BIOINFO Financial Management
ISSN: 2250-091X & E-ISSN: 2250-0928, Volume 2, Issue 1, 2012, pp.-42-50.
Available online at http://www.bioinfo.in/contents.php?id=195

INTERNET CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AMONG MALAYSIAN LISTED COMPANIES

SAEID HOMAYOUN[1*], RASHIDAH ABDUL RAHMAN[2], JEANETH JOHANSSON[1] AND MALIN MALMSTRÖM[1]

[1]Lulea University of Technology, Sweden.
[2]University Teknologi MARA, Malaysia.
*Corresponding Author: Email- saeid.homayoun@ltu.se

Received: April 15, 2012; Accepted: May 07, 2012

Abstract- The aim of the study is to examine the type and quantity of Corporate Social Responsibility disclosure practices among a sample of 100 top companies listed on the Bursa Malaysia by Market capitalization for the financial year ended 2007. This research made use of online search for the website survey and content analysis by physical observation of the websites. The maximum raw score for corporate social responsibility obtained by the companies was 7 (or 88% of the total possible 8 points). The minimum score was 0. The average, corporate social responsibility raw score was 4.79 (or 63%), indicating an acceptable level of reporting for CSR. Therefore the findings in this study may promote Malaysian regulators to specify the means by which Malaysian listed companies are to disclose transparent, credible information. The finding may also propose that new regulatory guidance in Corporate Social Responsibility lead to improved disclosure via Internet Corporate Reporting .
Key words- Corporate social responsibility, Disclosure, Internet corporate reporting.

Citation: Saeid Homayoun, et al. (2012) Internet Corporate Social Responsibility Disclosure among Malaysian Listed Companies. BIOINFO Financial Management, ISSN: 2250-091X & E-ISSN: 2250-0928, Volume 2, Issue 1, pp.-42-50.

Introduction

The Internet media has become more popular as a new communication medium firms use to present themselves as socially responsible. It provides an approved, formalised and official perspective on corporate social responsibility (CSR) disclosure (Bondy et al., 2004). Due to globalization, there is an increased pressure on firms and managers to act ethically and in a socially responsible manner. Internet, enable people to become aware of CSR issues such as the use of child labour, exploitation of workers, destruction of the environment, etc. There are several reasons for firms to disclose CSR on the website. According to Idowu and Towler (2004) an organization may derive some perceived benefits from the disclosure such as increased customer loyalty, more supportive communities, the recruitment and retention of more talented employees, improved quality and productivity, and the avoidance of potential reputation risk which may arise from environmental accident. Pressures from different stakeholders along with massive media coverage have forced firms to take action in order to protect their public reputation. To improve the quality the credibility of CSR communication, Azevedo (2004) suggests that communication should be informative, educational, avoid to employ an emotional tone and prepare a website that the consumers can employ to gather more information on the firm's CSR actions. The International Federation of Accountants (2003) also recommends frequent updating of corporate information on corporate web sites. The existing CSR studies have focused on examining the relation among CSR and business performance, such studies indicate that companies can gain commercial benefits (e.g., acquiring new customers, reputation) by doing CSR (Campbell, 2007). This has prepared the impetus for emergence of study the online communication practices of companies and the CSR reporting (e.g. Wanderley et al. 2008; Insch 2008). Hence, this research is based on the assumption that a new approach that examines the relevance of technology, specially the Internet, will improve corporate social responsibility in public listed companies in Malaysia.

Despite an increasing trend of corporate social responsibility reporting globally (Bikram & Monir Zaman, 2008; KMPG, 2005 and Sustain Ability, 2004) research still lag behind. Furthermore, Janggu, Joseph, & Madi (2007) and Hamid (2004) shows that there is an increase in the reporting trend in CSR reports , but the degree of increment and the quality of reporting is still relatively low (Jaffar, Iskandar, & Mohamad, 2003). Previous studies have found that in Asia, corporate reporting is still remain in low incidence (KMPG, 2005; ACCA, 2004). According to Zulkifli and Amran (2006) the trend of the Malaysian listed companies shows that they are increasingly becoming involved in CSR activities from different levels of CSR activities among companies. A study conducted by Mohamed Zain and Janggu (2006) revealed that the degree of CSR disclosure in Malaysia is still limited. ACCA (2004) accentuated that the introduction of the Malaysia Code on Corporate Governance listing requirements, the ACCA Award and National Annual Corporate Award (NACRA) named as Malaysian Environmental and Social Reporting Award (MESRA), Malaysian Environmental Reporting Award (MERA) are the motivation for the firms to disclosed CSR information in Malaysia.

Three critical elements to the Bursa Malaysia's CSR framework are identified. First, the framework has incorporated criteria drawn from Malaysian national aspirations, policies and provides PLCs with guideline for building CSR initiatives that are in line with national goal. Secondly, disclosure framework is very flexible, where PLCs are required to include CSR matters in their annual report and suggested that CSR elements and contents are voluntarily in nature. Lastly, the framework is only a set of guideline and not a step-by-step prescription and PLCs are allowed to use their own discretion to mandate it. CSR reporting will be mandatory for companies with financial years ending on or after December 31st 2007 but voluntary reporting is being promoted by Bursa Malaysia before the mandatory period begins (Abdul Rahman, et al 2009).

Furthermore, based on CSR 2007 Status Report revealed poor CSR involvement by public listed companies in Malaysia. The result of this survey showed a lack of awareness and knowledge of CSR by public listed company in Malaysia. This indicated that the majority of firms fell far behind global best CSR practices and there is a need to enhance the level of disclosure and CSR practices. The aim of this research is to analyze the corporate social responsibility information disclosed on the website by Malaysian public listed companies. Therefore, the findings in this study may promote Malaysian regulators to specify the means by which Malaysian listed companies are to disclose transparent, credible information. Furthermore, according to The Edge Malaysia published on 3 August 2009 the new requirement under the revised listing rules for Bursa Malaysia's new Main Market, which take effect from Aug 3 2009. By virtue of operating in the public domain, listed firms in Malaysia must disclose their corporate information publicly on their websites. Hence, the results of this study are useful for regulators and policy setters at national level to comprehend some of the drivers and underlying features connected to CSR reporting via Internet. The remainder of this paper is organized as follows. The next section reviews the relevant literature on CSR. The research methodology is discussed in the third section. This is followed by discussion of the results in the fourth section. The last section provides conclusions and suggestions for future research.

Literature Review

A. Legitimacy Theory

Legitimacy theory has become one of the most cited theories within the CSR area (Guthrie and Parker, 1989; Preston and Post, 1975). The explanatory power of organisational legitimacy theory in the context of CSR in developing countries is twofold: first, its capability to address more than profit maximising motives creates a more complete picture of companies' motives to engage in CSR, not merely focusing on the so-called business case of CSR. Second, organisational legitimacy is able to embrace cultural factors, which form different institutional pressures in different contexts (Barkemeyer, 2007). Legitimacy theory claims that companies disclose social and environmental information with the intention to enhance the public respect or to legitimize their activities in social, political, and environmental areas (Deegan et al., 2002). According to Gray, Kouhy and Lavers (1995: p54): "Legitimacy exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy"(Gray, Kouhy and Lavers, 1995).

Legitimacy is considered to be a resource in which company is dependent on for survival (Dowling and Pfeffer, 1975). Thus legitimacy would suggest that whenever managers consider that the supply of a particular resource is vital to company's survival, then they will pursue strategies to ensure the continued supply of the resource (Deegan, 2002). According to legitimacy theory, companies might be disclosure to show that they conform with stakeholders_' expectations, to please the readers of the financial statements (Mohamed Zain and Janggu, 2006) or to alter social expectations (Deegan et al., 2002). According to Gandia et al. (2008) the application and development of Internet-based corporate disclosures should provide at least the following benefits: first, the company web site can be used as a portal to provide shareholders and other stakeholders with information of all kinds related to the evolution of a business. Second, the company web site is a medium to make such information accessible to stakeholders both quickly and cheaply. Third, the use of Internet technologies could allow firms to hold shareholders' meetings online, thus removing any geographical barriers that might impede or prevent participation, among other benefits.

Legitimacy theory also confounds that corporate social responsibility disclosure practices are responsive to environmental pressures including political, social and economic (Deegan and Rankin, 1999). Thus the companies' external factors contributed by the external communities will influence the level of environmental disclosure made by the organizations. This is due to the fact that the management seeks to congruence its business operation to what being perceived as acceptable conduct by the stakeholders. With the achievement of this congruency only do legitimacy objective is achieved (Gray, Kouhy and Lavers, 1995).

Most of the empirical research performed by Guthrie and Parker (1989), Hogner (1982), Patten (1991,1992), Wilmshurst and Frost (2000) conclude that social responsibility disclosure is provided in response to external social and economic events although not all the empirical evidence supports this view. In the study conducted by Guthrie and Parker (1989, p.350) to discover whether the pursuit of corporate legitimacy appears to have been a primary rationale for disclosures by Australian Mining and Manufacturing company, they failed to confirm legitimacy theory as an explanation. However, the study by Wilmshurst and Frost (2000) has provided supportive evidence of legitimacy theory in explaining the Australian environmental sensitive industries decision to disclose environmental disclosure.

In the Malaysian context, Abdul Hamid (2004) found that Malaysian banks concurred with legitimacy theory as the primary explanation for CSR disclosures in their annual reports. Additionally as pointed out by Newson and Deegan (2002), legitimacy theory directly relies on the concept of social contract whereby it emphasizes how organizations are dependent on their environment and the Society`s expectations that might be changing over time. Lodhia (2004) found that companies in Australia use the Internet to maintain their legitimacy; there is limited use of the Internet for gaining or defending legitimacy. This indicates that the Internet is not fully utilized by companies for seeking legitimacy from stakeholders through environmental disclosure.

B. Disclosure on Corporate Social Responsibility (CSR)

According to Hick (2000) CSR centers on the relationship between business and society and how businesses behave towards their key stakeholders such as employees, customers, investors, suppliers, communities, and special interest groups. Furthermore the World Business Council for Sustainable Development defines CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (www.wbcsd.com, 2000).

Corporate Social Responsibility (CSR) can be defined as a company's voluntary contribution to sustainable development which goes beyond legal requirements (Carroll, 2006; Crane and Matten 2007). The growing CSR awareness is also reflected in the increasing number of CSR and sustainability reports, as well as in the provision of CSR-related information (e.g., through advertising; Gray et al. 2001; Kolk 2005). CSR disclosure can be defined as the information that a company discloses about its environmental impact and its relationship with its stakeholders by means of relevant communication channels (Gray et al. 2001; Campbell, 2004).

According to Thijssens (2008) the lack of a comprehensive regulatory framework concerning corporate social responsibility disclosure can be attributed to legitimacy perceptions of the public and subsequent to the firm attempts to influence these perceptions. Legitimacy is defined as: "generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p. 574).

On the other hand, concerning the presenting of the theoretical framework of CSR one of the pioneers in this respect is the famous book of John Elkington, entitled Cannibals with Forks (1997), in which he introduced the concept of the 'triple-P bottom line'. Triple P concerns profit ('economic prosperity'), planet ('ecological quality') and people ('well-being'). Elkington's starting point is that, in order to be labeled as a 'sustainable' business, firms need to attain a certain minimum performance (i.e. the bottom line) in all these three areas (Cramer, 2003, p 583). The term 'triple-P bottom line' has been widely accepted as a good representation of the concept of CSR.

The Bursa Malaysia CSR framework (Bursa Malaysia, 2006) defined corporate social responsibility as open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. This CSR framework was designed to deliver sustainable value to society at large. CSR supports triple bottom line reporting which emphasizes the economic, social and environmental bottom-line wellness. In relation to environmental reporting, the Malaysian Accounting Standard Board has taken the initiative to incorporate a new standard in line with the government objective to encourage greater environmental disclosure among Malaysian Companies (Abdul Rahman and Omar, 2009).

The Malaysian government has taken tentative steps towards promoting disclosure of CSR. Introduction of the 'Caring Society Policy', 'Vision 2020' and legislation on pollution control, environmental impact assessment, industrial safety and employee welfare, amongst other things, has brought home to companies the importance of CSR (Mohamed Zain et al , 2006a). Accorting to Atan et al. (2010) on 5th of September 2006, Malaysian Stock Exchange, the Bursa Malaysia lunched Bursa Malaysia's CSR framework for Public Listed companies (PLCs). It represents a set of voluntary guideline for PLCs and government-owned companies on four main focal areas of CSR practice; workplace, environment, community and market place. Furthermore, based on Bursa Malaysia report (2010) CSR disclosure has become an integral part of Bursa Malaysia's listing requirement which states that all listed companies whose financial year ended on or after 31 December 2007, must disclose all the CSR activities undertaken by them or their subsidiaries, or if there are none, they must include a statement to that effect.

In relation to environmental reporting, the MASB has taken the initiative to incorporate a new standard in line with the government objective to encourage greater environmental disclosure among Malaysian companies (Abdul Rahman and Omar, 2009). From December 2006 all Malaysian PLCs are encouraged to include as statement to their CSR performance in their annual reports in response to the Prime Minister's call during his 2007 budget speech in September 2006 for the companies tending for government contracts to report on their CSR initiative. CSR reporting will be mandatory for companies with financial year ending on or after December 31st 2007 but voluntary reporting is being promoted by Busra Malaysia before the mandatory period begins. As a consequence, the Bursa Malaysia CSR Framework for public listed companies was launched on the 5th September 2006 (Abdul Rahman and Omar, 2009). According to Abdul Rahman and Omar (2009, p.20) in her book titled CSR-based corporate governance the benefits of CSR include:

I. More transparency for investor, thus offering distinctive positioning
II. in the market place, reduced costs of risk-management,
III. Protecting and enhancing company reputation and brand images,
IV. Building credibility and trust which customers and employees,
V. Rendering corporate purpose or mission,
VI. Higher financial returns,
VII. Strengthening links with local community, and
VIII. Securing the company's 'license to operate '

Kuasirikun and Sherer (2004) indicated that an environmental disclosure was the second most important theme after employee disclosure for Thai corporate annual reports. The study found that there were still minimal CSR disclosures even though has been an increased pressure from social and environmental legislation, public scrutiny of corporate activities, and deteriorating social and environmental conditions.

In CSR, companies need to disclose several additional issues such as safety, ethnic issues, equal opportunities, future employment plans, and training provisions. Moreover, Bursa Malaysia's listing requirements require companies to make additional disclosures and these include matters pertaining to employment (Syed Musa et al., 2003). Employment of disabled staff is a disclosure of the company policy for giving full and fair consideration to applications for employment by disabled persons, having regard to their particular aptitudes and abilities (Tay, 2005).

With the survey carried out by Douglas et al. (2004), in which human resources were the most reported issues disclosed for a sample of six Irish banks over the four years surveyed. In another study, Shahed (2000) found that employee disclosures were the main items disclosed in a Bangladesh company for the period 1969 to 1997. Therefore, it can be concluded that employment disclosures play an important part in themes of CSR.

Companies need to become more transparent in their CSR activities. For example, companies need to disclose their main type of products, which include pictures of them, actions taken to improve product quality, improvement in customer services, and any awards received for their products and services. The information includes information on any additional installation of device or equipment to ensure product safety or conservation of energy that affects society as a whole (Syed Musa et al, 2003). Companies should set rules and policies to any of their activities that involve the environment. As a result companies will be more accountable when making profits.

Companies should participate in activities involving social and community program. This is to build the companies' relation with their stakeholders. The idea of disclosing community involvement is to enhance reputation and image of the organization (Vallee, 2005). Community involvement begins with a sincere desire to communicate and interact with the public and to better understand perceptions and attitudes relating to a particular project. Therefore, community involvement is very important in CSR, because community will respond positively when they are provided with accurate information. This theme then will strengthen an organization's relationship with society (Oppewal et al., 2006).

Mohamad Zain (1999) found that Malaysian companies were actively disclosing social information, especially information on human resources themes. Mohamad Zain further noted that the main reason Malaysian companies disclosed social information was due to the top management's awareness together with its desire to comply with the government's social policy and to enhance the company's corporate image. Thompson and Zakaria (2004) revealed that in their study of the 250 largest companies based on market capitalization listed on the bursa Malaysia, that corporate social responsibility had shown some improvement over the past few years or so, although it was still in its infancy in Malaysia and fell short of what got reported in many advanced western countries. In particular they found that the least reported themes were on the environment and energy themes, and that most corporate social responsibility disclosures were declarative and non-quantitative. Saat et al. (2007) investigated the CSR practices of 30 Government-Linked Companies (GLCs) listed on Bursa Malaysia for the period between the years 2000 to 2004. They revealed that disclosure among the GLCs increased from one year to another throughout the period of study. This study also indicated that to a certain extent, some GLCs have indeed led other companies in promoting CSR as part of their business culture.

Said et al. (2009) investigated the level of CSR disclosure index. The sample of 150 companies was drawn from the main board of Malaysian listed companies for the year ended 2006. They revealed that product theme has the highest number of disclosure. The human resource theme is ranked second for the number of disclosure for 150 companies, followed by environment theme. Al Arussi et al. (2009) carried out a study of Internet reporting practices of Malaysia listed companies for financial year ended 2005. They found that 64 percent of sample (201 Malaysian companies) disclosed more than two financial items out of 24 items that were used to measure the extent of financial disclosures. Additionally, they found that for environmental disclosure, 58.7 percent of their sample companies in Malaysia disclosed at least one environmental item out of 34 items that were used to measure the extent of environmental disclosure. However, 41.3 percent did not disclose any environmental information on their web sites.

Research Design

A. Sample Selection and Data Collection

Public listed companies on the Bursa Malaysia are chosen as the sample in this study. One hundred top companies listed on Bursa Malaysia based on market capitalisation in year 2007 are chosen. Previous studies have suggested that large companies are more likely to have resources to provide financial reporting via website. Therefore, the failure to adopt internet financial reporting would likely indicate a consequence of conscious choice. In addition, such sample provides a balance among acquiring sufficient variance for reliable statistical conclusion and resources available for data collection.

Table 1 presents the descriptive statistics showing the number and percentage of the sample companies according to industry group. The results of the descriptive statistics show that the largest category consists of trading or services companies with 32 cases. This is followed by finance, industrial products and consumer products with 15 cases, 13 cases and 11 cases respectively. The properties, infrastructure projects, and construction industries have the smallest representation with only 5 cases, 5 cases and 2 cases respectively.

Table 1- Composition of the Pooled Sample according to Industry Group

Industry	N	Percent
Consumer Products	11	11
Industrial Products	13	13
Trading or Services	32	32
Construction	7	7
Properties	5	5
Plantation	10	10
Finance	15	15
Technology	2	2
Infrastructure Project Cost	5	5
Total	100	100
Less: Observations with outliers/ missing data	-22	-22
Total	78	78

Two websites were visited to determine the availability of the public listed companies' website and related information namely, Bursa Malaysia's website and Star Online. Bursa Malaysia is chosen as the primary search engine since public listed companies are accountable to submit their annual reports to the Bursa Malaysia website. Star Online was visited to obtain information on the public listed companies' market capitalisation.

B. Research Instrument

This study uses content analysis whereby disclosure checklist is developed to achieve the objective of this study. The formation of the checklist involves two stages. The initial stage is to determine and select disclosure items for the disclosure checklist. At this stage, all information items would be selected if they are relevant and equally important. This method follows studies of Singhvi and Desai (1971), Buzby (1974, 1975), Stanga (1976), Cooke (1989a, 1993) and Wallace, Naser and Mora, (1994). The second stage involves providing a final disclosure checklist. The disclosure checklist contains 8 CSR attributes. The criteria for CSR attributes measured disclosure of CSR and human resources content areas on the Internet. They included areas like environmental policy statement, information on energy savings, employee profile and training, donation to community groups and charitable bodies, and discussion on product quality and safety. The availability of a CSR report and a special CSR page was also measured.

C. Research Procedure

To avoid subjectivity in judging the weight of importance of the items disclosed in the internet, this study adopts the un-weighted score. Un-weighted score involves assigning the same weight of importance to all information items. In other words, a company is given a score of '1' if it disclosed an information item on its website. On the other hand, a company is given a score of '0' if it did not disclose the information item on its website (Wallace, 1988; Cooke, 1989a; Cooke, 1992; Abayo, Adams and Roberts, 1993; Hossain, Tan and Adams, 1994).

This study also adopts the un-weighted dichotomous disclosure index because of the nature of this study that does not focus on a single user group (Bonson and Escobar, 2002; Akhtaruddin et al. 2009). The disclosure index for each company was measured by dividing the actual scores awarded by the maximum possible scores relevant for the firm. Consequently, company could score a maximum of 8 points and a minimum of 0. The formula for calculating the reporting score by using these 8 attributes is developed as follows:

$$RS = \sum_{i=1}^{8} ri$$

Where

RS = Reporting Score

ri = 1 if the item is reported and 0 if the item is not reported

I = 1, 2, 3...8.

Result

A. Descriptive Statistics

Table 2 presents the results showing the number of companies having website. The results show that 94 percent of the 100 companies have accessible website. The results of this study show that the number of companies having website in Malaysia are higher compared to studies that were conducted in developed countries a decade ago. For example: Lymer (1997) found that 60 percent of the UK companies in his study had website. Similarly, in USA, Grey and Debreceny (1997) examined the number of top 50 Fortune 500 companies on their internet reporting practices. They found that only 68 percent of these companies had website.

Within Malaysia, the results of this study also show that the number of companies having website in Malaysia has increased quite significant over the years. For example: Hamid (2005) examined index-linked companies and found that out of 100 public listed companies in Malaysia, 74 percent of the 100 companies have web site. Using companies that linked their website to Bursa Malaysia, Noor and Mohamad (2000) found that out of 222 public listed companies in Malaysian 92 percent have web sites. Another possible reason of the percentage increase of companies having website, arguably could be attributed to the method used in the studies. The present study selected 100 top companies in Malaysia base on market capitalisation which is different from the other two studies.

Table 2- Companies having Website

Companies	N	Percent
No web site	6	6
With web sites	94	94
Total	100	100

Table 3 presents the number of companies' website that discloses financial information. The results in Table 3 show that out of the 94 companies that have website, 16 companies (17 percent) did not disclose financial information on their website. A number of the companies' website could not be accessed with reasons provided on the screen as "cannot be found "or "object cannot be found", indicating that either their URL addresses during the attempt of accessing their website was down or no longer available. Several attempts were made to open the websites within the period of time stipulated in this study but without success.

The results in Table 3 after excluding the companies which website could not be accessed show that the final size of sample under study is 78 companies (83 percent). The results also show that there are companies that have website but did not publish financial information. Most companies generally used their website for advertising, on-line transactions, recruitment, contact information and general corporate information such as mission statement and directors statement.

Table 3- Companies' Website having Financial Information

	N	Percent
No disclosure of financial information	16	17
Disclosure of financial information	78	83
Total	94	100

B. Corporate Social Responsibility Disclosure

The Internet is increasingly becoming one of the main tools for CSR information disclosure, as it allows companies to publicize more information less expensively and faster than previously. Unlike traditional media (newspapers, magazines, billboards, television and radio), the Internet allows the company to publicize detailed, up-to-date information (Wanderley et al. 2008). The importance of CSR disclosure has increased among companies in the world. The main objective of this section was to examine the type and quantity of CSR disclosure practices among public listed companies in Malaysia.

As shown in Table 4, the maximum raw score for corporate social responsibility obtained by the companies was 7 (or 88% of the total possible 8 points). The average, raw score was 4.79 (or 63%), indicating an acceptable level of reporting for CSR. The result is higher than that reported by Alvarez et al. (2008) and Spanos (2006). Alvarez et al. (2008) found that the mean score of corporate social responsibility was 2 items (or 22 %). Spanos (2006) found that the Greek companies scored very low in the area of CSR and human resources disclosures. They found that 18.3% of the sample companies provided a CSR page and 19.8% presented a clear environment policy statement, 32.5 percent included on employee profile, and 34.2 percent provided a discussion on product quality and safety. Ghazali et al. (2007) examined CSR disclosure among Malaysian company for financial year ended 2001. They found that the levels of disclosure were low ranging from (4%) to (77%) with mean (27%). However, the present study shows that a higher percentage of firms making some CSR disclosure in annual reports (63%) as compared to a previous study on Malaysian companies by Ghazali et al. (2007) (27%), implying that more Malaysian managers are aware of the concept of CSR.

Table 4- Summary Statistics of 8 Item for Raw Scores of CSR

Item	Value (raw)	Value (Percent)
Sample size	78	100
Maximum score	7	88
Minimum score	0	0
Mean	4.79	63
Median	5	63

Further analysis shows that 63 percent of the Malaysian firms scored between 63 percent and 88 percent. Fifty percent of the firms scored 63 percent to 75 percent marks, but only 12 percent firms scored 88 percent. None of the firms in the study scored full marks (100 percent). In summary this study found that a majority of Malaysian companies (63%) scored more than 50 percent of the possible marks on this section of the disclosure index.

Table 5- Reporting of CSR and Human Resources Information, by Number of companies

CSR and Human Resources Information (8 items)	No	%
Special CSR page	29	37
Stand-alone CSR report	70	90
Environmental policy statement	63	81
Information on energy savings	22	28
Employee profile	0	0
Employee training	67	86
Donations/sponsoring to community groups and charitable bodies information	64	82
Product quality and safety	59	76
Average	48	59

The most frequently disclosed item was a stand-alone CSR report (70 companies), while not a single firm published their employee profile. A review of the amount of CSR disclosure indicates that employee training is the most popular theme of disclosure at an average 67 company (86%). The second most popular theme of disclosure is donations or sponsoring to community groups and charitable bodies information with a total of 64 companies (82%). In summary on average 48 (or 59%) of companies disclose information on CSR (see Table 5). The result is consistent with Alvarez et al. (2008) who found that on average 17 percent of companies on Spanish (out of 117 companies) disclose CSR on the Internet. The result is consistent with Thompson and Zakaria (2004) who found that in Malaysia the least reported themes were on the environment and energy themes, and that most corporate social responsibility disclosures were declarative and non-quantitative.

Table 6 shows that Forty-nine companies (63 percent of 78 companies) presented more items than the median numbers, whereas 29 companies (37 percent of 78 companies) presented fewer items than the median numbers. Hence the result shows that more than sixty percent of the public listed companies in Malaysia reported more than the median number of CSR items on the Internet.

Table 6- Percentage of Companies Disclosure of CSR Items

	Frequency	Percent	Valid Percent	Cumulative Percent
Below median score	29	37.2	37.2	37.2
Above median score	49	62.8	62.8	100.0

Discussion and Conclusion

The importance of social and environmental aspects has increased among firms around the world. This importance stems from the duty of firms to provide not only financial information but also non-financial information (e.g. product information, employee training, social community programmers and environmental performance to stakeholders and society at large. The duty of the firms emerged from the acknowledgement of directors, managers and other users of the importance of creating a more sustainable world.

This research examines the level of corporate social responsibility disclosure using the internet as a communication tool in improving corporate social responsibility among publics listed companies in Malaysia. This study made use of online search for the website survey and content analysis by physical observation of the websites. The results revealed that 94 firms had websites that could be accessed and 6 firms did not have websites. Although, from 94 firms that had websites, 16 firms (17 percent) did not have any financial information on websites, so a total of 78 companies constituted the final sample. An Internet corporate social responsibility disclosure index of 8 content items namely; environmental policy statement, information on energy savings, employee profile and training, donation to community groups and charitable bodies, and discussion on product quality and safety were used as a benchmark.The availability of a CSR report and a special CSR page was also measured. The average, corporate social responsibility raw score was 4.79 (or 63%), indicating an acceptable level of reporting for CSR. The results of this study show that most of the companies have reported some information relevance to corporate social responsibility via the internet. The most frequently disclosed item was a stand-alone CSR report (70 firms), while not a single firm published their employee profile. A review of the amount of CSR disclosure indicates that employee training is the most popular theme of disclosure at an average 67 company (86%). The second most popular theme of disclosure is donations or sponsoring to community groups and charitable bodies information with a total of 64 companies (82%). This information largely covered employee appreciation and awards, and employee training and safety. Even though the information was about the employees, it was clear that this information was not about giving employees more information relevant to them, but rather was geared towards the interests of other users of annual reports.

The result shows that the maximum raw score for corporate social responsibility obtained by the companies was 7 (or 88% of the total possible 8 points). In summary on average 48 (or 59%) of companies in Malaysia disclosure on CSR. Additionally, forty-nine companies (63 percent of 78 companies) presented more items than the median numbers, whereas 29 companies (37 percent of 78 companies) presented fewer items than the median numbers. Hence the result shows that more than sixty percent of the public listed companies in Malaysia reported more than the median number of CSR items on the Internet. The ultimate objective of increasing disclosure on CSR is to improve transparency and accountability, whereby reducing risk to shareholder. This will also increase the confidence in the stock market. CSR reporting should create fairness, accountability and transparency in the disclosure of information. Malaysia then should adopt pro-active policy on CSR reporting via Internet, so that the public listed companies will practice full CSR disclosure via Internet in their reporting. Therefore, full CSR disclosure via Internet help the company presents itself transparent to the wider world outside the organization. Further, the findings suggest that policy-makers especially the Security Commission should consider the need to establish CSR via Internet requirements that are beneficial to the stakeholders.

The study reveals that many Malaysian listed companies are ignoring the views of IFAC, FASB and the new requirement of Bursa Malaysian have recently published (August 2009) and have a long way to go with respect to enhancing CSR disclose on their websites. Specifically, many Malaysian listed companies clearly have not implemented policies to ensure that the drivers of quality investor communication are incorporated in their websites reporting. Therefore the findings in this study may promote Malaysian regulators to specify the means by which Malaysian listed companies are to disclose transparent, credible information.

Companies may disclose social information under the pretence of accountability but are in fact trying to project their image or trying to influence investors. The inclusion of social information in the annual report has been said to help society reconstruct the organization and make more aspects of organizational life visible and transparent (Gray et al., 1996). It could also be interpreted as being for the purpose of enhancing the corporate image and thus legitimising business. Legitimacy theory also cannot be dismissed because of evidence found that companies are also disclosing social information to enhance their corporate image and possibly camouflaging their activities. Similar to their Western counterparts, Malaysian companies take every opportunity to promote their corporate image. Since annual reports are considered the most accessible public document, it is a good vehicle to legitimise business by projecting the image that the company aware and/or to hide or reduce the exposed side of the company to the social and political environment.

It is expected that the level of CSR disclosure via Internet by public listed companies in Malaysia will be improved tremendously after the enforcement of the new requirements for corporate social responsibility via Internet and this is further enhanced by the emergence of annual corporate annual reports award competitions organized by various professional bodies. Therefore, with existence of these awards, enforcement of new requirements and the pressure exerted by users for more CSR information via Internet, corporations will be encouraged to enhance their CSR reporting practices via Internet.

Another useful topic for future research would be to address the question of whether observed corporate social disclosure correlates with the degree of actual corporate social activity. Future study also should cover a longer period in order to get a true picture on the factors affecting CSR disclosure level. In conclusion, the uses of the Internet enables information to disseminated worldwide, and facilitate the improved availability of CSR information and encouraging investment. Therefore, it is a great opportunity for future researches to be conducted on the internet CSR reporting among companies in other developing countries.

References

[1] Abayo A., Adams C. and Roberts C. (1993) *Journal of International Accounting Auditing and Taxation*, 2, 145-158.

[2] Abdul Hamid F.Z. (2004) *Corporate Ownership and Control*, 1 (4), 118-30.

[3] Abdul Rahman R., Omar N. (2009) *Corporate social Responsibility-Based Corpoarte Goveranance*.

[4] ACCA (2004) *Towards Transparency: progress on global sustainability reporting*.

[5] Al Arussi A.S., Selamat M.H. and Hanefah M.M. (2009) *Asian Review of Accounting*, 17(1), 59-76.

[6] Akhtaruddin M., Hossain M.A., Hossain M. and Yao. L (2009) *Journal of Applied Mangement Accounitng Research*, 7(1).

[7] Alvarez I., Sanchez I. and Domınguez L. (2008) *Voluntary and compulsory information disclosed online: The effect of industry concentration and other explanatory factors. Online Information Review*, 32(5), 596-622

[8] Atan R., Razali N.M., Mohamed N. (2010) *8th WSEAS International Conference on Management, Marketing and Finance, Malaysia*.

[9] Azevedo M.T. (2004) *Publicidade cidada˜: comocomunicar responsabilidade social empresarial', Responsabilidade social das empresas: a contribuic¸a˜o das niversidades,* 3, 334-384.

[10]Barkemeyer R. (2007) *Legitimacy as a key driver and determinant of CSR in developing countries. Paper presented at the Marie Curie Summer School on Earth System Governance, Amsterdam*.

[11]Belal A. (2001) *Managerial Auditing Journal*, 16(5), 274-289.

[12]Bikram C. and Monir Zaman M. (2008) *Managerial Auditing Journal*, 23(6), 609.

[13]Birth G., Illia L.L., Urati F. and Zamparini A. (2008) *An International Journal* 13(2), 182-196.

[14]Bondy K., Matten D. and Moon J. (2004) *Business and Socie-*

ty Review 109(4), 449-477.
[15]Bonsón E., Escobar T. (2002) *The International Journal of Digital Accounting Research*, 2, 27-51.
[16]Bursa Malaysia (2007) *Corporate social responsibility in Malaysian PLCs, an executive summary*.
[17]Buzby S.L. (1975) *Journal of Accounting Research*, 13(1), 16-37.
[18]Buzby S.L. (1974) *Journal of Accountancy*, 38-47.
[19]Campbell D. (2004) *Br. Account Rev* 36:107-11.
[20]Campbell L.J. (2007) *Academy of Management Review*., 32 (3), 946-96.
[21]Carroll A.B. (2006) *The accountable corporation: corporate social responsibility*, 3*rd edn*., 3-3.
[22]Cooke T.E. (1989a) *Accounting and Business Research*, 19 (34), 113-124.
[23]Cooke T.E. (1993) *Journal of Business, Finance and Accounting*, 20(4), 521-535.
[24]Cooke T.E. (1992) *Accounting and Business Research*, 22 (87), 229-237.
[25]Cramer J. (2003) *Journal of Cleaner Production,* 13, 583-592.
[26]Crane A. and Matten D. (2007) *Corporate social responsibility*. 1, *theories and concepts of corporate social responsibility*, xvi-x.
[27]Deegan C. and Rankin M. (1999) *British Accounting Review*, 31(3), 313-346.
[28]Deegan C., Rankin M. and Tobin J. (2002) *Accounting, Auditing & Accountability Journal*, 15(3), 312-43.
[29]Douglas A., Doris J. and Johnson B. (2004) *The TQM Magazine*, 16(6), 387-95.
[30]Dowling J. and Pfeffer J. (1975) *Pacific Sociological Review* 18, 1, 122-136.
[31]Elkington J. (1997) Cannibals With Forks: *The Triple Bottom Line of 21st Century Business*. Capstone, Oxford, 402 pp.
[32]FASB (2000) *Financial Accounting Standards Board*, Stamford, CT.
[33]Gandia J.L. (2008) Determinants of internet-based corporate governance disclosure by Spanish listed companies, *Online Information Review*, 32(6), 791-817.
[34]Ghazali N.A. (2007) *Journal of Corporate Governance*. 7(3), 251-266.
[35]Gray R., Owen D., and Maunders K. (1987) *Accounting and Accountability*. London: Prentice-Hall.
[36]Gray R.H., Kouhy R., Lavers S. (1995a) *Accounting, Auditing and Accountability Journal*, 8(2), 78-101.
[37]Gray R., Owen D.L. and Adams C. (1996) *Accounting and Accountability*, Prentice-Hall, Europe.
[38]Gray R., Javad M., Power D.M. and Sinclair C.D. (2001) *J Bus Finance Account* 28(3 and 4), 327-35.
[39]Gray G.L. and Debreceny R.S. (1997) *Seventh Asian-Pacific Conference on International Accounting Issues*. Bangkok.
[40]Guthrie J. and Parker L.D. (1989) *Accounting and Business Research*, 19(76), 434-52.
[41] Hamid F.Z.A. (2004) *Corporate Ownership & Control*, 1(4).
[42]Hamid F.Z.A. (2005) *Corporate Governance*, 5(1), 5-14.
[43]Hick S. Morals (2000) *Make the Money. Australian CPA*, 70:4, 72-73.
[44]Hogner R.H.(1982) *Research in Corporate Performance and Policy*, 4, 243-250,
[45]Hossain M., Tan L.M. and Adams M. (1994) *International Journal of Accounting*, 29334-351 48.
[46]Idowu S.O. Towler B.A. (2004) *An International Journal*, 15(4), 420-37.
[47]IFAC (2003) *Taipei, paper presented at the 2nd Taipei Corporate Governance Forum*.
[48]IFAC (2002) *Financial reporting on the internet*, staff paper, IFAC, New York, NY, August.
[49]Insch A. (2008) *Journal of Marketing Communications*. 14(2), 139-153.
[50]Jaffar R., Iskandar T. M. and Mohamad J.N. (2003) *An investigation of environmental disclosures in Malaysia*. National University of Malaysia.
[51]Janggu T., Joseph C. and Madi N. (2007) *Social Resposibility Journal*, 3(3), 9-18.
[52]KPMG (2005) *International Survey of Corporate Responsibility Reporting*, KPMG Global Sustainability Services, KPMG, Amsterdam.
[53]Kuasirikun N., Sherer M. (2004) *Accounting, Auditing & Accountability Journal*, 17, 629-660.
[54]Lindblom C.K (1994) *Paper presented at the Critical Perspectives on Accounting Conference*, New York, U.S.A.
[55]Lodhia S., Allam A. and Lymer A. (2004) *Australian Accounting Review*, 14(3), 64-71.
[56] Lymer A. (1997) *First Financial Reporting and Business Communication Conference*, Cardiff.
[57]Mohamad Zain M. (1999) *The Current State of The Art and Future Prospects*. University of Sheffield.
[58]Mohammad Zain M., Mohammad R. and Alwi M. (2006a) *Social responsibility Journal*, 2(2), 151-15.
[59]Mohamad Zain M., and Janggu T. (2006) *Malaysian Accounting Review*, 5(1), 85-114.
[60]Mohamed Zain M. and Mohammad R. (2007) *New Perspectives on Corporate Social Responsibility*, UPENA, Kuala Lumpur, 1-20.
[61]Newson M., Deegan C. (2002) *The International Journal of Accounting*, 37(2), 183-213.
[62]Noor A.I. and Mohamad T. (2000) *Akauntan Nasional*, 13(9), 28-33.
[63]Oppewal H., Alexander A., Sullivan P. (2006) *Journal of Retailing and Consumer Services* 13, 261-274.
[64]Patten D. (1991) *Journal of Accounting and Public Policy*. 10 (4), 297-308.
[65]Patten D. (1992) *Accounting, Organizations and Society*. 17 (5), 471-475.
[66]Preston L.E. and Post J.E. (1975) *Private Management and Public Policy*, Prentice-Hall, Englewood Cliffs, NJ.
[67]Saat M.F., Mohamed Zain M., Mohamad R. and Alwi M.R. (2007) *Coporate Social Disclsoure in Government Linked Companies. Financial Reporing in Malaysia: Some Empirical Evidence,* 2.
[68]Said R., Zainuddin Y., Haron H. (2009) *Social Responsibility Journal*, 5(2), 212-226.
[69]Serban V. and Kaufmann M. (2011) *Corporate Social Responsibility. Amfiteatru Economic*, XIII(29).
[70]Shahed I. (2000) *Managerial Auditing Journal*, 15(3), 133-142, MCB UP Ltd.
[71]Singhvi S.S. and Desai H.B. (1971) *The Accounting Review*,

46(1), 120-138.
[72]Spanos L. (2006) *Corporate Reporting on the Internet in a European Emerging Capital Market: The Greek Case*.
[73]Stanga K.G. (1976) *Disclosure in Published Annual Reports, Financial Management*, Winter, 42-52.
[74]Suchman M.C. (1995) *Academy of Management Review*, 20, 571-610.
[75]Sustain Ability (2004) *The Global Reporters 2004 Survey of Corporate Sustainability Reporting Risk and Opportunity: Best Practice in Non-financial Reporting, Sustain Ability and UNEP*.
[76]Syed Musa A., Sharifah Khadijah A. and Mahfuzah M. (2003) *A study on Accounting Theory & Practice*, *Mcgraw Hill. Revised Edition.*
[77]Tay J. (2005) *http://magnet.undp.org/Docs/psreform/civil_service_reform_in_singapore.htm*.
[78]The Edge Malaysia (2009) *Investor Relations Corner: Keeping up with the online medium*.
[79]Thompson P. and Zakaria Z. (2004) *Journal of Corporate Citizenship*, 13, 125-6.
[80]Thijssens T. (2008) *Environmental Disclosure: A Study of Disclosure Choices*, work in progress, 2.
[81]Vallée G. (2005) *Managerial Law*, 47(5), 20-46.
[82]Wallace R.S.O. (1988) *Accounting and Business Research*, 18, 72, 352-362.
[83]Wallace R.S.O., Nasser K. and Mora A. (1994) *Accounting and Business Research*, 25 (97), 41-53
[84]Wanderley L.S.O., Lucian R., Farache F. and Sousa Filho J.M. (2008) *Journal of Business Ethics,* 82, 369-378.
[85]Wilmshurst T.D. and Frost G.R. (2000) *Accounting, Auditing & Accountability Journal*, 13(1), 10-26.
[86]World Business Council for Sustainable Development. *www.wbcsd-org.ae.psiweb. com/publications/prmedia*, 1-2.
[87]Zulkifli N. and Amran A. (2006) *Journal of Corporate Citizenship*, 24(4), 101-14.