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Sustainability Reporting in Malaysia-The Extent and Quality

Aishah Binti Sheikh Abu Bakar
Department of Commerce, Politeknik Ungku Omar, Malaysia

Nazli Anum Binti Mohd. Ghazali, Maslina Binti Ahmad
Department of Accounting, KENMS, International Islamic University of Malaysia

Abstract
The objective of this study is to examine the extent and quality of sustainability reporting (SR) of Malaysian listed companies after Bursa Malaysia has launched its Sustainability Framework comprising amendments to the Listing Requirements (paragraph 29, part A of Appendix 9C, Main Market LR and practice note 9, Main Market) and the issuance of a Sustainability Reporting Guide (SRG) and Toolkits, in October 2015. The SRG provides more specific guidance on “what” and “how” sustainability information should be disclosed by the companies in their SR. The data was collected from the largest 100 listed companies’ annual reports for the year-end on and after 31 December 2016. The study applied content analysis method in collecting the data by using the disclosure checklist. The results show that the overall score for extent and quality of information are still low and companies in oil and gas industry disclosed most extent and of highest quality compared to other companies from other industries. In addition, it appears that companies disclose more on economic dimension which includes information regarding how their business operations influence and contribute to the other organizations and community economically, such as how much their procurement for local suppliers, how they contribute to socio-economic of the community and local people and how they give indirect economic impacts toward community. However, most of the information disclosed is qualitative and narrative statement rather than quantitative information.
Keywords: Sustainability Reporting, Extent, Quality, Industry, Dimensions.

Introduction
Previously, companies disclosed their sustainability information on a voluntary basis in their annual reports as one of its strategies in managing public perception and maintaining their organizational legitimacy, and the number of companies that make such report was low in number (Amran, Ooi, Mydin and Devi, 2015). However, recently, the number of companies that disclose sustainability information in their annual reports is increasing, (Abd-Mutalib, Jamil, & Wan-Hussin, 2014; Ahmed Haji, 2013; Zainal, Zulkifli, & Saleh, 2013). As reported by KPMG (2015), one of the main driving factors

is government regulation. Many countries have made a mandatory requirement for companies to disclose their corporate responsibility activities (examples: India, Norway, Taiwan, UK, and Indonesia). It is further stated by KPMG (2015) that publishing non-financial information is becoming a trend in corporate reporting which drives the Sustainability Reporting (SR) to be legislative. In the Malaysian context, reporting sustainability activities became a listing requirement in 2006 by Bursa Malaysia. During that time, there was only a simple corporate social responsibility (CSR) framework that had four focal areas, which were the environment, community, marketplace and workplace. However, there was no comprehensive guideline regarding 'what' and 'how' this information should be disclosed. As a result, this lead to the issue of low extent and quality of sustainability information disclosed (Abd-Mutalib et al., 2014; Ahmad, Sulaiman, & Siswantoro, 2003; Ahmed Haji, 2013; Mohd Ghazali, 2007). Most companies were reporting only what they wanted to disclose, and they were inclined to disclose more on community and social aspect and the majority in the narrative form. In addition, Bursa Malaysia launched its Sustainability Framework in October 2015, which is expected to help Malaysian listed companies in practicing, committing and reporting more on their business sustainability. Thus, it is expected that SR of Malaysian listed companies will be more extensive and of a high quality of reporting.

The objective of this study is to examine the extent and quality of SR among Malaysian listed companies according to dimensions and industries after the Sustainability Framework was launched. This study contributes in two ways. Firstly, the study used most recent data (the annual reports of 2016 onwards) subsequent to the introduction of Sustainability Framework. Secondly, the study provides relevant input such as across-industries sampling and analysis, and the dimension of information disclosed according to the new framework. The paper is organized as follows: a review of SR literature is provided next, and followed by the methodology of the study; finally, the findings and conclusion followed by limitations and suggestions.

Literature Review

Development of sustainability reporting in Malaysia

Malaysian is an attractive destination for foreign direct investment. These international investors demanded the Malaysian business environment to give more attention on sustainability practices (Ahmad et al., 2003; Amran & Devi, 2008; Haniffa & Cooke, 2005; Mohd Ghazali, 2007). This demand lead to Malaysian listed companies to increase their awareness on sustainability practices and their reporting. The foreign shareholding would be attracted towards companies that seriously involved in sustainability practices and this could give international recognition (Amran & Siti-Nabiha, 2009; Saleh, Zulkifli, & Muhamad, 2010). In addition, Ahmad et al. (2003) and Haniffa and Cooke (2005) are of the opinion that companies having SR are with the purpose to gain public legitimation. Therefore, companies have to inform whatever sustainability practices are undertaken to the society to make sure that their actions get the society's consent. According to Hooghiemstra (2000), it is noted that companies use SR as a mean to influence the public's perceptions. In addition, it is also used as a tool aimed at legitimizing the company's actions and protecting and enhancing the company's reputation and image.

Prior to 2007, SR was on a voluntary basis and most of the prior studies found that the level of SR among Malaysian listed companies was very low (Ahmad et al., 2003; Amran & Devi, 2008; Mohd Ghazali, 2007; Smith, Yahya, & Amiruddin, 2007). However, due to some factors, the SR level is increasing over time (Amran & Devi, 2007; Esa & Mohd Ghazali, 2012; Janggu, Joseph, & Madi, 2007). Some of the factors are legislation requirement, pressure from sustainability conscious and ethical investors (especially the foreign investors), and the introduction of sustainability best practice and reporting awards, increase in economic activities and societal awareness and politics (Ahmed Haji, 2013). Nevertheless, Abd-Mutalib et al. (2014) stated that Malaysian listed companies still have low extent and quality for the SR even though it has been five years after the mandatory requirement (the sample was taken for 2011). Furthermore, Ahmed Haji (2013) found that the average extent of SR increased to 31.71% (2009) from 18.06% (2006), while the average quality of SR increased to 14.68% (2009) from 9.68% (2006). Nevertheless, both Abd-Mutalib et al. (2014) and Ahmed Haji (2013) proved that the changes in policies have an influence on SR in Malaysia.

Even though the 2006 Bursa Listing Requirement gave some influence on the SR of Malaysian listed companies, the extent and quality of SR are still low. Most probably companies were not given proper and comprehensive guidelines regarding “what” and “how” sustainability information should be disclosed (Ahmed Haji, 2013). Therefore, Bursa Malaysia and Security Commission of Malaysia took some actions to raise awareness among the public listed companies by issuing “Powering Business Sustainability - a Guide for Directors” in 2010, launching the FTSE4Good Bursa Malaysia index in 2010, and launching Sustainability Framework in 2015[1]. The Sustainability Framework comprises amendments to the Listing Requirements and the issuance of a Sustainable Reporting Guide (SRG) and Toolkits. The SRG and toolkits as guidance to prepare their SR. Given the policy changes, Malaysia becomes the interest of this study to examine the impact of the changes on the SR among Malaysian public listed companies.

Prior studies revealed that human-related information was found to be mostly disclosed information by companies, while on contrary, environmental information was the least disclosed. Human-related information usually linked to workplace and community such as employee training, welfare and benefit, and donations and charity activities (Abd-Mutalib et al., 2014; Ahmed Haji, 2013; Janggu et al., 2007; Mohd Ghazali, 2007; Saleh et al., 2010). Environmental information was usually disclosed more by companies related to environmentally sensitive industries (examples: plantations, metals, coal, oil, gas, paper, chemicals and electricity) (Amran & Devi, 2008; Deegan & Gordon, 1996) because their operations might impact the environment hugely (Amran & Devi, 2008). Companies in the finance industry were inclined to report less of the environmental information. This may be due to their perception that their activities do not affect the environment enormously (Rahman, Asraf, & Bakar, 2010). In addition, these companies were subjected to regulations and purview of Bank Negara (Central Bank) (Amran & Devi, 2008).

[1] Bursa Malaysia launched its Sustainability Framework comprising amendments to the Listing Requirements and the issuance of a Sustainable Reporting Guide and Toolkits. From Bursa Media Releases on 9th. Oct 2015- http://www.bursamalaysia.com/corporate/media-centre/media-releases/3661

Methodology

Sample

This study uses purposive sampling where the sample is selected when it conforms to certain criteria. The Sustainability Framework requirement has three different effective dates. The first batch was with companies whose market capitalization was RM2 billion and above on 31 December 2015, and must follow the requirement for fiscal year end on or after 31 December 2016. The second batch was with companies whose market capitalization was between RM1 billion and above, but below RM2 billion as at 31 December 2015, and they had to follow the requirement for a fiscal year-end on or after 31 December 2017. The last batch was with companies whose market capitalization was below RM1 billion, and the date of the year-end was on or after 31 December 2018. Therefore, the current study took the first batch of companies as sample companies. The number of companies that conformed to the criteria was 102 companies. However, the final number was 98 companies. The sample represented 83.9% of the total market capitalization. The data were collected from companies' annual reports in the English version for the year ended on or after 31 December 2016.

Table 1. Sample companies

Companies that fall under first batch condition	102
Less:	
Companies that are being delisted	2
Having an over-protected format of annual report	1
Bursa Malaysia Bhd (the regulator)	1
Final	**98**
Proportion of market capitalization of Main Market	83.9%

Scoring Method

This study uses two types of measurement which are the extent and quality of SR. Some previous studies that measured only the extent to represent SR were Esa and Mohd Ghazali (2012), Haniffa and Cooke (2005), Mohd Ghazali (2007), and Said, Zainuddin and Haron (2009). In addition, there were also some previous studies that measured the quality of SR such as Abd-Mutalib et al. (2014), Ahmed Haji (2013), Al-Tuwaijri, Christensen and Hughes (2004) and Saleh et al. (2010). As stated in Haniffa and Cooke, 2005) the extent of information related to the presence or absence of sustainability information while Guthrie and Parker (as cited in Ahmed Haji, 2013) stated that the quality of disclosure related not only to "what is stated " but also "how it is stated".

The extent of SR can be measured by two techniques (Al-Tuwaijri et al., 2004). The first technique is through the measurement of the level of the quantity of sustainability information disclosed. The measures were taken from the number of pages (Gray, Kouhy, & Laver, 1995; Guthrie & Parker, 1989), number of sentences (Hackston & Milne, 1996) and number of words (Abd-Mutalib et al., 2014; Deegan & Gordon, 1996; Zeghal & Ahmed, 1990). However, these measures had some limitations. According to Al-Tuwaijri et al. (2004), pictures which had no environmental and social information may be included when counting the pages, while sentences and words may disregard essential graphs, tables and charts. Moreover, some companies might be likely to develop a good impression by disclosing more pages and thicker reports.

The second technique is by computing the disclosure-scoring index through a content analysis method. Under this technique, researchers identify sustainability issues and then apply the list to content analysis using the binary coding technique. A score of '1' is awarded if an item disclosed and '0' if it is not. Later, the aggregate score for each company is computed. After considering the limitations of the first technique, this study uses the second technique in scoring the extent and the disclosure checklist provided in the SRG issued by Bursa Malaysia in 2015 is used to compute the disclosure-scoring index.

While for the quality score, the score will be determined in the same way as the extent score except that the information disclosed is given different weights. In addition, the quantitative information disclosed is given more weight than the qualitative information because it is more objective and informative (Al-Tuwaijri et al., 2004). Thus, this study applies the same technique with Al-Tuwaijri et al. (2004); Cooke (1989); Hackston and Milne (1996); Hughes et al. (2001) and Ahmed Haji (2013). Table 2 shows the formula to compute the SREXT and SRQLTY. Table 3 shows the quality scores with examples of information disclosed

Table 2: Formula

SREXT	SRQLTY
SREXTj = $\frac{\sum_{t=1}^{n} X_{ij}}{n_j}$ SREXT = SR extent score for j^{th} company n_j = total number of items expected for j^{th} a company with a maximum score assigned X ij = 1 if ith (relevant) item disclosed, = 0 if ith (relevant) item not disclosed, so that 0<SREXTj< 1	SRQLTYj = $\frac{\sum_{t=1}^{n} X_{ij}}{n_j}$ SRQLTY = SR quality score for j^{th} company n_j = total number of items expected for j^{th} a company with a maximum score assigned Xij = the score of 3 for the *i*th item if quantitative data is disclosed, the score of 2 for the *i*th item if qualitative data with specific explanation is disclosed, the score of 1 for the *i*th item if general qualitative data is disclosed and the score of 0 for the *i*th item if there is no disclosure.

Table 3: Quality Score

Quality of disclosure	Examples
0= non-disclosure	do not disclose any information for the given items
1= general/common qualitative disclosure	*"For this inaugural statement, we engaged internal stakeholders to identify material issues pertaining to our Sustainability."*
2= qualitative disclosure with specific explanation	*"OSH training programmes are conducted for workers who are involved in high-risk activities. Activities categorised as high-risk include rock blasting and drilling, handling heavy machinery, equipment and mobile vehicles, and working in high places, slopes and on quarry rock faces."*
3= quantitative disclosure	*"Total carbon footprint was 166,264 tonne CO2, which translates to specific GHG usage of 390 kg GHG/tonne). This indicates a decrease of 6.30% from the previous year, falling slightly short of our target."*

Findings

Table 4 shows the overall descriptive analysis for SR in term of the extent (SREXT) and quality (SRQLTY) of sampled companies. It shows that the minimum score for the SREXT among Malaysian listed companies is 1.5% while the maximum score is 76.8%, both out of total disclosure items. The average score for SREXT is 40.7% which indicates that the extent of SR among Malaysian listed companies is still below 50%. However, this average score of SREXT shows an increase in the extent of SR among Malaysian listed companies compared to the study by Ahmed Haji (2013) who found the average score of the extent of SR in 2009 (3 years after the mandatory requirement by Bursa Malaysia) as 31.71%. Even though companies are given CSR framework as a guideline, there is flexibility for the companies to choose "what" and "how" sustainability information to be disclosed, which resulted in a low extent of SR (Ahmed Haji, 2013). The increase in the average score for SREXT in this study may probably be because of the comprehensive guideline provided by Bursa Malaysia, the SRG. Even though sustainability disclosure has become a mandatory requirement in Malaysia, the regulatory body cannot ensure the extensiveness of a report. Nevertheless, companies are still having their discretions in deciding on sustainability information materiality and scope. For example, in disclosing the amount of electricity consumption, some companies decide that it is not material information and they do not disclose it. In addition, companies can decide the reporting scope of SR. For example, if a company operates in a few countries or business operations, and the company is having some sustainability issues in one of the country or its operations, then it can decide that the scope of its SR will not cover those problem areas and explanations must be provided to the regulatory.

Pertaining to the SRQLTY, the minimum is 1.5% or 0.05 out of 3, which indicates that the minimum quality information disclosed is almost of no disclosure or the sentences are too simple.

This figure is better than Abd-Mutalib et al. (2014) who found that at least one company did not disclose any SR at all. The maximum score is 68.2% or 2.05 out of 3, and this indicates that the maximum quality information disclosed is qualitative information with specific explanation is disclosed. However, the average score is 31.6% or 0.95 out of 3, which indicates a majority of the companies disclosed general and brief qualitative data. In other words, the quantitative information disclosed is very low. Even though Abd-Mutalib et al. (2014) maximum score was 84%, which is higher than our finding, 68.2%, on average, our finding is better than Abd-Mutalib et al. (2014), which was 31.6% and 14.5% respectively. Even though their samples were taken five years after the mandatory requirement, their average is far behind. However, Ahmed Haji (2013) found the average score of quality of SR as 14.68%, which was a slight increase compared to Abd-Mutalib et al. (2014). According to Zainal et al. (2013a) who examined the quantity/extent and quality of Corporate Social Responsibility Reporting (CSRR) among Malaysian listed companies for a period of five years (pre and post mandatory requirement), it showed that companies were reporting their CSR information more in the year 2007 (CSRR mandatory requirement took effect). It would appear that the increase in the current study findings in the extent and quality of SR, may have probably been due to the SRG issued by Bursa Malaysia that gave clearer guidelines to companies in disclosing and presenting their sustainability information in annual reports.

The increase in both the extent and quality of SR in this study seems to suggest that the changes in business environment do influence the manner of disclosing of sustainability information among Malaysian listed companies. The average score of SREXT is higher than the average score of SRQLTY in this study which are 40.7% and 31.6% respectively. It indicates that Malaysian listed companies are disclosing more items as on the disclosure index. However, the quality of information is low. The mean score indicated that companies disclosed mainly on general/common qualitative disclosure of information[2] (refer to Table 3). Most probably because the information is either not disclosed at all or the information is too brief and more on qualitative in nature. They are lacking quantitative information and this may be due to three possible reasons. First, the awareness and understanding of the sustainability concept among the employees are still low especially the operations employees. Thus, it is hard to get their corporation to support the sustainability agenda of the company. Second, they may have a problem in information management where it is hard to gather all the valid sustainability information accurately. Most companies are having operations in various places and gathering information is not easy work. Lastly, this is the first year of the amended listing requirement and SRG implementations, therefore companies are still in the learning and adapting process. However, this study believes that in the coming years to come, Malaysian listed companies may improve their SR since the sample companies taken are in their first year of the SRG implementation.

[2] 31.6% x 3 (maximum score of quality) = 0.948. This indicated that most of the information disclosed was general/common qualitative information.

Table 4. Descriptive statistics - the overall extent and quality of SR

SR - in annual reports					
	N	Minimum	Maximum	Mean	Std. Deviation
SREXT (%)	98	1.5	76.8	40.7	0.170
SRQLTY(%) (quality score out of 3)	98	1.5 (0.05)	68.2 (2.05)	31.6 (0.95)	0.149
Valid N	98				

The Extent and Quality by Industries

Furthermore, regarding the analysis of the extent of SR among industries, panel A in Table 5 shows that companies in the oil and gas industry score the highest extent mean of 59.4%, followed by finance with the mean score of 47.9% and plantation mean score is 46.3%. While the lowest extent mean is marked by consumer goods industry which is 31.8%. It is no surprise companies in the oil and gas industry scores the highest of SREXT which means that they disclose more items in the disclosure index than any companies from other industries. This is most probably because they are pressured by the investors and campaigners to disclose sustainability information (KPMG, 2017)(KPMG, 2017)since this industry's operations have a high potential positive and negative impact on sustainable development areas including communities, ecosystem, and economies (UNDP, IFC, & IPIECA, 2018). In addition, engaging with sustainability initiatives and activities as a way to mitigate the adverse impact on environment and society caused by companies (Siwar & Md Harizan, 2006). In addition, it appears that companies in the finance industry are taking serious consideration in their SR until one of them won a platinum medal for the best CSR reporting award in 2016 (NACRA 2016). In addition, Chih, Chih, and Chen (2010) concluded in their studies on CSR among financial industry, that financial firms in countries with stronger levels of legal enforcement tend to engage in more CSR activities.

In regard to the quality of SR, the results in panel B exhibit lesser scores among the industries. Companies in the oil and gas industry still show the highest quality mean score of 50.7% or 1.52 out of 3, followed by companies in plantation industry which is 36.8% and finance industry mean score is 36.7%. The poorest quality of SR is marked by companies in the manufacturing industry with a score of 26.1%. The highest score indicates the information disclosed is a qualitative information with a specific explanation. The results show that these industries disclose less quantitative information in their SR.

Table 5. Descriptive statistics - by industries

Panel A-SREXT					
Industries	N	Minimum	Maximum	Mean	Std. Deviation
Oil and gas (%)	2	42	76.8	59.4	0.246
Finance (%)	14	31.8	75.0	47.9	0.133
Plantation (%)	9	5.5	68.5	46.3	0.217
Utilities (%)	3	34.3	49.3	41.8	0.075
Trading and services (%)	30	6.8	75.0	40.6	0.171
Construction/real estate (%)	12	20.0	52.3	40.0	0.117
Telecommunication (%)	5	14.3	62.5	36.4	0.213
Manufacturing (%)	10	4.6	59.1	34.4	0.149
Consumer goods(%)	12	1.5	74.6	31.8	0.193
Panel B- SRQLTY					
Oil and gas (%) (quality score out of 3)	2	36.7 (1.10)	64.7 (1.94)	50.7 (1.52)	0.198
Plantation (%) (quality score out of 3)	9	5.0 (0.15)	61.6 (1.85)	36.8 (1.10)	0.196
Finance (%) (quality score out of 3)	14	19.7 (0.591)	57.6 (1.73)	36.7 (1.10)	0.128
Utilities (%) (quality score out of 3)	3	28.4 (0.85)	43.8 (1.31)	34.8 (1.04)	0.08
Trading and services (%) (quality score out of 3)	30	6.1 (0.18)	68.2 (2.05)	31.6 (0.95)	0.149
Construction/real estate (%) (quality score out of 3)	12	13.3 (0.40)	46.2 (1.39)	31.2 (0.94)	0.116
Telecommunication (%) (quality score out of 3)	5	10.1 (0.30)	51.8 (1.55)	29.3 (0.88)	0.177
Manufacturing (%) (quality score out of 3)	10	3.0 (0.09)	48.5 (1.46)	26.1 (0.78)	0.134
Consumer goods (%) (quality score out of 3)	12	1.5 (0.05)	58.2 (1.75)	23.8 (0.71)	0.158

The Extent and Quality by Dimensions

Table 6 shows the extent (SREXT) and quality (SRQLTY) for SR in an annual report by dimensions of SR. The disclosure checklist is divided into four dimensions, which are economics, environmental, social and governance; all with 90 items.

Panel A shows the mean score of SREXT for all industries and across four dimensions in percentage. The percentage indicates how much information was disclosed according to the disclosure checklist. Regarding the economics dimension, companies were asked to disclose information regarding how their business operations influenced and contributed to the other organizations and community economically, such as how much their procurement for local suppliers, how they contributed to socio-economic of the community and local people and how they gave indirect economic impacts toward the community. The table shows that all industries exhibit mean scores more than 50% and the highest score is marked by the oil and gas industry (83.3%), followed by financial industry (81%), construction and property (80.6%) and telecommunication (80%). The lowest score is from the consumer products (58.3%).

In addition, the overall average score for all industries is 77.8%. It indicates that most companies had disclosed 77.8% out of total items of economic dimension. This type of dimension involved some corporate social responsibilities activities, which also related to donationsx or kind of philanthropical activities. As previous studies showed that this kind of activities which previously known as community area, was the most disclosed information in CSR disclosure. As in Abd-Mutalib et al. (2014) the community dimension was best disclosed by companies in terms of extent and quality of SR, while Ahmed Haji (2013) stated that "community development (health and education)" and "donations to charity" were among the dimension of information that highly disclosed in 2009, which were 72.9% and 57.6% respectively. Other studies showed that companies also reported more on their contributions towards society and community (Khan, 2010; Mohd Ghazali, 2007).

As for the environmental dimension, companies were required to disclose information regarding how their operations may affect their surrounding environmentally. The highest score was from the oil and gas industry (59.4%), followed by utility industry (51.9%) and the financial industry (48%). The consumer product (27.9%) marked the lowest score. The overall average score for environmental was 45.9% which, lower than 50%. It appears that environmental information disclosed relates to how companies' operation may give an impact on the environment such as the gas emissions, the resources used for production such as energy and water, and how their products and services may have an environmental impact. From the table, the overall mean score (45.9%) indicates that companies on average disclosed 45.9% out of the total items disclosed for the environmental dimension. Even though the environmental dimension was quite low in this study, Gamerschlag et al., (2011) found that German companies disclosed more environmental than social information in their CSR disclosure. This type of information may be difficult to collect because some of them need some instruments to measure it.

As for the social dimension, companies were expected to disclose information on how their operations give an impact on social aspect especially their employees; for example, information related to human rights, occupational safety and health, and labour practices. The mean score of social dimensions for each industry was lower than the environmental dimension score except for consumer product and telecommunication industry. It indicates that these two industries disclosed more social information than environmental information. The highest score was marked by companies from oil and gas industry (54.7%), followed by financial industry (42.9%) and plantation industry (42.2%). The overall score for social dimension was 36.9%, and this was the lowest score among the three dimensions. It appeared that the majority of the companies had the social dimension as the least sustainability information being disclosed in their SR.

The last dimension was governance, where majority mean scores were above 50% except for consumer product industry (45.8%). Two industries disclosed 100% of all items concerning the governance, which were the oil and gas and utility industry. On average (77.5%), the governance dimension was the second dimension that majority of the companies disclosed in their SR. It appears that most of the companies were seriously considering the governance aspect. Companies were expected to have some good governance structure to handle sustainability matters; for example, was there any existence of a department or management positions for addressing companies' sustainability matters or how stakeholder's engagement was carried out.

Regarding the quality of SR (SRQLTY) in the annual report (panel B), on average, the economic dimension scored the highest (71.9%) and was followed by governance dimension (52.5%), environmental (35.1%) and social (28.2%). These percentages specified the type of information being disclosed. For example, the maximum score for quality was three (3), then for the economic dimension, on average, all companies scored 71.9% of the maximum score. Thus, the score was 2. It indicates that, on average all companies disclosed non-quantitative but specific information related to the items. While for the environmental, social and governance dimensions, all information disclosed was quite general and common qualitative information, because the score was below than two.

In addition, companies from the oil and gas industries scored the highest across all dimensions. It means that companies from oil and gas industry are serious with the quality of sustainability information and disclosed much quality information across all dimensions. However, companies from consumer product industry scored the lowest score for all dimensions except for the economic dimension, and companies who scored the poorest were from the manufacturing industry. The lower scores indicate that the majority of companies disclosed less quantitative or measurable information but more on general and common information.

Table 6. Average extent and quality score for each dimension in SR in annual report

Panel A-SREXT					
Industry	N	Economic	Environmental	Social	Governance
Oil and gas (%)	2	83.3	59.4	54.7	100
Finance (%)	14	81.0	48.0	42.9	78.6
Construction/real estate (%)	12	80.6	38.5	35.3	79.2
Consumer goods (%)	12	58.3	27.9	31.7	45.8
Manufacturing (%)	10	63.3	31.9	31.8	70.0
Plantation (%)	9	77.8	45.8	42.2	77.8
Telecommunication (%)	5	80.0	28.6	36.0	60.0
Utilities (%)	3	77.8	51.9	27.6	100
Trading and services (%)	30	75.6	37.7	36.5	63.3
Technology (%)	1	100	90.0	30.0	100
AVERAGE (%)		77.8	45.9	36.9	77.5
Panel B-SRQLTY					
Oil and gas (%) (quality score out of 3)	2	83.3 (2.50)	51.6 (1.55)	45.8 (1.37)	66.7 (2.00)
Finance (%) (quality score out of 3)	14	69.0 (2.07)	36.4 (1.09)	32.8 (0.98)	51.2 (1.54)
Construction/real estate (%) (quality score out of 3)	12	75.9 (2.28)	29.8 (0.89)	26.8 (0.80)	55.6 (1.67)
Consumer goods (%) (quality score out of 3)	12	55.6 (1.67)	22.3 (0.67)	22.2 (0.67)	22.2 (0.67)
Manufacturing (%) (quality score out of 3)	10	52.2 (1.57)	25.4 (0.76)	23.1 (0.69)	45.0 (1.35)
Plantation (%) (quality score out of 3)	9	77.8 (2.33)	36.6 (1.10)	32.5 (0.98)	55.6 (1.67)
Telecommunication (%) (quality score out of 3)	5	71.1 (2.13)	24.8 (0.74)	27.1 (0.81)	0.467 (1.4)
Utilities (%) (quality score out of 3)	3	77.8 (2.33)	43.2 (1.30)	22.5 (0.68)	0.722 (2.12)
Trading and services (%) (quality score out of 3)	30	67.0 (2.01)	30.4 (0.91)	27.6 (0.83)	0.428 (1.28)
Technology (%) (quality score out of 3)	1	100 (2.67)	50 (1.50)	21 (0.63)	66.67 (2.0)
AVERAGE (%) (quality score out of 3)		71.9 (2.0)	35.1 (1.05)	28.2 (0.85)	52.5 (1.58)

The Extent and Quality by Items

This section discusses the three most and the three least items that were disclosed in companies SR in the annual report. Table 7 shows the three items that scored the highest and the lowest for SREXT and SRQLTY. The items that scored the highest for SREXT and SRQLTY are *'training for employees', 'investment in the community where the target beneficiaries are external to the entity (e.g. not-for-profit organizations)', and 'disclosure on employees according to gender or/and age or/and ethnicity'*. It seems that many companies (which range from 85-92) disclosed this three items in their SR and the same items scored the highest quality scores. As the table shows that the quality score is in the range of 2.3-2.6 out of 3. This indicates that companies had no problem in providing that information. Concerning the quality of information disclosed, most of the information disclosed was qualitative disclosure with a specific explanation. Even though the information was in detail, it lacked quantitative information such as costs involved, number of people involved, hours involved, etcetera. It appears that companies had insufficient quantitative data to disclose.

The first item mentioned above, is under the social dimension. It seems that companies easily disclosed the training information in their SR maybe because it was a common practice to send employees for training/courses in order to enhance their knowledge and skills. Therefore, most companies had that information. The second item is under the economic dimension. This community investment refers to the activities where companies could possibly make use of their resources, expertise and relationship in order to benefit local communities (Bursa Malaysia Toolkit on themes). It is also known as commercial philanthropy. As reported in some previous studies, companies gave more focus on these community development activities (Abd-Mutalib et al., 2014; Ahmed Haji, 2013). According to Bursa Malaysia (2015), these activities are important in safeguarding social license to operate for companies. The third item is under the social dimension. The information indicates that companies were taking into consideration on age, gender and ethnic diversity in employment. It shows that companies were providing equal employment opportunity to a various group of employees. The information was available and it was easy for companies to disclose it. However, companies still lacked quantitative information regarding all the above items.

Regarding the least disclosed items for SREXT and SRQLTY; only two items are the same for SREXT and SRQLTY, which are *'results of supplier monitoring/auditing'* and *'employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations'.* These two items scored the least for SREXT and SRQLTY. Only 5 and 7 companies disclosed these items, respectively. Regarding the quality, the scores were 3.4% and 5.1%, respectively. This is equivalent to 0.1 and 0.15 out of 3 (maximum quality score). This indicates that the information disclosed under these items was general/common qualitative disclosure. The information was very simple and brief.

Another least disclosed items for SREXT is *'energy intensity – kWh/MWh per employee / man-hours / square meter',* and only 12 companies disclosed this item. In addition, another least disclosed item for SRQLTY is *'existing and new suppliers assessed for human rights policies and practices'*. The quality of information was scored 9.9% or 0.3 out of 3. It indicates that the information was very brief and of general qualitative disclosure.

Table 7 SREXT and SRQLTY according to top three and lower three items

SREXT-Top three items				
No	Items	Dimension	Frequencies	Percentage
70	Training for employee	Social-labour practices	92	93.9
2	Investment in the community where the target beneficiaries are external to the entity (e.g. not-for-profit organisations)	Economic-community investment	89	90.8
46	Disclosure on employees according to gender or/and age or/and ethnicity	Social-diversity	85	86.7
SREXT-Lowest three items				
86	Results of supplier monitoring/auditing	Social-supply chain	5	5.1
51	Employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations	Social-human rights	7	7.1
23	Energy intensity – kWh/MWh per employee / man-hours / square meter	Social-supply chain	12	12.2
SRQLTY-Top three items				
2	Investment in the community where the target beneficiaries are external to the entity (e.g. not-for-profit organisations)	Economic-community investment	89	90.8 Mean= 0.857= 2.6 out of 3
70	Training for employee	Social-labour practices	92	93.9 Mean= 0.793= 2.4 out of 3

46	Disclosure on employees according to gender or/and age or/and ethnicity.	Social-diversity	85	86.7 Mean= 0.752= 2.3 out of 3
SRQLTY-Lowest three items				
86	Results of supplier monitoring/auditing	Social-supply chain	5	5.1 Mean= 0.034= 0.10 out of 3
51	Employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations.	Social-human rights	7	7.1 Mean= 0.051= 0.15 out of 3
52	Existing and new suppliers assessed for human rights policies and practices.	Social-supply chain	16	16.3 Mean= 0.099 = 0.3 out of 3

Conclusions and limitations

The average score of SREXT shows an increase in the extent of SR among Malaysian listed companies compared to the study by Ahmed Haji (2013) who found the average score of the extent of SR in 2009 (3 years after the mandatory requirement by Bursa Malaysia) as 31.71%. Even though companies were given CSR framework as a guideline, there was flexibility for the companies to choose "what" and "how" sustainability information was to be disclosed, which resulted in a low extent of SR (Ahmed Haji, 2013). The increase in the average score for SREXT in this study may probably be because of the comprehensive guideline provided by Bursa Malaysia, the SRG. Even though sustainability disclosure has become a mandatory requirement in Malaysia, the regulatory body cannot ensure the extensiveness of a report. Nevertheless, companies are still having their discretions in deciding on sustainability information materiality and scope. For example, in disclosing the amount of electricity consumption, some companies decide that it is not material information, hence, they do not disclose it. In addition, companies can decide the reporting scope of SR. For example, if a company operates in a few countries or business operations, and the company is having some sustainability issues in one of the country or its operations, then it can decide that the scope of its SR will not cover those problem areas and explanations must be provided to the regulatory. Pertaining to the SRQLTY, the minimum score for this study, which was 1.5% was better than Abd-Mutalib et al. (2014) who found that at least one company did not disclose any SR at all. Even though their maximum score was 84% which is higher than our finding, 68.2%, on average, our finding (31.6%) were better than Abd-Mutalib et al. (2014) (14.5%). Even though their samples were taken five years after the mandatory requirement, their average was far behind. However, Ahmed Haji (2013) found the average score of quality of SR as 14.68%, which was a slight increase compared to Abd-Mutalib et al. (2014).

According to Zainal et al. (2013a) who examined the quantity/extent and quality of Corporate Social Responsibility Reporting (CSRR) among Malaysian listed companies for a period of five years (pre and post mandatory requirement), companies were reporting their CSR information more in year 2007 (CSRR mandatory requirement took effect). It would appear that the increase in the current study findings in the extent and quality of SR, may be partly due to the SRG issued by Bursa Malaysia that gave clearer guidelines to companies in disclosing and presenting their sustainability information in annual reports. The increase in both the extent and quality of SR in this study seems to suggest that the changes in business environment do influence the manner of disclosing of sustainability information among Malaysian listed companies. The average score of SREXT was higher than the average score of SRQLTY in this study, which were 40.7% and 31.6% respectively. It indicates that Malaysian listed companies were disclosing more items as on the disclosure index. However, the quality of information was still low. Most probably because the information was either not disclosed at all or the information was too brief and more qualitative in nature. They lacked quantitative information.

As for the extent and quality of SR according to industries and dimensions, companies from the oil and gas industry led the way by scoring the highest in SREXT and SRQLTY for all dimensions (economics, environmental, social and governance). This is most probably because they were pressured by the investors and campaigners to disclose sustainability information (KPMG, 2017) since this industry's operations had a high potential positive and negative impact on sustainable development areas including communities, ecosystem and economies (UNDP et al., 2018). In addition, previous studies showed that companies from higher environmental risk disclosed more sustainability information than other companies from other industries (Amran et al., 2015; Amran & Siti-Nabiha, 2009; Deegan & Gordon, 1996). Usually, companies from mining, oil and chemical industries highlight information relating to environment and health and safety. Pertaining to the financial industry, companies from this industry scored second highest in the economics, environmental and social dimensions (for SREXT) and only social dimension (for SRQLTY). These findings supported the statement from (Azizul & Deegan, 2008; Reverte, 2009) that companies from this industry disclose more social, environmental and philanthropical deeds.

There is always a limitation on every study, so does this study. This study focuses only on the SR disclosed in companies' annual reports even though there are other mediums in disseminating companies' sustainability information such as stand-alone SR, companies' website and pamphlets. Thus, annual reports may provide a small portion of sustainability information. In addition, this study used only the first batch of companies whose market capitalization was RM2 billion and above (on 31 December 2015) as sampled companies. It is suggested that future study examines another two batches in order to get better results and they are likely to be more prepared and able to understand the requirements by Bursa Malaysia.

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Corresponding Author
Name : Aishah Sheikh Abu Bakar
Affiliation : Commerce Department, Politeknik Ungku Omar
Country : Malaysia
Email add. : aishah.sheikhabubakar@gmail.com
Address : No. 32, Jalan Taman Meru 8, Taman Meru 2B Fasa 4, 30020 Ipoh Perak, Malaysia

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