

UNIVERSITI TEKNOLOGI MARA

**THE CORPORATE SOCIAL RESPONSIBILITY
REPORTING IN INFLUENCING POTENTIAL
INVESTORS' CONFIDENCE TO INVEST IN PUBLIC
LISTED COMPANY IN MALAYSIA**

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ABSTRACT

Integrated reporting has been recognized globally as an important part to ensure the sustainability of a company. To align the interest of the shareholders with the company's interest, company started to produce sustainability reporting or famously known as CSR Reporting (CSRR). In order to attract potential investors and future investments, CSRR will advantage the company through the disclosure of the company's corporate social responsibility (CSR). By engaging with CSR activities, the company is able to have balance in the financial performance as well as the non-financial performance which are mostly hunted by potential investors. The purpose of the study was to identify the elements in CSRR that can influence potential investors' confidence to invest in Malaysian Public Listed Companies. There were four elements of CSRR that might affect potential investors to make investment in Public Listed Companies which are transparency, authenticity, quality and stakeholders engagement. A set of questionnaire was distributed to 270 potential investors that have the possibility to invest in Malaysian Public Listed Companies as population of this study. Based on the findings, it showed that there is positive relationship between transparency, authenticity, quality and stakeholders engagement with CSRR. Hence, between these four factors, transparency, authenticity, quality and stakeholders engagement, the main influential critical success factor is stakeholder engagement. This study also proposed a future research for other elements in CSRR that can influence potential investors' confidence.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

These days, more and more investors demand non-financial data when screening a company. This is because they finally realized that a sustainable company needs a balance in their financial and non-financial performance. Hence, many companies started to produce an integrated reporting in the form of CSR Reporting (CSRR) because this single reporting adds value to a company by highlighting how green and ethical values drive long-term growth of a company (Johan Nylander, 2015). CSR is a trend that demands to change of business alignment from short-term to long-term goals and from maximum to optimum profit. CSRR is not a voluntary comprehensive report involving economic data just like financial statement but it contains information from the environmental and social field. This report conveys the company policy in relation to the environment, social, sustainability, or there are directly focused on fulfilling the commitments accepted by the company within the concept of social responsibility. CSRR can help to bring a systematic approach into the management of socially responsible organization by identifying future risks and opportunities and thus contribute to increasing the competitiveness of business in the efforts to achieve competitive advantage and maintain the possibility for a long-term business venture. Information is not only for the company but on the basis of the company spreading their involvement in CSR activities to their stakeholders as well as future investors. Most importantly, the organizations are moving a step forward to CSR activities as a part of the organizations' regulations whether the organization is doing its CSR to the community, environment or other stakeholders. In 2007, CSRR has become a requirement for the Public Listed Companies in Malaysia to be included in the annual report (Bursa Malaysia, 2007). Hence, it is crucial to recognize the elements in CSRR that attracts the potential investors to invest in Public Listed Companies as these elements will be considered by the companies to be included in their CSRR and also so that they will be able to improve the effectiveness of the CSRR towards the investors, especially potential investors.