strict regulations, employees tend to perceive these efforts as more genuine and aligned with corporate responsibility. However, in regions with weaker regulations, employees may view ESG strategies as superficial attempts to enhance corporate image rather than genuine sustainability efforts. This aligns with Jones (2010) and Meng et al. (2023), who noted that transparency in ESG practices contributes to higher organisational identification and job satisfaction.

Grove & Clouse (2018) propose that implementing ESG programme can successfully reduce employee discrimination, guarantee fair compensation, provide favourable working conditions, and foster amicable relationships among colleagues. ESG programme implementation is a crucial component of organisational dynamics as it has an impact on employees' attitudes, behaviours, and organisational results. Therefore, it is crucial for organisations to provide utmost importance to open and honest communication, unbiased decision-making procedures, and morally upright practices in order to cultivate a favourable perception of ESG among employees. This will result in increased trust, dedication, and overall performance.

Zieliński & Adamska (2022) examined ESG perceptions among employees, management, and trade unions in large organisations. Their findings revealed that employees place greater trust in ESG programme implementation when they are developed in collaboration with unions or employee representatives. When ESG decisions are made solely by upper management, employees may perceive these initiatives as corporate branding strategies rather than genuine sustainability efforts. This echoes Grove & Clouse (2018), who emphasized the importance of open communication and unbiased decision-making to cultivate trust in ESG programmes.

Chen (2024) examined ESG implementation strategies in large corporations and their impact on employee perceptions. The study found that transparent leadership, clear sustainability goals, and accountability mechanisms enhance employees' trust in ESG programme implementation. Employees are more likely to perceive ESG efforts as credible when they see tangible actions from leadership rather than just verbal commitments. This is in line with Grove & Clouse (2018), who argued that trust and dedication toward ESG programme implementation are influenced by ethical decision-making and open communication.

The literature strongly emphasizes that employee perception plays a crucial role in the successful implementation of ESG programmes. When employees perceive genuine commitment from their organisations toward sustainability, it enhances job satisfaction, engagement, and loyalty. Factors such as organisational culture, leadership commitment, regulatory frameworks, and transparent communication significantly influence how employees view ESG programme implementation. Research highlights that a well-structured and inclusive ESG strategy not only fosters employee trust but also improves corporate reputation and financial performance. Thus, organisations must prioritize transparency, leadership involvement, and ethical governance to cultivate a positive ESG perception among employees, ensuring long-term sustainability and business success.

Independency of the Board of Directors

The role of independent directors is increasingly recognized in the context of ESG programmes, particularly concerning their influence on corporate governance and employee perceptions. Independent boards are often seen as essential for maintaining objectivity in decision-making and promoting long-term sustainability goals. Several studies highlight how board independence can enhance the implementation of ESG programme.

Halid et al. (2022) highlights that independent board members plays a critical role in improving organisational sustainability performance. Independent directors are found to be key advocates for ESG programmes, providing valuable oversight and ensuring that the management remains committed to sustainability goals. The study concludes that the active engagement of top management in ESG efforts leads to better alignment of corporate strategies with sustainability objectives, thereby enhancing the firm's overall performance in the ESG domain.

Besides that, Ismail & Latiff (2019) emphasize the role of independent directors in ensuring transparency and accountability, key components in the successful implementation of ESG programmes. Independent board members act as a safeguard against managerial bias and short-term profit motives, allowing for better alignment of ESG goals with long-term sustainability strategies. Through their independence, these board members ensure that ESG programme implementation is not only compliant with regulatory frameworks but also reflective of broader stakeholder interests. Their influence promotes genuine commitment to environmental, social, and governance objectives, rather than merely symbolic efforts. This oversight is particularly crucial in maintaining the credibility of ESG initiatives, ensuring they are integrated into corporate strategy and organisational culture.

Furthermore, Popov & Makeeva (2022) analysed that independent directors are crucial in enhancing ESG programme effectiveness, ensuring that corporate governance aligns with broader environmental and social goals. Independent board members help in holding the management accountable for ESG outcomes, thereby fostering improved corporate performance and stakeholder trust.

Jeyhunov, Kim & Bae (2025) examined the effects of board diversity on ESG performance in Korean companies, emphasizing that independent directors play a key role in fostering objective ESG strategies. The study found that companies with a higher proportion of independent directors implement more sustainable ESG policies and show greater transparency in corporate governance. This supports the argument that board independence mitigates conflicts of interest and prevents ESG greenwashing.

Similarly, Elmghaamez & Nwachukwu (2024) explored the relationship between ESG disclosure and financial performance in multinational enterprises. They found that firms with independent board standing committees tend to perform better in ESG programme implementation, as independent directors ensure that sustainability efforts align with financial accountability and risk management. The study highlights that the presence of independent board members significantly reduces ESG non-compliance and regulatory risks, reinforcing their importance in corporate sustainability strategies.

A study by Ferrreira (2024) on corporate governance structures confirmed that independent directors are crucial in ESG integration. The research found that firms with higher board independence were less likely to engage in greenwashing and were more committed to long-term sustainability goals. Independent board members act as watchdogs, ensuring that ESG programme implementation translate into meaningful actions rather than mere public relations exercises.

Further supporting these findings, Nor, Ismail & Nashri (2024) investigated the role of independent directors in Malaysian firms, concluding that board independence positively influences ESG performance. They found that companies with a higher proportion of independent board members reported improved environmental sustainability efforts, better social governance, and more robust ESG disclosures. These findings align with previous research emphasizing the role of board independence in aligning corporate strategies with ethical ESG commitments.

Ziogos (2023) studied credit institutions and ESG governance and found that financial institutions with independent directors tend to have stronger ESG adoption, particularly in highly regulated environments. The research revealed that independent directors enforce ESG compliance and integrate sustainability into risk management, ensuring long-term business resilience.

Singhania & Saini (2023) conducted a comparative analysis of developed and developing economies, showing that independent directors play a larger role in ESG disclosures in developed markets, while developing countries often rely more on external regulatory enforcement. Their study highlights the global differences in ESG governance frameworks, reinforcing the importance of independent directors in self-regulating corporate sustainability.

Finally, Gutiérrez-Ponce, Chamizo-González & García (2022) examined the link between board gender diversity, independence, and ESG compliance in Spanish companies. Their findings suggest that organisations with both gender-diverse and independent boards implement ESG programmes more effectively due to a balanced governance approach and diverse decision-making perspectives. This highlights the combined role of board diversity and independence in fostering strong ESG governance structures.

In conclusion, existing literature strongly supports the notion that independent directors enhance ESG implementation by ensuring transparency, accountability, and ethical corporate governance. Studies from various industries and global regions consistently demonstrate that firms with independent board members are more committed to sustainability and less likely to engage in greenwashing. As companies increasingly integrate ESG principles, independent directors serve as key enablers of long-term corporate sustainability success.

Adequacy of Reporting & Auditing of Annual Financial Statements

Robust financial reporting and rigorous auditing are essential to the successful implementation of ESG programmes. Companies that incorporate ESG factors into their financial reporting can provide a more comprehensive view of their performance, leading to greater transparency and accountability. This enhances stakeholder trust and facilitates better decision-making, both internally and externally. The integration of ESG criteria into audits also ensures that the sustainability objectives of the organisation align with its broader financial goals.

Grujić & Vojinović (2023) discuss the challenges accountants face in ensuring the adequacy of ESG reporting. The study emphasizes that many organisations lack the necessary skills to integrate ESG factors into financial statements, resulting in incomplete or insufficient reporting. The research highlights the need for capacity-building among accounting professionals to ensure the effective implementation of ESG programmes, particularly in times of crisis.

Christensen (2024) investigated the challenges pension funds face in ensuring adequate ESG reporting due to regulatory requirements and information gaps. The study emphasizes that pension funds struggle with integrating ESG data into financial reports due to inconsistent regulations and a lack of standardized reporting frameworks. This supports previous findings by Grujić & Vojinović (2023), who highlighted that many organisations lack the necessary expertise to integrate ESG into financial statements, resulting in incomplete or inaccurate reporting.

Moreover, Sharma & Manjhi (2022) argue that the traditional internal audit framework must evolve to incorporate ESG factors, ensuring transparency and accountability. The paper highlights the need for auditors to collaborate with management in the development and implementation of ESG programmes, ensuring that financial statements accurately reflect sustainability-related risks and opportunities.

A study by Christie (2024) explored how ESG reporting serves as a sustainability performance measurement in educational institutions. The research highlights that non-financial reporting frameworks must be improved to provide more reliable ESG disclosures, ensuring that organisations integrate sustainability into financial decision-making. This aligns with Sharma & Manjhi (2022), who argued that traditional audit frameworks must evolve to incorporate ESG factors, particularly in ensuring financial transparency.

In addition, Kolsi & Al-Hiyari (2024) explore the impact of internal audit functions, particularly in relation to audit budgeting and ESG performance scores.

Their study demonstrates how outsourcing audit functions affects ESG-related financial disclosures, emphasizing the need for robust audit practices to support ESG initiatives.

Meerbeck & Olieslagers (2024) examined ESG requirements in the banking sector, concluding that financial institutions require stronger ESG auditing practices to prevent greenwashing. Their study suggests that banks must develop robust internal auditing mechanisms to ensure ESG initiatives translate into tangible financial impacts. This is consistent with Kolsi & Al-Hiyari (2024), who found that outsourcing audit functions affects ESG disclosures, emphasizing the need for strong internal audit controls.

A comparative study by Singhania & Saini (2023) analysed ESG disclosure frameworks in developed and developing economies, revealing significant differences in ESG auditing practices. In developed markets, independent auditors play a larger role in verifying ESG reports, whereas developing nations rely more on regulatory enforcement to ensure ESG compliance. This highlights the urgent need for a global ESG auditing framework to improve standardization and comparability across industries.

Klösch (2023) explored how non-financial reporting and CSR investments impact ESG assurance. The study found that corporate governance structures must integrate independent audit mechanisms to verify ESG disclosures, reducing the risk of misleading sustainability claims. This supports the argument that external ESG auditing is essential for ensuring data reliability and investor confidence.

Daidj (2024) analysed the evolution of internal auditing and ESG criteria compliance, highlighting the role of modern audit methodologies in improving ESG assurance. The research found that firms integrating ESG into their internal audit processes report higher compliance levels and better sustainability performance outcomes.

Finally, Redelinghuys (2024) conducted a comparative analysis of ESG reporting harmonization across South Africa, the USA, and the UK, revealing that global ESG reporting standards remain fragmented. The study suggests that a harmonized ESG reporting framework could improve the quality of financial disclosures and reduce inconsistencies in sustainability reporting across industries.

In summary, recent research underscores the critical role of financial reporting and auditing in ESG implementation, emphasizing the need for standardized regulations, internal auditing mechanisms, and robust assurance frameworks. As organisations face increasing pressure to integrate ESG into corporate strategy, enhancing audit oversight and reporting transparency will be essential for long-term sustainability success.

Top Management Commitment

The role of top management in ESG programme implementation is pivotal for successful integration and execution. Management's commitment ensures that ESG initiatives are not only aligned with corporate strategies but also adequately supported by resources, policies, and a corporate culture that fosters sustainable practices. Studies have shown that organisations with committed leadership are more likely to achieve effective ESG outcomes and gain trust from both employees and external stakeholders.

A study by Lexe & Lago (2023) explores how top management commitment drives the implementation of ESG strategies in the automotive manufacturing industry. The research highlights that leadership plays a critical role in integrating ESG practices by adopting a top-down approach, where senior executives champion sustainability goals. It further explains that management commitment ensures that ESG initiatives are not sidelined but are central to strategic planning and resource allocation.

Glossner et al. (2020) investigated responsible institutional investing and found that companies with strong top management commitment to ESG principles tend to attract more sustainable investments. The study revealed that senior executives' endorsement of ESG strategies enhances corporate governance, resulting in higher investor confidence and ESG performance. This aligns with Lexe & Lago (2023), who emphasized that leadership plays a crucial role in driving ESG strategies through a top-down approach.

Islam et al. (2021) highlights that top management commitment is a critical driver in the successful implementation of ESG programmes. It underscores the importance of leadership in aligning corporate policies with sustainability goals and fostering a culture of engagement among employees. By ensuring that top executives are actively involved, companies are better able to embed sustainability into their operational strategies, thereby enhancing their overall performance in terms of ESG outcomes.

A study by Nguyen, Ozawa & Fan (2024) explored the impact of executive values on ESG adoption in multinational corporations. They found that companies with top executives who prioritize sustainability outperform their competitors in ESG metrics, reinforcing the idea that leadership commitment directly influences ESG performance. This supports Islam et al. (2021), who argued that active involvement of executives enhances ESG adoption across various corporate functions.

In a study by Chien (2023), it emphasizes that the active involvement of management is crucial for aligning business practices with the United Nations' Sustainable Development Goals (SDGs). Effective ESG implementation, as the study finds, depends significantly on management's leadership in fostering ESG initiatives, setting clear priorities, and ensuring that sustainability practices are integrated across all levels of the organisation. This leadership not only drives ESG success but also enables companies to contribute meaningfully to achieving global sustainability targets like the SDGs.

Zhang, Tan & Gao (2024) examined the impact of executives' environmental backgrounds on corporate ESG performance, highlighting that leaders with prior sustainability experience drive stronger ESG adoption. The study found that organisations with environmentally conscious executives were more likely to integrate ESG principles into their business strategies, ensuring long-term sustainability success. These findings align with Chien (2023), who emphasized that top management commitment is crucial in achieving global sustainability targets such as the UN’s Sustainable Development Goals (SDGs).

De Beaufort & Chaïb (2024) analysed how executive compensation policies affect ESG commitment, revealing that firms that link ESG goals to executive bonuses tend to achieve better ESG performance. This highlights that financial incentives for top management can be an effective mechanism for aligning corporate strategies with sustainability objectives.

Xie, Qin & Li (2024) explored the relationship between ESG performance and corporate carbon reduction strategies. Their research found that companies with strong top management commitment reduce carbon emissions more effectively, demonstrating that leadership engagement is a key factor in achieving tangible ESG outcomes. These findings align with Chien (2023), who emphasized that active leadership involvement helps companies align their business practices with global sustainability goals. The study highlights that management-driven ESG strategies contribute significantly to achieving the United Nations' Sustainable Development Goals (SDGs) by setting clear priorities, ensuring sustainability integration, and fostering organisation-wide commitment.

Schaumberger & Dasayanaka (2023) studied ESG integration in Swedish companies and found that firms with dedicated sustainability teams and strong leadership support outperform those where ESG efforts are decentralized. Their study suggests that sustainability officers and leadership collaboration improve long-term ESG compliance and reporting quality.

Lastly, Carneiro, Nóvoa & Carvalho (2025) conducted a literature review on continuous improvement methodologies and ESG performance, concluding that lean management, Six Sigma, and sustainability-focused leadership can optimize ESG strategies. Their findings indicate that organisations with leaders who actively champion ESG policies tend to integrate sustainability into their corporate culture more effectively.

These studies reinforce the argument that top management commitment is crucial for successful ESG implementation. Organisations with high leadership engagement in ESG initiatives tend to achieve better financial and sustainability performance, improve regulatory compliance, and gain stronger investor confidence. As the corporate world shifts toward sustainability-driven business models, management commitment will remain a key determinant of ESG success.

Transparency

Transparency is a fundamental element of successful ESG programme implementation. It enables organisations to communicate their sustainability goals clearly to stakeholders and provides a foundation for accountability. Transparent ESG reporting also enhances investor confidence and supports effective decision-making, making it an essential part of corporate governance frameworks.

Gond et al. (2018) highlights the importance of transparency in ESG programme implementation, noting that enhanced ESG transparency allows companies to adjust and improve their external ESG reporting. The research emphasizes that ESG transparency plays a key role in building trust with stakeholders and ensuring that sustainability efforts are aligned with investor expectations. Transparency not only helps in communicating ESG goals but also adds measurable value to corporate performance by ensuring stakeholder engagement.

Thanh (2023) discusses the challenges companies face in achieving ESG transparency, particularly in developing countries. The study found that transparency in ESG data was limited due to a lack of standardized reporting frameworks. However, companies that adopted transparent ESG practices experienced improved investor relations and better stakeholder engagement. The research stresses the importance of transparency in ESG implementation, particularly in ensuring that the social and environmental aspects of corporate activities are accurately communicated.

Ahmed & Hossain (2022) investigated challenges in ESG transparency in developing countries, highlighting that firms in emerging markets often lack standardized ESG reporting frameworks, leading to information asymmetry and reduced stakeholder confidence. Their research supports Thanh (2023), who noted that ESG transparency challenges are particularly prevalent in developing nations.

Zainon et al. (2020) examines the impact of ESG transparency on the financial performance of public listed companies in Malaysia. The study highlights that companies with higher ESG transparency tend to perform better financially, as they attract more responsible investors. The authors emphasize the importance of clear and comprehensive ESG reporting for enhancing stakeholder confidence and meeting international standards.

Losa-Jonczyk & Papa (2024) examined the role of machine learning in ESG disclosure analysis, emphasizing that technology-driven transparency improves stakeholder confidence and prevents greenwashing in corporate sustainability reports. Their study highlights that AI-based ESG disclosure tools can enhance accuracy in corporate governance reporting, ensuring greater reliability in sustainability data.

A study by García-Sánchez & Araujo-Bernardo (2023) explored the impact of mandatory ESG reporting requirements on corporate governance transparency. They found that regulations requiring companies to disclose ESG data result in better governance outcomes, as firms are more likely to comply with sustainability standards when transparency is enforced by law.

Similarly, Liang et al. (2023) analysed the link between ESG transparency and firm performance in Asian markets, concluding that higher ESG disclosure levels correlate with stronger financial performance and investor trust. Their findings align with Zainon et al. (2020), who emphasized the importance of clear ESG reporting in attracting responsible investors.

A study by Biondi & Bracci (2024) focused on public sector ESG transparency, emphasizing that government agencies and state-owned enterprises face unique challenges in ESG disclosure, particularly regarding stakeholder engagement and regulatory compliance.

Cui & Wu (2024) examined the role of blockchain technology in enhancing ESG transparency, finding that blockchain applications can improve the accuracy and reliability of ESG data by creating tamper-proof sustainability disclosures. Their research suggests that blockchain-based ESG reporting systems reduce greenwashing risks and enhance corporate accountability.

Lastly, Khatib et al. (2024) conducted a meta-analysis on ESG transparency and corporate governance, concluding that firms with strong governance structures are more likely to provide accurate and comprehensive ESG disclosures. Their study reinforces the importance of board independence and oversight in ESG transparency practices.

These studies reinforce that ESG transparency is essential for effective corporate governance and sustainable business practices. Organisations that prioritize clear, accurate, and standardized ESG disclosures tend to experience stronger stakeholder trust, financial performance, and regulatory compliance. As technology and regulatory frameworks evolve, firms must enhance their ESG transparency efforts to align with global sustainability standards.

2.4 Hypotheses Development

This study formulates four research hypotheses, each aligned with the research objectives to examine key factors influencing employee perceptions of ESG programme implementation.

Hypothesis 1

The independency of the board of directors plays a crucial role in ensuring effective ESG oversight, unbiased decision-making, and accountability. Independent boards act as governance mechanisms that protect against short-term profit motives and ensure that ESG initiatives align with long-term sustainability goals. According to

Ismail et al. (2019), independent board members serve as advocates for corporate social responsibility and sustainability initiatives by mitigating conflicts of interest and enhancing ESG transparency. Their study found that companies with higher board independence are more likely to implement credible ESG strategies, leading to greater employee trust and engagement. Employees, who are the key stakeholders in any organisation, are likely to perceive the effectiveness of an ESG programme based on the role played by the Board in promoting transparency and accountability. Therefore, it is hypothesized that there is a relationship between the independence of the Board of Directors and employees' perception of the effectiveness of ESG programme implementation.

According to a study by Ferreira (2024), independent board members significantly foster ESG programme implementation by ensuring governance structures are aligned with long-term sustainability. Independent directors play a critical role in mitigating managerial opportunism and ensuring that ESG goals are pursued earnestly, not just for regulatory compliance or marketing purposes. Employees perceive a higher degree of organisational integrity and commitment to ESG goals when independent boards are actively engaged in overseeing these programmes. This enhances overall trust and positively influences employee perception of the company's ESG programmes.

In a study conducted by Khan et al. (2023), the role of independent directors in fostering an organisational culture that embraces ESG goals is discussed in the context of employee perception. The study indicates that employees are more inclined to support ESG programmes when governance is transparent, especially if independent directors actively champion ESG compliance. The authors surveyed over 150 employees and found that 85 strongly agreed that the presence of independent directors positively influenced their trust in the company's commitment to ESG programmes.

Moreover, Ahmad et al. (2021) found that the independence of the Board of Directors positively influences organisational transparency and corporate governance. Their study, which focused on Malaysian firms, concluded that an independent Board of Directors fosters an environment where ESG initiatives are more effectively implemented, as they ensure accountability and resist undue influence from management. This governance structure helps build employee trust in the programme, leading to a more favourable perception of its effectiveness.

Hypothesis Statement:

H_1: There is a relationship between independency of the Board of Directors and employee's perception towards effectiveness of ESG programmes implementation.

Hypothesis 2

The adequacy of financial reporting and auditing is a fundamental factor in building trust and ensuring the reliability of ESG initiatives. Transparent and accurate financial disclosures enhance employee confidence in corporate sustainability efforts by demonstrating a commitment to ethical accountability and regulatory compliance. According to Zhang & Guo (2024), ESG performance can significantly influence corporate audit efficiency, highlighting that well-integrated ESG reporting structures lead to better transparency and financial oversight. Their study found that firms with robust ESG-related audit mechanisms experience greater investor confidence and stronger internal stakeholder trust, including employees. Employees are more likely to view ESG initiatives favourably when they perceive clear financial disclosures that validate corporate sustainability claims. Thus, it is hypothesized that effective reporting and auditing of financial statements is significantly linked to how employees perceive the success of ESG programme implementation.

Kolsi & Al-Hiyari (2024) explored the role of internal auditing and its link to ESG performance in Malaysian firms. The study demonstrated that robust internal audit practices, particularly related to the adequacy of financial reporting, improve the transparency and accountability of ESG programmes. As employees are key observers of these practices, they are more likely to view the ESG efforts as trustworthy when financial statements are audited comprehensively, thereby positively influencing their perception of the programme's effectiveness.

Furthermore, a study by Mohd Said et al. (2020) emphasized the importance of audit committees in ensuring the adequacy of sustainability-related disclosures. The research highlighted that when financial statements and sustainability reports are accurately audited, employees tend to have a more favourable perception of the company's ESG initiatives. This is because transparent financial reporting assures employees that the organisation is committed to ethical governance and sustainability practices.

Pratama et al. (2022) examined how International Financial Reporting Standards (IFRS) influence ESG disclosures across Southeast Asian countries, including Malaysia. Their findings suggest that adherence to adequate reporting standards and the rigorous auditing of financial statements contribute significantly to the credibility of ESG initiatives. Employees, as internal stakeholders, perceive these transparent financial practices as a reflection of the organisation's broader commitment to sustainability, which enhances their trust in the effectiveness of the ESG programme.

Hypothesis Statement:

H_2: There is a relationship between adequacy of reporting & auditing of financial statements and employee's perception towards effectiveness of ESG programme implementation.

Hypothesis 3

Top management commitment is a key determinant of successful ESG programme implementation, as corporate leadership sets the strategic direction and fosters an organisational culture of sustainability. Employees are more likely to engage with ESG initiatives when senior executives demonstrate clear and consistent commitment to sustainability goals. A study by Ramires & Veselova (2024) highlights that top management's role in driving sustainability policies significantly impacts employee engagement. Their findings indicate that companies with actively involved leadership achieve better ESG integration across all levels of the organisation, as employees tend to align more strongly with corporate sustainability values when they witness genuine managerial support. Furthermore, leaders who prioritize ESG as a core business strategy contribute to a culture of ethical responsibility, reinforcing employee trust in organisational sustainability efforts. Accordingly, it is hypothesized that a significant association exists between top management commitment and how employees perceive the effectiveness of ESG programme implementation.

A study by Rosley et al. (2023) underscores the importance of top management involvement in shaping employees' perceptions of ESG initiatives. Their findings indicate that when top executives are committed to sustainability, they not only provide the necessary resources but also foster a culture of transparency and ethical conduct. This leadership commitment strengthens employee confidence in the ESG programme, as employees perceive the organisation's dedication to sustainability as authentic and effective.

Similarly, Zahari et al. (2024) explored the role of ethical leadership in promoting governance and sustainability. The research found that top management's commitment to ESG practices, particularly through ethical decision-making and leadership, plays a crucial role in influencing employees' perceptions. When leaders actively engage with ESG principles and demonstrate their commitment through actions, employees are more likely to perceive the ESG programme as effective and aligned with the organisation's long-term goals.

According to Jean (2024), top management commitment is pivotal in shaping employee perceptions of ESG programmes by cultivating a culture of ethical responsibility and integrating sustainability into organisational practices. The study found that organisations where executives actively champion ESG initiatives experience higher employee engagement and stronger alignment with corporate sustainability objectives. Employees are more likely to perceive ESG efforts as credible and meaningful when senior leaders demonstrate visible support and actively participate in sustainability initiatives. Jean (2024) further highlights that companies with dedicated sustainability leadership report increased trust and motivation among employees, as they feel more connected to the organisation's

ESG values. The study also emphasizes that clear communication and strategic leadership in ESG programmes lead to enhanced job satisfaction and a stronger sense of commitment to sustainability efforts.

Hypothesis Statement:

H_3: There is a relationship between top management commitment and employee's perception towards effectiveness of ESG programme implementation.

Hypothesis 4

Transparency is widely acknowledged as a fundamental aspect of ESG implementation, as it facilitates the clear communication of sustainability goals, reinforces ethical accountability, and fosters trust among stakeholders. Employees are more likely to engage with corporate ESG programmes when transparency is embedded into governance structures and reporting mechanisms. According to Zhang, Zhang & Tu (2024), corporate ESG transparency significantly influences employee satisfaction and trust, as it provides assurance that sustainability initiatives are aligned with ethical governance frameworks. Their study found that organisations that openly disclose their ESG commitments, performance, and progress foster higher employee engagement and organisational identification. Furthermore, transparent ESG policies help mitigate scepticism by ensuring that sustainability efforts are perceived as authentic rather than performative. Thus, it is hypothesized that organisational transparency is significantly associated with how employees perceive the effectiveness of ESG programme implementation.

Castro & Gradillas (2022) focus on the importance of transparency in ESG metrics and activities within organisations. They argue that clear communication and openness regarding ESG performance indicators play a crucial role in shaping employee perceptions. Transparent ESG reporting not only increases trust but also helps align employee expectations with the organisation's sustainability goals, fostering a positive view of the ESG programme's effectiveness.

Similarly, Lexe & Lago (2023) emphasize the importance of transparency in the automotive manufacturing industry, arguing that clear communication of ESG strategies to employees enhances their understanding and trust in the company's sustainability initiatives. The authors find that employees are more likely to perceive ESG efforts positively when they are provided with transparent and comprehensive information regarding the company's commitment to sustainability.

According to Choi et al. (2024), ESG transparency fosters a culture of trust and collaboration, significantly shaping how employees perceive corporate sustainability efforts. Their study found that greater transparency in ESG disclosures enhances job satisfaction, employee motivation, and engagement, as it reinforces the credibility of corporate sustainability commitments. Furthermore, the research suggests that employees who perceive ESG transparency as genuine and aligned with organisational values exhibit higher levels of trust and long-term commitment to the company's sustainability goals.

Hypothesis Statement:
H_4: There is a relationship between transparency and employee's perception towards effectiveness of ESG programme implementation.

2.5 Conclusion

In summary, this chapter examined relevant papers from various journals, theses, and publications by several academics, which illuminated employees' perceptions regarding the implementation of ESG programmes in the organisation. The foundational theory was highlighted to enhance comprehension of independent and dependent variables, which facilitated the formulation of research framework. Lastly, hypotheses development of the study has been discussed and supported with previous research study.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter outlines the research design, which employs a quantitative approach to assess Malaysian employees' perceptions of ESG programme implementation within their organisations. The second section discussed on the target population and sampling of the study. The third section focus on research instruments, which questionnaires were used for data collection. The fourth section discussed on data collection procedures in this study. The fifth and sixth section focus on pre-test and pilot test. The seventh section discussed on data analysis and follow by the last section which is the summary of the entire chapter’s discussion.

3.1 Research Design

The research design adopted in this study follows a quantitative approach within the positivist paradigm, utilizing a structured questionnaire to collect primary data. This paradigm emphasizes objectivity, empirical measurement, and statistical rigor in deriving conclusions. A quantitative method was chosen for its ability to gather standardized information, allowing for efficient comparison and statistical analysis (Creswell & Creswell, 2023). The questionnaire included 5-point Likert-scale questions to capture respondents' perceptions. Data collection has been conducted through online surveys, using platforms such as Google Forms to ensure accessibility and a broad reach to participants. After data collection, statistical techniques such as descriptive analysis and inferential analysis, including correlation and regression analysis, have been employed to examine relationships between variables and derive meaningful insights from the data (Bryman, 2022). This research design ensures systematic data collection, enabling the identification of trends that support the study’s objectives.

Descriptive analysis plays a crucial role in this study as it provides a summary of the key features of the collected data. This approach involves computing basic statistical measures such as means, frequencies, percentages, and standard deviations to present a clear picture of the respondents' demographic characteristics and their responses to the study variables (Saunders, Lewis & Thornhill, 2023). Descriptive statistics allow researchers to interpret data distributions and central tendencies, offering an initial understanding of trends and patterns. Additionally, inferential analysis has been applied to examine relationships between variables and draw conclusions about the broader population based on the sample data. Techniques such as correlation analysis and regression analysis have been used to test hypotheses and explore cause-and-effect relationships (Hair et al., 2021). These combined analyses help contextualize the findings and provide evidence-based insights that contribute to the research objectives.

3.2 Target Population & Sampling

The target population refers to the specific group of individuals that the researcher intends to study. Selecting an appropriate target population ensures that the findings are relevant and can be generalized to the broader group being studied (Acharya et al., 2020). In this study, the target population consists of employees from Hicom Glenmarie Industrial Park, Shah Alam, within the age of 18 to above 61 years old.

The sample size for this study is determined based on the scope of the research and the need for statistical reliability. A sufficient sample size is critical for ensuring the validity of the findings, as it allows for more accurate generalizations to the target population (Thompson et al., 2020). In this study, an estimated 5,000 employees work across various industries in Hicom Glenmarie Industrial Park, Shah Alam. The research focused on white-collar employees, assumed to constitute 10% of the total population, leading to a calculated sample size of 217 based on Krejcie and Morgan (1970). Ultimately, 224 survey questionnaires were collected.

The sampling technique utilized in this study is random sampling, chosen for its ability to ensure that each member of the target population has an equal chance of being selected. This method is particularly effective in reducing selection bias and enhancing the generalizability of the results (Thompson et al., 2020). By randomly selecting participants, the study aims to produce a sample that is representative of the broader population, thereby improving the accuracy and validity of the findings. Random sampling also allows for the application of statistical techniques that can confidently infer relationships between the variables under study.

3.3 Research Instruments

This study utilized a questionnaire as one of the primary research instruments to address its objectives. As illustrated in Table 3.1, the questionnaire is organized into three sections: Section A collects respondents' demographic information, Section B covers items related to the independent variables, and Section C focuses on the dependent variable.

Table 3.1: Pattern of Survey Questionnaires

	Sections	Sources
Section A	Demographic Profile	Choi, Jeong & Park (2024)
Section B	Independency of the Board of Directors	Ismail et al. (2019)
	Adequacy of Reporting & Auditing of Financial Statements	Zhang & Guo (2024)
	Top Management Commitment	Ramires & Veselova (2024)
	Transparency	Zhang, Zhang & Tu (2024)
Section C	Employee Perception towards ESG Programme Implementation	Khamisu, Paluri & Sonwaney (2024)

According to Table 3.2, section A relates to the respondents' demographic profile and background information. In alignment with the study conducted by Choi, Jeong & Park (2024), the demographic profile classification for this research includes variables such as gender, age, education level, and years of experience within the organisation.

Table 3.2: Demographic Profile Design

Questions	Choice of Answer
Gender	Male Female
Age	20 years old and below 21 – 30 years old 31 – 40 years old 41 – 50 years old 51 – 60 years old 61 years old and above
Education Level	Certificate Diploma Bachelor's Degree Master Doctor of Philosophy Professional Qualification Other Qualification: ________________________
Years of Experience in the Organisation	Less than 1 year 1 – 10 years 11 – 20 years 21 – 30 years More than 30 years

According to Table 3.3, Section B focuses on assessing the study's independent variables, which include the independency of the Board of Directors, the adequacy of reporting and auditing of financial statements, top management commitment, and transparency. Items included in the questionnaire are adopted from several research scholars. 5-point Likert scale (5 = Strongly Agree, 4 = Agree, 3 = Neither Agree nor Disagree, 2 = Disagree, 1 = Strongly Disagree) was applied in this section. This can result in higher response rate and data accuracy of collected data (Babakus & Mangold, 1992). The six questionnaire items on the Independency of the Board of Directors were adopted and tailored based on the concepts and findings presented by Ismail et al. (2019), aligning with their conclusions about the pivotal role independent boards play in ESG practices and governance effectiveness. Besides that, the study by Zhang & Guo (2024) supports the development of the six questionnaire items related to the Adequacy of Reporting & Auditing of Financial Statements. Specifically, the emphasis on audit efficiency and audit latency is relevant to the questions on the quality of audit procedures, their role in building confidence in ESG implementation, and how regular audits contribute to better decision-making. Moreover, the six questions on Top Management Commitment have been adapted from Ramires & Veselova's (2024) insights, reinforcing the idea that strong top-level leadership is integral to the successful implementation and performance of ESG initiatives. Furthermore, the six questions on Transparency—including how employees perceive clear communication of ESG efforts, the openness of ESG-related decisions, and the role of transparency in trust-building—are adapted from the insights provided by Zhang, Zhang & Tu (2024). This connection underlines the importance of transparent ESG behaviour in influencing positive employee perceptions and satisfaction.

Table 3.3: Questionnaire Design of Independent Variables

Variables	Statement
Independency of the Board of Directors	1. The board of directors operates independently from the management in making decisions related to the ESG programme. 2. Independent board members prioritize the long-term sustainability of the ESG initiatives. 3. The independent directors effectively monitor management's implementation of the ESG programme. 4. Employees believe that the independence of the board increases the effectiveness of the ESG programme. 5. Independent board members take corrective actions to improve the ESG programme when necessary. 6. The presence of independent directors ensures accountability in ESG-related decisions.
Adequacy of Reporting & Auditing of Financial Statements	1. The organisation's financial statements are adequately audited, providing reliable data for ESG programme evaluation. 2. Employees believe that accurate financial reporting enhances the credibility of the ESG programme. 3. The effectiveness of audit procedures ensures confidence in the ESG implementation process. 4. Effective communication during financial audits promotes employee trust in ESG programme outcomes.

	5. Auditing and reporting on financial performance contribute to better ESG decision-making when conducted regularly. 6. Adequate financial reporting increases employee confidence in the organisation's long-term ESG goals.
Top Management Commitment	1. The top management is highly committed to the successful implementation of the ESG programme. 2. Employees feel motivated when top management demonstrates active involvement in the ESG programme. 3. The leadership's dedication to ESG initiatives is effectively communicated to all employees. 4. Employees believe that top management's commitment positively impacts the effectiveness of the ESG programme. 5. The organisation's leaders consistently prioritize ESG-related issues in their strategic decisions. 6. Management's actions align with their expressed commitment to the ESG programme's success.
Transparency	1. The organisation ensures transparency in communicating ESG-related information to all employees. 2. Transparent reporting of the organisation's ESG progress improves employee trust in the programme. 3. Employees are regularly informed about the outcomes and impacts of the ESG initiatives. 4. The organisation's transparent decision-making process enhances the effectiveness of the ESG programme. 5. Open communication about the ESG programme's objectives and achievements fosters employee engagement. 6. The organisation's transparency in ESG-related matters increases employee confidence in its sustainability efforts.

According to Table 3.4, section C consists of ten items, which focus on employee perception towards ESG programme implementation. Items in questionnaire adopted from Khamisu, Paluri & Sonwaney (2024) with the research tittle of stakeholders' perspectives — including employees on critical success factors for ESG implementation. The findings from this study are highly relevant to understanding how employees view the effectiveness and execution of ESG initiatives. The authors highlight that employees are more likely to have a positive perception of ESG implementation when they observe strong leadership commitment, clear communication of ESG goals, and visible progress toward achieving those goals. Similarly to previous section, 5-point Likert scale (5 = Strongly Agree, 4 = Agree, 3 = Neither Agree nor Disagree, 2 = Disagree, 1 = Strongly Disagree) was applied.

Table 3.4: Questionnaire Design of Dependent Variable

Variable	Statement
Employee Perception Towards ESG Programmes Implementation	1. I believe that the ESG programme is being effectively implemented to support our organisation's sustainability efforts. 2. The implementation of the ESG programme aligns well with the organisation's core values. 3. I am confident that the company is actively working towards achieving its ESG objectives through ongoing implementation. 4. The communication around the implementation of the ESG programme is clear and understandable to all employees. 5. I feel that the ESG programme is effectively integrated into the organisation's daily operations. 6. The way the ESG programme is being implemented encourages employees to participate in sustainability initiatives. 7. I believe that the company is effectively implementing its ESG programme to enhance its industry reputation. 8. The implementation of the ESG programme positively affects employee morale. 9. I am kept informed about the progress of the ESG programme's implementation within the organisation. 10. I perceive that the ESG programme is being implemented as a long-term strategic priority for the organisation.

3.4 Data Collection

The data collection procedures in this study involved the use of a structured questionnaire, distributed to the selected sample via online platforms such as Google Forms. Prior to distribution, the questionnaire has been pre-tested by the academic and industry experts. Besides that, the questionnaire has been pilot tested with a small group to ensure clarity and relevance, as well as to identify any potential issues with the questions or format. After finalizing the instrument, data collection proceeded by sending invitations to participants, followed by reminder messages to ensure a high response rate (Creswell & Creswell, 2023). Participants has been given a specified time frame of four weeks to complete the survey, and all responses were collected electronically. The data has been securely stored and prepared for analysis by coding and inputting responses into statistical software, ensuring accuracy and consistency throughout the process.

In addition, since this study collects responses for both independent variables (IVs) and the dependent variable (DV) from the same respondents, there is a potential risk of Common Method Variance (CMV), which may lead to inflated relationships between variables (Podsakoff et al., 2020). To minimize this risk, several procedural remedies were implemented during data collection. Anonymity and confidentiality were ensured to reduce social desirability bias, and survey questions were designed with clear and neutral wording to avoid leading responses (MacKenzie & Podsakoff, 2021). Additionally, respondents were informed that there were no right or wrong answers, helping to mitigate common rater effects, where individuals might unintentionally provide consistent responses due to perceived expectations. Priming effects were also minimized by structuring the questionnaire to prevent respondents from directly associating IVs with the DV while answering. These preventive measures align with best practices in research methodology to enhance data integrity and validity, ensuring that potential biases are minimized during data collection (Saunders, Lewis & Thornhill, 2023).

Moreover, in accordance with the Personal Data Protection Act (PDPA), this study ensures that ethical considerations are upheld throughout the data collection process. Prior to participation, informed consent was obtained from all respondents, clearly outlining the study's purpose, voluntary nature, and the right to withdraw at any stage. To maintain confidentiality and anonymity, no personally identifiable information was collected, and all data was securely stored with restricted access to authorized personnel only. Furthermore, the study complied with PDPA regulations to prevent unauthorized access or misuse of data. All responses were used solely for research purposes and presented in an aggregated format to protect participant identities and ensure ethical integrity.

3.5 Pre-test

Pre-test has been conducted in this research before the pilot test and actual survey. The purpose of conducting a pre-test is to ensure that the questionnaire is clear, relevant, and aligned with the research objectives (Saunders, Lewis & Thornhill, 2023). In this process, two academic experts and one industry expert in corporate governance were approached to review the questionnaire. An evaluation form was provided to them to systematically assess the clarity, relevance, and structure of the questions. By seeking expert feedback, potential ambiguities, biases, or inconsistencies in the questionnaire were identified and addressed (Creswell & Creswell, 2023). The revisions made based on expert input aimed to enhance content validity and improve the clarity of questions, ensuring that they effectively capture the intended variables (Bryman, 2022). This process also helped refine the questionnaire’s structure, wording, and response options to minimize respondent confusion. After incorporating the suggested amendments, the improved version of the questionnaire was finalized for the pilot test, which further assessed its reliability and feasibility before proceeding with the actual data collection (Hair et al., 2021).

3.6 Pilot Test

After the pre-test, a pilot test was conducted in this research. The purpose of the pilot test was to evaluate the reliability and validity of the questionnaire before the actual survey. This step ensured that the questions were well-structured, easily understood, and capable of accurately measuring the intended variables (Saunders, Lewis & Thornhill, 2023). A total of 20 respondents were targeted for the pilot test, and the questionnaire was distributed via Google Forms over a period of one week to allow sufficient time for responses.

To assess the internal reliability of the instrument, Cronbach's alpha was calculated for each construct. A Cronbach's alpha value of 0.70 or higher is generally considered acceptable for reliability (Hair et al., 2021). This test helped determine the consistency of responses within each variable, ensuring that the measurement items effectively captured the intended constructs (Creswell & Creswell, 2023). Additionally, the validity of the questionnaire was reviewed based on feedback from respondents regarding clarity, relevance, and ease of completion. The results of the pilot test indicated that there were no mistakes or problems in the questionnaire. Therefore, the researcher proceeded with using the finalized questionnaire for the actual data collection phase.

Table 3.5: Pilot Test Result for Inter-item Consistency

Variables	**Cronbach's alpha**	**N of Items**
Independency of The Board of Directors	0.864	6
Adequacy of Reporting & Auditing of Financial Statements	0.921	6
Top Management Commitment	0.900	6
Transparency	0.935	6
Employee Perception Towards ESG Programmes Implementation	0.967	10

Based on Table 3.5, the overall inter-item consistency is strong, with all values exceeding 0.7. According to Hair et al. (2021), the value of 0.70 or higher are consider as acceptable and reliable. From the table above, employee perception towards ESG programmes implementation got the highest value, which is 0.967. While independency of the Board of Directors got the lowest value, which is 0.864.

3.7 Data Analysis

Data analysis for this study has been conducted using SPSS Version 27, a comprehensive statistical software widely used in quantitative research for its robust data management and analysis capabilities (Pallant, 2020). After the data was collected, it has been coded and entered into SPSS, where initial steps included data cleaning to address any missing or inconsistent responses. Descriptive statistics, such as means, frequencies, and standard deviations, has been calculated to summarize the key characteristics of the dataset. Following this, inferential statistical techniques, including correlation analysis and regression analysis, has been applied to examine relationships between variables and test the research hypotheses. The use of SPSS Version 27 ensures the reliability and precision of the statistical procedures, providing accurate results that support the study's findings.

3.7.1 Reliability and Validity

Reliability and validity have been employed in this study to ensure the accuracy and credibility of the research findings. Reliability refers to the consistency and stability of the measurement instrument, ensuring that the questionnaire produces similar results under consistent conditions (Hair et al., 2021). To assess reliability, Cronbach's alpha was used to evaluate the internal consistency of the questionnaire items, where a coefficient of 0.70 or higher is considered acceptable (Saunders, Lewis & Thornhill, 2023). Meanwhile, validity determines whether the instrument accurately measures the intended constructs. In this study, content validity was ensured through expert review during the pre-test phase, where academic and industry experts assessed the clarity and relevance of the questionnaire items (Creswell & Creswell, 2023). Additionally, construct validity was examined through pilot testing, ensuring that the questionnaire adequately represents the theoretical framework. By incorporating both reliability and validity measures, this study enhances the credibility of its findings and ensures the robustness of the research instrument.

3.7.2 Descriptive Analysis

Descriptive analysis was used to calculate the means and standard deviations for both the independent and dependent variables. A five-point Likert scale was employed to interpret the mean scores, with specific ranges corresponding to low, average, and high levels of agreement or perception, as outlined by Abu-Baker et al. (2019). This approach not only addressed the four research objectives but also facilitated the analysis of the demographic profile by identifying frequency percentages.

Table 3.6: Means Score Interpretation on 5-Point Likert Scale

Mean Scale Interval	Interpretation
1.00 – 1.80	Very Low
1.81 – 2.60	Low
2.61 – 3.40	Average
3.41 – 4.20	High
4.21 – 5.00	Very High

Sources: Abu-Baker et al. (2019)

3.7.3 Pearson Correlation Analysis

Pearson correlation analysis was employed in this study to examine the relationship between the independent variables (IVs) and the dependent variable (DV). This statistical test is widely used to measure the strength and direction of the linear relationship between two continuous variables (Hair et al., 2021). Pearson's correlation coefficient (r) ranges from -1 to +1, where a positive value indicates a direct relationship, a negative value signifies an inverse relationship, and a value close to zero suggests no correlation (Creswell & Creswell, 2023).

In this study, Pearson correlation analysis was conducted to address the research questions by determining the degree to which each independent variable influences the dependent variable. The correlation analysis was used to answer the four research questions in this study. Guilford Rule of Thumb (1973)'s explanation of the relationship can be found in the Table 3.7 below. This analysis provided insights into whether the IVs had a meaningful impact on the DV, contributing to a better understanding of the study's hypotheses.

Table 3.7: Correlation Coefficient Interpretation Guideline

r	Strength of Relationship
<.2	Negligible relationship
.2 – .4	Low relationship
.4 – .7	Moderate relationship
.7 – .9	High relationship
>.9	Very high relationship

Sources: Guilford Rule of Thumbs (1973)

3.7.4 Cross-tabulation Analysis

Cross-tabulation has been used in this study to examine the relationship between categorical variables. This method allows for the comparison of distributions across different groups, facilitating the identification of patterns and associations (Saunders, Lewis & Thornhill, 2023). Additionally, the Chi-Square test of independence has been applied to determine the statistical significance of these relationships. The interpretation of results will follow Guilford's Rule of Thumb (1973) to assess the strength of associations, which shown in Table 3.7. By employing cross-tabulation, this study ensures a structured approach to analysing categorical data and understanding variable relationships.

3.7.5 Multiple Regression Analysis

Multiple regression analysis has been employed in this study to predict the dependent variable based on multiple independent variables. This statistical technique is used to examine the influence of independent variables on the dependent variable while controlling for other factors (Hair et al., 2021). Furthermore, regression analysis is employed to assess the overall model fit and quantify the contribution of each predictor to the total explained variance (Saunders, Lewis & Thornhill, 2023). This method enables the study to evaluate the strength and significance of the relationships between variables, thereby offering deeper insights into their overall impact.

3.8 Conclusion

This chapter provided a comprehensive overview of all aspects pertinent to the study. The discussion encompassed research design, target population and sampling, research instrument, data collection procedures, and data analysis. A descriptive quantitative approach was employed, utilising survey questionnaires for the study. The quantitative data provides an analysis of employees' perceptions towards the implementation of the ESG programme.

CHAPTER 4

DATA ANALYSIS

This chapter presents a comprehensive and detailed analysis of the findings obtained in this study. It begins by outlining the demographic distribution of the selected respondents, categorized into four sections. Subsequently, the chapter examines the scale measurement through a reliability test, followed by a descriptive analysis, cross-tabulation analysis and Pearson correlation analysis of the collected data. Furthermore, the research findings are discussed in alignment with the study's objectives. In total, four research objectives have been analysed using multiple linear regression.

Table 4.1 presents the response rate of targeted respondents for this study. A total of 224 questionnaires were collected via Google Forms in Glenmarie Industrial Park, resulting in an 86.15% response rate from the total distribution.

Table 4.1: Response Rate of Targeted Respondent

Mode	Distributed	Collected	Response Rate (%)
Google Form	260	224	86.15
TOTAL	**260**	**224**	**86.15**

According to Table 4.2, there are 36 sets of questionnaires are not valid due to 35 respondents do not response to the questionnaires and 1 respondent disagree to process their personal data. Hence, there are a total of 224 valid questionnaires have been utilized in this study as well as proceed for the data analysis.

Table 4.2: Reasons for Invalid Respondents

No. of Invalid Questionnaires	Reasons
35	No response
1	Disagree to process personal data

4.1 Demographic Profile Analysis

This section presents an analysis of the demographic characteristics of the respondents, including gender, age, educational level, and years of experience in the organisation. The demographic distribution of the respondents is summarized in Table 4.3.

Table 4.3: Respondent Demographic

	Variables	N	%
Gender	Male	111	49.6
	Female	113	50.4
Age	20 years old and below	1	0.4
	21 – 30 years old	83	37.1
	31 – 40 years old	67	29.9
	41 – 50 years old	38	17.0
	51 – 60 years old	29	12.9
	61 years old and above	6	2.7
Educational Level	Certificate	10	4.5
	Diploma	18	8.0
	Bachelor's Degree	112	50.0
	Master	70	31.3
	Doctor of Philosophy	11	4.9
	Professional Qualification	3	1.3
	Other Qualification	0	0
Years of Experience in the Organisation	Less than 1 year	34	15.2
	1 – 10 years	115	51.3
	11 – 20 years	42	18.8
	21 – 30 years	27	12.1
	More than 30 years	6	2.7

Based on Table 4.3, the gender distribution of the respondents is relatively balanced, with 49.6% (n=111) of the participants being male and 50.4% (n=113) being female. This indicates that the study sample includes nearly equal representation of both genders, ensuring diverse perspectives in the analysis.

Most of the respondents fall within the 21 – 30 years old category, comprising 37.1% (n=83) of the sample. This is followed by 31 – 40 years old (29.9%, n=67) and 41 – 50 years old (17.0%, n=38). A smaller proportion of respondents are aged 51 – 60 years old (12.9%, n=29), while only 2.7% (n=6) of the respondents are aged 61 years and above. The least represented age group is 20 years old and below (0.4%, n=1). These findings indicate that a significant portion of the respondents are young professionals within the early to mid-stages of their careers.

In terms of educational attainment, 50.0% (n=112) of the respondents hold a bachelor's degree, making this the most common level of education among participants. Additionally, 31.3% (n=70) have obtained a master's degree, while 4.9% (n=11) hold a Doctor of Philosophy (PhD) qualification. The remaining respondents include those with a Diploma (8.0%, n=18), Certificate qualification (4.5%, n=10), and Professional Qualification (1.3%, n=3). Notably, none of the respondents reported having "Other Qualifications."

Regarding work experience, most of the respondents have 1 – 10 years of experience (51.3%, n=115), indicating that more than half of the sample consists of employees in the early or mid-stages of their careers within the organisation. Meanwhile, 18.8% (n=42) of the respondents have been with the organisation for 11 – 20 years, and 12.1% (n=27) have 21 – 30 years of experience. A smaller percentage of respondents have been with the organisation for less than 1 year (15.2%, n=34), while only 2.7% (n=6) have worked for more than 30 years. These findings suggest that the workforce is primarily composed of relatively experienced professionals, with a considerable number of newer employees joining the organisation.

4.2 Evaluation of Measurement Scales

4.2.1 Reliability Test

The reliability analysis was conducted to assess the internal consistency of the study instruments using Cronbach's alpha. According to Hair et al. (2021), the value of 0.70 or higher are consider as acceptable and reliable. The results, as presented in Table 4.4, indicate that all variables exhibit excellent reliability, with Cronbach's alpha values ranging from 0.937 to 0.976, exceeding the commonly accepted threshold of 0.7.

The Independency of the Board of Directors recorded a Cronbach's alpha of 0.937 with six measurement items, demonstrating strong internal consistency. Similarly, the scale assessing the adequacy of financial reporting and auditing achieved a high reliability score of 0.964, confirming that the items reliably measure this construct. Moreover, Top Management Commitment and Transparency showed reliability values of 0.954 and 0.962, respectively, further confirming the consistency of the measurement scales. Notably, the Employee Perception Towards ESG Programmes Implementation exhibited the highest Cronbach's alpha value of 0.976, suggesting that the ten items used to measure employees' perception on ESG programme implementation are highly consistent. Overall, these findings confirm that the measurement instruments used in this study are highly reliable, ensuring the accuracy and consistency of the data collected. Since all the Cronbach's alpha values exceed 0.9, the scales are deemed appropriate for further statistical analysis and hypothesis testing.

Table 4.4: Reliability of Study Instruments

Variables	**Cronbach's alpha**	**N of Items**
Independency of the Board of Directors	0.937	6
Adequacy of Reporting & Auditing of Financial Statements	0.964	6
Top Management Commitment	0.954	6
Transparency	0.962	6
Employee Perception Towards ESG Programmes Implementation	0.976	10

4.2.2 Descriptive Analysis

Independency of the Board of Directors

Table 4.5 presents the overall mean analysis for Independency of the Board of Directors variable. The mean values and standard deviations for six statements measuring the independency of the board are reported, based on 224 respondents.

Table 4.5: Overall Mean Analysis for Independency of the Board of Directors

	Mean	Std. Deviation
A1: The board of directors operates independently from the management in making decisions related to the ESG programme.	3.86	1.053
A2: Independent board members prioritize the long-term sustainability of the ESG initiatives.	3.71	1.136
A3: The independent directors effectively monitor management's implementation of the ESG programme.	3.80	.993
A4: Employees believe that the independence of the board increases the effectiveness of the ESG programme.	3.79	1.190
A5: Independent board members take corrective actions to improve the ESG programme when necessary.	3.84	.974
A6: The presence of independent directors ensures accountability in ESG-related decisions.	3.94	1.040

N=224

The findings indicate that the highest mean score (M = 3.94, SD = 1.040) corresponds to the statement "The presence of independent directors ensures accountability in ESG-related decisions" (A6). This suggests that respondents strongly agree that independent board members play a crucial role in ensuring accountability within ESG governance. The statement "The board of directors operates independently from management in making ESG-related decisions" (A1) received a mean score of 3.86 (SD = 1.053), demonstrating that respondents generally perceive the board as operating autonomously from management when making ESG-related decisions. Similarly, the perception that "Independent board members take corrective actions to improve the ESG programme when necessary" (A5) was rated highly (M = 3.84, SD = 0.974), suggesting confidence in the proactive role of independent directors in ESG matters.

Additionally, the mean score for "The independent directors effectively monitor management's implementation of the ESG programme" (A3) was 3.80 (SD = 0.993), reflecting a positive perception of the oversight role of independent directors. The statement "Employees believe that the independence of the board increases the effectiveness of the ESG programme" (A4) yielded a mean score of 3.79 (SD = 1.190), showing that employees recognize the board's independence as an essential factor in enhancing ESG programme effectiveness. The lowest mean score (M = 3.71, SD = 1.136) was observed for the statement "Independent board members prioritize the long-term sustainability of ESG initiatives" (A2). Although this score is slightly lower compared to other items, it still suggests a generally favourable perception of the board's commitment to ESG sustainability.

Adequacy of Reporting & Auditing of Financial Statements

Table 4.6 displays the overall mean analysis regarding the adequacy of reporting and auditing of financial statements. The analysis includes the mean scores and standard deviations for six related statements based on responses from 224 participants.

Table 4.6: Overall Mean Analysis for Adequacy of Reporting & Auditing of Financial Statements

	Mean	**Std. Deviation**
B1: The organisation's financial statements are adequately audited, providing reliable data for ESG programme evaluation.	3.96	1.015
B2: Employees believe that accurate financial reporting enhances the credibility of the ESG programme.	3.92	1.176
B3: The effectiveness of audit procedures ensures confidence in the ESG implementation process.	3.90	1.190
B4: Effective communication during financial audits promotes employee trust in ESG programme outcomes.	3.94	1.189
B5: Auditing and reporting on financial performance contribute to	3.86	1.126

better ESG decision-making when conducted regularly.		
B6: Adequate financial reporting increases employee confidence in the organisation’s long-term ESG goals.	3.98	.928

N=224

The highest mean score (M = 3.98, SD = 0.928) corresponds to the statement "Adequate financial reporting increases employee confidence in the organisation’s long-term ESG goals" (B6). This suggests that respondents strongly agree that transparent and reliable financial reporting enhances employee trust in the organisation’s sustainability initiatives. Similarly, the statement "The organisation’s financial statements are adequately audited, providing reliable data for ESG programme evaluation" (B1) received a mean score of 3.96 (SD = 1.015), indicating that respondents generally perceive the audit process as ensuring the integrity of ESG-related financial data. Likewise, the statement "Effective communication during financial audits promotes employee trust in ESG programme outcomes" (B4) achieved a high mean score of 3.94 (SD = 1.189), suggesting that clear and open communication about financial audits plays a crucial role in maintaining employee confidence.

The statement "Employees believe that accurate financial reporting enhances the credibility of the ESG programme” (B2) received a mean score of 3.92 (SD = 1.176), highlighting the perception that financial transparency strengthens the legitimacy of ESG programme implementation. Meanwhile, "The effectiveness of audit procedures ensures confidence in the ESG implementation process" (B3) recorded a mean score of 3.90 (SD = 1.190), reinforcing the importance of auditing in fostering trust in ESG strategies. The lowest mean score (M = 3.86, SD = 1.126) was observed for the statement "Auditing and reporting on financial performance contribute to better ESG decision-making when conducted regularly" (B5). Although slightly lower than the other items, this score still suggests a generally positive perception that regular audits support more effective ESG-related decisions.

Top Management Commitment

Table 4.7 presents the overall mean analysis for top management commitment. The table reports the mean scores and standard deviations for six related statements based on responses from 224 participants.

Table 4.7: Overall Mean Analysis for Top Management Commitment

	Mean	**Std. Deviation**
C1: The top management is highly committed to the successful implementation of the ESG programme.	3.97	1.020
C2: Employees feel motivated when top management demonstrates active involvement in the ESG programme.	3.92	1.185
C3: The leadership's dedication to ESG initiatives is effectively communicated to all employees.	3.82	1.211
C4: Employees believe that top management's commitment positively impacts the effectiveness of the ESG programme.	3.85	1.154
C5: The organisation's leaders consistently prioritize ESG-related issues in their strategic decisions.	3.80	1.001
C6: Management's actions align with their expressed commitment to the ESG programme's success.	3.77	1.194

N=224

The highest mean score (M = 3.97, SD = 1.020) corresponds to the statement "The top management is highly committed to the successful implementation of the ESG programme" (C1). This indicates that respondents perceive strong leadership commitment towards ESG initiatives, reinforcing the role of management in driving sustainability efforts. The statement "Employees feel motivated when top management demonstrates active involvement in the ESG programme" (C2) received a mean score of 3.92 (SD = 1.185), suggesting that employees are more engaged when they witness active participation from leadership in ESG-related activities. Similarly, "Employees believe that top management's commitment positively impacts the effectiveness of the ESG programme” (C4) was rated highly (M = 3.85, SD = 1.154), indicating that management's dedication is perceived as a key factor in ESG programme success.

Additionally, the statement "The leadership’s dedication to ESG initiatives is effectively communicated to all employees" (C3) recorded a mean score of 3.82 (SD = 1.211), suggesting that there is effective communication of leadership’s ESG commitment within the organisation. Likewise, "The organisation’s leaders consistently prioritize ESG-related issues in their strategic decisions" (C5) received a mean of 3.80 (SD = 1.001), further reinforcing the view that ESG considerations are integrated into corporate decision-making. The lowest mean score (M = 3.77, SD = 1.194) was observed for the statement "Management’s actions align with their expressed commitment to the ESG programme’s success" (C6). While this score remains relatively high, it suggests that some respondents may perceive inconsistencies between leadership's stated commitment and their actual actions in implementing ESG programme.

Transparency

Table 4.8 presents the overall mean analysis for transparency. The table provides the mean scores and standard deviations for six statements, based on responses from 224 participants.

Table 4.8: Overall Mean Analysis for Transparency

	Mean	Std. Deviation
D1: The organisation ensures transparency in communicating ESG-related information to all employees.	3.83	1.240
D2: Transparent reporting of the organisation’s ESG progress improves employee trust in the programme.	3.98	1.002
D3: Employees are regularly informed about the outcomes and impacts of the ESG initiatives.	3.71	1.201
D4: The organisation’s transparent decision-making process enhances the effectiveness of the ESG programme.	3.89	1.178

D5: Open communication about the ESG programme's objectives and achievements fosters employee engagement.	3.94	1.180
D6: The organisation's transparency in ESG-related matters increases employee confidence in its sustainability efforts.	3.92	1.197

N=224

The highest mean score (M = 3.98, SD = 1.002) corresponds to the statement "Transparent reporting of the organisation's ESG progress improves employee trust in the programme" (D2). This suggests that respondents highly value transparent reporting as a crucial factor in building employee trust in ESG initiatives. Similarly, the statement "Open communication about the ESG programme's objectives and achievements fosters employee engagement" (D5) received a high mean score (M = 3.94, SD = 1.180), indicating that employees appreciate clear communication regarding ESG goals and progress, which in turn enhances their engagement. The statement "The organisation's transparency in ESG-related matters increases employee confidence in its sustainability efforts" (D6) was also rated highly (M = 3.92, SD = 1.197), reinforcing the positive impact of transparency on employee confidence in ESG sustainability.

Additionally, "The organisation's transparent decision-making process enhances the effectiveness of the ESG programme" (D4) received a mean score of 3.89 (SD = 1.178), highlighting that transparent decision-making contributes to ESG effectiveness. The statement "The organisation ensures transparency in communicating ESG-related information to all employees" (D1) was rated M = 3.83 (SD = 1.240), suggesting that while respondents recognize transparency in ESG communication, there may still be room for improvement in ensuring clarity and accessibility of information for all employees. The lowest mean score (M = 3.71, SD = 1.201) was observed for "Employees are regularly informed about the outcomes and impacts of the ESG initiatives" (D3). This indicates that some employees may feel that they are not consistently updated on ESG progress, suggesting a need for more frequent or effective communication.

Employee Perception Towards ESG Programmes Implementation

Table 4.9 presents the overall mean analysis for employee perception towards ESG programmes implementation, reporting the mean scores and standard deviations for ten statements based on responses from 224 participants.

Table 4.9: Overall Mean Analysis for Employee Perception Towards ESG Programmes Implementation

	Mean	Std. Deviation
E1: I believe that the ESG programme is being effectively implemented to support our organisation's sustainability efforts.	3.88	.974
E2: The implementation of the ESG programme aligns well with the organisation's core values.	3.88	1.212
E3: I am confident that the company is actively working towards achieving its ESG objectives through ongoing implementation.	3.76	1.222
E4: The communication around the implementation of the ESG programme is clear and understandable to all employees.	3.76	1.180
E5: I feel that the ESG programme is effectively integrated into the organisation's daily operations.	3.72	1.225
E6: The way the ESG programme is being implemented encourages employees to participate in sustainability initiatives.	3.89	.998
E7: I believe that the company is effectively implementing its ESG programme to enhance its industry reputation.	3.82	1.245
E8: The implementation of the ESG programme positively affects employee morale.	3.86	1.192
E9: I am kept informed about the progress of the ESG programme's implementation within the organisation.	3.67	1.222

E10: I perceive that the ESG programme is being implemented as a long-term strategic priority for the organisation.	3.81	1.192

N=224

The highest mean score (M = 3.89, SD = 0.998) corresponds to the statement "The way the ESG programme is being implemented encourages employees to participate in sustainability initiatives" (E6). This indicates that employees perceive the ESG programme as effective in fostering engagement and participation in sustainability efforts. Similarly, the statements "I believe that the ESG programme is being effectively implemented to support our organisation's sustainability efforts" (E1) and "The implementation of the ESG programme aligns well with the organisation's core values" (E2) both received a mean score of 3.88. This suggests that employees largely agree that the ESG programme is successfully integrated into the organisation's sustainability strategy. The statement "The implementation of the ESG programme positively affects employee morale" (E8) received a mean score of 3.86 (SD = 1.192), indicating that employees generally perceive ESG efforts as beneficial to workplace morale and motivation. Likewise, the statement "I believe that the company is effectively implementing its ESG programme to enhance its industry reputation" (E7) was rated M = 3.82 (SD = 1.245), suggesting that employees recognize ESG as a key factor in improving the company's external reputation.

The statement "I perceive that the ESG programme is being implemented as a long-term strategic priority for the organisation" (E10) was rated M = 3.81 (SD = 1.192), highlighting that employees view ESG as an integral part of the organisation's long-term vision. Moreover, the statements "I am confident that the company is actively working towards achieving its ESG objectives through ongoing implementation" (E3) and "The communication around the implementation of the ESG programme is clear and understandable to all employees" (E4) both received M = 3.76, indicating that while employees generally acknowledge ongoing ESG efforts and communication, there may be room for improvement in transparency and clarity. The lowest mean score (M = 3.67, SD = 1.222) was observed for "I am kept informed about the progress of the ESG programme's implementation within the organisation" (E9). This suggests that some employees feel that they are not consistently updated on ESG progress, pointing to a potential need for enhanced communication and reporting on ESG developments.

Overall Mean Analysis for the Variables

The overall mean analysis for the key study variables, as presented in Table 4.10, indicates that all variables fall within the high range (3.41 – 4.20) based on the mean score interpretation by Abu-Baker et al. (2019). This suggests that respondents generally have a positive perception of the ESG-related factors measured in this study.

Table 4.10: Overall Mean Analysis for the Variables

Variables	Mean	Std. Deviation
Independency of the Board of Directors	3.8229	.93105
Adequacy of Reporting & Auditing of Financial Statements	3.9278	1.02016
Top Management Commitment	3.8549	1.01932
Transparency	3.8817	1.07156
Employee Perception Towards ESG Programmes Implementation	3.8054	1.06028

N=224

Among the variables, adequacy of reporting & auditing of financial statements received the highest mean score (M = 3.9278, SD = 1.02016), indicating that employees perceive financial reporting and auditing processes as effective in ensuring ESG accountability. Transparency also scored highly (M = 3.8817, SD = 1.07156), suggesting that respondents believe the organisation ensures openness and clarity in ESG-related matters, although the slightly higher standard deviation indicates some variation in responses. Furthermore, independency of the Board of Directors recorded a mean score of 3.8229 (SD = 0.93105), reflecting that respondents generally trust the board's autonomy in ESG-related decision-making, reinforcing the importance of independent governance. Similarly, top management commitment received a mean of 3.8549 (SD = 1.01932), demonstrating that employees perceive strong leadership involvement in ESG initiatives. However, the standard deviation suggests that while many employees acknowledge management's commitment, some may perceive inconsistencies in their actions.

Lastly, Employee Perception Towards ESG Programmes Implementation recorded the lowest mean score (M = 3.8054, SD = 1.06028) among the five variables, though it still falls within the high range. This suggests that while employees generally believe that ESG programmes are effectively implemented, there may be concerns regarding communication, execution, or consistency in these efforts. The variations in standard deviations across variables indicate differences in individual experiences and perceptions, particularly regarding transparency and ESG implementation.

4.2.3 Cross-tabulation Analysis

The cross-tabulation analysis, as presented in Table 4.11, examines the relationship between employee perception towards ESG programme implementation and key demographic factors, including gender, age, education level, and years of experience in the organisation. The Chi-square (χ^2) test was conducted to determine whether there is a significant association between these categorical variables, with a significance threshold set at $p = 0.05$.

Table 4.11: Cross-tabulation Result

Variables	Chi² Value	df	Asymp.sig (p)
Gender *Employee Perception	79.275 [a]	29	0.000*
Age * Employee Perception	475.029 [a]	145	0.000*
Education Level * Employee Perception	172.228 [a]	145	0.061
Years of Experience in the Organisation * Employee Perception	359.099 [a]	116	0.000*

*Significant at p = 0.05

According to Guilford rule of thumbs (1973), gender and employee perception exhibit a significant relationship ($p = 0.000$), suggesting that male and female employees may have different views on the effectiveness of ESG programmes. These differences may stem from varying workplace roles, levels of involvement, or individual experiences with sustainability initiatives. Similarly, age and employee perception show a highly significant association ($p = 0.000$), indicating that employees from different age groups perceive ESG programmes differently. This could be due to generational differences in values, priorities, or familiarity with corporate sustainability efforts.

In contrast, education level does not have a statistically significant relationship with employee perception ($p = 0.061$), suggesting that academic qualifications do not strongly influence how employees assess ESG programme implementation. This implies that perceptions may be shaped more by workplace experiences, job roles, or direct exposure to ESG initiatives rather than formal education. However, years of experience in the organisation was found to have a strong and significant association with employee perception ($p = 0.000$), indicating that employees with different levels of experience perceive ESG efforts differently. Employees with longer tenure may have greater awareness of sustainability strategies, while newer employees might be less familiar with ESG implementation processes.

Overall, the findings suggest that gender, age, and years of experience in the organisation significantly influence employee perception towards ESG programmes implementation, whereas education level does not have a notable impact.

4.2.4 Correlation Analysis

The correlation analysis presented in Table 4.12 examines the relationships between the independent variables — Independency of the Board of Directors (ID), Adequacy of Reporting & Auditing of Financial Statements (AD), Top Management Commitment (TMC), and Transparency (TP) — and the dependent variable, Employee Perception Towards ESG Programmes Implementation (EP). Based on Guilford's Rule of Thumbs (1973), these relationships range from high (0.7 – 0.9) to very high (>0.9) correlations.

Table 4.12: Summary of Correlations among Variable

	ID	AD	TMC	TP	EP
ID	1	.845**	.870**	.882**	.840**
AD		1	.921**	.930**	.881**
TMC			1	.924**	.928**
TP				1	.908**
EP					1

**. Correlation is significant at the 0.01 level (2-tailed).
ID = Independency of the Board of Directors, AD = Adequacy of Reporting & Auditing of Financial Statements, TMC = Top Management Commitment, TP = Transparency, EP = Employee Perception Towards ESG Programmes Implementation

Among the independent variables, Top Management Commitment (TMC) exhibits the strongest positive correlation with Employee Perception Towards ESG Programmes Implementation (EP) ($r = 0.928$, $p < 0.01$). This indicates that employees are more likely to perceive ESG programmes as effective when top management demonstrates strong commitment and engagement. Similarly, Transparency (TP) also shows a very high correlation with Employee Perception Towards ESG Programmes Implementation ($r = 0.908$, $p < 0.01$), suggesting that clear and open communication about ESG initiatives significantly influences how employees view the implementation of these programmes.

The Adequacy of Reporting & Auditing of Financial Statements (AD) also has a high correlation with Employee Perception Towards ESG Programmes Implementation ($r = 0.881$, $p < 0.01$), indicating that effective financial reporting and auditing contribute to employees' confidence in ESG programmes, though its influence is not as strong as leadership commitment and transparency. On the other hand, Independency of the Board of Directors (ID) has the lowest correlation with Employee Perception Towards ESG Programmes Implementation ($r = 0.840$, $p < 0.01$) among the independent variables, implying that while board independence is essential for governance, it has a relatively weaker direct influence on how employees perceive ESG efforts.

4.2.5 Multiple Regression Analysis

Table 4.13: Result of Multiple Regression of Independent Variables

Model	B	SE	β	t	p	*R*	*R²*	F
(Constant)	.018	.109		.167	.868			
ID	.034	.060	.030	.570	.570			
AD	-.015	.074	-.014	-2.00	.842			
TMC	.628	.074	.604	8.483	.000			
TP	.334	.077	.337	4.347	.000			
						.937[a]	.879	397.161

a. Dependent variable: Employee Perception Towards ESG Programmes Implementation

b. B, unstandardized coefficients; SE, standard error; β, standardized coefficient; t, obtained t-value; p, significance level; *R*, coefficient; R^2, coefficient determination; ΔR^2, change in coefficient determination; F, F statistic, ΔF, change in F statistic; $*P \leq 0.05$

ID = Independency of the Board of Directors, AD = Adequacy of Reporting & Auditing of Financial Statements, TMC = Top Management Commitment, TP = Transparency, EP = Employee Perception Towards ESG Programmes Implementation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.937[a]	.879	.877	.37240

a. Predictors: (Constant), Transparency, Independency of the Board of Directors, Top Management Commitment, Adequacy of Reporting & Auditing of Financial Statements

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	220.321	4	55.080	397.161	<.001[b]
	Residual	30.372	219	.139		
	Total	250.694	223			

a. Dependent Variable: Employee Perception Towards ESG Programs Implementation

b. Predictors: (Constant), Transparency, Independency of the Board of Directors, Top Management Commitment, Adequacy of Reporting & Auditing of Financial Statements

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.018	.109		.167	.868
	Independency of the Board of Directors	.034	.060	.030	.570	.570
	Adequacy of Reporting & Auditing of Financial Statements	-.015	.074	-.014	-.200	.842
	Top Management Commitment	.628	.074	.604	8.483	<.001
	Transparency	.334	.077	.337	4.347	<.001

a. Dependent Variable: Employee Perception Towards ESG Programs Implementation

Table 4.13 illustrates that the results are presented using a multiple regression analysis $Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + E$ and its transform into:

$$Y = 0.018 + 0.034\, x_1 - 0.015\, x_2 + 0.628\, x_3 + 0.334\, x_4 + E$$

Where x_1 = Independency of the Board of Directors (ID)

x_2 = Adequacy of Reporting & Auditing of Financial Statements (AD)

x_3 = Top Management Commitment (TMC)

x_4 = Transparency (TP)

The regression analysis shows an R-value of 0.937, indicating a robust positive correlation between the independent variables and employee perception. Additionally, an R^2 value of 0.879 reveals that these variables explain 87.9% of the variance in employee perception. The overall model is statistically significant, as evidenced by an F-statistic of 397.161 ($p < 0.05$).

Of the four independent variables examined, Top Management Commitment (TMC) exhibits the most substantial positive impact on employee perceptions regarding the implementation of ESG programmes, with a B value of 0.628 ($p < 0.05$). Similarly, Transparency (TP) ($B = 0.334$, $p < 0.05$) also has a significant positive impact. In contrast, Independency of the Board of Directors (ID) ($B = 0.034$, $p = 0.570$) and Adequacy of Reporting & Auditing of Financial Statements (AD) ($B = -0.015$, $p = 0.842$) were found to be insignificant predictors of employee perception towards ESG programmes. Overall, these findings emphasize that Top Management Commitment and Transparency are the key drivers of employee perception towards ESG programmes implementation.

4.3 Hypotheses Testing

Table 4.14 presents the results of hypotheses testing, evaluating the relationships between key factors and employee perception towards ESG programmes implementation. The hypotheses were tested at a significance level of $\alpha = 0.05$ and $\alpha = 0.10$.

Table 4.14: Hypotheses Testing

	Hypotheses	**Result**
H_1	There is a relationship between independency of the Board of Directors and employee's perception towards effectiveness of ESG programmes implementation.	Not Supported ($> \alpha$ 0.10) (Nekhili et al., 2021)
H_2	There is a relationship between adequacy of reporting & auditing of financial statements and employee's perception towards effectiveness of ESG programmes implementation.	Not Supported ($> \alpha$ 0.10) (Tanninen, 2024)
H_3	There is a relationship between top management commitment and employee's perception towards effectiveness of ESG programmes implementation.	Supported ($< \alpha$ 0.05) (Jean, 2024)
H_4	There is a relationship between transparency and employee's perception towards effectiveness of ESG programmes implementation.	Supported ($< \alpha$ 0.05) (Choi et al., 2024)

The first hypothesis (H_1), which examines the relationship between the independency of the Board of Directors and employee perception towards ESG programme implementation, was not supported ($p > 0.10$). This indicates that board independence does not have a significant direct impact on how employees perceive

ESG programme implementation. The findings align with studies indicating that board independence primarily impacts governance structures and external stakeholder confidence rather than employee engagement. Nekhili et al. (2021) explored the role of board composition in ESG performance and found that while independent directors enhance ESG-related governance, they have a limited direct influence on employee engagement with ESG programme implementation. Employees tend to respond more to managerial commitment and direct leadership involvement rather than board-level governance.

Similarly, the second hypothesis (H_2), which examined the link between the adequacy of reporting and auditing of financial statements and employee perceptions of ESG programme implementation, did not receive empirical support ($p > 0.10$). This suggests that adequate financial reporting and auditing do not significantly influence employee perception of ESG programmes implementation, as employees may view financial disclosures as regulatory or compliance-driven rather than engagement-oriented. Tanninen (2024) investigated the relationship between climate risk disclosure and audit pricing and found that adequate financial reporting increases external trust in ESG programme implementation but does not necessarily enhance internal employee engagement. Employees may perceive financial disclosures as tools meant for investors and regulatory compliance rather than mechanisms designed to improve sustainability culture within the organisation.

On the other hand, the third hypothesis (H_3) was supported ($p < 0.05$), indicating that top management commitment significantly and positively influences employee perceptions of ESG programme implementation. This aligns with existing research, such as Jean (2024), which emphasizes that strong leadership commitment to ESG not only enhances employee motivation but also fosters a culture of sustainability within organisations. Employees are more likely to trust and engage with ESG programme implementation when leaders actively demonstrate commitment, allocate resources, and integrate sustainability goals into corporate strategies.

The fourth hypothesis (H_4) was supported ($p < 0.05$), confirming that transparency significantly influences employee perception towards ESG programme implementation. This finding aligns with the study by Choi et al. (2024), which highlights that employees' perception of ESG initiatives plays a crucial role in their psychological well-being, job meaningfulness, and overall satisfaction. The study further suggests that when organisations communicate ESG goals, progress, and challenges transparently, employees are more likely to perceive their work as meaningful and feel greater job satisfaction. This supports the idea that clear and open ESG communication fosters employee trust, enhances engagement with sustainability programme implementation, and increases motivation to contribute to organisational ESG efforts.

4.4 Conclusion

This chapter presented a comprehensive analysis of the study's findings, including descriptive statistics, reliability analysis, cross-tabulation analysis, correlation analysis, multiple regression analysis, and hypotheses testing. The findings indicate that while top management commitment and transparency significantly shape employee perceptions of ESG programme implementation, the independence of the Board of Directors and the adequate financial reporting and auditing do not exert a direct influence. These findings emphasize the importance of leadership engagement and clear communication in fostering employee trust and participation in ESG programmes. The next chapter, discussion, recommendations, and conclusion, will provide an in-depth interpretation of these findings, offer practical recommendations, and conclude the study.

CHAPTER 5

DISCUSSION AND CONCLUSION

This chapter presents an in-depth discussion of the study's findings, analysed in relation to all research questions. Additionally, a summary of the findings is provided, aligned with the research objectives. The chapter further explores the implications of the results, along with an explanation of the study's limitations. Recommendations for future research are also proposed, incorporating potential improvements based on the current study's outcomes and insights. Lastly, the chapter concludes with a summary of the research findings and their overall contributions.

5.1 Discussion of the Findings

This study examined the factors influencing Malaysian employees' perception of ESG programme implementation, with a focus on Independency of the Board of Directors, Adequacy of Financial Reporting & Auditing of Financial Statements, Top Management Commitment, and Transparency. The discussion focused on the research objectives, research questions, as well as hypothesis outcomes. Table 5.1 shown the summary of the findings.

Table 5.1: Summary of the Research Findings

Research Objectives (RO)	Research Questions (RQ)	Hypothesis (H)	Result
RO$_1$: To determine the relationship between board independence and employee perception towards ESG programme implementation.	**RQ$_1$:** Is there a relationship between the independence of the board of directors and employee perception towards	**H$_1$:** There is a relationship between board independence and employee perception towards ESG programme implementation.	Not Supported

	ESG programme implementation?		
RO$_2$: To determine the relationship between adequacy of reporting & auditing of financial statements and employee perception towards ESG programme implementation.	**RQ$_2$:** Is there a relationship between the adequacy of reporting & auditing of financial statements and employee perception towards ESG programme implementation?	**H$_2$:** There is a relationship between the adequacy of reporting & auditing of financial statements and employee perception towards ESG programme implementation.	Not Supported
RO$_3$: To determine the relationship between top management commitment and employee perception towards ESG programme implementation.	**RQ$_3$:** Is there a relationship between top management commitment and employee perception towards ESG programme implementation?	**H$_3$:** There is a relationship between top management commitment and employee perception towards ESG programme implementation.	Supported
RO$_4$: To determine the relationship between transparency and employee perception towards ESG programme implementation.	**RQ$_4$:** Is there a relationship between transparency and employee perception towards ESG programme implementation?	**H$_4$:** There is a relationship between transparency and employee perception towards ESG programme implementation.	Supported

The study's findings offer definitive insights into how key factors shape employee perceptions of ESG programme implementation, thereby effectively addressing the research questions. The results indicate that Top Management Commitment and Transparency have the strongest positive correlation with employee perception, confirming that active leadership involvement and open ESG communication significantly shape employees' trust and engagement in sustainability initiatives. This supports the third and fourth research questions, highlighting the importance of executive leadership and clear sustainability disclosures in fostering a positive ESG culture.

Meanwhile, although Adequacy of Reporting & Auditing of Financial Statements showed a correlation with employee perception, its influence was weaker than that of top management commitment and transparency, suggesting that while financial disclosures contribute to corporate accountability, they may not be the primary driver of employee confidence in ESG programme implementation. Lastly, Independency of the Board of Directors had the weakest correlation with employee perception, indicating that although independent governance structures are essential for ESG oversight, they do not directly influence how employees perceive sustainability programs. Overall, these findings emphasise that organisational ESG effectiveness depends more on top management commitment and transparency rather than governance structures alone.

Discussion of RO_1, RQ_1 and H_1

The findings reveal no significant relationship between independency of the Board of Directors and employee perception towards the ESG programme implementation, indicating that Malaysian employees do not view board independence as a strong determinant of ESG programme implementation. This result contrasts with several prior studies that emphasized the importance of independent directors in enhancing the implementation of ESG programme in the organisation. For example, the research studies by Ferreira (2024), Khan et al. (2023), and Ahmad et al. (2021), which found board independence positively influences the ESG programme implementation.

Despite these prior findings, the lack of significance in this study suggests that independent board members may not play a visible or direct role in shaping employees' perceptions of ESG programme implementation. Several factors could explain this discrepancy. Firstly, employees may not have direct awareness of board-level ESG initiatives, as board decisions often take place at a strategic level rather than being directly communicated or observable to employees. Hyvärinen (2024) pointed out that while board independence improves corporate ESG governance, its impact on internal employee perceptions is minimal unless communicated effectively. Secondly, employees may place greater importance on top management's role in ESG efforts rather than the Board of Directors, as senior executives have more frequent and direct interactions with employees regarding sustainability initiatives. This aligns with Nekhili et al. (2021), who found that employees are more likely to trust and support ESG programmes when top management visibly champions sustainability efforts.

Another possible explanation is that independent directors may focus on ESG compliance, financial disclosures, and investor relations rather than engaging directly with employees. As a result, their role in ensuring ESG governance may not be recognized by employees. Pambudi et al. (2023) warned that if ESG governance is perceived as a compliance-driven process rather than an organisational value, employees may disengage from ESG programmes. Additionally, employees may doubt the sincerity of ESG commitments if they feel that independent directors are primarily ensuring regulatory compliance rather than genuinely driving sustainability efforts.

Overall, while prior research suggests that board independence enhances ESG programme implementation and fosters employee trust, this study finds no significant relationship between board independence and employee perception of ESG programme implementation. The discrepancy may stem from a lack of direct board-employee interaction, the stronger influence of top management on ESG programme implementation, and potential gaps in ESG communication strategies. Therefore, organisations in Malaysia should focus on enhancing the visibility of board-level ESG commitments and employee-inclusive sustainability efforts to bridge this gap.

Discussion of RO_2, RQ_2 and H_2

The results indicate that the adequate financial reporting and auditing does not significantly influence employee perceptions of ESG programme implementation. In other words, employees do not view financial reporting and auditing as a crucial factor in driving ESG initiatives within their organizations. This outcome contrasts with earlier research that highlighted the role of financial transparency in building employee trust in ESG programmes. For example, studies by Kolsi & Al-Hiyari (2024), Mohd Said et al. (2020), and Pratama et al. (2022) found a positive relationship between robust financial reporting and auditing practices and employee perceptions of ESG programme implementation.

Despite these prior findings, the lack of significance in this study suggests that employees may not directly associate financial reporting and auditing with ESG programme implementation. One possible explanation is that employees may have limited access to or understanding of financial ESG disclosures, as these reports are often designed for external stakeholders such as investors, regulators, and analysts rather than internal audiences. As Tanninen (2024) argues, ESG financial disclosures primarily target corporate governance and investor confidence, whereas employee perception is shaped more by tangible workplace sustainability practices and leadership engagement. Additionally, Grewal et al. (2023) suggested that while ESG disclosures enhance a company's reputation, their impact on internal stakeholders is contingent on how effectively they are communicated within the organisation. If employees do not see a clear connection between financial ESG reporting and tangible sustainability initiatives within their workplace, they may remain disengaged from these disclosures, thereby reducing their influence on employee perception of ESG programme implementation.

Another possible reason for the non-significant relationship is that financial reporting and auditing are often perceived as compliance-driven activities rather than proactive sustainability efforts. Christensen, Hail & Leuz (2023) noted that if ESG disclosures are primarily focused on regulatory compliance rather than active sustainability engagement, employees may view them as disconnected from actual corporate sustainability culture. This aligns with Marquis, Toffel & Zhou (2023), who warned that selective ESG reporting—where companies highlight positive sustainability performance while omitting shortcomings—can create scepticism among employees, weakening their trust in ESG commitments.

Overall, while previous literature suggests that adequate ESG financial reporting and auditing should enhance employee trust in sustainability efforts, the findings of this study indicate that such disclosures do not significantly shape employee perception of ESG programme implementation. This suggests that financial transparency alone is insufficient to engage employees in ESG programme implementation and must be complemented by internal sustainability policies, employee involvement in ESG decision-making, and strong leadership advocacy for sustainability programmes.

Discussion of RO_3, RQ_3 and H_3

The results indicate that top management commitment is a significant predictor of employee perceptions regarding the implementation of ESG programmes. This indicates that employees are more likely to perceive ESG programme implementation as effective when top management is actively involved in sustainability efforts. The significant relationship between top management commitment and employee perception aligns with previous research emphasizing the critical role of leadership in shaping corporate sustainability culture. For instance, Rosley et al. (2023), Zahari et al. (2024) and Jean (2024), which also found significant relationship between both variables.

Moreover, the findings of this study reinforce stewardship theory (Davis, Schoorman & Donaldson, 2021), which suggests that leaders who take responsibility for corporate sustainability create a culture of long-term value creation and ethical business practices. Employees tend to view ESG programme implementation as more authentic when top management actively integrates sustainability into corporate strategy and decision-making. Furthermore, Guerci & Pedrini (2022) suggests that leaders who emphasize ESG commitment cultivate organizational trust, which in turn boosts employee engagement and reinforces their dedication to sustainability objectives.

Furthermore, the study emphasizes that effective communication coupled with active leadership engagement is vital for the success of ESG initiatives. Employees are more likely to trust ESG commitments when top management consistently conveys sustainability objectives, progress, and challenges. Marquis, Toffel & Zhou (2023) warn that when leadership fails to communicate ESG priorities effectively or engages in selective sustainability reporting, employees may become sceptical, reducing overall engagement with ESG programmes.

Overall, the results suggest that top management commitment plays a pivotal role in shaping employee perception towards ESG programme implementation. When executives and senior managers actively participate in ESG programmes, demonstrate ethical leadership, and communicate sustainability goals transparently, employees are more likely to trust and engage with corporate sustainability efforts. Therefore, organisations seeking to enhance employee perception of ESG programmes should focus on leadership-driven engagement strategies to build a strong internal sustainability culture.

Discussion of RO_4, RQ_4 and H_4

The results demonstrate that transparency is significantly and positively associated with how employees perceive ESG programme implementation. This indicates that employees are more likely to perceive ESG programme implementation as effective when organisations provide transparent and open communication about sustainability goals, progress, and challenges. The strong relationship between transparency and employee perception aligns with previous research highlighting the crucial role of transparency in fostering employee trust, engagement, and corporate credibility. For instance, the studies by Castro & Gradillas (2022), Lexe & Lago (2023), and Choi et al. (2024).

In addition, the findings of this study support psychological contract theory (Rousseau, 2022), which posits that employees develop expectations about corporate behaviour based on implicit agreements with their employers. When organisations fail to provide clear and transparent ESG disclosures, employees may feel a breach of trust, leading to disengagement and scepticism. This aligns with Marquis, Toffel & Zhou (2023), who warned that selective ESG reporting—where organisations highlight sustainability achievements but omit challenges—can erode employee confidence in ESG commitments.

Overall, the findings suggest that transparency is one of the most critical factors in shaping employee perception of ESG programme implementation. Employees trust ESG programme implementation more when organisations are open about their sustainability goals, acknowledge both successes and challenges, and communicate ESG efforts in an honest and accessible manner. Therefore, companies aiming to strengthen employee engagement with ESG programmes should prioritize transparent communication strategies and ensure that sustainability commitments are consistently conveyed across all levels of the organisation.

5.2 Implication of the Study

The findings of this study provide valuable insights into the factors influencing employee perceptions of ESG programme implementation, particularly regarding board independence, financial reporting and auditing, top management commitment, and transparency. The results have several important implications at the policy, industry, and research levels, which can contribute to enhancing ESG practices and governance structures.

This study offers crucial insights for policymakers and regulatory bodies in strengthening ESG-related governance frameworks. The results indicate that top management commitment and transparency significantly impact employee perception of ESG programme implementation, suggesting that policies should emphasize executive accountability in sustainability reporting and corporate decision-making. Regulatory bodies could focus on enhancing ESG disclosure standards, ensuring that sustainability initiatives are communicated effectively not only to external stakeholders but also to employees. Additionally, given that financial reporting and board independence were not found to be significant predictors of employee perception, policymakers should reconsider how ESG-related governance mechanisms are structured to ensure that they effectively influence internal stakeholders. Strengthening corporate governance policies through improved ESG communication strategies and leadership-driven sustainability mandates could help bridge the gap between governance efforts and employee engagement in ESG programmes.

Moreover, the study's findings also provide valuable implications for businesses and industry leaders seeking to improve their ESG implementation strategies. The strong correlation between top management commitment and employee perception suggests that organisations should prioritize leadership-driven ESG engagement, ensuring that executives and senior managers actively participate in sustainability initiatives. Transparent communication of ESG goals, progress, and challenges should also be integrated into corporate culture, as transparency plays a critical role in enhancing employee trust and engagement with ESG efforts. While financial reporting and board independence did not have a direct influence on employee perception in this study, organisations should still ensure that ESG disclosures are accessible, relevant, and effectively communicated to employees. Industry leaders can enhance ESG awareness by simplifying sustainability reports, integrating ESG discussions into corporate meetings, and fostering a culture of transparency. Ensuring that sustainability efforts are not just compliance-driven but actively embraced within the organisation will be essential for improving employee buy-in and long-term commitment to ESG programmes.

Furthermore, this study contributes to the growing body of knowledge on corporate sustainability, governance, and employee perception of ESG programme implementation. The findings highlight the need for further research on why board independence and financial reporting do not significantly impact employee perception, despite their established role in corporate governance. Future studies could explore how board-level ESG oversight can be made more visible to employees, ensuring that governance structures are not perceived as distant from daily ESG implementation. Additionally, given the strong relationship between top management commitment and transparency with employee perception, future research should examine how leadership strategies, organisational culture, and communication practices influence employee engagement with sustainability initiatives. Expanding research into industry-specific ESG challenges, employee involvement in ESG decision-making, and cross-cultural differences in ESG perception could provide deeper insights into how organisations can effectively align sustainability goals with employee expectations. Further exploration of longitudinal changes in employee perception of ESG programmes could also help businesses understand how organisational sustainability strategies evolve over time and their lasting impact on internal stakeholders.

5.3 Limitation of the Study

Although the study offers valuable insights into the factors shaping employee perceptions of ESG programme implementation, it is important to acknowledge several limitations.

The study is geographically limited, as it focuses exclusively on organisations within Glenmarie Industrial Park, Shah Alam. This may affect the generalizability of the findings to other industries or companies operating in different regions. Variations in corporate governance structures, regulatory requirements, and organisational cultures may influence employee perceptions differently across industries and geographical contexts.

While the study examined key independent variables affecting employee perceptions of ESG programme implementation, it does not explore other potential moderating or mediating factors that could influence these relationships. Factors such as corporate culture, employee engagement levels, or industry-specific ESG policies were not included in the analysis, which may have provided a more comprehensive understanding of ESG programme implementation.

The study primarily employs a quantitative research approach, which may restrict the depth of insights that can be gleaned from participants. Although statistical analyses provide valuable correlations and significance levels, they do not capture the nuances of employee experiences, motivations, and perceptions regarding ESG programme implementation. A mixed-method approach incorporating qualitative interviews or focus groups could provide richer insights into employees' perspectives on sustainability efforts.

These limitations should be considered when interpreting the findings, and future research may address these constraints by expanding the study's scope, incorporating qualitative methods, and exploring additional influencing factors to gain a more holistic understanding of ESG programme implementation perception among employees.

5.4 Recommendation

Based on the findings and limitations of this study, several recommendations are proposed to enhance future research on employee perceptions of ESG programme implementation. These recommendations focus on expanding the research scope, improving methodological approaches, and deepening the examination of key variables.

First, expanding the geographical and industry scope of the study would enhance the generalizability of the findings. Instead of limiting the research to a specific region, future studies could explore multiple locations across Malaysia or even conduct cross-country comparisons. This would provide valuable insights into how employee perceptions towards ESG programme implementation vary across industries with different sustainability regulations, market pressures, and governance structures.

Moreover, future research should delve deeper into the dependent variables and their interrelationships. While this study focused on key factors—such as the independence of the Board of Directors, the adequacy of financial reporting and auditing, top management commitment, and transparency—there is potential to explore additional moderating or mediating variables. Factors such as corporate culture, employee engagement strategies, sustainability training, and leadership communication effectiveness could provide deeper insights into how ESG perceptions are shaped within organisations. A more comprehensive examination of these relationships could enrich the understanding of the mechanisms influencing ESG effectiveness at the employee level.

Lastly, a mixed-method approach incorporating both quantitative and qualitative research could provide a more nuanced perspective on employee perception towards ESG programme implementation. While the current study relied on quantitative data, future research could benefit from qualitative methods such as interviews, focus groups, or open-ended surveys to explore employees' experiences, opinions, and motivations regarding ESG programme implementation. This would enable researchers to capture deeper insights into employees' attitudes and concerns about corporate sustainability efforts and identify potential gaps in ESG programme implementation that quantitative data alone may not reveal.

By addressing these areas, future studies can build upon the findings of this research and contribute to a more comprehensive understanding of how ESG programme implementation influence employee perceptions, engagement, and corporate sustainability success.

5.5 Conclusion

In conclusion, this chapter thoroughly discussed the study's findings by analysing how employee perceptions of ESG programme implementation are linked to key factors such as transparency, top management commitment, the adequacy of reporting and auditing of financial statements, and the independence of the Board of Directors. The findings highlighted the significant role of leadership commitment and transparency in shaping employee trust and engagement with ESG programme implementation, while board independence and adequate financial reporting & auditing did not have a direct impact on employee perception. The chapter also outlined the implications of the study for policymakers, industry leaders, and future researchers, emphasizing the need for enhanced ESG communication, leadership-driven sustainability efforts, and broader research scope. Additionally, limitations were acknowledged, and recommendations were proposed to guide future research in improving the depth, methodology, and applicability of ESG studies. These insights contribute to a better understanding of corporate sustainability strategies and their effectiveness in fostering employee engagement with ESG programme implementation.

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APPENDIX A QUESTIONNAIRES

EMPLOYEES' PERCEPTION TOWARDS THE IMPLEMENTATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES IN MALAYSIA

Dear Respondents,

I am a student from Universiti Tunku Abdul Rahman, enrolling in Master of Business Administration Corporate Governance (MBACG). Currently, I am pursuing my Final Year Project entitle "Employees' Perception Towards the Implementation of Environmental, Social and Governance (ESG) Practices in Malaysia". This research aims to explore factors that influence the perception of employees in Malaysia on the implementation of ESG program in their organisation.

This survey is conducted as a part of the requirement to complete our research project. Therefore, we invite you to participate in our research and ensured that your information is kept confidential.

This survey contains only (4) sections. The sections:
Section A: Personal Data Protection Notice
Section B: Respondent Demographic
Section C: Factors Influence Employee Perception
Section D: Employee Perception Towards ESG Programs Implementation

If you are agreed to participate in this survey, please answer the following questions on the questionnaire that best suit your understanding.

Completion of this survey is approximately 10 to 15 minutes.

Once again, thank you for your assistance in this important endeavour.
Your participation in this survey is much appreciated.

Sincerely,
Lim Yong Nie
2202572

Section A: Personal Data Protection Notice

Please be informed that in accordance with Personal Data Protection Act 2010 ("PDPA") which came into force on 15 November 2013, Universiti Tunku Abdul Rahman ("UTAR") is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

1. Personal data refers to any information which may directly or indirectly identify a person which could include sensitive personal data and expression of opinion. Among others it includes: a) Name b) Identity card c) Place of Birth d) Address e) Education History f) Employment History g) Medical History h) Blood type i) Race j) Religion k) Photo l) Personal Information and Associated Research Data

2. The purposes for which your personal data may be used are inclusive but not limited to:
a) For assessment of any application to UTAR
b) For processing any benefits and services
c) For communication purposes
d) For advertorial and news
e) For general administration and record purposes
f) For enhancing the value of education
g) For educational and related purposes consequential to UTAR
h) For replying any responds to complaints and enquiries
i) For the purpose of our corporate governance
j) For the purposes of conducting research/collaboration

3. Your personal data may be transferred and/or disclosed to third party and/or UTAR collaborative partners including but not limited to the respective and appointed outsourcing agents for purpose of fulfilling our obligations to you in respect of the purposes and all such other purposes that are related to the purposes and also in providing integrated services, maintaining and storing records. Your data may be shared when required by laws and when disclosure is necessary to comply with applicable laws.

4. Any personal information retained by UTAR shall be destroyed and/or deleted in accordance with our retention policy applicable for us in the event such information is no longer required.

5. UTAR is committed in ensuring the confidentiality, protection, security and accuracy of your personal information made available to us and it has been our ongoing strict policy to ensure that your personal information is accurate, complete, not misleading and updated. UTAR would also ensure that your personal data shall not be used for political and commercial purposes.

<u>Consent:</u>
6. By submitting or providing your personal data to UTAR, you had consented and agreed for your personal data to be used in accordance to the terms and conditions in the Notice and our relevant policy.

7. If you do not consent or subsequently withdraw your consent to the processing and disclosure of your personal data, UTAR will not be able to fulfil our obligations or to contact you or to assist you in respect of the purposes and/or for any other purposes related to the purpose.

8. You may access and update your personal data by writing to us at yongnie.lim@1utar.my or sallehhuddin@utar.edu.my.

Acknowledgment of Notice

- o I have been notified and that I hereby understood, consented and agreed per UTAR above notice.

- o I disagree, my personal data will not be processed.

Section B: Respondent Demographic

Questions	Choice of Answer
1. Gender	o Male o Female
2. Age	o 20 years old and below o 21 – 30 years old o 31 – 40 years old o 41 – 50 years old o 51 – 60 years old o 61 years old and above
3. Education Level	o Certificate o Diploma o Bachelor’s Degree o Master o Doctor of Philosophy o Professional Qualification o Other Qualification: ______________________
4. Years of Experience in the Organisation	o Less than 1 year o 1 – 10 years o 11 – 20 years o 21 – 30 years o More than 30 years

Section C: Factors Influence Employee Perception

Please answer each question using the 5-point Likert scale provided ***(1 = Strongly Disagree, 2 = Disagree, 3 = Neither Agree nor Disagree, 4 = Agree, 5 = Strongly Agree)***. There are no right or wrong answers, as this survey aims to capture your personal views.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neither Agree nor Disagree**	**Agree**	**Strongly Agree**

Independency of The Board of Directors

This section focuses on the independence of the board of directors and its role in the organization's ESG (Environmental, Social, and Governance) program.

- Independent directors are members of the board who are not part of the organization's management. They have the freedom to make objective decisions without undue influence from internal interests.
- Their responsibilities include monitoring management, ensuring accountability, and prioritizing long-term sustainability goals.

Please respond to the following questions based on your perceptions of how the independence of the board contributes to the effective implementation of ESG initiatives.

No	Item	1	2	3	4	5
1	The board of directors operates independently from the management in making decisions related to the ESG program.					
2	Independent board members prioritize the long-term sustainability of the ESG initiatives.					
3	The independent directors effectively monitor management's implementation of the ESG program.					
4	Employees believe that the independence of the board increases the effectiveness of the ESG program.					
5	Independent board members take corrective actions to improve the ESG program when necessary.					
6	The presence of independent directors ensures accountability in ESG-related decisions.					

Adequacy of Reporting & Auditing of Financial Statements

This section focuses on how financial reporting and auditing processes support the implementation of ESG (Environmental, Social, and Governance) programs.

- Auditing ensures that financial statements are reviewed and verified for accuracy and reliability.
- Financial reporting involves sharing detailed and clear financial information that reflects the organization's performance and goals.

These processes are essential for building trust and confidence in ESG initiatives. Please respond to the following questions based on your perceptions of how well the organization's financial reporting and auditing practices support its ESG program.

No	Item	1	2	3	4	5
1	The organization's financial statements are adequately audited, providing reliable data for ESG program evaluation.					
2	Employees believe that accurate financial reporting enhances the credibility of the ESG program.					
3	The effectiveness of audit procedures ensures confidence in the ESG implementation process.					
4	Effective communication during financial audits promotes employee trust in ESG program outcomes.					
5	Auditing and reporting on financial performance contribute to better ESG decision-making when conducted regularly.					
6	Adequate financial reporting increases employee confidence in the organization's long-term ESG goals.					

Top Management Commitment

This section focuses on the role of top management in supporting the organization's ESG (Environmental, Social, and Governance) program.

- Top management commitment refers to the leadership's active involvement in ESG initiatives, including setting clear goals, providing resources, and fostering a culture of accountability.
- Their dedication ensures that ESG objectives are integrated into the organization's strategy and daily operations, promoting sustainable practices.
- Strong leadership commitment inspires confidence and engagement among employees, helping drive the success of ESG programs.

Please respond to the following questions based on your perceptions of how committed the organization's top management is to implement ESG initiatives effectively.

No	Item	1	2	3	4	5
1	The top management is highly committed to the successful implementation of the ESG program.					
2	Employees feel motivated when top management demonstrates active involvement in the ESG program.					
3	The leadership's dedication to ESG initiatives is effectively communicated to all employees.					
4	Employees believe that top management's commitment positively impacts the effectiveness of the ESG program.					
5	The organization's leaders consistently prioritize ESG-related issues in their strategic decisions.					
6	Management's actions align with their expressed commitment to the ESG program's success.					

Transparency

This section focuses on how transparency supports the organization's ESG (Environmental, Social, and Governance) program.

- Transparency refers to the organization's openness in sharing information about its ESG initiatives, decisions, and progress.
- Transparent practices build trust among employees and stakeholders by ensuring access to accurate and timely information.
- Regular updates and clear communication about ESG objectives are critical for fostering accountability and engagement.

Please respond to the following questions based on your perceptions of the organization's transparency in implementing its ESG initiatives.

No	Item	1	2	3	4	5
1	The organization ensures transparency in communicating ESG-related information to all employees.					
2	Transparent reporting of the organization's ESG progress improves employee trust in the program.					
3	Employees are regularly informed about the outcomes and impacts of the ESG initiatives.					
4	The organization's transparent decision-making process enhances the effectiveness of the ESG program.					

5	Open communication about the ESG program’s objectives and achievements fosters employee engagement.					
6	The organization’s transparency in ESG-related matters increases employee confidence in its sustainability efforts.					

Section D: Employee Perception Towards ESG Programs Implementation

Please answer each question using the 5-point Likert scale provided ***(1 = Strongly Disagree, 2 = Disagree, 3 = Neither Agree nor Disagree, 4 = Agree, 5 = Strongly Agree)***. There are no right or wrong answers, as this survey aims to capture your personal views.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neither Agree nor Disagree**	**Agree**	**Strongly Agree**

This section focuses on your perceptions of how the organization implements its ESG (Environmental, Social, and Governance) program.

- The implementation of ESG initiatives involves integrating sustainability, social responsibility, and ethical governance into the organization’s operations and decision-making processes.
- Your feedback will help assess how well these programs are executed and communicated within the organization.

Please respond to the following questions based on your perceptions of the implementation of the ESG program in your organization.

No	**Item**	**1**	**2**	**3**	**4**	**5**
1	I believe that the ESG program is being effectively implemented to support our organization’s sustainability efforts.					
2	The implementation of the ESG program aligns well with the organization’s core values.					
3	I am confident that the company is actively working towards achieving its ESG objectives through ongoing implementation.					
4	The communication around the implementation of the ESG program is clear and understandable to all employees.					
5	I feel that the ESG program is effectively integrated into the organization’s daily operations.					

6	The way the ESG program is being implemented encourages employees to participate in sustainability initiatives.					
7	I believe that the company is effectively implementing its ESG program to enhance its industry reputation.					
8	The implementation of the ESG program positively affects employee morale.					
9	I am kept informed about the progress of the ESG program's implementation within the organization.					
10	I perceive that the ESG program is being implemented as a long-term strategic priority for the organization.					

-Thank you for your participation-

APPENDIX B CONTENT VALIDITY FORM [PRE-TEST]

Dear Y. Bhg. Dato'/ Datin/ Prof./ Assoc. Prof./ Dr./ Mr./ Ms.,

We would like to invite you as an expert to evaluate the questionnaire, which we have designed for the data collection and towards the completion of Master of Business Administration (Corporate Governance) on ***Employees' Perception Towards the Implementation of Environmental, Social and Governance (ESG) Programs: A Malaysia Perspective.***

We realise and believe that your valuable and professional feedback are essential and shall enhance the questionnaire as the data collection instrument of this research.

We would appreciate your involvement in this important process; thus, shall significantly contribute for lasting value to scholars, corporate leaders, and policymakers by understanding how employee perceive ESG program. As included in this email, we humbly seek for your cooperation to please complete the attached form and return it by email to yongnie.lim@1utar.my and sallehhuddin@utar.edu.my.

Should you wish to discuss the project or your participation in more detail, please feel free to contact 011-27069590 (Ms Lim Yong Nie) or 019-628 5049 (Dr Abdullah Sallehhuddin – main supervisor).

Thank you in advance for your time.

Yours sincerely,
LIM YONG NIE
Master's Student
Universiti Tunku Abdul Rahman

OVERALL COMMENTS :
I have looked into your instruments and all are good except for the demographics. Do not combine cert and diploma as this are two different things. Kindly look into it and all the best.

VALIDATION :	
Date :	2/1/2025
Signature :	
Name :	Mazni Binti Alias
Position, Department Stamp :	Assistant Professor, Faculty of Management

Section A: Demographic Section.

Tick (√) one box only from the given options.

	Gender	(√) / –	Expert's Comments and Suggestions to Improve
1	Male	/	ok
	Female		ok

	Age	(√) / –	Expert's Comments and Suggestions to Improve
2	20 years old and below	/	ok
	21 – 30 years old	/	
	31 – 40 years old	/	
	41 – 50 years old	/	
	51 – 60 years old	/	
	61 years old and above	/	

	Education Level	(√) / –	Expert's Comments and Suggestions to Improve
3	Certs or Diploma	-	to separate cert and diploma
	Bachelor's Degree	/	
	Master	/	
	Doctor of Philosophy	/	
	Professional Qualification	/	

	Years of Experience in the Organization	(√) / –	Expert's Comments and Suggestions to Improve
4	Less than 1 year	/	
	1 – 10 years	/	
	11 – 20 years	/	
	21 – 30 years	/	
	More than 30 years	/	

Section B: Independent Variables

Highlight one of the five scales at the bottom of the statement that you have chosen.

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

Part 1: Independency of the Board of Directors	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The board of directors operates independently from the management in making decisions related to the ESG program.	1	2	3	4	5		Ismail et al. (2019)
2. Independent board members prioritize the long-term sustainability of the ESG initiatives.	1	2	3	4	5		
3. The independent directors effectively monitor management's implementation of the ESG program.	1	2	3	4	5		
4. Employees believe that the independence of the board increases the effectiveness of the ESG program.	1	2	3	4	5		
5. Independent board members take corrective actions to improve the ESG program when necessary.	1	2	3	4	5		
6. The presence of independent directors ensures transparency and accountability in ESG-related decisions.	1	2	3	4	5		

Part 2: Adequacy of Reporting & Auditing of Financial Statements	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The organization's financial statements are adequately audited, providing reliable data for ESG program evaluation.	1	2	3	4	5		Zhang & Guo (2024)
2. Employees believe that accurate financial reporting enhances the credibility of the ESG program.	1	2	3	4	5		
3. The effectiveness of audit procedures ensures confidence in the ESG implementation process.	1	2	3	4	5		
4. Clear and open communication in financial audits promotes employee trust in ESG program outcomes.	1	2	3	4	5		
5. Regular auditing and reporting on financial performance contribute to better ESG decision-making.	1	2	3	4	5		
6. Adequate financial reporting increases employee confidence in the organization's long-term ESG goals.	1	2	3	4	5		

Part 3: Top Management Commitment	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The top management is highly committed to the successful implementation of the ESG program.	1	2	3	4	5		Ramires & Veselova (2024)
2. Employees feel motivated when top management demonstrates active involvement in the ESG program.	1	2	3	4	5		

3. The leadership's dedication to ESG initiatives is clearly communicated to all employees.	1	2	3	4	5		
4. Employees believe that top management's commitment positively impacts the effectiveness of the ESG program.	1	2	3	4	5		
5. The organization's leaders consistently prioritize ESG-related issues in their strategic decisions.	1	2	3	4	5		
6. Management's actions align with their expressed commitment to the ESG program's success.	1	2	3	4	5		

Part 4: Transparency	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The organization ensures transparency in communicating ESG-related information to all employees.	1	2	3	4	5		Zhang, Zhang & Tu (2024)
2. Transparent reporting of the organization's ESG progress improves employee trust in the program.	1	2	3	4	5		
3. Employees are regularly informed about the outcomes and impacts of the ESG initiatives.	1	2	3	4	5		
4. The organization's transparent decision-making process enhances the effectiveness of the ESG program.	1	2	3	4	5		
5. Open communication about the ESG program's objectives and achievements fosters employee engagement.	1	2	3	4	5		
6. The organization's transparency in ESG-related matters increases employee confidence in its sustainability efforts.	1	2	3	4	5		

Section C: Dependent Variable

Highlight one of the five scales at the bottom of the statement that you have chosen.

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

Employee Perception Towards ESG Programs Implementation	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. I believe that the ESG program is being effectively implemented to support our organization's sustainability efforts.	1	2	3	4	5		Khamisu, Paluri & Sonwaney (2024)
2. The implementation of the ESG program aligns well with the organization's core values.	1	2	3	4	5		
3. I am confident that the company is actively working towards achieving its ESG objectives through ongoing implementation.	1	2	3	4	5		

4. The communication around the implementation of the ESG program is clear and understandable to all employees.	**1**	**2**	**3**	**4**	**5**		
5. I feel that the ESG program is effectively integrated into the organization's daily operations.	**1**	**2**	**3**	**4**	**5**		
6. The way the ESG program is being implemented encourages employees to participate in sustainability initiatives.	**1**	**2**	**3**	**4**	**5**		
7. I believe that the company is effectively implementing its ESG program to enhance its industry reputation.	**1**	**2**	**3**	**4**	**5**		
8. The implementation of the ESG program positively affects employee morale and engagement.	**1**	**2**	**3**	**4**	**5**		
9. I am kept informed about the progress of the ESG program's implementation within the organization.	**1**	**2**	**3**	**4**	**5**		
10. I perceive that the ESG program is being implemented as a long-term strategic priority for the organization.	**1**	**2**	**3**	**4**	**5**		

We sincerely appreciate and thank you for your time to complete this survey. Your valuable insights and feedback are instrumental in advancing our research and achieving goals of this study.

Dear Y. Bhg. Dato'/ Datin/ Prof./ Assoc. Prof./ Dr./ Mr./ Ms.,

We would like to invite you as an expert to evaluate the questionnaire, which we have designed for the data collection and towards the completion of Master of Business Administration (Corporate Governance) on ***Employees' Perception Towards the Implementation of Environmental, Social and Governance (ESG) Programs: A Malaysia Perspective.***

We realise and believe that your valuable and professional feedback are essential and shall enhance the questionnaire as the data collection instrument of this research.

We would appreciate your involvement in this important process; thus, shall significantly contribute for lasting value to scholars, corporate leaders, and policymakers by understanding how employee perceive ESG program. As included in this email, we humbly seek for your cooperation to please complete the attached form and return it by email to yongnie.lim@1utar.my and sallehhuddin@utar.edu.my.

Should you wish to discuss the project or your participation in more detail, please feel free to contact 011-27069590 (Ms Lim Yong Nie) or 019-628 5049 (Dr Abdullah Sallehhuddin – main supervisor).

Thank you in advance for your time.

Yours sincerely,
LIM YONG NIE
Master's Student
Universiti Tunku Abdul Rahman

OVERALL COMMENTS :
Please refer to the comments below. Thank you.

VALIDATION :	
Date :	5/1/2025
Signature :	
Name :	Noridayu Abdullah Sani
Position, Department Stamp :	Senior Lecturer, Accounting Department.

Section A: Demographic Section.

Tick (√) one box only from the given options.

	Gender	(√) / –	Expert's Comments and Suggestions to Improve
1	Male		
	Female		

	Age	(√) / –	Expert's Comments and Suggestions to Improve
	20 years old and below		
	21 – 30 years old		
2	31 – 40 years old		
	41 – 50 years old		
	51 – 60 years old		
	61 years old and above		

	Education Level	(√) / –	Expert's Comments and Suggestions to Improve
	Certs or Diploma		Include other qualification ___________ after the "Professional Qualification".
	Bachelor's Degree		
3	Master		
	Doctor of Philosophy		
	Professional Qualification		

	Years of Experience in the Organization	(√) / –	Expert's Comments and Suggestions to Improve
	Less than 1 year		
	1 – 10 years		
4	11 – 20 years		
	21 – 30 years		
	More than 30 years		

Section B: Independent Variables
Highlight one of the five scales at the bottom of the statement that you have chosen.

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

Part 1: Independency of the Board of Directors	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The board of directors operates independently from the management in making decisions related to the ESG program.	1	2	3	4	5	Normally decision of ESG is a board's decision. Kindly confirm this.	Ismail et al. (2019)
2. Independent board members prioritize the long-term sustainability of the ESG initiatives.	1	2	3	4	5		
3. The independent directors effectively monitor management's implementation of the ESG program.	1	2	3	4	5		
4. Employees believe that the independence of the board increases the effectiveness of the ESG program.	1	2	3	4	5		
5. Independent board members take corrective actions to improve the ESG program when necessary.	1	2	3	4	5		
6. The presence of independent directors ensures transparency and accountability in ESG-related decisions.	1	2	3	4	5	You measure two different things here: transparency and accountability. This may confuse the respondent. Avoid measuring 2 things in 1 item.	

Commented [N1]: Propose: Independence of the Board....

Part 2: Adequacy of Reporting & Auditing of Financial Statements	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The organization's financial statements are adequately audited, providing reliable data for ESG program evaluation.	1	2	3	4	5		Zhang & Guo (2024)
2. Employees believe that accurate financial reporting enhances the credibility of the ESG program.	1	2	3	4	5		
3. The effectiveness of audit procedures ensures confidence in the ESG implementation process.	1	2	3	4	5		
4. Clear and open communication in financial audits promotes employee trust in ESG program outcomes.	1	2	3	4	5	Measuring 2 things here: Clear and open? Kindly confirm.	
5. Regular auditing and reporting on financial performance contribute to better ESG decision-making.	1	2	3	4	5	Is every ESG decision being audited? Once it is audited, it will be reported? Or some company might report it without being audited?	
6. Adequate financial reporting increases employee confidence in the organization's long-term ESG goals.	1	2	3	4	5		

Part 3: Top Management Commitment	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The top management is highly committed to the successful implementation of the ESG program.	1	2	3	4	5		

2. Employees feel motivated when top management demonstrates active involvement in the ESG program.	1	2	3	4	5		Ramires & Veselova (2024)
3. The leadership's dedication to ESG initiatives is clearly communicated to all employees.	1	2	3	4	5	When you put 'clearly communicated', there is a potential for some companies to just communicate the ESG initiative to their employees. For instance, my company did communicate but not clearly communicate. This might be a doubt to the respondent.	
4. Employees believe that top management's commitment positively impacts the effectiveness of the ESG program.	1	2	3	4	5		
5. The organization's leaders consistently prioritize ESG-related issues in their strategic decisions.	1	2	3	4	5		
6. Management's actions align with their expressed commitment to the ESG program's success.	1	2	3	4	5		

Part 4: Transparency	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The organization ensures transparency in communicating ESG-related information to all employees.	1	2	3	4	5		Zhang, Zhang & Tu (2024)
2. Transparent reporting of the organization's ESG progress improves employee trust in the program.	1	2	3	4	5		
3. Employees are regularly informed about the outcomes and impacts of the ESG initiatives.	1	2	3	4	5		
4. The organization's transparent decision-making process enhances the effectiveness of the ESG program.	1	2	3	4	5		
5. Open communication about the ESG program's objectives and achievements fosters employee engagement.	1	2	3	4	5	Here you have 'open' but not the 'clear'.	
6. The organization's transparency in ESG-related matters increases employee confidence in its sustainability efforts.	1	2	3	4	5		

Section C: Dependent Variable
Highlight one of the five scales at the bottom of the statement that you have chosen.

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

Employee Perception Towards ESG Programs Implementation	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. I believe that the ESG program is being effectively implemented to support our organization's sustainability efforts.	1	2	3	4	5		Khamisu, Paluri & Sonwaney (2024)
2. The implementation of the ESG program aligns well with the organization's core values.	1	2	3	4	5		
3. I am confident that the company is actively working towards achieving its ESG objectives through ongoing implementation.	1	2	3	4	5		
4. The communication around the implementation of the ESG program is clear and understandable to all employees.	1	2	3	4	5		
5. I feel that the ESG program is effectively integrated into the organization's daily operations.	1	2	3	4	5		
6. The way the ESG program is being implemented encourages employees to participate in sustainability initiatives.	1	2	3	4	5		
7. I believe that the company is effectively implementing its ESG program to enhance its industry reputation.	1	2	3	4	5		
8. The implementation of the ESG program positively affects employee morale and engagement.	1	2	3	4	5	Measuring 2 things here" employee morale and employee engagement. Morale might not be engaged.	
9. I am kept informed about the progress of the ESG program's implementation within the organization.	1	2	3	4	5		
10. I perceive that the ESG program is being implemented as a long-term strategic priority for the organization.	1	2	3	4	5		

We sincerely appreciate and thank you for your time to complete this survey. Your valuable insights and feedback are instrumental in advancing our research and achieving goals of this study.

Dear Y. Bhg. Dato'/ Datin/ Prof./ Assoc. Prof./ Dr./ Mr./ Ms.,

We would like to invite you as an expert to evaluate the questionnaire, which we have designed for the data collection and towards the completion of Master of Business Administration (Corporate Governance) on ***Employees' Perception Towards the Implementation of Environmental, Social and Governance (ESG) Programs: A Malaysia Perspective.***

We realise and believe that your valuable and professional feedback are essential and shall enhance the questionnaire as the data collection instrument of this research.

We would appreciate your involvement in this important process; thus, shall significantly contribute for lasting value to scholars, corporate leaders, and policymakers by understanding how employee perceive ESG program. As included in this email, we humbly seek for your cooperation to please complete the attached form and return it by email to yongnie.lim@1utar.my and sallehhuddin@utar.edu.my.

Should you wish to discuss the project or your participation in more detail, please feel free to contact 011-27069590 (Ms Lim Yong Nie) or 019-628 5049 (Dr Abdullah Sallehhuddin – main supervisor).

Thank you in advance for your time.

Yours sincerely,
LIM YONG NIE
Master's Student
Universiti Tunku Abdul Rahman

OVERALL COMMENTS :
Questions are clear and easy to understand. Minor improvement can be made to enhance clarity of questions with suggestion given.

VALIDATION :	
Date :	30.12.2024
Signature :	
Name :	NGEOW SHIN YEE
Position, Department Stamp :	Corporate Secretary

Section A: Demographic Section.

Tick (√) one box only from the given options.

	Gender	(√) / –	Expert's Comments and Suggestions to Improve
1	Male		All good
	Female		All good

	Age	(√) / –	Expert's Comments and Suggestions to Improve
2	20 years old and below		Good to collect different age of employees and investigate their perceptions towards ESG at different age stage
	21 – 30 years old		
	31 – 40 years old		
	41 – 50 years old		
	51 – 60 years old		
	61 years old and above		

	Education Level	(√) / –	Expert's Comments and Suggestions to Improve
3	Certs or Diploma		Good to understand how people with different educational background have different perspective on ESG
	Bachelor's Degree		
	Master		
	Doctor of Philosophy		
	Professional Qualification		

	Years of Experience in the Organization	(√) / –	Expert's Comments and Suggestions to Improve
4	Less than 1 year		Good to observe how people look into ESG based on their working experience and understanding towards the working society
	1 – 10 years		
	11 – 20 years		
	21 – 30 years		
	More than 30 years		

Section B: Independent Variables
Highlight one of the five scales at the bottom of the statement that you have chosen.

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

Part 1: Independency of the Board of Directors	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The board of directors operates independently from the management in making decisions related to the ESG program.	1	2	3	4	5	The questions are generally clear, but they can be refined for more precise measurement. For example, some questions could benefit from additional context or details to ensure employees fully understand what "independence" and "effectiveness" mean in the context of the ESG program. Suggestion: For clarity, briefly define what is meant by "independence" at the start of the questionnaire. This can help employees provide more accurate feedback. (decision-making freedom, the absence of conflict of interest, or the ability to challenge management	Ismail et al. (2019)
2. Independent board members prioritize the long-term sustainability of the ESG initiatives.	1	2	3	4	5		
3. The independent directors effectively monitor management's implementation of the ESG program.	1	2	3	4	5		
4. Employees believe that the independence of the board increases the effectiveness of the ESG program.	1	2	3	4	5		
5. Independent board members take corrective actions to improve the ESG program when necessary.	1	2	3	4	5		
6. The presence of independent directors ensures transparency and accountability in ESG-related decisions.	1	2	3	4	5		

Part 2: Adequacy of Reporting & Auditing of Financial Statements	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The organization's financial statements are adequately audited, providing reliable data for ESG program evaluation.	1	2	3	4	5	All good	Zhang & Guo (2024)
2. Employees believe that accurate financial reporting enhances the credibility of the ESG program.	1	2	3	4	5		
3. The effectiveness of audit procedures ensures confidence in the ESG implementation process.	1	2	3	4	5		
4. Clear and open communication in financial audits promotes employee trust in ESG program outcomes.	1	2	3	4	5		
5. Regular auditing and reporting on financial performance contribute to better ESG decision-making.	1	2	3	4	5		
6. Adequate financial reporting increases employee confidence in the organization's long-term ESG goals.	1	2	3	4	5		

Part 3: Top Management Commitment	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The top management is highly committed to the successful implementation of the ESG program.	1	2	3	4	5	For question 4, this is an important question that links management's commitment with the perceived success of the ESG program. However, it assumes that employees see a direct link	Ramires & Veselova (2024)
2. Employees feel motivated when top management demonstrates active involvement in the ESG program.	1	2	3	4	5		

3. The leadership's dedication to ESG initiatives is clearly communicated to all employees.	1	2	3	4	5	between commitment and effectiveness. Suggestion: It may be useful to frame the question in a way that explores both the perception of commitment and the tangible impact on effectiveness. For example: "Employees believe that top management's visible commitment positively impacts the success and outcomes of the ESG program."	
4. Employees believe that top management's commitment positively impacts the effectiveness of the ESG program.	1	2	3	4	5		
5. The organization's leaders consistently prioritize ESG-related issues in their strategic decisions.	1	2	3	4	5		
6. Management's actions align with their expressed commitment to the ESG program's success.	1	2	3	4	5		

Part 4: Transparency	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. The organization ensures transparency in communicating ESG-related information to all employees.	1	2	3	4	5	All good	Zhang, Zhang & Tu (2024)
2. Transparent reporting of the organization's ESG progress improves employee trust in the program.	1	2	3	4	5		
3. Employees are regularly informed about the outcomes and impacts of the ESG initiatives.	1	2	3	4	5		
4. The organization's transparent decision-making process enhances the effectiveness of the ESG program.	1	2	3	4	5		
5. Open communication about the ESG program's objectives and achievements fosters employee engagement.	1	2	3	4	5		
6. The organization's transparency in ESG-related matters increases employee confidence in its sustainability efforts.	1	2	3	4	5		

Section C: Dependent Variable
Highlight one of the five scales at the bottom of the statement that you have chosen.

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

Employee Perception Towards ESG Programs Implementation	Scale					Expert's Comments and Suggestions to Improve	Source of Item
1. I believe that the ESG program is being effectively implemented to support our organization's sustainability efforts.	1	2	3	4	5	If appropriate, include questions that help employees compare the company's ESG efforts with those of its industry peers. This helps assess if the company is leading, catching up, or falling behind. Suggestion: Include comparative questions such as "How would you rate	Khamisu, Paluri & Sonwaney (2024)
2. The implementation of the ESG program aligns well with the organization's core values.	1	2	3	4	5		
3. I am confident that the company is actively working towards achieving its ESG objectives through ongoing implementation.	1	2	3	4	5		

4. The communication around the implementation of the ESG program is clear and understandable to all employees.	**1**	**2**	**3**	**4**	**5**	the company's ESG practices relative to others in the same industry?"	
5. I feel that the ESG program is effectively integrated into the organization's daily operations.	**1**	**2**	**3**	**4**	**5**		
6. The way the ESG program is being implemented encourages employees to participate in sustainability initiatives.	**1**	**2**	**3**	**4**	**5**		
7. I believe that the company is effectively implementing its ESG program to enhance its industry reputation.	**1**	**2**	**3**	**4**	**5**		
8. The implementation of the ESG program positively affects employee morale and engagement.	**1**	**2**	**3**	**4**	**5**		
9. I am kept informed about the progress of the ESG program's implementation within the organization.	**1**	**2**	**3**	**4**	**5**		
10. I perceive that the ESG program is being implemented as a long-term strategic priority for the organization.	**1**	**2**	**3**	**4**	**5**		

We sincerely appreciate and thank you for your time to complete this survey. Your valuable insights and feedback are instrumental in advancing our research and achieving goals of this study.

APPENDIX C OUTPUT SPSS FOR RELIABILITY [PILOT TEST]

Scale: Independency of The Board of Directors

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded[a]	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.864	6

Scale: Adequacy of Reporting & Auditing of Financial Statements

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded[a]	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.921	6

Scale: Top Management Commitment

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded[a]	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.900	6

Scale: Transparency

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded[a]	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.935	6

Scale: Employee Perception Towards ESG Programs Implementation

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded[a]	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.967	10

APPENDIX D OUTPUT SPSS FOR DEMOGRAPHIC PROFILE

Statistics

		Gender	Age	Education Level	Years of Experience in the Organisation
N	Valid	224	224	224	224
	Missing	0	0	0	0

Gender

	N	%
Female	113	50.4%
Male	111	49.6%

Age

	N	%
20 years old and below	1	0.4%
21 - 30 years old	83	37.1%
31 - 40 years old	67	29.9%
41 - 50 years old	38	17.0%
51 - 60 years old	29	12.9%
61 years old and above	6	2.7%

Education Level

	N	%
Bachelor's Degree	112	50.0%
Certificate	10	4.5%
Diploma	18	8.0%
Doctor of Philosophy	11	4.9%
Master	70	31.3%
Professional Qualification	3	1.3%

Years of Experience in the Organisation

	N	%
1 - 10 years	115	51.3%
11 - 20 years	42	18.8%
21 - 30 years	27	12.1%
Less than 1 year	34	15.2%
More than 30 years	6	2.7%

APPENDIX E OUTPUT SPSS FOR RELIABILITY [ACTUAL DATA]

Scale: Independency of the Board of Directors

Case Processing Summary

		N	%
Cases	Valid	224	100.0
	Excluded[a]	0	.0
	Total	224	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.937	6

Scale: Adequacy of Reporting & Auditing of Financial Statements

Case Processing Summary

		N	%
Cases	Valid	224	100.0
	Excluded[a]	0	.0
	Total	224	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.964	6

Scale: Top Management Commitment

Case Processing Summary

		N	%
Cases	Valid	224	100.0
	Excluded[a]	0	.0
	Total	224	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.954	6

Scale: Transparency

Case Processing Summary

		N	%
Cases	Valid	224	100.0
	Excluded[a]	0	.0
	Total	224	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.962	6

Scale: Employee Perception Towards ESG Programs Implementation

Case Processing Summary

		N	%
Cases	Valid	224	100.0
	Excluded[a]	0	.0
	Total	224	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.976	10

APPENDIX F OUTPUT SPSS FOR DESCRIPTIVE ANALYSIS

Independency of the Board of Directors

Descriptive Statistics

	N	Mean	Std. Deviation
A1 The board of directors operates independently from the management in making decisions related to the ESG program.	224	3.86	1.053
A2 Independent board members prioritize the long-term sustainability of the ESG initiatives.	224	3.71	1.136
A3 The independent directors effectively monitor managements implementation of the ESG program.	224	3.80	.993
A4 Employees believe that the independence of the board increases the effectiveness of the ESG program.	224	3.79	1.190
A5 Independent board members take corrective actions to improve the ESG program when necessary.	224	3.84	.974
A6 The presence of independent directors ensures accountability in ESG-related decisions.	224	3.94	1.040
Valid N (listwise)	224		

Adequacy of Reporting & Auditing of Financial Statements

Descriptive Statistics

	N	Mean	Std. Deviation
B1 The organisations financial statements are adequately audited, providing reliable data for ESG program evaluation.	224	3.96	1.015
B2 Employees believe that accurate financial reporting enhances the credibility of the ESG program.	224	3.92	1.176
B3 The effectiveness of audit procedures ensures confidence in the ESG implementation process.	224	3.90	1.190
B4 Effective communication during financial audits promotes employee trust in ESG program outcomes.	224	3.94	1.189
B5 Auditing and reporting on financial performance contribute to better ESG decision-making when conducted regularly.	224	3.86	1.126
B6 Adequate financial reporting increases employee confidence in the organisations long-term ESG goals.	224	3.98	.928
Valid N (listwise)	224		

Top Management Commitment

Descriptive Statistics

	N	Mean	Std. Deviation
C1 The top management is highly committed to the successful implementation of the ESG program.	224	3.97	1.020
C2 Employees feel motivated when top management demonstrates active involvement in the ESG program.	224	3.92	1.185
C3 The leaderships dedication to ESG initiatives is effectively communicated to all employees.	224	3.82	1.211
C4 Employees believe that top managements commitment positively impacts the effectiveness of the ESG program.	224	3.85	1.154
C5 The organisations leaders consistently prioritize ESG-related issues in their strategic decisions.	224	3.80	1.001
C6 Managements actions align with their expressed commitment to the ESG programs success.	224	3.77	1.194
Valid N (listwise)	224		

Transparency

Descriptive Statistics

	N	Mean	Std. Deviation
D1 The organisation ensures transparency in communicating ESG-related information to all employees.	224	3.83	1.240
D2 Transparent reporting of the organisations ESG progress improves employee trust in the program.	224	3.98	1.002
D3 Employees are regularly informed about the outcomes and impacts of the ESG initiatives.	224	3.71	1.201
D4 The organisations transparent decision-making process enhances the effectiveness of the ESG program.	224	3.89	1.178
D5 Open communication about the ESG programs objectives and achievements fosters employee engagement.	224	3.94	1.180
D6 The organisations transparency in ESG-related matters increases employee confidence in its sustainability efforts.	224	3.92	1.197
Valid N (listwise)	224		

Employee Perception Towards ESG Programs Implementation

Descriptive Statistics

	N	Mean	Std. Deviation
E1 I believe that the ESG program is being effectively implemented to support our organisations sustainability efforts.	224	3.88	.974
E2 The implementation of the ESG program aligns well with the organisations core values.	224	3.88	1.212
E3 I am confident that the company is actively working towards achieving its ESG objectives through ongoing implementation.	224	3.76	1.222
E4 The communication around the implementation of the ESG program is clear and understandable to all employees.	224	3.76	1.180
E5 I feel that the ESG program is effectively integrated into the organisations daily operations.	224	3.72	1.225
E6 The way the ESG program is being implemented encourages employees to participate in sustainability initiatives.	224	3.89	.998
E7 I believe that the company is effectively implementing its ESG program to enhance its industry reputation.	224	3.82	1.245
E8 The implementation of the ESG program positively affects employee morale.	224	3.86	1.192
E9 I am kept informed about the progress of the ESG programs implementation within the organisation.	224	3.67	1.222
E10 I perceive that the ESG program is being implemented as a long-term strategic priority for the organisation.	224	3.81	1.192
Valid N (listwise)	224		

Overall Descriptive Statistics

Descriptive Statistics

	N	Mean	Std. Deviation
Independency of the Board of Directors	224	3.8229	.93105
Adequacy of Reporting & Auditing of Financial Statements	224	3.9278	1.02016
Top Management Commitment	224	3.8549	1.01932
Transparency	224	3.8817	1.07156
Employee Perception Towards ESG Programs Implementation	224	3.8054	1.06028
Valid N (listwise)	224		

APPENDIX G OUTPUT SPSS FOR PEARSON CORRELATION ANALYSIS

Correlations

		Independency of the Board of Directors	Adequacy of Reporting & Auditing of Financial Statements	Top Management Commitment	Transparency	Employee Perception Towards ESG Programs Implementation
Independency of the Board of Directors	Pearson Correlation	1	.845**	.870**	.882**	.840**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001
	N	224	224	224	224	224
Adequacy of Reporting & Auditing of Financial Statements	Pearson Correlation	.845**	1	.921**	.930**	.881**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001
	N	224	224	224	224	224
Top Management Commitment	Pearson Correlation	.870**	.921**	1	.924**	.928**
	Sig. (2-tailed)	<.001	<.001		<.001	<.001
	N	224	224	224	224	224
Transparency	Pearson Correlation	.882**	.930**	.924**	1	.908**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001
	N	224	224	224	224	224
Employee Perception Towards ESG Programs Implementation	Pearson Correlation	.840**	.881**	.928**	.908**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	
	N	224	224	224	224	224

**. Correlation is significant at the 0.01 level (2-tailed).

APPENDIX H OUTPUT SPSS FOR CROSS-TABULATION ANALYSIS

Gender

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * Employee Perception Towards ESG Programs Implementation	224	100.0%	0	0.0%	224	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	79.275[a]	29	<.001
Likelihood Ratio	104.574	29	<.001
N of Valid Cases	224		

a. 46 cells (76.7%) have expected count less than 5. The minimum expected count is .50.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.595	<.001
	Cramer's V	.595	<.001
N of Valid Cases		224	

Age

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * Employee Perception Towards ESG Programs Implementation	224	100.0%	0	0.0%	224	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	475.029[a]	145	<.001
Likelihood Ratio	363.322	145	<.001
N of Valid Cases	224		

a. 166 cells (92.2%) have expected count less than 5. The minimum expected count is .00.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	1.456	<.001
	Cramer's V	.651	<.001
N of Valid Cases		224	

Education Level

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Education Level * Employee Perception Towards ESG Programs Implementation	224	100.0%	0	0.0%	224	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	172.228[a]	145	.061
Likelihood Ratio	172.788	145	.057
N of Valid Cases	224		

a. 168 cells (93.3%) have expected count less than 5. The minimum expected count is .01.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.877	.061
	Cramer's V	.392	.061
N of Valid Cases		224	

Years of Experience in the Organisation

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Years of Experience in the Organisation * Employee Perception Towards ESG Programs Implementation	224	100.0%	0	0.0%	224	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	359.099[a]	116	<.001
Likelihood Ratio	273.795	116	<.001
N of Valid Cases	224		

a. 139 cells (92.7%) have expected count less than 5. The minimum expected count is .03.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	1.266	<.001
	Cramer's V	.633	<.001
N of Valid Cases		224	

APPENDIX I OUTPUT SPSS FOR MULTIPLE REGRESSION ANALYSIS

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Transparency, Independency of the Board of Directors, Top Management Commitment, Adequacy of Reporting & Auditing of Financial Statements[b]	.	Enter

a. Dependent Variable: Employee Perception Towards ESG Programs Implementation

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.937[a]	.879	.877	.37240

a. Predictors: (Constant), Transparency, Independency of the Board of Directors, Top Management Commitment, Adequacy of Reporting & Auditing of Financial Statements

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	220.321	4	55.080	397.161	<.001[b]
	Residual	30.372	219	.139		
	Total	250.694	223			

a. Dependent Variable: Employee Perception Towards ESG Programs Implementation

b. Predictors: (Constant), Transparency, Independency of the Board of Directors, Top Management Commitment, Adequacy of Reporting & Auditing of Financial Statements

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.018	.109		.167	.868
	Independency of the Board of Directors	.034	.060	.030	.570	.570
	Adequacy of Reporting & Auditing of Financial Statements	-.015	.074	-.014	-.200	.842
	Top Management Commitment	.628	.074	.604	8.483	<.001
	Transparency	.334	.077	.337	4.347	<.001

a. Dependent Variable: Employee Perception Towards ESG Programs Implementation