

**THE DETERMINANTS OF CORPORATE SOCIAL
RESPONSIBILITY DISCLOSURE ON SOCIAL
MEDIA BY MALAYSIAN PUBLIC LISTED
COMPANIES**

ENG KAR SEONG

UNIVERSITI SAINS MALAYSIA

2021

**THE DETERMINANTS OF CORPORATE SOCIAL
RESPONSIBILITY DISCLOSURE ON SOCIAL
MEDIA BY MALAYSIAN PUBLIC LISTED
COMPANIES**

by

ENG KAR SEONG

**Thesis submitted in fulfilment of the requirements
for the degree of
Master of Arts**

May 2021

ACKNOWLEDGEMENT

This journey has not been short of sweat, tears, challenges and joy. It would not have been possible without the support of many people. First and foremost, I would like to express my gratitude to my main supervisor, Dr. Phua Lian Kee and my co-supervisor, Dr. Lok Char Lee for their relentless assistance and constructive feedback. It is indeed my privilege to have Dr. Phua as my supervisor and I could not have asked for more.

I am also grateful to Professor Dr. Hooy Chee Wooi and Dr. Dayana Jalaludin, for their advice and comments during my proposal defence stage. My special gratitude is also extended to Professor Dr. Fauziah Md Taib and Dr. Amirul Shah Md. Shahbudin, who encouraged me to pursue my postgraduate study and gave me precious advice. Also, thanks to all the lecturers and staffs from the School of Management, Universiti Sains Malaysia for their wonderful supports. Specially thanks to Madam Robitah Binti Spian and Ms. Syarifah Norsyamsuhaida Binti Said Samsuddin for their kind assistance. Besides that, my appreciation also goes to Kementerian Pendidikan Malaysia for funding my study, and Universiti Sains Malaysia, School of Management, for supporting my research.

Finally, I would like to express my appreciation to my family members for their patience and tolerance throughout my study period at Universiti Sains Malaysia, including my parents, Eng Chee Hoo and Tan Yok Kheng, and my siblings for their moral support, love, understanding and encouragement. I am grateful to my wife, Teoh Yuen Fang for her continuous encouragement and my daughter, Eng Jo Lynn for her love during my study. They have constantly inspired and helped me whenever and wherever needed. Without them, I would not be able to achieve my goal.

TABLE OF CONTENTS

ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS.....	iii
LIST OF TABLES	ix
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS	xii
LIST OF APPENDICES	xiii
ABSTRAK	xiv
ABSTRACT.....	xvi
CHAPTER 1 INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement	6
1.3 Research Objectives	10
1.4 Research Questions	10
1.5 Significance of the Study	11
1.6 Chapter Summary.....	13
CHAPTER 2 LITERATURE REVIEW	14
2.1 Introduction	14
2.2 Information Disclosure.....	14
2.3 Corporate Social Responsibility Disclosure.....	15
2.4 The Corporate Social Responsibility Disclosure through Traditional Medium	22
2.5 Corporate Social Responsibility Disclosure on Website.....	25
2.6 Social Media.....	26
2.7 Corporate Social Responsibility Disclosure on Social Media	30

2.8	The Corporate Social Responsibility Disclosure through Social Media in Malaysia	33
2.9	Theoretical Background	37
2.9.1	The Stakeholder Theory	37
2.9.2	The Legitimacy Theory	40
2.9.3	The Institutional Theory	41
2.10	Determinants of Corporate Social Responsibility Disclosure on Social Media	42
2.10.1	Profitability	42
2.10.2	Ownership Concentration	44
2.10.3	Companies' Reputation	46
2.10.4	Leverage	47
2.10.5	Company's Age	48
2.10.6	Degree of Internationalisation	49
2.10.7	Business Life Cycle	50
2.10.8	Firm Size.....	53
2.10.9	Industry Sensitivity.....	55
2.11	Chapter Summary.....	56
CHAPTER 3 THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT		57
3.1	Introduction	57
3.2	Stakeholder Theory and Engagement in Social Media	57
3.3	Conceptual Framework and Hypotheses Development	61
3.3.1	Profitability	63
3.3.2	Ownership Concentration	64
3.3.3	Companies' Reputation	65

3.3.4	Leverage	66
3.3.5	Company's Age	67
3.3.6	Degree of Internationalisation	68
3.3.7	Business Life Cycle	70
3.4	Control Variables	71
3.4.1	Firm Size.....	71
3.4.2	Industry Sensitivity.....	72
3.5	Chapter Summary.....	73
CHAPTER 4 METHODOLOGY.....		74
4.1	Introduction	74
4.2	Method of Data Collection and Source of Information.....	74
4.3	Sample Selection	75
4.4	Content Analysis of Companies' Official Social Media.....	76
4.5	Variables and Measurement for Regression Analysis.....	80
4.5.1	Dependent Variable	81
4.5.2	Independent Variables	82
4.5.3	Control Variables.....	88
4.5.4	Statistical Analysis.....	89
4.6	Method of Data Analysis.....	89
4.6.1	Descriptive Statistics	89
4.6.2	Correlation Analysis	90
4.6.3	Regression Analysis.....	90
4.7	Interviews	90
4.8	Chapter Summary.....	92

CHAPTER 5	DATA ANALYSIS AND FINDINGS	93
5.1	Introduction	93
5.2	Results of Content Analysis of Corporate Social Responsibility Disclosure on Social Media.....	93
5.3	Descriptive Statistics Analysis for Corporate Social Responsibility Disclosure on Social Media.....	95
5.4	Correlation Analysis.....	98
5.5	Assumptions of the Classical Linear Regression Model.....	101
5.5.1	Normality Test	101
5.5.2	Heteroscedasticity Test.....	101
5.5.3	Multicollinearity Test	102
5.5.4	Autocorrelation Test	103
5.6	Multiple Regression Analysis for Hypotheses Testing	104
5.6.1	Multiple Regression Results for Specific Types of CSR Disclosure on Social Media	109
5.6.1(a)	Environment Information Disclosure on Social Media.....	111
5.6.1(b)	Employee Information Disclosure on Social Media	114
5.6.1(c)	Community Involvement Information Disclosure on Social Media.....	117
5.6.1(d)	Products Information Disclosure on Social Media	121
5.7	The Relationship between Stakeholder Management and Corporate Social Responsibility Disclosure on Social Media	124
5.7.1	Profitability	124
5.7.2	Ownership Concentration	124
5.7.3	Companies' Reputation	125
5.7.4	Leverage	125
5.7.5	Company's Age	126

5.7.6	Degree of Internationalisation	126
5.7.7	Business Life Cycle	126
5.7.8	Firm Size.....	127
5.7.9	Industry Sensitivity.....	128
5.8	Analysis of Interviews.....	128
5.9	Chapter Summary.....	139
CHAPTER 6 DISCUSSION AND CONCLUSION.....		140
6.1	Introduction	140
6.2	Recapitulation of the Study	140
6.3	Discussion on Findings	143
6.3.1	The Status Quo of Social Media Used by Malaysian Public Listed Companies	143
6.3.2	The Extent of Voluntary Disclosure through Social Media by Malaysian Public Listed Companies	146
6.3.3	The Factors Influencing the Disclosure of Corporate Social Responsibility through Social Media by Malaysian Public Listed Companies	149
	6.3.3(a) Profitability.....	149
	6.3.3(b) Ownership Concentration.....	151
	6.3.3(c) Companies' Reputation.....	152
	6.3.3(d) Leverage	153
	6.3.3(e) Company's Age.....	154
	6.3.3(f) Degree of Internationalisation.....	155
	6.3.3(g) Business Life Cycle.....	155
	6.3.3(h) Firm Size	157
	6.3.3(i) Industry Sensitivity	158
6.4	Contribution	159

6.5 Limitations of the Study and Suggestions for Future Research 161

6.6 Conclusion of the Study 163

REFERENCES..... 166

APPENDICES

LIST OF TABLES

	Page
Table 1.1 Social Media Activities	7
Table 4.1 Summary of Total Population and Sample Selection Procedure.....	76
Table 4.2 Index Measurement for Corporate Social Responsibility Disclosure on Social Media	79
Table 4.3 Summary of Operational Definition and Measurement of Variables.....	86
Table 4.4 Summary of Operational Definition and Measurement of Control Variables.....	89
Table 4.5 Summary of Key Informants	91
Table 5.1 Number of Corporate Social Responsibility Disclosure Item on Social Media by Companies	94
Table 5.2 Descriptive Statistics Analysis for Corporate Social Responsibility Disclosure on Social Media.....	95
Table 5.3 Descriptive Statistics Analysis for the Factors Influencing Corporate Social Responsibility Disclosure on Social Media.....	97
Table 5.4 Pearson Correlation Analysis	100
Table 5.5 Multivariate Regression Results for Corporate Social Responsibility Disclosure on Social Media.....	105
Table 5.6 Multivariate Regression Results for Environment Information Disclosure on Social Media.....	111
Table 5.7 Multivariate Regression Results for Employee Information Disclosure on Social Media.....	114
Table 5.8 Multivariate Regression Results for Community Involvement Information Disclosure on Social Media.....	117

Table 5.9 Multivariate Regression Results for Products Information Disclosure
 on Social Media..... 121

Table 5.10 Summary of the Research Model Findings 139

LIST OF FIGURES

	Page
Figure 2.1 Boston Consulting Group Matrix	53
Figure 3.1 Stakeholder Theory	60
Figure 3.2 Research Framework.....	62

LIST OF ABBREVIATIONS

ACCA	The Association of Chartered Certified Accountants
BCG	Boston Consulting Group
CSR	Corporate Social Responsibility
CSRD	Corporate Social Responsibility Disclosure
DW	Durbin-Watson
GLC	Government-Linked Company
GRI	Global Reporting Initiative
KPMG	Klynveld Peat Marwick Goerdeler
MLM	Multi-Level Marketing
NGO	Non-Government Organisation
PLC	Public Listed Company
ROA	Return on Assets
ROE	Return on Equity
SOX	Sarbanes-Oxley Act
VIF	Variance Inflation Factor

LIST OF APPENDICES

APPENDIX A	LIST OF SAMPLE COMPANIES
APPENDIX B	LIST OF INTERVIEW QUESTIONS
APPENDIX C	NORMALITY TEST – NORMAL P-P PLOT
APPENDIX D	NORMALITY TEST – NORMAL Q-Q PLOT
APPENDIX E	HETEROSCEDASTICITY TEST – GLEJSER TEST
APPENDIX F	MULTICOLLINEARITY TEST – VARIANCE INFLATION FACTOR (VIF)
APPENDIX G	AUTOCORRELATION TEST – DURBIN-WATSON (DW) TEST

**FAKTOR-FAKTOR YANG MEMPENGARUHI PENZAHIRAN
TANGGUNGJAWAB SOSIAL KORPORAT DI MEDIA SOSIAL OLEH
SYARIKAT TERSENARAI AWAM DI MALAYSIA**

ABSTRAK

Kajian ini menyelidik faktor-faktor yang mempengaruhi penzahiran tanggungjawab sosial korporat pada media sosial oleh syarikat tersenarai awam di Malaysia. Pertama, kajian ini menganalisis laman web syarikat yang terdapat di Bursa Malaysia bagi semua syarikat tersenarai awam di Malaysia. Dari laman web rasmi syarikat, media sosial rasmi syarikat akan ditentukan sekiranya media sosial rasmi syarikat boleh didapati pada laman web rasmi syarikat. Antara 806 syarikat tersenarai awam di Malaysia, terdapat 114 syarikat tersenarai awam di Malaysia yang mempunyai laman web rasmi syarikat. Oleh demikian, 114 syarikat tersenarai awam di Malaysia tersebut telah dijadikan jumlah populasi dan unit analisis bagi kajian ini. Hal ini dapat mengenal pasti status quo media sosial yang digunakan oleh syarikat tersenarai awam di Malaysia. Hasil kajian menunjukkan bahawa majoriti syarikat Malaysia tidak mempunyai media sosial rasmi. Kedua, kajian ini menganalisis kandungan media sosial rasmi dari hari pertama hingga tarikh terakhir pengumpulan data, iaitu pada 31 Disember 2017. Hal ini dapat mengenal pasti sejauh mana pendedahan maklumat secara sukarela melalui media sosial oleh syarikat tersenarai awam di Malaysia. Hasil kajian ini menunjukkan bahawa sebahagian besar daripada syarikat Malaysia tidak mendedahkan maklumat tentang tanggungjawab sosial korporat pada media sosial. Ketiga, kajian ini meneroka hubungan antara pengurusan para pemangku kepentingan perusahaan dengan penzahiran tanggungjawab sosial korporat pada media sosial dengan menggunakan Teori

Stakeholder. Faktor-faktor tersebut merangkumi keuntungan, penumpuan dalam pemilikan, reputasi syarikat, leveraj, umur syarikat, tahap pengantarabangsaan dan kitaran hidup perniagaan. Dengan menggunakan analisis regresi berganda, hasilnya menunjukkan bahawa hanya reputasi syarikat mempunyai hubungan yang signifikan dengan penzahiran tanggungjawab sosial korporat pada media sosial. Keempat, temu bual telah dilakukan sebagai tindak lanjut terhadap analisis hasil statistik. Hal ini dapat memperolehi gambaran yang lebih lanjut daripada hasil kuantitatif. Sebanyak tiga informan utama telah ditemu ramah. Kajian ini akan menyumbang kepada literatur tentang pendedahan sukarela dengan mengkaji faktor-faktor yang mendorong syarikat untuk terlibat dalam media sosial yang inovatif dengan menggunakan Teknologi 2.0 yang membolehkan komunikasi yang berinteraktif antara pengguna dan penyedia. Selain itu, kajian ini memberi pandangan kepada para pelabur yang berminat agar memantau pendedahan sukarela dan faktor-faktor yang mempengaruhi syarikat untuk mendedahkan tanggungjawab sosial korporat. Hasil daripada kajian ini juga memberi maklumat kepada penggubal undang-undang yang berminat untuk memantau pendedahan tanggungjawab sosial korporat pada media sosial.

**THE DETERMINANTS OF CORPORATE SOCIAL RESPONSIBILITY
DISCLOSURE ON SOCIAL MEDIA BY MALAYSIAN PUBLIC LISTED
COMPANIES**

ABSTRACT

This study examines the determinants of corporate social responsibility disclosure on social media by Malaysian public listed companies. First, the study analysed the company website link in Bursa Malaysia for each Malaysian public listed companies, and from the company official website, the official social media link will be determined if it can be found on the company's website. Out of 806 Malaysian public listed companies as of 31st December 2017, a total of 114 Malaysian public listed companies were having official social media. Hence, 114 Malaysian public listed companies were the total population and the unit of analysis for this study. This has ascertained the status quo of social media used by Malaysian public listed companies. The findings show that a majority of Malaysian companies do not have official social media. Second, this study analysed the content of official social media from day one until the last date of data collection, which was 31st December 2017. This has enabled the identification of the extent of voluntary disclosure through social media by Malaysian public listed companies. The findings reveal that majority of Malaysian companies do not disclose the corporate social responsibility disclosure on social media. Third, the study explored the relationship between the stakeholder management and the corporate social responsibility disclosure on social media by using stakeholder theory. The determinants include profitability, ownership concentration, companies' reputation, leverage, company's age, degree of internationalisation and business life cycle. By using multiple regression analysis, the

results indicate that only companies' reputation has a significant relationship with the corporate social responsibility disclosure on social media. Fourth, an interview has been conducted as follow up on the post-analysis of the statistical results. This has allowed more insights to be obtained apart from the quantitative results and findings. A total of three key informants has been interviewed. The study attempted to contribute to voluntary disclosure literature by examining factors that motivate companies to engage in innovative social media using Technology 2.0 which allows interactive communication among the users. In addition, the study provides an insight to the investors who are interested in monitoring the voluntary disclosure and the factors of disclosing the corporate social activities by the companies. Results from this study will also provide information to regulators who are interested in monitoring the corporate social responsibility disclosure on social media.

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Corporate social responsibility (CSR) is an initiative by a corporation to assess and take responsibilities for the company's effort on environmental and social wellbeing which goes beyond legal requirements (Geerlinks, 2013). The idea of corporate social responsibility has been widely discussed and is embedded in the view of social contract which is "*a set of generally accepted relationships, obligations and duties between the major institutions and people*" (Steiner, 1972). Today, many corporations spend a lot of efforts and money on disclosing their corporate social responsibility. Many companies started to involve in corporate social responsibility activities and the corresponding disclosure activities (Gamerschlag et al., 2011). Mathews (1995) found that the initiative for companies to develop corporate social responsibility disclosure (CSRSD) is because different stakeholders have a different perception of corporate social responsibility.

As interest in organisations' corporate social responsibility is increasing (Clarkson, 1995; Griffin, J. J. & Mahon, 1997; Hillman & Keim, 2001), the societal pressure has caused the increase of transparency in corporate social responsibility reporting (Lyon & Maxwell, 2011). Barth et al. (1997) suggested that increased societal pressure has impacted more disclosure of organisations' environmental liabilities. But the reporting of corporate social responsibility is not mandatory in many jurisdictions. It is because the corporate scandals from some companies such as Enron and WorldCom have drawn more concern and attention to corporate social responsibility and corporate social

responsibility disclosure. Corporate social responsibility disclosure continues to evolve in 2002, when there was a significant regulatory change, which was the introduction of Sarbanes-Oxley Act (SOX) (Thorne, 2014). After the SOX was introduced, organisations tried to avoid being penalised by disclosing more information including the voluntary disclosure such as corporate social responsibility disclosure (Shanthamani, 2015).

Besides that, there is an increase in the demand from stakeholders for greater disclosure (Bukh et al., 2005). Stakeholders such as customers, suppliers, employees, investors and communities are requesting the organisations to disclose more information. Different stakeholders have different needs and expectations. Hence, organisations are required to disclose more information to their stakeholders to meet the expectation and needs of the different stakeholders.

One of the stakeholders, the customer, has pushed the organisations toward corporate social responsibility due to the increase in customers' interest (Jacobs et al., 2005). The customers perceive social performance and hence the corporate social activities that have been done by the business are influencing the decision of customers on purchasing the products from the company. Another example is investors. The growing investor pressure is one of the drivers. Investors are changing their ways of assessing the company's performance (Fernandez-Feijoo et al., 2013). They would not only assess the financial performance of the company. In fact, those ethical concerns are influencing their decision in investing in the organisation too. The next example is the employees. The employees are also seeking out a company which is having its values and ideology aligned with their morality (Depoers, 2010). In order to hire and retain skilled and good employees, organisations are demanded to enhance the working environments and

conditions to ensure that they can hire and retain experienced and qualified employees. Lastly, the supplier relation is also one of the drivers. Many organisations have started to introduce the code of conducts to their suppliers as they want to ensure their business partners conduct themselves in a socially responsible manner so that it would not affect their reputation (Andrikopoulos & Krikiani, 2012). Therefore, there is an increase in disclosing more information when there is an increase in demand from different stakeholders.

Through corporate social responsibility, some positive impacts arise. In the company benefit context, it can improve financial performance, lower the operating costs, and enhance the reputation, increase sales and customer loyalty. Previous studies show that the corporate social responsibility has a positive impact on the financial performance (Peloza, 2006). It can also benefit the community and the general public as well as the environment (Williamson et al., 2006). Therefore, there exists a lot of positive impacts that arise through corporate social responsibility, and thus, many organisations have started to focus on corporate social responsibility.

The main challenge for the business is having a reliable measurement and indicator of progress on corporate social responsibility. To overcome this challenge, the institutions, including United States-based non-profits Ceres, Tellus Institute and with the support of the United Nations Environment Programme (UNEP), came out with the Global Reporting Initiative (GRI) to provide the guideline for preparing the sustainable report (Hedberg & Malmberg, 2003). The Global Reporting Initiative is an international hard work to produce a framework for voluntary disclosure and reporting on economics, environmental

and social impact. Hence, this Global Reporting Initiative can be used in disclosing the corporate social responsibility.

Today, social media seems to have taken over the world. This statement is not exaggerated as one of the largest social media networking, namely Facebook, has more than 750 million active users (Merrill et al., 2011). However, many companies did not join Facebook instantly, instead they spent a lot of time observing from the sideline. The first wave of companies joined the social media because they know the enormous benefits and significant impact of joining the social media (Ellison et al., 2007). However, many other companies remain unconvinced as they are unclear of how the social media would be beneficial.

Generally, the organisations disclosed the corporate social responsibility activities on their official website, stand-alone report, integrated report, or annual report (Wanderley et al., 2008). The research on corporate social responsibility disclosure through these channels has widely been done by many researchers (Attig et al., 2016; Quina-Custodio & Gallego-Alvarez, 2016; Siregar, S.V. and Bachtiar, 2010). However, nowadays many organisations have started to use social media as an effort to aid in disclosing their corporate social responsibility. This can disseminate the corporate social responsibility information to a wider range of stakeholders through social media as social media connects everyone in the world and is relatively cheaper compared to traditional media (Bosari, 2012).

Malaysia is an interesting case to inquire the development in the emerging economies and their efforts as well as the extent of the corporate social responsibility

disclosure (Haji, 2013). This is because Malaysia is having growing economics and openness to foreign investment. Besides, Malaysian regulators revised the code on corporate governance in 2007 to enhance the accountability among the Malaysian listed companies. Next, Bursa Malaysia has made it compulsory to disclose corporate social responsibility information in the annual report for those companies with the financial year end of December 2007. In additions, the Malaysian Government has put in a lot of efforts to increase the corporate social responsibility activities by the organisations. Therefore, this study will focus on the corporate social responsibility disclosure through social media in Malaysia.

1.2 Problem Statement

There are about 2.82 billion people using social media, and this communication mode has immense potential (Clement, 2020). The development of social media has a significant impact on individuals and organisations. The usage of social media such as Facebook, LinkedIn and Twitter are showing an increasing trend among Malaysians and Malaysian companies. Social media allows companies to engage with interest groups, thus enabling them to strengthen corporate social responsibility policies, and eventually disclose the corporate social responsibility on social media (Stanislavska et al., 2020). Corporate social responsibility is mainly manifested in the form of communication with stakeholders, and this is the reason why the companies face increased demands from their stakeholders concerning information on corporate social responsibility activities. Hence, communicating corporate social responsibility activities become a necessary part of the business corporate social responsibility strategy. Many studies showed that there are positive impacts of disclosing corporate social responsibility on customers' knowledge, perception of companies' reputation, financial performance, on attracting high potential employees, and also attracting potential investors (Stuart et al., 2020). Companies involved in corporate social responsibility activities but lack the disclosure to the stakeholders especially when customers are likely to have poor return. In this context, social media enables organisations to disclose the corporate social responsibility in an entirely new way. The use of social media to implement corporate social responsibility campaign, and therefore allowing organisations to disclose their socially responsible activities, has become a standard communication tool for organisations (Ramananda & Atahau, 2019). Disclosing the corporate social responsibility activities through social

media is more transparent because that alleviates stakeholders' scepticism and allows the organisations to educate stakeholders in corporate social responsibility. Eventually, this will engage their stakeholders in socially responsible activities. Table 1.1 shows the percentage of some related statements regarding social media. The data was extracted from the Social Media Marketing Industry Report 2015.

Table 1.1 Social Media Activities

Statements	Percentage on Agreeing
Social media is important for business	92%
Ability to measure social media activities	42%
Ability to analyse social media activities	72%
Integration of social media into traditional media	84%

Source: Social Media Marketing Industry Report (2015)

Traditional medium such as annual report and website is a one-way communication channel in which the people, public or readers can only read the information but are not able to provide the feedback. It is only reachable by limited people or stakeholders. In contrast to the traditional medium such as annual report and website, corporate social responsibility disclosure on social networks provides an interactive platform for organisations to engage in a dialogue with their stakeholders. This is a two-way communication that allows stakeholders to be engaged. Benitez et al. (2020) found that, unlike traditional medium, social media disclosure provides organisations with better visibility, credibility and enhances the companies' reputation.

Stakeholders have ceased to be passive message recipients through annual report or website and to be actively co-create communication on social media with the organisations. Thus, organisations have started to leverage the social media platform to disclose corporate social responsibility activities as social media is a powerful and low-

cost platform for the organisations to globalize. It is reachable to all people around the world. By adopting Web 2.0 social media quickly, the organisations can gain some competitive advantages. This is then lead to the organisations disclosing their corporate social responsibility in social media so that more and more people can understand what they are doing and giving back to society. However, not all organisations choose to disclose information on social media. Some evidence suggest that some companies are more proactive or aggressive in utilizing social media as a medium of communication while others do not seem to follow the similar step (Belai & Cooper, 2011; Bradbury & Dean, 2009).

Currently, there is a lack of regulation in the company information disclosure especially in the voluntary disclosure including the corporate social responsibility disclosure on social media such as Facebook, Twitter and LinkedIn. There is no social media audit by the external auditors. The stakeholders are not able to know if the information being disclosed is true or not. In addition, organisations may disclose information selectively. The CEO of Netflix was investigated by the SEC for disclosing the company milestone achievement on the social media selectively. In the end of the investigation, SEC decided not to pursue any law enforcement action against the CEO of Netflix and stated that corporations or their executives can use social media platforms to disclose corporate information. In the present, the regulators in Malaysia such as Bursa Malaysia have not issued any audit guidance or governance requirements on disclosure such as corporate social responsibility information by Malaysian listed companies on social media. This could be due to the limitation in information and knowledge available with regards to the purpose and usage among companies in engaging social media channel

as an official channel in disseminating corporate information. For instance, it is unclear whether organisations are just leveraging social media for marketing purpose or using it to disclose voluntary information including the corporate social responsibility activities. Hence, this is calling for scientific research to investigate how many Malaysian companies are having official social media, what corporate social responsibility information is being disclosed on social media, and the determinants influencing the disclosure of corporate social responsibility in social media. As social media has become an integral part of modern society including individuals, organisations, and political parties as well as non-profit organisations. Thus, it is interesting to identify those factors, be it internal or external, which affect the organisations to disclose the corporate social responsibility in social media. Such effort intends to bridge the research gap as currently there is no or limited studies on the factors influencing the corporate social responsibility disclosure through social media among Malaysian companies.

1.3 Research Objectives

This study attempts to examine the determinants of corporate social responsibility disclosure through social media among Malaysian listed companies. Specifically, the objectives of the study are as follows:

1. To document the status quo of social media used by Malaysian public listed companies.
2. To examine the extent of disclosure of corporate social responsibility through social media by Malaysian public listed companies.
3. To examine the factors influencing the disclosure of corporate social responsibility through social media by Malaysian public listed companies.

1.4 Research Questions

This research aims to answer the following questions:

1. What is the status quo of social media used by Malaysian public listed companies?
2. What is the extent of disclosure of corporate social responsibility through social media by Malaysian public listed companies?
3. What are the factors influencing the disclosure of corporate social responsibility through social media by Malaysian public listed companies?

1.5 Significance of the Study

This study contributes to the literature by giving a different view of research in corporate social responsibility disclosure by considering social media platform. The previous research mainly focused on the corporate social responsibility disclosure on annual report and corporate website. The objectives of this study have arisen from the concern about corporate social responsibility disclosure through social media by Malaysian public listed companies (PLCs). This study documents the status quo of social media used by Malaysian public listed companies. The social media is widely used by the individuals and organisations. Hence, it is important to understand the current utilisation of social media by companies. In addition, this study identifies the extent of voluntary disclosure through social media by Malaysian public listed companies. The Malaysian public listed companies already started to disclose the information on social media. Furthermore, this study examines the factors influencing the disclosure of corporate social responsibility through social media by Malaysian public listed companies.

Understanding the determinants of corporate social responsibility disclosure through social media allows organisations to understand the importance of disclosing the corporate social activities. This is because when the organisations understand what are the factors that drive the organisations to disclose the corporate social responsibility, organisations that have the similar characteristic will be motivated to disclose those information too as they do not want to be left behind by their competitors or lost their competitive advantage. For example, when the well-known company knows that most of the reputable companies are disclosing more corporate social responsibility, the well-known company will be motivated to disclose those information too, as the company

wants to maintain its good reputation and brand name and they do not want to lose such competitive advantage. Besides that, it makes contributions to the academic literature by filling up the knowledge gap in the aspect of corporate social responsibility disclosure through social media. Next, investors are interested in monitoring the voluntary disclosure including the corporate social responsibility disclosure. Therefore, the results will provide an insight for the investors to understand the reasons of disclosing the corporate social activities by the companies. Furthermore, the results from this study provide significant information to regulators who are interested in monitoring the corporate social responsibility disclosure in social media. Currently, the Malaysian government has started to oversee the information being posted and disclosed in social media. It can be observed that some medias being sued because of the information released on social media & even because of the readers' comments. However, there is no laws and regulations imposed by the Bursa Malaysia on the corporate social responsibility disclosure on social media and there is no social media audit as of now. From this study, the policy makers are able to know the number of Malaysian public listed companies that own an official social media, and what are the corporate social responsibility information being disclosed on social media as well as the factors which influence the public listed companies to disclose corporate social responsibility on social media. This will provide an insight to the policy makers to decide if there is a need to set the laws and regulations on the corporate social responsibility disclosure on social media by the Malaysian public listed companies.

1.6 Chapter Summary

This thesis is organised into six chapters as follows. Chapter One discusses the background of the study. As an introduction, it provides an overview of the research. Based on the identified problem statement, research objectives and research questions.

Chapter Two describes the previous studies on corporate social responsibility, corporate social responsibility disclosure, the development of social media and the different theories explaining the corporate social responsibility disclosure.

Chapter Three explains the theoretical framework used in this study based on the theory. It discusses the development of the hypothesis, which is used to test the relationship of the determinants of corporate social responsibility disclosure through social media by Malaysian public listed companies.

Chapter Four explains the methodology used in this study. The content analysis of the corporate social responsibility disclosure in social media and a questionnaire survey were used to collect the data to be used in the analysis. This chapter also explains the operational definition and measurement of dependent and independent variables.

Chapter Five focuses on the findings of statistical analysis in this study. The results of the hypotheses testing are presented along with the statistical evidence. The chapter concludes with a summary of the hypotheses testing.

Chapter Six discusses the findings in Chapter Five and its relationship with the previous research. This chapter also explains the theoretical and practical contribution of this study alongside with the limitations of this study and suggestions for future research. Lastly, it draws a conclusion to conclude this study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews existing literature on corporate social responsibility disclosure. The second section discusses the information disclosure. The third section explains the corporate social responsibility disclosure. Next, it discusses the corporate social responsibility disclosure through traditional medium. It is followed by corporate social responsibility disclosure on the website. Next, it discusses the social media. The following section explains the corporate social responsibility disclosure through social media. Next, it discusses the corporate social responsibility disclosure through social media in Malaysia. The following section examines the theories of corporate social responsibility disclosure on social media. The next section elaborates the determinants of corporate social responsibility disclosure through social media. The last section presents the conclusion of this chapter.

2.2 Information Disclosure

Information disclosure is categorised into two categories, which is mandatory disclosure and voluntary disclosure. Mandatory disclosure is required by laws and regulations and compulsory for the company to disclose. It mainly focuses on the presentation of financial statements and their complementary footnotes (Boshnak, 2017). Voluntary disclosure is not compulsory for the company to disclose such information, but it depends on the management decision if the management wants to disclose it. Voluntary disclosure in the annual report indicated as “*information primarily outside of the financial*

statements that are not explicitly required by accounting rules or standards” (Boshnak, 2017). It refers to any additional information disclosed by the company along with the mandatory information with the purpose to reduce information asymmetry.

Basically, voluntary disclosure is classified into three categories, which is strategic and forward-looking, financial and non-financial information (Cotter et al., 2011). Strategic and forward-looking information covers general corporate information and strategy, acquisitions and disposals, research development and prospects. Financial information includes segmental information, financial review, stock price information and trending and foreign currency information. Non-financial information includes corporate governance information, corporate social responsibility and environmental reporting. This study focuses on the voluntary disclosure, specifically on corporate social responsibility disclosure (Cotter et al., 2011).

2.3 Corporate Social Responsibility Disclosure

The empirical studies on corporate social responsibility disclosure in Malaysia have been done previously (Abdullah et al., 2011; Amran & Devi, 2008; Andrew et al., n.d.; Esa & Ghazali, 2012; Ghazali, 2007; Haniffa & Cooke, 2005; Said et al., 2009; Saleh et al., 2010; Teoh & Thong, 1984; Thompson & Zakaria, 2004). These studies showed that even the level of corporate social responsibility activities is low among the Malaysian listed companies, the interest in corporate social responsibility disclosure is increasing in Malaysia over time. The majority of the studies on corporate social responsibility disclosure were using content analysis.

Abdul Hamid (2011) examined the level of corporate social responsibility disclosure of Malaysian Telecommunications Companies based on annual reports from the year 2002 to 2005. Top three Malaysian Telecommunications Companies have been selected as the sample which includes Telekom Malaysia, Maxis Communication and Digi Communication. The checklist instrument has been used to categorise the corporate social responsibility into four themes which are environment and energy, human resource, product or services and community. The research concludes that the corporate social responsibility disclosure has increased significantly from 2002 to 2005. The result showed that Telekom Malaysia which is the Government Link Company (GLC) focused on the disclosure of community and human resource (Abdul Hamid & Atan, 2011).

Abu-Baker and Naser (2000) used four testable dimensions. They tested their hypothesis based on evidence on corporate social responsibility disclosure in Jordan. He has used six themes for the content analysis, which are environment, energy, human resources, products, community involvement and other. The result showed that the majority companies surveyed, about 85%, disclosed the corporate social responsibility information related to human resources and involvement in community (Abu-Baker & Nasser, 2000). However, only a limited number of companies disclosed the corporate social responsibility information about the products, environment and energy, which is about 45% (Abu-Baker & Nasser, 2000).

In the Malaysian context, Thompson and Zakaria (2004) found that about 81% of 257 companies selected for the year 2000, has disclosed their corporate social responsibility information in the annual reports. They found that most Malaysian organisations disclosed the corporate social responsibility from the employees and human

resources perspective, which is about 40%, whereas for products and consumers is 24%, community involvement is 22% and environment is only 16%.

Grigoris Giannarakis (2014) used nine independent variables to the test relationship on the corporate social responsibility disclosure. The independent variables being tested are CEO duality, companies' size, women on board, companies' profitability, board's age, industry profile, board meetings of directors, board size and financial leverage. The companies selected are those listed in Fortune 500 in the USA. The CSR score is calculated by using 100 out of 219 items from Bloomberg that mainly based on GRI requirement. Grigoris Giannarakis (2014) concluded that the company's size has a significant relationship with corporate social responsibility disclosure. He further suggested that larger US companies will disclose more corporate social responsibility information and this is due to accountability and visibility (Giannarakis, 2014). Board size, CEO duality and profitability have a positive relationship with corporate social responsibility disclosure (Giannarakis, 2014). However, he found that industry profile has a negative relationship with corporate social responsibility disclosure, which contradict Naswer & Hassen (2013). The result also showed that board age, women on board, number of board meetings of directors and financial leverage have no significant relationship with corporate social responsibility disclosure (Giannarakis, 2014).

Rahman et al. (2011) examined the relationship between corporate characteristics and corporate social responsibility disclosure. Forty-four government-linked companies listed in Bursa Malaysia has been selected as sample for 2005 and 2006. Content analysis is used to determine the corporate social responsibility disclosure index by considering 16 disclosure items. Multiple linear regression analysis has been used and the results showed

that out of all the determinants, only the firm size has a positive relationship with the corporate social responsibility disclosure index (Hawani Wan Abd Rahman et al., 2011).

Jennifer Ho and Taylor (2007) investigated the determinants of the extent of corporate social responsibility disclosure. 50 of the largest US and Japanese companies have been chosen in 2003. Content analysis has been used to determine the corporate social responsibility disclosure index based on 20 disclosure items. Multiple regression models have been used and the findings revealed that organisations with bigger size, lower profitability, lower liquidity and membership of manufacturing were having a significant relationship with the corporate social responsibility disclosure (Jennifer Ho & Taylor, 2007). In addition, Japanese companies have more corporate social responsibility disclosure, especially the corporate social responsibility disclosure on the environment because of differences in country cultures, legislative on environmental and other institutional elements between the USA and Japan (Jennifer Ho & Taylor, 2007).

Khan (2010) examined the relationship between corporate governance characteristics with the extent of corporate social responsibility disclosure based on 30 Bangladesh private commercial banks for 2007 and 2008. Content analysis has been used to calculate the corporate social responsibility disclosure index which is considering 60 disclosure items (Khan, 2010). Hypothesis development has been tested by using multiple regression analysis. Five independent variables have been tested which is firm size, profitability, non-executive directors and the existence of foreign nationalities in the board. All the independent variables tested have a significant positive relationship with the corporate social responsibility disclosure (Khan, 2010).

Haji (2013) proposed details of list of corporate social responsibility disclosure checklist which is shown below.

- (1) Awards received by the company that relate to social, environmental and best practices.
- (2) Number of employees.
- (3) Breakdown of employees by origin.
- (4) Breakdown of employees by gender.
- (5) Information on employee redundancy.
- (6) Employees' appreciation.
- (7) Employees training.
- (8) Amount spent on employees training.
- (9) Number of employees trained.
- (10) Discussion of employees' welfare.
- (11) Information on the safety of employees.
- (12) Information on accidents.
- (13) Equal opportunity policy statement.
- (14) Reporting on the company's relationship with trade union and/or workers.
- (15) Reporting on any strikes, industrial actions/activities and the resultant losses in terms of time and productivity.
- (16) Information on the safety of products.
- (17) Environmental protection programs.
- (18) Donations to charity.
- (19) Community development (health and education).

- (20) Internship programs for graduating students.
- (21) Sports activities.
- (22) Employee involvement in community programs (charity).
- (23) Value added statement.

Adam (2011) listed down the most common information disclosed in annual reports about social and environmental activities which are shown in below.

- (1) Human Resource Report / Human Resource Training / Investing In People / Human Capital Development / People / Employee Competency / Human Resources Management / Our People / Skill Training and Knowledge Upgrade / Employee Care / Working Towards a High Performance Workforce / Staff Development / Engaging Our Employee / Working Towards a High Performance Workforce.
- (2) Community Involvement / Community Statement / Contribution to Community / Community Outreach / Community Service / Engaging with Our Community / The Community Builder / Commitment to Community / Corporate Citizenship.
- (3) Continued Emphasis on Quality / Quality Standard / Product Development / Water Quality / Quality Coverage / Quality and Safety / Quality Improvement / Brand Image / Reinforcing Customer Confidence / Quality Policy / Enhancement of Product and Service / Towards Greater Innovation / Quality Excellence / Service Quality Improvement.
- (4) Corporate Social Responsibility Statement / Social and Sports Activities / Responsibility to Community and People / Contribution to Nation / Philosophy to Employee and Safety / Ensuring a Conducive.

- (5) Environmental Report / Environment, Health and Safety / Occupational, Health and Safety / Environment and Community / Green the Environment / Safety Measures / Serving to Community and Environment / Environment Care / Centre for Environment / Safeguarding the Environment / Safety and Security / Total Quality and Environment Management / Environment and Recycling / Environment Responsibility / Environment Concern / Contribution to Environment / Environment Management System / Environment Policy / Quality, Health, Safety and Environment / Environment and Consciousness.
- (6) Corporate Achievement / Achievement and Award.

Khaled et al. (2011) focused on five categories of corporate social responsibility, which are the environment, human resources, community involvement, energy and customers and products (Khaled et al., 2011). Environment is defined as those activities including efforts to reduce the emission of chemical, compliance with the environment act, implement the environment techniques, recycling activities and any other activities relating to environment (Adam, 2011). Human resource is defined as taking care of the wellbeing of employees. These include the improvement practice, training program, working and safety condition, job enrichment, job empowerment and any activities related to the benefits of employees (N. N. B. N. Ahmad et al., 2003). Community involvement is defined as education, sponsoring event, cultural activities and any other activities that will bring benefits to the community (Hossain, M. and Reaz, 2007). Energy is defined as the energy source used by companies and the efforts of companies to conform the environmental-friendly measures (Adam, 2011). Customers and products are defined as

customer satisfaction, customer feedback, customer health and safety, product safety, product quality and product adherence to the law and regulations (Khaled et al., 2011).

Corporate social responsibility disclosure has been well researched in the past and many factors have been found to have a significant relationship with the corporate social responsibility disclosure. Through the literature review on corporate social responsibility disclosure, most of the researchers classified the corporate social responsibility into four main categories. The four categories include environment, employee, community and customers. Profitability and firm size are the two factors that most of the researchers found to be having a positive relationship with the corporate social responsibility disclosure.

2.4 The Corporate Social Responsibility Disclosure through Traditional Medium

Global interest in voluntary corporate social responsibility disclosure has increased significantly recently. There are 71% of Asia Pacific companies, 76% of American Companies and 73% of European companies are now reporting on corporate social responsibility (KPMG International, 2013). One of the reasons is because of the greater interest of stakeholders have in receiving voluntarily disclosure on corporate social responsibility that added value to the disclosure of mandatory financial and accounting information (El Ghoul et al., 2011). In addition, corporate disclosure responsibility disclosure helps to reduce information asymmetry between the managers and its stakeholders, especially investors (Cormier & Magnan, 2014). The organisations are aware of their social responsibility, and they are motivated to integrate corporate social responsibility into the business as a whole (Mark-Herbert & Schantz, 2007).

Integrated reporting has become popular since 2011, driven by the work of the International Integrated Reporting Council (IIRC). Most of the companies reported their corporate social responsibility in the annual report, only a minority of companies reported in the integrated report (KPMG International, 2013). The regulation drives the growth in corporate social responsibility reporting (Malik & Kanwal, 2018).

Many organisations are moving towards integrated reporting by presenting their corporate social responsibility in their annual reports. There are 51% of companies reported their corporate social responsibility in their annual report (KPMG International, 2013). The proportion has increased dramatically in the last five years from 2008 when there was just 4%. However, only 10% of the companies claim that they have started using Integrated Reporting (KPMG International, 2013).

There is an increasing number of companies linking between corporate social responsibility and business strategy by including the corporate social responsibility data and information in the Directors' report (Kavitha & Anita, 2011; Lubis et al., 2019). Even though the companies have included the corporate social responsibility information in the Directors' report, they also included the corporate social responsibility information in a separate chapter apart from the Directors' report (Ballou et al., 2006). This shows that the companies are seeing the value of disclosing the corporate social responsibility to the stakeholders, by enabling the stakeholders especially investors to look into the greater details in this aspect of companies' performance. Hence, the corporate social responsibility disclosure becomes important for the organisations (Nekhili et al., 2017).

Nike illustrated an example of a company that has strived to highlight its contribution to the local communities in Asian countries through the external visitations and its annual reports. However, Bell DeTienne and Lewis (2005) claimed that such effort might be a way to 'hide' its sweatshop practices in other countries in the 1990s. Similarly, Kreshel (2009) and Visser (2011) reported that besides Nike, other companies have also embarked in corporate social responsibility for the same motive. In this light, companies should be more cautious in disclosing their CSR policy and the performance of their corporate social responsibility activities as well as in using their so-called 'social or environment values' for promotion (Axjonow et al., 2018).

External auditing on Corporate Reporting is still of voluntary basis in many countries (M. J. Jones & Solomon, 2010). The KPMG's Global Head of Audit, Larry Bradley, said that because many companies are moving towards the integration of Corporate Reporting into the business strategy, he believes that the stakeholders will require the Corporate Reporting information to be audited by independent external auditors. Stakeholders will gain more assurance if the integration of Corporate Reporting being audited by external auditors (Kemp et al., 2012). However, voluntary integration of Corporate Reporting is still not mandatory to be audited by independent external auditors (Stuart et al., 2020).

Based on the literature review, corporate social responsibility disclosure on the annual report is getting more common. Although it is still under voluntary disclosure, many organisations have started to disclose this corporate social responsibility information to their stakeholders. Corporate social responsibility even becomes the business strategy by including this information in the annual report. This shows that the

corporate social responsibility disclosure becomes a competitive advantage to the organisations to attract potential investors and eventually it leads to higher corporate social responsibility disclosure in the annual report.

2.5 Corporate Social Responsibility Disclosure on Website

Over the last few decades, companies that are involved in corporate social responsibility have shared their corporate social responsibility endeavours through their corporate websites (Anwar & Malik, 2020; Lubis et al., 2019; Stuart et al., 2020). In this regard, NGOs advocating the disclosure of corporate social responsibility, including the Global Reporting Initiative, have reported a surge in the quality and quantity of corporate social responsibility reporting in the past years (GRI, 2013). However, according to Asif et al. (2013), researchers observed that these corporate social responsibility disclosure on the website might report corporate social responsibility from a wide range of angles, leading to differences in the contents being reported. Past research by Farache and Perks (2010), Kreshel (2009) and Visser (2011) mentioned that companies also presented their corporate social responsibility through campaigns that contain CSR statements in addition to including a section on corporate social responsibility on their corporate websites.

Consequently, the disclosure of corporate social responsibility on a company's website can raise disparagement similar to the general critiques on corporate social responsibility. Companies are accused of using corporate social responsibility as an avenue for 'green -washing' where the CSR statements are exploited to mask their unethical acts. Furthermore, corporate social responsibility is deemed as incremental, where while companies promote their so-called responsible measures, they can still cause considerable damage to the environment and society. This is because at times, these