



conference proceeding



# SIMPORIUM NUSANTARA<sup>9</sup>

THE 9TH REGIONAL SYMPOSIUM OF THE MALAY ARCHIPELAGO  
*Revisit Islamic Civilization and Built Environment In The Malay World*

11 & 12 December 2012  
Al-Khawarizmi Lecture Hall  
UiTM(Perak)

Organized by:  
Centre for Knowledge & Understanding of Tropical Architecture & Interior (KUTAI)  
Centre for Islamic Thought & Understanding (CITU)  
Centre for Architecture, Planning & Surveying (FSPU)  
Faculty of Architecture, Planning & Surveying (FAPS)  
Universiti Teknologi MARA (Perak)  
<http://perak.uitm.edu.my/simpora9>



KUTAI



FSPU

PAPER CODE : ST523

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) DISCLOSURE BY MALAYSIAN LISTED PROPERTY COMPANIES**

**Asma Senawi<sup>a</sup>, Nor Aini Saleh<sup>b</sup>, Nor Azalina Yusnita Abdul Rahman<sup>c</sup>, Siti Fairuz  
Che Pin<sup>d</sup>**

<sup>a,b,c,d</sup> *Faculty of Architecture, Planning and Surveying, Universiti Teknologi MARA (UiTM), Malaysia  
asma5126@perak.uitm.edu.my*

---

### **Abstract**

The concept of corporate social responsibility (CSR) is receiving spectacular attention in recent years both from the business practitioners as well as academicians in different parts of the world. Corporate social responsibility (CSR) is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholder. As stated in Status Report by Bursa Malaysia in 2007, there are four dimension of CSR i.e. environment, community, marketplace and workplace. This exploratory research designed to investigate the level of corporate social responsibility (CSR) disclosure among Malaysian Property Listed Companies. To measure the extent of disclosure made by companies, CSR Disclosure Index was developed specifically for property companies. Content analysis had been used to analyse the activities carried out by companies using annual report and company's websites. 20 property companies listed in the Main Board of Bursa Malaysia was selected randomly. This study reports that a very few property companies in Malaysia are making efforts to carry out CSR practice in their business since the enforcement by Bursa Malaysia in 2006. The highest CSR disclosure's dimension is community involvement followed by environment, marketplace and workplace. To better performance in the future, Malaysian companies is suggested to improve their level of CSR disclosure as isn't only benefits the company itself but also to the society. Government intervention is needed to increase the level of CSR practice in Malaysia.

**Keywords:** Corporate Social Responsibility, Malaysian Listed Property Companies, Bursa Malaysia.

---

### **1. Introduction**

Corporate social responsibility (CSR) represents one of the most widely debate contemporary business issues. In broad terms, CSR is the responsibility an organisation takes for the impact of its corporate activities on the various stakeholders with whom it interfaces and whom it affects (Murray and Dainty, 2009). It has been the subject of considerable debate, commentary, theory building and research. The area defined by advocates of CSR increasingly covers a wide range of issues such as plant closures, employee relations, human rights, corporate ethics, community relations and the environment (Moir, 2001).

Over the decades, the concept of corporate social responsibility (CSR) has continued to grow in importance and significance. There are various different definitions of what CSR really means. One recent study identified 37 definitions of CSR (Dahlsrud, 2006), and this figure underestimates the true number, because many academically derived definitional constructs were not included owing to the methodology for identifying them. Corporate social responsibility (CSR) is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholder (Status Report, 2007). It is about how companies manage the business processes to produce an overall positive impact on society. There are four dimension of CSR i.e. environment, community, marketplace and workplace (Status Report, 2007). Other studies also found the following to be the most frequent dimensions of CSR: stakeholder dimension, social dimension, economic dimension, voluntariness dimension and environmental dimension (Dahlsrud, 2006). Although it's different, there are similarly focusing on triple bottom lines which are economic, social and environmental issues.

There are several forces that have driven social responsibility in business; customer pressure, changes in business practice, governance legislation and pressure, the rise of Socially Responsible Investment (SRI), changes in employee expectations, and evidence of poor corporate business practices/standards (Capaldi, 2005; Dawson, 2004; Pryce, 2002; Roberts *et al*, 2007). In addition, stakeholders are increasingly prone to criticise unethical practices that damage the environment, exploit the workers or damage communities (Murray and Dainty, 2009). This

demonstrates that it is important for applying the CSR practice in an organization as to recommend the causes of action. Instead, nowadays the substance of the sustainable development challenges is increasingly embedded in CSR endeavours (Murray and Dainty, 2009). Therefore the importance of appreciating and accommodating diverse stakeholder worldviews, and the needs to develop and operate a system-orientated framework to guide decision making and action are required.

As this issue becomes the research agendas currently, there are also some studies that examine important research in CSR literature and identify critical research gaps (Carroll 1999; Garriga and Melé 2004; Lee 2008; Secchi 2007). CSR practice may have different ways on its application depending on its culture and political background. They might have different types of CSR activities carried out for different places (Murray and Dainty, 2009). In the Malaysian context, they have different culture and religions of their society which may represent different CSR activities carried out.

Generic business guides are available elsewhere, and are usually rooted in the assumption that CSR is a positive contributor to the achievement of business objectives whilst satisfying societal needs (Murray and Dainty, 2009). Although organizations increasingly adhere and demonstrate their commitment to CSR (Pinkston and Carroll 1994), many struggle with this effort (Lindgreen *et al.* 2009). Some organization had practice CSR a long time ago but what will be the level of their contribution in this practice? Disclosures from the organisation are required to demonstrate their level of performance in these issues.

In emerging country like Malaysia, CSR practice become increasing where most companies recognise CSR as a business priority (Status Report, 2007). According to Status Report (2007), there are still lack of knowledge and awareness towards CSR practice especially on environmental dimension. Many of companies including Listed Property Companies take into consideration the element of CSR in their business. It is important for property companies to concern on CSR as they contribute in the construction activities. The concern is towards the way property companies addressed strategy and risk management and assessed their environmental and social impact (Murray and Dainty, 2009). Another consideration is towards sustainability issues in housing development as its very importance to make sure future generation also can get the benefit as what we are having now.

## 2. Literature Review

Fully understanding towards CSR concept is very important in this research in a way to know the level of practice and disclosure of CSR on listed property companies. As the Prime Minister mentioned in the 2006 budget speech, from now on all listed companies are required to disclose their CSR activities. Therefore, all aspect related to CSR have to discover for better understanding in a result to have good analysis based on the aim of this study. The literatures on corporate social responsibility come in an examination of corporate social performance. The literature has attempted to describe an emerging model of the issues that lead to a coherent model of what would represent corporate social performance (Mior, 2001).

This section tries to elaborate on what CSR means and its significance on business activities. Different countries will have different perceptions and their own approaches towards CSR activities (Murray and Dainty, 2009). On the other hand, the type of activities carried out by property companies may differ with other institutions like financial, services, consumer products and so on. Thus, the questions being asked what are the types of CSR activities carried out by property listed companies and also what is the level of disclosure towards CSR. A strong literature analysis is required to obtain a good result at the end of this study.

### 2.1 Definitions

There are various definitions regarding CSR concept as there are diverse perceptions towards this. The definition of corporate social responsibility was important to clearly understand the implications of the concept on the business world. Other than that, it is necessary to know other definitions relating to this study that are Property Company, Malaysian Listed Company and stakeholders. In order to define the CSR concept, we also have to relate it regarding for what and whom responsibility refer and who is the person who calling for firms to be socially responsible.

The World Business Council for Sustainable Development (1999) had defined CSR as the ethical behaviour of a company towards society, management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business, and CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. On the other hand, in Status Report for Malaysian Public Listed

Companies 2007 by Bursa Malaysia classified CSR as company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interest of diverse stakeholders.

In addition, we need to clarify what's Property Company means. Basically, Property Company is the institutions which own property or which carry out certain property related transactions. Also like others company they have to form a firm and registered with Commission Companies of Malaysia (CCM) but carry out different business activities which related to property. According to UK's Housing Act (2004) chapter 18, a "property company" is a company primarily engaged in property activities which include the holding of properties and development of properties for letting and retention as investments; the purchase or development of properties for subsequent sale; or the purchase of land for development of properties for retention as investments.

There're lots of property companies in Malaysia and some of them had being listed and some of them are not. Listed company in Malaysia is refer to the companies who are listed in Bursa Malaysia (previously known as Kuala Lumpur Stock Exchange, KLSE) which the purpose of to enhance competitive position and to respond to global trends in the exchange sector by making themselves more customer-driven and market-oriented that consists of Main Board, Second Board and MESDAQ ([www.wikipedia.com](http://www.wikipedia.com)). Bursa Malaysia has since then focused on various initiatives aimed at improving its product and service offerings, increasing the liquidity and velocity of its markets, improving the efficiency of its businesses and achieving economies of scale in its operations.

As well, the contributions of stakeholders are significant for listed companies. In such organisation, the roles of stakeholder are very important as their contribution towards the successfulness of business activities. Their contribution affects the level of practice on CSR as company attaining a balance between the interests of all its stakeholders within its strategic planning and operations. Freeman's classic definition of a stakeholder is any group or individual who can affect or is affected by the achievement of the organization's objectives (Freeman, 1984, p. 46).

## 2.2 Dimensions of CSR

Status Report 2007 stated that there are four dimension of CSR which are environment, community, marketplace and workplace. It is supported by CSR framework for Malaysian Public Listed Companies who outline the four dimensions. According to Mallen Baker in [www.mallenbaker.net/csr](http://www.mallenbaker.net/csr), he also demonstrates CSR into four dimensions in the business society as shown in Figure 1. The four dimensions of CSR area are:

### 1. The Environment

When looking at the environment, CSR can focus on a variety of issues. All of us worry about energy, how to use it more efficiently and how to reduce the way its emissions damage the climate. Here in Malaysia, bio fuels have become a topical issue. There are other aspects as well. We live amongst some of the richest biodiversity in the world where by protecting our flora and fauna is essential. Environment dimension is an important eye-opener for Malaysia. Talking on Property Company, the environmental issues become an integral part as the need for environment protection in construction stage.

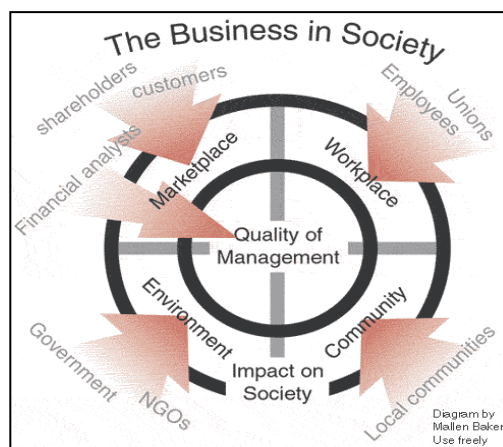


Fig 1. Dimensions of Corporate Social Responsibility (CSR)

## 2. The Community

Companies live within the community. They depend on the community in many ways and the community depends on them. Supporting employee involvement in community issues enriches the community and the company. Supporting education, such as adopting a school, is another possible activity. Companies can be creative in looking at how they can contribute to children, youth development and the under privileged. The opportunities for company interaction with the community are vast.

## 3. The Marketplace

The Marketplace is where we find important stakeholders – our shareholders, suppliers, and customers. Companies can interact responsibly with this group in a number of ways, such as supporting green products or engaging in only ethical procurement practices. Helping to develop suppliers and other vendors is another way of contributing. Raising the standards of Corporate Governance within the company so that it meets shareholder expectations is a further consideration.

## 4. The Workplace

We draw our employees from society and so everything we do with our staff needs to be socially responsible, whether we are dealing with basic human rights or gender issues. A quality work environment and health & safety are obvious considerations, as is the way in which, if we believe in CSR, we inculcate in our employees, the values which the company holds dear. Ideally, companies should consider all 4 CSR dimensions when crafting their own visions. But that does not mean a company must do everything.

### 2.3 Malaysian Listed Property Companies

The property sector is a significant asset in the Malaysian economy (Roslina and Hasniyati, 2008). This is proved by the business community in Malaysia in property development has never subsidised. During the economic slowdown in 1984-87, there was a decrease in property development activities but development regained its momentum when economic conditions improved in late 1980s. From that period onwards, property prices escalated and property developers mushroomed in Malaysia where several public listed companies under the KLSE property counter.

Business activities of all property companies include the location distribution and types of properties owned and properties developed. Study by Roslina and Hasniyati (2008) shows that property companies in Malaysia are well diversified by business type. Apart from property development as the core business, there are also others activities carried out such manufacturing, hotels and construction. It also seen as a complement to the property industry as manufacturing here refers to manufacturing of construction related products whilst construction activities refer to building and infrastructure construction. Others activities will be property development (highest scored), property investment, property management, plantation and quarry. This diversified strategy reduces risk and as demonstrated by previous research (Lee and Stevenson, 2005; Eichholtz *et al.*, 1995 and Lee, 2001).

### 2.4 CSR in Malaysia

The development of corporate social responsibility (CSR) in Malaysia has, over time, moved to higher levels and Malaysia is recognised as being among the most active emerging economies in relation to corporate responsibility. Companies in Malaysia have expanded their annual reports beyond the traditional reporting by incorporating elements of environmental, social, product and employee information. Recent research in the area of corporate social reporting indicates that there are tremendous improvements in company reporting that may indirectly reflect real improvements in social performance (Thompson and Zakaria 2004; Amran 2006).

The Malaysian government has, over the years, put in place extensive legislative devices to help protect the environment. A case in point is the environmental impact assessment (EIA), which is compulsory for major development projects (Mohd Nor, 2000). Many Malaysian companies have adopted the ISO 14001 Environmental Management System standards (ACCA 2002). Thevaraj (2002) states that there were 367 Malaysian companies involved with ISO 14001 certification in the studied period and that this figure was proportionately higher than that found in many developed and developing countries including the United States, France, India and China. The

companies consisted of small and medium unlisted companies that were suppliers to foreign multinational companies which insisted on ISO 14001 certification as a prerequisite for doing business with them (Thompson 2003). The aforementioned phenomena indicate that Malaysian companies may be environmentally conscious, notwithstanding the fact that this is not necessarily reflected in their reporting.

Malaysia has to step up effort to promote CSR in the private sector and even provide education on it in order to improve the quality of life of the people as well as encourage greater transparency and corporate governance among business. In addition, Malaysian companies incorporate CSR into its corporate governance agenda not only to develop good corporate citizens in the Malaysian housing industry and also to increase the tool to enhance the recognition and profile of corporate domestic companies who can gain better recognition from the perspective of international and domestic institutional investors (Tan, 2006).

According to the emergent literature, there is a growing awareness in Malaysia that business needs to manage its relationship with the wider society. Corporate leaders are responsible for their corporations' impact on society and the natural environment beyond legal compliance and the liability of individuals. More experienced leaders can gain new perspectives on how to grow in their approach to sustainability and how to develop innovative business models in accord with the triple bottom line.

### *2.5 CSR in Property/Real Estate Industry*

Real estate is a broad term and it covers not only commercial real estate but also residential real estate. Although real estate is often considered to be a profitable investment tool, it provides people's basic housing needs and hence, has substantial implications for society. Ethical values and practices in real estate business are important for the stakeholders such as investors, real estate agents, real estate appraisers, financial institutions, and government bodies who are involved in real estate transactions. In order to build a respectful environment, market players of real estate business should embed the principles of corporate social responsibility (CSR) into their operations.

The issue is when the recent event in the global money markets and real estate industry heightens the need for qualified real estate appraisers to operate in the industry. This is because the absence of qualified and trustworthy appraisers could make it difficult if not totally impossible to promote market transparency. Lack of credible appraisal speeds up the speculation process and this is reflected in real estate prices. Malpezzi and Wachter (2005) argue that the effects of speculation depend on supply conditions including the regulatory framework for real estate.

The size of the company is another important issue for CSR practices. Without having institutional settings, it is a hard task to fulfil the required CSR responsibilities to all stakeholders. In general, large companies undertake initiatives to foster CSR through donations, sponsorship, training programmes, and implementing new standards etc. Lepoutre and Heene (2006) argue that due to financial constraints, small and medium sized enterprises (SMEs) have difficulties becoming involved in CSR practices.

Issues relating to CSR in property development have been of increasing concern not just in Malaysia but globally, see for example Idowu and Filho (2009). The concern has heightened following the recent financial crises in real estate investments around the globe triggered by both irresponsible lending and over-valuation of real estate properties in some parts of the world.

## **3. Research Methodology**

This part outlines the approach adopted in meeting the aims and objectives of the research. It explains the methodology used for the research investigations, the technique adopted to collect, analyse and interpret data. The merits of the selected research strategy will also be discussed.

For the purpose of this study, secondary data from annual reports of listed property companies will be used. Only 20 property companies listed in Bursa Malaysia will be selected for this study through the random sampling method. The Desk Study approach will be used to analyse data from annual reports of 20 selected Malaysian Property Listed Companies. The approach required data analyse from literature and other secondary sources where applicable.

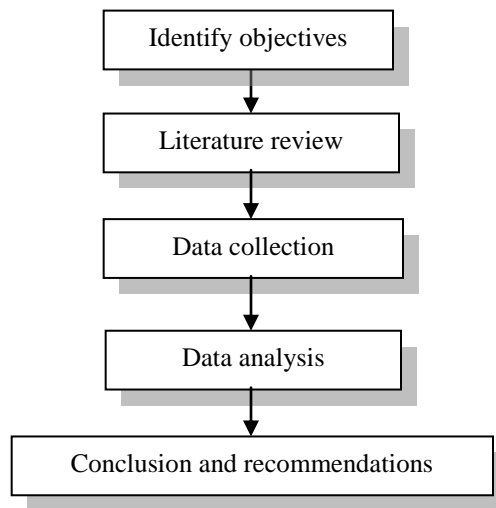


Fig 2. Stages of Research Methodology

These five stages demonstrate the flow of study methodology used for the research. Stage by stage work is needed to make sure the research will be completed. To come out with the next stage, previous stage has to be complete first. At the end of day, research will come out the outcome in form of report.

### 3.1 Development of Qualitative Research (CSR Index)

This study uses qualitative research instead of quantitative research. The main sources of information and data are based on literature review and also annual reports of the companies. The analysis is concern on CSR activities exposed in annual report based on certain criteria. The criteria therefore will be compared to all 20's Malaysian Listed Property Companies as to know their level of practice of CSR.

According to Milne and Adler (1999), the construction of a categorisation scheme is an essential stage in content analysis research. This involves the selection and development of categories into which content units can be classified (Tilt, 2000). The measurement instrument in this study is adapted according to its dimensions or themes. This adaptation is consistent with the past studies used to measure the level of CSR disclosure (e.g. Ernst and Ernst, 1978; Hackston and Milne, 1996; Hossain *et al.*, 2006).

CSR criteria were developed into a form of index known as CSR disclosure index (CSR index). The items of CSR included in CSR index have been developed based on the following criteria:

1. Criteria of CSR taken from CSR Report 2007 on Public Listed Companies in Malaysia.
2. CSR disclosure item focusing on property companies in US (e.g. Jones and Hillier, 2009).
3. CSR disclosure items identified in other studies examining disclosure in Malaysia (e.g. Nik Ahmad *et al.*, 2003; Said *et al.*, 2009).
4. CSR disclosure indices generally used in developing countries other than Malaysia (e.g. Hossain *et al.*, 2006; Aras *et al.*, 2010).
5. Disclosure indices generally used in develop countries (e.g. Wiseman, 1982).

CSR index were develop from those criteria to examine the level of performance and practice of Malaysian Listed Property Companies according to its dimensions: environment, community, marketplace and workplace. Although the indexes show different CSR's themes, the criteria were adopted according to its appropriateness. The themes that make up CSR are important because the level of disclosure differs according to theme (Haron *et al.*, 2004). All this criteria can be explored in annual report of those companies. Apart from using annual report to assess the performance on, study also used secondary data from their corporate websites.

#### 4. Data Analysis

This section focuses on the measurement and analysis of the extent of CSR disclosure level in Malaysian Listed Property Companies. It presents the findings of data tabulated from company's annual reports and websites. Analysis had been conducted on 20 property companies in Malaysia through simple random sampling method. The data is assessed and analysed to examine the level of CSR disclosure of the companies. By using the CSRD index developed before, all selected companies evaluated in term of their CSR activities for the period of study, 2010.

In order to analyse the scoring data from CSRD index, Microsoft Word Excel had been used to represent a results in a form of statistics, charts and etc. Therefore, the score received by all property companies in the sample has been made. The company will score "1" if they're disclosing the CSR activities and "0" if they're not. The summary of descriptive statistics of values for the companies is provided in Table 1 below.

Table 1: Descriptive Statistics of the CSR Disclosure of Malaysian Listed Property Companies.

| Statistical        | Value |
|--------------------|-------|
| Mean               | 3.57  |
| Standard deviation | 11.82 |
| Minimum            | 7     |
| Maximum            | 54    |

The table indicates the highest score on CSR criteria is 54 whereas the lowest score is only 7. This makes the number of total average on CSR criteria by property companies is 3.75. This score considered lowest as the total amount of criteria is 99.

CSR disclosure patterns may also be made by comparing the distribution of scores under the CSR disclosure index by property companies. Table 2 contains data on the dispersion of the disclosure scores (range as given by the differences between minimum and maximum scores and standard deviation).

Table 2: CSR Disclosure Levels made by the Sample Malaysian companies

| Score Range                               | Companies with Disclosure |                 |
|---|---------------------------|-----------------|
| Total number of items in Disclosure Index | No. of Companies          | % in the sample |
| 0 – 10                                    | 6                         | 30              |
| 11 – 20                                   | 9                         | 45              |
| 21 – 30                                   | 2                         | 10              |
| 31 – 40                                   | 2                         | 10              |
| 41 – 50                                   | 0                         | 0               |
| 51 – 60                                   | 1                         | 5               |
| 61 and above                              | 0                         | 0               |
| Total                                     | 20                        | 100             |

Table 2 shows the distribution of CSR disclosure performance by expressing the number of items disclosed as the percentages of scoring criteria for each company over the total number of 99 criteria. Column one of table distinguishes ranges of disclosure performances in these terms. It shows the company's disclosure in their corporate annual reports to be less than 60 items.

Moreover, the sample companies were ranked on the basis of the score value of the CSR disclosure for each of the companies. The disclosure level of companies from highest to the lowest was listed according to their rank. The table also provides the CSR disclosure score and the percentage of CSR disclosure made by the companies under study. Further, these provide insights regarding which property companies are disclosing more CSR information in the corporate annual reports.

Table 3 indicates that the highest disclosure index by Malaysian Property Listed Companies was obtained by Sunway City Berhad. It's followed by Sunrise Berhad and UEM Land Holdings Berhad. The lowest ranking company who disclosed CSR information was Magna Prima Berhad and Bertam Alliance Berhad with the total percentage of 7.07%.



Table 3: Ranking of Companies Based on the Value of the CSR disclosure

| Name of the Property Companies    | Items Disclosed | Ranking  |
|-----------------------------------|-----------------|----------|
| <b>Sunway City Berhad</b>         | <b>54.55%</b>   | <b>1</b> |
| Sunrise Berhad                    | 37.37%          | 2        |
| UEM Land Holdings Berhad          | 33.33%          | 3        |
| SP SetiaBerhad Group              | 24.24%          | 4        |
| Land & General Berhad             | 23.23%          | 5        |
| IJM Land Berhad                   | 20.20%          | 6        |
| M K Land Holdings Berhad          | 17.17%          | 7        |
| TebrauTeguhBerhad                 | 15.15%          | 8        |
| GlomacBerhad                      | 14.14%          | 9        |
| Berjaya Assets Berhad             | 13.13%          | 10       |
| Eastern & Oriental Berhad         | 13.13%          | 10       |
| IGB Corporation Berhad            | 13.13%          | 10       |
| Sapura Resources Berhad           | 13.13%          | 10       |
| MaltonBerhad                      | 12.12%          | 14       |
| YTL Land Holdings Berhad          | 10.10%          | 15       |
| Kumpulan Hartanah Selangor Berhad | 10.10%          | 15       |
| Talam Corporation Berhad          | 9.09%           | 17       |
| A & M Realty Berhad               | 8.08%           | 18       |
| Bertam Alliance Berhad            | 7.07%           | 19       |
| Magna Prima Berhad                | 7.07%           | 20       |

In addition, scoring percentage from CSRD index was computed according to its dimension. All the criteria were calculated based on their total amount over the number of companies which is 20. Then, the criteria will categorised according to its dimension to come out with the overall percentage of the dimensions. Table 4 below indicates the results.

Table 4: Percentage of CSR Disclosure According to its Dimensions.

| Dimensions       | % of Disclosure |
|------------------|-----------------|
| Marketplace      | 62.86%          |
| Workplace        | 54.84%          |
| Environment      | 77.27%          |
| <b>Community</b> | <b>81.82%</b>   |

From the table above, it shows that the highest ranking of CSR dimensions was community theme with 81.82%. The amount of 81.82% shows the percentage of criteria carried out by property companies from its total criteria in community dimensions. The second highest of CSR disclosure dimension is environment which 77.27% of its total value of criteria. It's followed by marketplace dimension with the amount of 62.86%. The lowest percentage of CSR disclosure is marketplace with 54.84%. The comprehensive view of CSR disclosure level on Malaysian Listed Property Companies is described in Figure 3 below.

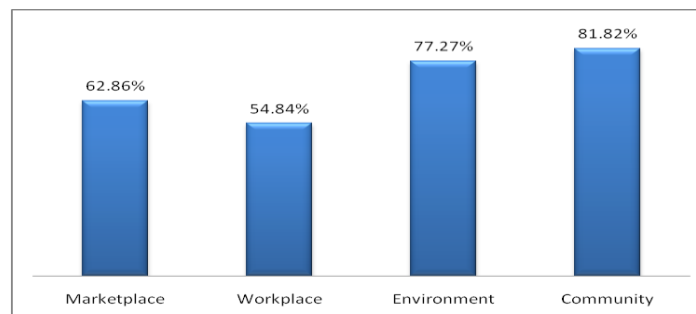


Fig 3. CSR Disclosure Level of Malaysian Listed Property Companies

For the purpose of demonstrate the allocation of percentage of criteria according to its dimensions, score value will calculated based on the total number of criteria in one dimension only. Not all variables listed are carried out by property companies. Therefore, the numbers of criteria in each dimension which score “1” is counted over its total value of criteria. From the figure, we can identify what is the criteria that most concern and the least one according to its dimension.

#### 4.1 Marketplace Dimension

According to CSRD index, marketplace consists of 6 scopes of criteria which are corporate governance, CSR management and reporting, stakeholder engagement, supply chain management, product/service responsibility and sustainability. Summary of the criteria level in marketplace dimension is shown in Figure 4.

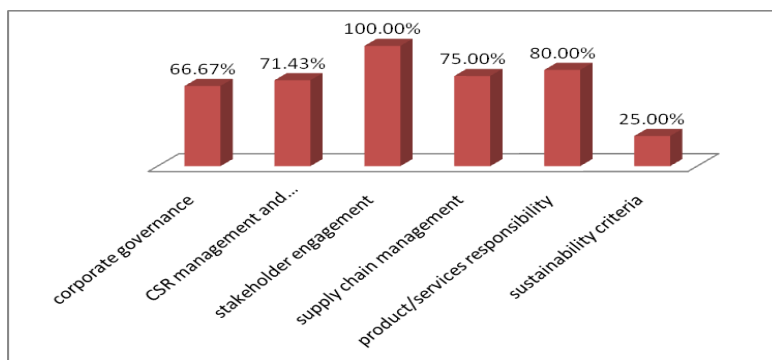


Fig 4. The Criteria Level of Marketplace Dimension

In marketplace dimension, all companies are concerned on stakeholder engagement where all sub criteria listed under this scope done by the companies (100%). It's followed by product/services responsibility (80%) and their supply chain management (75%). Subsequently, the criteria that company distress are CSR management and reporting with 71.43% pursued by corporate governance (66.67%). With the percentage of only 25%, sustainability criteria represent the least scope that property companies report in their annual reports.

#### 4.2 Workplace Dimension

Workplace dimension consist of 6 criteria namely health and safety, staff development, quality of life, diversity, employee welfare and effective communication with employees. The percentage of those criteria according to its workplace dimension describe below in Figure 5.

100% score for the staff development showing the companies have a tendency to disclose that criteria compared to others. This followed by health and safety criteria with 66.67%. Quality of life and effective communication with employee showing the same amount of percentage, 50% which significantly lower than health and safety. The lowest criteria will be employee welfare with the percentage of 20% go after diversity criteria (40%).

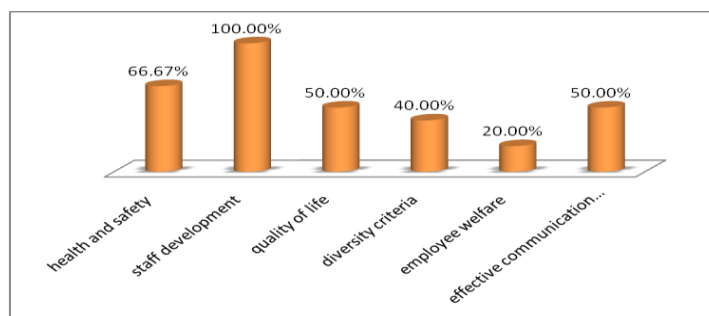


Fig 5. The Criteria Level of Workplace Dimension

#### 4.3 Environment Dimension

In environment dimension, the scope are reducing environmental impact, energy consumption and management, climate change, water use and waste management, sustainable real estate strategies and environmental agency partnership. Figure 6 shows the various criteria in this dimension.

The figure demonstrates that two variables showing 100% score which mean the property companies are concerning on it. The criteria consist of energy consumption and management and also water use and waste management. These closely followed by reducing environmental impact with 88.89% disclosure. After that, sustainable real estate strategy indicates the next highest with 66.67% percentage. Climate change showing the small amount of percentage which half of that criterion will be disclosed. Moreover, none of the company disclosed environmental agency partnership criteria.

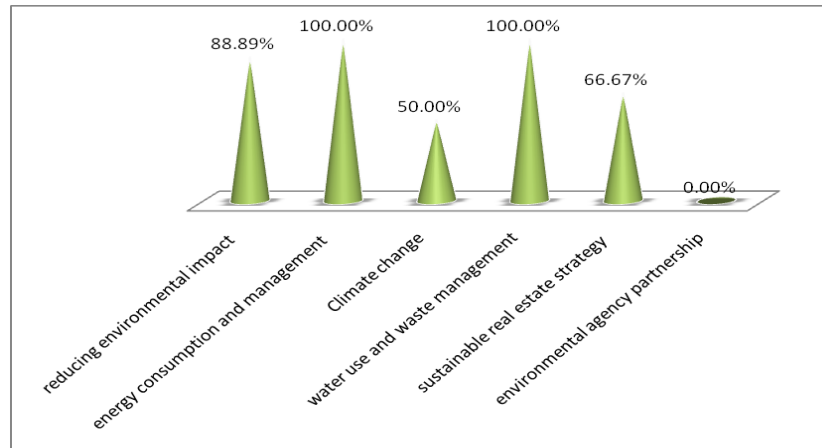


Fig 6. The Criteria Level of Environment Dimension

#### 4.4 Community Dimension

The last dimension in CSR is the community dimension. In this dimension CSRD index only provided one scope of CSR activities which is how companies are strengthening the local community in which they operate and potentially other communities they have chosen to assist. Therefore, community dimension was calculated based on the total number of sub criteria including in that scope. Figure 7 represents the result.

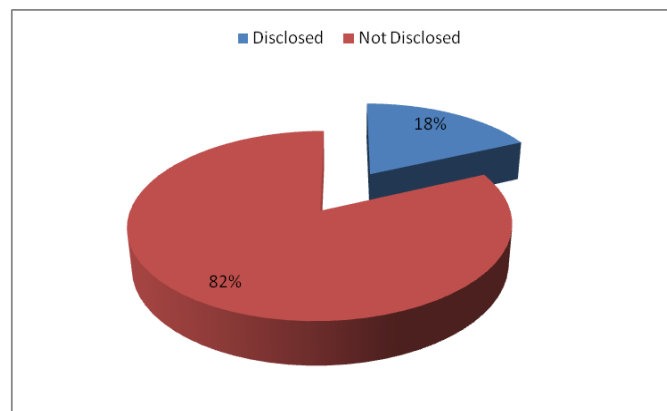


Fig 7. The Criteria Level of Environment Dimension

Out of 11 criteria in the community scope, only 2 of them are not disclosed by property companies. This indicates that 81.82% from the total criteria are carried out by the companies and only 18.18% which are not.

Overall view of this section describe on the analysis and findings from the objective established before. The level of disclosure on CSR by dimensions between the 20's selected Malaysian Listed Property Companies are said to be higher due to the overall percentage of dimensions is more than 50%. By contrast, according to companies, it is a lower score where only less than 60 variables out of 99 variables were disclosed.

## CONCLUSION

The main objective of this research is to look the level of CSR disclosure of property companies in Malaysia. It is very interesting to note that some property companies in Malaysia are making efforts to provide CSR information in their corporate annual reports since the enforcement by Bursa Malaysia in 2006. The study shows that on average 3.57% of Malaysian Listed Property Companies disclose CSR information in their corporate annual reports as well as companies' websites. Contrary to the developed and some developing countries, the disclosure of CSR information made by the property companies in Malaysia is very disappointing.

Although average value is lower, the highest score will be 54 from 99 CSR activities (level of assessment). Sunway City Berhad was the most outstanding company who disclosed their CSR activities. Besides, the lower value of median is due to the high number of criteria listed in CSR index. Therefore, one company do not carried out all those criteria. When the company concerning towards some criteria, they can't also applying with other criteria due to the cost involve. Even though the CSR index listed large number of criteria compared to other study done in Malaysia and also others developing countries, this index is considered precise as it follow the CSR regulation by Bursa Malaysia. Overall, the level of CSR disclosure in Malaysian Listed Property Companies is described as Figure 8 below;

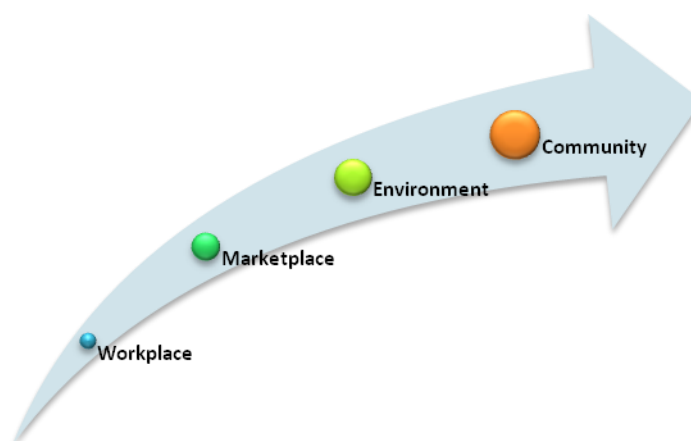


Fig 8. Summary of CSR Disclosure According to Dimensions

The figure indicates summary on the level of CSR disclosure according to its dimensions. This ranking of CSR disclosure is done using content analysis on 20 selected property companies. From the ranges of activities it already shown that companies tend to focus on community to make their social responsibility activities. Moreover, as stated previously, CSR activities towards community has a high transparent rather than other scope of dimensions. By contrast, the lowest criterion is workplace as low number of companies carried out these activities.

Overall results indicate that the level of disclosure in Malaysia among property companies is still in low level. However, the marginal numbers of companies are working towards this. In contribution to marketplace, stakeholder management scores the highest and sustainability scope will be the lowest. Staff development is the largest part engaged in the workplace dimension of CSR. Meanwhile, donations programmes were most popular for the community involvement dimension followed by supportive in government's programmes. Lastly, water use and waste management was broadly reported in environmental dimensions. Referring to descriptive statistics, the community dimension has the highest disclosure. The environment dimension is the second highest, followed by marketplace involvement and the workplace dimension. The contribution on CSR practice is associated with their total sales and assets, net profit margin on business, the rate of return of their asset and also the availability of multinational subsidiary of the company.

However, the overall conclusion doesn't show the exact figure on the level of CSR of Malaysian Listed Property Companies. The number of sample selected only indicates a small portion of the overall property companies in

Malaysia. As at September 2010, there are 111 property companies listed in Bursa Malaysia. The sample is not representing all companies under this sector. Furthermore, owing to the used of annual report as a main source of analysis, this research tend to be not precise where the statement in annual report normally reported in a good way instead the poor information. For that reason, some recommendations will be suggested.

To be conclude, it is shown that the level of disclosure on CSR practice for Malaysian Listed Property Companies is still in an initial stage. All parties related including government are suggested to take part in the implementation of this CSR practice. However, there a few number of companies that working towards its. This positive movement indicates that companies in Malaysia are on its way to improve their CSR standards. It is show that there a significant increase on the level of CSR disclosure since its implementation on 2006. In addition, all companies show that their level on CSR concept is quite high where all companies are carried out CSR activities.

To better performance on the future, Malaysian companies is suggested to improve their level of CSR disclosure as isn't only benefits the company itself but also to the society. Government intervention is needed to increase the level of CSR practice in Malaysia.

## REFERENCES

- Aras, G., Aybars, A. and Kutlu, O. (2010). *Investigating the Relationship between Corporate Social Responsibility and Financial Performance in Emerging Markets*. International Journal of Productivity and Performance Management, Vol. 59, No. 3, pp. 229 – 254.
- Baker, M. Corporate Social Responsibility: The Business in Society. [www.mallenbaker.net/csr](http://www.mallenbaker.net/csr).
- Carroll, A.B. and Shabana, K.M. (2010). *The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice*. International Journal of Management Reviews. Blackwell Publishing Ltd.
- Corporate Social Responsibility in Malaysian PLCs Status Report: An Executive Summary (2007). *Bursa Malaysia Berhad*.
- Dahlsrud, A. (2006). How corporate social responsibility is defined: an analysis of 37 definitions. Corporate Social Responsibility and Environmental Management, September. [http://www.csr-norway.no/papers/2007\\_dahlsrud\\_CSR.pdf](http://www.csr-norway.no/papers/2007_dahlsrud_CSR.pdf)
- Eichholtz, P. M. A., Hoesli, M., MacGregor, B. D. and Nanthakumaran, N. (1995), Real Estate Portfolio Diversification by Property Type and Region, Journal of Property Finance, Vol. 6, No. 3, pp. 39 – 59.
- Haron, H., Yahya, S., Chambers, A., Manasseh, S. and Ismail, I. (2004), Level of Corporate Social Disclosure in Malaysia, Presentation at the Fourth Asia Pacific Interdisciplinary Research in Accounting Conference, Singapore, 4 to 6 July 2004.
- Hossain, M. A., Islam, K. S. and Andrew, J. (2006), Corporate Social and Environmental Disclosure in Developing Countries: Evidence from Bangladesh, in Proceedings of the Asian Pacific Conference on International Accounting Issues, Hawaii, October 2006.
- Idowu, S.O. and Filho, W.L. (eds.) (2009), *Global Practices of Corporate Social Responsibility*, Springer Verlag, Berlin.
- Jones, P. and Hillier, D. (2009) Commercial Property Investment Companies and Corporate Social Responsibility. Journal of Property Investment and Finance, Vol. 25, No. 7, pp. – 522 – 533.
- Lee, S. (2001), The Relative Importance of Property Type and Regional Factors in Real Estate Returns, *Journal of Real Estate Portfolio Management*, Vol. 7, No. 2, pp. 159 – 167.
- Lee, S. and Stevenson, S. (2005), Real Estate Portfolio Construction and Estimation Risk, *Journal of property Investment & Finance*, Vol. 23, No. 3, pp. 234 – 253.

- Lepoutre, J. and Heene, A. 2006, 'Investigating the Impact of Firm Size on Small Business Social Responsibility: a Critical Review', *Journal of Business Ethics*, Vol. 67, No. 3, 257–273.
- Lichtenstein, D.R., Drumwright, M.E. and Braig, B.M. (2004).The effect of corporate social responsibility on customer donations to corporate-supported nonprofits.*Journal of Marketing*, Vol. 68, pp. 16–32.
- Malpezzi, S. and Wachter, M. (2005), 'The Role of Speculation in Real Estate Cycles', *Journal of Real Estate Literature*, Vol. 13, No. 2, 141–164.
- Moir, L. (2001). What do we mean by corporate social responsibility? *Journal of Corporate Governance*, Vol. 1 No. 2, pp. 16-22.
- Murray, M. and Dainty, A. (2009). Corporate Social Responsibility in the Construction Industry :*Taylor & Francis Group*.
- WBCSD (1999), Corporate Social Responsibility, World Business Council for Sustainable Development.
- Roslina, S. and Hasniyati, H. (2008), Malaysian Listed Property Companies – Its Characteristics, Proceedings of the International Real Estate Research Symposium (IRERS), pp. 249 – 258.
- Said, R., Zainuddin, Y. and Haron, H. (2009), The Relationship between Corporate Social Responsibility Disclosure and Corporate Governance Characteristics in Malaysian Public Listed companies, *Social Responsibility Journal*, Vol. 5, No. 2, pp. 212 – 226.
- Wiseman, J. (1982), An Evaluation of Environmental Disclosure Made in Corporate Annual Reports. *Accounting, Organisations and Society*. Vol. 7, No. 1, pp. 53 – 63.