Corporate Social Responsibility and Firm Financial Performance of Public Listed Company in Malaysia

Fatin Amellia Anak Raymond Joo, Mohamad bin Jais, Joanne Shaza Janang
Faculty of Economics and Business, Universiti Malaysia Sarawak, 94300 Kota Samarahan, Sarawak, Malaysia
Corresponding Author: Fatin Amellia Anak Raymond Joo

Abstract
A corporate social responsibility (CSR) strategy is thought to provide value to a business in the form of monetary gains in addition to fostering a positive corporate image. Still, there are a variety of motivations for participating in CSR initiatives. Without a doubt, participating in CSR needed a significant financial and resource commitment, which will reduce the corporation's profit margin. CSR activities has been proved that it can improve a company's reputation and present a positive picture to stakeholders. Even if businesses must contribute financially, the expenses will pay off in the form of increased profits and shareholder trust and confidence. This study is aimed to study the impact of corporate social responsibility (CSR) on firm financial performance of the selected sectors that help in raising Malaysia economy. In this research, a quantitative method is adopted to analyse the secondary data collected through Stata 14 SE software. This research obtained the data over the period of 2016 to 2020 of 124 public listed companies of Malaysia from the sector of construction, industrial products and services, consumer products and services, plantation, and energy. From this study, it showed that CSR has insignificance impact on ROA of the public listed companies in Malaysia from the five selected sectors. The findings of this study also show that CSR has significance impact on financial performance as assessed by NPM of public listed companies in Malaysia from the five selected sectors.

Keywords: Corporate Social Responsibility (CSR), Firm Financial Performance (FFP), public listed companies (PLC), Malaysia.

Introduction
Background of Study
CSR practices by Malaysian businesses are nothing new. CSR is viewed as a strategic concern by many public listed companies. Companies adopt CSR into their corporate governance agenda to be good corporate citizens in the Malaysian capital market (Yusoff & Adamu, 2016). CSR in Malaysia was conventionally established by some corporations in the
1970s. By the turn of the century, it had spread along lines like the CSR revolutions in other Asian countries (Ismail et al., 2015). Since its introduction in Malaysia until now, there has been a rapid evolution in the application of CSR. Numerous opportunities exist to support an organization's CSR efforts, which can help it accomplish both its organizational objectives and benefit society (Azid & Tahir, 2019).

It was discovered that corporate social responsibility (CSR) enhances a company's brand, which boosts stock returns and long-term financial performance. Strong reputations allow businesses to build strong relationships with their stakeholders, which reduces the need for protective measures and allows for a high degree of trust to replace governance mechanisms. As a result, CSR improves the company's reputation and reduces transaction costs, which has positive effects on performance (Mohyletska, 2023).

**Problem Statement**

Large corporations in developed nations now routinely engage in CSR, while in developing nations, the topic is still up for debate. Without a doubt, participating in CSR needed a significant financial and resource commitment, which will reduce the corporation's profit margin. Furthermore, rather than being socially responsible, resources in the contemporary competitive business market need to be completely utilized and allocated smartly for corporation income generation. The majority of businesses in developing nations participate in CSR as a result of legal requirements and improved brand recognition. It appears unclear if a company's financial performance will be positively or negatively impacted by its CSR efforts.

Companies can emphasize their important presence in the nation by putting CSR activities into practice. Rehabilitating and reconstructing the role of CSR activities can improve a company's reputation and present a positive picture to stakeholders. Even if businesses must contribute financially, the expenses will pay off in the form of increased profits and shareholder trust and confidence (Radzi et al., 2020).

CSR initiatives can be costly, and they may compete with other business expenses that are allocated to marketing initiatives like advertising and the creation of new products. It makes sense that businesses are worried about how CSR will affect them financially (Bhardwaj et al., 2018). Being socially responsible comes with costs, hence, for it to be a sustainable business strategy, benefits must also be created. An organization cannot continue with a structure that consistently generates negative revenues. Investors put money into a business with the hope of achieving the highest possible return on a balanced risk. Therefore, for social awareness to be sustainable, it must yield some sort of benefit. In order to keep the CSR practices, remain on the firm, it has to provide some sort of advantages to the firm as a return for the efforts (Menezes, 2019). Thus, this study is trying to justify the impact of CSR expenditures on the firm financial performance of public listed in Malaysia.

Hence, this study is an attempt to investigate the impact of CSR on firm financial performance of across different sectors of Malaysia public listed companies. To be deeper, this study investigated how CSR expenditure can affects the firm financial performance across five selected sectors that helps in the development of Malaysian economy. This study will be significant in identifying the impact of CSR expenditures of the organizations on their firm financial performance, and how the business should implement the CSR practices in the firm to retain the good impact of CSR and the overcome the bad impact of CSR for the sake of the growth of businesses.
Literature Review

One of the key components needed for a company to succeed in the marketplace is corporate social responsibility, or CSR. Since its introduction in Malaysia until now, there has been a rapid evolution in the application of CSR. Numerous opportunities exist to support an organization’s CSR efforts, which can help it accomplish both its organizational objectives and benefit society (Azid & Tahir, 2019). To accomplish business destinations, corporate social responsibility (CSR) has been a significant instrument in portray business executives and corporate relationships. This has become a piece of upkeep, corporate turn of events and strategy endurance. According to Ahmad et al (2017), managers have a responsibility to make decisions and take actions that enhance both the organization's and society's overall interests.

Despite the fact that the business community plays a big part in CSR programs, especially in light of the economic uncertainties that followed the COVID-19 epidemic, businesses may find it difficult to donate money and other resources to those in need. Corporate social responsibility (CSR) is seen as a strategic approach with the ability to improve a company's financial performance, reputation, brand recognition, and customer connections. It is not just about doing nice deeds or being socially responsible. Businesses that use corporate social responsibility (CSR) to address social and survival requirements will build a kind of "immunity" that could shield their operations during economic downturns. Building a strong CSR framework and taking responsibility of it will benefit businesses (Radzi et al., 2020).

CSR also provides a sales competitive advantage. The information era has made it possible for the modern customer to make well-informed selections while buying purchases. Not unexpectedly, a company's ethical position and personal goal statement play a role in the selection process. In 2017, from a study done by Cone Communications, 87% of respondents stated they would be prepared to purchase a good or service if the company took a stand on a social issue. This could prove that CSR does building up company’s image among the stakeholders as the company being referred as company that cares about their society. (Lim, 2023). From this, it could lead to the better financial performance of the company. This could prove that CSR does building up company’s image among the stakeholders as the company being referred as company that cares about their society.

Most of the research, according to the above literature analysis, claimed that CSR disclosure influences financial performance. Therefore, the following hypotheses for our research:

H1: There is significant impact of CSR on firm financial performance of selected sectors of Malaysia public listed companies.

Research Design

Sample Selection and Data Resources

The research sample for this study is made up of public listed companies in Malaysia from five sectors: construction, consumer products and services, energy, industrial products and services and plantation. The final sample consists of 124 firms from the five selected sectors after removing the firms that did not disclose the required CSR data in their financial reports and the companies that have been considered as the outliers in the data analysis. In this research, the secondary data was obtained from the company’s annual report accessed from Bursa Malaysia.
Corporate Social Responsibility Disclosure

CSR can be assessed by the total amount of money spent for CSR activities such as voluntary donations and charitable contributions to improve the social and environmental well-being of stakeholders (Gbadamosi, 2016). The method for measuring CSR used for this study is based on CSR expenditure. The relationship between community and firm financial performance is deemed to be notably good when firm employ specialized financial resources to aid society’s growth (Hizam et al. 2019). In this study, the natural logarithm of the total amount of contributions to the community, the amount spent on employee development and employee benefits were taken as the total expenditure of a company per year.

The measurement of CSR expenditure:

\[
CSR = \log (\text{Contributions to Community} + \text{Employee Benefits})
\]

Return on Assets (ROA)

Return on assets (ROA) is a statistic for determining a company’s capacity to profit from its assets. ROA can be used to predict future profits and evaluate a company’s potential to profit in the past (Ndlovu, 2019). A high return on assets (ROA) indicates that the company will generate more money from its assets and that those assets are being utilized to generate income effectively. The measurement of ROA for this study are as follows:

\[
ROA = \frac{\text{Net Income}}{\text{Total Assets}}
\]

Net Profit Margin (NPM)

Firman and Salvia (2021) assumed that the net profit margin (NPM) is used to see the extent to which a company’s capacity to maximize sales can make a significant net profit with a net profit margin. Companies with higher level of CSR disclosure have a better reputation than those companies which are not practicing CSR. The public has grown to have more faith in the firms as the target consumer and investors, making it easier for the business to boost productivity and marketing reach. As a result, both profit growth and NPM will be pushed (Fajarini & Nikmah, 2020). The measurement of NPM for this study is as follows:

\[
NPM = \frac{\text{Profit After Tax}}{\text{Net Sales}} \times 100\%
\]

Conceptual Framework

The stakeholder theory was chosen as the theoretical framework for examining how CSR efforts in the industry produce a beneficial ROA and NPM. The theory also functioned as a lens through which the findings were viewed, and recommendations were made. Stakeholder theory is concerned with members or participants in an organization who develop standards and are expected to profit from their implementation (Gilbert & Rasche, 2008). Stakeholder theory is a fundamental concept in corporate social responsibility. In 1970, Freeman presented the stakeholder theory, which stated that managers must satisfy a range of stakeholders, including employees, consumers, suppliers, the local community, and the company. According to the Stakeholder Theory, it is not enough for managers to focus just on the requirements of stockholders or the corporation's owners (Akinleye et al., 2018).

Stakeholder theory recognises many factions within a society to whom an organisation may owe some responsibilities. Stakeholder theory is a corporate ethics and organisational management theory that focuses on moral and value concerns to increase business profitability. In the traditional and shareholder view of the firm, the shareholders, or
stakeholders, are the owners, and the corporation has a financial obligation to meet their needs first, such as improving profitability (Akinleye et al., 2018).

Stakeholder theory, on the other hand, argues that other parties should be considered in adding value to the firm and increasing profits, which can be accomplished through corporate social responsibility to governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, and customers. The concept of stakeholders offers a fresh perspective on strategic management. Strategic management can help a company regain its footing and return to profitability (Akinleye et al., 2018).

The conceptual framework of this study was established based on a literature review as shown in Figure 1. This study will construct a conceptual framework model that will analyse the relationship between CSR and FFP, including control variables in terms of firm size (the log natural of the total assets of the firm) and firm liquidity (the assets of the company can be quickly converted to cash). The relationship between CSR and FFP will be investigated using regression analysis. The independent variable was natural logarithm of CSR expenditure, which consisted of the total amount of two dimensions: contributions to the community and employee benefits, whereas the dependent variable was firm financial performance, which was represented by ROA (Return on Asset) Net Profit Margin (NPM). The data collected in Microsoft Excel will be analysed using Stata 14 SE. The general hypothesis of this research was based on this framework:

**Figure 1: Conceptual Framework**

**Regression Model**

The impact of control variables such as firm size and firm liquidity on firm performance was studied using multiple regression analysis to establish the association between Corporate Social Responsibility (CSR) and firm performance in terms of Return on Assets (ROA) and Net Profit Margin (NPM). The multiple regression model allowed us to track the variables that directly affect the dependent variables, making it available. The regression model for this study is as follows:

Model 1: \( \text{ROA}_{i,t} = \alpha_{i,t} + \beta_1 \text{CSR}_{i,t} + \beta_2 \text{SIZE}_{i,t} + \beta_3 \text{LIQ}_{i,t} + \epsilon_{i,t} \)

Model 2: \( \text{NPM}_{i,t} = \alpha_{i,t} + \beta_1 \text{CSR}_{i,t} + \beta_2 \text{SIZE}_{i,t} + \beta_3 \text{LIQ}_{i,t} + \epsilon_{i,t} \)

Where:
Independent variable: CSR = Corporate Social Responsibility
Dependent variable: ROA = Return on Assets
NPM = Net Profit Margin
Control variable: LIQ = Firm Liquidity
    SIZE = natural logarithm of total asset

Results and Discussions

Descriptive Statistics

Summary Statistics of Quantitative Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Maximum</th>
<th>Minimum</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>0.0555</td>
<td>0.5076</td>
<td>−0.2447</td>
<td>0.0757</td>
</tr>
<tr>
<td>NPM</td>
<td>6.6220</td>
<td>32.5300</td>
<td>−28.9200</td>
<td>8.7575</td>
</tr>
<tr>
<td>CSR</td>
<td>1.9722</td>
<td>13.5111</td>
<td>−12.5439</td>
<td>3.0358</td>
</tr>
<tr>
<td>SIZE</td>
<td>8.7589</td>
<td>10.3959</td>
<td>6.5400</td>
<td>0.6557</td>
</tr>
<tr>
<td>LIQ</td>
<td>2.9420</td>
<td>19.7971</td>
<td>0.0398</td>
<td>2.9119</td>
</tr>
</tbody>
</table>

Table 1 shows the result for the summary statistics of quantitative variables, ROA, NPM, CSR, firm size, and firm liquidity. Table 1 presents descriptive statistics for 124 public listed companies in Malaysia from the sector of construction, energy, consumer products and services, industrial products and services and plantation, for a period of five years from 2016 to 2020, which has a total of 620 firm-year observations.

The analysis of the data revealed that for SIZE, which represents the ratio of firm size, noted that SIZE has the highest mean value of 8.7589, it indicates that the firms have the average on 8.7589 of their assets to devote to CSR activities, with the minimum firm size is 6.5400 and the maximum firm size is 10.3959. Next, followed by NPM with the average of 6.6220, it revealed that the selected companies from construction sector generated profits on the average of 6.6220 each year from its sales with the standard deviation of 8.7575. The minimum value for NPM for selected public listed in Malaysia from construction sector is −28.9200 and the maximum value for NPM is 32.5300. Furthermore, the LIQ, which represents the firm liquidity, the mean value is 2.9420 and its standard deviation is 2.9119, it indicates that the firm ability to pay its liability or obligations is 2.9420, where the minimum value of firm liquidity is 0.0398 and the maximum value of firm liquidity is 19.7971.

Meanwhile, for CSR components, which represents the log natural of the amount of CSR expenditure, noted that the mean value obtained from the test is 1.9722 and the standard deviation is 3.0358, it means that the selected Malaysian public listed companies in construction sector have spent around 1.9722 in money value for their CSR activities for the contribution to society and employees, where the minimum amount of CSR expenditure reported is −12.5439 and the maximum amount of CSR expenditure is 13.5111. For ROA, the mean amount for ROA is 0.0555 this means that selected Malaysian public listed companies of the five selected sector have gained profits on the average of 0.0555 by utilizing its assets. The minimum value for ROA is reported as −0.2447 with highest profitability reported as 0.5076, whereby the standard deviation of 0.0757.
Data Analysis

Data Analysis for ROA

Table 2

Panel Data Analysis with ROA as the Dependent Variable

<table>
<thead>
<tr>
<th>Variables</th>
<th>Pooled OLS</th>
<th>Fixed Effects</th>
<th>Random Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>P-value</td>
<td>Coefficient</td>
</tr>
<tr>
<td>CSR</td>
<td>0.0168</td>
<td>0.095</td>
<td>0.0017</td>
</tr>
<tr>
<td>Size</td>
<td>0.0041</td>
<td>0.389</td>
<td>−0.0023</td>
</tr>
<tr>
<td>Liquidity</td>
<td>0.0027</td>
<td>0.011</td>
<td>0.0022</td>
</tr>
<tr>
<td>Constant</td>
<td>0.083</td>
<td>0.847</td>
<td>0.0656</td>
</tr>
<tr>
<td>R²</td>
<td>0.0137</td>
<td></td>
<td>0.0107</td>
</tr>
<tr>
<td>P-value (F)</td>
<td>0.0371</td>
<td>0.2346</td>
<td></td>
</tr>
<tr>
<td>F-test</td>
<td>2.84</td>
<td></td>
<td>1.43</td>
</tr>
<tr>
<td>Chi-square</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LM Test</td>
<td></td>
<td></td>
<td>451.30</td>
</tr>
<tr>
<td>Chi-square</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td></td>
<td>0.38</td>
</tr>
</tbody>
</table>

Table 2 displays the results of the regression analysis between independent and dependent variables for construction sector, which are the data capturing the CSR, firm size, firm liquidity, and the dependent variable represented by ROA, in examining the influence of CSR and FP for the public listed companies in Malaysia from the five selected sectors. The panel data analysis is performed for the pooled OLS, fixed, and random effect models.

According to the specification test, the random effect model is the best appropriate model for this investigation. This is demonstrated by the results of the Breusch-Pagan LM Test, where the P-value obtained is 0.0000 indicating that the P-value is smaller than 0.05. As a result, the random effect model was selected. The Hausman Test was then conducted. Because the P-value returned from the test shown is 0.9439, greater than 0.05, the random effect was chosen. This random effect model has revealed the presence of serial correlation; therefore, the robust standard error was used in all models in these findings and result for robust models were recorded.

In the line with the research findings as observed from data analysis, the regression resulted a coefficient for CSR is 0.0017, with p-value of 0.106, which statically insignificant at 5% level of significance. The result indicates that CSR had statically insignificant positive impact on financial performance as measured by ROA. The null hypothesis is therefore accepted.

The random effect model for construction sector can be described as follows, with $\varepsilon$ represent the part of ROA that is unexplained.

$$ROA = 0.0389 + 0.0017CSR + 0.0007SIZE + 0.0024LIQ + \varepsilon$$

Equation 1
Data Analysis for NPM

Table 3
Panel Data Analysis with NPM as the Dependent Variable

<table>
<thead>
<tr>
<th>Variables</th>
<th>Pooled OLS</th>
<th>Fixed Effects</th>
<th>Random Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>P-value</td>
<td>Coefficient</td>
</tr>
<tr>
<td>CSR</td>
<td>0.2228</td>
<td>0.0510</td>
<td>0.0352</td>
</tr>
<tr>
<td>Size</td>
<td>1.1054</td>
<td>0.0400</td>
<td>-0.6323</td>
</tr>
<tr>
<td>Liquidity</td>
<td>0.7171</td>
<td>0.0000</td>
<td>0.0474</td>
</tr>
<tr>
<td>Constant</td>
<td>-5.6091</td>
<td>0.2470</td>
<td>11.3263</td>
</tr>
<tr>
<td>R²</td>
<td>0.0569</td>
<td>0.0000</td>
<td>0.0036</td>
</tr>
<tr>
<td>P-value (F)</td>
<td>0.0000</td>
<td>0.0625</td>
<td></td>
</tr>
<tr>
<td>F-test</td>
<td>12.40</td>
<td>2.45</td>
<td></td>
</tr>
<tr>
<td>Chi-square</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td></td>
<td>10.61</td>
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<tr>
<td>LM Test</td>
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<td></td>
<td>405.93</td>
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<tr>
<td>Chi-square</td>
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<td></td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td></td>
<td>9.95</td>
</tr>
</tbody>
</table>

Table 3 displays the results of the regression analysis between independent and dependent variables for construction sector, which are the data capturing the CSR, firm size, firm liquidity, and the dependent variable represented by NPM, in examining the influence of CSR and FP for construction sectors. The panel data analysis is performed for the pooling, fixed, and random effect models.

According to the specification test, the random effect model is the best appropriate model for this investigation. This is demonstrated by the results of the Breusch-Pagan LM Test, where the P-value obtained is 0.000 indicating that the P-value is smaller than 0.05. As a result, the random effect model was selected. The Hausman Test was then conducted. Because the P-value returned from the test shown is 0.0190, smaller than 0.05, the fixed effect model was chosen. This fixed effect model has revealed the absence of serial correlation and heteroskedasticity.

In the line with the research findings as observed from data analysis, the regression resulted a coefficient for CSR is 0.0352, with p-value of 0.0090, which statically significant at 5% level of significance. The result indicates that CSR had statically significant positive impact on firm financial performance as measured by NPM. The null hypothesis is therefore being rejected.

The random effect model for construction can be described as follows, with ε represent the part of NPM that is unexplained.

\[
NPM = 11.3263 + 0.0352CSR - 0.6323SIZE + 0.0474LIQ + \varepsilon
\] \hspace{1cm} Equation 2
Conclusion and Contributions of Study

Discussion of the Study

According to the findings of this study, it showed that CSR has insignificance impact on financial performance, as measured by ROA of public listed companies in Malaysia, the result of the analysis by applying ROA accepts the null hypothesis, H1o. This result is in line with the study done by (Mansaray et al., 2017). They suggest that the firms will incur additional costs as a result of this negative impact. Therefore, in those industries, CSR does not immediately result in financial gains for the companies involved.

According to the shareholder theory, the impact of CSR on financial performance is not significant because the company's mission is to maximise shareholder profit, which is incompatible with the increasing expenditures of social responsibility operations, because CSR is considered as an additional cost that lowers financial performance by certain companies and shareholders as CSR initiatives can be costly, and they may compete with other business expenses that are allocated to marketing initiatives like advertising and the creation of new products. It makes sense that businesses are worried about how CSR will affect them financially Bhardwaj et al (2018), and the results showed that CSR has insignificant relationship with firm financial performance, and this could explain the results of this study.

The result for the impact of CSR on NPM across the five industries has showed that there is a significance impact of CSR expenditure towards NPM of public listed companies has resulted the significance impact of CSR and NPM, thus, the null hypothesis, H2o is rejected for the analysis on the impact of CSR on NPM. From this study, we can conclude that businesses with higher levels of CSR disclosure are perceived more favourably than those with lower levels (Fajarini & Nikmah, 2020). The public's increased trust in businesses, both as investors and as the target market, has made it easier for them to grow their marketing and productivity. This will drive both an increase in NPM and a rise in profit.

The performance of the firms is positively correlated with the level of CSR disclosure. Businesses' investments in CSR improved their financial performance and enabled them to grow in a way that was sustainable over the long run. It was stated that by making businesses more competitive, the CSR concept assisted businesses in achieving their best financial performance in a market that is highly competitive. It has been discovered that a company's performance increase when it spends money on CSR initiatives. Furthermore, CSR initiatives may open new business prospects and enhance a company's reputation in the community (Razali et al., 2018).

Contributions of this Study

Contributions of Study for Organizations

This study also can be used a proof that the CSR investments on employees can give the good impact on the business operation and can give the good impact on the financial performance of the company in the long run. This is because, the good CSR practices in the workplace, especially to the employees, the company can build the trust and loyalty of their employees and can generate the better workmanship for the company from the employees. This also can create a positive image of the organizations as they care about their stakeholders. From those practices, investors will have the perception of that the company cares about their stakeholders and the community while they keep their business running.

This study also can give the idea to the managers of the firm that CSR practices are meant to be carried out as long term and sustainable investment, rather than increased the
firm expenditure and it be a burden for a firm in a short term. The company should build the trust in society and a better society before improving their firm financial performance.

**Contributions of Study for Investors**

This research can help investors make better investment decisions. According to the findings of this study, CSR has a good and strong impact to firm performance as measured by ROA and NPM. This study helps to evaluate how CSR benefits to the creation of value and increased corporate profitability. This study can aid investors to choose which business they can invest hence can help the companies to practice better CSR practices because from this study, we concluded that the better CSR investment, the better the CSR practices is. Therefore, the companies and the investors could gain the benefits of CSR and at the same time, both parties can give some contributions to the society.

Companies that put more of an attention on CSR can draw more investors to their business, which will improve the company's financial success. Businesses that perform well financially may provide more value to all their shareholders. Aside from that, the goal of this study was to help academics have a better awareness of the factors that influence a firm's performance and to offer useful information regarding CSR in Malaysia.

**Contribution of Study for Policy Makers**

This research can also serve as a reference for organizations like Bursa Malaysia. By providing detailed standards to listed issuers, Bursa Malaysia must define the contents of CSR activities or practices that public listed company must disclose in their annual reports and provide the total cost that have used for CSR activities especially for the communities. This is because most Malaysian businesses tend to prioritize community in their CSR activities. Bursa Malaysia must also conduct informative and entertaining training for public listed companies to familiarise them with ethical reporting norms for CSR activities in annual reports.

This study also could be an aid for government to see which sector of the businesses should be focused on to help those organizations getting better in implementing CSR practices in their business so that they could get the benefits of CSR practices as what as the sectors have experienced.

**Limitation of Study and Recommendation of the Future Research**

The researcher recommends that there is a need for the companies to list down properly in a table of their CSR expenditures with regards to their CSR activities, especially on the contribution to the society and employee’s activities among them. The total cost that has been used up for each activity must be listed down to ease the future researchers whose has the interest to study more on the CSR expenditure of a company.

It would be convenient for the future researchers or the user of the company's annual report if the firm could disclose their CSR expenditure or CSR investments in their annual reports, on the Profit and Loss account, so that the CSR expenditures would be more transparent.

The companies chosen for the study are not only from a specific industry or sector. They are based on rankings, with just the top five sectors that helps in the improvement of Malaysian economy being considered. An industry-by-industry analysis for other industries that has not being selected in this study can be carried out to provide an overview of which sectors have the greatest impact on CSR spending in the future. Non-financial indicators can
be used to get an understanding of how people feel about CSR spending and how it affects the company's overall performance.

The researcher had hard time in obtaining segregated data on expenditure of corporate social responsibility (CSR). CSR is recognized as a top management job in certain companies, limiting access to confidential financial data. Most companies did not keep separate records on the exact allocations spent on CSR, while others disseminated CSR expenditures throughout their annual report, making accurate data difficult to come by. Most public listed companies included CSR expenditure as a component of their expenses, while others listed it as the "other expenses" in their profit and loss statement. However, while some companies accounted for CSR spending as an expense, others accounted for it as an investment. Most of the companies did practice CSR, especially in contributing to the community. They did state the activities that they held and did to help the community, but the companies did not state the amount of their contributions to the community. This is the reason why this study only has a small number of samples.

References