

**UNIVERSITI TEKNOLOGI MARA**

**CORPORATE SOCIAL  
RESPONSIBILITY DISCLOSURE  
AND CORPORATE FINANCIAL  
PERFORMANCE AMONG  
MALAYSIAN PUBLIC LISTED  
COMPANIES**

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## ABSTRACT

The concept of corporate social responsibility (CSR) is prominently known as a commitment of businesses towards their employees, local community and society at large. The escalating pressure from the stakeholders, society and government organizations on the company social performance has positioned CSR to be part of business corporate strategy in creating sustainable development and business affiliation among a range of stakeholders. It is believed that CSR is competent to create brand image and fulfil demands and gain public support. Thus, companies are expected to be transparent and accountable in providing information concerning their social activities via the sustainability report. In response, the CSR disclosure (CSR D) has become mandatory for all Malaysian Public Listed Companies (PLCs) to reveal the information of their social activities in company annual report with effect from 2006. In addition, Bursa Malaysia (BM) has announced the CSR framework and guidelines to be followed which cover four areas namely; community, environment, marketplace and workplace dimensions. The information disclosed is not limited only on the financial performance but also non-financial information consisting of social activities. There have been various studies of the possible advantages that a company may obtain through CSR activities implementation as it involves enormous costs. However, there appears to be an inconsistent scrutiny on the relationship between CSR D and corporate financial performance (CFP). Therefore, the purpose of this study is to examine the nature and extensiveness of CSR D in company annual report and stand-alone sustainability report among Malaysian PLCs across sectors. Furthermore, this study also attempts to investigate the relationship between CSR D and CFP among Malaysian PLCs across sectors for the period of 2003-2013. The independent variables are analysed through content analysis which cover four CSR dimensions (community, environment, marketplace and workplace). This study used the size of a company (proxy by logarithm of total assets) and leverage (proxy by total debts to total assets) as control variables. Three dependent variables are used to measure the CFP that are return on assets (ROA), Tobin's q (TQ) and dividend (DIV). Data were analysed and interpreted using E-views software. Through content analysis it is revealed that community dimension had the highest disclosure while marketplace dimension was the least disclosure across sectors. Finance sector had disclosed the most CSR activities in their annual report or stand-alone sustainability report and plantation sector had the least CSR activities disclosure. By employing panel data regression model, the linkage between CSR D and CFP was found to be varying across sectors with mixed relationship. The findings from this study could contribute to the body of CSR literatures and important for both businesses and regulators to implement appropriate mechanism for enhancing high-quality CSR practices.

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