IMPACT OF STAKEHOLDER THEORY ON QUANTITY AND QUALITY REPORTING OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE

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Abstract
Stakeholder theory has been used extensively in order to understand factors affecting disclosure level made by companies. However, not many studies have been done regarding such topic involving companies in a developing country such as Malaysia. Thus, this study was carried out using stakeholder theory to analyze the determinants for Corporate Social Responsibility (CSR) disclosure. In this study, to measure the CSR disclosure, the authors had used words count method and rating method to measure quantity and quality reporting respectively. Thus, Malaysian public listed companies' data from 2010 were examined to find out the quantity and quality of disclosure made. Three determinants of stakeholder theory namely, government power (GP), creditor power (CP) and shareholder power (SP), are used to explain the influence for CSR disclosure. The findings suggest government power, as a proxy of environmental sensitive industry, and creditors' power are significant positive and significant negative respective factors that influence the quantity and quality of CSR disclosure made by companies. The empirical results provide evidence that the application of stakeholder theory can contribute towards how the corporate entities should behave and this particularly can determine how information should be disclosed to users' financial statement

Keywords: quantity reporting, quality reporting, stakeholder theory, Malaysia

1. Introduction

In most studies, disclosures are measured by volume-based content analysis (Dagiliene, 2010; Akhtaruddin, Hossain, Hossain & Yao, 2009; Rizk, Dixon & Woodhead, 2008; Smith, Yahya & Amiruddin, 2007; Ghazali & Weetman, 2006; Gao, Heravi & Xiao, 2005). Akhtaruddin et al. (2009) stated that quantitative measurement is suitable to be used when the disclosure has no importance to any specific user groups. Therefore, the limitation of this measurement occurs when the companies do not disclose any information at all. They will be judged for not disclosing the information even though there is no information to be disclosed.

Recently, Beck, Campbell and Shrives (2010) argued that the use of qualitative measurement to measure the disclosure will enhance understanding of what is communicated by the companies. Besides that, Toms (2002) in his study also used qualitative measurement to measure corporate environmental disclosures based on a hierarchy of environmental commitment as suggested by Robertson and Nicholson (1996). Thus, the environmental commitment of companies can be determined. This commitment is difficult to imitate and the disclosure are more likely to represent the actual activities. As such, the companies are assumed to have quality disclosures.

The engagement of companies on Corporate Social Responsibility (CSR) activities and disclosure were influenced by many reasons among others stakeholder pressures (Reverte, 2009; Prado-Lorenzo, Gallego-Alvarez, Garcia-Sanchez, 2009). According to Liu and Anbumozhi (2009) and Elijido-Ten (2007), who studied stakeholder theory, shareholders' and creditors' power are found to be still weak in determining CSR disclosure. Meanwhile, companies under the category of environmental sensitive industry show a significant association with CSR disclosure. But still, there is little evidence found in developing countries specifically in Malaysia. Therefore, in this study, the researcher is interested to examine which stakeholders' pressure has influence on CSR disclosure made by Malaysian public listed companies. It is expected that the finding may increase knowledge regarding the issues stated above.

Therefore, four objectives of this study are as follows;

- to examine the relationship between government power and quantity and quality of CSR disclosure.
- to examine the relationship between creditors' power and quantity and quality of CSR disclosure.
- to examine the relationship between shareholders' power and quantity and quality reporting of CSR disclosure.
- to examine the relationship between independent non-executive directors power and quantity and quality of CSR disclosure.

The findings of this study are expected to provide some contribution to the accounting research literature and public listed companies. The first contribution is to update the accounting literature that used stakeholder theory and determined which of stakeholder pressure has significantly affected CSR disclosure. The second contribution is to increase awareness among Malaysian public listed companies on the importance of CSR activities to their companies by coping with the pressure from the stakeholders.

The remainder of this study is organized as follows. In the next section, the literature review from the previous studies regarding quantitative reporting, qualitative reporting and stakeholder theory will be presented. Next, in section three, the topics on variables identifications, empirical scheme and hypotheses development will be discussed. After that, it will be followed by discussion on research methodology. Then in the fifth section, the result from correlation and multiple regressions are presented and analyzed followed by the conclusion and limitations of the study by suggesting some important notes for future research.

2. Literature Review

Quantity Reporting and Quality Reporting

Quantity reporting and quality reporting can be determined from the measurement used to measure them. According to Naser and Nuseibah (2003), quantitative measurement is to measure quantity reporting; meanwhile qualitative measurement is to measure quality reporting and is also known as unweighted and weighted indexes respectively. Under unweighted indexes, units of social disclosure can be measured by number of words, phrases, characters, lines, sentences and pages, Dagiliene (2010). Meanwhile, Naser and Nuseibah (2003) stated that for weighted indexes; it is based on the rank of the user of the annual report attached to the information disclosure item.

Ho and Wong (2001) argued that the use of qualitative measurement in calculating voluntary disclosure can alleviate the company from being penalized for not disclosing what they considered to be irrelevant information. They argued that information on cost of goods sold is not relevant to financial companies. Thus, no disclosure was made on the particular information. Meanwhile, Staden and Hooks (2007) stated that a comprehensive story of the organization's environmental impacts including strategies, progress and contributions would be considered as high quality environmental report. Therefore, when the companies are found to have such disclosure, the companies are assumed to have quality reporting.

Recently, Hooks and Staden (2011) found that various content analysis methods (sentences count, pages count and proportions) which were used to assess the quantity and quality of CSR disclosure are highly correlated with each other. In particular, the quality of disclosure is highly correlated to the extent of reporting measured by sentences count. It suggests that sentences count preserve the objectivity of the analysis.

Stakeholder Theory and CSR Disclosure

Currently, the stakeholder perspective is well established and has received considerable academic attention but researchers are still eagerly studying it. According to Freeman (1984, p. 46) stakeholders are defined as "any group or individual who can affect or is affected by the achievement of the organization's objectives". Then, this definition was refined by Kolk and Pinkse (2006) to individuals or groups who are sufficiently powerful to impact the proper functioning of the organization. The firms need stakeholders to operate the business and stakeholders need firms to pursue their interest. This stakeholder can withdraw resources destined for the company and thereby endanger its existence (Mahadeo, Oogarah-Hanuman, Soobaroyen, 2011).

According to Clement (2005), there are three important characteristic of the stakeholders. They are power, legitimacy and urgency. The stakeholders have a power to pursue their interest within their relationship with the organization. At the same time, any actions taken by the stakeholders are considered to be as legal actions and the organization needs to focus on the stakeholders' demand as it is important and critical to them. Therefore, he claimed that organizations face increasing pressures to respond to their stakeholders.

However, by responding to the stakeholders' demand, it may contribute benefits to the companies and others. According to Philipson, Lowe, Proctor and Ruto (2012), the stakeholder engagement is perceived as bringing significant benefits to the knowledge transfer. The stakeholders' knowledge and idea can be used for a better management for the companies. Moreover, Matos and Silvestre (2012) had discussed on the importance of stakeholder management for implementation of sustainable business models. They found that the participation from a diverse number of stakeholders may provide better sustainable business strategies.

Lindgreen and Swaen (2010) stated that organizations are increasingly using CSR disclosure to inform their stakeholders as they behave like a good corporate citizen. Besides that, the engagement of companies in CSR activities is because of external pressure (Branco & Rodrigues, 2008). By doing so, the companies believe that, it would not harm their profitability and survival and avoid from discrediting events. Meanwhile, according to Liu and Anbumohzi (2009), CSR disclosure is a way of for the organizations to have a dialogue with its' stakeholders. They argued that the organization's continuance requires the support from the stakeholders either in form of finance or labour. Thus, any activities undertaken by the companies specifically on CSR need to be informed to the stakeholders to gain their approval.

The level of CSR disclosure is found to be affected by the industries which the company is operated. Sweeney and Coughlan (2008) found that there is a significant difference between how organizations in different industries report on CSR. It is consistent with how the stakeholders view the CSR issues. Thus, it is suggested that the organization will report on CSR in line with what their key stakeholders expect. In European setting, Dragomir (2010) found that the bigger polluters tend to disclose more on their activities. It gives to the idea that, firms that are operating under environmentally sensitive industry will make greater disclosure on CSR. This finding is supported by Liu and Anbumozhi (2009). However, the transparency level of their activities is not sufficient to show their sustainability (Dragomir, 2010).

Besides that, Elijido-Ten (2009) found that from three stakeholders identified in her research, only government power is significantly related to the quality and quantity of annual report environmental disclosure. Meanwhile, the shareholders' power and creditors' power are found to be insignificantly related to the disclosure. In addition to that, using the sample from Taiwanese listed companies on the Taiwan Stock Exchange, Huang and Kung (2010) found that stakeholders group such as government, debtors and creditors have a strong influence over management intentions regarding the extent of CSR disclosure.

Under normal business operation, creditors are created when the organization owing money to them either bought goods on credit or obtained loans. Due to that, creditors need to review the overall performance of the business and they will decide whether to grant the credit or not. In Huang and Kung (2010), they identified creditors as a financial leverage which is ratio of earnings before interest and tax (EBIT) divided by EBIT minus interest expenses. They found that, these creditors will demand more information to be disclosed when the financial leverage is high.

Huang and Kung (2010) categorised shareholders as internal stakeholder groups. This group will demand more transparent corporate information particularly for social activities. Therefore, it will push the firm to demonstrate greater social responsibility. Meanwhile, Liu and Anbumozhi (2009) stated that firms with widely dispersed ownership are more likely to involve in CSR activities to attract potential investors.

3. Research Methodology

Empirical Scheme

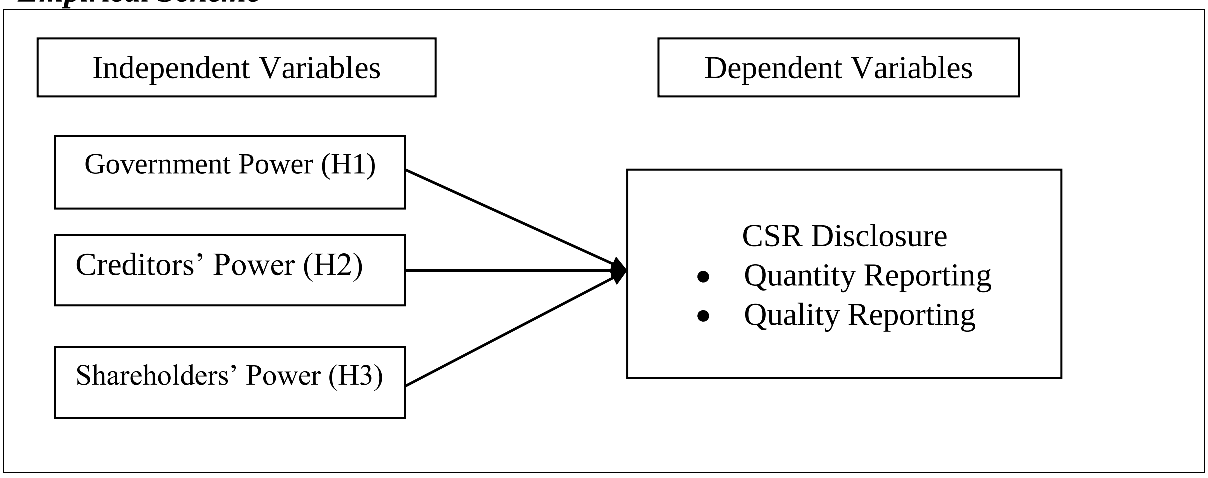

Figure 1: Empirical scheme

Hypotheses Development

Government power

Government power, proxy by environmentally sensitive industry would be independent variables under stakeholder theory. Branco and Rodrigues (2008) defined the term of sensitive industry in their research as industries whereby their business activities are more exposed to higher risk of having a negative impact on the environment. Liu and Anbumozhi (2009) found that Chinese listed companies under the category of environmentally sensitive industry are significantly influencing the corporate environmental information disclosure. It supports the previous findings by Reverte (2009). His finding shows Spanish listed companies which belong to environmentally sensitive industries are significant factors in determining of CSR disclosure ratings. Since, there are little evidences found in developing countries, it motivates this research to be carried out. Thus, hypothesis one (H1) is determined.
H1: There is a significant positive association between environmentally sensitive industry and quantity and quality reporting of CSR.

Creditors' power

There are mixed results found regarding the possibility of creditors' power influencing the CSR disclosure. Roberts (1992) found that there is significance relationship between creditor's power and CSR disclosure. He suggested that the disclosure of CSR may be viewed by the management as a way to meet certain creditor's expectations. Recently, the study by Huang and Kung (2010) found that there is a positive and significant relationship between financial leverage and environmental disclosure. They argued that when a firm faces high financial risks, creditors will demand more information to be disclosed to keep them informed and to make their economic decisions accordingly. In contrast, Elijido-Ten (2007) found creditor's power shows no significant association to the corporate environmental performance. Besides that, creditors' power is found to be weak in affecting the environmental information disclosure. This result is found in the research done by Liu and Anbumozhi (2009). Therefore, the second hypothesis is developed.
H2: There is a significant positive association between creditors' power and quantity and quality reporting of CSR.

Shareholders' power

Liu and Anbumozhi (2009) mentioned that pressure from shareholders which tested in their study has continues to grow. Chinese enterprises are expected to become more proactive in showing their CSR information. Using data from Australian listed companies, Elijido-Ten (2007) found that shareholders' power is a significant factor in influencing the decision to incorporate superior environmental activities in corporate strategic plans. However, Prado-Lorenzo et al. (2009) revealed that the dominant shareholders do not have any power to influence Spanish firms to disclose their CSR activities. Despite of mixed results, hypothesis three is determined.
H3: There is a significant positive association between shareholders' power and quantity and quality reporting of CSR.

Sample and Data Collection

As the samples from listed companies and this study are using secondary data, the data were collected from publicly available annual report and online database Osiris. The annual reports for 2010 were downloaded from Bursa Malaysia's website. The main reason for the selected year is due to Bursa Malaysia's CSR framework was introduced in 2006, therefore it was expected after four years implementation of the framework, the disclosure on CSR activities made by the companies must be more structured. Besides annual report which is used to collect data on CSR disclosure, this study also used Osiris to collect data on leverage. Osiris is one of the applications available in the online database which was subscribed Universiti Teknologi MARA (UiTM). In this application, any financial information regarding the companies can be obtained.

Measurement of Variables

CSR disclosure using quantitative method- words count

Brown and Deegan (1998) used this type of measurement to measure the CSR disclosure. Then, the words count associated with environmental disclosure is divided into positive and negative categories. Positive category refers to high volume of disclosure and negative category refers to low volume of category. Later on, Ratanajongkol, Davey and Low (2006) argued words count measurement is more detailed compared to proportion of pages disclosure and number of sentences. It also represents more exclusive analysis since the pages measurement disregards different print and page sizes. In addition, Gao et al. (2005) mentioned that the used of words count would be easier to the researchers to adapt since sentences count, lines count and pages count may contain more than one category of information. However Smith et al. (2007) found that there are no differences between types of measurement whether words count, sentences count and proportion of pages towards the CSR disclosure. Due to the advantages of words count measurement as stated above, this study employed words count measurement to measure the quantity of CSR disclosure.

CSR disclosure using qualitative method- rating method

In the previous literature, the quality reporting of CSR disclosure is measured based on quality index. Staden and Hooks (2007) had developed a quality scale that consists of five scores. They scored the environmental disclosure according to six index categories using the quality scale that have been developed. The benefit of this quality reporting is the researchers may gain greater understanding on what have been disclosed by the organizations (Beck et al., 2010). Since the researchers were eager to examine the quality reporting of CSR disclosure, Beck et al., (2010) had come out with their own method. The method had been termed as CONI where it is a combination volumetric capture of data and the scale of information content and characters. In order words it is a method that combines quantity measurement and quality measurement. To measure volumetric measurement, Beck et al., (2010) used words count. Meanwhile, disclosure types of one (1) to five (5) had been used to measure quality reporting. Despite of the above methods of measurement that had been used by the above researchers, the most suitable methods for this study to employ is the one that had been used by Beck et al., (2010). The reason is the description for the scores are easy to understand compared to the other methods. Besides, they provided clear examples which are very helpful in giving scores for the environmental disclosure made by the organizations.

Government power

The power of government as stakeholder can be seen through their enforcement mechanisms. They have a power to interfere in the organization activities when the businesses violate the rules and regulations especially involving with environmental issues. Therefore, Liu and Anbumozhi (2009) argued that the companies may use CSR activities to reduce the risk of government intervention. According to them, the government power is defined as a dummy variable representing environmental sensitive industries in which the firm operates. The data were coded as one (1) if the companies were operating in environmental sensitive industries and zero (0) if otherwise. This technique is also being used in Elijido-Ten (2007).

Creditors' power

The creditors' power depends upon the degree to which a firm relies on debt financing. Elijido-Ten (2007) claimed that more firms rely on debt financing, the more likely they will focus on environmental disclosure in order to be seen as a lower risk company. The debt financing here is also known as a financial leverage. To measure the financial leverage, this study has used debt ratio (total debt/ total assets) calculation.

Shareholders' power

According to Elijido-Ten (2007), the power of shareholders can be measured by determining the degree of ownership concentration. Disperse corporate ownership particularly by investors concerned with CSR activities will influence firms to disclose it to the other stakeholders (Roberts, 1992). Using the similar measurement, both Elijido-Ten (2007) and Roberts (1992) measured the level of ownership concentration by the percentage of shareholders who own 5 percent or more of the total shareholding.

4. Results and Discussion

Correlation Analysis

Table 1: Correlation between continuous independent and dependent variables

	GP	CP	SP	INEDP	CSRQUAN	CSRQUAL
GP	1					
CP	-0.890	1				
SP	-0.820	0.250	1			
CSRQUAN	0.277**	-0.139*	-0.067		1	
CSRQUAL	0.340**	-0.114*	-0.055		0.795**	1

*. Correlation is significant at 0.05 level (1-tailed)
**. Correlation is significant at 0.01 level (1-tailed)

The output reveals that there is significant positive relationship between GP and CSRQUAN and CSRQUAL with the figures ($r = 0.277$, p value < 0.000) and ($r = 0340$, p value < 0.000) respectively. GP as a proxy for environmental sensitive industry suggests that if the firms are operated as an environmental sensitive industry, the involvement of firms in the CSR activities will increase which will lead to increase in the disclosure either using quantitative reporting or qualitative reporting. However the strength between the variables indicates moderate relationship. On the other hand, the relationship between CP and CSRQUAN and CSRQUAL shows a weak and negative relationship ($r = -0.794$, p value <0.05) and ($r = 0.114$, p value < 0.05) respectively. It explains that the higher the firms rely on external financing to finance the business operation, the lower the disclosure of CSR activities. In addition, there is no significant relationship between SP with CSRQUAN and CSRQUAL. It implies that the shareholders have no power to influence the firms to disclose their CSR activities.

Multiple Regressions

This study has come with two models since two measurements have been used in order to measure the CSR disclosure. The first model and second model are as follows:

Model 1

$$CSRQUAN = \beta_0 + \beta_1 GP + \beta_2 CP + \beta_3 SP + \varepsilon$$

Model 2

$$CSRQUAL = \beta_0 + \beta_1 GP + \beta_2 CP + \beta_3 SP + \varepsilon$$

where:
CSRQUAN: Corporate Social Responsibility Disclosure using Quantitative Measurement
CSRQUAL: Corporate Social Responsibility Disclosure using Qualitative Measurement
GP : Government Power
CP : Creditors' Power
SP : Shareholders' Power

The results of multiple regression using model 1 and model 2 are presented in Table 2 and Table 3 respectively. It is as follows:

Table 2: Multiple Regression results for continuous independent and control variables on the extent of CSR disclosures using Quantitative Measurement

Dependent Variable: CSRQUAN R Square = 0.264, Adjusted R^2 = 0.249, F = 16.873, Sig. = 0.000			
Variables	Beta	T	Sig.
(Constant)			0.004
GP	**0.451**	**4.986**	**0.000**
CP	**-0.008**	**-3.003**	**0.003**
SP	-0.029	-0.483	0.630
INEDP			

*. Correlation is significant at 0.05 level (1-tailed)
**. Correlation is significant at 0.01 level (1-tailed)

Table 3: Multiple Regression results for continuous independent and control variables on the extent of CSR disclosures using Qualitative Measurement

Dependent Variable: CSRQUAN R Square = 0.216, Adjusted R^2 = 0.199, F = 12.953, Sig. = 0.000			
Variables	Beta	T	Sig.
(Constant)			0.033
GP	**0.541**	**5.837**	**0.000**
CP	**-0.006**	**-2.125**	**0.035**
SP	-0.015	-0.250	0.803
INEDP			

*. Correlation is significant at 0.05 level (1-tailed)
**. Correlation is significant at 0.01 level (1-tailed)

Discussion

From both table above, the first finding that can be discussed is regarding the adjusted R^2 value. This value will indicate how much of the variance in the dependent variables is explained by independent variables. The value of 0.249 or expressed as percentage 24.9% suggests that the CSR disclosure using quantitative measurement has been influenced by the stakeholder theory factors for about 24.9%. Meanwhile, when the CSR disclosure is measured by qualitative measurement, it shows slightly lower than CSRQUAN. However, similar results have been found by Liu and Anbumozhi (2009) 0.338 and Elijido-Ten (2007) 0.1629. They had used similar independent variables but in different context.

In addition, H1 expected that there is a significant positive association between government power as a proxy for environmental sensitive industry and the quantity or quality reporting of CSR disclosure. Different industries have different characteristics which may relate to different views regarding risks to society, employment opportunities and government interference as well as the policy for CSR disclosure. This study provides another documented evidence to support the argument. It shows that firms which operated under environmental sensitive industry will disclose more on their CSR activities using both quantity and quality type of reporting. The similar result is found by Gao et al. (2005) in Hong Kong. They suggest that industry sector has a significant impact on the amount of CSR disclosure. Meanwhile, Reverte (2009) by using Spanish listed firms, found that the firms with higher CSR ratings that present a statistically significant relationship belong to more environmentally sensitive industries. However, contradictory result has been found by Branco and Rodrigues (2008). Hence, H1 is accepted.

As can been seen in the Table 2 and Table 3, there is a significant negative association between creditor's power and the quantity and quality of reporting of CSR disclosure. However, H2 predicted that the relationship would be a positive significant relationship. Using financial leverage to measure creditors' power, this study argues that when a company is using external financing to finance the operation of business, these external parties have influence for the company to disclose more on CSR activities. However, the result found is different from expectation. It suggests that external parties do not have authority to force company to disclose on CSR. It is supported by evidences from Australian listed companies and Spanish listed companies that show the creditors' power is not a determinant for CSR disclosure. These researches have been done by Elijido-Ten (2007) and Reverte (2009) respectively. Therefore, H2 is rejected.

Meanwhile, H3 stated that there is a significant positive relationship between shareholders' power and the quantity and quality reporting of CSR disclosure. The findings show a negative association but the relationship is not significant. It reveals that the degree of ownership do not affect the firms' decision on reporting the CSR. It is similar to findings found by Huang and Kung (2010). However, they found that there is a negative and significant relationship between ownership of major shareholders and the level of environmental disclosure. It suggests that diversified ownership structure will not influence the firms to provide better quality of CSR information. Thus, H3 is rejected.

The uniqueness of this study is when the researchers adapt two methods to measure the CSR disclosure. From the Table 2 and Table 3, determinants for CSR disclosure are found to be the same. It is government power. It suggests pressure from government do not bring any difference on how the company reported their CSR activities in the annual report. It gives the idea that the company has a choice to choose the method of reporting the activities whether by using quantitative reporting or qualitative reporting.

5. Summary of Findings

Bivariate test are undertaken to test the relationship between CSR disclosures and independent variables. The result reported that the stakeholders' pressure significantly affect the quantity and quality of CSR disclosure. The pressures come from government and creditors. However, the direction for creditors' power is negatively related to the CSR disclosure. It brings the meaning that the higher the company rely on external sources of financing to finance their business operation, the lower the disclosure on CSR activities made by the company. Whilst, the positive relationship between government power and CSR disclosure indicates that the firms which are operated under environmental sensitive industry will disclose more on CSR activities. To further strengthen the evidence of the influence of corporate resources and stakeholder pressure on the quantity and quality of CSR disclosure, multiple regression analysis was carried out. Based on literature reviews that had been discussed, this study has come out with three hypotheses to be tested in order to answer the three set of objectives. Two out of three hypotheses are found to be significantly related to the CSR disclosure while the other one is otherwise.

The first objective is to examine the relationship between government power and the quantity and quality reporting of CSR where the government power is a proxy for environmental sensitive industry. For both types of measurement of CSR disclosure, the findings show that there are positive relationship between environmental sensitive industry and CSR disclosure, and the effect is significant. The findings provide new evidence for determinants of CSR disclosure in Malaysia environment. It suggests that the companies that operated in the environmental sensitive industry will make better disclosure to avoid government intrusions which may affect the firm’s value as it was found by Liu and Anbumozhi (2009) in China.

Meanwhile, the second objective in this study is to examine the relationship between creditors’ power and the quantity and quality reporting of CSR. Contradictory to hypothesis, it was found, creditors’ power has negative relationship towards CSR disclosure but the effect is significant. It suggests that the higher the company relies on external financing the lower the disclosure. It indicates that the creditors, as providers for credit facilities, do not have power to force the companies to make a greater disclosure specifically on their CSR activities. However, the finding is consistent with previous studies by Liu and Anbumozhi (2009), Reverte (2009) and Elijido-Ten (2007).

The last objective in this study is to examine the relationship between shareholders’ power and the quantity and quality reporting of CSR. Disagreeing with the hypothesis, it was found that shareholders’ power has negative relationship towards CSR disclosure and the effect is insignificant. It suggests that the degree of ownership do not affect the firms’ decision on reporting the CSR either using quantity reporting and quality reporting.

To be different from previous studies, this study adapts two methods of measuring CSR disclosure. They are quantitative measurement and qualitative measurement. It was found that government power and creditors’ power significantly affected the CSR disclosure either by using quantity reporting and quality reporting. It suggests that both factors may have influence on the CSR disclosure but do not bring any difference to how the company reported their CSR activities in the annual report. It gives the idea that the company had a choice to choose the method of reporting the CSR activities whether by using quantitative reporting or qualitative reporting.

Implications of the Study

As being discussed in the first chapter, this study is expected to contribute to accounting research literatures as well as to the public listed companies. The findings from this study also contribute to accounting research literatures under stakeholder theory. It was found that government power as a proxy for environmental sensitive industry has influence on the quantity and quality of CSR disclosure. It indicates that when the business operations of companies had a greater impact to the stakeholders, specifically environment, they will eagerly disclose any CSR activities undertaken by them.

Limitations and Suggestions for Future Research

Even though efforts have been made in ensuring the thoroughness and accuracy of the study, inherent limitations are unavoidable. The first limitation is that time-series analysis cannot be performed since this study is only using the data from 2010. This analysis is important because the trend of CSR disclosure made by the companies can be obtained. As a direction for future researchers, the study that used data from a longer period of time should be done. It is to ensure that the trends of CSR disclosure in Malaysian PLCs can be determined. Besides that, the trend analysis may also enhance our knowledge and understanding on CSR practice in Malaysia environment. The second limitation is this study only focuses on CSR disclosure made in annual report on the assumption that the information disclosed within annual report is adequately reported. However, there are some other methods of CSR disclosure used by companies for example companies' websites, in-house magazines and newspapers. Therefore, the researchers may consider other form of CSR disclosures for future researches.

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