# ESG-INSIGHT: A GOVERNANCE AND INSTITUTIONAL CULTURE DIAGNOSTIC TOOL FOR DISCLOSURE TRANSPARENCY IN MALAYSIAN PUBLIC LISTED COMPANIES.

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## ABSTRACT

Environmental, Social, and Governance (ESG) disclosure has become increasingly important in promoting corporate transparency, accountability, and sustainable business practices. In Malaysia, although sustainability reporting has been encouraged through regulatory initiatives and guidelines, ESG disclosure among publicly listed companies (PLCs) remains inconsistent and often lacks depth and comparability. Many companies provide limited or narrative-based ESG information, making it difficult for regulators, investors, and stakeholders to assess the actual level of transparency and sustainability performance. These challenges highlight the need for a practical tool to systematically evaluate the transparency of ESG disclosures and identify governance factors that influence corporate transparency. This innovation introduces **ESG-Insight: Governance & Institutional Diagnostic Tool**, a diagnostic analytics dashboard designed to evaluate the transparency and completeness of ESG disclosures among Malaysian PLCs. The system integrates ESG disclosure indicators with institutional culture factors, including ethnic diversity, religious influence, family-firm ownership, political connections, and the richest man's connection among the board of directors. In addition, board gender diversity is incorporated as an important governance mechanism influencing disclosure behaviour. Using a structured scoring model and data extracted from annual and sustainability reports, the tool generates an ESG Transparency Score, governance indicators, and institutional culture risk assessments. The results are visualised through an interactive dashboard that allows users to diagnose weaknesses in ESG reporting and benchmark corporate transparency. By transforming academic research into a practical analytical tool, ESG-Insight provides a novel approach to assessing ESG disclosure in emerging markets. The innovation supports better governance practices, enhances corporate accountability, and offers valuable insights for policymakers, investors, and companies seeking to improve sustainability reporting standards in Malaysia

**KEYWORDS:** ESG disclosure transparency, institutional culture, corporate governance, ESG analytics, governance diagnostics

## PROBLEM AND OBJECTIVE

The growing pressure from investors, regulators, and stakeholders has encouraged companies worldwide to improve transparency in Environmental, Social, and Governance (ESG) activities. ESG disclosure is increasingly recognised as an important indicator of corporate accountability, sustainability performance, and long-term value creation. However, despite ongoing improvements in Malaysia, the quality and consistency of ESG disclosure among Public Listed Companies (PLCs) remain inconsistent. Reports by

PwC (2022), the GEM Malaysia Regional Report (2022), and The Malaysian Reserve (2023) indicate that many Malaysian companies still lack sufficient depth, measurable indicators, and transparency in ESG reporting, with disclosure quality remaining relatively lower compared to other ASEAN countries. Recent studies further highlight that low ESG disclosure continues to be a persistent challenge among Malaysian PLCs (Ma et al., 2025).

In addition, many existing ESG assessment tools primarily focus on overall ESG ratings or performance outcomes. While some systems include general governance indicators, they may provide limited emphasis on contextual factors such as political linkages, family ownership, ownership concentration, and board diversity, despite their potential influence on disclosure transparency in Malaysia and other emerging markets.

Therefore, ESG-Insight: Governance & Institutional Diagnostic Tool aims to develop a practical dashboard-based tool to assess ESG disclosure transparency among Malaysian PLCs by integrating ESG indicators with governance and institutional culture variables. The innovation is designed to provide actionable recommendations, support benchmarking, and assist stakeholders in improving ESG reporting quality and decision-making.

**DESIGN DESCRIPTION**

This tool is developed to transform raw corporate disclosure data into practical decision-support insights using information extracted from annual reports, sustainability reports, governance statements, and selected ESG databases. A preliminary pilot sample of 30 Malaysian Public Listed Companies (PLCs) from multiple sectors was prepared to support prototype testing and refinement, enabling broader comparison across governance structures and ESG reporting practices.

The system operates through several analytical stages. First, ESG and governance-related data are collected from publicly available disclosures. The extracted information is then standardised into measurable and comparable indicators. Next, the scoring engine aggregates Environmental, Social, and Governance indicators into ESG sub-scores and an overall ESG Transparency Score. The system also applies a risk classification model that categorises institutional factors such as political connection, family ownership influence, and board gender diversity into Low, Medium, or High risk levels. Governance indicators, including board size, independent directors, and female board representation, are subsequently analysed and summarised. Based on the identified weaknesses, the recommendation engine generates actionable suggestions to improve the quality of ESG disclosures and governance transparency. Finally, all outputs are visualised through an interactive dashboard comprising charts, scorecards, indicators, and risk panels.

The key outputs generated by ESG-Insight include the overall ESG Transparency Score, ESG sub-scores, institutional risk profiles, governance indicators, and strategic recommendations. The tool is designed to support companies, regulators, investors, consultants, and researchers in evaluating and improving ESG disclosure transparency.

## VISUALS

Figure 1 shows that the structured dataset contains company-level ESG scores, Environmental, Social, and Governance indicators, board characteristics, ownership variables, and institutional context measures. This forms the input layer of the prototype.

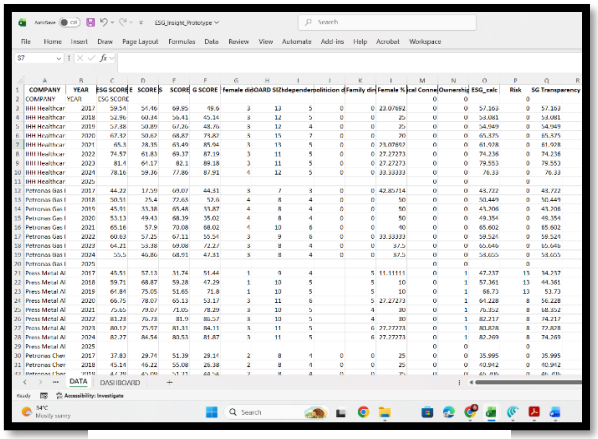


Figure 1. Raw Data Input Dataset

Figure 2 shows the working dashboard that converts raw data into scores, governance metrics, risk classifications, and recommendations through embedded scoring logic.

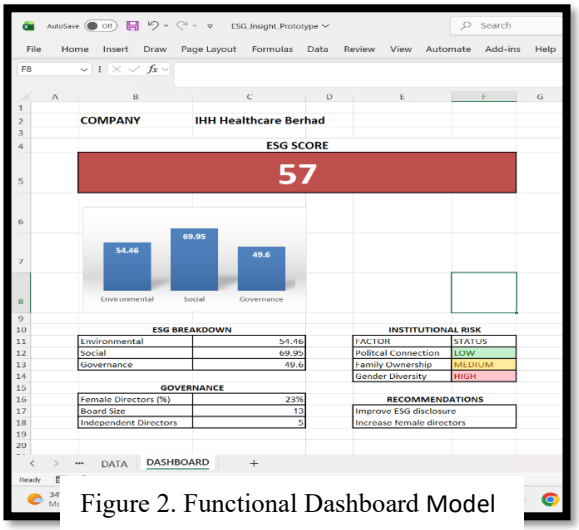



Figure 2. Functional Dashboard Model




Figure 3. ESG-Insight Final Prototype Interface Model

Figure 3 demonstrates that the final prototype presents ESG analytics through a user-friendly interface featuring ESG score gauges, breakdown charts, governance panels, institutional risk indicators, and recommendation modules. Collectively, these visuals demonstrate the transformation from empirical data collection to functional analytics and scalable dashboard innovation.

## NOVELTY AND UNIQUENESS

ESG-Insight: Governance & Institutional Diagnostic Tool introduces a novel approach to ESG assessment by focusing on the transparency and quality of ESG disclosure rather than relying solely on ESG scores or performance ratings. The tool integrates governance and institutional context factors, including political connection, family ownership, ownership concentration, and board gender diversity, which are particularly relevant in Malaysia and other emerging markets. In addition, ESG-Insight transforms academic research into a practical dashboard prototype that generates ESG scores, governance indicators, institutional risk classifications, and actionable recommendations within a single decision-support system.

## BENEFITS TO MANKIND

ESG-Insight: Governance & Institutional Diagnostic Tool may contribute to stronger corporate accountability, better governance practices, and improved sustainability reporting standards. Companies can identify disclosure gaps, investors can gain clearer ESG insights, and regulators may use the tool to benchmark transparency trends. By encouraging better reporting behaviour, the innovation supports more sustainable and trustworthy capital markets

## COMMERCIAL POTENTIAL

ESG-Insight: Governance & Institutional Diagnostic Tool demonstrates strong commercialization potential as a digital ESG intelligence platform for companies, investors, regulators, and advisory firms. The tool can be developed as a subscription-based dashboard (SaaS model) to monitor ESG disclosure quality, governance indicators, and institutional risk profiles. Its competitive advantage lies in integrating ESG scoring, governance diagnostics, institutional risk assessment, and automated recommendations within a single user-friendly platform, with strong scalability potential across Malaysia and ASEAN markets.

## CONCLUSION

ESG-Insight: Governance & Institutional Diagnostic Tool addresses an important gap in ESG reporting by evaluating disclosure transparency beyond conventional ESG scores through the integration of governance and institutional context factors. The innovation is particularly relevant for Malaysia and other emerging markets, with future potential for AI-based data extraction, automated benchmarking, and real-time ESG monitoring.

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