

**UNIVERSITI TEKNOLOGI MARA**

**IMPACT OF BOARD COMPOSITION  
TOWARDS CORPORATE SOCIAL  
RESPONSIBILITY DISCLOSURE**

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Dissertation submitted in partial fulfilment of the  
requirements for the degree of **Master of  
Accountancy**

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## DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This dissertation has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my dissertation.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 BACKGROUND OF THE RESEARCH

Globalisation throughout the world has seen the emergence of corporate social responsibility (CSR) reporting among firms. CSR has become one of strategies that firms can rely upon to sustain in the business world. This is due to the recognition that firms' existence depend on their ability to maintain good reputation while achieving maximum profit (Gustafson, 2002). CSR has also been regarded as a strategic mechanism used by firms in addressing international competition (Williams, 2003). Malaysian firms are not an exception to this scenario.

Through the national mission, ministers' speeches and policies campaigns, the Malaysian government has raised multitude of demands and concerns particularly on the public listed firms. The government requires these firms to become more sociable and environmentally responsible by way of providing disclosure on their CSR initiatives and actions. According to the Minister of Finance II, a good CSR is the key towards ensuring the sustainability of firms through the years ahead (Nor Mohamed Yakcop, 2004). To date, CSR disclosure is encouraging in Malaysia as such action is recognised as a policy in closing the legitimacy gap perceived between the management and shareholders (Haniffa and Cooke, 2005) and ultimately, enhance corporate governance.

Corporate governance represents the rules, practices and processes on how firms are directed and controlled. Corporate governance is important to balance the interests of the stakeholders of a firm (Lavelle, 2002; Baysinger and Bulter, 1985). One of the important parts of the corporate governance structure particularly in large firms is the board of directors. The board is responsible in assisting and monitoring all decisions made by the management as well as providing proper guidance to ensure a firm's sustainability. Apart from that, the board has also the right to restructure the management wherever it is necessary to do so. The board of directors in a firm is also responsible to manage, represent and supervise the firm in ensuring that the corporate objectives are met and of consequence, protecting the general interests.