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Corporate Social Responsibility (CSR) Disclosure and Corporate Performance for Malaysian Plantation and Consumer Product Sectors

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Abstract

Corporate social responsibility (CSR) activities have turn out to be important for corporate strategy in businesses. With an increased pressure from the stakeholders, these require the management of a company to be transparent and reliable in reporting their CSR activities. Perhaps, it is also imperative for the financial performance in a long term. Thus, the purpose of this study is to investigate the extensiveness of corporate social responsibility disclosure (CSRD) among plantation and consumer products listed companies on Bursa Malaysia. Additionally, this study looking evidence on the relationship between CSRD and company financial performance (CFP) of selected companies. The data is obtained through content analysis of the company annual reports and stand-alone sustainability reports for the period of 2003-2013. Based on the stratified sampling method, 40 companies have been selected. The four independent variables are the CSR framework outlined by Bursa Malaysia (community, environment, marketplace and workplace) and the dependent variables (return on asset and Tobin's Q) is used in this study. Data were analyzed using E-views software. The findings discovered that consumer product sector recorded the highest CSRD which the workplace dimension become the preference while plantation is the least sector. Furthermore, the findings from the panel data regression models on the impact of CSRD associated with CFP, it revealed that there is a mixed relationship associated with return on assets (ROA) and Tobin's Q (TQ). The findings of this study were particularly important not only to the existing literature but also for both sectors to consider the importance of CSR activities in their business operation activities.
Keywords: Corporate social responsibility (CSR); Corporate social responsibility disclosure (CSRD); Content analysis; Company financial performance; Panel data regression.

1. Introduction

The concept of corporate social responsibility (CSR) has been explored since a few decades and it is an upcoming topic in industries worldwide. Given a term of a corporate sustainability and CSR, both are interrelated concepts and being used by scholars interchangeably. Both are relevant in organization that deliberate the consequences of social and environmental towards their business activities. Although CSR is becoming more and more pervasive but there is still a great misperception surrounding. Thus, this has led the scholars to give a greater consideration to it. McWilliams et al. (2001), describe CSR as "*actions that appear to further some social good, beyond the interest of the firm and that which is required by law*". There are no legal obligations about it and organizations are permitted to do whatever they think it is the best. Be part of the society, the business activities will affect both the social and economic environment where they operate whether in positive or negative way towards society at large. For instance, the social and environmental issues include economics inequities, pollutions, environmental deterioration and many more. Therefore, for companies to survive in the industries they are required to evade and minimize negative impacts towards social and environment while create value of the company.

According to Madhani (2008), corporate disclosure is defined as '*to communicate information about firm's performance and value to public, outside investors and other stakeholders*'. Therefore, the organization is required to be transparent and accountable in providing information not only to disclose information on financial but also information on ethical, social and environment. The information is not only imperative for the management in decision making but the most important is to the stakeholders. The stakeholders are not only considering on how much profit made by the companies. But they are also keen to know about the contribution towards the society at large. Apart from that, good disclosure capable to improve the efficiency of the business to excel and maximize the shareholders' value. This scenario has led the essential for the companies to disclose information related to their CSR activities. Corporate social responsibility disclosure (CSRD) can be distinguish into two; voluntary disclosure and mandatory disclosure. Based on Yuen and Liu (2009), voluntary disclosure is free choices for managers in providing information to users of annual reports and to satisfy their needs. It is information primarily separately from the financial statements that are not obviously required by GAAP (Financial Accounting Standard Board, FASB,

2000). While mandatory disclosure is information must be disclosed and published following statutory laws and regulations. Mandatory disclosure defined by Adina and Ion (2008), '*aspects and information which must be published as a consequence of the existence of some legal or statutory stipulations, capital markets, stock exchanges commissions or accounting authorities' regulations*'.

In Malaysia, the needs to disclose CSR activities has been mandated since December 2007. All public listed companies (PLCs) are required to disclose information on CSR activities following the CSR framework outlined by Bursa Malaysia. This is to inspire Malaysian PLCs to become more socially responsible and emphasized that CSR is more than philanthropy and community initiatives (Bursa Malaysia, 2010). Apart from improving financial performance, enhance brand image, reputation and ability to attract investors, CSR also benefit Malaysian companies to compete worldwide. Due to globalization challenge, this is an opportunity for companies to position themselves globally and access into international market. As stated earlier, the CSR framework launched by Bursa Malaysia fundamentally comprises of four (4) CSR dimensions; community, marketplace, environment and workplace. These dimensions are to assist companies in prioritizing and choosing dimensions to disclose. Therefore, it gives flexibility for the companies to provide information concerning to their CSR activities. Thus, due lack of specific reporting requirement on the amount and content of disclosure, this has led greater inconsistency in terms of CSRD.

Previous studies (Abdullah *et al.*, 2011; Amran and Susela, 2008; Chek *et al.*, 2013; Esa and Mohd Ghazali, 2012; Haniffa and Cooke, 2005; Mohd Ghazali, 2007; Saleh *et al.*, 2010; Teoh and Thong, 1984; Thompson and Zurina, 2004; Zainal *et al.*, 2013a) discovered that the level of CSR practices and CSRD need to be improved. There are number of studies pertaining to CSR have been investigated in developed countries such as in UK and the US. But the studies on the relationship between CSR and CFP in the developing country context is limited. This include study which regards on the nature and quality of CSRD among companies. Furthermore, investigation whether CSR has a positive or negative relationship with CFP has been conducted by Ahamed *et al.* (2014). The study concluded that there is a positive relationship between CSR and CFP together with firm size and revenue as a control variable. At present, studies on the nature and quality of CSRD among Malaysian companies are still lacking.

Hence, there are two objectives encompassed in this study. The first objective is to find evidence on the nature and CSRD level by Malaysian companies disclosed in the company annual report and stand-alone sustainability report. Consequently, to determine the significant relationship of CSRD towards CFP. This study is not only to enhance literature on CSR studies in developing country but also to contribute evidence on CSR in a specific sector as previous studies examined CSR by various industries. Moreover, this study will provide pattern of disclosure sector precisely. The focus of this study is to provide evidence on CSR practices of consumer product and plantation sector. The consumer product and plantation sector can be considered as sectors that have a direct relationship with environment and society and environmental sensitive sectors as well. It is believed the operations activities are prone to the environment and society ethics. According to Gray *et al.* (1995), the larger, more profitable and more socially and environmentally sensitive companies can be expected to make greater use of the voluntary disclosure of information about their social and environmental activities.

2. Literature Review

There is misperception among companies whether it is imperative for the companies to disclose whether they are socially responsible or not. Apart from that, there are debate about CSR since there is no specific theory and universal definition to explain the CSR practices. The World Business Council for Sustainable Development define CSR as '*the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large*'. The CSR activities carried out by the companies is further than the bottom line for the interest of the public at large. According to Sprinkle and Maines (2010); Waddock and Graves (1997), CSR can improve brand image and reputation of a company. For instance, there are customers who are aware on social and environmental. Therefore, they prefer product based on the involvement of the company who are concern on social and environmental. Further, the greater a firm's contribution to social welfare, the better its reputation. A good reputation enables companies to charge a premium price and attract better investors (Fombrun and Shanley, 1990). Engaging with CSR requires companies to bear extra costs to generate benefits to the society and stakeholders. This includes extra operating costs to meet stakeholders' needs, welfare and services to employees (employees remuneration and awards, training, equalities etc) or they must buy special equipment from special suppliers in order to be sustainable (Barnett, 2007).

The empirical studies of CSR have never agreed as some studies found a positive correlation, some other a negative while others found no correlation at all (Abdifatah, 2013; Branco and Rodrigues, 2008; Rahman *et al.*, 2011; Saleh, 2009; Saleh *et al.*, 2011; Samet and Jarboui, 2017; Waworuntu *et al.*, 2014; Yusoff and Adamu, 2016). Margolis and Walsh (2001) is among earlier scholars who tried to explore the relationship between corporate social performance (CSP) and CFP relating to environmental performance (measured as the level of pollution) to financial performance (measure using accounting measures such as average return on capital and average return on equity). Both empirically and theoretically results have been mixed. Further, Orlitzky *et al.* (2003) discovered that after developing a meta-analysis of 52 studies, it shows that there is a positive association between CSP and CFP. Other studies pertaining to the relationship between CSRD and CFP includes Kartadjumena *et al.* (2011); Saleh *et al.* (2011); Ahamed *et al.* (2014). Referring to study from Yusoff and Adamu (2016) revealed that Malaysian top 100 companies that are actively involved in CSR activities can enhance their financial performance. This is supported by Ahamed *et al.* (2014) concluded that ROA and ROE is positively significant together with firm size

and firm revenue as control variable. This shows that effective and efficient management is prominent to gain higher profit.

Study on consumer product and plantation sectors in Malaysia discovered by Chek *et al.* (2013) concluded that the number of companies disclosed their CSR activities in 2009 was high for both industries. However, the level of disclosure is still at minimal based on each of the category. Moreover, the level of CSRD on industrial product sector is the most frequent with a comparison with trading and services sector which revealed the highest sector with no CSRD (Said H. *et al.*, 2011). This is consistent with studies from Zahid and Ghazali (2015) and Rosli *et al.* (2015) concluded that the reporting of CSR is at minimal but having upwards trend.

Although there are numbers of literature review specified that CSR has a positive impact associated with CFP. However, there are disputes regarding the measurement of financial performance. There are pros and cons related to the usage of accounting-based measures and market-based indicators. Accounting-based measures (EPS, ROA, ROE, asset turnover) is said to capture only the past performance and historical record of a company (Margolis and Walsh, 2003). While market-based measures (stock performance, market return, dividend, Tobin's Q and others) is a better evaluation for the firm's capacity in generating future cash flow (McGuire *et al.*, 1998). Further, according to Cavaco and Crifo (2009) Tobin's Q is a neutral indicator which more sensitive to variations that may be independent of the operations and social activities that can affect the market values. Inoue and Lee (2010) investigate the association between specific CSR dimensions in relation to financial performance for tourism sectors which are airline, casino, hotel and restaurant. The CSR dimensions comprises of employee relations, environmental issues, community relations, product quality and diversity issues. The financial performance as measured using ROA and TQ. The data gathered ranged from the year 1991 to 2007. It revealed that there is a mixed finding by industries and for each CSR dimension.

Most of the CSR studies employed stakeholder and legitimacy theories to explain the motivation of CSRD. Besides that, agency theory and institutional theory are common theories being applied by the researchers. For this study, stakeholder theory and legitimacy theory is applied.

2.1. Stakeholder Theory

The stakeholder theory introduces by Freeman (1984) suggest that, the goal of the stakeholder is the obligation that businesses to make a profit. This include the integration between business activities and social obligation towards community and public at large. Freeman (1984), defines stakeholder as "*any group or individual who can affect or is affected by the achievement of the organization's objectives*". Based on Clarkson (1995), stakeholder comprises shareholders, investors, employees, customers and suppliers. Further, Beurden and Gossling (2008) suggested that "the success of an organization depends on the extent to which the organization can manage its relationship with key groups, such as financiers and shareholders, but also customers, employees and even communities or societies. Suhartati *et al.* (2011), added that the concept of CSR should be beyond measures to maximize the profits for the benefits of shareholders. The company is not only to fulfill the interest of shareholders but also for the interests of stakeholders; those that relevant or claims against the company. Furthermore, the proponents of the stakeholder theory Freeman (1984) argue that a correlation between CSP and CFP exists, and it is positive. It is believed that CSR improves the satisfaction of different stakeholders and consequently the firm's reputation to a better financial performance (Allouche and Laroche, 2005).

2.2. Legitimacy Theory

The concept of legitimacy theory is to ensure that the business operating activities is within the norms of respective societies. As stated by Deegan and Unerman (2011), the companies attempt to ensure their business activities are perceived by outside parties as being 'legitimate'.

Therefore, the research framework was developed as presented in Figure 1. The basis of this study are stakeholder theory and legitimacy theory in achieving the research objectives. The regression is based on the independent variables (CSRD) and dependent variables (CFP).

Figure-1. Conceptual Framework
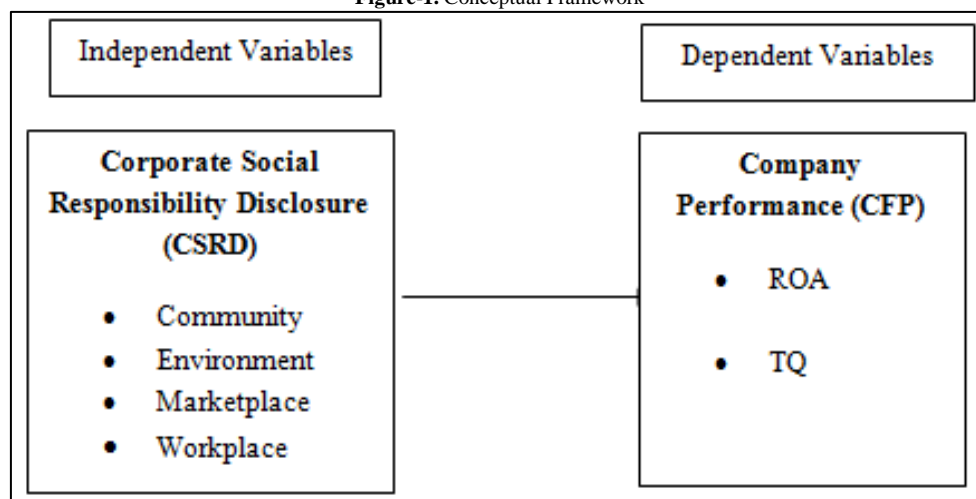
According to prior studies there are mixed findings between the degrees of CSRD in relation with corporate performance (CFP). This study assumes the viewpoint that commitment with CSR activities (CSRD) are positively associated with CFP. It is expected a positive sign in the regression. Hence, CSR benefits the companies to build name acknowledgment, customer loyalty (Rosen *et al.*, 1991) and market position (Fombrun and Shanley, 1990). In conclusion, the higher level of CSRD lead to a higher level of financial performance.

Thus, the hypotheses tested are as follows:

H1 There is a positive and significant relationship between each CSR dimension and return on assets (ROA)

H2 There is a positive and significant relationship between each CSR dimension and Tobin's Q (TQ)

3. Methodology

This study focuses on the consumer product and plantation sectors which listed on Bursa Malaysia. It comprises of 31 companies (341 observations) for consumer product sector and 9 companies (99 observations) for plantation sector using stratified random sampling. This quantitative study utilizing content analysis on the information disclosed in annual report and stand-alone sustainability report. All information was downloaded from website of Bursa Malaysia while financial data from Thomson Reuter data stream. All sections of the annual report and stand-alone sustainability report of selected companies are comprehensively analyzed. The reports constituted was chosen as the main data since it is the most accessible sources of information (Saleh *et al.*, 2010). The data set for this study covers 11-year (from year 2003-2013). To be consistent with the effective of mandatory disclosure on CSR activities in a year 2007, there will be two parts of analyses on the nature and extent of CSRD. It is categorized into voluntary disclosure period (2003-2007) and mandatory disclosure period (2008-2013). Thus, it is projected that the trend of disclosure is increasing during mandatory disclosure period.

The proxies for dependent variables (CFP) are return on assets (ROA) and Tobin's Q (TQ). The ROA is commonly used as a profitability measurement because it can reflect the actual financial performance of a company. The relationship between CSRD and ROA has been found positive by Pava and Krausz (1996), and Simpson and Kohers (2002) but no relationship found by Abdul Rahman *et al.* (2009). Tobin's Q (TQ) was chosen as it is a neutral indicator and more sensitive to variations that may be independent of the operations and social activities which can affect the market values (Cavaco and Crifo, 2009).

There are two independent variables involve in this study; total CSRD and size of the company. The measurement of total CSRD (independent variable) of the sample is using content analysis. Content analysis has been widely used in previous studies to measure the quantity of CSR (Hackston and Milne, 1996; Zeghal and Ahmed, 1990). It is a procedure of codifying the presence of certain words or concepts within set of texts. The determination of total CSRD score is developed by adding all the items covering the four CSR dimensions outlined by Bursa Malaysia; community, environment, marketplace and workplace. The score was design to indicate the quality of each disclosure items adopted from Yusoff and Lehman (2008). A score zero (0) was given to the company with no disclosure on CSR activities. A score one (1) was awarded to the company with general information of one sentence on CSR activities. Consequently, a score of two (2) was given when the information was disclosed in a form of qualitative information only which is more than one sentence. A score of three (3) was given to the company when the disclosure consists of numbers and quantifiable information related to CSR activities. Finally, the score of four (4) was awarded when there is a combination of qualitative and quantitative information. The maximum possible score is set at 288. However, the maximum score for each of the CSR dimensions is 80 for community disclosures, 68 for environmental disclosures, 52 and 88 scores for marketplace and workplace disclosures respectively. To maintain the consistency and subjectivity issues, all information disclosed will be thoroughly review twice. However, the size of a company is based on the total assets worth of selected sample. Based on prior study (Esa and Mohd Ghazali, 2012), we can expect more information with regards CSR activities information from larger company, thereby legitimizing their existence. Furthermore, larger companies may give greater impact towards society. Hamid (2004) and Said *et al.* (2009) has proved that there is a positive relationship between size of a company and CSRD.

The focus of this study is to examine the nature and extensiveness of CSRD. Further, to identify whether there is any impact of CSRD on CFP among samples, an E-views econometrics software is used. The regression model includes Ordinary Least Square (OLS) regression and panel data analysis (fixed effect and random effect model). Panel data helps to identify and measures effects that simply cannot be observed in pure time series or cross-sectional data (Gujarati, 2003). According to Hsiao (2003), it helps the researcher with many data points, increasing the degree of freedom and reducing collinearity among independent variables.

4. Findings and Discussions
4.1. Descriptive Statistics

Figure-2. Total CSRD by Sectors
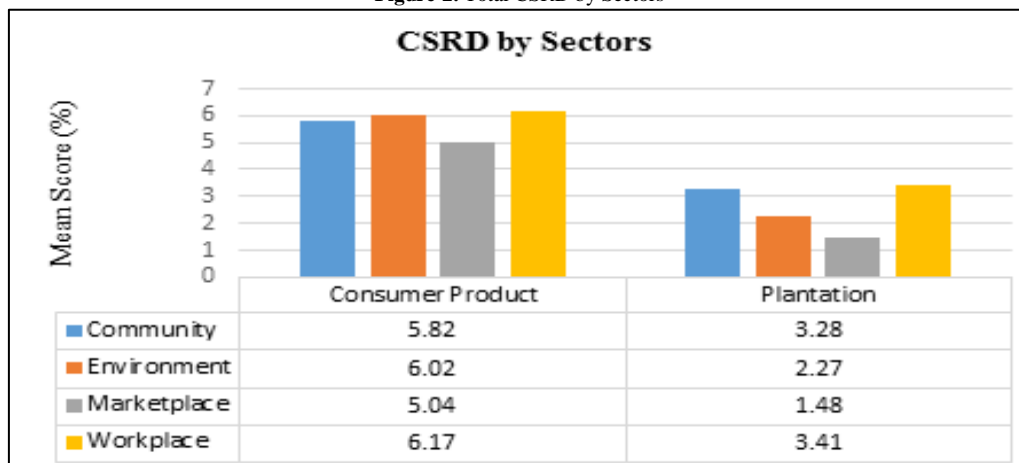
The results of the nature and quality of CSRD for consumer product and plantation sectors is presented in Figure 2. Apparently, consumer product sector recorded the utmost CSRD for the period of 2003-2013. The disclosure on workplace information is the prioritized for both sectors with a mean score of 6.17 percent and 3.41 percent respectively. Furthermore, both sectors recorded the least information on marketplace dimension which are 5.04 percent and 1.48 percent respectively. Refer to the minimum score of zero for a total CSRD for both sectors it discovers that that there are still companies who have chosen not to disclose any information on any of the CSR dimension throughout the period of study.

Looking at the evidence in Table 1, the trend discovered that there are increases of CSRD disclosed between sectors between the voluntary disclosure period (2003-2007) and the mandatory disclosure period (2008-2013). During voluntary disclosure period for consumer product sector, most of the companies tend to disclose more information on marketplace (4.52%) and least information on community involvement (2.44%) is the least disclosed. In contrast, the companies disclosed more information related to community (8.65%) during mandatory disclosure period and least information on marketplace dimension (5.47%). Furthermore, referring to the trend of improvement between voluntary and mandatory disclosure period, it is found that the disclosure on community dimension has the greatest difference value of disclosure which has increased from 2.44 percent to 8.65 percent with a difference value of 5.92 percent. Generally, although the workplace dimension is the most frequent information being disclosed, but the difference value of improvement is small. The increases in only at 4.17 percent which has increased from 3.89 percent to 8.06 percent.

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Table-1. CSR Disclosure for Consumer Product Sector

CSRD Dimension		Years	Mean (%)	Max (%)	Min (%)	T-test
Community	Voluntary	2003 – 2007	2.44	57.50	0.0000	-6.42
	Mandatory	2008 – 2013	8.65	52.50	0.0000	(0.0000)***
Environment	Voluntary	2003 - 2007	3.21	64.70	0.0000	3.56
	Mandatory	2008 - 2013	8.36	79.41	0.0000	(0.0004)***
Marketplace	Voluntary	2003 - 2007	4.52	48.08	0.0000	-1.11
	Mandatory	2008 - 2013	5.47	38.46	0.0000	(0.2658)
Workplace	Voluntary	2003 - 2007	3.89	61.36	0.0000	3.49
	Mandatory	2008 - 2013	8.06	63.64	0.0000	(0.0005)***

Note: *** Significant at level 1%   ** Significant at level 5%   * Significant at level 10%

The results for plantation sector are presented in Table 2. Similar with consumer product sector, information on workplace dimension (3.41%) is found to have the most frequent dimension being disclosed for the period of study. However, information on marketplace (1.48%) is the least disclosed. Generally, there are also improvement trend in the disclosure for plantation sector between voluntary and mandatory disclosure. During voluntary disclosure period, the companies tend to disclose more information on workplace dimension (1.82%) while community dimension (0.08%) is the least disclosed. The trend has changed when companies tend to disclose more information on community (5.35%) during mandatory disclosure period with a minimal disclosure on marketplace dimension (1.92%). From the observation community dimension has the utmost improvement trend from voluntary disclosure period to mandatory disclosure period with a difference value 5.27 percent as compared to other dimensions. The marketplace dimension yet to be the least preference among companies with a very minimal changed (0.98%).

Table-2. CSR Disclosure for Plantation Sector

CSRD Dimension		Years	Mean (%)	Max (%)	Min (%)	T-test
Community	Voluntary	2003 – 2007	0.080	11.25	0.0000	-5.37
	Mandatory	2008 – 2013	5.35	21.25	0.0000	(0.0000)***
Environment	Voluntary	2003 - 2007	1.18	26.47	0.0000	-2.04
	Mandatory	2008 - 2013	3.19	20.59	0.0000	(0.0441)**
Marketplace	Voluntary	2003 - 2007	0.98	11.53	0.0000	-1.18
	Mandatory	2008 - 2013	1.92	21.15	0.0000	(0.2391)
Workplace	Voluntary	2003 - 2007	1.82	21.59	0.0000	-3.00
	Mandatory	2008 - 2013	4.73	20.45	0.0000	(0.0034)***

Note: *** Significant at level 1% ** Significant at level 5%   * Significant at level 10%

4.2. Relationship between Corporate Social Responsibility Disclosure (CSRD) and Company Financial Performance (CFP)

The Spearman Rank Order (SRO) test in Table 3 confirmed that the variables are not highly correlated and no existence of collinearity for consumer product sector. This is consistent with a statement from (Sekaran and Bougie, 2013)

that the presence of multicollinearity exists when the correlation among independent variables exceed the 0.70 cut-off points.

Table-3. Spearman Rank Order (SRO) Test for Consumer Product Sector

Correlation Probability	COM	ENV	MKT	WORK	SIZE
COM	1.0000				

ENV	0.6052	1.0000			
	(0.0000)***	-----			
MKT	0.2838	0.4229	1.0000		
	(0.0000)***	(0.0000)***	-----		
WORK	0.6619	0.7681	0.3680	1.0000	
	(0.0000)***	(0.0000)***	(0.0000)***	-----	
SIZE	0.4912	0.4187	0.3451	0.3989	1.0000
	(0.0000)***	(0.0000)***	(0.0000)***	(0.0000)***	-----

Note: *** Significant at level 1% ** Significant at level 5% * Significant at level 10%

Further, Table 4 shows the correlation matrix for samples in plantation sector. Although there is no indication of multicollinearity issues but the correlation between environment (ENV) and workplace (WORK) and workplace (WORK) and SIZE is considered high and close to the 0.70 cut-off points which are 0.80 and 0.75 respectively.

Table-4. Spearman Rank Order (SRO) Test for Plantation Sector

Correlation					
Probability	COM	ENV	MKT	WORK	SIZE
COM	1.0000				

ENV	0.5259	1.0000			
	(0.0000)***	-----			
MKT	0.4635	0.5692	1.0000		
	(0.0000)***	(0.0000)***	-----		
WORK	0.4746	0.8058	0.5853	1.0000	
	(0.0000)***	(0.0000)***	(0.0000)***	-----	
SIZE	0.5689	0.6303	0.5853	0.7513	1.0000
	(0.0000)***	(0.0000)***	(0.0000)***	(0.0000)***	-----

Note: *** Significant at level 1% ** Significant at level 5% * Significant at level 10%

The dependent variables used in this study consists of return on assets (ROA) and Tobin's Q (TQ) and size of a company (total assets) as a control variable. The estimation models for the regression analysis are as follows:

Model 1: CSR disclosure and return on assets (ROA) - H_1

$$ROA_{i,t} = \alpha_0 + \beta_1 COM_{i,t} + \beta_2 ENV_{i,t} + \beta_3 MKT_{i,t} + \beta_4 WORK_{i,t} + \beta_5 SIZE_{i,t} + \varepsilon_{i,t}$$

Model 2: CSR disclosure and Tobin's Q (TQ) – H_2

$$TQ_{i,t} = \alpha_0 + \beta_1 COM_{i,t} + \beta_2 ENV_{i,t} + \beta_3 MKT_{i,t} + \beta_4 WORK_{i,t} + \beta_5 SIZE_{i,t} + + \varepsilon_{i,t}$$

Where ROA = return on assets; TQ = Tobin's Q; SIZE = company size (Log total assets); COM = community; ENV = environment; MKT = marketplace; WORK = workplace

The findings gathered in Table 5 shows that there are variations of relationship between each of the CSR dimension with financial performance (ROA and TQ). It can be concluded that the random effect model (RE) is more appropriate than the fixed effect (FE) model for both sectors. Looking at the findings for consumer product sector the study found that environment (ENV) is positively related to ROA while workplace (WORK) is negatively associated with ROA at 1% significance level. However, for Model 2 it is found that only the community (COM) is negatively significant associated with CFP (TQ) at 5% significance level, while other variables not significant. Therefore, the hypothesis 1 and hypothesis 2 can be accepted which states that there is a mixed finding on the relationship between CSR dimensions related to ROA and TQ.

Table-5. Relationship between CSR disclosure (CSRD) and Company Financial Performance (CFP)

Sectors	Consumer Product Sector		Plantation Sector	
Independent Variables	*Model 1* *ROA*	*Model 2* *TQ*	*Model 1* *ROA*	*Model 2* *TQ*
	Panel (RE)	Panel (RE)	Panel (RE)	Panel (RE)
Community	0.0463 (0.3919)	-0.0014 **(0.0357)****	0.2827 **(0.0014)*****	-0.0010 (0.2740)
Environment	0.1326 **(0.0006)*****	-0.0002 (0.7675)	-0.1026 (0.3563)	-0.0019 (0.3081)
Marketplace	0.0502 (0.2114)	0.0006 (0.4063)	0.0815 (0.6592)	0.0032 (0.2517)
Workplace	-0.1588 **(0.0008)*****	0.0004 (0.3716)	0.0035 (0.9843)	-0.0016 (0.4971)
Size (TA)	0.0017 (0.8088)	-3.08E-05 (0.7390)	0.0506 (0.1417)	-0.0005 **(0.0042)*****
Constant	0.0638 (0.1749)	0.0082 **(0.0000)*****	0.0500 (0.0000)	0.0077 (0.0000)
R^2	0.0237	0.0191	0.1247	0.0932
Adj. R^2	0.0077	0.0030	0.0725	0.0392
Prob (F-stat)	0.1965	0.3162	0.0443	0.1374
DW	1.3491	0.7494	1.4465	0.5417
Hausman Test	0.0000 (1.0000)	0.0000 (1.0000)	0.0000 (1.0000)	0.0000 (1.0000)
Likelihood Test	27.76 (0.0000)***	42.37 (0.0000)***	3.05 (0.0000)***	1237.21 (0.0000)***

Note: *** Significant at level 1%   ** Significant at level 5%   * Significant at level 10%

Looking at the regression for plantation sector, only the community (COM) is positively related to ROA at 1% percent significance level, while other variables were not significant. When TQ as the dependent variables, it was found that only the SIZE is negatively significant at 1 percent level, whereas other remaining variables were not significant related to CFP (TQ). Thus, only hypothesis 1 can be accepted which states that there is a positive and significant relationship between each of CSR dimensions and ROA.

5. Discussion and Conclusion
5.1. Nature and Extensiveness of CSRD

Generally, there are upward trend of disclosure between voluntary and mandatory disclosure period among samples. This indicates that the companies have extended their CSR reporting in annual reports and stand-alone sustainability report. This is consistent with study conducted by Zainal *et al.* (2013b), Rosli *et al.* (2015), Sehar *et al.* (2017) and Tufail *et al.* (2017) who found that the level of CSRD has improved over time. However, there are many companies with a low score in disclosing their CRS activities (Chek *et al.,* 2013). This can be seen through a wide gap between the maximum and minimum CSRD in the reports. Generally, most companies disclosed frequent information on community (Hassan *et al.*, 2012; Rosli *et al.*, 2015) while many companies provide a minimum reporting related to marketplace information Zainal *et al.* (2013b).

Generally, the companies tend to benefit their stakeholders which includes the employees, suppliers, creditors, authority bodies and many more who are directly or indirectly relevant with the businesses. Most of the companies emphasize in employees benefits as it is believed that maintaining good relationship between employees aid the businesses to sustain. These include through various initiatives which are related on human capital development to foster self-enrichment, appreciation of education for employees/family members, award and recognition to employees for their excellence performance and loyalty. Furthermore, the companies also attempt to realize the importance of a being socially responsible towards community. Most of the companies take part on various CSR activities which includes supporting education events and activities in providing scholarship and sponsorship programs. Philanthropy engagement also contributes to the remarkable of CSR disclosure among

companies. These include the contribution for charity, underprivileged communities, victims of natural disaster, orphanage and many more to mention. Apart from that, the companies put an effort to ensure the initiatives in influencing the shareholder, suppliers, vendors and many more on marketplace is fulfilled. These include to act in a sustainable manner and ethical across the value chain and to impress their stakeholders. For instance, data protection, stakeholder engagement and stewardship.

5.2. The Relationship Between CSRD and CFP

The mixed findings presented in Table 5 indicates that companies are concerning to improve their financial performance by increasing their CSRD in annual reports or stand-alone sustainability reports. The results are consistent with prior studies (Sehar *et al.,* 2017; Waddock and Graves, 1997) discovered a significant and positive relationship between CSRD and CFP. Furthermore, the company size has been recommended that in several studies as a correlate with the level of CSRD (Chek *et al.*, 2013; Tufail *et al.*, 2017). As suggested by Mohd Ghazali (2007), larger companies are more noticeable in the public eyes and more sensitive to involve with social activities and later to disclose more information on CSR activities.

6. Conclusion

It can be concluded that the CSRD in Malaysia is increasing trend but still at minimal stage. This study is aimed to contribute to the literature review on CSRD in Malaysia, specifically for consumer product and plantation sector. The findings imply that information on workplace and community being the most dimensions concerned by listed companies. It can be concluded that the higher level of CSRD will lead to a significant improvement on financial performance of a company. Therefore, to ensure the CSRD development the companies should take their own initiatives on how to become more socially responsible companies. It is suggested that Bursa Malaysia to have more practical and comprehensive CSR framework which align with GRI guidelines. This could help companies to report on their CSR activities. Further, it is imperative for the government and other authority bodies to monitor on the CSR engagement among companies to realize the aspiration and national agenda.

Moreover, there is still limited number of companies consistently disclose their CSR activities in the reports. Therefore, the results may be inconsistent with other similar studies due to different sectors. Perhaps companies may disclose their CSR activities in a different way since there is no specific amount or area of disclosure need to disclose. Thus, there are probabilities that companies understated or overstated the statement. Further, the sample selected is taken randomly regardless the size of the company. Thus, the results may not influence the overall impact on Malaysian companies. In addition, the data collected is only focusing on annual report and stand-alone sustainability report while there are other medium of communication on CSRD. For instance, through company's website, newspaper articles and media social.

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