

Corporate Social Responsibility Disclosure in Malaysian Government-Linked Companies

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Abstract

This paper mainly investigates corporate social responsibility (CSR) disclosure in the corporate annual reports of Malaysian GLCs. Although a number of studies have looked into CSR in Malaysian companies, very little or limited research has been done on GLCs. CSR can be defined as a subject that covers from business ethics, good governance and legal practices to social obligation and sustainable environment. Being a business where the government has a major ownership and control, GLCs can be expected to lead others in good governance practices including CSR practice. That is because the objective of GLCs' formation is not purely profit driven but includes social aspects to ensure a more equitable society. The Malaysian government has promoted CSR through the introduction of the Caring Society Policy, Vision 2020, the Ninth Malaysia Plan, and the GLC Transformation program. Through the GLC Transformation program, the Silver Book was launched in September 2006. This Silver Book provides a guideline on how GLCs can proactively contribute to the society and at the same time still creates value to their shareholders. This study examines the CSR items most disclosed and examine if there has been a change in the CSR items most disclosed after the introduction of the Silver Book. The two years were chosen to see if introduction of the Silver Book in 2006 has an impact on CSR disclosure. A CSR disclosure checklist was used to score the items in the annual reports. The paired sample t test and Wilcoxon Signed-Ranks test showed that there has been a change in the most items disclosed after introduction of the Silver Book and the difference was statistically significant at 5% level. This result appears to suggest that the introduction of the Silver Book in 2006 has had a positive impact on CSR in Malaysian GLCs.

Keywords: *Corporate social responsibilities, Government-linked companies, Silver book, Corporate annual report*

1. INTRODUCTION

The topic of corporate social responsibility (CSR) has triggered work and debate from a wide variety of researchers and practitioners since 25 years ago (Mathews, 1997). However, most of the empirical studies in CSR literature have been greatly discussed in developed countries such as UK, USA, Europe and Australia (Gray et al., 1987). In recent years, there have been numerous studies in Malaysia that reviewed CSR disclosure for example, Teoh and Thong, (1984); Andrew et al., (1989); Mohd Jamil et al., (2003); Nik Ahmad et al., (2003); Ramasamy and Hung, (2004); Abdul Hamid, (2004); Thompson and Zakaria, (2004); Mohamed Zain et al., (2006) and Mohd Ghazali, (2007). However, very little or limited research has been done specific only on the CSR disclosure on Malaysian GLCs (e.g. Saat et al., 2009).

CSR is a process of communicating the social and environmental effects of organizational economic actions to specific interest groups within a society and to society at large (Mohd Jamil et al., 2003). CSR is always seen as a subject that covers business ethics, good governance practices, legal practices and also social obligation to sustain the environment. CSR is perhaps best defined as a concept whereby the companies integrate social and

environmental concerns in their operation to satisfy the stakeholders and community needs. Furthermore, CSR is not only about donating the money, but more on integrating social and ethical practices into the business strategy (Anwar, 2007). As for CSR, most of the studies look into the nature and the extent of CSR disclosure among the public listed companies. Kin (1990) for instance, has conducted study on CSR disclosure in Malaysia by using 100 Annual Reports of Malaysian public listed companies and found that only 66 percent of the companies in the sample made social disclosure. From the total above, 64 companies disclosed information on product or service improvement or contribution, 31 companies disclosed on human resource, 22 companies on community involvement and only one company disclosed environmental information. However, study concerning CSR disclosure on Government Link-Companies (GLCs) has been minimal (e.g. Saat et al., 2009) and there is still no research done on the extent of CSR disclosure before and after the introduction of the Silver Book, one of the initiatives for CSR included in the GLC Transformation Program. The present study extends prior studies on CSR by examining which CSR items most disclosed among Malaysian GLCs before and after the introduction of the Silver Book and examining if there has been change in CSR items most disclosed among Malaysian GLCs after the introduction of the Silver Book. Examining CSR in Malaysian GLCs would give some indication on whether efforts and guidelines implemented in enhancing CSR have had some positive impact on corporate social activities.

GLCs as defined by Putrajaya Committee for GLC High Performance (PCG) are companies that have primary commercial objective and in which there is a major ownership and direct controlling stake by the Malaysian Government. The government also has the power to appoint the board members, senior managements and make major decision for GLCs either directly or through government-linked investment companies (GLIC). In addition, GLCs also can be classified as those firms controlled by the financial or legal exposure agencies such as Khazanah Nasional Bhd (Khazanah), Permodalan Nasional Berhad (PNB), Employee Pension Fund (EPF), Lembaga Tabung Angkatan Tentera (LTAT), Ministry of Finance Incorporated (MoF), Kumpulan Wang Amanah Pencen (KWAP) and Lembaga Tabung Haji (LTH). GLCs play a vital role in the Malaysian economy. Furthermore, Henry (2004) defined GLCs as state owned enterprises in which the state retains a significant influence over the management control primarily through the state owned holding companies. They contribute significantly to Malaysian economic growth with make up nearly 39 percent and 50 percent respectively of the market capitalization of Bursa Malaysia and the benchmark of Kuala Lumpur Composite Index (KLCI).

GLCs also contribute in developing the nation through generating the human capital, utilizing local resources as well as creating a balanced and prosperous society. As one of the steps in promoting CSR disclosure among Malaysian GLCs, the government takes proactive role through the publication of the GLC Transformation Program. Under the transformation program, CSR issues are being stressed through the Silver Book, one of the initiatives included in the GLC Transformation Manual. The Silver Book was launched in September 2006. The introduction of the Silver Book provides guidance for GLCs on how they can proactively contribute to society and at the same time still creates value to their shareholders. In addition, the Silver Book provides a strategic framework for GLCs to proactively contribute in a socially responsible manner. It guides GLCs to establish an effective contribution program and minimize the cost of any social obligations or even transmute these obligations into positive social contributions. Having recognized the importance of the GLCs role in the country's economic growth and GLCs supposedly be a leading example in practicing a good corporate practice, the current study is therefore, expected to fill the gap where there is still no research conducted specifically on GLCs and CSR before and after the introduction of the Silver Book.

The research questions of this paper are as follows:

- a. Which item of corporate social responsibility is most disclosed in Malaysian GLCs before and after the introduction of the Silver Book?
- b. Has there been a change in the CSR most items disclosed among Malaysian GLCs after the introduction of the Silver Book?

This paper contributes to the existing literature on CSR disclosure at least for two reasons. First, it helps in increase knowledge for the academics on the CSR disclosure specifically in Malaysian GLCs. Secondly, it attempts to examine how Silver Book, one of the initiatives included in the GLC Transformation Manual has succeeded in improving CSR among GLCs. The finding implies that regulatory efforts to promote CSR in Malaysian GLCs have proved to be efficacious. The remainder of the paper is organized as follows. The next section reviews relevant literature. The research methodology which includes the sample selection, research instrument and procedures of the data collections is then described. Finally, findings and analysis are explained then followed with the conclusions, limitations and recommendations for future research.

2. LITERATURE REVIEW

The idea of CSR disclosure has been practiced since twentieth century (Guthrie and Parker, 1989). Most of the prior literature studies on the nature of corporate social responsibility disclosure, which mainly, examines the theme and type of disclosure. For instance, Tsang (1998) in his study examine CSR with the themes of environment, human resources, community involvement, and others and found that the human resources are much disclosed. Furthermore, Nik Ahmad et al, (2003) also in their study examine the content-category themes of CSR disclosure such as environment, energy, human resources, product/consumers and community involvement. In addition, Thompson and Zakaria (2004) in their study found that from 257 companies investigated, 209 companies made some form of social disclosure with examined by content analysis which include instruments in dimension of environment, energy, products or consumers, community involvement, employees or human resources and general theme. Imam (2000) found in his study, that the disclosure regarding environment, consumer, community and other social aspects were totally ignored by most of the companies. The only information that has disclosed was regarding employees in the annual report (Imam, 2000; Kuasirikun and Sherer, 2004).

However Yamagami and Kokubu (1991) reported the percentage of disclosure on R&D and international activity was the popular item disclosed compared with environment and community involvement. Hackston and Milne (1996) conducted a research on social and environmental disclosure practiced by New Zealand companies and the result revealed that the human resources disclosure was the most popular item disclosed by New Zealand Companies. Mohamed Zain et al., (2006) on the other hand revealed that the highest disclosure in his study was human resources theme then followed by product and community involvement. Thompson and Zakaria, (2004), Teoh and Thong, (1984) and Andrew et al., (1989) also revealed human resources theme as the highest theme disclosed by Malaysian companies

3. RESEARCH METHOD

3.1 Sample selection

The sample in this paper consists of 27 GLCs which were listed in Bursa Malaysia in year 2005 and 2007, with matched pair of availability of GLCs for both years. However, the financial institutions in the list of GLCs are excluded due to the different regulation attached to this sector, as compared to others and this approach is consistent with prior studies (e.g.

Mohd Ghazali and Weetman, 2006; Gray et. al. 1995b; Hackston and Milne, 1996; Haniffa and Cooke, 2005). In Malaysia, commercial banks, finance companies, merchant banks and money brokers are regulated under the Banking and Financial Institution Act (BAFIA), 1989. The list of GLCs for this study was selected based on PCG Website (<http://www.pcg.gov.my>). The year 2007 was chosen because it was the most recent data available at the start of the study. While year 2005 was chosen because of comparison purpose and represent the year before the introduction of the Silver Book. The sample chosen in this study focuses on the year 2005 and year 2007 with the expectation that there might be a different result in year after the introduction of the Silver Book compared to the year before the introduction of the Silver Book. The Silver Book was launched on 25 September 2006.

3.2 Research instrument

This paper is designed to use content analysis method to determine the CSR practices among the GLCs through CSR disclosures in their annual reports. This is due to widely use of content analysis of corporate reports in the social and environmental accounting literature (Gray et. al., 1995b; Janggu et al., 2007 and Mohamed Zain et.al, 2006). In this study, a checklist containing 21 items is used and this checklist is adapted from Mohd Ghazali (2007) study. In Mohd Ghazali (2007) study, there are 22 items and the mandatory item was excluded from this checklist (e.g., Statement of Internal Control) in line with the mandatory disclosure under Malaysian Code on Corporate Governance (MICG), effective in January 2001. The items listed in the checklist were also pooled under the theme of human resource, value added information, environment, community involvement and product or service information. Therefore, the final list comprised of 21 items. 11 items in the checklist are also recommended in the Silver Book. It was considered appropriate to use the checklist in Mohd Ghazali (2007) as the study was examining CSR disclosure in Malaysia.

3.3 Scoring method

The method used to score is based on an unweighted index or dichotomous scores. All information was equally valued regardless of their importance or relevance to any particular user group when this unweighted method is used (Chau and Gray, 2002 and Mohd Ghazali, 2007). The items disclosed were coded as "1" if that particular item is included in the checklist, while "0" is coded if it is not disclosed. CSR disclosure index is computed by the ratio of actual scores awarded to the maximum score attainable (21 items) by the company. Furthermore, the CSR disclosure indices represent the dependent variable in this study. To ensure consistency in scoring, all corporate annual reports were read twice. The second round of analyzing was done after all corporate annual reports were analyzed for the first round, rather than analyzing after each annual report. If where differences existed between the first and second scoring, the annual reports were subjected to a third or final assessment.

4. RESULTS AND ANALYSIS

Table 1 and Table 2 below shows the rank and the percentage of CSR items most disclosed among the GLCs in their annual reports for both years, before and after the introduction of the Silver Book. As can be seen, employees' appreciation is the highest item disclosed among CSR disclosure items for both years. All GLCs in the sample disclosed this item for the year 2005 and 2007. The second highest disclosure item is charitable donations or sponsorship for the year 2005. However, for the year 2007, as can be seen, community programmes was the second highest item disclosed. The third highest disclosure item is policy on training for year 2005. While for the year 2007, 92.59% of the GLCs report charitable donations or sponsorship and policy on training as third highest item disclosed in the annual report.

The information which was least disclosed for the year 2005 includes breakdown of employees by ethnic origin, (7.41%); breakdown of employees by line of business, (11.11%); information of accident at workplace and value added statement, (14.81%). Meanwhile, for 2007, information that is least disclosed includes information of accident at workplace, (7.41%); breakdown of employees by line of business, breakdown of employees by level of qualification or executive versus non executive and breakdown of employees by ethnic origin, these items were disclosed by (11.11%) of sample companies.

11 items in the Table 1 and Table 2 below are also proposed and recommended as a reporting guideline in the Silver Book. 3 items was found least disclosed (18.52%) for amount spent on training, (22.22%) for number of employees trained and (11.11%) for participation in government social campaign in years 2005 compared 2 items in years 2007. The items least disclosed in years 2007 was amount spent on training, (18.52%) and number of employees trained and (25.93%).

Table 1: Descriptive statistics for CSR disclosure items for year 2005

No.	Disclosure items	No. of co. disclosed	% disclosed	Rank
HUMAN RESOURCE				
1	Breakdown of employees by the line of business	3	11.11	14
2	Breakdown of employees by level of qualification/exec vs non	7	25.93	10
3	Breakdown of employees by ethnic origin	2	7.41	15
4	*Employees' appreciation	27	100.00	1
5	*Policy on training	24	88.89	3
6	*Amount spent on training	5	18.52	12
7	*Number of employees trained	6	22.22	11
8	*Discussion of employees' welfare	16	59.26	8
9	*Safety policy	16	59.26	8
10	Information on accidents at workplace	4	14.81	13
VALUE-ADDED INFORMATION				
11	Value Added Statement	4	14.81	13
ENVIRONMENTAL				
12	*Environmental Policy	13	48.15	10
COMMUNITY INVOLVEMENT				
13	*Charitable donations/sponsorship	25	92.59	2
14	*Participation in government social campaign	3	11.11	14
15	*Community programs (health and education)	20	74.07	7
PRODUCT OR SERVICE INFORMATION				
16	Discussion of major types of products/services/projects	23	85.19	4
17	Product Safety	15	55.56	9
18	Improvement in product quality	21	77.78	6
19	*Improvement in customer service	15	55.56	9
20	Distribution of marketing network for finished products	7	25.93	10
21	Customer awards/ratings received	22	81.48	5

Notes: Also recommended in the Silver Book.

Table 2: Descriptive statistics for CSR disclosure items for year 2007

No.	Disclosure items	No. of co. disclosed	% disclosed	Rank
HUMAN RESOURCE				
1	Breakdown of employees by the line of business	3	11.11	14
2	Breakdown of employees by level of qualification/ exec vs non	3	11.11	14
3	Breakdown of employees by ethnic origin	3	11.11	14
4	*Employees' appreciation	27	100.00	1
5	*Policy on training	25	92.59	3
6	*Amount spent on training	5	18.52	13
7	*Number of employees trained	7	25.93	11
8	*Discussion of employees' welfare	22	81.48	6
9	*Safety policy	23	85.19	5
10	Information on accidents at workplace	2	7.41	15
VALUE-ADDED INFORMATION				
11	Value Added Statement	6	22.22	12
ENVIRONMENT				
12	*Environmental Policy	22	81.48	6
COMMUNITY INVOLVEMENT				
13	*Charitable donations/sponsorship	25	92.59	3
14	*Participation in government social campaign	11	40.74	10
15	*Community programs (health and education)	26	96.30	2
PRODUCT OR SERVICE INFORMATION				
16	Discussion of major types of products/services/projects	24	88.89	4
17	Product Safety	20	74.07	8
18	Improvement in product quality	21	77.78	7
19	*Improvement in customer service	18	66.67	9
20	Distribution of marketing network for finished products	7	25.93	11
21	Customer awards/ratings received	18	66.67	9

Notes: Also recommended in the Silver Book.

The results shown in Table 1 and Table 2 above indicate that employees' appreciation is the most popular and high ranked item disclosed by Malaysian GLCs for both years. This result is consistent with Mohamed Zain, et al., (2006) who revealed that the highest item disclosed under the theme of Human Resource is appreciation and awards. This item is included under the human resource theme and by far is the most popular theme disclosed by most companies (Mohamad Zain et.al, 2006). It is not surprising that the occurrence of this item disclosure is high for both years, before and after the introduction of the Silver Book because most of the companies regard human resources as their most valuable assets (Mohamad Zain, 2006). This result is consistent with a previous study done on CSR reporting in Malaysia by Thompson and Zakaria, (2004), which revealed that most companies in Malaysia disclose information on employees and human resource. Andrew et. al (1989) also documented that the theme most commonly disclosed across the industry grouping was human resources, which accounted for 71% of all social disclosures. Moreover, Mohamaed Zain, et.al, (2006) also found that 30% of Malaysian companies disclosed the information on

long serving employees and other award presentation. One possible reason for high level of disclosure in this item for both years among the GLCs could be the government enforcement to enhance the working conditions and living standards of the employees and also could be due to the instant response towards the introduction of key performance indicator (KPIs) among the GLCs. Human capital development is one of the criteria to improve the performance of companies under GLCs. Therefore, this finding reflects GLCs proactive programmes in developing their human capital.

The second highest item disclosed is different in both years. Charitable donations and sponsorship was the second highest disclosed item among Malaysian GLC's in year 2005, meanwhile community programme is the second highest disclosed item in year 2007. Furthermore, these two items disclosed are included under the community theme and by far this theme was the next popular theme disclosed by most companies after human resource. The result is also consistent with other CSR studies (e.g. Janggu et al., 2007 and Mohamed Zain, et. al, 2006). Mohamed Zain, et.al, (2006) in his study reported that 67% of Malaysian owned companies disclosed community health and safety and 55% disclosed charitable activities. High disclosure in this area might be due to the need of the corporations to portray and enhance their corporate image (Mohamed Zain, et al., 2006; Janggu et al., 2007). The introduction of the 'Caring Society Policy' and 'Vision 2020' by the government in the early nineties may have also contributed to the high disclosure for the items in this area.

The third most frequently disclosed information for year 2005 was the policy on training and for 2007 was the charitable donation or sponsorship. Both items are under the human resources and community involvement theme. The high disclosure in charitable donation or sponsorship among Malaysian GLCs may be due to the reason that they would like their shareholders and potential investors know that they are good corporate citizens, adhering to government policies and are accountable to the wider public. Whereas the higher disclosure for policy on training maybe, due to the issues addressed by the Malaysian Government where policies on training have been emphasized on valuable human resources for social development.

Information least disclosed for both years include breakdown of employees by level of qualification or executive versus non-executive, breakdown of employees by line of business and breakdown of employees by ethnic origin. One possible reason for the information of ethnic origin breakdown is least disclosed is perhaps because it may involve sensitive issues. Breakdown of employees by level of qualification and by line of business were least disclosed maybe because the information may give some indication on the competitiveness of each sector of the company's activities (Mohd Ghazali, 2007).

Comparing the results with Mohd Ghazali (2007) study on the highest disclosed items among public listed companies in Malaysia, differences do exist where the first ranking is a discussion on major types of product or services and projects, and then followed by policy on training and community programmes. In this study, the emphasize of items disclosure among Malaysian GLCs before and after the introduction of the Silver Book was found that the most item disclosed was appreciation to the employees and community involvement activities. The results is consistent with the guiding principles on how contributions should be managed as stated in the Silver Book, i.e. the GLCs should enhance their shareholder returns and meet the needs of other key stakeholders such as consumers and employees, then GLCs should proactively contribute to the society in a way that create value on their shareholders and stakeholders. Furthermore, the GLCs should aspire to lead other corporate Malaysian to become socially responsible corporate citizens.

11 items included in the CSR checklist are also recommended in the Silver Book. Amount spent on training and number of employees' trained was least disclosed for years, 2005 and 2007. The result is consistent with Mohamed Zain et.al. (2006) revealed that some financial expenditure and other quantified information were only reported by a small number of companies in Malaysia. It's may be because of the information on employee training issues was mainly a descriptive nature (Mohamed Zain et.al. 2006). Furthermore, from the Table 1 and Table 2, the disclosure of the discussion of employee welfare, safety policy and environmental policy were improved greatly in 2007 after the introduction of the Silver Book as compared to 2005 before the introduction of the Silver Book. It's may be because GLCs comply with the Silver Book requirements.

The above findings also may not be something unusual due to the public expectations from GLCs. GLCs are expected to share the government's responsibility in discharging its public accountability. Mohamed Zain et al., (2006) also views that apart from making profit, GLCs are also projected to become the promotional tool for the government and fulfilling the government's social obligations.

The result of paired sample t-test is given in Table 3 below.

Table 3: Paired sample T-Test for CSR disclosure items in Malaysian GLCs

	Mean	N	Std. Deviation	Std. Error Mean			
ItemDisc 2005	.490305	21	.3151242	.0687657			
ItemDisc 2007	.560852	21	.3427236	.0747884			
Paired Differences							
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference	t	df	Sig. (2-tailed)
ItemDisc 2005 – ItemDisc 2007	-.0705476	.1355259	.0295742	-.0088570 - .1322383			

Referring to the Table 3 above, presents the result of the test that there has been a change in the CSR most items disclosed among Malaysian GLCs after the introduction of the Silver Book. Paired Sample T-test was conducted to evaluate the impact of the Silver Book on the CSR items disclosure in Malaysian GLCs. The probability value for this paired sample t-test is 0.027 less than the alpha value of 0.05. Therefore, we can conclude that there is a significant difference in CSR items most disclosed in year before and after the introduction of the Silver Book. The mean increase was -.0705476, with a 95 percent confidence interval stretching from a lower bound of -.0088570 to an upper bound of -.1322383. The mean for item disclosure in 2007 is 0.560852 and the mean for item disclosure in 2005 is 0.490305. Therefore, there is a significant increment in the CSR most items disclosed after the introduction of the Silver Book.

Table 4: Wilcoxon Signed Ranks test for CSR disclosure item in Malaysian GLCs

	N	Percentiles		
		25th	50th (Median)	75th
ItemDisc 2005	21	.166650	.555600	.796300
ItemDisc 2007	21	.203700	.666700	.870400
Test Statistics ^b				
Z			ItemDisc 2005 - ItemDisc 2007	
Asymp. Sig. (2-tailed)			-2.160 ^a .031	

a. Based on negative ranks.

b. Wilcoxon Signed Ranks Test

Table 4 above presents the Wilcoxon Signed rank Test for CSR disclosure items in Malaysian GLCs for the year 2005 and 2007. This test revealed a statistically significant increase in CSR item most disclosed, $z = -2.160$, $p < 0.05$. The median score of the CSR items disclosure increases from the year before existence of the Silver Book ($Md = 0.555600$) compared to the year after the existence of the Silver Book ($Md = 0.666700$).

Tests based on paired sample t-test and Wilcoxon Signed Ranks above indicate the significant differences in term of CSR most items disclosed among Malaysian GLCs after the introduction of the Silver Book. As stated earlier, being government-owned companies, GLCs are expected to share the government's responsibility in discharging its public accountability. Thus, the above findings might not be surprising due to the public expectations. In this context, government appears to have strong influence over companies by the policies introduced towards becoming socially responsible, participating in social activities and consequently disclosing social information. Moreover, according to Mohamed Zain et al., (2006), apart from making profit, GLCs are also projected to become the promotional tool for the government to fulfill the government's social obligations.

These findings imply that most GLCs have good initiatives and had put efforts in playing their roles to lead other companies in promoting the CSR. The introduction of a new initiative through Khazanah Nasional Berhad, the GLCs Transformation Programme resulted in the release of the Silver Book or Initiative 5 on 25 September 2006. The Silver Book contains a CSR guideline that has guided GLCs in CSR disclosure. This could partly explain the increase in CSR disclosure in Malaysian GLCs. Through the Silver Book, the Government pushes GLCs to achieve three key objectives, namely, to clarify expectations on the GLCs contribution to society, to guide the GLCs in evaluating their starting position in contributing to society and to provide the GLCs with a comprehensive set of tools, methodologies and processes to proactively contribute to society in a responsible manner. Interestingly, the GLCs are now becoming CSR sensitive and play an important role in making our world a better and harmonious place to live in. Moreover, the public also is becoming more awareness of the need for businesses to be socially responsible and companies are responding to these changing values by increasing the amount of CSR disclosure in the annual reports.

5. CONCLUSION, LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

5.1 Conclusion

This paper has examined the CSR items most disclosed in Malaysian GLCs before and after the introduction of the Silver Book and has examined if there has been a change in the most CSR items disclosed among Malaysian GLCs after the introduction of the Silver Book. The descriptive result of CSR items most disclosed for year before and after the introduction of the Silver Book revealed that the item of employees' appreciation was the most item disclosed among other CSR disclosure items for both years. This finding is consistent with a previous study by Mohamed Zain et al., 2006 which also revealed that the appreciation and awards under the theme of human resources as a highest item disclosed. This might be due to the factor that most companies regard human resource as their most valuable assets. Information breakdown of employees by level of qualification or executives versus non executive, breakdown of employees by line of business and breakdown of employees by ethnic origin were the least item disclosed for both years, before and after the introduction of the Silver Book. This might be due to sensitive issues and the information may give some indication on the competitiveness of each sector of the company's activities (Mohd Ghazali, 2007). The result from paired sample t-test and Wilcoxon Signed Ranks test also revealed that there was a significance difference in the CSR items most disclosed in Malaysian GLCs for 2007 as compared to 2005 and the increase was statistically significant at 5% level. This

finding implies that the influence of the government over companies through the policies and guidelines introduced. The Silver Book, one of the ten initiatives included in GLC Transformation Manual, introduced by the government through Khazanah Nasional may have had some positive impact on CSR in Malaysian GLCs in terms of encouraging GLCs to engage in more CSR activities and hence disclosure of those activities in the annual report.

5.2 Limitation of study

The study has focused exclusively on annual reports, there is a risk of not capturing a complete picture of CSR disclosure. Companies may use other medium to provide information on CSR for instance the media, internet and separate environmental and social reporting which are not within the scope of the current study. Thus, disclosure in annual report should not be taken as a conclusive measure of a company's involvement in CSR act.

5.3 Suggestion for future research

The current study focuses on CSR disclosure using the number of disclosure i.e., using 21 items disclosure checklist. Future research could use the amount of disclosure such as words, paragraph or pages instead of the number of disclosure (existence) of CSR activities. This approach (amount of disclosure) will provide a more informative data set (Gray et al., 1995) due to its broader measurement which not only focuses on the existence of information. Furthermore, future research could also examine other forms of corporate communication and expand the sample size to include non-GLCs for comparison purposes.

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