

**ASSESSING THE INFLUENCE OF
ETHICAL LEADERSHIP BEHAVIOURS,
LEADERSHIP STYLES
AND LEADER ROLES AS DETERMINANTS
OF ONLINE CORPORATE SOCIAL RESPONSIBILITY
(CSR) DISCLOSURES IN MALAYSIA**

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A thesis submitted to
The University of Gloucestershire
in accordance with the requirements of the degree of
Doctor of Philosophy
in the Faculty of Applied Science

June 2016

Abstract

Currently corporate scandals are making headlines in the news. Stakeholders are demanding transparency through better information disclosure in order to curtail this problem and to regain trust. Businesses must find better and more effective ways of communicating not only financial but also non-financial information to these stakeholders. Information disclosures in both annual reports and on websites are important but the two media are used differently.

Online CSR disclosures provide timely information and will meet stakeholders' demands for greater speed and volume of information disclosure. Therefore, the aim of this study is to investigate the current level of online CSR disclosures among public listed companies in Malaysia, with particular reference to the influence of leadership variables. This study seeks to explain any variations in online CSR disclosures by using the following variables as the explanatory factors: ethical leadership behaviours, consisting of people orientation, fairness, power sharing, concern for sustainability, ethical guidance, role clarification and integrity; leadership styles, comprising transactional and transformational leadership styles; and leader roles.

In investigating this issue, a quantitative approach was employed using a sample of 100 top Malaysian public listed companies. The data collection started with examining corporate websites using a disclosure index, followed by a questionnaire survey to grasp employees' opinions on their leaders' ethical leadership behaviours, leadership styles and leader roles. Due to the limitations of a quantitative approach, seven semi-structured interviews with managers were conducted to give context to the quantitative findings as well as supplement the data.

The results show that Malaysian companies' level of online CSR disclosure was low and the majority of companies did not fully utilise their websites to disseminate CSR information, although all the companies had websites. The results of the multiple regression indicated that ethical guidance, concern for sustainability and integrity contributed to the amount of CSR information disclosed on the Malaysian companies' websites but interestingly, these were inverse relationships. Consequently, the interview findings revealed that not all leadership variables were perceived by managers to be determinants of online CSR disclosures. The inverse relationships were possibly due to factors such as leader's confidence, moral recognition, personal recognition, external factors and cultural factors.

This research contributes to the understanding of corporate voluntary disclosure strategies through the focus on online CSR disclosure. Prior disclosure studies emphasize financial, accounting and economic related variables as determinants to online CSR disclosures. This study provides a new insight for company leaders, policy makers and academics on how the behaviours of leaders, who are key corporate players, can impact the setting of CSR goals and enhance transparency by disclosing online.

Author's Declaration

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas.

Any views expressed in the thesis are those of the author and in no way represent those of the University.

Signed:

Date: 27 June 2016

Dedication

To my late father Abd Rahim Salleh

Acknowledgement

Thank you *Allah* for giving me the ability to pursue this doctoral study successfully. The co-operation and help of many people have made the completion of this study possible. I would like to express my sincere appreciation and great respect to these people who have helped and encouraged me throughout my PhD. journey.

I wish to express my deepest appreciation to my sponsor, *Majlis Amanah Rakyat* (MARA) for funding my study. Without their scholarship, I would not have been able to pursue this study and be where I am right now.

I would like to express my sincerest gratitude to my supervisors, Dr. David Biggs and Dr. Doaa Aly from the University of Gloucestershire, for their guidance, patience, time and enthusiasm throughout the stages of my PhD. As this is a cross-disciplinary study, I must say that I was lucky to be working with these exceptional individuals; David from the Psychology department and Doaa from the Accounting department. I learnt a lot from both worlds although at times we had our differences. Their thoughtful and invaluable comments helped me to improve the study and the thesis significantly. Also, not to forget, to Edward Kingsley Trezise (my former supervisor) who has inspired me to learn about CSR.

I am grateful to my friends in Malaysia, the respondents of the questionnaire survey and the participants of my interviews for their help and time. Without their help and willingness to participate, it would have been very difficult for me to collect the data and complete this study.

I am indebted to my husband, Mr. Nan Mahadhir Muhamad, for many sacrifices he has made for me. This thesis is also dedicated to him and to my wonderful children Naufal, Wafa and Nihad. Their forbearance, constant love and emotional support have been the source of my motivation in completing this PhD. To my mother who has taught me the value of patience and diligence in life, thank you *mama* for your endless prayers. Also, I am grateful to Irah, my younger sister who looks after *mama*, especially when I was away in the United Kingdom fulfilling my lifelong dream.

Last but not least, to my colleagues, Nita, Rosnia, Maryam, Vivian and Yan, thank you for your honesty, understanding and for always being there. You guys are such a blessing!

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CHAPTER 1

Introduction

1.1 Setting the Scene

In popular culture, many films have been written about the social responsibilities of corporations, for example *A Civil Action* (Rudin & Zailian, 1998) and *Erin Brockovich* (Devito & Soderbergh, 2000). These films examined the trials and tribulations of people fighting for their rights due to irresponsible acts of companies when the operations of these companies polluted their water supplies. *A Civil Action* actively portrays the efforts of Jan Schlichtmann, an attorney (played by John Travolta), whilst *Erin Brockovich* film portrays how a single mother of three working for a law firm (played by Julia Roberts), fought against giant corporations to win court cases about environmental issues involving groundwater contamination. Things became difficult when corporate members such as the firms' leaders and their employees were being secretive and tried to conceal information. After years of research, investigations and court hearings, Jan and Erin won their case and the companies were instructed to compensate the affected families, including cleaning up the contaminated areas.

Interestingly, this thesis has identified four major issues from these films. The first issue is how companies may be affected by so many elements, especially people. In these films people are represented by the communities affected by water contamination. The second issue is the importance of being socially responsible, an additional responsibility to companies other than only making a profit. Thirdly, how decisions made by company leaders may affect companies' actions. In these examples, it has been shown that without the approval that came from company leaders, the water

supplies of the affected areas would not have been affected by dangerous chemicals causing health problems and death. Then finally, this thesis has also identified the significance of information disclosure, and the importance of being transparent for any corporate actions. These issues are addressed in the present study which sought to find answers to its research questions.

1.2 Background and Motivation

Concerns are still directed towards corporate scandals that are making headlines in the news. Fraud acts of firm leaders have resulted in the collapse of many high profile companies such as *Enron* (U.S.A.) in the year 2001, *WorldCom* (U.S.A.) in 2001, *Adelphia* (U.S.A.) in 2002, *Vivendi* (France) in 2002, *Parmalat* (Italy) in 2003, *Royal Ahold* (Netherlands) in 2003, and *SK Global* (Korea) in 2003 (Zam, Pok & Ahmed, 2014). Malaysia itself has faced its own share of corporate crimes. For instance, the *Sime Darby Berhad* fraud case in 1973 resulted in the executive chairman and the director of *Sime Darby Berhad* being charged for embezzling RM3.1 million company's money. In 1983, the *Bumiputra Malaysia Finance* (BMF), a subsidiary of *Bank Bumiputra Malaysia Berhad* (BBMB), was involved in a fraud case that incurred huge losses amounting to RM2.5 billion. In 1996, a giant steel company, *Perwaja Steel*, became insolvent with debts amounting to RM8 billion due to the criminal act committed by the managing director of the firm (Zam et al., 2014).

The latest is the “*IMDB scandal*” which started when a Malaysian government probe found nearly \$700 million (RM2.6 billion) ended up in the bank account of the Malaysian Prime Minister, Najib Razak (Wright & Brown, 2015). The *IMalaysia Development Bhd.* (1MDB) was set up by the Prime Minister himself in 2009 and it

was supposed to borrow money so it could attract investment and stimulate Malaysia's economy. Instead, it accumulated \$11 billion in debt and faces accusations about billions of dollars in missing money (Wright & Brown, 2015). Nonetheless, the Prime Minister has denied any wrongdoing or taking money for his personal gain and claims that the accusations are an attempt by political opponents.

One of the major reasons for these scandals is the lack of a good information disclosure and transparency system (Elsayed, 2010). Therefore, companies need to make necessary reforms in order to improve their disclosure and transparency. One of these reforms is providing a more efficient information disclosure system for faster and better communication with the use of the internet. The transparency provided by the internet ensures that any irresponsible corporation actions will be exposed and punished (Coombs & Holladay, 2013). More importantly, the impact of the internet cannot be understated as corporate misbehaviours are disseminated in real time, 24 hours a day, to a global audience (Miles, 2012).

In ensuring transparency, Healy and Palepu (2001) have stressed that financial reporting and disclosure are important means for companies to communicate firm performance and governance to outside investors. They have added that the disclosure of information plays a critical role in the efficient allocation of scarce resources in the capital market. This indicates that all information about a corporation is important to investors because the lack of disclosed information to stakeholders may hinder their ability to make rational decisions (Elsayed, 2010). Non-financial information is also crucial to be disclosed to stakeholders. Financial information is mainly retrospective and based on a company's past performance whereas non-financial reports can provide

investors and other stakeholders with indications about the future potential of a company which will help stakeholders better understand a company's overall performance, business strategy, and growth perspective (Perrini, 2006).

Today, Corporate Social Responsibility (CSR) information is the most widely communicated non-financial information as it covers various elements of an organization and gives sustainability-related information including economic, environmental, social and governance performance (Global Reporting Initiative [GRI], 2015). The notion of CSR itself goes beyond profit making which aims to create relationships with stakeholders. This is consistent with McWilliams and Siegel (2001) who have stated that CSR are actions beyond the immediate interest of the firm and its shareholders and beyond what is required by the law in promoting social goods.

Since the internet is now the prime vehicle through which organizations can build relationships with stakeholders, these relationships are strengthened and developed through the flow of information and rich dialogue creating transparency (Kent, Taylor & White, 2003). Here, the discourse of transparency creates the impression that internet CSR disclosure is accurate because the internet can expose any irresponsible corporate conduct (Coombs & Holladay, 2013). The advantage of online disclosure overcomes the limitations of paper-based communication thus influencing the style and amount of reporting (Isenmann, Bey & Welter, 2007). Compared to the traditional printed reports, the internet offers more opportunities to communicate corporate information and allows a wealth of up-to-date, unofficial, critical and alternative channels of information to compete with the official channels (Homayoun & Abdul Rahman, 2010). These may result in companies embodying socially responsible

attributes on their websites with statements such as the one on the use of organic or chemical-free ingredients, leading to awareness among consumers of the fact that the goods they are purchasing have been produced in a socially responsible manner.

Despite these advantages, many companies are not fully utilizing and leveraging the internet application in their reporting and information disclosure practices. Previous literature show that the use of only the annual report for measuring disclosure provides a distorted picture of CSR practices within companies (Haji, 2013; Rouf, 2011). Nonetheless, most companies are still using only their annual reports to disclose corporate information. In Malaysia for instance, some companies are not leveraging the existing ICT facilities to their full advantage. As a result, it has been found that the use of the internet for disclosing CSR information is not yet being fully utilized (Che Hassan, Yusoff & Yatim, 2012). Surprisingly, the findings in a study in the year 2012 by Che Hassan et al. (2012) revealed similar results with a study in the year 2005 by Hamid (2005). This indicates that for the past eight years, the use of the internet has not been fully utilized and is still low for CSR information disclosure. In fact, this also reflects that there has been little or no improvement in internet CSR disclosures in Malaysia.

1.2.1 Problem statement

This research is motivated by a number of observations. Firstly, many studies have argued the potential effects of using the internet in disclosing information and examining the determinants of disseminating information on companies' websites (Marston & Polei, 2004; Xiao, Yang & Chow, 2004). Previous studies have focused on the communication of CSR via the web or internet and measuring the extent of the

internet disclosure (Aikat, 2000; Amran 2012; Che Hassan et al., 2012; Homayoun & Abdul Rahman, 2010; Lakatos, Gazdac & Dan, 2012; Moreno & Capriotti, 2009). Alongside these studies, researchers have also examined the determinants and motivations for practicing internet CSR disclosures (Nejati & Amran, 2009). These determinants include firm specific characteristics and corporate governance mechanisms such as company size, profitability, Return on Investment (ROI), board structure, board size, CEO duality and many more.

Although there are an abundance of studies evaluating the extent of CSR disclosure and examining company's motivations to do so, most of the factors that contribute to companies disclosing information online are economic in nature, which are mainly financial and accounting related variables. Most studies on CSR disclosures concentrate on accounting, financial and corporate governance agendas as these disclosures lead to the implication of being transparent to stakeholders especially the investors. Nonetheless, no studies have examined organizational factors such as leadership as determinants of the disclosure of CSR information online, which could be an important contributor to the degree of information disclosed by companies.

Secondly, there is no doubt that online disclosure offers various benefits to companies and their stakeholders in terms of increased transparency, reputation, trust, information accuracy, faster information dissemination and many more. Taking all these aspects into account, it is vital that organizations need to utilize the online capabilities to succeed. However, one highly researched aspect leading to organizational success which is leadership (Bass, 2000), has been overlooked. Leaders are the backbones of companies and without them any corporate actions would come to a halt.

Leadership has been identified as crucial to the success or failure of organizations. Yet, in today's corporate world, a great concern is still directed towards the acts of leaders which have resulted in the collapse of many corporations. Whether it is centred on corruption, bribery or fraud these cases tend to fall back to the leader's responsibility, or rather, irresponsibility, in managing the companies. The link with CSR is that the weakness in leadership in the form of mismanagement and corruption for instance, can lead to difficulties in implementing CSR effectively (Abugre, 2014). This portrays that leaders and leadership play an essential role in CSR initiatives.

However, most studies ignore the role of leadership in CSR disclosure studies. As discussed earlier, researchers argue that much of the literature on CSR disclosure to date have focused on justifying CSR in economic terms and the various activities associated with CSR (Basu & Palazzo, 2008; Margolis & Walsh, 2003). As a result, the emphasis on human-related antecedents in justifying CSR actions have been left unexplored, such as on leadership behaviours that trigger or shape corporate responses (Basu & Palazzo, 2008; Waldman, Siegel & Javidan, 2006). Despite there is a growing body of research documenting the scenarios of CSR, knowledge of organizational antecedents of CSR remains at its infancy level (Angus-Leppan, Metcalf & Benn, 2010).

Moreover, leading scholars have also pointed out that the lack of research on external and internal institutional factors might shape the CSR activities in the first place and thus called for more research on its organizational antecedents (Du, Swaen, Lindgreen & Sen, 2013; Margolis & Walsh, 2003). Hence, this study would provide the much

needed empirical evidence concerning the roles of leadership in the firms' CSR initiatives especially in the level of disclosures.

Thirdly, it has been found that the majority of CSR and leadership studies have concentrated on leadership styles, examining various leadership styles such as transformational leadership styles, transactional leadership style, autocratic leadership style and charismatic leadership style (Angus-Leppan et al., 2010; Du et al., 2013; Metcalf & Benn, 2013; Strand, 2011). It has also been discovered that most prior studies had revolved around general CSR issues or general CSR practices examining the interplay of leadership styles with general CSR practices such as engagement in strategic CSR (Waldman et al., 2006) and engagement in institutional CSR practices (Du et al., 2013). Nonetheless, none has examined the interplay with a more specific CSR practice such as CSR disclosure practices let alone online CSR disclosure. Hence, there is a gap here to bridge online CSR disclosure and leadership as none of the prior studies focused on specific CSR practice such as the online CSR disclosure.

Fourthly, reflecting the needs to bridge the leadership theories and CSR literature, a broader array of leadership components and practices such as transformational and transactional leadership styles as drivers of CSR practices would be needed (Waldman et al., 2006). Not only that, given that the financial devastation resulted from the demise of corporations such as *Enron* and *WorldCom* that had occurred largely from the failure of company leadership, it is also crucial to look at ethical components of leadership. This is because ethical leadership stands alongside and complements leadership practices by outlining ways of what leaders can lead ethically and ensure the ethics of business practices in their organizations. Hence, this component cannot

be ignored (Resick, Hanges, Dickson, & Mitchelson, 2006). The increased focus on ethical leadership should help organizations avoid the economic pitfalls that have affected not only members of individual organisation but also the communities which these organizations serve (Resick et al., 2006). For that reason, this research sought to fill the gap by investigating the interplay between ethical leadership behaviours, leadership styles and the role of leaders towards the disclosure of CSR on the internet.

Finally, the engagement in CSR has become a common practice by large corporation in developed countries but it is still a debatable issue in developing countries. This is because any involvement in CSR would require substantial amount of money and resources to allocate, resulting in lower corporation profitable margin (Ahamed, Almsafir & Al-Smadi, 2014). Furthermore, in the current competitive business market, resources need to be properly allocated and fully utilized for generating corporation income rather than being socially responsible. Therefore, most firms in emerging countries contribute to CSR due to legislation requirement and to enhance corporate reputation.

It has been found that most prior studies on CSR and leadership issues were conducted in developed countries especially the United States (Du et al., 2013; Quinn & Dalton, 2009; Strand, 2011), European countries (Hind, Wilson & Lenssen, 2009; Kakabadse, Kakabadse & Lee-Davis, 2009) and Australia (Angus-Leppan et al., 2010). Even though there were studies on the emerging markets, studies conducted in developing countries are still scarce. In addition, the literature shows that corporate involvement in CSR reporting in developing countries is still in its infancy (Ahamed et al., 2014; Che Hassan et al., 2012). In Bangladesh for instance, factors such as lack of resources,

awareness on CSR-related knowledge and an absence of regulations have resulted in the absence of CSR studies (Belal & Cooper, 2011). Thus, a study on CSR in a developing country such as Malaysia is deemed important. Although Malaysia has suffered badly with two air disasters, its economy continues to expand.

1.3 Overview of CSR Disclosure in Malaysia

In Malaysia, the importance of CSR has triggered government intervention, as the former Prime Minister declared in his 2006 budget speech that all public listed companies were required to disclose their CSR activities. Since this was the first serious government endeavour, starting from the financial year ending 31 December 2007, all public listed companies in Malaysia would be required to disclose their CSR activities in their annual reports.

In line with the government directive, *Bursa Malaysia*, the Malaysian stock exchange has emphasized the four-dimensions of CSR disclosures, which encompasses disclosure on communities, environment, workplace and marketplace. However, there is a lack of attention given to internet disclosures. Although all public listed companies are mandated to disclose CSR information in annual reports, disclosures on the internet are only voluntary. Ultimately both are necessary in which investors and other stakeholders can potentially acquire additional information or different perspectives on CSR issues such as environmental issues by consulting both annual reports and websites (De Villiers & Van Staden, 2011).

Even though empirical studies have demonstrated an increasing trend of CSR disclosures in Malaysia (Esa & Ghazali, 2012; Haji, 2013; Haniffa & Cooke, 2005),

CSR disclosure practices in Malaysia may be seen to be in their infancy level with low incidences of reporting and the disclosures are mainly descriptive in nature (Che Hassan et al., 2012). Therefore, there is a need to examine the internet in communicating non-financial information in Malaysia, which is what this study sought to achieve, i.e., filling this gap by examining the current level of internet CSR disclosure among Malaysian companies.

1.4 Research Gaps

The gaps identified in prior studies have suggested how the present study would contribute to both academic research and practice. The six gaps which have been identified are summarised as follows:

- 1) Factors influencing the level of CSR disclosure have included economic, financial and accounting related antecedents but overlooked leadership variables as determinants of disclosing CSR information. The roles of leaders and leadership in the level of online CSR disclosures have never been investigated before.
- 2) In bridging CSR and leadership literature, prior studies focused on general CSR practices but none has ever explored a specific practice such as CSR reporting let alone online CSR disclosure and its association with leadership variables.
- 3) Prior studies focused on leadership styles, skills, competencies and capabilities of leaders thus have never examined the influence of ethical leadership

behaviours, leadership styles and the role of leaders towards CSR disclosures specifically in the disclosure of CSR information on the internet.

- 4) In bridging CSR and leadership literature, prior studies have overlooked CSR disclosure and leadership theories within the same research such as leadership behavioural theory.
- 5) Prior studies have never employed three different research instruments within the same research which consist of disclosure index, questionnaire survey and semi-structured interview.
- 6) Studies on online CSR disclosures in the emerging markets and developing countries are still scarce; thus, similarly, such studies in Malaysia are also limited.

This research sought to investigate the association of ethical leadership behaviours, leadership styles and leader roles with the level of online CSR disclosure. It aimed to highlight the different attributes that managers embrace ethically, the different components of leadership styles and leader roles in CSR practices towards the level of online CSR disclosures, with the hope that the findings of the present study would shed light on the significant implications for theory and practice. However, prior research has not attempted either theoretically or empirically to examine potential leadership dimensions such as ethical leadership towards CSR in the context of the online environment, hence study on this issue is important.

1.4.1 Research aim and research questions

Overall, this research aimed to examine the relationship between leadership variables and the level of online CSR disclosure in Malaysia. This study used leadership theory to explore the role of leadership in determining the extent to which companies engaged in online CSR disclosures. The study therefore endeavoured to answer the following research questions (RQ):

RQ1. To what extent do the websites of the Malaysian public listed companies reflect CSR information disclosures?

RQ1a: What is the current level of online CSR disclosure among the Malaysian public listed companies?

RQ1b: What are the kinds of CSR information disclosed on the websites of the Malaysian public listed companies?

RQ1c: What is the most and the least disclosed CSR information on the websites of the Malaysian public listed companies?

RQ1d: What is the difference between the disclosures of companies with high online CSR disclosure level and companies with low online CSR disclosure level?

RQ2. Do ethical leadership behaviours consisting of fairness, people orientation, concern for sustainability, integrity, role clarification, power sharing and ethical guidance have any significant influence towards the extent of online CSR disclosure among the Malaysian public listed companies?

RQ2a: Do ethical leadership behaviours influence the level of online CSR disclosure?

RQ2b: Is there any significant association between ethical leadership behaviours and the extent of online CSR disclosures among the Malaysian public listed companies?

RQ2c: Which of the ethical leadership behaviours contributed to the extent of online CSR disclosures of the Malaysian public listed companies?

RQ3. Do leadership styles particularly transactional and transformational leadership styles, and the role of leaders influence the level of online CSR disclosure in Malaysia?

RQ3a: Is there any significant association between transformational leadership and the extent of online CSR disclosures among the Malaysian public listed companies?

RQ3b: Is there any significant association between transactional leadership and the extent of online CSR disclosures among Malaysian public listed companies?

RQ3c: Between transactional leadership and transformational leadership, which leadership style has a stronger influence on online CSR disclosure?

RQ3d: What is the relationship between the role of leaders and online CSR disclosure of the Malaysian public listed companies?

RQ4. Can leadership variables consisting of ethical leadership behaviours, leadership styles and leader roles become determinants of online CSR disclosures in Malaysia?

RQ4a: How do managers of the Malaysian public listed companies view CSR and the practice of online CSR disclosure?

RQ4b: How do managers of the Malaysian public listed companies view their roles in the practice of online CSR disclosure?

RQ4c: How do managers of the Malaysian public listed companies view the role of leadership style in the practice of online CSR disclosure?

RQ4d: Which ethical leadership behaviours do the managers think can influence the level of online CSR disclosure?

1.4.2 Summary of research objectives and research methods

This study outlines four research objectives (RO), which are stated as follows:

- RO1. To identify the extent of online CSR disclosures among the Malaysian public listed companies.
- RO2. To investigate the influence of ethical leadership behaviours consisting of fairness, people orientation, concern for sustainability, integrity, role clarification, power sharing and ethical guidance on online CSR disclosures among the Malaysian public listed companies.
- RO3. To examine the influence of transactional leadership and transformational leadership styles, as well as leader roles on online CSR disclosures among Malaysian public listed companies.
- RO4. To ascertain the leadership influences consisting of ethical leadership behaviours, leadership styles and leader roles in promoting sustainable CSR disclosures in Malaysia.

The first objective (RO1) was to evaluate the current level relating to corporate reporting particularly online CSR disclosure within the Malaysian companies. The rationale was to draw attention to the current level of internet usage specifically

corporate websites in communicating CSR information. To fulfil RO1 and answer RQ1, the websites of 100 top public listed companies were checked against a self-developed CSR checklist that contained 60 disclosure items. The data from the websites were analysed descriptively.

The second objective (RO2) was to discover the occurrence of ethical leadership behaviours and thereby highlight any interesting outcomes towards CSR disclosures online. This would provide the first comprehensive study of the extent of online CSR disclosure in Malaysia contributed by leadership influences such as ethical leadership behaviours. The third objective (RO3) was to evaluate whether the level of disclosure among the Malaysian business enterprises would be influenced by leadership styles and leader roles. Additionally it should provide a preliminary indication of the role and nature of leadership styles in the Malaysian companies that might enhance the disclosure of CSR online. To answer RQ2 and RQ3, the explanatory variables were extracted from the questionnaires and the content analysis to enable univariate and multivariate analyses to be employed.

The fourth objective RQ4 was to ascertain whether leadership influences exist across the Malaysian companies' online CSR disclosure practices. The views and perceptions amongst managers of the Malaysian companies would be explored on the possibility of leadership variables as contributing factors to the level of online CSR disclosure in the Malaysian environment. To answer RQ4 related to the final research objective, semi-structured interviews with managers were conducted. The interview data were transcribed and analysed manually.

1.5 Significance of the Study

Currently, the world population consists of more than 7 billion people and there are over 3 billion internet users in the world. Approximately, 1.5 billion of these internet users are in Asia. With a growth rate of 1267.60% from the year 2000 until the year 2015, the region has seen a tremendous increase in the internet usage. Consequently, the growth of the internet usage in the world has also increased to 806% since the past 15 years. Table 1.1 illustrates the world internet usage and population.

Table 1.1 World Internet Usage and Population Statistics as at June 30, 2015

World Region	Population	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Growth 2000-2015	Users % of Table
Africa	1,158,355,663	4,514,400	313,257,074	27.0%	6839.1%	9.6%
Asia	4,032,466,882	114,304,000	1,563,208,143	38.8%	1267.6%	45.8%
Europe	821,555,904	105,096,093	604,122,380	73.5%	474.8%	18.5%
Middle East	236,137,235	3,284,800	115,823,882	49.0%	3426.1%	3.5%
North America	357,172,209	108,096,800	313,862,863	87.9%	190.4%	9.6%
Latin America/ Caribbean	617,776,105	18,068,919	333,115,908	53.9%	1743.6%	10.2%
Oceania/ Australia	37,157,120	7,620,480	27,100,334	72.9%	255.6%	0.8%
WORLD TOTAL	7,260,621,118	360,985,492	3,270,490,584	45%	806.0%	100.00%

Source: www.internetworldstats.com

Similarly, there have been dramatic increases in the use of the internet in the Asian region, particularly in Malaysia as depicted in Table 1.2. In Malaysia, internet users have increased since the year 2000 and have continued to grow immensely resulting in 67% of the entire Malaysian population in the year 2014. This pattern depicts that most Malaysians are utilizing the internet capabilities in their daily lives and the possibility of information discovery and disclosure through the internet is very high. Moreover, the internet penetration rate growth has created opportunities for and attracted the interest of Malaysian businesses to have online presence as part of their

business strategy. Thus, Malaysian companies should take advantage of such opportunities to attract the attention of the stakeholders by disclosing as much information as possible. As such, these internet users could be their potential stakeholders or investors. Thus, it is significantly essential to look at this online presence in the corporate world.

Table 1.2 Malaysia Internet Usage Statistics

Year	Internet Users	Population	Penetration (% Population)
2000	3,700,000	24,645,600	15.0 %
2005	10,040,000	26,500,699	37.9 %
2006	11,016,000	28,294,120	38.9 %
2007	13,528,200	28,294,120	47.8 %
2008	15,868,000	25,274,133	62.8 %
2012	17,723,000	29,179,952	60.7 %
2014	20,140,125	30,073,353	67.0 %

Source: www.internetworldstats.com

In this regard, Elsayed (2010) has commented that in directing attention to the changes in the information technology, emerging markets have begun to execute some reforms to implement good corporate governance systems and fulfil the required disclosure and transparency needs. Malaysia as an emerging market is not losing out on this opportunity. For example, the Malaysian government has launched a mandatory requirement to improve corporate reporting and disclosure requirements while *Bursa Malaysia* has developed an Environmental, Social and Governance (ESG) index for the Malaysian market. The index, launched on 22 December 2014, has called for a better support to investors in making ESG investments among the Malaysian listed companies, to increase the profile and exposure for companies with leading ESG practices, to encourage best practice disclosure and to help the transition to a lower carbon and more sustainable economy (Bursa Malaysia, 2014). This demonstrates that it is significant and also timely to investigate the level of online CSR disclosure and

factors contributing to it as this information fulfils the demands of investors and other stakeholders for more data and information about responsible and sustainable companies as they want to ensure the long-term sustainability of their investments.

Furthermore, this study has examined leadership variables as the antecedents influencing the level of online CSR disclosure. On the basis of the preceding discussion, this study has sought to minimize the gaps in literature by examining leadership issues and investigating the connections of leadership variables specifically ethical leadership behaviours, transformational leadership style, transactional leadership style and leader roles in the online CSR disclosures. To the researcher's knowledge, the role of leadership in corporate disclosure has never been studied before. For that reason, it is significant to investigate this variable and thus the outcome should be of interest to other researchers in extending the literature and knowledge on leadership issues. Accordingly, this thesis has examined whether leadership-related influences would affect CSR reporting in the online environment, and whether it would be pertinent in explaining online CSR disclosures.

This study is equally significant as it has provided comprehensive analysis on online CSR disclosure and leadership which encompasses various data collection approaches quantitatively as well as qualitative. This study would be useful to organizations and statutory bodies in Malaysia to take into consideration the potential of online communication that may enhance CSR disclosure since the use of online CSR communication has been noted to be generally low (Ahamed et al., 2014; Che Hassan et al., 2012). The government, regulators and corporate players can determine how important it is that a company is able to sustain their resources but at the same time is

able to communicate better by disseminating information digitally on the internet such as on companies' websites. The present study offers insights into the potential role of online CSR disclosure and the influence of leadership on this CSR effort for the benefits of regulators and business corporations. Better and structured training programmes may be developed in nurturing the right kind of leadership to enhance this effort which would eventually help companies to grow.

1.6 Contributions of the Study

This study contributes to the multidisciplinary topic of online CSR disclosure and organizational leadership in several ways that are deemed to be significant. These are summarised as follows:

- 1) To the best of the researcher's knowledge, this study is the first to investigate seven ethical leadership behaviours, both transformational and transactional leadership styles as well as leader roles as potential antecedents of the firm's level of online CSR disclosures.
- 2) Prior literature has depicted various antecedents of online CSR disclosure such as firm characteristics and corporate governance mechanism but this study has showcased that leadership elements could play a role in this practice.
- 3) This study has provided evidence on the current status quo of online CSR disclosure in one of the emerging economies, Malaysia. It has extended CSR disclosure literature by contributing to the practice of online CSR disclosure in a developing country with Malaysia as a focus of the study.

4) One of the major contributions of this study is the development of its theoretical background which had gone through a thorough analysis of existing literature to support two different topics in the same study. This study employed the leadership behavioural theory which has never been used before in disclosure studies.

5) The study findings might be of interest and useful to standard-setters, regulators, professional bodies and investors at local and international levels, as well as standard-setters and regulators of other countries which have similar profiles with Malaysia. The leadership variables associated with online CSR disclosures can be adapted by Malaysian companies as well as foreign companies to improve their selection, training and leadership development processes by focusing on these dimensions of leadership.

6) This study has provided a newly developed disclosure index containing 60 items including four newly discovered items which have not been employed before in prior studies. This tool could be used by other researchers, in similar or different context to investigate the level of CSR disclosures.

7) This study has offered a newly developed scale to assess leader's role in CSR. This scale comprises 10 items, could be used by other researchers to support their studies as well as by corporations to measure their leader's roles towards companies' CSR practices.

8) To the researcher's knowledge, this is the first study that sought to explore the leadership-related factors affecting the level of online CSR disclosures, using the

disclosure index, questionnaire survey and semi-structured interview methods in the same research. Additionally, this study is the first to employ online questionnaire survey in a CSR disclosure study.

1.7 Scope of the Study

This study provided a comprehensive analysis on leadership and online CSR disclosures encompassing various data collection approaches, quantitatively as well as qualitatively. The CSR information could be obtained from online sources of corporate reporting which included annual reports, stand-alone reports such as CSR report or sustainability report, and the corporate website itself.

However, this study focused only on corporate website reporting, as the main goal was to know whether the websites had been utilized to disclose CSR information. Annual reports and stand-alone reports were basically categorized as print-based media uploaded to the websites by companies. These reports were available on the websites, waiting to be retrieved or downloaded which did not reflect the real commitment and effort of companies in fully utilizing their websites to disclose CSR information. Furthermore, the use of only information from the website itself was to ensure that there was no redundancy of information disclosure and information gathering. The aim was to know whether companies had utilized their corporate websites to display information pertaining to CSR and to identify the current extent of online CSR disclosure based on this source alone.

It is acknowledged in the literature that most researched disclosure studies evaluate the extent of disclosure rather than disclosure quality. This is because of the subjectivity

in assessing the quality of disclosure. Beattie, McInnes and Fearnley, (2004) emphasize that disclosure quality is a complex concept, multifaceted and subjective. Botosan (1997) observes that disclosure quality is important but very difficult to assess. Although it could be minimized by the identification of quality criteria, such subjectivity cannot be completely removed (Marston & Polei, 1991).

Since it is difficult to assess the disclosure quality directly, disclosure index studies assume that the amount of disclosure on specified topics proxies for the quality of disclosure (Beattie et al., 2004; Botosan, 1997). As a result, researchers tend to assume quantity and quality are positively related (Beattie et al., 2004). In order to overcome this problem, researcher-constructed disclosure indices have been used, whereby the presence or absence of an item is recorded by using a simple binary coding scheme (Beattie et al., 2004).

The same technique was adopted in this study whereby a dichotomous approach was employed to code whether an item was disclosed or not, so as to avoid subjectivity in assessing whether partial disclosure occurred. However, this study was not intended to measure quality. Given that it is fairly a new study and the disclosure practice is not mandatory, this study attempted to evaluate the extent of disclosure based on the amount of information being disclosed by public listed companies. It endeavoured to find out the current level of online CSR disclosure and at the same time to know the current usage of the internet to disseminate CSR information in the Malaysian context which could only be found by looking at the quantity of disclosure rather than quality. The greater the extent of reporting, the more engaged the company with CSR and the

more seriously it is taken therein (Chapple & Moon, 2005). Nonetheless, the present study was supported by qualitative data obtained from semi-structured interviews.

Previous literature provided consensus that large companies were generally good reporters (Hackston & Milne, 1996; Patten, 1992). The present study examined the top 100 companies listed on *Bursa Malaysia*, ranked according to their revenue values as of 31st December 2013. The year 2013 was chosen for the selection of the 100 top companies because it was the most up-to-date source of information available at the time the study was initially conducted.

This sample was used for two reasons: first, in line with previous studies, it was anticipated that large firms would be more likely to have the resources to implement reporting on websites (Chapple & Moon, 2005; Homayoun & Abdul Rahman, 2010) in which only companies in Malaysia endowed with ample financial resources tend to invest in CSR disclosure using the internet (Che Hassan et al., 2012). Second, it was also anticipated that large companies would face greater political and public pressures than small companies due to the resources and profits generated. It was decided to focus on these types of companies because actively traded and large companies are more in the public eyes and therefore can be expected to engage in some socially responsible activities (Ghazali, 2007). Thus, CSR issues should be more prominent in large companies than they would be in smaller companies. A total of 100 large corporations operating in various industries (i.e., health care, education, manufacturing, construction, consumer products, hotel, industrial products, mining, plantation and technology) were selected.

1.8 Structure of the Thesis

This thesis is organized into ten chapters. The contents in each chapter are described as follows:

Chapter 1 introduces the study by providing a brief description of the main components of the thesis. This chapter starts with the motivation of the study followed by brief descriptions of the components related to the present study including the research gaps and the research aim. It ends with illustrations of how the study is organised and the thesis structure.

Chapter 2 reviews the literature on CSR, CSR disclosure and online CSR disclosure where the gaps in the existing literature are highlighted. These literature are reviewed to inform and guide examination of the research objectives of the study.

Chapter 3 discusses the role of leadership in detail and reviews the literature on ethical leadership behaviours, leadership styles particularly transformational and transactional styles and the role of leaders. Chapter 3 also provides the theoretical framework of the current study, and presents the development of hypotheses.

Chapter 4 discusses the research paradigm and the research methods employed to achieve the stated objectives. Validity and reliability of the research instruments and ethical issues in the disclosure index, questionnaire survey and in the interviews are also addressed in this chapter.

Chapter 5 outlines a descriptive result for the first research objective by using the CSR disclosure checklist. The extent of online CSR disclosures among the Malaysian companies and the CSR item-wise analysis are revealed in this chapter.

Chapter 6 and Chapter 7 detail out the results of the statistical analysis by using the univariate and multivariate analyses. Correlation results are presented in Chapter 6 while multiple regression result is discussed in Chapter 7.

Chapter 8 presents the analysis for the qualitative data. The results of the semi structured interviews are summarized in this chapter along with occurring issues discussed by the interview participants during the interviews.

Chapter 9 discusses the research findings while Chapter 10 delivers concluding remarks of the thesis. In the final chapter, the key findings of each research objective are summarized, contributions of the study are elaborated, the limitations of the study are highlighted and avenues for future researches are discussed.

1.9 Presentation of Chapters

The organisation of the study and the layout of the thesis are presented as follows:

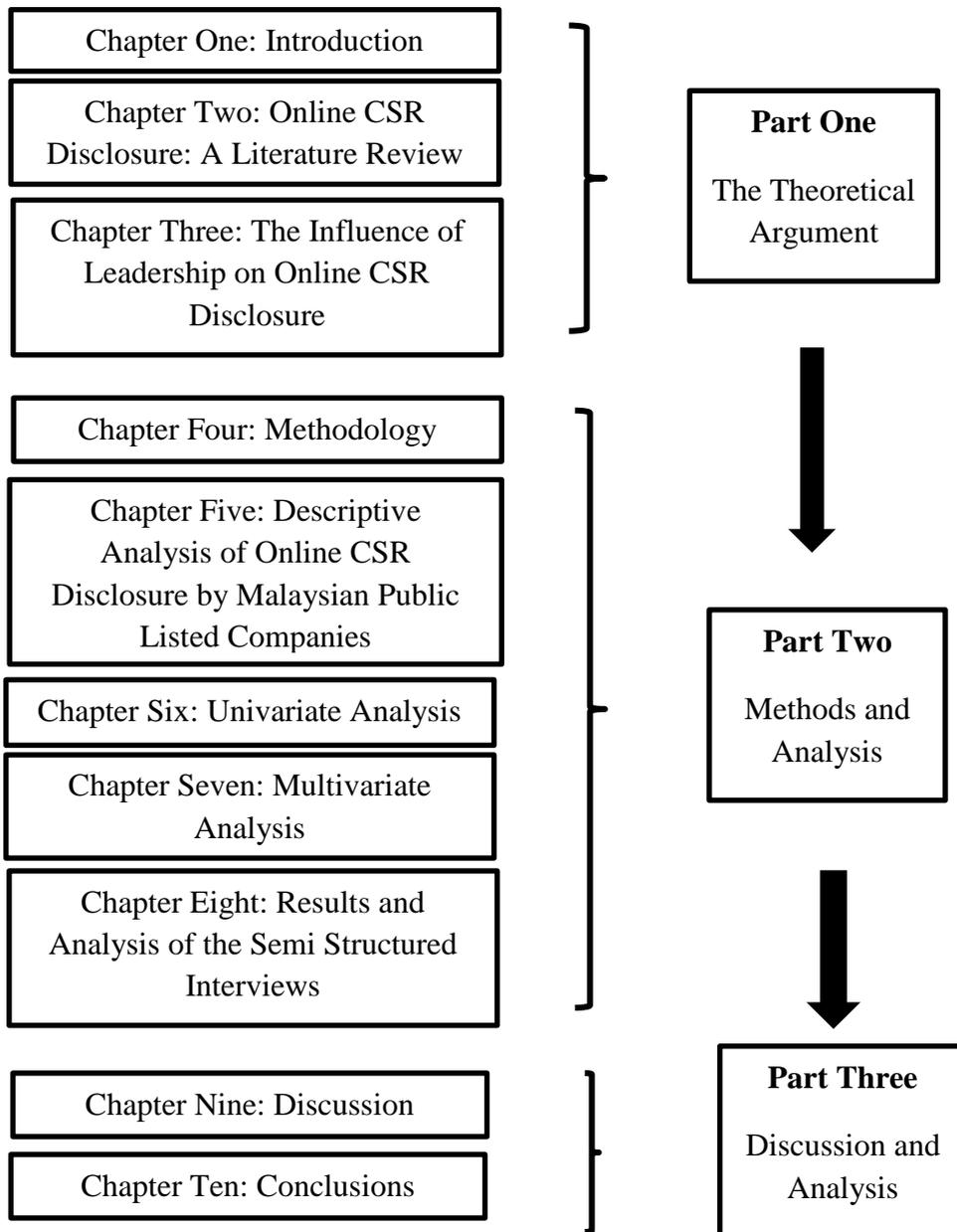


Figure 1.1 Organisation of the study

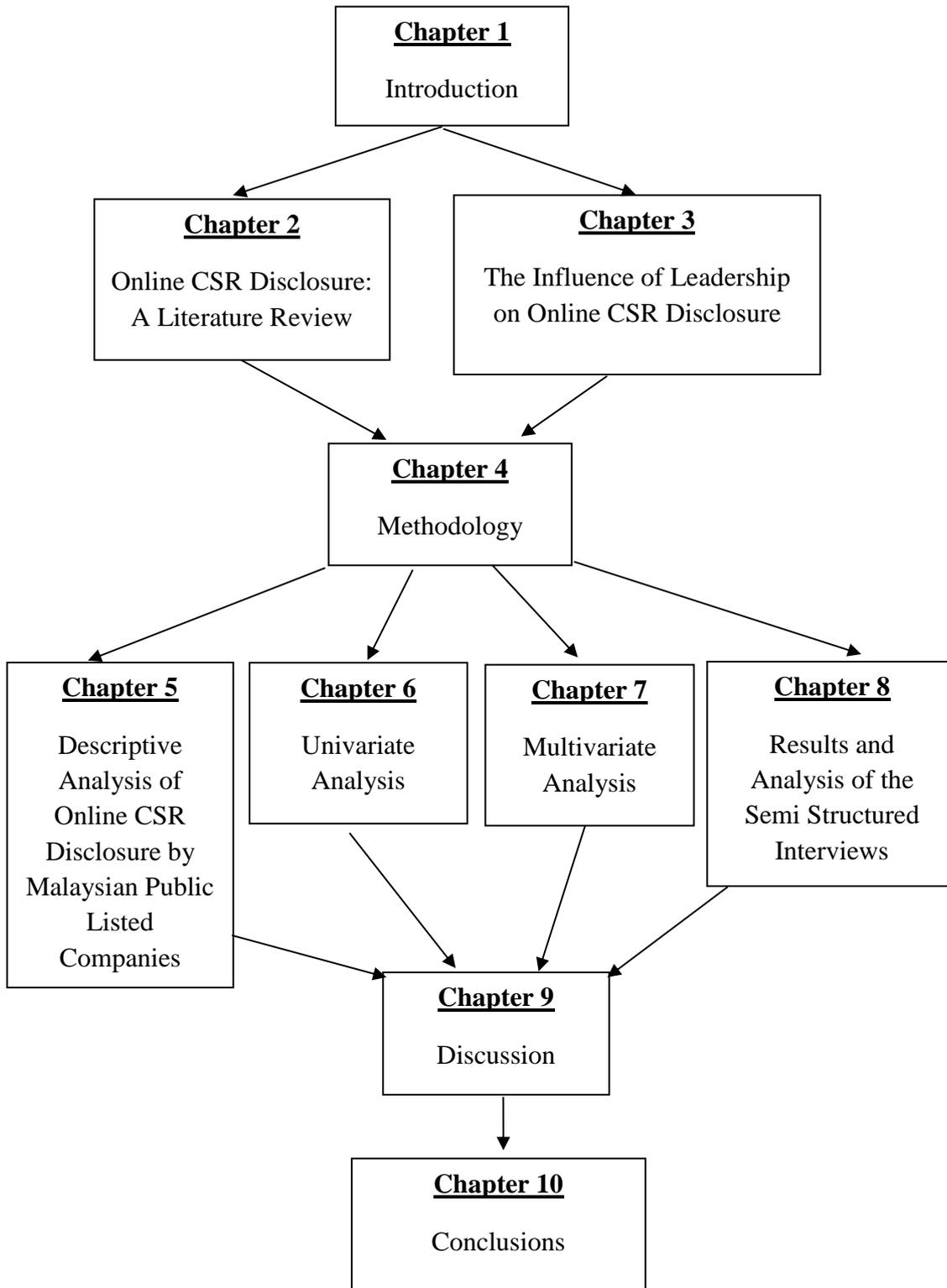


Figure 1.2 Thesis layout

CHAPTER 2

Online CSR Disclosure: A Literature Review

2.1 Introduction

The objective of this chapter is to explore existing literature on CSR and related issues, particularly issues that are associated with online CSR disclosure. This includes its definition, manifestations, online CSR disclosure in the Malaysian context, a summary of the global trend, previous relevant studies and many more.

2.2 Corporate Social Responsibility

2.2.1 The concept and definition

The concept of CSR has emerged as encompassing the way businesses act towards concerns raised in the society by various stakeholders (Griseri & Seppala, 2010). The term Corporate Social Responsibility or ‘CSR’ became popular in the 1960s and has remained as a term to cover social responsibilities towards the environment, consumers, employees, communities, shareholders and other stakeholders (Griseri & Seppala, 2010).

Historically, CSR literature was marked with the publication of a book entitled, *Social Responsibilities of the Businessman*, by Howard R. Bowen in 1953 (Valor, 2005). Bowen gave the initial definition of the social responsibilities of business as the obligations of businessmen to pursue policies, to make decisions, or to follow lines of action which are desirable in terms of the objectives and values of the society. Chapple and Moon (2005) define CSR as the social involvement, responsiveness and

accountability of companies apart from their core profit activities, beyond the requirements of the law and what is required by the government. Others define CSR as corporate behaviours which aim to affect stakeholders positively and go beyond its economic interest (Turker, 2009).

However, defining CSR is difficult as it is understood differently by different types of people (Dusuki, 2005). The definition of CSR has become problematic as various arguments for CSR are being made (McWilliams & Siegel, 2001); hence, there is no agreed-upon definition of CSR among either scholars or practitioners (Fleming & Jones, 2013). As a result, there are various terms to describe CSR. For example, in the 1970s, the term ‘corporate social responsiveness’ was introduced. Then, in the 1980s, ‘corporate social performance’ was introduced. And later, in the 1990s, ‘corporate citizenship’ was the new phrase being used (Griseri & Seppala, 2010; Valor, 2005).

Nonetheless, one of the most popular definitions of CSR was presented by Archie Carroll (1979), depicting CSR as the expectations that society has on businesses (Griseri & Seppala, 2010). In a more comprehensive approach, Carroll (1979, 1991) has attempted to integrate previous conceptualizations by introducing four-elements of CSR, namely, economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities. She believes that corporations not only have the economic responsibility of being profitable and the legal responsibility to follow laws and regulations that guide their ability to achieve economic objectives, but they also have ethical and philanthropic responsibilities that encompass social norms and standards (Carroll, 2000). Carroll’s famous definition of CSR is known as

The Pyramid of Corporate Social Responsibilities, illustrated in Figure 2.1. Each of these four elements is discussed below.



Figure 2.1 Carroll's pyramid of Corporate Social Responsibility

Adapted from Carroll (1991).

2.2.1.1 Economic responsibilities

Economic responsibilities are designed to fulfil societal needs and wants by producing products and services to meet such needs and wants (Carroll, 1991). As a basic economic entity in the society, the existence of business is motivated by the maximization of profit and increasing shareholder value. Economic responsibilities of corporations further create employment opportunities, generate investment, develop and transfer new research and technology and produce safe products and services.

2.2.1.2 Legal responsibilities

Legal responsibilities of business corporations embrace the expectation of the society to pursue their objectives within the framework of the law (Dusuki, 2005). This is because corporations are bound by various federal, state and local rules and regulations. For example, companies are not allowed to engage in any activities related to hazardous and pirated products. It is also important for corporations to comply with other legal responsibilities such as employee welfare, consumer protections laws, pollution control and tax payment (Carroll, 1991).

2.2.1.3 Ethical responsibilities

Ethical responsibilities refer to the ethical responsiveness of business corporations as expected by the society. It is important for business corporations to recognize what is right and what is wrong so that they can provide fairness and justice to the members of a society who includes shareholders, employees, suppliers, competitors, local community and environment (Carroll, 1991).

2.2.1.4 Philanthropic responsibilities

Philanthropic responsibilities refer to the common desire to see business contribution in response to society's expectation. Although the absence of philanthropic activities is not deemed as unethical, any voluntary programs conducted by the business community such as promoting art and cultural activities, supporting charity activities and education will contribute to improving life (Carroll, 1991).

2.2.2 Manifestations of CSR

Various manifestations of CSR promote the basic idea of CSR in which corporations should take into account activities beyond profit making. CSR has evolved to incorporate different approaches depending on circumstances and needs. Issues in CSR revolve around social problems such as poverty, unemployment, race, gender and religious discrimination, environmental pollution, promoting human rights, community involvement, human resource management, socially responsible investing and social reporting. In addition, CSR activities are manifested in organizational programs that protect and improve societal welfare, ranging from cause-related marketing, employee benefits, community outreach, to eco-friendly or sustainable business practices (Du et al., 2013).

Various efforts have been initiated to continue the legacy of CSR including declarations, strategic alliances, strategies, awards and policies. One of them is the United Nation's Global Compact Policy which is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with universally accepted principles in the areas of human rights, labour, environment and anti-corruption (United Nation Global Compact [UN Global Compact], 2015). Currently, more than 8000 corporations across 162 different countries, including Malaysia, have adopted the United Nation's Global Compact Policy, committing to align their business operations with a set of standards of socially responsible behaviours (UN Global Compact, 2015). By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere (Du et al., 2013).

2.2.3 The terminology

The term ‘sustainability’ has been used interchangeably these days with the term ‘corporate responsibility’ (United Nation Children’s Fund [UNICEF], 2013). This term is also synonymous with ‘corporate social responsibility’ and ‘corporate citizenship’ (Companies Commission of Malaysia [CCM], 2013). According to the Global Reporting Initiative (GRI) which is an international independent organization that helps other organizations including businesses and governments to understand and communicate the impact of business on critical sustainability issues, sustainability means the ability for something to last for a long time, or indefinitely that is based on performance in four key areas covering economic, environmental, social and governance (GRI, 2015). This means that when organizations consider sustainability and integrate it into how they operate, they must consider four key areas of their performance and how such initiative impact the economic, environmental, social and governance.

Therefore, CSR is often associated with various terms such as sustainability, corporate citizenship, corporate responsibility, environment, social and governance as well as Triple Bottom Line (UNICEF, 2013). For instance, UNICEF defines CSR as “a set of voluntary actions a business takes over and above compliance with the law which includes but not limited to corporate governance and philanthropy” (UNICEF, 2013, p. 12). Despite all the various terminologies, there is a common theme to the definitions. Hence, it is universally understood that all the terms refer to the same concept of CSR.

2.3 Communicating CSR

2.3.1 The background of CSR reporting

Corporate sustainability reporting emerged in the year 1990 and 1991 when a few corporate environmental reports were published (The Association of Chartered Certified Accountants [ACCA], 2010). Social reports began to be issued in the mid-1990's and the first true sustainability reports were issued at the end of the decade, coinciding with the establishment of the GRI and the issuance of the first set of GRI sustainability reporting guidelines in 1999 (ACCA, 2010). Since then, there is a wide diversity of CSR disclosure.

Early voluntary of CSR reporting to investors or shareholders tended to emphasize narrative discussion on selected environmental, community and employee issues within the conventional annual reports (Milne & Gray, 2013). In the 1990s, separate or stand-alone reports were introduced by larger companies. Earlier versions of the CSR reports covered few stakeholders, more news but generally ignored the major social issues that arose from lobbying, advertising, increased consumption, distributions of wealth and other related corporate activities (Milne & Gray, 2013).

However, the value of reporting lies within disclosure. This is because when a company reports what has been achieved, it also helps the company to address areas of improvement (UNICEF, 2013). To achieve this, the fundamentals of CSR disclosure need to be addressed. As illustrated in Figure 2.2, the fundamentals of corporate responsibility disclosure comprise three important elements of disclosure which are 'who', 'what' and 'how'. Addressing these three elements will ensure

companies achieve the good values of reporting. These three elements will be explained in this section.



Figure 2.2 Fundamentals of Corporate Responsibility Disclosure

Adapted from Best Business Practice Circular 5/2013, Corporate Responsibility: Guidance to Disclosure and Reporting, Companies Commission of Malaysia.

First, ‘who’ addresses the audience of the sustainability disclosures comprising people who are affected by and can affect the organization known as the stakeholders. This is because businesses do not operate in isolation; hence, they constantly affect and can be affected by the stakeholders. Therefore, it is the responsibility of the business to keep the stakeholders informed on the CSR and sustainability information of the business. It is also undeniable that a myriad of stakeholders, ranging from employees to shareholders to society with interest in the conduct and oversight, demand greater role and responsibility for companies and businesses to engage in good work parallel with the pursuit for profitability (CCM, 2013). These stakeholders may also have a big impact on the value of a company or a business.

Second, ‘what’ addresses the possible area and content of the disclosures. Once the stakeholders are identified, companies and businesses can further refine their disclosure by categorising their initiatives. In the case of public listed companies in Malaysia, for instance, CSR initiatives have been refined to four categories comprising marketplace, workplace, community and environment. If we consider one category, for instance, ‘workplace’, the possible areas and content for workplace would include actions to improve wages, pensions and other employee benefits, health and safety at the workplace, nursing mother’s facility, staff training and development, equal opportunity employment, diversity, internal corruption policy and work/life balance (*Bursa Malaysia*, 2013; CCM, 2013).

Third, ‘how’ addresses the method to disclose in which companies or businesses can adopt one or more mediums in disclosing their sustainability initiatives. Some of the methods include dedicated section in the annual report, stand-alone report on sustainability issues, environmental or social issues and disclosures in corporate websites. However, when deciding on the suitable medium, costing plays an important role as each of the mediums costs differently and has different attributes and advantages (or disadvantages) (CCM, 2013).

2.3.2 What is corporate responsibility disclosure?

CSR reporting or CSR disclosure can be defined as the provision of financial and non-financial information relating to an organization’s interaction with its physical and social environment as stated in annual reports or separate reports (Hackston & Milne, 1996). Likewise, some companies prefer to use the term ‘disclosure’ while others have used the word ‘reporting’ as well as ‘communication’ synonymously. Although all of

these terms have a similar meaning, no single generally accepted term of sustainability reporting exists (English & Schooley, 2014). Different organisations may employ different terminologies based on their corporate history, geographic location, the specific form and format of their disclosure combined with the needs and expectations of the target audience or stakeholders (CCM, 2013).

Meanwhile, the GRI uses the term ‘sustainability reporting’ and promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development. According to GRI, sustainability reporting can be considered as synonymous with other terms for non-financial reporting such as triple bottom line reporting and CSR reporting (GRI, 2015). A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities which presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy (GRI, 2015).

2.3.3 The importance of CSR reporting and disclosure

CSR is about the relationship between the business and stakeholders. Due to its relation to stakeholders especially the investors, any CSR initiatives especially CSR activities are reported and disclosed, thus emphasising the importance of CSR reporting and disclosure. It is one approach of how companies published their CSR activities (Said, Zainuddin & Haron, 2009). Since CSR is also about the impact of the business operations towards others that can range from the protection of human rights to safety in the workplace, the more dispersed the business, the greater the amount of impact

that will need to be accounted for; hence, the bigger the company, the more information is reported (Zulkifli & Amran, 2006).

Social responsibility disclosure refers to the disclosure of information about companies interactions with society (Che Hassan et al., 2012) and it is an important instrument in the 'dialogue' between business and society (Branco & Rodrigues, 2006). It may also take place through reports, advertising, focus groups, booklets, school education and other types of media (Said et al., 2009). It provides information to the public and other stakeholders about a company's activities with the community, environment, its consumers and its employees and sometimes includes energy usage in the company.

CSR disclosure by corporations is not only for society at large but also for a range of stakeholders, such as investors, actual and potential employees, NGOs, and target customers. For many companies, CSR disclosure is seen as a significant tool in influencing the feelings, thoughts and consequently buying behaviours of their target customers (Turker, 2009). As such, CSR disclosures lead companies to better financial performance, enhanced brand image, increased reputation, increased sales and customer loyalty. These activities not only improve the corporate image, but also affect the perception of employees (Turker, 2009) hence leading to increased productivity and work quality. CSR reporting also provides context for financial disclosure giving investors and stakeholders a 'window' on the company's future sustainability (Durie, 2009). That is why the reports are now often referred to as 'sustainability reporting' (Milne & Gray, 2013).

2.4 Communicating CSR via Online Communication

Corporate annual reports have been used widely by companies and other interested parties, for disclosing and gathering data for social responsibility reporting. Such a high reliance on the annual reports is due to the fact that they are the main corporate communication tool and are regarded as key document for CSR disclosure as a result of their significant credibility in communicating information to stakeholders (Che Hassan et al., 2012).

In addition, annual report is the main corporate communication tool which represents a company and is widely used (Branco & Rodrigues, 2006). It possesses a ‘degree of credibility’ in that the annual report depicts important highlights of the company, especially the audited financial reports or financial statements. The fact that the auditors must review such material gives it a degree of credibility that other media cannot claim to have (Neu, Warsame & Pedwell, 1998). Recent empirical studies have shown an increasing trend in CSR related disclosures in the annual reports of companies in developing countries (Haji, 2013). Companies in Malaysia for instance have expanded their annual reports beyond the traditional reporting by incorporating elements of environmental, social, product and employee information (Zulkifli & Amran, 2006).

Nevertheless the use of annual reports as the source of disclosure and gathering of data has been criticized. O’Donovan (2002) indicates that annual report is less likely to be read by non-investor stakeholders as such annual report is meant for investors and company shareholders. Knowing the fact that conventional paper-based reports alone are not sufficient to reach the target audience, companies are exploiting the capabilities

of the available multimedia platforms. Annual reports are now converted digitally so that these reports can be downloaded easily from the websites. Now, the corporate website serves as an immediate and massive information hub which is an ideal channel to convey organizational messages that shape, enhance and maintain a company's corporate identity and reputation (Rolland & Bazzoni, 2009).

Previous literature has shown that the use of only the annual report for measuring disclosure provides a distorted picture of CSR practices within companies (Haji, 2013; Rouf, 2011). Therefore, CSR information from online reporting media such as websites becomes essential. This is especially true as when awareness of CSR monitoring and CSR disclosures increases, the communication of CSR broadens and begins to evolve. Therefore, the use of online CSR disclosures is important.

CSR reporting via internet has emerged as voluntary practice by many large companies worldwide especially in United States (Che Hassan et al., 2012). Some have termed such reporting method as 'CSR website reporting' (Chapple & Moon, 2005), while others have referred to it as 'social responsibility disclosure on the internet' (Branco & Rodrigues, 2006), 'CSR online reporting' (Rolland & Bazzoni, 2009), 'online CSR communication' (Hinson, Boateng & Madichie, 2010), and 'online sustainability disclosure' (Amran, 2012) (see *Appendix 1* for other terms used in prior studies). Despite the various terms, all authors have referred to the same notion of online CSR disclosures which involves communicating any CSR information online via the internet, particularly on websites.

2.4.1 Advantages of disclosure on corporate websites

The web or the internet offers countless possibilities in communicating CSR in the digital format (Amran, 2012). With the vast advancement in technology particularly the internet, stakeholders expect relevant information about the business to be made easily available and accessible. The advantages of using the internet include:

- 1) Any CSR information can be accessed in real time, from anywhere and at relatively lower costs (Che Hassan et al., 2012).
- 2) The layout and the style of information in websites vary enormously (Chapple & Moon, 2005).
- 3) The dissemination of information moves from traditional channels such as print-based publications for investors to an online communication; hence, communication which used to be one-way is now becoming more dialogic and participatory, allowing feedback (Rolland & Bazzoni, 2009).
- 4) The improved presentation of the disclosures via graphics, animation, multimedia, hyperlinks, search and tracking facilities assist the companies to enhance their stakeholders' engagement (Amran, 2012).
- 5) Online CSR disclosure has the ability to reach wider range of readers, not only the investors, with greater volumes of customizable CSR information incorporating audio and visual communication (Rolland & Bazzoni, 2009).

2.4.2 Disadvantages of disclosure on corporate websites

However, it should also be acknowledged that website reporting or online CSR disclosure may not be an appropriate vehicle for communicating CSR due to the following disadvantages:

- 1) A country's wealth, as the main barrier to internet use, tends to be the high costs of connection. This means that most companies in the world, especially in Asia, will not catch up with this technology until the cost of connecting to the internet becomes affordable (Chapple & Moon, 2005). However, it can be said that in countries with low internet usage, companies may use other means to disseminate CSR information as low internet user rates in respective countries would make it difficult for companies to be inclined to invest much in internet technologies and capabilities.
- 2) Online CSR disclosure could generate unreliable information. As an example, financial reporting via the internet could be unreliable if firms report unaudited financial information on their websites or provide links from audited to unaudited information (Aly, 2008).
- 3) Inadequate web security which can result in reliable CSR information being fraudulently transformed into unreliable information by hackers.
- 4) Sometimes website visitors become lost when using navigational aids on the webpages, such as the forward and back buttons and this may disrupt the necessary integrity of any CSR information. Expertise in designing and maintaining the information on websites is crucial as accessibility and readability should be considered (CCM, 2013).

Table 2.1 Some of the differences between annual report and online reporting

Annual report	Online reporting
1) For specific reader such as investor.	1) For multiple readers such as consumers, employees and potential investors.
2) Not timely and not updated - Reporting based on yearly basis.	2) Timely and up-to-date reporting - Real time information are uploaded.
3) Mostly one-way communication	3) Dialogic communication - Offers participatory and feedback from readers.
4) Limited reporting - Comprehensive reporting - Limited information disclosure.	4) More information is reported - Unlimited information disclosure.

2.5 The Malaysian Context

2.5.1 CSR in Malaysia

Malaysia is one of the fastest growing economies where CSR initiatives have received much attention in recent times (Haji, 2013; Haniffa & Cooke, 2005; Said et al., 2009; Thompson & Zakaria, 2004). In a developing country such as Malaysia, CSR is an emerging trend. The CSR concept was brought to Malaysia mainly through the practices of multinational companies (Thompson & Zakaria, 2004). The Malaysian government is actively ensuring that business and public activities pay heed to CSR issues, such as eradicating poverty, conserving energy, combating deforestation, managing fragile ecosystems, protecting health and managing land resources.

However, minimum standards are currently set in Malaysia by the government to administer CSR practices, particularly in the areas of environmental protection, social welfare, health and safety (Amran, Zain, Sulaiman, Sarker & Ooi, 2013). Furthermore, to be consistent with the national agenda, particularly with regards to achieving the country's *Vision 2020*, CCM has pushed towards a better CSR implementation to meet the objectives of the *National Integrity Plan*, thus generating greater economic and capital market growth in Malaysia.

Vision 2020 or '*Wawasan 2020*' is an initiative introduced by the fourth Prime Minister of Malaysia, Mahathir Mohamad in 1991. This vision calls for the nation to achieve the goal of becoming a self-sufficient industrialized nation by the year 2020 which encompasses all aspects of life, from economic prosperity, social well-being, world class education, political stability, as well as psychological balance (Mohamad,

1991). Mohamad outlined nine strategic challenges Malaysia must overcome to achieve *Vision 2020* as shown in Table 2.2. This promotes that by the year 2020, when all of the nine barriers have been overcome, Malaysia will be a united nation, with a confident Malaysian society, infused by strong moral and ethical values, living in a society that is democratic, liberal and tolerant, caring, economically just and equitable, progressive and prosperous (Mohamad, 1991). Looking at each of the challenge below, the elements of CSR have been embedded in each of the strategic challenges.

Table 2.2 The nine strategic challenges in Vision 2020

- Challenge 1: Establishing a united Malaysian nation made up of one *Bangsa Malaysia* (Malaysian Race).
- Challenge 2: Creating a psychologically liberated, secure and developed Malaysian society.
- Challenge 3: Fostering and developing a mature democratic society.
- Challenge 4: Establishing a fully moral and ethical society.
- Challenge 5: Establishing a matured liberal and tolerant society.
- Challenge 6: Establishing a scientific and progressive society.
- Challenge 7: Establishing a fully caring society.
- Challenge 8: Ensuring an economically just society, in which there is a fair and equitable distribution of the wealth of the nation.
- Challenge 9: Establishing a prosperous society with an economy that is fully competitive, dynamic, robust and resilient.

Adapted from Mohamad (1991).

2.5.2 Background on the implementation of CSR disclosure in Malaysia

CSR became an important issue after the fifth Prime Minister of Malaysia, Abdullah Ahmad Badawi during his 2007 budget speech on 1 September 2006, announced that it would be mandatory for all public listed companies in Malaysia to report their CSR practices in companies' annual reports (Badawi, 2006; Said et al., 2009). The directive from the then Prime Minister was meant to encourage Malaysian public listed

companies to become more engaged in being socially responsible, and to make the way they approach the process of CSR part of their business processes.

In response to this, *Bursa Malaysia*, the stock exchange of Malaysia has developed a CSR framework as a guideline for public listed companies to provide a description of CSR activities undertaken. The framework focuses on four dimensions: Environment; Community; Workplace; and, Marketplace. This four-element model provides extensive help for business organisations governed under *Bursa Malaysia* in understanding the CSR philosophy and offers a useful construct for beginners to engage in CSR initiatives. The model as depicted in Figure 2.3 may be useful as an initial framework to help analyse and evaluate the degree of business involvement in social responsibility programmes, particularly in a developing country like Malaysia.



Figure 2.3 Bursa Malaysia’s CSR Framework

Adapted from Bursa Malaysia Sustainability Report (2014).

However, the framework above does not tell the whole story of CSR as it is just a basic set of guidelines for Malaysian public listed companies to help them in the practice of CSR and CSR reporting. When looking at “environment”, companies focus their CSR efforts on a variety of issues, for example, companies may focus on energy consumption which could consist of how to use it more efficiently and how to reduce damages to the climate as a result of energy consumption and emission.

In terms of “community”, *Bursa Malaysia* is encouraging companies to support the community as companies live within the community. Companies depend on the community in many ways and the community depends on them. Supporting employee involvement in community issues enriches the community and the company. Supporting education, such as adopting a school, is another possible CSR activity companies can adopt. The opportunities for company interaction with the community are vast.

In “workplace”, companies focus dealing with basic human rights or gender issues. A quality work environment and health and safety are other considerations in terms of workplace issues companies could partake in, looking after the well-being and welfare of the employees.

In terms of “marketplace”, this is where stakeholders such as suppliers, vendors and customers could be found. Companies interact responsibly with this group in a number of ways, such as supporting green products, engaging in only ethical procurement practices and helping to develop suppliers.

2.5.3 Framework and reporting requirements

In an effort to instil better CSR reporting culture into businesses, the Malaysian government requires all public listed companies to disclose their CSR activities in their annual reports. *Bursa Malaysia* has made it mandatory for all public listed companies to disclose its CSR activities in annual reports and this requirement affected over 1,000 companies in Malaysia when it was first implemented (UNICEF, 2013). Subsequently, *Bursa Malaysia* has published a reporting framework for public listed companies, which outlines potential CSR initiatives in the categories of environment, community, marketplace and workplace.

The *Bursa Malaysia*'s Main Market Listing Requirements makes it mandatory for listed companies to provide a description of the corporate responsibility activities or practices undertaken by the companies (*Bursa Malaysia*, 2015). If there are no activities or practices undertaken in a reported year, the company must provide a statement to that effect. It provides the following mandatory requirement in *Appendix 9C, Part A, item no. 29* of the Listing Requirements which indicates “ [a] description of the corporate social responsibility activities or practices undertaken by the listed issuer and its subsidiaries or if there are none, a statement to that effect” (*Bursa Malaysia*, 2015).

In addition to this, *Chapter 9 (Continuing Disclosure), Part K, Paragraph 9.25, item no. 1* of the *Bursa Malaysia*'s Listing Requirement states that:

“A listed issuer must set out separately in its annual report, the items set out in Part A of Appendix 9C unless the following conditions are met:

- (a) the information has been previously announced or disclosed to shareholders pursuant to these Requirements, or remains substantially unchanged from year to year;
- (b) the listed issuer publishes such information on its website; and
- (c) the listed issuer discloses in the annual report, the address of its website and the place on its website where the information can be accessed.” (*Bursa Malaysia*, 2015)

The above statements clearly demonstrate that *Bursa Malaysia* is committed to promote better transparency through information disclosure via CSR reporting. *Bursa Malaysia* advocates the use for both types of CSR disclosures, on the annual report and in the website. However, there is an imbalance between the use of annual report and online reporting among its listed companies.

2.5.4 Online CSR disclosure by Malaysian public listed companies

Most listed companies in Malaysia are adopting the annual report approach in line with the requirement of *Bursa Malaysia*. Nevertheless, CSR information disclosure using this method is minimal and the highlight is shared with the financial reporting of the annual report which would not be attractive enough to appeal to a wider audience.

CSR disclosures on the corporate website are extremely useful as they offer information to various target audience that it is easy and cheap to update (CCM, 2013). Studies have shown that the internet and corporate websites play an important role as public relations tools and that there is a growing relevance of corporate websites for communicating CSR (Hamid, 2005; Rowbottom & Lymer, 2009). Hence, it is an

essential business tool to retain if companies in the emerging market like Malaysia are to attract investment and achieve sustainable growth.

With Malaysia aiming to attain a high income nation status by the year 2020, the use of the internet as a medium for disseminating information is without doubt relevant. As shown in Table 1.2 from the previous chapter, the rate of internet use in Malaysia is high with more than 20 million internet users in Malaysia which represents about 67% of the Malaysian total population. Hence, providing CSR information via the internet or corporate websites is possible and significant in Malaysia enabling business corporations to discharge their social responsibility and accountability to stakeholders easily.

Among the efforts taken in Malaysia to motivate companies to disclose their CSR activities are the introduction of Malaysia Code on Corporate Governance requirements, the National Annual Corporate Award (NACRA), Malaysian Environmental Reporting Award (MERA), Malaysian Environmental and Social Reporting Award (MESRA), Most Outstanding Annual Report Award and the Malaysian Prime Minister's CSR Award (Haji, 2013; Said et al., 2009). Companies in Malaysia strive to be involved in CSR and related disclosures to win these prestigious awards in an attempt to establish and improve their brand names and to be recognized.

Nevertheless, in a study by Sobhani, Amran and Zainuddin (2012) has revealed that the annual report is still in use to disclose CSR information and it surpasses the corporate website in the disclosure of CSR. In addition, Che Hassan et al. (2012) have claimed that internet usage among Malaysian public listed companies for disclosing

CSR information has not yet been fully utilized which is probably due to the fact that Malaysian companies prefer to use the annual report as the disclosure medium compared to the corporate website. As a result, Malaysian companies are not fully utilizing the numerous internet connections and the online communication, particularly the use of their corporate websites in disseminating CSR information to their stakeholders (Amran, 2012; Che Hassan et al., 2012; Hamid, 2005). Such reporting method is especially important when digital communication such as online CSR disclosure can be used to cultivate sustainable practices in companies. Nonetheless, there is still room for Malaysian companies to improve their internet corporate reporting (Homayoun & Abdul Rahman, 2010). Therefore, this issue warrants further investigation.

2.6 Global Trend of Sustainability Reporting

Other regulatory bodies in other parts of the world are also actively pushing forward the act of CSR and its disclosures. As the importance and awareness of corporate sustainability are increasing, countries all over the world are developing their own frameworks to promote sustainability and to further enhance the CSR disclosure efforts. So far, a global mandatory reporting model has not yet been devised even though a number of countries have implemented a form of CSR reporting or sustainability disclosure (Durie, 2009). The most widely accepted sustainability disclosure tool is the GRI guidelines, which is seen used rapidly and increasingly in Asia (ACCA, 2010).

However, the perceived importance of CSR disclosures is different among countries all over the world where different countries have different reporting requirements.

Some countries have perceived such disclosure practice as very important thus advocated for mandatory CSR reporting and disclosure requirements in their respected countries as shown in Table 2.3.

Table 2.3 Comparison of reporting requirements in other countries

Country	Mandatory reporting?
United Kingdom	Yes
Australia	No
Singapore	No
France	Yes
India	Yes
Denmark	Yes
Indonesia	Yes
Thailand	Yes
Philippines	No

In recent years there has been a move by regulators and governments to promote CSR disclosure in some Asian markets namely Indonesia, Malaysia and Taiwan being the most recent (ACCA, 2010). In Indonesia, for instance, the *Limited Liability Company Law* and the Capital Market Supervisory Agency have regulated the reporting requirements for issuers and public listed companies to be disclosed in annual reports (ACCA, 2010).

In the Philippines, the Philippines Securities and Exchange Commission encourages listed companies to make additional statements such as environmental reports and value added statements because the management believes that this will assist users in making economic decisions particularly in industries where environmental factors are significant (ACCA, 2010). However, this has not yet been made a mandatory requirement for businesses in the Philippines.

In Singapore, the reporting of CSR activities is voluntary but the companies listed under the Singapore Exchange are encouraged to produce sustainability reports. The Singapore Exchange, the stock exchange of Singapore provides these companies with a guide entitled, the *Guide to Sustainability Reporting for Listed Companies* issued in June 2011 (UNICEF, 2013).

In Thailand, the government has introduced the *Corporate Governance Code* which requires clear policies on environmental and social issues that must be reported by listed companies (ACCA, 2010). In India, it is the director's responsibilities to disclose any CSR contents or policies in the Director's report and on company's website, ensuring that the prescribed CSR activities are undertaken by the company (ACCA, 2010).

Meanwhile, among the developed countries, for example, in the United Kingdom, listed companies are required to report in the form of a Business Review on social and community issues (Durie, 2009; UNICEF, 2013). In Australia, the Australian government launched the National Action Plan for Education and Sustainability in April 2009 to equip all Australians with the knowledge and skills required to live sustainably but, at present, no mandatory requirement on sustainability disclosures has been imposed in Australia (Durie, 2009; UNICEF, 2013).

In France, the *Les Nouvelles Regulations Economiques 2001* was introduced to businesses which comprised an amended French law that contain mandatory corporate disclosure requirement for all listed companies on social and environmental issues in their annual reports (UNICEF, 2013) while in Denmark, large businesses are required

to supplement their management's review with a report on CSR (Durie, 2009). Even though incorporating CSR strategies into the business remains voluntary, Denmark has introduced a mandatory requirement for reporting from their largest companies (Durie, 2009).

2.7 Previous Studies

The tendency among corporations to voluntarily provide CSR disclosure has been of interest to researchers for most of the last three decades. This can be seen by publications such as Bowman and Haire (1976), Abbot and Monsen (1979) and Teoh and Thong (1984). This section will evaluate prior research and present key studies carried out by researchers. These includes Thompson and Zakaria (2004), Chapple and Moon (2005), Branco and Rodrigues (2006), Moreno and Capriotti (2009), Rolland and Bazzoni (2009), Elsayed (2010), Homayoun and Abdul Rahman (2010), Hinson et al. (2010), Lakatos et al. (2012), Amran (2012) and Che Hassan et al. (2012). Prior studies such as Said et al. (2009) and Sobhani, Zainuddin, Amran and Baten (2011) are among those who have examined both CSR disclosures in the annual report and also on the corporate websites together. There are a number of themes and shortcomings in these researches which can be identified, in terms of: 1) its nature, 2) annual report focus and 3) locational focus.

It is found that the literature in relation to CSR reporting has focused on annual reports, which has extended to include internet CSR reporting and disclosure. These studies can be classified into descriptive and explanatory studies. In general, there are two approaches to measure disclosure; content analysis and disclosure index. Both approaches have been widely used in disciplines such as literature, journalism,

education, political sciences and other social sciences (Beattie et al, 2004). Most of the reviewed studies used the index to measure annual report and to conduct content analysis. Many studies use the disclosure index including those in various country settings. However, some theories were not adequately used and the range of variables in the disclosure employed was limited, which will be discussed further in the following sections and the subsequent chapter.

2.7.1 Descriptive in nature

Researchers used descriptive analysis to offer a general overview of the current state of online CSR reporting and disclosure in different countries. As an example, in order to have a full picture of CSR online communication of SMEs in Finland, Lakatos et al. (2012) analysed the availability of companies' websites and the manner companies communicate CSR activities on the websites. Similarly, Moreno and Capriotti (2009) looked at CSR communication on corporate websites in order to analyse the way in which top Spanish companies communicated their CSR practices. They found that the web has become an essential instrument for the communication of CSR issues, although its use was limited to certain content.

Subsequently, the majority of prior studies concentrated on the level or extent of internet CSR disclosures. These studies include Momin (2006), Stiller and Daub (2007), Homayoun & Abd Rahman (2010), Hassan (2010), Sobhani et al. (2011), Rouf (2011), Amran (2012), Che Hassan et al. (2012), Haji (2013) and Bowrin (2013). Bowrin (2013) examined online CSR disclosure of public listed Caribbean companies and discovered that the level of disclosure in the Caribbean was relatively low. In addition to this, it was revealed that the highly disclosed CSR theme was community

issues (Branco & Rodrigues, 2006; Che Hassan et al., 2012; Moreno & Capriotti, 2009; Saleh, 2009; Stiller & Daub, 2007). Although these studies viewed only the presence (level of disclosure) and importance of CSR information on the website as an essential place to diffuse information about corporate behaviours, it was inadequate.

2.7.2 Annual report focus

Since most annual reports became readily available on corporate websites, most prior studies focused more on CSR disclosure practices in the annual reports than on the websites. These include Belal (2001), Thompson and Zakaria (2004), Momin (2006), Stiller and Daub (2007), Ghazali (2007), Saleh (2009), Elmogla (2009), Aribi (2009) and Haji (2013). This is probably due to the fact that annual report was considered an official and audited document of a company; hence, the credibility and the accuracy of the information contained in the annual report would be highly reliable than the ones published on the website itself (De Villiers & Van Staden, 2011).

Similarly, Branco and Rodrigues (2006) studied the communication of CSR by Portuguese banks to see whether the Portuguese banks used their websites as a medium to disclose CSR information. They found that Portuguese banks attributed more emphasis on annual reports than on internet reporting. Sobhani et al. (2011) studied the banking industry in Bangladesh to examine the status of disclosure practices of CSR in the annual reports and corporate websites of the banking industry in Bangladesh. They discovered that the annual report surpassed the corporate website in the disclosure of all categories of CSR disclosure practices.

Most of the studies on the use of internet for communicating corporate information are focused only on annual reports. In these studies, firms were all providing web-based annual reports similar to their printed reports. Although CSR communication is not mandatory, this effort might be very useful for firms trying to leverage their good work (Dincer & Dincer, 2010).

2.7.3 Locational focus

Prior studies have also examined the practice of online CSR disclosure in different countries. In recent years, there has been a substantial advancement in this reporting practice in the developed countries including United States, United Kingdom, Continental Europe and Australia. However, little progress has been seen in other countries, especially among developing countries such as Malaysia, Thailand and Singapore (Che Hassan et al., 2012).

Among the European countries, studies were conducted in Portugal (Branco & Rodrigues, 2006), in Spain (Moreno & Capriotti, 2009), in Switzerland (Stiller & Daub, 2007), Finland (Lakatos et al., 2012) and in the United Kingdom (Hassan, 2010). In the Middle East, research have been done in Bahrain (Aribi, 2009) and Egypt (Elsayed, 2010). Prior studies were also conducted among the Asian countries, such as Malaysia (Amran, 2012; Ghazali, 2007; Haji, 2013; Homayoun & Abdul Rahman, 2010; Said et al., 2009) and Bangladesh (Belal, 2001; Momin, 2006, Rouf, 2011; Sobhani et al., 2011). Other than that, studies have also been conducted in Ghana (Hinson et al., 2010) and the Caribbean (Bowrin, 2013).

Some studies not only examined online CSR disclosures across countries but compared them. As an example, Chapple and Moon (2005) investigated CSR website reporting in seven Asian countries which include India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, and Thailand, whereas Tang, Gallagher and Bie (2015) examined the leading corporations' practices of CSR on corporate websites in the United States and China. Both studies found that online CSR disclosure practices do vary considerably among countries. Nonetheless, studies on online CSR disclosures in the emerging markets and developing countries are still scarce; thus, similarly, such studies in Malaysia are also limited.

2.7.4 Determinants of CSR disclosure

Previous studies offer explanation why some companies adopt online CSR disclosure and also the reason why disclosure has been the most widely empirically studied to analyse the determinants of internet CSR reporting and disclosure. Researchers who have studied this include Momin (2006), Ghazali (2007), Said et al. (2009), Saleh (2009), Rolland and Bazzoni (2009), Aribi (2009), Elsayed (2010), Hassan (2010), Homayoun and Abdul Rahman (2010), Rouf (2011), Che Hassan et al. (2012), Haji (2013) and Bowrin (2013). The determinants of CSR disclosure can be categorised into two main categories; corporate governance mechanisms and firm characteristics. In terms of firm characteristics, prior studies have investigated industry type/sector, liquidity, leverage, profitability, firm size and many more. On the other hand, corporate governance attributes which includes board size, board independence, duality, audit committee, managerial ownership, foreign ownership and government ownership have been explored before.

Other factors such as organizational culture, awareness and change in local and global business practices have also been investigated as determinants of CSR disclosures. As an example, Elsayed (2010) has raised the issue of awareness as the key determinant of using the internet as a medium to disseminate information by Egyptian listed companies. Rolland and Bazzoni (2009) have discovered that the significant rise in the use of corporate websites for the reporting of CSR activities was in response to changing local and global societal expectations concerning business practices. Similarly, Bowrin (2013) found that the amount of CSR disclosure not only to be positively related to firm size, industry affiliation, foreign influence but also organizational culture.

Generally, it can be concluded that most studies have extensively examined the determinants of online CSR disclosure and found that they comprise ownership structure, corporate governance and firm characteristics. Studies have proven these determinants are significantly associated with the level of CSR disclosures on the websites. However, most of the determinants that have already been studied so far are accounting, financial and economic related variables in nature. No such study has examined leadership related factors. This is supported by Adams (2002) who claims that CSR reporting has primarily been concerned with the impact of corporate characteristics or general contextual factors.

Relatively, little prior work has examined the internal contextual factors and their impact on reporting despite increasing emphasis in the field of practice on reporting processes and governance structures (Adams, 2002). Therefore, it is argued that other factors particularly leadership variables should be studied as potential determinants of

online CSR disclosures. Further discussion on these variables will be presented and discussed in the next chapter. The following researched literature is specific to the Malaysian context. (See *Appendix 9* for a summary listing selected CSR disclosure studies in Malaysia).

2.7.5 Related disclosure studies in Malaysia

Researchers have documented varying CSR disclosure practices by firms both within a particular country and across countries over time (Bowrin, 2013; Haniffa & Cooke, 2002). A review of previous studies showed that there are a growing number of studies that focus on comprehensive reporting in developed countries, however studies in developing countries such as Malaysia are still scarce (Ismail & Abu Bakar, 2011).

These studies however indicate that the CSR disclosure expansion in Malaysia has a clear future. Prior studies on CSR disclosure development in Malaysia indicate that the condition of CSR practices and disclosure are in the emerging stage. Empirical studies have demonstrated an increasingly current trend of CSR disclosures in Malaysia (Esa & Ghazali, 2012; Haji, 2013; Haji & Ghazali, 2012; Haniffa & Cooke, 2005). However, online CSR disclosure practices in Malaysia is still in their infancy level with low incidences of reporting and the disclosures are mainly descriptive in nature (Amran, 2012; Che Hassan et al., 2012).

2.7.5.1 Extent of disclosure

A number of studies emphasise on the state of CSR disclosure in Malaysia (Amran, 2012; Che Hassan et al., 2012; Ghazali, 2007; Haji, 2013; Haniffa & Cooke, 2005;

Homayoun & Abdul Rahman, 2010). Prior studies either specifically examined the extent of disclosure on the annual reports (Ghazali, 2007; Saleh et al., 2010; Thompson & Zakaria, 2004) or website reporting (Chapple & Moon, 2005; Che Hassan et al., 2012; Homouyoun & Abdul Rahman, 2010). Said et al. (2009) expanded their studies to include both annual reports and website reporting. Similarly, Amran (2012) explored both online CSR disclosures on annual reports and financial reporting. Both studies concluded that the adoption of online mechanism to report CSR is still low among the Malaysian companies.

The low level of CSR is due to lack of government and public pressures, lack of perceived benefits and the widely held view that companies do not affect the environment (Thompson & Zakaria, 2004). Amran (2006) supports that Malaysian companies are involved in CSR disclosures because of pressure from the government. Government interventions may generate pressures for companies to disclose additional information because the government is a body that is trusted by the public (Said et al., 2009). The influence on foreign business partners was also seen as a contributory factor for engaging in CSR disclosure (Saleh, Zulkifli & Muhamad, 2010). Other possible reasons why CSR disclosure in Malaysia is still low are the lack of legislation on online CSR disclosure and the perception of companies that they will not receive any benefit from the investor or the community (Teoh & Thong, 1984). Thus, it is necessary to find what other factors cause the low level of CSR disclosure and what other factors that may contribute to it.

2.7.5.2 Quantity vs. Quality

With regards to the extent of disclosure, the quantity of CSR information disclosed was the most researched topic even though it somehow distorts the complete picture of the disclosure practice. Consequently a considerable number of studies have been carried out to examine not only the extent but also quality of disclosure of online CSR disclosure (Haji, 2013; Haji & Ghazali, 2012; Saleh et al., 2010).

Haji and Ghazali (2012) and Haji (2013) conducted a comparative study in which they evaluated CSR disclosures in annual reports over different periods of time. The former examined CSR disclosure during the financial crisis in the year 2007 and 2008 while the latter focused on the year 2006 and 2009 when the Malaysian business environment experienced several significant changes. Both studies established that there were significant overall increase in both the extent and quality of CSR disclosure between the two periods understudied. However, the quality measurement is beyond the scope of this study, which concerns the examination of the current usage of the internet to disseminate CSR information reflected through the amount of items disclosed.

2.7.5.3 Theoretical framework and determinants of disclosure

Mostly based on agency theory (Haji, 2013; Homyoun & Abdul Rahman, 2010; Said et al., 2009), stakeholder theory (Saleh et al., 2010; 2011), legitimacy theory (Che Hassan et al., 2012, Ghazali, 2007; Haji, 2013; Haji & Ghazali, 2012) and signaling theory (Haji, 2013; Homyoun & Abdul Rahman, 2010) many studies have tested the determinants of corporate reporting via internet in Malaysia. Consistent with the predictions of the agency theory, Homyoun and Abdul Rahman (2010) examined the association between corporate governance monitoring mechanisms (board size, board

independence and role duality) and the firm's characteristics. They have found that board size and profitability have significant associations with disclosure on the internet. Alternatively, Che Hassan et al. (2012) discovered that only company size and profitability were found to influence the online CSR reporting practice.

Ghazali (2007) examined the influence of ownership structure on CSR disclosure in Malaysian companies' annual reports. She found that companies in which directors hold a higher proportion of equity shares (owner-managed companies) disclosed significantly less CSR information, while companies with the government as a substantial shareholder disclosed significantly more CSR information in their annual reports. Said et al. (2009) confirmed that the most significant variable is government ownership. They examined the relationship between corporate governance characteristics, namely the board size, board independence, duality, audit committee, 10 largest shareholders, managerial ownership, foreign ownership and government ownership, and the extent of CSR disclosure. They found that government ownership and audit committee are positively and significantly correlated with the level of CSR disclosure. Haji (2013) examined factors influencing the CSR disclosures before and after the Malaysian business environment experienced several significant changes including the financial crises and regulatory changes. It was found that there was a significant overall increase in both extent and quality of CSR disclosure between the two years, 2006 and 2009 which were influenced by director ownership, government ownership and company size.

It can be established that factors influencing the level of CSR disclosure in the Malaysian context mainly comprise firm characteristics and corporate governance

variables which are considered economic, financial and accounting related antecedents. Nonetheless, other factors such as leadership variables are often overlooked. The roles of leaders and leadership in the level of online CSR disclosures have never been investigated before. Furthermore, in bridging CSR and leadership literature, prior studies employed disclosure theories but have overlooked leadership theories such as leadership behavioural theory. A literature review on the leadership variables and theories will be elaborated further in the subsequent chapter, Chapter 3.

2.7.5.4 Method

As an observation, past CSR disclosure studies in Malaysia were limited to exploring the content of CSR activities in companies' annual reports and revealing the motivation contributing to the CSR initiatives. In terms of the research method, prior studies employed the content analysis approach through a disclosure index. Prior studies have never employed three different research instruments within the same research which consisted of disclosure index, questionnaire survey and semi-structured interview.

As an example, Thompson and Zakaria (2004) used content analysis of CSR disclosure of the Malaysian public listed companies. They found that 81.3% of the 257 Malaysian companies made social disclosure, disclosures on human resources 40%, product and consumer 24%, community involvement 22%, and the environment 16%. Likewise, Saleh (2009) who employed the same approach found employee relations and community involvements were generally disclosed, but environmental disclosure were the least disclosed. This indicates that while a considerable number of disclosure studies have been conducted to examine the content of disclosure, they used different

bases of references, research strategies and several underlying theories, thus the findings of these studies are inclusive about typical information disclosure.

It is believed that Malaysian companies are not fully utilizing the numerous internet connections and the online communication, particularly the use of their corporate websites in disseminating CSR information and so companies are not leveraging the existing ICT facilities to their full advantage (Amran, 2012; Che Hassan et al., 2012). Therefore, it is important to highlight this issue by creating awareness on maximizing the use of companies' existing corporate websites to disseminate CSR information and at the same time to be sustainable and transparent.

The gaps identified in prior studies have suggested how the present study would contribute to both academic research and practice. The present study aimed to extend the above studies by examining the current level of online CSR disclosure, focusing on website reporting. It began with the analysis of 100 corporate websites which has led to uncovering the level of online disclosure, how much are companies disclosing, and the types of CSR information disclosed. The primary aim of this study concerns non-financial information, communicated to stakeholders through online reporting which is the website. An examination of the possible influences of leadership variables on online CSR disclosures will not only be insightful but may contribute towards assessing the relative importance of leaders and their leadership on CSR practices. Finally, interviews with these leaders were conducted to ascertain the leadership variables associated to the online CSR disclosure practices.

2.8 Chapter Conclusion

It can be concluded that online CSR disclosure is vital as it brings the company to the next level of communication. This chapter has presented a thorough review of the literature on CSR, CSR reporting and online CSR disclosure. A definition of online CSR disclosure has been provided and the importance, advantages and disadvantages of adopting this reporting method have been discussed. The advantages of low cost, timeliness, accessibility, dialogic communication and enhanced presentation are viewed and compared with the possible disadvantages of high internet connection cost, unreliability and security issues. The current regulations for corporate CSR disclosure in Malaysia have also been discussed. Previous studies on CSR disclosure and online CSR disclosures have been evaluated and key studies carried out have been highlighted.

The next chapter will discuss the theory which motivates online CSR disclosure practices, the leadership behavioural theory. Using this theory, the influence of leadership factors specifically ethical leadership behaviours, leadership styles and the role of leaders will be discussed and elaborated. Based on these discussions, hypotheses will be generated. It is argued that the Malaysian companies' level of online CSR disclosure may be impeded by the role of ethical leadership behaviours (people orientation, ethical guidance, concern for sustainability, role clarification, integrity, fairness and power sharing), the role of leadership styles (transactional and transformational leadership) and the role of leaders in CSR.

CHAPTER 3

The Influence of Leadership on Online CSR Disclosure

3.1 Introduction

In recent years, the world has seen examples of leaders who appeared to lack responsibility and ended up getting their firms and various stakeholders in a lot of trouble. Indeed, giant companies such as *Enron* and *WorldCom* are examples of such phenomena associated with irresponsible leaders. As a result of this, most stakeholders demand greater transparency from companies. Company leaders are responsible for issuing better information disclosures through communicating financial as well non-financial information to stakeholders.

Using the leadership behavioural theory, this study examined three issues: first, to what extent the volume of CSR disclosures are determined by leadership; second, the influence of ethical leadership behaviours, leadership styles and role of leaders on the level of online CSR disclosure; and finally, the relationship between these leadership variables and firm's level of online CSR disclosure. These formed the basis of the key research questions in the present study.

The second and third objectives of this research were to explore the role of leadership towards online CSR disclosure in Malaysia and whether specific ethical leadership behaviours, leadership styles and role of leaders are affecting the amount of CSR information disclosed. The previous chapter has presented a literature review on online CSR disclosure. In this chapter, the focus is on the leadership variables.

This chapter is organised into four parts as follows: The first part outlines the definitions and nature of leadership and leaders, followed by a discussion on the importance of leadership in CSR. The second part summarises previous studies on CSR and leadership. The third part presents and discusses the theoretical framework, which is then followed with the development of hypotheses based on the framework discussed earlier.

3.2 The Nature of Leadership and Leaders

According to Stogdill (as cited in Yukl, 2010), there are many definitions of leadership as there are so many people who have tried to define this notion. In the past years, many classifications of leadership have been developed to define leadership. One such classification was proposed by Bass (1990) who classified leadership in terms of the focus of group processes, personality perspective, an act or a behaviour, power relationship, transformational process and skills perspective.

Northouse (2013) defines leadership as “the process whereby an individual influences a group of individuals to achieve a common goal” (p.5). He posits that leadership is a process and not a trait or characteristic that resides in the leader; it involves influence which concerned how the leader affects followers. This occurs in groups where the individuals in the group have a common purpose to achieve a common goal. Northouse has added that leaders are the people who engage in leadership and those toward whom leadership is directed are called followers.

Although leadership is a process concerned at influencing followers, the traits or characteristics that reside in the leaders are pertinent in determining the kind of

leadership that will be carried out. This in turn affects the success or the failure of an organisation (Bass, 1990). Leadership consists of two elements which are: 1) the focus of group processes and a form of persuasion in inducing compliance and influence, and 2) a particular behaviour, a personality, a power relation, an instrument to achieve goals, an effect of interaction, a differentiated role and an initiation of structure (Bass, 1990). This study concentrates on the second element of Bass's definition which describes leadership in terms of behaviours.

Leadership is a process similar to management as both involves influence, entails working with people and concerned with effective goal accomplishment (Northouse, 2013). However, they are also different in certain ways. As illustrated in Table 3.1, Kotter (1990) argues that the functions of the two are quite different. The difference between management and leadership is that management provides order and consistency whilst leadership produces change and movement. Although both management and leadership are different in scope, they are essential for organisations to prosper (Kotter, 1990). As depicted in Table 3.1, both constructs overlap even though there are distinct differences between the two. This happens when managers are involved in influencing a group to meet its goals, at the same time they are actually involved in leadership and becomes leaders (Northouse, 2013).

Table 3.1 Functions of management and leadership

Management Produces Order and Consistency	Leadership Produces Change and Movement
Planning and Budgeting <ul style="list-style-type: none"> • Establish agendas • Set timetables • Allocate resources 	Establishing Direction <ul style="list-style-type: none"> • Create a vision • Clarify big picture • Set strategies
Organizing and Staffing <ul style="list-style-type: none"> • Provide structure • Make job placements • Establish rules and procedures 	Aligning People <ul style="list-style-type: none"> • Communicate goals • Seek commitment • Build teams and coalitions
Controlling and Problem Solving <ul style="list-style-type: none"> • Develop incentives • Generate creative solutions • Take corrective action 	Motivating and Inspiring <ul style="list-style-type: none"> • Inspire and energize • Empower subordinate • Satisfy unmet needs

Adapted from Kotter (1990).

The roles of managers and leaders are also treated similarly and both terms have been used interchangeably. This is in line with Northouse (2013) who has treated the roles of managers in the same way as those of the leaders and no emphasis made to differentiate between them. Firm managers play leader roles as they are responsible for making their organisation function as an integrated unit where they must provide guidance to subordinates, ensure that they are motivated and created satisfactory conditions for doing the job (Yukl, 2010). In their study, Brown, Trevino and Harrison (2005) recruited direct supervisors to represent managers or leaders.

3.2.1 The importance of leadership and CSR

Concerns about corporate issues such as firm's diversity, treatment of workers, environmental issues, pollution and financial transparency increase the interest of stakeholders inside and outside of the companies and their management (Margolis &

Walsh, 2003). These organisational concerns fall under the label of sustainability or CSR in which CSR efforts such as International Organization for Standardization (ISO) certification and CSR reporting is currently on the rise across organisations (Christensen, Mackley & Whetten, 2014). In order to implement CSR strategies, companies should acknowledge all possible channels, taking the global standards and policies into consideration. This can only be possible if there is a leader in the organisation who can bring all of these efforts together and show good examples of socially responsible behaviours.

Today, stakeholders especially investors and the financial communities are reviewing organisation's CSR reporting for potential investments hence it is the job of company leaders to maintain the good standard of reporting. Hind et al. (2009) posit that business leaders worldwide are embracing the concept of CSR by reporting on their social and environmental activities as well as their economic ones. However, better reporting method such as online CSR disclosure can be accomplished only if it is perceived important by company leaders (Baele, 2012).

Company leaders such as the managers could perceive CSR reporting as not an important corporate initiative due to several factors. One of these factors is manager's confidence. Confident managers might not need online CSR reporting because they have confidence in thinking that everything is going to work out fine. Landier and Thesmar (2003) use the term 'optimism' rather than 'confidence'. Due to managers' optimism, managers might ignore certain elements which are trivial to the company's success, such as online reporting. As they focus on the big picture, they might overlook some details which they have perceived as not important for example the use of online

CSR disclosures. According to Landier and Thesmar (2003), optimism may increase effort, but it is bad for decision makings as the manager's underweights negative information, which might be useful.

High level of optimism could lead to over-confidence in which there is a strong support that managers overestimate their own skills relative to others and, as a result, are too optimistic about the outcomes of their decisions (Malmendier & Tate, 2005). Overconfident managers tend to overestimate the expected returns to their corporate decisions thus overestimating the probability of project success. Firms run by optimists tend to grow less, die sooner and be less profitable, which is viewed as a confirmation that optimism does not always gives high return but high risk (Landier & Thesmar, 2003). In the context of online CSR disclosures, optimistic leader's might not use this reporting method as it is not a major concern of companies unlike other business areas such as sales, procurements and revenues. However, they have actually overestimated the potential benefits of online CSR disclosures, hence they might lose out on this capability.

In addition, moral recognition is another factor that could lead to manager's negative perception towards online CSR disclosures, which would eventually affect the level of disclosure. Moral recognition happens when firm leaders who have previously implemented CSR strategies would accumulate moral credits from their past behaviours, which lead them to feel that they have accumulated enough recognition in the past created good CSR reputation for themselves and the firm (Ormiston & Wong, 2013). Therefore, managers might perceive that CSR reporting is no longer important

due to the good reputation that they have earned. However, a leader's prior conduct is positively related to subsequent misconduct because the moral recognitions achieved through the previous good conduct enable leaders to engage less fittingly (Ormiston & Wong, 2013).

Ormiston and Wong (2013) drew on the concept of moral licensing which is the psychological process that leads people to engage in morally questionable behaviour after having previously engaged in socially desirable behaviour. In this context, firm leaders who have previously implemented CSR strategies will accumulate moral credits from their past behaviours, which lead them to develop a strategy that mistreats firm's stakeholders. This means that firms that engaged in prior socially responsible behaviours are more likely to then engage in socially irresponsible behaviours. Hence, the CSR reporting is no longer perceived as important by managers.

Another factor is personal recognition. Personal recognition should encourage managers to perform their tasks better as they feel valued and appreciated by others especially by their superiors. Personal recognition occurs when a leader indicates that he or she values individuals' efforts and rewards the achievement of outcomes consistent with the company's vision through praise and acknowledgment (Rafferty & Griffin, 2004). However, when the only rewards that are available for use by leaders are verbal encouragement or rewards of a personal nature, this may result in employee's frustration (Rafferty & Griffin, 2006). In the context of online CSR disclosure, this could lead to fewer disclosures when the employees feel demotivated as they are not receiving the "right" award for their hard work such as in terms of bonuses or other incentives. In a competitive corporate world and with increased

workloads, managers might be pressured to meet the expectations of their employers, thus CSR reporting is a secondary task and perceived as not important.

In Australia, a research conducted by Klettner, Clarke and Boersma (2014) has discovered that large Australian companies governed and managed their CSR strategies via a cyclical process of commitment, leadership, implementation and communication as depicted in Figure 3.1. According to them, first, commitment at a senior level to embrace the CSR strategy would be needed and second, leadership would also be needed to measure and monitor progress against the set goals. Moreover, it was found that Australian companies have put in place leadership structures to ensure that board and senior management were involved in sustainability strategy development and held accountable for its implementation.

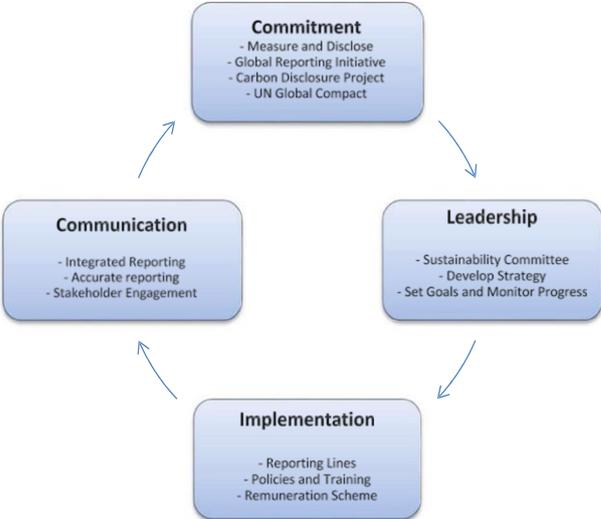


Figure 3.1 Process model for the governance of corporate responsibility

Adapted from Klettner et al. (2014).

The above arguments are evident of the rising importance placed on corporate responsibility and leadership, not only in Malaysia but globally. Similarly, these reflect the significance of leadership in any CSR initiatives including CSR reporting. By combining them here in the current study, the researcher tried to present an understanding on leadership variables as antecedents to CSR initiatives particularly towards online CSR disclosure.

3.2.2 Motivation to examine CSR reporting and leadership

Although studies on CSR reporting and its related issues have been widely developed over the past two decades, very few have examined the online CSR disclosure and leadership variables. Due to the fact that CSR reporting via the internet is voluntary, differences exist among companies with respect to the quantity, content, format and medium of reporting. These differences lead to the question of what drives companies to report their CSR in different ways. Prior work has shown that one of the drivers is the internal contextual factors (Baele, 2012). There are two types of internal contextual factors, namely, the processes of reporting, and the views and attitudes of key corporate players in the process of reporting (Adams, 2002).

Waldman et al. (2006) assert that leadership and CSR studies would be more appropriate to be studied at lower units of analysis such as at individual level. The vast majority of studies address this issue at the institutional and organisational levels of analysis. There is very little research adopting an individual approach, looking at the leaders as one of the micro-foundations of CSR. Waldman et al. (2006) also encourage future researchers to consider a broader range of leadership components and practices in the study of CSR. Further work on how other dimensions of leadership influence

CSR policies and its success would contribute to a deeper understanding of this issue (Du et al., 2013).

Different studies to be presented in the subsequent section will highlight the lack of attention on human factors as determinants of CSR initiative such as on CSR disclosures. Therefore, this study aims to investigate the influence of the human factors, the key corporate players towards CSR disclosures.

Research on the role of leadership influences in CSR reporting is very limited and to the best of the researcher's knowledge, no study has attempted to propose that leadership variables can be potential determinants in influencing online CSR disclosures. This includes the lack of emphasis on ethical leadership behaviours consisted of seven behaviours which are fairness, integrity, ethical guidance, concern for sustainability, role clarification, people orientation and power sharing; transactional and transformational leadership styles and the role of leaders.

3.3 Previous Studies

This section will highlight studies on leadership and CSR, complementing each other and offering new insights into the linkages between leadership and CSR. (See *Appendix 2* for a summary listing selected studies linking leadership and CSR).

3.3.1 Studies related to leadership and CSR

The majority of leadership and CSR studies have concentrated on leadership styles (Angus-Leppan et al., 2010; Du et al., 2013; Metcalf & Benn, 2013; Sama & Shoaf, 2008; Strand, 2011; Tongkachok & Chaikew, 2012; Tuan, 2012; Waldman et al.,

2006). For instance, Metcalf and Benn (2013) have investigated multiple leadership styles related to successful implementation of CSR and sustainability in organisations. They claimed that leaders and leadership are key predictors of a company's CSR strategies.

Some of these studies focus on examining various leadership styles, from transformational, transactional, and autocratic to charismatic leadership styles. These studies have examined the associations between leadership styles and various CSR practices. For example, explicit CSR is linked to an autocratic style whereas implicit CSR is closely linked to emergent and authentic leadership styles (Angus-Leppan et al., 2010). 'Implicit' and 'explicit' forms of CSR have been conceptualized by Matten and Moon (2008). Implicit CSR is represented by values, norms and rules, that result in mandatory and customary requirements for corporations to address stakeholder issues whereas explicit CSR is voluntary and implemented as a result of deliberate and often strategic decisions made by the corporation (Angus-Leppan et al., 2010; Matten & Moon, 2008).

In addition, Waldman et al. (2006) have examined transformational leadership and discovered that intellectual stimulation, one component of transformational leadership, is positively related to CSR. However, they have not examined transactional leadership or other components of leadership such as ethical leadership as possible antecedents. Furthermore, they have focused on CEO leadership and a general CSR issue. In their study, they have not considered leadership styles of managers and a specific CSR practice, that is, the online CSR disclosure.

It has been discovered that many studies focused on the skills, competencies and capabilities of leaders associated with CSR (Hind et al., 2009; Kakabadse et al., 2009; Mostovicz, Kakabadse & Kakabadse, 2011; Quinn & Dalton, 2009). For instance, Hind et al. (2009) invited managers to assess the importance of certain key attributes or characteristics of responsible leadership. They listed a set of leadership attributes including acting with integrity, being open-minded, taking a long-term perspective, demonstrating ethical behaviour, caring for people, communications with others and managing responsibly outside the organisations associated with social responsibility behaviours.

Similarly, it has been found that most prior studies undertaken revolved around general CSR issues or general CSR practice. None of these studies focused on specific CSR practice such as the internet CSR reporting and disclosure. To the best of the researcher's knowledge, Baele (2012) is the only researcher to have examined leadership and CSR reporting. However, Baele (2012) looked at CSR reporting in general and did not focus specifically on CSR reporting on the internet. Therefore, there is a need to investigate a specific CSR reporting method such as online CSR disclosure.

It has been noticed that most prior studies undertaken were conducted in developed countries especially in the United States (Du et al., 2013; Kakabadse et al., 2009; Quinn & Dalton, 2009; Resick et al., 2006; Strand, 2011; Waldman et al., 2006), European countries (Alonso-Almeida, Fernández de Navarrete & Rodriguez-Pomeda, 2015; Hind et al., 2009; Kakabadse et al., 2009) and Australia (Angus-Leppan et al., 2010; Kakabadse et al., 2009; Klettner et al., 2014). Even though there were studies

on emerging markets (Mostovicz et al., 2011), for example studies that were conducted in Vietnam (Tuan, 2012), and in Thailand (Tongkachok & Chaikew, 2012), few were found to have concentrated on developing countries such as Malaysia or Indonesia. It is therefore necessary to concentrate on Malaysia, which can be an important representative of the developing countries. So far, no study on leadership variables as determinants of online CSR disclosure has been conducted in Malaysia.

3.3.2 Leadership influences as determinants of CSR disclosure

To date, prior studies on CSR disclosure have mainly focused on analysing the drivers of CSR reporting. Researchers who have studied these include Momin (2006), Ghazali (2007), Saleh (2009), Rolland and Bazzoni (2009), Homayoun and Abdul Rahman (2010), Rouf (2011), Che Hassan et al. (2012), Haji (2013) and Bowrin (2013). Nevertheless, completeness concerning these drivers is lacking. Researchers have generally ignored the basic entity of organisational success (or failure), which is, the human factor, or specifically, the firm leaders. Alsughayir (2014) has stated that for many organisations, success may result from leadership's wisdom, technical capability and innovation, excellent quality or reputation, all of which are human-related.

As stated earlier in previous chapters, much of the literature on CSR disclosure to date has focused on justifying in economic terms the various activities associated with CSR (Basu & Palazzo, 2008; Margolis & Walsh, 2003). The emphasis to date in characterising and justifying CSR disclosure action on the human-related antecedents of CSR disclosure has been left unexplored, such as on leadership behaviours that could trigger or shape corporate responses (Basu & Palazzo, 2008; Waldman et al., 2006). Waldman and Siegel (2008) claimed that most CSR studies ignored the role of

firm leaders in formulating and implementing CSR initiatives, especially those of empirical nature.

A literature review presented by Adams (2002) shows that relatively few studies have examined the impact of internal contextual factors on the extent and nature of CSR reporting. Hence, there is a need to respond to this call by analysing the company's internal contextual factors more in-depth. Moreover, a weakness of many previous research studies has been the neglect of leadership factors as potential determinants of internet CSR reporting and disclosure. For this reason, Sobhani et al. (2011) has suggested that future research should consider variables which are specific to internet CSR disclosure such as trend of CSR disclosure, process of CSR disclosure or managerial perception as these factors may influence the use of the internet for CSR reporting purposes.

Therefore, it is imperative that the influence of leadership variables on the adoption of online CSR disclosure should be considered, especially within the context of a developing country such as Malaysia. More specifically, there should be a focus on the behaviours of the company's key corporate players, examining their ethical leadership` behaviours, leadership styles and their leader roles in this CSR initiative. Since business activities are driven by people (the human factor), it is pertinent to look into the human aspect of companies in studying the influence of leadership towards online CSR disclosure. Although the importance of human factor is stressed in different studies (Campbell, 2000; Waldman & Siegel, 2008), it is often overlooked when analysing the determinants of CSR reporting on the internet.

3.3.3 Theories employed in previous studies

In order to explore the linkages between CSR and leadership, researchers have offered several frameworks. Prior studies have employed the stakeholder theory in understanding the influence of leadership factors in CSR in general but not in online CSR disclosure. These include studies by Tongkachok and Chaikew (2012), Du et al. (2013), Klettner et al. (2014) and Alonso-Almeida et al. (2015).

The majority of existing studies employed leadership style theories such as transformational and transactional leadership in their studies. These include Reeves-Ellington (1998); Waldman et al. (2006); Sama and Shoaf (2008); Strand (2011); Tuan (2012) and, Metcalf and Benn (2013). Others employed agency theory such as Waldman and Siegel (2008,) and Tongkachok and Chaikew (2012). Previous researchers have also used institutional theory to examine the appropriate drivers of socially responsible decisions and actions undertaken by corporate leaders. These include studies by Waldman and Siegel (2008); Angus Leppan et al. (2010) and, Mostovicz et al. (2011).

It has also been discovered that some researchers combined theories together in the same research, which provides a clearer picture on the issues being studied. This comprises the following theories: the leadership theory, the transformational leadership theory and the social identity theory (Waldman et al., 2006); the agency theory and the institutional theory (Waldman & Siegel, 2008); the agency theory and the stakeholder theory (Tongkachok & Chaikew, 2012); resource based theory and the leadership styles theory (Metcalf & Benn, 2013).

Previous research has employed several theories to explain why companies adopt internet CSR reporting and disclosure. Some studies have used voluntary disclosure theories such as the agency theory, the stakeholder theory and the institutional theory to generate hypotheses. Previous researchers have mostly employed leadership style theories to explain why companies may adopt general CSR practices. However, prior studies have failed to recognize how a specific CSR practice, online CSR disclosure and leadership are connected and put in use. These studies did not use the Upper Echelon Theory as theoretical foundation for their studies. However, Baele (2012) did use this leadership theory in explaining the leader characteristics as determinants of CSR reporting.

Nevertheless, researchers have never investigated leadership theories in understanding a specific CSR initiative, in this case, online CSR disclosures. This is probably due to lack of studies on human capabilities such as company leaders in influencing online CSR disclosures as compared to studies on the influence of firm characteristics, ownership structure and corporate governance. The lack of theoretical foundation in this topic has created a gap in online CSR disclosure and leadership studies. As such, there is a need to fully incorporate both literature and theories that can support internet CSR reporting and its proposed leadership variables. Therefore, it is argued that the leadership behavioural theory should be employed to explain the adoption of online CSR disclosure and the influence of leadership towards the level of disclosure. This theory will be explained further in the subsequent sections.

3.4 Theoretical Framework

Many theories have been used to explain the practice of disclosure and complement each other. These theories are different in their explanations towards corporate disclosure due to diversity in their assumptions (Elsayed, 2010). Therefore, determining the best applicable theory depends upon the emphasis of the study. The aim of this section is to present the theory which will be used as a basis for explaining and testing the research hypotheses in the present study.

3.4.1 Theories of leadership

Leadership theories viewed the characteristics of leaders in terms of the behaviours of what leaders' exhibit or on the situational factors that determine effective approaches to leadership (Biggart & Hamilton, 1987). Leadership theories fit into the following five higher order categorizations: trait theories, behavioural theories, situational theories, skill-based theories and visionary theories (Metcalf & Benn, 2013). The most commonly described theories are trait theory, behavioural theory and situational or also known as contingency theory.

The trait theory includes a leader's traits, personality, skills, abilities, individual differences and charisma (Northouse, 2013). The search for the antecedents of online CSR disclosures begins with understanding leader or manager personal traits, values, and unique characteristics. This is because leaders mould the firm's strategic practices and leader choices for the firm reflect leader personality and values (Christensen et al., 2014). Until the 1940s, most research studies about leaders and leadership focused in the individual traits. Leaders were seen to be different in various attributes, personality and traits than were non-leaders (Bass, 1990). The trait theory equally suggests that it

is possible to identify the qualities of a leader who is endowed with the superior qualities that differentiate him from his followers (Bass, 1990).

Agle, Mitchell & Sonnenfeld (1999) have posited that CEOs imprint firms with their own values, affecting decision processes within the firm. This eventually determines the degree to which managers give priority to competing stakeholder's claims in return impacting the social performance of the firm (Agle et al., 1999). Huang (2013) has postulated that in addition to values, CEOs demographics and characteristics such as educational background and job experience are associated with CSR activity within firms. This proves that characteristics of the individual as a leader influence CSR. This is supported by Christensen et al., (2014) who have argued that leader's traits, personality, skills, abilities and individual differences predict CSR practices.

Nevertheless, the trait theory has been discredited by substantial research commenting that even though the trait approach has provided descriptive insight, it has little analytical or predictive value (Biggart & Hamilton, 1987). This is because researchers have never been able to determine which traits are generally found in leaders and which ones are more important than others.

The second approach to leadership is not the focus on the character of the leader, but on behaviour, that is, on what a person does that makes her or him an effective leader (Biggart & Hamilton, 1987). Likewise, behavioural theory has been criticized as well. Some argue that no one leader is likely to employ a single style or any single style will be universally effective (Metcalf & Benn, 2013). The third approach is the contingency theory which argues that no single best leadership style exists (Biggart &

Hamilton, 1987). This implies that the most effective leaders engage in behaviours reflecting characteristics of the situations they are in (Northouse, 2013; Yukl, 2010).

This current study focuses on behavioural theory in justifying how leadership variables influence a specific CSR initiative that takes place within the organisation. Thus, it is argued that the focus of research should be on the leaders' behaviours, not on their characteristics and personality as described in the trait theory and not on leaders' current situations as prescribed by the situational theory. The trait and situational theories were not suitable to support the issues on the roles of leaders and their leadership in online CSR disclosures. The behavioural theory instead describes the actual behaviours leaders use and how leaders interact with others including their followers (Northouse, 2013; Yukl, 2010). It directs attention to what leaders actually do which is very pertinent in a study that would examine the opinions and the perceptions of employees and their leaders. If these behaviours are not visibly portrayed to employees, they would be unable to describe their leaders.

3.5 Behavioural Theory: Leader Processes at Work

The behavioural theory of leadership does not seek inborn traits or capabilities; rather, they look at what leaders actually do (Biggart & Hamilton, 1987; Christensen et al., 2014). The behaviour approach began in the early 1950s after many researchers became discouraged with the trait approach where they began to pay attention to what managers actually do on the job (Yukl, 2010). Hence, it is particularly important to look at describable actions of leaders than the unseen and innate attributes of leaders as these factors affect employee's perceptions towards their leaders.

The behavioural theory is different from the trait theory, in that they assume that leadership capability can be learned, rather than being inherent (Northouse, 2013; Yukl, 2010). This opens the opportunities for leadership development, as opposed to simply assessing the traits of those with leadership potential from those who do not have them. The behavioural theory of leadership is classified as such because it focuses on the study of specific behaviours of a leader (Northouse, 2013; Yukl, 2010). For behavioural theorists, a leader's behaviour is the best predictor of his leadership influences and as a result, is the best determinant of his or her leadership success (Biggart & Hamilton, 1987).

This behaviour-focused approach provides a potential basis for understanding the relationship between CSR reporting with leadership variables, as behaviours can be conditioned in a manner that one can have a specific response to specific stimuli (Biggart & Hamilton, 1987). This echoes the view of Christensen et al. (2014) who have claimed that leaders mould CSR practices and outcomes, wherein leader individual differences affect less CSR practices and outcomes, while specific leader behaviours affect more CSR practices and outcomes. There is much evidence to suggest that leader behaviours support CSR practices where scholars have begun to bridge this area of study with the behavioural tradition within the leadership literature such as in the works of Waldman et al. (2006) and Christensen et al. (2014). However, such evidence is still scarce; thus more studies are needed to bridge the two different areas together.

Theories about the leadership processes include the context of the interactions between leaders and followers which are observed in leader behaviours (Northouse, 2013). A

theory that is particularly important to this study is the “transformational leadership” approach which emphasises on leadership style. Leadership style consists of the pattern of behaviours of a leader or a person who attempts to influence others (Northouse, 2013).

Transformational leadership is one of the current and most popular approaches to leadership which has been the focus of attention in researches since the early 1980s (Northouse, 2013). This type of leadership fits the needs of today’s work groups, who wants to be inspired, and empowered (Bass & Riggio, 2006). The transformational leadership was developed as a process whereby a person engages with others, creates changes and transforms people which are concerned with emotions, values, ethics, standards and long-term goals (Northouse, 2013). It can also be distinguished with transactional leadership.

In the middle of 1980s, the concept of transformational leadership was expended and refined. Bass (1985) suggested that transformational leadership was distinct but not mutually exclusive processes. For example, transformational leadership may increase follower motivation and performance more than transactional leadership, but both would be an important combination for effective leadership (Bass, 1985). Thus, Bass proposed a model of transformational and transactional leadership behaviours incorporating six different factors as depicted in Table 3.2 which will be discussed further.

Table 3.2 Leadership factors

Transformational leadership	Transactional leadership
Factor 1 Idealized influence -Charisma	Factor 5 Contingent reward -Constructive transactions
Factor 2 Inspirational motivation	Factor 6 Management-by-exception
Factor 3 Intellectual stimulation	-Active and passive -Corrective transactions
Factor 4 Individualized consideration	

Adapted from (Bass, 1985)

3.5.1 Transformational leadership style

Transformational leadership involves inspiration and charisma. It involves leaders to come up with strategic and clear vision and communicate it effectively with their subordinates (Bass, 1985). Transformational leadership is based on vision, trust-building, core values, continuous learning and long term sustainability (Sama & Shoaf, 2008). Transformational leadership style is more suited in organisations operating in “fluid” and dynamic environments (Sama & Shoaf, 2008).

As shown in Table 3.2, the main components of transformational leadership style are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Bass, 1985; Yukl, 2010). Idealized influence is the behaviour that arouses strong follower emotions and identification with the leader while inspirational motivation is where leaders behave in ways that motivate and inspire people by providing meaning and challenge to their followers’ work (Bass & Riggio, 2006; Yukl, 2010). Intellectual stimulation component of this leadership style enables employees to be creative and innovative in their work activities (Yukl, 2010).

A leader with individualized consideration behaviour acts as a coach and a mentor by giving attention to the needs of followers (Bass & Riggio, 2006; Yukl, 2010).

Not surprisingly, transformational leadership provides the foundation for emerging work on CSR and leadership (Christensen et al., 2014). For example, researchers associate transformational leaders with higher firm propensities to engage in environmental social responsibility due to leader's influence towards CSR values in the organisation (Waldman et al., 2006).

3.5.2 Transactional leadership style

Meanwhile, the transactional leadership style is concerned with exchange system between leaders and followers (Northouse, 2013). It involves an exchange process whereby followers receive rewards for accomplishing specified goals or achieving specific levels of performance (Bass, 1985, 1990). Here, leaders recognize followers' needs and clarify how those needs will be met. Transactional leaders motivate followers to achieve the goal and focuses on bottom-line results (Den Hartog, Van Muijen & Koopman, 1997). As a result, the leader provides incentives for the followers' efforts. Sama and Shoaf (2008) postulated that the transactional leadership models are more suitable in a 'static' organisation and in calm business environments.

Table 3.2 above indicates that transactional leadership is based on contingent rewards and management-by-exception. Contingent reward involves exchanging of rewards in which employees are being rewarded for the work done (Avolio & Bass, 2004). This can be regarded as motivation and encouragement for the employees to perform better. Active management-by-exception happens when leader supervises employees in order

to prevent mistakes from being made by enforcing rules to avoid those mistakes (Yukl, 2010). On the other hand, for passive management-by-exception, interferences from leaders would only take place when things are not right. It includes the use of punishment and other corrective actions in response to unacceptable performance standards (Yukl, 2010).

Surprisingly, transactional leadership theory has not been studied extensively compared to transformational leadership theory. This is probably due to the fact that transformational leadership offers various possibilities and implications towards organisational behaviours whereas transactional leadership theory offers limited insights. This could probably be due to, transactional leaders tend to apply a transactional, input–output approach to the companies’ CSR practices (Du et al., 2013; Waldman et al., 2006). However, as noted by Du et al. (2013), these transactional leaders seek to maximize the societal impact at a given level of CSR commitment as they are at task implementation in which CSR-related goals are set. They also seek to articulate explicit agreements regarding rewards to organisational members for their CSR pursuit, and provide constructive feedback to keep members on track throughout the execution of the institutional CSR practices (Du et al., 2013). In turn, this effort gives credibility to the firm’s CSR engagement, boosting its social responsibility image and strengthening its stakeholder relationships.

3.5.3 Difference between transactional and transformational leadership

Bass (1990) has contrasted transactional leaders, who work “within the boundaries of self-interest” (p. 23), with transformational leaders, who “move to change the framework” (p. 23). This contrast suggests that leadership is more than the simple

exchange process defined in transactional leadership. In terms of leader-follower relationship, Bass claimed that transformational leadership builds a different relationship with followers based on personal, emotional, and inspirational exchanges than transactional leadership. Avolio and Bass (2004) have contended that the transactional leader works within the existing organisational culture whereas the transformational leader changes it.

Exploring the diversity further, transactional leaders focus on the innovation necessary to advance a personal agenda whereas transformational leaders focus on the innovation necessary to advance an agenda for the organisation. According to Yukl (2010) and Northouse (2013), transactional leaders exchange things of value with subordinates to advance their own and their subordinates' agendas whilst transformational leaders are affective at motivating followers to act in ways that support the greater good rather than their self-interest. While transactional leaders use rewards as motivation, transformational leaders motivate followers through charisma, inspiration, intellectual stimulation, and individual consideration.

3.5.4 Ethical leadership behaviours

Among the new forms of leadership is the ethical leadership (Christensen et al., 2014). Ethical leadership is defined as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships and the promotion of such conduct to followers through two-way communication, reinforcement and decision making” (Brown et al., 2005, p. 120). Caldwell, Hayes, Bernal and Karri (2008) have defined ethical leadership as the honouring of duties owed to employees, stakeholders and society in the pursuit of long-term wealth creation.

Ethical leaders are individuals who encourage CSR practices by communicating ethical standards, encouraging ethical conduct, modelling ethical behaviour and opposing unethical conducts (Christensen et al., 2014; Sama & Shoaf, 2008). Ethical leaders inspire others to behave in similar ways to the direction of positive moral goals. They possess moral intelligence which paves the way for ethical leadership engaging them in ethical conducts based on doing the right things consistently and recognizing one's moral responsibilities towards members of a community (Ciulla, 2005). Ethical behaviours result from moral rationalization; hence, ethical leadership acknowledges when a decision has moral consequence and chooses to do the right thing (Sama & Shoaf, 2008).

Ethical leadership is indicated by behaviours reflecting values such as altruism, compassion, honesty, fairness and justice (Yukl, Mahsud, Hassan, & Prussia, 2013). Examples of these behaviours include being open and honest when communicating with people, being fair when distributing rewards and benefits, and setting clear ethical standards. Arshad, Goh and Rasli (2014) have examined CEOs who have ethics and high social responsibility on their personal agenda, found that these attributes of firm leaders affect the measure of corporate effectiveness. This leads to the belief that firm leaders with ethical behaviours and perceived CSR highly are more likely to encourage better corporate actions.

As scandals continue to shake the corporate world, clients' trust and business legitimacy begin to wear down, declining public trust in the business (Sama & Shoaf, 2008). The downfall of companies such as *Enron*, *WorldCom* and *Arthur Anderson*

gave reflection on the human error and lead to governance failure. These scandals over the past decade have increased interests in the study of ethical leadership (Brown & Trevino, 2006). Given the high degree of managerial discretion in the hands of top management, outcomes of leaders' decisions can be wide-ranging and affect stakeholders, thus highlighting the need to understand this notion within the context of Malaysian organisations.

According to Elsayed (2010), one of the major reasons for these scandals is the lack of a good disclosure and transparency system. To overcome this problem, companies need to reinstall trust and the confidence of stakeholders. This can be done by disclosing more information through online CSR disclosure. Reinstalling trust and legitimacy requires ethical leadership that embodies moral intelligence and creates moral community through shared values, reciprocity, integrity, transparency and consistent adherence to principles (Sama & Shoaf, 2008). Similarly, it can be assumed that the level of disclosure may vary with manager's ethical behaviours. For example, trustworthy managers would want to disclose more information than dishonest managers who would likely conceal information. Transparency is the core element in CSR reporting. Thus, disclosing more information helps to reinstall the trust and confidence of stakeholders in the business.

3.6 Hypotheses Development

In this highlighted area of study, leadership behavioural theory can be arguably employed to understand the relationship between online CSR disclosure and leadership variables, as illustrated in Figure 3.2.

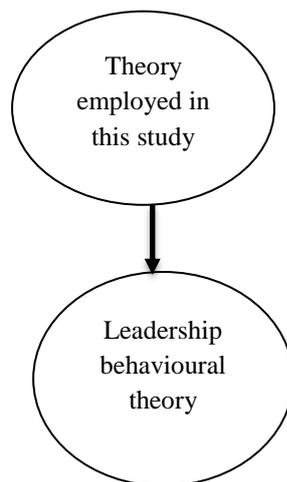


Figure 3.2 Theory employed in this study

3.6.1 Predictor variables and criterion variable

Figure 3.3 presents the theoretical framework of embodying the criterion variable which is the extent of online CSR disclosure and the predictor variables consisting of leadership variables. In this context, the use of the term ‘leadership variables’ is consistent with Podsakoff, MacKenzie and Bommer (1996). In their study, they had employed this term to describe leader’s behaviours.

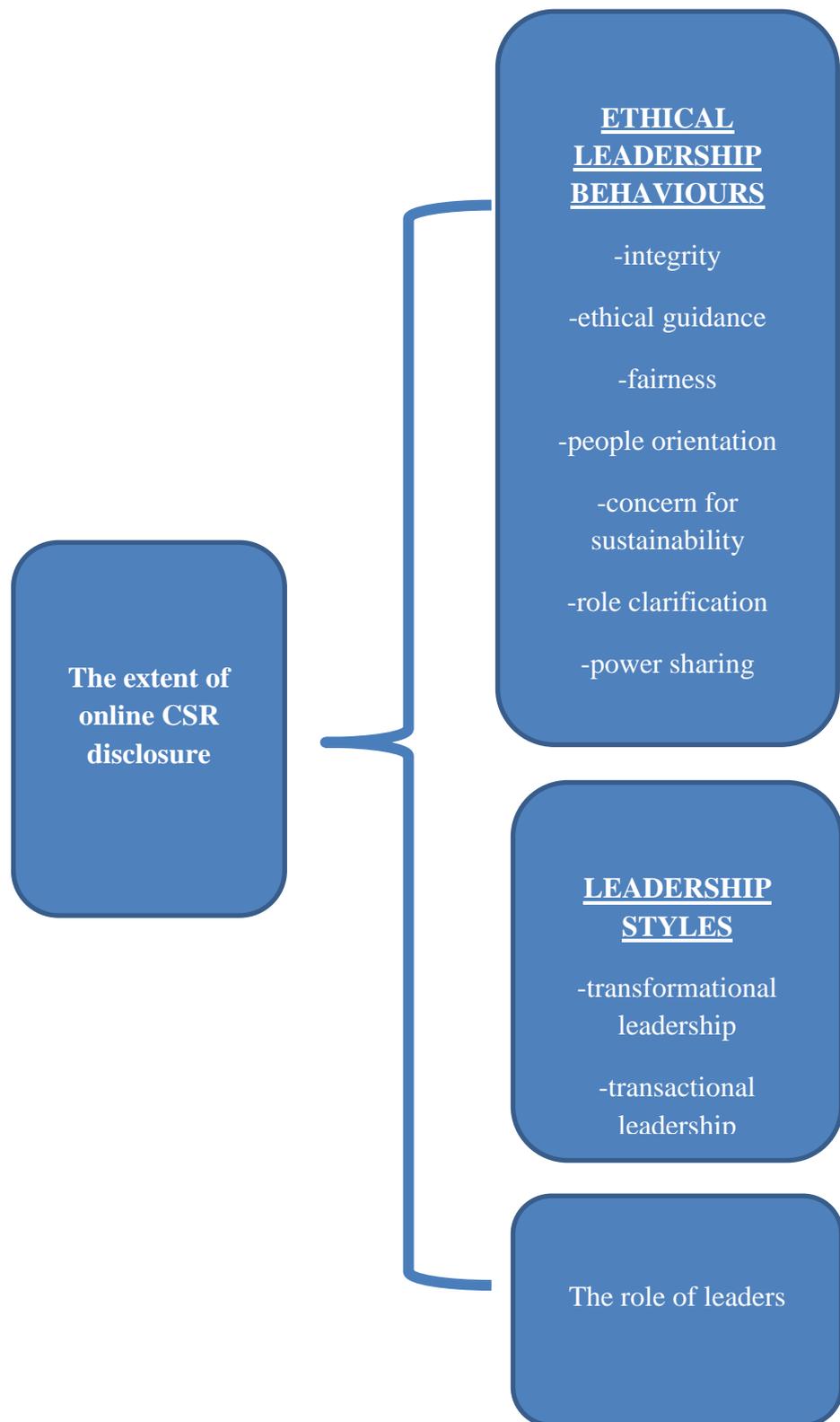


Figure 3.3 The overview of the conceptualized relationships

3.7 Ethical Leadership Behaviours

As leaders are by nature in a position of social power, they use their social power in decision-making and the actions that they engage in; thus, they are able to influence people with the actions that they take. For leaders to be perceived as ethical leaders and to be able to influence desired outcomes, they must be perceived as attractive, credible, open and honest, treat employees fairly and considerately (Brown et al., 2005). Resick et al. (2006) had identified six key attributes that reflect the characteristics of ethical leadership including character and integrity, ethical awareness, community/people-orientation, motivating, encouraging and empowering, and managing ethical accountability. Five years later, Kalshoven, Den Hartog and De Hoogh (2011) improvised and extended the dimension and suggested seven dimensions of ethical leadership behaviours comprising of fairness, power sharing, role clarification, people orientation, integrity, ethical guidance and concern for sustainability.

3.7.1 Ethical leadership behaviours and online CSR disclosure

The issues discussed in this review revolved around the relationships between the ethical leadership behaviours and online CSR disclosure. The concept of ethical leadership dimension by Kalshoven et al. (2011) is applied because it covers variations of leader behaviours, and in justifying their contributions towards CSR information disclosure on the internet. The relationships between each of the ethical leadership behaviours and online CSR disclosure are described next.

3.7.1.1 People orientation

People orientation or having a true concern for people is an important value among leaders in organisations (Kalshoven et al., 2011). This component of ethical leadership reflects a leader genuinely caring about, respecting and supporting subordinates and where possible ensuring that their needs are met (Trevino, Hartman & Brown, 2000). People oriented leaders are focusing their behaviours on ensuring that the inner needs of people are satisfied (Kalshoven et al., 2011). These leaders are usually friendly and approachable thus creating good working relationships and better working environment. Thus they will seek to motivate their staff members by emphasising the human relations. People orientation enhances a strong social relationship between leader and followers, whereby as a result of this, followers may copy the leader's positive and caring treatment (Kalshoven et al., 2011). Subordinates experiencing leader support are likely to behave cooperatively thus any directives from the leaders would be followed.

In a study on social responsibility in purchasing by Salam (2007), it has been justified that individual values and people oriented organisations are the most powerful predictors of Purchasing Social Responsibility (PSR). People oriented organisations are concerned about all parties that are affected or can be affected by them. In other words, they are concerned about their stakeholders hence this creates positive relationships among them which makes business processes such as the PSR to be carried out efficiently and effectively (Salam, 2007). Likewise, this could imply that people orientated behaviours play a role in any CSR efforts including in purchasing and procurement activities. In the practice of online CSR disclosure, people oriented leaders who care about other people i.e. subordinates, investors, and other

stakeholders, may feel obliged to share corporate information with them. Hence, this situation can be applied in a research that examines people oriented leaders who can influence the level of online CSR disclosures. Therefore, it could be hypothesized that:

H1: The extent of online CSR disclosure is significantly associated with leader's people orientation.

3.7.1.2 Fairness

Ethical leaders act with integrity and treat others fairly (Kalshoven et al., 2011). These leaders make principled and fair choices, and they are trustworthy, honest, do not practice favouritism and take responsibility for their own actions (Brown et al., 2005; De Hoogh & Den Hartog, 2008; Trevino et al., 2000). For example, when leaders practice 'fairness', employees feel that they are fairly treated and that their opinions are being equally considered. In exchange, the subordinates would want to support these leaders and ultimately help to support the company as a whole.

In the case of online CSR disclosure, a 'fair' manager would feel obliged to disclose as much information as possible to all stakeholders. This is to ensure that not only the shareholders or owners, but other stakeholders such as customers, suppliers and employees are updated with the same level of corporate information. Rämö (2011) in his study on visualisation of CSR in CSR reports has stated that organisations convey a desirable image of respectability and success, both internally and externally to the public through corporate reporting particularly because CSR reporting embrace values like fairness, goodness, and sustainability. This clearly indicates that not only fairness is an important attribute of a leader, CSR reporting embraces values like fairness too. Therefore, it could be hypothesized that:

H2: The extent of online CSR disclosure is significantly associated with leader's fairness.

3.7.1.3 Power sharing

In a decision making process for example, ethical leaders listen to their subordinates' ideas and concerns. This is an empowering aspect of leadership. As noted by Resick et al. (2006), power sharing happens when leaders allow subordinates to share responsibilities in meeting organisational goals which boosts subordinate's confidence. Brown et al. (2005) have claimed that ethical leaders provide subordinates with "voice". Yukl et al. (2013) have stated that sharing power allows subordinates more control and makes them less dependent on their leaders.

Companies are in a web of relationships with stakeholders and as a result, this web of relationships constitute the elements of mutuality, giving-and-taking, and power sharing that are explicit in terms of stakeholder engagement and stakeholder relationship (Waddock, 2005). The stakeholder theory suggests that companies and their managers should recognize that they are in the same relationship with each other, and that their actions, mutually affect each other as observed by Freeman (1984). Similarly, in engaging with the stakeholders, leaders have the obligation to share financial and non-financial information with stakeholders; hence, the use of the online reporting is necessary to ensure information is disseminated justly and effectively. Therefore, it could be hypothesized that:

H3: The extent of online CSR disclosure is significantly associated with leader's power sharing.

3.7.1.4 Concern for sustainability

Ethical leaders are also concerned with the impact of the business or organisation's business on others (Kalshoven et al., 2011). Waldman et al. (2006) have claimed that in CSR, it is important that leaders have broader views on others in the firm and society as well as on the natural environment. In line with this, Kanungo and Mendonca (1996) argue that ethical leaders take into account the effects of their behaviours on their surrounding including the society and environment.

Concern for sustainability entails that leaders pay attention to sustainability issues, such as recycling, community services and employee rights. One way of being sustainable is by fully utilizing the internet capabilities in business processes. With today's technology, the internet is used extensively by individuals as well as businesses. The use of the online reporting mechanism as a means of sustainability effort is essential as opposed to using the conventional way of reporting in which waste and unnecessary expenses can be reduced. Similarly, leaders who have a concern for sustainability would want to use the most sustainable way to disseminate information, at the same time ensuring as much information as possible is communicated to the widest audience, but with minimal cost. Therefore it could be hypothesized that:

H4: The extent of online CSR disclosure is significantly associated with leader's concern for sustainability.

3.7.1.5 Ethical guidance

Kalshoven et al. (2011) have labelled ethical guidance as communication about ethics, explanation of ethical rules and, promotion and reward of ethical conduct amongst subordinates. It is argued that ethical awareness should be kept in shape as it is key to

organisation success. This idea is in agreement with Trevino et al. (2000) who view that leaders should convey the standards regarding ethical conduct. These leaders set rules and codes of conduct which become guidelines to members of the organisations. Trevino et al. (2000) have also added that ethical leaders guide their followers in their ethical dilemmas. Employees believe that if leaders are knowledgeable and are fully aware of ethical related matters, they are able to satisfy the needs of employees in helping them solve ethical dilemmas.

In a study by Del Baldo (2012), it has been found that in family SMEs, the presence of ethical values of the entrepreneurial family represents a fundamental driving force towards the adoption of practices and communication tools of CSR and sustainability. As noted by Del Baldo, ethical values are linked to personal attributes of these entrepreneurs who lead their businesses towards better adoption and communication of CSR. Likewise, understanding the importance of being ethical i.e. doing what is right, ethical leaders would want to disclose good as well as bad news. This ensures that they are not concealing anything thus contributes to more disclosures. This equally indicates that ethical guidance of leaders can influence the communication of CSR information. Therefore, it could be hypothesized that:

H5: The extent of online CSR disclosure is significantly associated with leader's ethical guidance.

3.7.1.6 Role clarification

Leaders with ethical leadership behaviours promote transparency. According to Brown et al. (2005), these leaders are transparent because they engage in open communication. De Hoogh and Den Hartog (2008) pointed out that in being

transparent, it is important that leaders clarify roles and responsibilities. As a result, these leaders are able to clarify performance goals and expectation of the subordinates. This ensures that subordinates understand what is expected of them and know when their performance is up to the standard. In addition, they will know exactly how they can contribute to meeting the organisation's goals. Leaders would feel more confident with clear responsibilities and requirements because such clear responsibilities and requirements give room and freedom for them to operate (Ole Pors & Gustav, 2002). Hence, they can carry out their task better as they are aware and they fully understand their roles such as roles towards company's stakeholders. This encourages them to use the online CSR disclosure mechanism to update the related parties and keep them informed at all times.

In a study by De Hoogh and Den Hartog (2008) on ethical and despotic leadership, it has been found that role clarification is positively correlated with optimism about the company's future and perceived top level management effectiveness. This could also suggest that leaders with similar attribute are optimistic as they have clear mind-set of their responsibilities including providing enough corporate information to their respective stakeholders. For these leaders, striving towards firm's effectiveness by using the internet as a more sustainable approach to CSR reporting could be seen as an important business process. Therefore, it could be hypothesized that:

H6: The extent of online CSR disclosure is significantly associated with leader's role clarification.

3.7.1.7 Integrity

Integrity is the alignment of word-deed or the extent to which what one says is in line with what one does (Kalshoven et al., 2011). Acting with integrity is seen as the most important competency for supporting responsible leadership (Hind et al., 2009). Integrity should be reflected in any leaders to meet the trusts of the employees and other stakeholders of the firm (Keating, Martin, Resick & Dickson, 2007). It is the fundamental component of character and often considered to be an important aspect in leadership. The ethical leaders keep promises, behave consistently and can be trusted because they behave as expected (Kalshoven et al., 2011; Yukl, 2010).

In addition, the notion of integrity is also important with regards to CSR reporting. This is because in CSR reporting, integrity plays a larger role in the way stakeholders and investors perceive corporate value. Companies increasingly want to demonstrate the quality and reliability of the CSR information disclosed in their CSR reports which enhance the credibility and integrity of the company, thus influencing stakeholders' perceptions of their ethical and moral outlook (KPMG, 2011). Verissimo and Lacerda (2015) have found that leaders rated with higher integrity are engaged in CSR practices. These findings add to the extant literature by demonstrating that integrity is important as not only it engages leaders to be more active in CSR practices but also promotes integrity in CSR reports. Therefore, it could be hypothesized that:

H7: The extent of online CSR disclosure is significantly associated with leader's integrity.

3.8 Leadership Style and Online CSR Disclosure

Leadership style in an organisation is one of the factors that play a significant role in enhancing or retarding the interest and commitment of the individuals in the organisation (Obiwuru, Okwu, Akpa & Nwankwere, 2011). According to Arshad et al. (2014), the style of leadership within an organisation determines its involvement with the outside society and in deciding whether the organisation is to engage in social responsibilities. Consequently, the right kind of leadership would decide whether to disclose these obligations to the outside society or not and whether to disclose less or more. Hence, leadership plays a significant role in a company's CSR initiatives.

The role of leadership style in relation to CSR initiatives has been highlighted by many authors throughout this thesis (Angus-Leppan et al., 2010; Du et al., 2013; Resick et al., 2006; Strand, 2011; Tuan, 2012; Waldman et al., 2006). However, few research studies have been conducted to investigate the specific leadership styles that support a specific CSR initiative such as the online CSR disclosure.

Keegan and Den Hartog (2004) have argued that a transactional or transformational leadership style may provide the structure and discipline needed to move a team in the desired direction. This situation could be applied in online CSR initiatives in which leadership styles can provide the structure and discipline to move CSR initiatives such as online CSR disclosure forward. Although leadership provides the structure to move forward, communication of organisational goals and objectives from top leadership remains a necessity (Keegan & Den Hartog, 2004)

3.8.1 Transformational leaders versus transactional leaders

Transformational leadership as part of the behavioural theory of leadership explains that CSR behaviours are triggered when transformational leaders raise their follower's aspirations and activate higher order values, work beyond simple transactions and base expectations (Avolio, Walumbwa & Weber, 2009). This leadership style inspires others to pursue goals and/or unleash hidden desires already present among colleagues and employees (Christensen et al., 2014). The typical behaviours associated with transformational leadership style such as invoking ideas, inspirational motivation, intellectual stimulation and individualized consideration can influence causes and behaviours related to social justice, environmental activism and other socially responsible outcomes (Christensen et al., 2014). Resick et al. (2006) have claimed that transformational leaders have higher firm propensities to engage in environmental social responsibility. These leaders are able to influence the formation of CSR values (Christensen et al., 2014).

Meanwhile, transactional leadership motivates employees through rewards, promises, feedback or disciplinary actions (Northouse, 2013; Yukl, 2010). This means that for the transactional leaders, compliance will be rewarded whilst non-compliance will be punished. The transactional leaders focus on the importance of compliance, which reflects that in the case of company's CSR reporting, the leaders would just want to comply with the existing reporting standards and the reporting requirement set by the regulators such as the government or the stock exchange. Hence, this will result on limited CSR information being disclosed and therefore the use of the website to disseminate CSR information will be under-utilized.

The transactional leader however, focuses on the organisation as a whole whereas the transformational leadership focuses on the wider scope that covers the concerns of the community as well (Reeves-Ellington, 1998). Hence, based on the above arguments, it can be assumed that the transformational style of leadership encourages more CSR involvement and engagement in an organisation. This echoes the view by Arshad et al. (2014) who have posited that transformational leadership is a type of leadership style that can inspire positive changes in those who follow and thus motivated to do more than what is required.

In terms of CSR reporting practices, transactional leaders might just want to report the necessary CSR information whereas the transformational leaders might report more CSR information. This is because, leaders with transformational leadership style are active and forward-looking leaders, and they would want to disclose more to improve the company. Waldman et al. (2006) have claimed that certain aspects of transformational leadership is positively correlated with the propensity of firms to engage in CSR and that these leaders will employ CSR activities strategically. In contrast, passive leaders with transactional leadership style might not be bothered to disclose that much; hence, they only disclose the required information. Consequently, the level of disclosure varies according to the kind of leadership style embraced by the leader. In similar vein, Strand (2011) has proven that transformational leadership plays a more significant role than transactional leadership regarding CSR effectiveness. In fact, Bryman (as cited in Podsakoff, MacKenzie & Bommer, 1996) has highlighted that transformational leaders are positively related to self-reported efforts. Therefore, it could be hypothesized that:

H8: The extent of online CSR disclosure is significantly associated with transformational leadership.

H9: The extent of online CSR disclosure is significantly associated with transactional leadership.

H10: There is a significant difference in transformational leadership for companies with high and low levels of online CSR disclosures.

H11: There is a significant difference in transactional leadership for companies with high and low levels of online CSR disclosures.

3.9 Role of Leaders and Online CSR Disclosure

Another variable that is investigated in this study is the role of leaders. Leaders might encourage social responsibility initiatives by making decisions that consider the needs of different stakeholders, for example, encouraging support on community service activities, encouraging improvements in organisational safety and recommending practices that reduce harmful effects on the environment. According to Waldman and Siegel (2008), managers engage in social responsibility activities because they hope to see the firm achieve higher level of CSR performance, a performance which is beyond what is required by the law. This proposition is also supported by Christensen et al. (2014) who have posited that it is the individuals within firms who actually create, implement, sustain or even avoid CSR policies and actions.

Singhapakdi, Karande, Rao and Vitell (2001) have claimed that managers must first perceive social responsibility to be vital to organisational effectiveness before their behaviour will reflect greater social responsibility. This is because managers must first

decide to engage in CSR before they can report on the initiatives undertaken. Thus, manager's perceived importance of CSR would have an influence on CSR reporting.

Baele (2012) has found that the perceptions of CEOs on CSR reporting have more explanatory power. More specifically, company CEOs who reported on CSR topics have perceived reporting to be more important compared to the CEOs who have not provided information on CSR. Baele (2012) has also discovered that the CEO's managerial characteristics provided additional explanatory power with respect to CSR reporting, which is in accordance with the behavioural theory discussed in the earlier section.

In particular, the perception of CEOs on CSR reporting has been found to have a significant influence even though the perception on reporting is likely to have a stronger effect when the CEO has a high perceived importance on CSR (Baele, 2012). Based on a research on *Marks and Spencer's* corporate social reporting, Campbell (2000) has suggested that the company's chairman has an important influence on the volume of corporate social disclosures. It has been shown clearly from the above examples that a company's social responsibilities are met by individual human actors, namely, the firm leaders who constantly make decisions for the company.

Businesses worldwide are embracing the concept of CSR by reporting on their social and environmental engagements as well as their economic activities (Hind et al., 2009). In the meantime, the stakeholders especially investors and the financial communities are reviewing organisation's CSR reporting for potential investments. Clearly, it is the job of firm leaders to maintain the good standard of reporting so that

information could be communicated better and people could be induced to invest in the company. However, better reporting mechanism such as using online CSR disclosure can only be accomplished if it is perceived important by firm leaders (Baele, 2012). Hence, the role of leaders is imperative in providing sufficient information disclosure to the interested parties, communicated better through online mechanism and therefore helps them make better investment decisions.

Overall, all of the above arguments suggest that leader roles in CSR initiatives affect company's CSR reporting. Likewise, this means that leaders mould CSR practices and outcomes, based on their individual differences and specific leader behaviour (Christensen et al., 2014). Consequently, the role of leaders is pertinent in ensuring the success of any CSR initiatives carried out including in reporting practices.

However, as discussed earlier, leaders in a 'static' organisation and in calm business environments might not be as proactive as leaders in organisations operating in "fluid" and dynamic environments (Sama & Shoaf, 2008). This affects organisational outcomes including CSR reporting practices and the extent of disclosure. The former might be reporting less CSR information whereas the latter might be reporting more CSR information. This may suggest that there could be differences in terms of leader's roles with regards to company's level of disclosures. Therefore, it could be hypothesized that:

H12: The extent of online CSR disclosure is significantly associated with the role of leaders.

H13: There is a significant difference in the role of leaders for companies with high and low levels of online CSR disclosures.

3.10 Chapter Conclusion

This chapter highlights that leaders and their leaderships could impact organisational actions such as CSR reporting practices. Metcalf and Benn (2013) concluded that organisations are complex systems and interpreting what is actually needed by organisations to be sustainable is an extraordinary demand on leaders. Hence, it is imperative to find out whether leaders have the behaviours that are likely to support a particular corporate responsibility initiative within an organisation. In addition, it is necessary to find out whether these behaviours have any impact on disclosure and eventually affect the extent of CSR information disclosed on corporate websites.

Table 3.3 provides an overview of the relationships examined in this research. The main objective of this research was to investigate whether the leadership variables in particular the ethical leadership behaviours, leadership styles and the role of leaders, influence the level of CSR disclosure on the internet specifically on company's website, in this study termed as online CSR disclosure. The development of hypotheses has been made following the rationale of the leadership behavioural theory in examining the variables. This theory supports the formation of the hypotheses which will be used to determine whether the results are consistent with what is expected by the theory or not. Hence, this theory would arguably be substantial in explaining the influence of leadership on online disclosure practices.

It could be arguably hypothesised that ethical leadership behaviours, leadership styles and leader roles influence the level of online CSR disclosure. Hypothesis 1 until Hypothesis 7 would relate to the influence of specific ethical leadership behaviours while Hypothesis 8 until Hypothesis 11 would be related to the influence of an

individual's leadership style. Hypothesis 12 and Hypothesis 13 would relate to the influence of the role of leaders on online CSR disclosures.

Table 3.3 The list of hypotheses that will be tested in this study

Ethical leadership behaviours:
H1: The extent of online CSR disclosure is significantly associated with leader's people orientation.
H2: The extent of online CSR disclosure is significantly associated with leader's fairness.
H3: The extent of online CSR disclosure is significantly associated with leader's power sharing.
H4: The extent of online CSR disclosure is significantly associated with leader's concern for sustainability.
H5: The extent of online CSR disclosure is significantly associated with leader's ethical guidance.
H6: The extent of online CSR disclosure is significantly associated with leader's role clarification.
H7: The extent of online CSR disclosure is significantly associated with leader's integrity.
Leadership styles:
H8: The extent of online CSR disclosure is significantly associated with transformational leadership.
H9: The extent of online CSR disclosure is significantly associated with transactional leadership.
H10: There is a significant difference in transformational leadership for companies with low and high level of online CSR disclosures.
H11: There is a significant difference in transactional leadership for companies with low and high level of online CSR disclosures.
The role of leaders:
H12: The extent of online CSR disclosure is significantly associated with the role of leaders.
H13: There is a significant difference in the role of leaders for companies with low and high level of online CSR disclosures.

CHAPTER 4

Methodology

4.1 Introduction

This chapter aims to describe the procedures that the present researcher used to conduct this study, starting from the research design and how data were collected until they were analysed. This chapter is divided into three main parts: the first part discusses the research design, its philosophy and paradigm, the research methods and the chosen methodology; the second part of the chapter describes data collection methods; and, the third and final part explains data analysis procedures for both quantitative and qualitative data, covering statistical methods, interview transcript as well as some ethical implications. The chapter concludes with a summary of the methodology employed.

4.2 Research Design

Research design is a framework for the collection and analysis of data which represents a structure that guides the execution of a research method, and the analysis of the subsequent data (Bryman & Bell, 2011). The research design acts as a blueprint that constitutes plan, strategy and structure to assist the researcher's investigations.

This study employed a cross-sectional design in which it sought to investigate variations of variables in different context over the same period of time (Collis & Hussey, 2009). The term cross-sectional design is used to refer to a study that entails the collection of data more than one case and at a single point in time (Bryman & Bell,

2011; Remenyi, Williams, Money & Swartz, 1998). Cross-sectional design examines how something is done at the time of the research study and it generally seeks to identify and understand differences between the various members of the study population (Remenyi et al., 1998). In addition, by adopting a cross-sectional design, this study was not only able to establish variables, but also to explore the relationships between variables.

Research can also be classified into its purpose—whether it is exploratory, descriptive or explanatory (Saunders, Lewis & Thornhill, 2012). A detailed explanation is provided for each classification. This is followed by the philosophical assumptions held by the researcher in the present study.

4.2.1 Exploratory research

The main objective of exploratory research was to look for ideas, patterns or hypotheses rather than testing a hypothesis so the focus is on gaining insight of a subject area to be tested at a later stage (Collis & Hussey, 2009). This kind of research asks open questions to gain insights of a topic of interest and particularly useful to clarify one's understanding of a problem, for example if one is unsure of the precise nature of the problem (Saunders et al., 2012). Exploratory research is useful when there is little information (Aly, 2008) and may commence with a broad focus but will become narrower as the research progresses (Saunders et al., 2012). It can be conducted in many ways including interviewing experts in the subject area and conducting in-depth individual interviews or conducting focus group interviews (Saunders et al., 2012; Sekaran & Bougie, 2010). In other words, a preliminary

research is undertaken involving interviews to get an idea of how the real and current situation of the subject matter is.

Part of this study was exploratory as an informal interview was conducted prior to the commencement of the actual investigation. The interview was conducted face-to-face with one of the managers of a public listed company in Malaysia. The company has many subsidiaries and groups of companies, including four companies trading in the *Bursa Malaysia* stock exchange and listed among the top 50 in the year 2013. The aim of this interview was to get an initial indication of CSR disclosure practices among the public listed companies and the use of online mechanism particularly company's website in disclosing CSR information. Questions asked revolved around matters regarding implementation of online CSR disclosure such as the person or department responsible to update the website, the content of the website and the disclosure process. It was discovered that CSR and sustainability related matters fall under the jurisdiction of the Corporate Communication department or Investor Relation department but this might not be the same for all companies in Malaysia. In addition to this exploratory search, corporate websites of public listed companies were also examined. These websites were very useful in obtaining insights into the current state of online CSR initiatives.

4.2.2 Descriptive research

The objective of descriptive research is to gain an accurate profile of events, persons or situations which may be an extension of the exploratory research undertaken earlier or a forerunner to a piece of explanatory research (Saunders et al., 2012). Descriptive research describes phenomena as they exist; hence, it is mainly used to identify and

obtain information on the characteristics of a particular issue or problem (Collis & Hussey, 2009). The descriptive research goes further in examining a problem than the exploratory research.

A descriptive method was primarily used in this study to gather information pertaining to an in-depth review on CSR development in Malaysia in relation to government policies, CSR standards, CSR disclosure practices, online disclosure, current issues and previous studies. It was also used to generate review on the influence of leadership variables particularly ethical leadership behaviours, leadership styles and leader roles towards online CSR practices. All forms of evidence derived largely from library-based documentation such as books and journals, electronic sources such as online databases, web sites and the internet sources.

Other than that, this study would also be considered to be descriptive as content analysis was conducted based on selected corporate websites using a disclosure index. This process was used to illustrate the current practice of online CSR disclosure of the Malaysian companies in terms of the extent of disclosure. Apart from this, this study used a questionnaire survey as the main research strategy to collect data on the leadership variables. Survey in its broadest term can be described as a way to collect data from a sample and generalizing the results to a population (Collis & Hussey, 2009). Parts of the findings of the survey were descriptive in nature, for example, description of the sample and the descriptive statistics. Most prior studies of internet-based CSR disclosure have been descriptive such as Aikat (2000); Branco and Rodrigues (2006); Ghazali (2007); Said et al., (2009); Hinson et al., (2010); Amran (2012); Bowrin (2013); and Kansal, Joshi and Batra (2014). These studies were

conducted in countries such as India, the Caribbean, Finland, Ghana and even in Malaysia itself. However, none of the studies has ever explored the role of leadership in online CSR disclosure practices.

4.2.3 Explanatory research

The objective of explanatory research is to understand phenomena by establishing causal relationship (Collis & Hussey, 2009; Saunders et al, 2012). It is also called explanatory or analytical research, which is a continuation of descriptive research (Collis & Hussey, 2009). Explanatory designs consist of associations between two variables or more than two with the emphasis to explain relationships of variables by studying the situation or the problem occurred (Creswell, 2012).

For this reason, this study would be considered an explanatory study too as it sought to measure and explain the relationship of the variables involved, namely, the leadership variables and the level of online CSR disclosure. It would also be considered explanatory as the leadership behavioural theory which is relevant to the context of CSR disclosure and leadership was used to explain voluntary CSR disclosure on the websites and its association with leadership.

Therefore, this study should be considered to be exploratory, descriptive and explanatory as it looked at patterns specifically levels of disclosure, measure relationship between related variables and sought to explain how the variables affected the level of disclosure. At the same time this study used the leadership behavioural theory to explain the relationships between variables of interest that were examined, namely, the level of disclosure and the role of leadership.

4.3 Research Philosophy and Paradigm

A research paradigm, according to Collis and Hussey (2009) is a philosophical framework that guides how research should be conducted. It is necessary to understand the nature of research paradigm and the philosophical stance underlying it as it can bring impact to the management and practice of research. Neuman (2000) has indicated that the research paradigm is associated with different traditions in social theory and diverse research techniques. He has added that a general paradigm can be defined as a whole system of thinking which includes basic assumptions, the important questions to be answered, the research techniques to be used, and examples of what good scientific research looks like. Paradigms also act as the basic belief system or worldview that guides the investigator, not only in the choice of method but also in ontological and epistemological aspects (Guba & Lincoln, 1994).

In carrying out a research, the role of the researcher in making sure the relevancy of the epistemological positions, ontological considerations and the research methods is very important as this will contribute greatly to the wider methodological framework of the whole study. The inter-relatedness of the elements for a research process is illustrated by Crotty (2003) (see Figure 4.1) in which he suggests four basic elements which are epistemology, theoretical perspective, methodology and methods that are linked to one another. This reflects the choice of research paradigm and how it influences the research process. There are two main research paradigms or research philosophies, referred to as positivism and interpretivism. These will be briefly explained next.

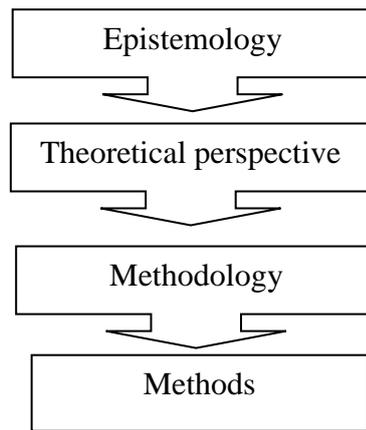


Figure 4.1 The basic elements in a research process

Adapted from Crotty (2003).

4.3.1 Positivism

Positivism views scientific methods as involving empirical approaches which consist of hypotheses that are tested and analysed by quantitative tools. Positivism underpins the belief that social reality is singular and objective, separate from the researcher (Collis & Hussey, 2009). With the objective of testing or verifying a theory rather than developing it, the researcher advances a theory, collects data to test it and reflects on its confirmation or disconfirmation based on the results—all in a process that is deductive (Creswell, 2014).

Based on Lincoln and Guba (1985) “axioms” to positivism, Tashakkori and Teddlie (1998) depict the specific features of positivism in Table 4.1. For the positivist paradigm, the object of study is independent of the researcher in which knowledge is discovered through direct observations and measurement of a phenomenon. Hence, facts are established through the meaning attached to the phenomenon studied and the research interest. The data and its analysis are value-free, which means, they do not

change as they are being observed—hence singular and objective. Positivists use a deductive mechanism to test theories which are then used to explain the relationships of variables via hypotheses. As a result, positivism reflects objectivist epistemological and ontological positioning.

Table 4.1 The differences between positivism and interpretivism

Positivism	Interpretivism
1) Ontology (nature of reality): Positivists believe that there is a single reality.	1) Ontology (nature of reality): Naturalists believe that there are multiple, constructed realities.
2) Epistemology (the relationship of the knower to the known): Positivist believes that the knower and the known are independent.	2) Epistemology (the relationship of the knower to the known): Naturalists believe that the knower and the known inseparable.
3) Axiology (role of values in inquiry): Positivists believe that inquiry is value-free.	3) Axiology (the role of values in inquiry): Naturalists believe that inquiry is value-bound.
4) Generalizations: Positivists believe that time- and context-free generalizations are possible.	4) Generalization: Naturalists believe that time- and context-free generalization is not possible.
5) Causal linkages: Positivists believe that there are real causes that are temporally precedent to or simultaneous with effects.	5) Causal linkages: Naturalist believes that it is impossible to distinguish causes from effects.
6) Deductive logic: There is an emphasis on arguing from the general to the particular, or an emphasis on a priori hypotheses (or theory).	6) Inductive logic: There is an emphasis on arguing from the particular to the general, or an emphasis on “grounded” theory.

Adapted from Tashakkori and Teddlie (1998, p.7 & p. 10).

Ultimately, with the positivist approach the researcher is testing a hypothesis. As large samples are used, the researcher is less involved with the data and the data are collected through methods, such as postal or online questionnaires that produce quantitative data (Collis & Hussey, 2009). Since this paradigm attempts to establish causal relationships that can be measured between the variables, it is often associated with quantitative methods of analysis (Collis & Hussey, 2009). This is because variables are attributes

that can be changed and can take different values, which are capable of being measured. The positivistic paradigm underlies what is called quantitative methods while the constructivist or interpretivist paradigm underlies qualitative methods (Lincoln & Guba, 1985).

4.3.2 Interpretivism

Interpretivism has emerged based on the assumption that social reality is in people's mind where it is subjective and multiple thus qualitative approaches are used by interpretivist to seek meaning of phenomena rather than quantitative findings (Collis & Hussey, 2009). This is because the researcher positions himself or herself in the study, collaborates with the participants which tends to bring personal values into the study creating different and multiple interpretations of data (Creswell, 2014). Lincoln and Guba (1985) defined interpretivist as naturalist whilst Tashakkori and Teddlie (1998) summarised their views based on the following characteristics shown in Table 4.1.

The second paradigm, interpretivism has a point of view that social research can be pursue not only by scientific methods but also using interpretive approaches and solving problems using qualitative tools. As the interpretivists believe that the knower and the known are inseparable, this approach is an attempt to describe, understand and interpret the meanings of phenomena that humans apply to the settings in which they find themselves are in (Lincoln & Guba, 1985; Tashakkori & Teddlie, 1998).

Interpretivists tend to take an inductive approach to research. The inductive approach builds its own theory and this theory is developed from the data that are collected

through an understanding of what is observed and interpreted (Saunders et al., 2012). The data that are collected need to be analysed so that the theory can be built or developed. Consequently, interpretivism mostly reflects subjectivist or constructionist epistemological and ontological positioning.

In contrast with the positivist, the interpretivist approach looks at smaller samples of data and uses a qualitative approach to research. The researcher using the interpretivist approach can be more involved in the collection and investigation of the data and can use data collection techniques such as case studies, in depth interviews and focus groups (Collis & Hussey, 2009). The differences between both paradigms are depicted in Table 4.1. However, regardless of the choice of paradigm, the research method that is most appropriate depends on the kind of information the researcher wants to find out.

4.4 Research Methods

Crotty (2003, p.3) defines research method as “the technique or procedures used to gather and analyse data related to some research questions or hypothesis”. There are two main types of research methods, namely, the quantitative and the qualitative. These will be discussed further.

4.4.1 Quantitative research method

The quantitative research method is referred to as a research strategy that emphasises quantification in the collection and analysis of data. It entails a deductive approach to the relationship between theory and research, incorporates the practices and norms of the natural scientific model, which is, positivism, and embodies a view of social reality

as an external objective reality (Bryman & Bell, 2011). This means that the quantitative research method has an objectivist outset which reflects the positivism standpoint. Quantitative research can take on techniques such as structured interviews, self-completion questionnaires, structured observation, content analysis, secondary analysis and official statistics (Bryman, 2012; Bryman & Bell, 2011).

The main advantage of quantitative research is that the findings can be generalised beyond the confines of the particular context in which the research was conducted (Bryman, 2012). This is done by using samples which can represent a particular population. Moreover, data that are collected from a large sample size is the best representative of the study population (Bryman 2012; Bryman & Bell, 2011).

However, opting for a quantitative research method will never be one without any critique. One of the limitations is, the method fails to distinguish among people, social and the “natural world” for these entities are different in nature, and cannot be treated as the same (Bryman & Bell, 2011). This suggests that the principles of scientific method used in quantitative research cannot be applied to all conditions because not everything is the same.

4.4.2 Qualitative research method

In contrast, the qualitative method is defined as a research strategy that emphasises words, generates or uses non-numerical data rather than quantification in the collection and analysis of data (Bryman & Bell, 2011; Saunders et al., 2012). The qualitative research carries inductive view of the relationship between theory and research in which the theory is generated out of the research, stresses on understanding the social

world based on anticipated interpretation and has an ontological position described as constructionist (Bryman & Bell, 2011; Tashakkori & Teddlie, 1998). This postulates that the qualitative research method has a subjectivist outset which reflects the interpretivist viewpoint too. Qualitative research can take on techniques such as ethnography, participant observation, interviews, focus groups and case studies (Creswell, 2012; Mason, 1996; Patton, 2002).

Most researchers opt for this kind of method for many reasons. One of the reasons is that qualitative research looks for common elements, and is grounded in a broadly interpretivist and naturalist approach that focuses on social meaning, interpretations and practice (Mason, 1996; Gephart, 2004). It looks to provide a great deal of descriptive detail in terms of reporting. This is due to qualitative researcher typically emphasises the importance of the contextual understanding of social behaviour (Bryman & Bell, 2011) rather than measuring variables or testing hypotheses. That is why qualitative research involves understanding complexity, detail, and context producing rich, contextual and detailed data.

Like the quantitative research method, qualitative method is one with limitations as well. Bryman and Bell (2011) have highlighted that one of the common critiques of qualitative methods is qualitative research is too subjective. The qualitative findings rely too much on the researcher's views about what is important and significant, and upon the close relationship the researcher has with the people studied.

4.4.3 Data triangulation

Sometimes, researchers want to gather two kinds of data, quantitative data that will allow them to gain access to the perspectives of the people they are studying, and the qualitative to grasp the underlying connotation behind the perspectives. The most common and well-known approach to mixing methods is the triangulation design (Tashakkori & Teddlie, 1998; Teddlie & Tashakkori, 2009). Triangulation is defined as the use of different research approaches and techniques in the same study (Collis & Hussey, 2009).

Triangulation techniques have evolved from the pioneer work of Campbell and Fiske (1959) who had used more than one method to measure a psychological trait. It involves the use of both qualitative and quantitative methods and data to study the same phenomena within the same study or in different complementary studies (Tashakkori & Teddlie, 1998). It was originally conceptualized by Webb, Campbell, Schwartz and Sechrest in the year 1996 as an approach to the development of measures and concepts, whereby one method would be employed in the development of measures in another method, resulting in greater confidences in findings (Bryman & Bell, 2011). As such, triangulation always takes place within a quantitative research strategy (Bryman & Bell, 2011) as the qualitative findings will inform the preceding quantitative results thus increase the confidence in the conclusions (Saunders et al., 2012).

Data triangulation involves using more than one method or using a variety of data sources within a single study. The strategy mixes both qualitative and quantitative methods including interviews, observations, documentary evidence and questionnaires

to help the researcher to generate a rich source of field data with internal checks on its validity (Hopper & Hoque, 2006).

In terms of validity, triangulation gives better results in the research findings. Researchers triangulate different data sources of information by examining evidence from the sources and using it to build coherent justification for themes (Creswell, 2014). This process adds validity to the study whereby themes are established based on converging several sources of data or perspectives from participants. Data-triangulation can assist a researcher to take advantage of the strong points of each type of data, cross-check data collected by each method, and collect information that is available only through particular techniques (Hopper & Hoque, 2006). In this study, since the researcher aimed to study different aspects of the phenomenon related to human being, data triangulation would be a reasonable solution to obtain views from different perspectives.

4.5 The Chosen Methodology

Research methodology is the research process which involves the principles, procedures, and strategies for gathering information, analysing it, and interpreting it. Collis and Hussey (2009) define research methodology as the entire approach of research, encompassing a body of methods, starting from the theoretical grounds and ending with the collection and analysis of data. Verifying a suitable methodology should be consistent with both the research questions and objectives. The current study was intended to uncover the role of leadership in the use of internet as a medium to disseminate CSR information. The aim of this study was to investigate the relationship

between the extent of online CSR disclosure and leadership variables among the Malaysian public listed companies.

In this study, empirical evidence was used to find the answers to specific determined questions and objectives. The most suitable philosophical paradigm for the current study would be positivism as it relied on empirical evidence rather than the opinions of individuals or groups to explain the level of online disclosure of companies that used the internet as a tool for corporate reporting and its association with leadership variables. The appropriate research method for the current study was quantitative as it sought to collect and analyse numerical data to interpret and test the relationship between the dependent variable (level of online CSR disclosure) and the independent variables (ethical leadership behaviours, leadership styles and leader roles).

The current study implemented a deduction approach in which the research questions were developed based on the theoretical framework, discussed in the earlier chapter. Then, the study developed various hypotheses to investigate the relationship between the level of disclosure and the independent variables, leadership and its components. Finally, it used the appropriate statistical techniques to test these hypotheses which led to either accepting or rejecting the relationship between the variables according to the chosen theories.

4.5.1 The use of quantitative research approach

The quantitative approach was chosen for three main reasons. Firstly, the study aimed to find out whether there was any relationship between the leadership variables and the level of online CSR disclosures. The use of quantitative approach enabled

hypotheses to be developed based on the variables and be examined to determine the answers to the research questions. This would not be attainable with the qualitative research approach.

Secondly, the use of the quantitative method enabled the researcher to measure the opinion and perception of respondents towards ethical leadership behaviours, leadership styles and leader roles in CSR. This method allowed a large sample of respondents to be investigated to a limited set of questions by means of questionnaire surveys. In contrast, this would be impossible to achieve with the qualitative research method as qualitative method is subjective and uses fewer participants.

Thirdly, the quantitative method facilitated the data collection process, using a disclosure index and a questionnaire survey in enabling a large amount of data from samples of public listed companies to be collected. This resulted in a comprehensive picture of the implementation of online CSR disclosures among these companies although there were constraints in terms of distance, time and cost. Alternatively, examining employees' opinions of a specific company in a specific location from a phenomenological, interpretivist or constructivist approach would have provided the researcher with an insight into the specific employees or companies only; however, these results could not be applied to the wider population of companies within Malaysia.

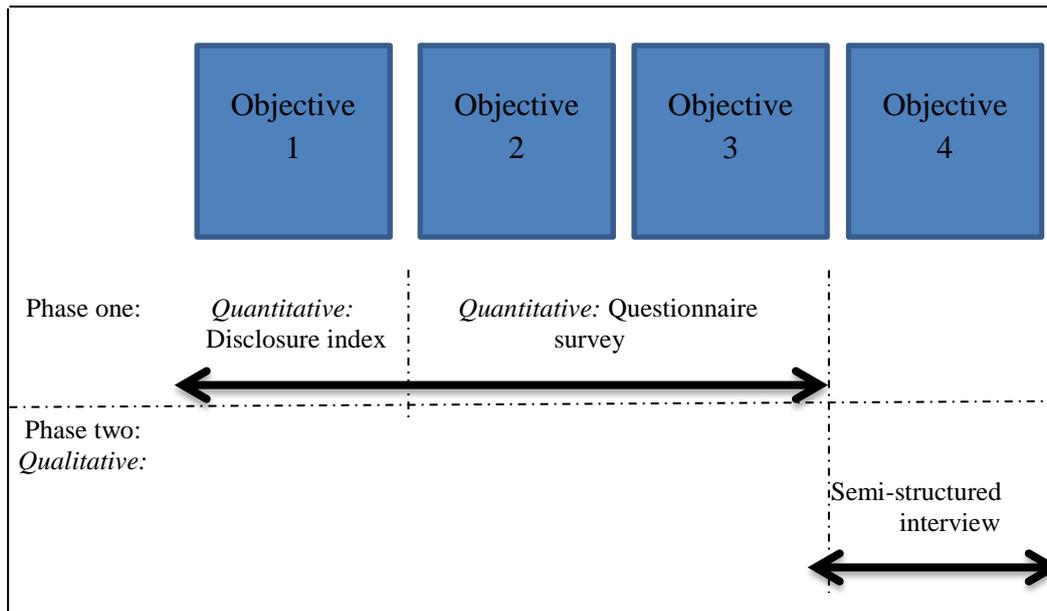


Figure 4.2 The phases of research

Overall, as depicted in Figure 4.2 above, quantitative data collection and analysis were first employed in order to achieve the first, second and third objectives of the study. These were related to identifying the extent of online CSR disclosure in terms of the amount of information disclosed, examining employees’ opinion on ethical leadership behaviours, leadership styles and leader roles, and measuring the associations between these leadership variables and the level of disclosure. Quantitative methods were used in collecting data through a disclosure index and questionnaires.

Consequently, in the second phase of the study, qualitative data collection and analysis were conducted in order to achieve the final research objective which was to get responses from several interviews to ascertain the issues examined. Interviews were conducted with managers and the findings of these interviews were used to supplement the preceding quantitative data obtained in the first phase.

4.5.2 The use of qualitative research approach

In reality, many business and management research designs are likely to combine quantitative and qualitative elements (Saunders et al., 2012). This is because, qualitative research has the potential to harmonise research and theory by highlighting the human interactions and meanings that underlie relationships among variables (Gephart, 2004). For example, a research that is using a questionnaire may not be able to grasp the true meaning behind the quantitative results; hence, it may be necessary to conduct a follow-up interview.

All methods have bias and weaknesses, and the collection of both quantitative and qualitative data neutralised the weaknesses of each form of data (Creswell, 2014). In this study, although the qualitative research method was rejected in favour of an empirical methodology, the present researcher acknowledged the limitations of the quantitative approach and the strength of the qualitative method.

In order to answer all the research questions in this study especially the final question on ascertaining the influence of leadership on online CSR disclosures, the use of a single research method made it impossible to achieve this. Therefore, a qualitative research method was also used to corroborate the earlier quantitative findings. Not only it would give context to the research findings, the qualitative data would provide greater confidence in the study's conclusions. This would help to overcome problems of reliability, validity and bias by converging and confirming different data sources (Creswell, 2012).

Qualitative research approach consisting of semi-structured interviews was conducted to give an in-depth understanding of the issue studied and at the same time to inform the findings of the preceding quantitative data. This approach involved seven respondents chosen from the managerial levels who provided broader and in-depth views of major queries examined in this study. The respondents were not only able to ascertain whether leadership variables can play a role in online CSR disclosures, but also provided suggestions to address the perceived concerns.

As such, a triangulation approach was undertaken, as this study collected and analysed both the quantitative and qualitative data, integrated the findings and drew inferences based on both approaches in a single study. It is obvious that the qualitative and quantitative aspects of this study cannot be equally weighted; nevertheless, it is theoretically driven by the quantitative method, incorporating a complementary qualitative component.

Table 4.2 Relationship between research questions, objectives, methods and process

Research Questions	Research Objectives	Methods	Research Process
To what extent do the websites of the Malaysian public listed companies reflect CSR information disclosures?	To identify the extent of online CSR disclosures among Malaysian public listed companies.	Disclosure index	Stage one
Do ethical leadership behaviours consisting of fairness, people orientation, concern for sustainability, integrity, role clarification, power sharing and ethical guidance have any significant influence with the extent of online CSR disclosure among the Malaysian public listed companies?	To investigate the influence of ethical leadership behaviours consisting of fairness, people orientation, concern for sustainability, integrity, role clarification, power sharing and ethical guidance in online CSR disclosure among Malaysian public listed companies.	Questionnaire survey	Stage two
Do leadership styles particularly transactional and transformational leadership styles and the role of leaders influence the level of online CSR disclosure in Malaysia?	To examine the influence of transactional leadership and transformational leadership styles and leader roles on online CSR disclosures among Malaysian public listed companies.	Questionnaire survey	Stage three
Can leadership variables consisting of ethical leadership behaviours, leadership styles and leader roles becomes the determinants to online CSR disclosures in Malaysia?	To ascertain the leadership influences consisting of ethical leadership behaviours, leadership styles and leader roles in promoting sustainable CSR disclosures in Malaysia.	Semi-structured interviews	Stage four

4.6 Data Collection Methods

In this section, disclosure indexes, questionnaires and interviews will be discussed in detail as the research instruments in collecting data to answer the research questions. Table 4.2 presents the relationship between research questions, objectives, methods and process of the study. In the first stage information from the disclosure index was used to achieve objective relating to identifying the extent of the online CSR disclosure of Malaysian public listed companies. In the second stage and third stage, information from questionnaires revealed the opinion and perception of employees about ethical leadership behaviours, leadership styles and leader roles in CSR of their respective company leaders. In the last stage, semi-structured interviews were used to achieve the last objective in ascertaining the influence of leadership in promoting online CSR disclosure in Malaysia.

4.6.1 Disclosure index

A disclosure index was employed in order to achieve the objective of identifying the level of CSR disclosure on websites. As emphasised in the previous chapter, CSR reporting or CSR disclosure can be defined as the provision of financial and non-financial information relating to an organization's interaction with its physical and social environment as stated in annual reports or separate reports (Hackston & Milne, 1996). It provides information to the public and other stakeholders about a company's activities with the community, environmental, its consumers and its employees. The difference between the online version and the conventional ones is that the CSR information is disclosed on the internet, in the context of this study, in the corporate websites.

Therefore, it is important to find out how the information disclosures can be quantified (Marston & Shrives, 1991). One way to do this is to use a disclosure index approach to investigate whether some predetermined items are disclosed. Disclosure index can be used as a proxy to determine the level of information disclosed by firms, to show the level of voluntary disclosure or to show compliance with regulations (Marston & Shrives, 1991).

Disclosure index studies specify beforehand a list of items and search for their presence, ignoring sections of the text that do not relate to this list (Aly, 2008). Many internet corporate disclosure studies used a disclosure index (sometimes called disclosure checklist) to show the level of disclosure via the internet (Aly, 2008; Bowrin, 2013; Haji, 2013; Kansal et al., 2014; Marston & Polei, 2004; Xiao et al., 2004). This data collection technique is feasible to studies within the Malaysian context as most companies in Malaysia have websites and they are aware of CSR and sustainability issues as well as practices.

4.6.1.1 Construction of the disclosure index

Many studies used a disclosure checklist for the examination of website disclosure (Marston & Polei, 2004). The first step in the construction of a disclosure index is the determination of items to be included (Marston & Shrives, 1991). Some studies developed new checklists, some are based on previous studies and modified them, and some used existing checklist. There are four approaches for constructing or selecting the disclosure index (Marston & Shrives, 1991):

- 1) Focus on the needs of certain user group;
- 2) Use an existing index;

- 3) Construct a new index;
- 4) Modify an existing index to meet the needs and requirements of the study.

Many prior studies have used disclosure index to capture the level of disclosure of CSR and sustainability information disclosed in websites. Branco and Rodrigues (2006) have conducted a study using a disclosure index comprises of items divided into five categories which are environmental disclosure, sustainability, human resource disclosure, products and customers disclosure and community involvement disclosure. Othman, Darus and Arshad (2011) conducted content analysis using a disclosure index comprising of community, environment, workplace and marketplace. Che Hassan et al. (2012) used a disclosure index consisting of 30 items divided into four categories: environmental disclosures, human resources disclosure, products and consumer disclosures and community involvement disclosure. Bowrin (2013) used a disclosure index comprising 48 items divided into 13 categories. Kansal et al. (2014) employed a disclosure index of 96 items divided into seven categories. However, none of the existing indices were used directly for this study but all the existing indices were invaluable in terms of supporting and referencing the items in the new disclosure index.

The disclosure index used in this study was developed based on an extensive review of various literature such as the ones stated above. *Bursa Malaysia*'s requirement was taken into consideration in order to ensure that the items in the index fell within the four-dimension of CSR framework initiated by *Bursa Malaysia* in 2006. This study employed a new disclosure index but the items were based on various studies on internet disclosures except for four new items which had not been discovered before

in any of the literature. The development of a new index is due to the following reasons:

- 1) Some of the existing disclosure indices were too extensive. For example, in India, Kansal et al. (2014) used an extensive disclosure index consisting of 96 items categorised into seven categories, but not all the items would be applicable and suitable to be used in the Malaysian context.
- 2) Some of the disclosure items would not be applicable to the Malaysian context because of different cultures, values, policies, regulations, reporting standards, traditions and practices across countries. These were some of the reasons for implementing a new disclosure index. The study by Kansal et al. (2014) for instance, included disclosure items such as “mass marriage programmes” and “formulating vigilance committee to check corruption in the company” are not common CSR practices among Malaysian companies but very common among Indian companies.
- 3) Some of the disclosure indices of previous studies were too comprehensive. Existing indices would be too broad and comprehensive; hence, they would not be able to capture the extensive disclosures of companies. Ghazali (2007) used an index of 22 items while Haji (2013) employed an index of 23 items—both were comprehensive and yet they were not categorised into specific disclosure categories.
- 4) As the study involved public listed companies governed by the stock exchange of Malaysia, *Bursa Malaysia*, it was essential to include the four CSR dimensions in the disclosure index. A study by Othman et al. (2011) included *Bursa Malaysia*'s four CSR dimensions consisted of community, environment, workplace and marketplace but some of the items were too broad and general

in terms of CSR disclosure; hence, the items needed to be detailed out. For example, general disclosure item “energy” needed to be detailed out, and thus ‘renewable energy’ was included in the present study.

Developing a new disclosure index would be consistent with a study by Marston and Polei (2004) and Moreno and Capriotti (2009). Due to extremely comprehensive checklists used in previous studies, Marston and Polei (2004) created their own checklist based on literature reviews consisting of not only the kind of information that was disseminated on the websites but also how this information was presented and which technological options were used to make the home page user-friendly. A specific tool was developed by Moreno and Capriotti (2009) in their study about sustainability on the web in Spain, as existing tools from other countries were not suitable to be used in Spain, a new disclosure checklist was developed instead.

Therefore, this study applied the third approach suggested by Marston and Shrives (1991), in which a new disclosure index was developed for this study. The index constructed 60 items categorised into four CSR dimensions: community, workplace, marketplace and environment. The process involved:

- 1) First, the websites especially the CSR and sustainability sections of the top 100 Malaysian public listed companies were examined to get an overview about the kinds of information disclosed and to identify items that are commonly revealed on websites.
- 2) A list of items was generated based on the prior observation of the websites. All the items were supported based on extensive literature from previous

studies. Four new items were included although not found in any of the previous studies. Table 4.3 below presents the new items.

- 3) The items were then divided into four categories: community, workplace, marketplace and environment.
- 4) The disclosure index was finalised before commencing the actual content analysis for the study.

Table 4.3 New items

No.	Item	Dimension
1	Sponsoring charity events or fundraising events for example concerts, runs, etc.	Community
2	School adoption programmes for example PINTAR Programme	Community
3	Leadership programmes	Workplace
4	Information on the rate, price or tariff of the firm's product.	Marketplace

Nonetheless, constructing and using a new index had a major disadvantage of not being able to compare the results of the disclosure checklist whereas an existing index would have the advantage in that direct comparisons with previous research work could be made (Marston & Polei, 2004). Nevertheless, as this study was not comparative in nature, this was not an issue.

4.6.1.2 Scoring the items

This study used a content analysis which is a method of codifying the text (or content) of a piece of writing or categories depending on selected criteria (Weber, 1998). Content analysis has been widely used in CSR or sustainability reporting researches (Haniffa & Cooke, 2005). The definition that has been widely used by past researchers was defined by Abbot and Monsen (1979, p.504) as “a technique for gathering data

that consists of codifying qualitative information in anecdotal and literary form into categories in order to derive quantitative scales of varying levels of complexity”.

Dichotomous approach was used to code whether or not an item would be disclosed, so as to avoid subjectivity in assessing whether partial disclosure occurred. In scoring the CSR disclosure items, a score of ‘1’ is awarded if an item is disclosed and ‘0’ otherwise. This was consistent with other CSR disclosure studies such as Ghazali (2012), Said et al., (2009), Haji (2013) and Aly (2008). After constructing the disclosure index, a scoring sheet was developed to evaluate the extent of online CSR disclosure. The scores were then transferred into statistical software, *SPSS* for further analysis.

4.6.1.3 Weighting of items

Some users regarded the content of the website as more important than other content while others may regard any content on the websites as the same. This led to the issue of weights of the score of the index in which users who regarded the content as more important would put more weight on that content and less weight on other contents. There are two approaches in disclosure studies, weighted and unweighted.

An unweighted disclosure index was used because the weighted index would usually reflect the importance of each item as determined by selected users of reporting by asking them to indicate the degree of importance they regarded each item according to a given scoring scale (Marston & Shrives, 1991). According to the unweighted index, dichotomous scores are used in which ‘0’ is given if an item is not disclosed and 1 is

given if the item is disclosed. The unweighted disclosure index assumes that each item of disclosure is equally important.

In this study, the unweighted index approach was used for the following reasons:

- 1) Since this study did not focus on a single user group, an unweighted index was considered to be appropriate. It assumed that each item of the disclosure index was equally important and that the study did not focus on a certain user group but was directed to all users of online CSR disclosure.
- 2) Previous studies employing both weighted and unweighted had substantially similar results (Marston & Shrives, 1991).
- 3) Assigning different weights for different items in the list may be misleading because the relative importance of each item may vary from company to company, industry to industry and person to person.

4.6.1.4 Pilot study of the disclosure index

After going through several development processes, the disclosure checklist employed in this study comprised 60 items divided into four distinct categories; Community – 16 items, Workplace – 18 items, Marketplace – 11 items and Environment – 15 items (see *Appendix 3* for the full disclosure index). To ensure reliability of the disclosure checklist, a second coder with CSR knowledge examined and scored 30 of the sample companies (representing about 30% of the total sample size). The results from the second coder were compared and analysed with the present researcher's own score. The results suggested that the researcher's score was in substantial agreement with the second coder indicating minimal subjectivity in scoring the disclosures on the websites of the sample companies. Correlation analysis also showed that the two scores were

highly correlated which indicates that there was no significant bias between the scorers (Pearson product-moment correlation coefficient, $r = 0.97$, p -value = .000). The scores of the two coders (the researcher's and the second coder's) are attached in *Appendix 4*.

4.6.1.5 Reliability and validity of index score

Scoring an index, giving weight to various items and treatment of non-disclosure items are major issues related to the reliability of the disclosure index (Aly, 2008). It is difficult to devise an index appropriate for all studies and obtain an agreed perception of disclosure items. Marston and Shrives (1991) claim that there are three problems related to awarding index scores which would affect the reliability of the disclosure index. The problems could be summarised as follows:

- 1) The problem of giving each item in the checklist a partial or different score.
- 2) The problem of penalising the companies for inapplicable items as non-disclosed items
- 3) The problem of weighing each item in the checklist according to its importance.

In this study, to alleviate these problems, the following steps were undertaken:

- 1) The dichotomous approach was employed to code whether an item was disclosed or not, so as to avoid subjectivity in assessing whether partial disclosure occurred.
- 2) To ensure reliability of the coded output, apart from the dichotomous approach, a second coder was employed to make sure all the relevant items were “captured” for the analysis. The inter-rater or inter-observer method was also

applied, in which two coders were involved in analysing the same set of material to ensure the consistency of results (Amran et al., 2008). Moreover, the use of two coders enabled the disclosure scoring process to be crosschecked or validated (Hussainey & Al-Nodel, 2008). In this case, the two persons involved were the coder and the present researcher herself. The results of the content analysis carried out by both coders were then correlated to determine the extent of agreement and any discrepancies were discussed. The result showed that there were no significant differences between the scores (see *Appendix 4* for the scores between the two coders).

- 3) In calculating the index score for a specific company, the actual score of disclosure obtained by a company is divided by the maximum score possible for that company (Marston & Shrives, 1991). This would eliminate the problem of penalising the companies for inapplicable items as non-disclosed items.
- 4) An unweighted disclosure index was used in this study. This was because the weighted index would usually reflect the importance of each item as determined by selected users. However, different users perceived things differently and therefore would reflect subjective inferences as different users give different weights to different items (Cooke, 1998; Marston & Shrives, 1991). Since the focus of this study was not on one particular user group, but rather on all users, it was decided that weighting would be unfitting and probably pointless.

In terms of validity, there were four types of validity applicable to this study (Neuman, 2000; Oppenheim, 2003). These are briefly described as follows:

- 1) Face validity considered whether the disclosure index appeared to measure the extent of internet disclosure for Malaysian companies to experts. The disclosure index in this study was reviewed academically and professionally by the researcher's two supervisors and an expert from Malaysia who was a Professor specialising in Strategic Management Accounting, Corporate Governance and Corporate Social Responsibility.

- 2) Content validity considered whether the disclosure index captured all the aspects of disclosure in this study. This study used a new disclosure index developed based on the items commonly disclosed on websites of public listed companies in Malaysia and also based on the requirement of *Bursa Malaysia* stock exchange. Although it was a new checklist, it was supported by and it referred to various previous studies to ensure the validity of the items (see *Appendix 3* for the list of references). Moreover, a thorough examination of all the websites involved was made first upon developing the new checklist. Based on this examination four additional items were discovered which were not included in previous studies. The four items were common CSR practices among Malaysian companies. Hence, the inclusion of all the new items was deemed important.

- 3) Criterion validity considered whether the disclosure index used some standards or criterion to measure the disclosure extent accurately. This kind of validity includes concurrent and predictive validity:
 - a) Concurrent validity referred to whether the disclosure index agreed with the pre-existing indices. Although it was a newly developed index, the

disclosure items used for this study were supported by and referred to previous studies such as of Branco and Rodrigues (2006), Ghazali (2007), Che Hassan et al. (2012), Haji (2013), Bowrin (2013) and Kansal et al. (2014). Thus, the items listed in the new index itself had already been tested in other studies

b) Predictive validity referred to whether the disclosure index would be able to predict future aspects related to disclosure issues in Malaysia. This meant that the disclosure index could be utilised by future studies in order to investigate the development of online CSR disclosures and whether it would be affected by other companies' characteristics. This new index can be used in other studies in predicting the level of internet disclosure but it might not be useful in settings with different characteristics than the one in Malaysia.

4. Construct validity considered whether the disclosure index in this study measured what it purported to measure. The disclosure index in this study contained 60 items. Aly (2008) and Abdullah (2011) used Cronbach Coefficient alpha, a measure of internal consistency to prove the validity of their disclosure indices. In this study, similar approach was used. Table 4.4 shows the results of Cronbach alpha for all the items.

Table 4.4 The result of reliability test for each disclosure category

	N of items	Cronbach alpha
1 st category: Community	16	0.874
2 nd category: Workplace	18	0.824
3 rd category: Marketplace	11	0.689
4 th category: Environment	15	0.893
Total	60	0.932

4.6.2 Questionnaire

4.6.2.1 Survey

Surveys are one of the most frequent and popular methods employed in social research (Bryman, 2012; Saunders et al., 2012). It is designed to collect primary or secondary data from a sample with the view of generalizing the results to population (Collis & Hussey, 2009). Bryman and Bell (2011) indicate that survey research comprises a cross-sectional design in relation to which data are collected predominantly by questionnaire or by structured interview on more than one case (usually a lot more than one) and at a single point in time in order to collect a body of quantitative or quantifiable data in connection with two or more variables (usually more than two), which are then examined to detect patterns of association.

The survey strategy is associated with a deductive research approach that allows researcher to collect quantitative data which can be analysed quantitatively using descriptive and inferential statistics. It is then used to suggest possible reasons for particular relationship between variables and to produce models of these relationships (Saunders et al., 2012). A number of authors have carried out surveys to establish the extent of internet CSR reporting by companies in different countries such as Aikat (2000) in the United States, Branco and Rodrigues (2006) in Portugal, Moreno and Capriotti (2009) in Spain, Hinson et al. (2010) in Ghana, Lakatos et al. (2012) in Finland, Bowrin (2013) in the Caribbean and Haji (2013) in Malaysia.

Questionnaires are an important and efficient tool for collecting primary data when the researcher knows exactly what information is required and how to measure the variables of interest (Oppenheim, 2003). According to Collis and Hussey (2009), a

questionnaire is a list of questions structured carefully, chosen after considerable testing to elicit responses from a chosen sample. Similarly, Sekaran and Bougie (2010) define questionnaire as a reformulated written of questions to which respondents record their answers, usually within rather closely defined alternative.

Questionnaire is used to obtain data that cannot be easily observed or are not already available in written or electronic form (Remenyi et al., 1998). Many previous studies have used questionnaires for investigating the opinions on leadership and CSR (Alsughayir, 2014; Brown et al., 2005; Du et al., 2012; Hind et al., 2009; Kalshoven et al., 2011; Waldman et al., 2006). However, none has ever tried to obtain information on aspects about leadership such as ethical leadership and leadership styles towards CSR disclosure let alone on online disclosures.

4.6.2.2 The use of self-administered questionnaire

Saunders et al. (2012) indicate that questionnaire design differs according to its administration and the amount of contact the researcher has with the respondent. There are two types of questionnaire design: self-administered (self-completion) and interviewer-administered questionnaire. Self-administered or self-completion questionnaires are usually completed by respondents. They can be delivered to respondents electronically by use of e-mail, by post or through hand delivery (Bryman & Bell, 2011). The mail questionnaire allows large samples with wide coverage and relatively low cost. However, it has low response rates and the researcher cannot be sure who has responded, and therefore requires a highly structured questionnaire with predominantly closed ended questions (Bryman & Bell, 2011).

A method that is preferred in today's technological advancement world is the online questionnaire. It is a data collection technique in which the questionnaire is delivered via the internet or an intranet to each respondent in which the respondents then return it electronically too (Saunders et al., 2012). Bryman and Bell (2011) term this method as email surveys in which the questions can be found in the body of the email or as an attachment to the email. Electronic or online questionnaire is characterised by its relatively low cost, ease of administration, elimination of interview bias, fast data collection and analysis (Bryman & Bell, 2011; Saunders et al., 2012). However, it has some significant disadvantages such as the sample is restricted only to users of networks using the e-mail or internet, the designing and programming of the questionnaire is complex and is characterised by low response rate.

The other type of questionnaire design, interviewer-administered questionnaires is recorded by the researcher on the basis of each respondent's answer, either by using the telephone or having a face-to-face interview. Using the telephone has some advantages as it is cheaper and quicker to administer, whereas the face to face interview with the respondents has the advantage of clarifying any doubts that the respondents might have concerning any questions.

This study was conducted in the United Kingdom for the sample of respondents selected from public listed companies in Malaysia. As there was a barrier of distance, any form of contacts with the sample of respondents was mediated mostly by online communication. Therefore, this study applied self-administered questionnaire distributed through email, also called online questionnaire or online survey. The present researcher had chosen an online internet based survey to capture the

employees' responses as the medium for data collection. The online survey was developed using a standardised questionnaire developed using *Google Docs*, a free web-based application in which documents and spreadsheets can be created, edited and stored online. An example of the questionnaire can be accessed online at <http://goo.gl/forms/rDMLZWZbMi> (see *Appendix 5* for the printed copy of the questionnaire).

4.6.2.3 Questionnaire design

Designing an effective questionnaire that took into consideration the Malaysian business context, which differed in the characteristics, circumstances and culture, marked a significant challenge for this study. As this study was uniquely distinctive, there had been no study examining the role of leadership and online CSR disclosure before; hence; there was no prior questionnaire to be adapted. It was difficult to generate a set of questionnaires which covered all the related variables examined in this study. Thus, the present researcher had decided to adopt and adapt questionnaire scales from previous studies. Therefore, a rigorous review of previous studies was undertaken.

The questionnaire for this study consisted of three themes which were ethical leadership behaviours, leadership styles and the role of leaders in CSR. Ethical leadership behaviours questionnaire items were operationalized from Ethical Leadership at Work (ELW) scale (Kalshoven et al., 2011) whereas Leadership Styles questionnaire items were operationalized from Avolio, Bass and Jung (1999). The questionnaire items for the Role of Leaders in CSR were developed by the present researcher based on previous literature as to the best of the researcher's knowledge,

there had been none so far. The contents of the questionnaires will be discussed in the next section.

In terms of the length, the questionnaire was divided into four sections in which a covering letter was attached to the questionnaire. This letter, which introduced the author as the researcher and the research objectives, asked for assistance from the respondents and confirmed that all information would be treated in the strictest confidence. The intention of this letter was to increase respondents' trust in the research project and to encourage them to cooperate with the researcher. A five-point Likert scale was used in the questionnaire to obtain respondents' opinions on the issues being studied. The appropriate layout was set and a set of themes categorised into separate sections were created based on the variables studied. In addition, contact details which included the name of the researcher and the first supervisor, telephone numbers and email addresses were supplied for the use of the participants if they wanted further information about the study or other advice.

4.6.2.4 The questionnaire content

The questionnaire used in this study included four separate sections with 87 items. The main goals of the questionnaire were: firstly, to collect the required primary data to answer the research questions two and three; secondly, to know the respondents' opinions and perceptions towards their supervisors' ethical leadership behaviours, leadership styles and leader roles in CSR. The questionnaire content was split into the following four main sections:

Section One: Demography

In this section, the respondents were asked about personal information about themselves and their supervisors' which provided information on the profile of the respondent such as gender, job position, length of service, level of qualification and length of time with the supervisor. The main aim of the questions was to obtain the background details of the respondents, who participated in this study, and his or her supervisor (immediate supervisor).

Section Two: Ethical leadership behaviours

The second section of the questionnaire focused on respondent's opinion on ethical leadership of their supervisors at their respective companies. A review of the ethical leadership literature suggested that there are various behavioural dimensions of ethical leadership in organizations. As a result, Kalshoven et al. (2011) devised a multidimensional measurement tool called Ethical Leadership at Work or (ELW) scale which helped to understand the antecedents and consequences of ethical leadership comprises of seven behaviours as listed below:

- 1) People orientation
- 2) Fairness
- 3) Power sharing
- 4) Concern for sustainability
- 5) Ethical guidance
- 6) Role clarification
- 7) Integrity

Accordingly, The ELW scale showed good variability and high reliability. All reliability values of the ELW scale were above 0.80 which would be acceptable and thus used in this study. This scale was employed in this study as it was the only scale that covered various ethical leadership behaviours. This was particularly important in this study as leaders had different behaviours; hence, this scale helped to capture these behaviours. The 38-item ELW questionnaire developed by Kalshoven et al. (2011) was used to measure ethical leadership behaviours and the response scale ranged from 1=“strongly disagree” to 5=“strongly agree”.

Section Three: Leadership styles

In this section, respondents were asked to provide their views on leadership styles of their supervisors consisting of transactional leadership and transformational leadership styles. Accordingly, this section has been divided into two subsections; transactional leadership and transformational leadership. The scale was adapted from a study by Avolio et al. (1999) which consisted of 28 items used to measure leadership styles in which the response scale ranged from 0 “not at all” to 5 “frequently, if not always”.

The study by Avolio et al. (1999) tested a revised version of the Multifactor Leadership Questionnaire (MLQ), a scale that was popularly applied by researchers in measuring leadership styles using a larger and more diverse sample. The MLQ has been extensively used by researchers and therefore it was decided that a different scale, the revised scale of MLQ would be employed, which would give new findings and different insights into leadership styles. The revised scale suggested by Avolio et al. (1999) consisted of transformational and transactional leadership styles which were made up of six leadership factors which are Charisma/Inspirational, Intellectual

Stimulation, Individualized Consideration, Contingent Reward, Active Management-by-Exception and Passive–Avoidant Leadership. The reliability values for each of the six leadership factor scales ranged from 0.64 to 0.92.

In general, the agreed upon criteria for scale reliability was its cut-off value of 0.70 (Pallant, 2001). Reliability values less than 0.60 would be considered as poor, while those in the 0.70 range would be acceptable, and those over 0.80 would be considered good (Sekaran & Bougie, 2010). However, Hair, Anderson, Tatham and Black (1998) supported Cronbach alpha coefficient of 0.60 as acceptable and this view was adopted by researcher in the study.

Section Four: The role of leaders

In this section, the respondents were asked to provide their views on the role of leaders in CSR. With their supervisors in mind, the respondents evaluated their leaders based on 10 questions. All the items for this construct were newly developed by the researcher based on previous literature such as Waldman et al. (2006), Angus-Leppan et al. (2010), Strand (2011), Huang (2013) and, Metcalf and Benn (2013).

This 10-item scale which was newly developed had a response scale ranging from 1=“strongly disagree” to 5=“strongly agree”. Consequently, it needed to be tested first before the actual survey took place and so Cronbach alpha coefficient was used to test the items’ reliability. Therefore, a pilot study was conducted to test this new scale and showed a reliability of 0.85 indicating that this scale would be acceptable for use in this study.

Subsequently, the final part of the questionnaire included a closed-ended question on whether the respondent would be willing to be interviewed if necessary. This would help in ascertaining the items in the questionnaire and obtain further clarification on certain questionnaire items if needed. Contact details of emails and telephone were also requested if they were willing to be interviewed.

4.6.2.5 The target population and the sampling

Having described the technique such as the self-completion questionnaire survey for data collection, the next step would be to outline the sampling process. This is because the cost of collecting data can be very expensive and time consuming in a quantitative research (Bryman, 2012). However, this problem can be overcome by using research sampling. Sampling provides a range of methods that enables the researcher to reduce the amount of data needed by considering only data from a sub-group rather than all possible cases (Saunders et al., 2012). Due to certain limitations and constraints such as budget, time and information access, it was practically impossible for the current researcher to collect, investigate and analyse all the data available in the entire population.

The population from which the sample was drawn in this study came from the employees working in the Malaysian companies. The target population in this study was employees of public listed companies in Malaysia comprising both male and female employees from various backgrounds working for various departments in the 100 top public listed companies selected for this study. In addition, they must have internet access because the survey would be conducted online.

The next step in sampling procedure is to determine the sampling frame. The sampling frame is a list of all cases in the population from which the sample is drawn (Saunders et al., 2011). Choosing an appropriate sampling frame for the current study depends on the characteristics of the target population under investigation and the sources available for identification of potential subjects. However, it was difficult to obtain the employees' database from the public listed companies since the Personal Data Protection Act 2010 (PDPA) came into force in Malaysia with the objective of protecting the personal data of individuals including the company employees. As a result, information about the employees would not be allowed to be disclosed. Furthermore, the number of employees who had internet access was unavailable. Some authors use the term 'hidden population' to refer to the inaccessible sampling parameter in which they use non-probability sampling techniques such as convenience, snowball, street access, time-based sampling and many other sampling methods (Bryman, 2012).

In selecting the sampling method, usually there are two major types of sampling namely probability sampling and non-probability sampling (Bryman, 2012; Saunders et al., 2012). Probability sampling indicates that the chance or probability of each element being selected from the population is known and is usually equal for all cases (Saunders et al., 2012). Meanwhile, for non-probability sampling, the probability of each element being selected from the total population is not known. This means that for the probability sampling, every member of the population has an equal chance of being selected whereas for the non-probability sampling, not all has a chance to be selected and included in the study. Due to the inaccessibility of the sampling frame,

the most appropriate sampling method to use in the present study is the non-probability.

This present study employed non-probability sampling design with snowball sampling. The non-probability sampling was employed due to the unknown exact population of the employees due to the PDPA restriction and vague characteristics of the population of employees as company's information such as financial information and employees' information are confidential. A snowballing technique involves a process in which a few appropriate individuals are located and asked for the names and addresses who might also fit the sampling requirements (Oppenheim, 2003). This approach would be repeated a number of times and yield substantial number of respondents. However, it was difficult to know how accurately these respondents would represent the population under study; hence, it would not be able to generalize the finding to the wider population of the employees (Oppenheim, 2003). Even though the usage of non-probability sampling technique would limit the ability of this study to be generalised in other contextual settings, this study would provide meaningful forms of evidence on the influence of leadership variables towards online CSR disclosure in the Malaysian context.

Another issue pertaining to sampling is the sample size. In this study sample size was a critical factor because the current study aimed to employ univariate and multivariate analyses to test the hypotheses. Hair, Black, Babin and Anderson (2010) state that, a sample size of 200 or more is good enough to be analysed using such statistical techniques. The present study was able to obtain 206 respondents, a number that would be useable for further analysis.

4.6.2.6 Distribution of the questionnaire

Before the questionnaires were distributed for the survey, prior contacts via emails with the Corporate Communication or Public Relation officers of the respective companies were made to create rapport. Emails inviting companies to participate were sent to all 100 companies describing a brief background of the researcher, the purpose of the study, the need to participate, how the data would be used as well as the assurance of the confidentiality of information supplied and the anonymity of respondents. Out of the 100 companies contacted, 68 companies gave their consent to participate in the survey, and later the URL link to the online questionnaire was sent to these companies.

Questionnaires can be delivered to respondents electronically by use of e-mail, by post or by hand (Bryman & Bell, 2011). In this study, email distribution with attachment to the online questionnaire was sent to the company or the respective participant. In using the snowballing technique, the selection of respondents was based on contacts from the companies, personal contacts and social network. Upon receiving the URL link, companies would send an email to the employees inviting them to participate and respond to the questionnaire. The respondent would then forward the URL link to their contacts and the process would continue.

Respondents of the online questionnaire completed a web-based survey. An advantage of web-based surveys would be that participants could access the questionnaire from any computer or device with internet access. The data collection process using the questionnaire was conducted over a period of three months, commencing on the 1st of November 2014 and lasting until the 1st of February 2015. Nevertheless, due to work

pressure, ignorance, fear and misconceptions about the study, respondents might forget or ignore the questionnaire. Two follow-ups were made; the first one enquiring them about the acceptance of the questionnaire and the time period given to complete the questionnaire; and the second follow-up about one week before the closing date, was done to remind them about the final submission of the questionnaires.

4.6.2.7 The pilot stage for the questionnaire

The final and most important step in the design process of the questionnaire is the piloting stage. Piloting research instruments such as self-completion questionnaire ensures that the survey questions operate well and the whole research instrument function well. Bryman (2012) lists the aims for conducting a pilot study as follows:

- 1) Questions that seem not to be understood or not answered can be identified. The problem of questions being skipped due to confusion, poorly worded instruction or confusing positioning in the questionnaire or even in the interview schedule can be eliminated.
- 2) Questions answered the same way by respondents could be detected through a pilot study. This kind of question would result in the data unlikely to be of interest because of lack of variation in the findings.
- 3) The adequacy of instructions to respondents completing a self-completion questionnaire or even to interviewers could be determined through a pilot study.
- 4) The possibility to move some of the questions around to improve the flow of the questionnaire could be done through pilot study.

Oppenheim (2003) points out that questionnaires have to be constructed, and tried out, improved and then tried out again, often several times over, until it was certain that they can do the job for which they are intended. A pilot study was therefore undertaken to confirm validity and reliability in order to avoid any problems that might affect the instrument such as in terms of ambiguity, translation problems, scaling and so on.

A number of procedures were employed before conducting the final survey. The first step in piloting the questionnaire involved the first draft of the questionnaire being formulated. In the first stage, a primary draft of the questionnaire was designed based on an extensive review and analysis of the existing literature. The first draft contained 100 questions; Section 1: Demographics - 14 items, Section 2: Ethical leadership behaviours - 38 items, Section 3: Leadership styles - 28 items, Section 4: The role of leaders - 20 items. After that, the draft was discussed with the supervisory team.

In the second stage, the first draft was tested on three respondents who were experts in this area of study including a Professor from a Malaysian university. Some problems in terms of length, scaling and wording occurred. It also considered questionnaire design such as appearance, the covering letter, instructions, question layout and the time taken to complete the questionnaire. These were discussed with the supervisory team again. Based on this discussion several modifications were made: 1) some terms and phrases were rephrased, 2) some unrelated or less important questions were removed to reduce the length of the questionnaire hence reducing the length of time taken to respond and 3) the cover letter with the instructions to respondents was simplified. The final version was therefore formulated.

This final draft which contained 87 items was formulated in English and also translated into Malay Language. Postgraduate (PhD students) colleagues whose native language was Malay were also involved in the discussion for translation purposes. In the third stage, which is the final stage of the pilot study, the new version was piloted with 40 respondents comprising PhD students, members of staff at the University of Gloucestershire, other students who have working experience and a number of workers in Malaysia. This cohort was chosen due to ensuring that the questionnaire was answered by respondents similar to the original sample of the study who would be recruited in the actual study.

Data gathered were entered in *SPSS* and subjected to verification process, whereby each individual questionnaire was re-checked after its data had been entered. Data were then processed by using *SPSS* for further analysis.

4.6.2.8 Reliability of the instrument

The pilot questionnaire was designed mainly to test the constructs of: (1) ethical leadership behaviours consisting of seven behaviours; people orientation, fairness, power sharing, concern for sustainability, ethical guidance, role clarification and integrity; (2) leadership styles comprises of transformational leadership and transactional leadership; and (3) the role of leaders. Assessing the reliability of the data was important prior to any statistical analysis as it would allow for the examination of the properties of the measurement scales as well as the items. According to Collis and Hussey (2009), reliability is concerned with the results of the research. In addition, Sekaran and Bougie (2010) state that the reliability is a measure indicating the extent

to which it is without bias or error free and hence ensure consistent measurement across time and across the various items in the instruments.

Many approaches can be utilised to assess the reliability of the data. In this study, Cronbach alpha was used due to its relevancy to the analysis of questionnaires which measured the internal consistency of the questionnaire items based on the average inter-item correlations. Moreover, Cronbach alpha coefficient is one of the most commonly used indicators of internal consistency or internal reliability (Bryman, 2012; Bryman & Bell, 2011).

Table 4.5 The result of the reliability test for the pilot study

Leadership variables	N of items	Cronbach alpha
People orientation	7	0.675
Fairness	6	0.481
Power sharing	6	0.618
Concern for sustainability	3	0.615
Ethical guidance	7	0.961
Role clarification	5	0.954
Integrity	4	0.536
Transformational leadership	20	0.890
Transactional leadership	8	0.655
The role of leaders	10	0.846
Total	76	0.873

The overall results of the reliability test presented in Table 4.5 show good reliability measure. However, there were two items, namely, fairness and integrity which did not fit the acceptable level of reliability. These two items were below the acceptable cut-off point 0.60 which would be considered as poor and should not be included in the final construct of the questionnaire.

Nonetheless, the number of respondents played a significant role in determining the reliabilities of scales (Field, 2013; Pallant, 2013). The 40 respondents of the pilot study was considered too small and thus at this stage, the two items with low reliabilities were maintained to be included in the final questionnaire. Indeed, the reliability values were found to have increased for the main questionnaire survey as indicated in the new reliability results in Table 6.3 (see Section 6.2.3 in this thesis) which will be explained in detail in Chapter 6.

4.6.2.9 Limitations of using questionnaire

In using the questionnaire, as opposed to other techniques such as an experiment or interviews, has its own limitations. These include:

- 1) Questions may not be understood in the manner intended by the researcher.
- 2) Answers to a questionnaire are final and cannot be probed for further clarity.
- 3) The researcher could not be certain that questions would not be discussed among the respondents which would mean that the answers may reflect other views.
- 4) The researcher could not be absolutely sure that the right person had answered.
- 5) The response rate for a questionnaire can fall below the level needed for generalizability.

Nevertheless, all of the limitations were addressed in this study as follows:

- 1) First limitation – A cover letter was accompanied with each questionnaire. The cover letter explained the purpose of the study and states contact details of the researcher including the first supervisor, to be contacted for any clarification on the items listed or for any advice.

- 2) Second limitation – Further clarification of answers in the questionnaire were ascertained during the qualitative data collection stage.
- 3) Third limitation - The instruction in the questionnaire explicitly stated that answers given depended on the respondents' own views.
- 4) Fourth limitation – Information about the respondent such as job position, gender, age, level of position and years of experience were required by the questionnaire. This was to ensure the 'right' person had answered the questionnaire and also to create a profile of the respondents later.
- 5) Fifth limitation – Follow-ups were made to remind the respondents about the questionnaires.

4.6.3 Interview

Many people might not want to cooperate with researchers, they do not appreciate the importance of research and do not answer questionnaires honestly. Due to work pressure, ignorance, fear and misconceptions about research studies respondents might just ignore the questionnaire, complete it unwillingly or just mark answers without reading it or understanding the questions. However, this was overcome by conducting interviews and it was thought appropriate as respondents would pay more attention to the issue studied when talking directly to the researcher or the interviewer.

Interviews involved the researcher "talking" to the respondents asking them questions about a particular topic. In addition to the disclosure index and the questionnaire survey, qualitative interviews with employees would supplement the quantitative findings. These interviews were carried out with a small number of employees selected from managerial level to ensure that the results from the questionnaire had fairly

represented their views. By combining these two research techniques, using the disclosure index and the questionnaire as the primary sources of data but informing these results with the interviews, limitations to using a quantitative-based approach were reduced.

4.6.3.1 Types of interviews

Saunders et al. (2012) posit that interviews can be categorised as structured interviews, semi-structured interviews or unstructured interviews also called in-depth interviews which are briefly explained as follows:

1) Structured interview

In this interview, the interviewer had a pre-coded answer from which he or she read the questions and then recorded the response on a standardised schedule (Saunders et al., 2012). There are many problems associated with structured interviews which includes, such an interview does not allow the researcher to collect further information (Bryman & Bell, 2011).

2) Semi-structured interview

In semi-structured interview, the researcher prepares a list of questions and themes to be covered in the interview (Saunders et al., 2012). These questions and themes may vary from one interview to another. Some questions can be omitted if the interviewer considers them irrelevant. However, additional questions could be added if they were required during the interview to clarify a certain point or to add something new which would benefit the research. The order of the questions may also vary depending on the flow of conversation. However, there could be some disadvantages which included the

temptation to spend too much time on themes, the danger of losing control of the respondents and the reduction in reliability when using non-standardised approaches to interview each respondent (Saunders et al., 2012).

3) Unstructured interviews

Unstructured interviews are informal in which the interviewees are given the opportunity to talk freely about events and beliefs related to a certain topic (Saunders et al., 2012). In this type of interview, the researcher does not have to prepare a list of questions but should have a clear idea about the aspects that need to be explored. This is because the interview is conducted without following an interview sequence. Questions and their order are not fixed and are allowed to evolve during the interview which will be difficult to analyse.

4.6.3.2 Using semi structured interviews as the preferred approach

Using the semi-structured interview in this study allowed the participants to talk at reasonable length and freely about their opinions and experiences. Bryman (2012) describes the process of a semi-structured interview starting with the researcher has a list of questionnaires of fairly specific topics to be covered, often referred to as an interview guide, but the interviewees have a great deal of leeway in how to reply.

The semi-structured interview was the most appropriate method consistent with the purpose at this stage of the study. The use of this method was twofold: first, the coverage of general themes that had been identified in the literature on leadership and online CSR disclosure; second, the ability to supplement the quantitative data. The study at this stage attempted to ascertain the role of leadership variables in online CSR

disclosure in answering the question whether (or not) these leadership variables play a significant role in CSR disclosure practices. This approach gave the opportunity to grasp any related issues that had not been discovered in the earlier stage of the study which was the quantitative data collection stage and also gave chance to discuss any issues which the respondents thought pertinent to the area of study.

An interview guide was developed which contained a list of topics followed by some questions that needed to be covered during the interviews (see *Appendix 7* for the interview guide). Patton (2002) indicates that the interview guide can be developed in more or less detail, depending on the extent to which the interviewer is able to specify important issues in advance. The topics and questions were mainly derived from the quantitative data findings and also some from literature in response to the lack of resources within this topic. Questions might not follow on exactly in the way outlined in the schedule. Questions that were not included in the guide might be asked as the researcher picked up on things said by the interviewees. Occasionally, all of the questions were asked but sometimes different wordings were used from interviewee to interviewee.

4.6.3.3 Sampling size for the interviews

In a qualitative research, there are no specific or absolute rules for sample size. The size of the sample depends on the type of information the researchers want (Patton, 2002). For example, if the researcher requires in depth information, a sample size with a small number of participants would be valuable, especially if the participants are information-rich and have good knowledge and experience in their fields (Patton, 2002). This is because the validity, importance and insights generated from qualitative

techniques are based on how rich the information obtained from the participants and the analytical capabilities of researchers, rather than the sample size.

Nonetheless, in conducting the interviews the study employed a non-probability sampling technique specifically purposive sampling to ensure the right candidates were interviewed. This is a typical approach in qualitative research with the aim of generating insight and in-depth understanding of the topic of interest (Braun & Clarke, 2013; Patton, 2002). Bryman (2012) emphasises that this kind of sampling is conducted with reference to the goals of the research, so that units of analysis are selected in terms of criteria that will allow the research questions to be answered. Purposive sampling allows the usage of the researcher's judgement to select the participants who will best enable the researcher to meet the research objective and answer its question (Saunders et al., 2012). For this study, the researcher purposely looked for managers as they were the "agents" appointed by company owners to manage the company. They would be considered as company leaders as their roles of managers and leaders are the same (Northouse, 2013).

The present researcher also used a snowball sampling technique. With this approach, the researcher made contact with one or two cases and asks them to identify further cases (Saunders et al., 2012). Bryman (2012) states that the researcher makes initial contact with a small group of people who are relevant to the research area and then uses these to establish contacts with others. Similarly, the researcher made the initial contact with the Corporate Communication and Public Relations officers requesting them to identify managers who were willing and available to be interviewed. Apart

from this, the returned questionnaires were screened out to find suitable candidates to be interviewed.

The interviews were conducted in February 2015 with seven interviewees of various departments and units from seven different companies. Their job positions in the managerial levels were considered as it was important to get viewpoints from the manager's perspective especially on the influence of leadership on CSR initiatives. Moreover, the reason taking a sample of managers was to ensure that it would be consistent with the leadership behavioural theory which revolves around the relationship between the principal (the owner) and the agent (the manager) in businesses. Since managers would have the decision-making capacities in businesses which they run on behalf of the owners, obtaining information from this sample was important. This decision was also made based on the fact that managers would be at the high job level of the organisational structure and they would be responsible for their companies' operations. Moreover, managers transform the organisation's policy formulated by the board of directors into goals, objectives and strategies, and project a shared vision of the organisation's future. They made decisions that affected everyone in the organisations especially in their respective departments and would also be held responsible for the success or failure of the organisations.

4.6.3.4 Conducting the interview

In the final phase of this study, after the quantitative data had been collected, semi-structured interviews were conducted. Participants who were willing to be interviewed were contacted via email in February 2015 to arrange for an interview. As the researcher was in the United Kingdom, the participants were given a choice of

conducting the interviews face-to-face via *Skype* or through telephone, that is, any method that was convenient to them. However, all participants consented for telephone interviews as according to them using *Skype* was complicated, as it required some setting-up to be done first whereas the telephone was readily available and more convenient.

In this study, telephone interviews were a suitable way of collecting qualitative data and were employed for the following reasons:

- 1) Convenience to the participant, in that they did not have to travel or be disrupted by an interviewer booking an appointment to see them at their work place.
- 2) Comfort for the participants, as they were in a comfortable surrounding where they could discuss issues freely.
- 3) Convenient for the researcher, in that she did not have to travel far to meet the interviewees. As the present researcher lived in the United Kingdom at the time of study and the respondents were all in Malaysia, this method was deemed appropriate in terms of time and cost management.

Responses from the telephone interviews were recorded on tape with each participant's consent. Transcripts of the interviews were then typed into a word processor by the researcher and re-checked by the researcher reading the typed transcripts and listening to the tape recordings to ensure collaboration. Transcripts were then analysed manually.

4.6.3.5 Reliability and validity of qualitative data

Validity in the qualitative research does not carry the same connotation in the quantitative research as in the qualitative research. Validity is more on checking the accuracy of the findings (Creswell, 2014). Creswell (2014) also suggests eight validity strategies and these should enhance not only the researcher's ability to assess the accuracy of findings as well as convince readers of that accuracy. These strategies include triangulate different data sources of information and use it to build justification for themes. Using member-checking to ensure the accuracy of the findings can add validity too. This is done by taking the findings back to the participants to make sure that the findings are accurate.

In ensuring the validity of the study's qualitative data, the present researcher had chosen three strategies. First, triangulation method in which the use of qualitative data collection method (interview) was employed to explain the outcomes of the quantitative data. Second, the findings obtained were checked by the participants of the interviews to ensure the accuracy of the findings. Third, both the positive and negative forms of information were presented in the study because presenting contrary information would add to the credibility of the research.

In terms of reliability, Mason (1996) argues that reliability measures are more applicable to quantitative research, as they measure the consistency with which the same methods of data collection produce the same results. Mason considers that reliability in qualitative research could be achieved by ensuring and demonstrating to others that the generation and analysis of data are not only appropriate to the research questions and objectives but also they are thorough, careful, honest and accurate.

Researchers should demonstrate that they are not careless in their recording and analysis of data and that the data are not invented or misrepresented. Hence, in this study, all the recordings and analysis of the qualitative data were completed thoroughly and carefully to ensure reliability.

4.7 Data Analysis

The primary reason for analysing the data collected in any study was to ensure that it stood up to rigorous academic enquiry. In this regard, the data analysis used in the study is detailed below.

4.7.1 Quantitative data analysis

Checks were carried out on the data in *SPSS version 22* in terms of reliability and correlation between individual items. In addition, analysis of the normality of the data was carried out as; if the data deviated considerably from the normal distribution than non-parametric statistics were to be used in the study. The data analysis of the quantitative survey was used to test the hypotheses. The relationships between ethical leadership behaviours, leadership styles and leader roles with the level of online CSR disclosure were tested using correlation techniques to determine the relationships between these variables. A multiple linear regression was used to ascertain the contributors to the level of online CSR disclosure. This analysis was extended to all variables in the study as appropriate to provide further evidence for the hypotheses in the study.

4.7.2 Qualitative data analysis

The qualitative data of the interviews were analysed using thematic analysis. It is a method for identifying themes and patterns across a dataset in relation to the research questions, also the most widely used qualitative method of data analysis (Braun & Clarke, 2013). The exact responses given by the interviewees was written up using *Microsoft Word* and then analysed manually to develop themes. The development of these themes was important and was based on both the theories explained in the thesis and the results themselves. Development of these themes and analysis of the qualitative data are given in Chapter 8.

Although interview data are analysed these days using a special computer-assisted qualitative data analysis software (CAQDAS) such as *NVivo*, in this study, it was decided that the manual way of analysis worked better and was seen as a practical way in analysing interviews. It was more efficient as the process involved only a small number of interviews while *NVivo* would be more suited for a larger number of qualitative data. Therefore, it was reasonable as well as effective using the manual way to develop themes and analysing the qualitative data further, compared to using CAQDAS such as *NVivo*.

4.8 Ethical Implication

In essence, the University of Gloucestershire's Research Ethics as well as other institutions require their researchers to ensure that no harm is done to the participants and those affected by the outcomes of the study. Therefore, it was the responsibility of the researcher to ensure that the research had been conducted ethically. Creswell (2014) indicates that ethical issues should be considered prior to conducting the study;

beginning a study; during data collection and data analysis; and in reporting, sharing and storing the data.

The main source of possible ethical issues may come from the data collection process. In the case of this study, the questionnaire survey might pose some ethical implications. In negotiating access, the researcher had to ensure that the people to whom she had access to, were not deceived or coerced into participating in the survey. The objectives and purpose of the research were clearly stated and any implication to the person and the organisation were pointed out to enable them to make an informed comment.

At the beginning of the interview, the researcher informed interviewees about the purpose and benefits of the study so that they understood the nature of the research. The researcher also informed them about the procedures and the types of question that would be asked. During the interview, the researcher explained to the interviewees that the information obtained was only for academic purposes and emphasised that their responses would be treated confidentially, that giving personal information was optional and that their real names would not be mentioned.

In terms of sharing the reports with participants of the study, the researcher would honour any request made by the participants which was to provide them with the results of the study. Yet, in disseminating the results of this study, anonymity and confidentiality would still be maintained, that is, the names and positions of the respondents would not be identified.

4.9 Chapter Conclusion

This chapter has discussed the research methodology employed in the study. The epistemological approach taken in this study corresponded to an empirical tradition in which a quantitative approach was more appropriate and a reliable way to understand the nature of relationships among the variables involved. However, the present researcher acknowledged the weakness of the single method approach and thus a qualitative approach was also employed to provide a rich contextual basis for interpreting and supporting the results.

The first data collection method comprised disclosure index conducted through content analysis procedures to identify the level of online CSR disclosures among the Malaysian public listed companies. The second data collection method involved a field work in which online questionnaire surveys were distributed to employees of the top Malaysian public listed companies. Lastly, semi-structured interviews were conducted to ascertain aspects of online CSR disclosures and leadership variables understudied. The purpose of the data triangulation in this study was to lead the researcher and the findings to arrive at valid and well-substantiated conclusions about the role of leadership in online CSR disclosures.

Quantitative data were examined by using statistical techniques covering descriptive as well as inferential statistics in the form of univariate and multivariate analyses with the help of the statistical software package, *SPSS*. Qualitative data collected from the interviews were analysed manually by the current researcher, enabling themes to be produced for further analysis. The next four chapters will present the findings of the

present study based on the quantitative data analysis (Chapter 5–Chapter 7) and qualitative data analysis (Chapter 8).

CHAPTER 5

Descriptive Analysis of Online CSR Disclosure by Malaysian Public Listed Companies

5.1 Introduction

The purpose of this chapter is to provide a clear picture about the current practice of online CSR disclosure and its components in the Malaysian context. By doing so the first research objective will be fulfilled and to achieve this objective, the following research questions will be answered:

- 1) What is the current level of online CSR disclosure among the Malaysian public listed companies?
- 2) What are the kinds of CSR information disclosed on the websites of the Malaysian public listed companies?
- 3) What is the most and the least disclosed CSR information on the websites of the Malaysian public listed companies?
- 4) What is the difference between the disclosures of companies with high online CSR disclosure level and companies with low online CSR disclosure level?

In this chapter, the results of descriptive analysis are presented. Firstly the disclosure index and its reliability together with its components indices will be assessed. This will be followed by the evaluation of Malaysian companies' websites to determine the extent of online CSR disclosure and its CSR components. Subsequently, the extent of disclosure between companies with high and low online CSR disclosure levels will be discussed, followed by conclusion in the last section of this chapter.

5.2 Disclosure Index

Descriptive analysis was performed to determine the current situation of using the internet as a CSR disclosure medium by the Malaysian public listed companies. The current study used a self-constructed checklist as a research instrument to determine the extent of online CSR disclosure in the Malaysian context. Both online CSR disclosure and its main components were measured by unweighted disclosure indices which relied on a dichotomous approach. By describing the frequencies of online CSR disclosure and its components for the Malaysian public listed companies, a better understanding could be obtained about the extent of online CSR disclosure, which would demonstrate the greatest number of disclosed items via the company's website and those businesses with the highest and fewest disclosed items. Determining the level of online CSR disclosure may also help the Malaysian public listed companies understand the items which should be of more concern in satisfying the various needs of stakeholders.

In order to examine the current situation of the online CSR disclosure practiced in Malaysia and at the same time capture the CSR related items disclosed on corporate websites, a disclosure index was used. This study employed a newly developed disclosure index of 60 items based on the frameworks of previous studies (Bowrin, 2013; Branco & Rodrigues, 2006; Che Hassan et al., 2012; Esa & Ghazali, 2012; Ghazali, 2007; Haji, 2013; Kansal et al., 2014; Othman et al., 2011). The index was also developed based on four CSR dimensions proposed by *Bursa Malaysia*, the stock exchange of Malaysia. After going through a series of revisions and amendments, the finalized version of the disclosure index encompassed 16 items on "Community", 18 items on "Workplace", 11 items on "Marketplace" and 15 items on "Environment".

The community items consisted of various CSR initiatives for the public including activities with the communities where the companies were operating. The workplace items indicated the kinds of CSR initiatives the companies provided for their workforces and employees. The marketplace depicted CSR initiatives for specific groups of stakeholders, for example, the suppliers, customers and vendors. The environment reflected the initiatives for conserving the environment. In addition, items unique to the Malaysian setting, for example, a special school adoption program called *Pintar Programme* and Leadership programs for aspiring employees were added to the new index.

5.2.1 Assessment of categories reliabilities

Grouping of the disclosure items was based on *Bursa Malaysia's* CSR Framework and literature reviews resulted in four categories of disclosure with a total of 60 items altogether. The reliability of these groups was tested statistically.

One of the most common measures of reliability is the measure of internal consistency test (Elsayed, 2010). Internal consistency means the degree to which all items work together and measure the same underlying attributes which can be commonly measured using the Cronbach alpha coefficient (Pallant, 2013). As stated before, Cronbach alpha is one of the most common tests of inter-item correlation and many authors support the use of Cronbach alpha as a perfectly adequate proxy for assessing the reliability of a measurement instrument (Aly, 2008; Elsayed, 2010; Sekaran, 2003). Pallant (2013) adds that, Cronbach alpha provides an indication of the average

correlation among all of the items that make up the scale in which values range from zero (0) to one (1), with higher values indicating greater reliability.

The current study tested the internal consistency for each of the components of online CSR disclosure by calculating the Cronbach alpha for each component. As shown below, Table 5.1 displays the reliability test results for all the CSR disclosure categories which represented the dependent variable for the current study.

Table 5.1 The results of reliability test for each disclosure category

	N of items	Cronbach alpha
1 st category: Community	16	0.874
2 nd category: Workplace	18	0.824
3 rd category: Marketplace	11	0.689
4 th category: Environment	15	0.893
Total	60	0.932

A variable is considered as reliable if the Cronbach alpha is both positive and greater than 0.70 (Pallant, 2013). Results show that the values of Cronbach alpha of community, workplace and environment disclosure categories were greater than 0.70. This means that the disclosure items within each group of disclosure were highly correlated and the item groups were reliable.

However, the reliability of the marketplace category was 0.69, i.e., less than 0.70, but could still be considered as reliable as the value was close to 0.70. Hair et al. (1998) have argued Cronbach alpha value of 0.60 could still be acceptable. The overall reliability for all the disclosure items was high, with a value of 0.93. This indicates that the CSR items in the disclosure index were acceptable as all the items were consistent, worked together and measure the same underlying attributes.

Based on the results above, it can be confirmed that there was a high consistency either between the items of each component of CSR disclosure and the total index, or between all items and the total online CSR disclosure index. Therefore, it can be stated that the overall index and the indices of the components were reliable in the current study.

5.2.2 Identifying keywords associated with CSR

While analysing the websites, considerations were made with respect to the elements that should and should not be regarded as online CSR disclosures. Annual reports and other stand-alone reports were not taken into account for the following reasons: 1) annual reports and websites were used for different purposes and to serve different stakeholders (De Villiers & Van Staden, 2011); and, 2) while annual reports were mainly intended to serve investors, websites were intended to serve customers, employees, the media, the general public and others (Baele, 2012). Therefore, in this current study, annual reports disclosed in the websites were not examined at all as this would defeat the purpose of the study which was to look particularly at the use of the website itself to disseminate CSR information. As discussed in Section 1.7 in Chapter 1 of this thesis, having annual reports and stand-alone reports uploaded to the websites by companies may not reflect the true commitment and effort of companies in fully utilizing their websites to disclose CSR information. The capabilities of an online communication are vast and much better than just uploading any paper-based reports on corporate websites. In addition to this, examining only the CSR information from the website itself minimizes the redundancy of CSR information disclosed in the

websites, the annual reports and other stand-alone reports, which would greatly affect the finding of this study.

According to Baele (2012), the condition for CSR reporting is the presence of a distinct section on the company's website dealing with the topic of CSR. Sections that are considered as dealing with CSR are headed "sustainability", "corporate social responsibility", "corporate responsibility", "sustainable development" or other headings relating to similar topics. The information provided on the websites should only be considered as CSR reporting, when the company itself perceived it as CSR reporting in which case this is done by having specific sections in the corporate website dedicated to the CSR topic. The reason for this is that companies should only be taken into account when they really have the intention to report on CSR topics (Baele, 2012). However, for the purpose of this study, the entire website and web-pages were examined. All website links were followed except for online copies of the annual reports as well as online copies of stand-alone reports. This practice was consistent with that of a study by Che Hassan et al. (2012).

Before the content analysis was undertaken to examine the websites, it was important to first identify the keywords associated with CSR. This is because the concept of CSR has been extensively defined by many scholars, and so it brings with it a large number of associated definitions and expressions (Matten & Moon, 2008). As such, some companies may use the word "CSR" and others may use the word "sustainability" in reference to social responsibility initiatives. Some may use the expressions "CSR" and "sustainability" interchangeably and others may not use the two expressions at all.

Each website needed to be thoroughly analysed to facilitate the data collection process which involved screening and examining 100 corporate websites. In this study, the word “CSR” was used as an “umbrella term” following the work of Strand (2013). This was to minimize confusion and ambiguity as well as to support the data collection process from the 100 websites of the companies. Strand (2013) in his study constructed four distinct categories of keywords which were: “CSR strict”, “CSR synonyms”, “Compliance and compliance related terms” and “CSR related terms”. Accordingly, in this study, five categories with associated keywords were developed, following the work of Strand (2013) but with the addition of a new category “Others”. This newly developed category was assigned for other CSR related keywords that could be found in the websites of the Malaysian companies for example “achievement”, “awards”, “accolades”, “careers”, “work with us”, “milestone” and “press release”. The list of the keywords is listed in Table 5.2 below.

Table 5.2 Keywords associated with CSR

Category	Keywords
CSR strict	Corporate social responsibility, CSR, Corporate responsibility, CR, Social responsibility
CSR synonyms	Sustainability, Sustainable, Citizenship, Ethics, Stakeholder, Triple Bottom Line, Stewardship
Compliance and compliance related terms	Compliance, Governance, Business conduct
CSR related terms	Health, Safety, Environment, Community, Diversity, Inclusive, External, Relations, External affairs, Philanthropy, Green, Renewable
Others	Achievement, Awards, Accolade, Career, Work, Milestone, Press, Media, Investor Relations, Investors, About Us

5.2.3 Companies disclosing CSR information on corporate websites

Figure 5.1 illustrates the proportion of Malaysian companies with and without CSR section in their corporate websites. It was revealed that most public listed companies in Malaysia (82%) did have a specific section on CSR in their corporate websites, while the rest (18%) did not have any CSR section in their websites. This is consistent with a study by Moreno and Capriotti (2009) in which more than half (68.6%) of the companies studied in Spain had a specific CSR section on their websites.

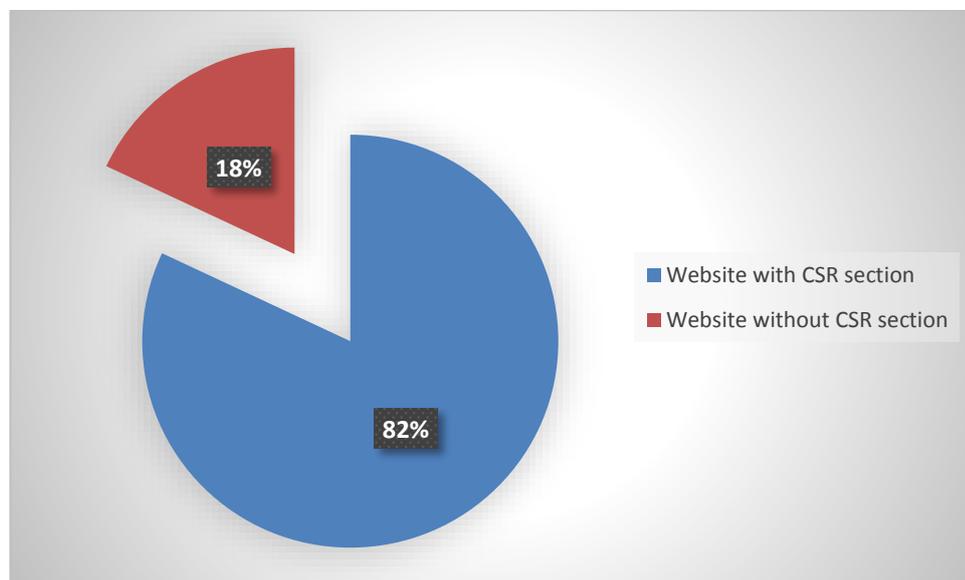


Figure 5.1 Proportions of Malaysian companies' websites

5.3 Evaluation of Malaysian Companies' Websites

In order to evaluate the online CSR disclosure practices of the companies in Malaysia, a list of the top 100 company names was obtained from *Bursa Malaysia*. The search of all the 100 company names in the internet revealed that all companies had websites which made the process easier. *Google*, *Yahoo Search* and *MSN Search* were used, enabling easy access to all these companies' corporate websites.

The data collection process for the present study started in July 2014 and continued until March 2015. The content analysis process itself began in July 2014 and lasted until the end of August 2014. In addition to this, the corporate websites of the public listed companies were frequently visited during the two-month duration to trace any changes in disclosure. However, no changes had occurred on the disclosure of CSR items in the corporate websites during that period.

As described above, most of the Malaysian public listed companies had a CSR section on their websites, where most of the CSR issues and information were disclosed under the CSR captions as outlined in Table 5.2 shown earlier. Although it varied to a certain extent, CSR information was available throughout the entire corporate websites, but presented in a scattered manner. Since there was a lack of disclosure in the CSR section itself, “Investor Relations”, “Investors”, “Awards and Achievements” and “About Us” were other major avenues for disclosing CSR information. Thus, these were other CSR captions in the websites that were examined to determine the extent of company’s online CSR disclosures.

5.3.1 The extent of disclosure

A self-constructed checklist was employed measured by a dichotomous approach. As a result, the disclosure scores were calculated. The percentage score was calculated for each company by dividing the actual number of items disclosed by each company by 60 which was the maximum number of items applicable to the companies and multiplying them by 100. Therefore, a company which had all the items on its website would achieve 100% and a company which had less items would achieve a score less than 100%. The score of each company represented the dependant variable for this

study. Although this information was not financial, nevertheless it would help stakeholders in making investing decisions which has been explained thoroughly in the earlier chapter. Table 5.3 below displays the online CSR disclosure scores of the 100 companies, ranked in descending order. Table 5.4 summarizes the results while Table 5.5 shows the frequency distribution of the disclosure scores between the companies.

Table 5.3 Online CSR disclosure scores of 100 Malaysian public listed companies

Company Name	Score	Score (percentage %)
Tenaga Nasional Berhad	52	87
Genting Berhad	46	77
Telekom Malaysia Berhad	44	73
Kulim Malaysia Berhad	42	70
Sime Darby Berhad	41	68
Digi.Com Berhad	41	68
Lafarge Malaysia Berhad	39	65
IJM Corp Berhad	39	65
Nestle Malaysia Berhad	39	65
Genting Malaysia Berhad	38	63
YTL Corp Berhad	38	63
AEON Co Malaysia Berhad	37	62
Shell Refining Co Federation of Malaya Berhad	37	62
Bumi Armada Berhad	35	58
Public Bank Berhad	35	58
MSM Malaysia Holdings Bhd	34	57
Sunway Berhad	34	57
Boustead Holdings Berhad	34	57
Malayan Banking Berhad	34	57
Gamuda Berhad	32	53
Fraser & Neave Holdings Berhad	32	53
Top Glove Corp Berhad	32	53
Kwantas Corp Berhad	32	53
WCT Holdings Berhad	32	53
Berjaya Corp Berhad	31	52
PPB Group Berhad	31	52
IOI Corp Berhad	30	50
Wah Seong Corp Berhad	30	50
Petronas Dagangan Berhad	29	48
AMMB Holdings Berhad	29	48
British American Tobacco Malaysia Berhad	29	48
Sarawak Oil Palms Berhad	29	48
Guinness Anchor Berhad	29	48
YTL Power International Berhad	28	47
Pharmaniaga Berhad	28	47

Company Name	Score	Score (percentage %)
UMW Holdings Berhad	27	45
DRB-Hicom Berhad	26	43
Malaysia Airports Holdings Berhad	26	43
UEM Sunrise Berhad	26	43
Malayan Flour Mills Berhad	26	43
Malaysia Building Society Berhad	26	43
Felda Global Ventures Holdings Berhad	25	42
Malaysia Marine and Heavy Engineering Holdings	24	40
Gas Malaysia Berhad	24	40
CIMB Group Holdings Berhad	23	38
Allianz Malaysia Berhad	23	38
Affin Holdings Berhad	23	38
Oriental Holdings Berhad	23	38
RHB Capital Berhad	22	37
Magnum Berhad	22	37
MBM Resources Berhad	22	37
Mah Sing Group Berhad	22	37
Syarikat Takaful Malaysia Berhad	22	37
MISC Berhad	21	35
Hong Leong Financial Group Berhad	21	35
HAP Seng Consolidated Berhad	21	35
SP Setia Berhad Group	21	35
KPJ Healthcare Berhad	21	35
Muhibbah Engineering M Berhad	21	35
Maxis Berhad	20	33
Malaysian Airline System Berhad	19	32
BIMB Holdings Berhad	19	32
Dialog Group Berhad	18	30
QL Resources Berhad	18	30
Petronas Gas Berhad	17	28
Scomi Group Berhad	17	28
MMC Corp Berhad	16	27
AirAsia Berhad	16	27
MNRB Holdings Berhad	16	27
Media Prima Berhad	15	25
7-Eleven Malaysia Holdings Berhad	14	23
Petron Malaysia Refining & Marketing Berhad	13	22
SapuraKencana Petroleum Berhad	13	22
DKSH Holdings Malaysia Berhad	13	22
Tan Chong Motor Holdings Berhad	12	20
Axiata Group Berhad	11	18
Hong Leong Bank Berhad	11	18
IHH Healthcare Berhad	11	18
Kuala Lumpur Kepong Berhad	9	15
Astro Malaysia Holdings Berhad	9	15
Alliance Financial Group Berhad	8	13
Southern Steel Berhad	7	12
AirAsia X Berhad	6	10
China Stationery Limited	6	10
XingQuan International Sports Holdings Limited	6	10
Hong Leong Industries Berhad	5	8

Company Name	Score	Score (percentage %)
KNM Group Berhad	5	8
Store Corp Berhad/The	5	8
Nylex Malaysia Berhad	4	7
Petronas Chemicals Group Berhad	4	7
Ann Joo Resources Berhad	3	5
Lion Industries Corp Berhad	3	5
Lion Corp Berhad	2	3
Berjaya Sports Toto Berhad	2	3
Berjaya Land Berhad	1	2
Parkson Holdings Berhad	1	2
Ancom Berhad	1	2
Westports Holdings Berhad	1	2
BLD Plantation Berhad	1	2

Table 5.4 Summary of the disclosure scores

Mean (%)	S.D. (%)	Median (%)	Min. (%)	Max. (%)	Range (%)
36.47	20.45	37	2	87	85

Table 5.5 Frequency distribution of online CSR disclosure between companies

Disclosure score (%)	Frequency (no. of companies)	Percent (%)
Less than 10	14	14
10-20	10	24
20-30	11	35
30-40	20	55
40-50	16	71
Greater than 50	29	100
Total	100	

As seen in Table 5.3 and 5.4, the highest and lowest scores were 87% and 2%, with a range of 85%. This indicates that there was a big gap between the companies which disclosed the highest level of CSR information on the website (*Tenaga Nasional Berhad*) compared to the company which disclosed the lowest level of CSR on its website (*BLD Plantation Berhad*). Ultimately, of all the 60 items in the disclosure

index, at least one item was disclosed as represented by the companies having the lowest CSR disclosure score.

Table 5.4 above shows the mean disclosure of 36.5% which revealed that on average, a company disclosed only 36.5% CSR information on the websites. Likewise, this indicates that the level of online CSR disclosure was below 50%, implying that the Malaysian public listed companies did not fully utilize the internet capability, specifically their own corporate websites to disseminate CSR information to their stakeholders. Table 5.5 equally shows that there were only 29 out of 100 companies (29%) that had disclosure scores of 50% or more. This confirms the preceding result in Table 5.4 denoting that not all companies in Malaysia were using the website to its fullest capacity to disclose CSR information. As a result of this, there was a considerable variation in the level of online CSR disclosure between companies which are clearly shown in Table 5.5 indicating the differences in the level of disclosure between companies in Malaysia.

5.3.2 Evaluation of disclosure item groups

As previously noted, the disclosure index included 60 items, encompassing 16 items on community, 18 items on workplace, 11 items on marketplace and 15 items on environment. The analysis of the items in each group highlighted the importance of each CSR disclosure group in explaining the extent of online CSR disclosure among the Malaysian companies. Such an item-by-item analysis provided a tool to evaluate the disclosure practices among companies and at the same time highlighted the items which should be of more concern in satisfying the various needs of stakeholders. The

next subsections will discuss the grouping of the disclosure index and the extent of disclosure for each group which constitute the disclosure index.

5.3.3 The extent of disclosure of item groups

It was shown previously in Table 5.3 that the Malaysian companies disclosed at least one CSR item in their corporate websites. However, this is inadequate as it reflects a very low disclosure level. Therefore, further examination was carried out to identify the extent of disclosure for each of the CSR disclosure categories.

In evaluating each of the disclosure categories (item groups), comprising community, workplace, marketplace and environment, the level of disclosure was measured through item-wise disclosure. A disclosure index for each of the disclosure category was calculated as the number of items that were actually disclosed divided by the total number of items on the each score-sheet (Ismail & Abu Bakar, 2011; Sobhani et al., 2012). Since there were 60 items in each score-sheet, in addition to the 100 sampled companies, the total items altogether was 6000 items. The study identified how many items were disclosed by each disclosure theme or category as designated by the scores obtained in the research instrument (Cooke, 1998; Sobhani et al., 2012). Therefore, a disclosure index close to one (1) would signify that almost all the items were disclosed while a disclosure index closed to zero (0) would mean that less items were disclosed. Mean disclosures were equally calculated as the number of items disclosed divided by the number of companies (Ismail & Abu Bakar, 2011; Sobhani et al., 2012). This helped to identify the average score for each company based on the disclosure categories.

Table 5.6 The extent of disclosure of each group

Disclosure category (group)	Community	Workplace	Marketplace	Environment
No of items	16	18	11	15
Score obtained	626	540	530	493
Percentage	28.6	24.7	24.2	22.5
Mean score	39.1	30	48.2	32.9
Maximum score	54	63	83	62
Minimum score	21	10	16	11
Rank	1	2	3	4

Table 5.6 reveals the extent of disclosure for each of the CSR categories and it was revealed that much of the disclosed CSR information was related to community issues whereas environmental issues were the least disclosed. The results revealed that 28.6% of the CSR information disclosed on the websites revolved around community issues, followed by 24.7% related to workplace issues, 24.2% related to marketplace issues and 22.5% related to environment issues. The detailed item-wise disclosure of CSR information of the public listed companies in Malaysia is presented in the subsequent sections. Table 5.7, 5.8, 5.9 and 5.10 show the different groups of CSR disclosure items.

5.3.3.1 The extent of disclosure of “Community” items

The first group included all items related to the community. The community element of CSR encourages companies to balance business and societal needs. The community dimension of CSR is related to the impact of an organization on the community within which it operates. This can be implemented in investing in community initiatives to improve lives, creating meaningful impact to the society and the communities involved. As illustrated by the Malaysian stock exchange, *Bursa Malaysia*'s statement, “[i]n balancing our business and societal needs, we invest in community initiatives that

aim to improve lives and create meaningful impact. We support youth development through enhanced educational opportunities such as scholarship, training and internship programmes as well as increase financial literacy and capital market awareness through our community education activities” (*Bursa Malaysia*, 2014, p.34).

In this study, information disclosures of community agendas were represented by 16 items. Table 5.7 below shows that out of the 16 items associated with community development, “providing relief to victims of natural disasters or war” was the most disclosed information by the companies in Malaysia, followed by “sponsorship of educational conferences, seminars or art exhibits”. Adopting or maintenance of old age homes, homes for the poor, underprivileged, single parents, disabled or orphanage were least reported on the websites of the companies. The community disclosure index indicated a score of 10% of the CSR items have been disclosed on the corporate websites by the public listed companies. Generally out of the 16 community-related items, Malaysian companies disclosed about 6 items on their websites.

Table 5.7 The extent of disclosure of “Community” items

No	Community - Disclosure items	Score
1	Promotion of education through donations or scholarships.	48
2	Part-time employment of students, apprenticeship or internship.	33
3	Sponsorship of educational conferences, seminars or art exhibits.	53
4	Sponsorship of public health projects or medical camps.	37
5	Aiding medical research.	31
6	Supporting national pride and government campaigns.	50
7	Supporting the development of local industries or community programs and activities.	41
8	Establishment or maintenance of educational institutions.	35
9	Employee volunteerism for community work.	42
10	Rural development program or adoption of villages.	24
11	Aids to sports.	30
12	Special community related activities e.g. opening the company's facilities to the public.	48
13	Adopting or maintenance of old age homes, homes for the poor, underprivileged, single parents, disabled or orphanage (including visits).	21
14	Providing relief to victims of natural disasters or war.	54
15	Sponsoring charity events or fundraising events e.g. concerts, run.	32
16	School adoption programme e.g. PINTAR project	47
Items disclosed by all the Malaysian companies ($N = 100$)		
Total		626
Mean community disclosure		6.26
Standard deviation in community disclosure		10.26
Community disclosure index		0.10

5.3.3.2 The extent of disclosure of “Workplace” items

Table 5.8 shows the second category containing statements regarding the workplace. As responsible employers, companies should strive to ensure that the workplace would be safe, supportive and nurturing and that the employers would reward achievements and balance work-life of employees. For example, *Bursa Malaysia* claims that “[w]e maintain a fair pay-for-performance philosophy, offer work-life balance choices, provide ample personal and professional development opportunities and ensure that our work place remains safe, conducive, inclusive and supportive” (*Bursa Malaysia*, 2014, p.31).

Table 5.8 shows 18 items related to workplace agenda of company's CSR initiatives. The table reveals that employee trainings were the most widely disclosed information on the websites pertaining to workplace issues, followed by information on promoting employee safety, physical or mental health. The least disclosed information was on staff accommodation. This was evident by the fact that out of 100 companies studied, only 10 companies in Malaysia disclosed this type of information in their websites. The disclosure index for workplace is 9%, which is 1% lower than the community disclosure. This indicates that only 9% of the overall CSR items have been disclosed on the corporate websites by the public listed companies. Moreover, the finding revealed that on average Malaysian companies published about 5 workplace disclosure items on their websites.

Table 5.8 The extent of disclosure of “Workplace” items

No	Workplace - Disclosure items	Score
1	Statements regarding reduction of pollutants, irritants, hazards or injuries.	26
2	Promoting employee safety and physical or mental health.	55
3	Compliance with health, safety standards and regulations.	41
4	Receiving a safety award.	33
5	Establishing a safety department, committee or safety policy.	42
6	Providing low cost health care for employees.	13
7	Employee trainings.	63
8	Giving financial assistance to employees (or children of employees) in educational institutes or continuing education courses.	27
9	Establishments of trainee centres.	16
10	Staff accommodation.	10
11	Providing recreational or cultural activities or facilities.	26
12	Providing the number of employees in the company, at each branch or subsidiary.	36
13	Improvements to the general working conditions.	50
14	Winning an award for being a good employer.	31
15	Awards given away for motivation of employees.	22
16	Employee welfare fund.	17
17	Information about support for day-care, maternity or paternity leave.	13
18	Leadership programs.	19
Items disclosed by all the Malaysian companies (<i>N</i> = 100)		
Total		540
Mean workplace disclosure		5.4
Standard deviation in workplace disclosure		15.33
Workplace disclosure index		0.09

5.3.3.3 The extent of disclosure of “Marketplace” item

The third category is the marketplace which contains elements of CSR initiatives aimed at creating a better place for consumers, buyers, sellers, suppliers, vendors and many more. Being a market operator and regulator of the Malaysian capital market, *Bursa Malaysia* stresses that “[w]e remain committed to ensure a sound regulatory foundation for our markets whilst managing the balance between ensuring fair and orderly markets and driving innovation within our capital market” (*Bursa Malaysia*, 2014, p.26).

Table 5.9 below presents 11 items related to the marketplace dimension of CSR. Out of these items, the most highly disclosed information was about disclosing improved procedures in the processing and preparation of products. The second highest information was on green products, followed by information on developments related to the company's products including its packaging such as making containers reusable. Items such as information about consumer complaints or satisfaction and other types of feedback were the least provided type of information by the Malaysian companies on their corporate websites. The marketplace disclosure index indicated that 9% of the CSR items from the checklist, have been disclosed on the corporate websites by the public listed companies. The mean marketplace disclosure was 5.3 which revealed that on average the companies in Malaysia published about 5 marketplace disclosure items on their websites.

Table 5.9 The extent of disclosure of “Marketplace” items

No	Marketplace - Disclosure items	Score
1	Information on developments related to the company's products including its packaging e.g. making containers reusable.	70
2	Information on research and development for specific product or its benefits.	47
3	Disclosing improved procedures in the processing and preparation of products.	83
4	Information on the safety of the firm's product.	63
5	Information on the quality of the firm's product.	36
6	Uses local suppliers when possible or policy on local content.	69
7	Provides information about consumer complaints or satisfaction and other feedback.	16
8	Awards in relation to marketplace practices.	22
9	Green product.	72
10	Information on the rate, price or tariff of the firm's product.	24
11	Discussion of major types of products/ services/ projects.	28
Items disclosed by all the Malaysian companies ($N = 100$)		
Total		530
Mean marketplace disclosure		5.3
Standard deviation in marketplace disclosure		24.02
Marketplace disclosure index		0.09

5.3.3.4 The extent of disclosure of “Environment” items

Table 5.10 illustrates the last CSR disclosure category, the environment. Environment concerns the environmental sustainability of an organization particularly its impact on living and non-living natural systems including land, air and water. *Bursa Malaysia* highlights this issue when it states that “[w]e believe that every business can make a contribution towards safeguarding the environment. In this aspect, we gave priority to investments and initiatives that reduce our impact on the environment and lower our operational costs” (*Bursa Malaysia*, 2014, p.34).

The table below shows 15 items related to the environmental concerns of companies in Malaysia. Items regarding conservation of natural resources such as rivers, recycling glass, metals, oil, water, paper, and using recycled materials were the preferred areas of CSR disclosure. However, issues on water and environmental studies or

environmental surveys were the least preferred items to be disclosed on the Malaysian companies' websites. The environmental disclosure index indicated that only 8% of the overall CSR disclosure items were disclosed on the websites, which is the least disclosed compared to the rest of the disclosure categories; community, workplace and marketplace. Although it is not a popular issue to be disclosed online by the Malaysian companies, the result suggests that on average the Malaysian companies were disclosing about 5 items on environmental issues on their websites.

Table 5.10 The extent of disclosure of “Environment” items

No	Environment - Disclosure items	Score
1	Pollution or environmental impact consciousness in conduct of business operations (capital, operating, R&D for pollution abatement).	35
2	Statements indicating that the company's operations are non-polluting or that they are in compliance with pollution laws and regulations.	32
3	Statements indicating that pollution or environmental impact from operations have been or will be reduced.	38
4	Prevention or repair of damage to the environment resulting from processing of natural resources e.g. land reclamation, deforestation.	30
5	Conservation of natural resources e.g. rivers, recycling glass, metals, oil, water and paper, using recycled materials.	62
6	Receiving an award for environment programs and policies.	40
7	Preventing waste or waste management.	47
8	Biodiversity or wildlife conservation.	29
9	Signatory status to agreements that commit the organization to consider the environment in its operations.	14
10	Water or environment studies or surveys.	11
11	Water reuse or reduction of water usage.	28
12	Use of environment friendly materials or green technology.	33
13	Renewable energy, biomass or biodiesel.	26
14	Sponsoring programs related to conserving the environment.	29
15	Discussion of environment management systems.	39
Items disclosed by all the Malaysian companies (<i>N</i> = 100)		
Total		493
Mean environment disclosure		4.93
Standard deviation in environment disclosure		12.28
Environment disclosure index		0.08

5.4 The High and Low Disclosure Companies

It is also important to know how the companies with high online CSR disclosure level differed from the companies with low online CSR disclosure level. This is because comparisons between the two categories of companies could be used as a way of understanding their differences. Thus, the sampled companies needed to be divided into two categories: those with high level of online CSR disclosure and those with low level of disclosure.

Elsayed (2010) in his study on Egyptian companies posits that companies' disclosure score below 50% reflects low internet usage as a tool to disseminate information; hence, the companies may be considered as low disclosure companies. However, he adds that companies disclosing 50% or more of the checklist items have indicated better internet usage as an information disseminating tool in the Egyptian context. Al-Htaybat (2005) claims that companies with a disclosure level of below 50% would be companies which have not reached the acceptable level (50%) of overall disclosure. The same conclusion was drawn in a study by Mashat (2005) who suggested that the incidence of disclosure not reaching 50% were considered low while those above 50% were considered high.

For the above reasons, the same procedure of 50% as the cut-off point was applied in determining the level of disclosure of companies and at the same time, in segregating them into two distinct groups of companies. Companies with a percentage disclosure score of 50% and above were grouped as high level and those scored below 50% were grouped as low. As a result, in this study there were 29 companies with high online CSR disclosure level and 71 companies with low disclosure level as shown in Table

5.5 (see *Appendix 6* for the list of companies based on the online CSR disclosure levels).

This outcome of the study reflected lack of internet usage as a CSR information disseminating tool among the Malaysian companies. Therefore, it can be concluded that the extent of CSR disclosure on the websites of the Malaysian companies was noticeably low which was reflected by the large number of companies with scores below 50%, i.e., 71 companies. This finding is similar to Elsayed (2010) who found the same situation in the Egyptian listed companies whereby the level of disclosure is low reflected in 89.5% companies scored below 50%.

Although it was perceived that high disclosure level companies revealed more CSR information on their corporate websites whilst the low level disclosure companies displayed less CSR information on their websites, the result presented in Table 5.11 revealed something different. In fact, the total score of disclosure for each category was made up of all the individual scores of companies' online CSR disclosures.

Table 5.11 The mean of disclosure scores between the two groups of companies

Disclosure Category	Community	Workplace	Marketplace	Environment
Score (N=29) (High disclosure)	289 (46.1%)	279 (51.7%)	201 (37.9%)	283 (57.4%)
Mean disclosure	10	9.6	6.9	9.8
Score (N=71) (Low disclosure)	337 (53.8%)	261 (48.3%)	329 (62%)	210 (42.6%)
Mean disclosure	4.7	3.7	4.6	3
Total	626	540	530	493

In terms of the differences among the CSR components between both levels of companies, the result above indicated that the high disclosure companies disclosed more CSR information regarding community and environment agendas. On the other hand, the low level CSR disclosure companies also revealed more community issues followed by marketplace issues on their corporate websites. A possible explanation of this scenario could probably be that it depended on the individual companies representing each group of companies and their individual scores. Companies listed under the high disclosure level such as *Tenaga Nasional Berhad*, *Genting Berhad* and *Maybank Banking Berhad* paid more attention to community and environment issues. In contrast, companies categorized in the low online CSR disclosure level companies such as *Maxis Berhad*, *Petronas Chemicals Group Berhad* and *Westports Holding Berhad* paid more attention to community and marketplace issues.

5.5 Chapter Conclusion

This chapter aims to answer the first research question and its sub-questions by determining the current extent of online CSR disclosure and its components for the Malaysian public listed companies. Both the extent of online CSR disclosure in the Malaysian context and the underlying process involved in examining the corporate websites have been discussed. In addition, the CSR items disclosed by the Malaysian companies on their corporate websites have also been presented and discussed.

The present researcher used a newly developed instrument, the disclosure index, which suited the Malaysian context. The index included 60 items of online CSR disclosure grouped according to four dimensions of CSR which are community, workplace, marketplace and environment. The grouping was shown to be reliable as evidenced by

the Cronbach alpha result. The extent of disclosure of each group and item of the disclosure index was analysed. The results indicated that there were disparities in the extent of online disclosures among the Malaysian companies.

Overall, the conclusion drawn is that the extent of online CSR disclosure and its components in the Malaysian public listed companies' websites was low. It was found that only 29 companies (29%) disclosed at least 50% information regarding CSR on their websites. It is surprised to find that these companies still disclosed limited CSR information on their corporate websites, as only about 36% of the 60 items from the research instrument (disclosure checklist) were being reported online. This clearly indicates that companies in Malaysia did not fully utilise the internet reporting.

Due to the variability in the disclosure level, the study examined each component separately. Community issues received more attention than the rest of the CSR components, while environment issues were the least reported. To shed more light on the practice of online CSR disclosure in the Malaysian context, the study examined the extent of each CSR components separately. The most disclosed community item was information on providing relief to victims of natural disasters or war. With respect to workplace items, the highest disclosed item was information on employee trainings and the least was information on staff accommodation. The most disclosed marketplace items were information on improved procedures in the processing and preparation of products. As with the environment items, conservation of natural resources such as conserving rivers, recycling glasses, metals, water and paper and using recycled materials were the highest disclosed items.

Furthermore, the results revealed that there were differences between companies with high online CSR disclosure and low online CSR disclosure levels. Both groups of companies paid more attention to community issues disclosed on their websites. This was followed with environmental issues by the high disclosure level companies and marketplace issues by the low disclosure level companies.

By examining the extent of online CSR disclosure and its main components in the Malaysian context, the first research question has been answered. To answer the second research question, empirical analyses were performed and the results are presented and discussed in the next two chapters. In Chapter 6, the results of univariate analysis will be presented first in an attempt to explain the relationships between the disclosure levels observed among the investigated companies and the leadership variables. This will be followed by Chapter 7 which will present the results of multivariate analysis.

CHAPTER 6

Univariate Analysis

6.1 Introduction

The previous chapter provides a descriptive analysis of the online CSR disclosure of the top 100 companies in Malaysia. It has highlighted significant variations in the level of online CSR disclosures among the Malaysian companies. This requires further investigation to determine the factors that explain the variations in the online CSR disclosure of companies in Malaysia.

This chapter addresses the second and third research objectives of the study. The second objective was to determine whether ethical leadership behaviours consisting of fairness, being people oriented, concerned for sustainability, integrity, role clarification, power sharing and ethical guidance may have any significant relationships with the extent of online CSR disclosure among the Malaysian public listed companies. The third research objective of the study was to identify any significant influence of transactional leadership style, transformational leadership style and leader roles, on the extent of online CSR disclosure in Malaysia. The corresponding research questions were:

- a) Do ethical leadership behaviours influence the level of online CSR disclosure?
- b) Is there any significant association between ethical leadership behaviours and the extent of online CSR disclosures among the Malaysian public listed companies?
- c) Which of the ethical leadership behaviours contributed to the extent of online CSR disclosures of the Malaysian public listed companies?

- d) Is there any significant association between transformational leadership and the extent of online CSR disclosures among the Malaysian public listed companies?
- e) Is there any significant association between transactional leadership and the extent of online CSR disclosures among Malaysian public listed companies?
- f) Between transactional leadership and transformational leadership, which leadership style has a stronger influence on online CSR disclosure?
- g) What is the relationship between the role of leaders and online CSR disclosure of the Malaysian public listed companies?

This current chapter seeks to examine the relationships between company's leadership variables and the extent of online CSR disclosure. The hypotheses were tested using univariate analysis which explored the single relationship between an explanatory variable and the extent of online CSR disclosures. This chapter has four main sections. The first of the four main sections provides descriptive analysis of the dependent and independent variables including measurement scale and reliability assessment. This is followed by a discussion of parametric and non-parametric techniques in which four key assumptions, namely, normality of distribution, homogeneity of variance, level of measurement and independence, are highlighted. The uses of parametric techniques are also discussed. The third main section concentrates on hypotheses testing which revolves around Pearson's correlation coefficient and comparison of the correlation coefficients between two groups of companies while the fourth main section presents results of independent t-test.

6.2 Descriptive Statistics

Prior to doing the statistical analyses, it is important and useful to collect information on the number of people or cases in the sample, the number and percentage of the sample, the range and mean of the variables and any other relevant background information (Pallant, 2013). For this study, data were gathered from the 100 top public listed companies in Malaysia. The descriptive statistics are presented in Table 6.1 which represented the important and relevant information about the variables examined in this study.

Table 6.1 also shows that most of the variables were relatively not normally distributed as measured by the skewness and kurtosis. The values of skewness and kurtosis above or below zero indicate that there is a deviation from normal (Field, 2013). Moreover, the results of Kolmogorov-Sminov and Shapiro-Wilk tests shown in Table 6.4 (see Section 6.3.1 in this chapter) were not significant. In this study, the Kolmogorov-Sminov and Shapiro-Wilk tests results were mostly .000 (significant) suggesting the data were not normally distributed.

Table 6.1 Descriptive statistics of variables

Variables	Mean	Median	S. D.	Min	Max	Skew.	Kurt.
Dependent:							
Disclosure score	24.55	23	12.91	1	52	0.40	-0.25
Independent:							
People orientation	25.03	25	4.48	16	35	-0.03	-0.49
Fairness	22.94	24	4.08	12	30	-0.00	-0.74
Power sharing	21.69	21.5	3.12	16	29	0.29	-0.20
Concern for sustainability	11.61	12	1.96	7	15	-0.15	-0.53
Ethical guidance	27.21	27	3.82	20	35	0.24	-0.10
Role clarification	19.48	20	2.77	12	25	-0.20	-0.07
Integrity	14.79	15	3.20	7	20	-0.09	-0.68
Transformational leadership	51.66	51	12.40	19	78	-0.10	-0.64
Transactional leadership	19.18	19.5	4.57	8	32	-0.04	-0.37
Role of leaders	37.9	38	5.95	21	50	-0.01	-0.14
Categorical:							
Disclosure level	No. (%)						
High (30 and above)	57 (27.7%)						
Low (29 and below)	149 (72.3%)						
Total respondent	206 (100%)						

Source: SPSS

6.2.1 Dependent and independent variables

In a statistical analysis, the first important step to begin the analysis is to identify the dependent and independent variables. In this study, the dependent variable was the

extent of online CSR disclosure and the independent variables were the leadership variables which comprised the seven ethical leadership behaviours (people orientation, fairness, concern for sustainability, integrity, role clarification, power sharing and ethical guidance), transactional leadership, transformational leadership and the role of leaders. These are presented in Table 6.1.

Secondly, the next step in the analysis is to choose and apply an appropriate statistical technique to these dependent and independent variables. In doing so, the type of research questions, the variables that need to be analysed and the nature of the data itself have to be considered (Pallant, 2013). The choice of appropriate techniques is also based on the type of measurement scale and whether the data are parametric or non-parametric (Field, 2013).

6.2.2 Type of measurement scale

Variables can be categorical or continuous, and can have different levels of measurement (Field, 2013). Categorical data can be divided into nominal and ordinal data whereas the continuous data can be further divided into interval and ratio data. The variables in this study may be classified under these two levels of measurement as shown in Table 6.2. The table shows the level of measurement for the dependent variable, online CSR disclosure, was considered as interval. This was because the disclosure index score of companies having disclosed their CSR information on the company's website ranged from 1 (2%) to 52 (87%). In contrast, the independent variables were considered ordinal as these were obtained from questionnaires, measured using the Likert scale.

Table 6.2 The variables and levels of measurement

The variables	Level of measurement
Independent variables:	
1. People orientation	Ordinal
2. Fairness	Ordinal
3. Power sharing	Ordinal
4. Concern for sustainability	Ordinal
5. Ethical guidance	Ordinal
6. Role clarification	Ordinal
7. Integrity	Ordinal
8. Transactional leadership	Ordinal
9. Transformational leadership	Ordinal
10. Role of leaders	Ordinal
Dependent variable:	
Extent of online CSR disclosure	Interval

6.2.3 Assessment of reliabilities

Hair et al. (1998) mention that reliability is related to consistency. One of the most common measures of reliability is the measure of internal consistency test. Internal consistency means the degree to which all items hang together and measure the same underlying attributes (Pallant, 2001). Cronbach alpha coefficient provides an indication of the average correlation among all of the items that make up the scale. Many authors support the use of Cronbach alpha as a perfectly adequate proxy for assessing the reliability of a measurement instrument, for example, Sekaran (2003), Aly (2008) and Elsayed (2010). The reliability test for the dependent variable has been carried out (see Section 5.2.1 of Chapter 5) which indicated that it was reliable. Equally, the current study tested the internal consistency for each of the independent variables by calculating Cronbach alpha for each component as follows:

Table 6.3 The reliability test results for each component of independent variables

		N of items	Cronbach alpha
1.	People orientation	7	0.866
2.	Fairness	6	0.714
3.	Power sharing	6	0.814
4.	Concern for sustainability	3	0.791
5.	Ethical guidance	7	0.951
6.	Role clarification	5	0.954
7.	Integrity	4	0.946
8.	Transactional leadership	8	0.808
9.	Transformational leadership	20	0.963
10.	Role of leaders	10	0.939
Total		76	0.972

Table 6.3 shows the reliability test results for all the study variables. A variable is considered as reliable if the Cronbach alpha is both positive and greater than 0.70 (Pallant, 2001). The values of Cronbach alpha of all the variables were greater than 0.70 which meant that items within each variable were highly correlated and thus the variables were reliable. The overall reliability was high, with a value of 0.97 which indicated that the attributes in the independent variables were acceptable as all the items are consistent.

6.3 Parametric versus Non-Parametric Techniques

In order to decide which statistical techniques should be used, it is important to determine whether the data are parametric or not. This is because if parametric tests are used when the data are not parametric, then the results are expected to be unreliable (Field, 2013). Therefore, there are assumptions about the parametric tests that should be checked first before deciding the appropriate statistical test. According to Field (2013), the assumptions of parametric tests are:

- 1) Normally distributed data: This assumption means that all variables must be normally distributed.
- 2) Homogeneity of variance: This assumption means that the variances should be the same throughout the data.
- 3) The measurement scale of the data: This assumption means that data should be measured at least at the interval level.
- 4) Independence: This assumption implies that one data point does not influence the other. Data from different participants are independent which means that the behaviour of one participant does not influence the behaviour of another (Field, 2013).

These criteria above are important to determine whether the data are parametric or non-parametric. As a result, when the data have violated the assumptions of parametric analysis, then non-parametric statistical test should be employed (Pallant, 2013). The following discussions take into account each of the assumptions, in order to justify the statistical techniques that have been employed in this study.

6.3.1 Normality of distribution

Several approaches can be employed to assess the normality of data distribution such as plotting histograms, using the skewness and kurtosis, and using the Kolmogorov-Smirnov and Shapiro-Wilk tests. In this study, Kolmogorov-Smirnov and Shapiro-Wilk tests were used to test the normality of the data distributions. Similarly, the tests compare the scores in the sample to a normally distributed set of scores with the same mean and standard deviation (Field, 2013). The Kolmogorov-Smirnov, sometimes terms as K-S test, is a test of goodness of fit which is used to determine how well a

sample of data fits a normal distribution. If the test is significant, the distribution is not normal and if the test is insignificant then the distribution is considered normal (Field, 2013).

Table 6.4 shows the normality for each of the variables consisting of score, people orientation, fairness, power sharing, concern for sustainability, ethical guidance, role clarification, integrity, transformational leadership, transactional leadership and leader role. The table includes the test statistics and the degree of freedom which should be equal to the sample size. For all the variables, the Kolmogorov-Smirnov was significant as the significance level was at $p < 0.05$, indicating that all variables were not normally distributed.

Apart from the above, skewness and kurtosis tests and histograms for each of the dependent and independent variables were also carried out. According to Field (2013) the values of skewness and kurtosis above or below zero indicate that there is a deviation from normal. These tests showed that most of the variables were relatively not normally distributed as shown in Table 6.1 previously, and therefore confirmed the results of Kolmogorov-Smirnov and Shapiro-Wilk tests suggesting that the data were not normally distributed.

Table 6.4 Tests of normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Score	.116	201	.000	.954	201	.000
People Orientation	.087	201	.001	.980	201	.005
Fairness	.121	201	.000	.951	201	.000
Power Sharing	.133	201	.000	.965	201	.000
Concern for Sustainability	.135	201	.000	.958	201	.000
Ethical Guide	.137	201	.000	.936	201	.000
Role Clarification	.189	201	.000	.926	201	.000
Integrity	.120	201	.000	.954	201	.000
Transformational Leadership	.133	201	.000	.976	201	.001
Transactional Leadership	.103	201	.000	.983	201	.018
Leader Role	.144	201	.000	.962	201	.000

a. Lilliefors Significance Correction
Source: SPSS

Nevertheless, when the data are not normally distributed, the theoretical justification for the normality assumption is the central limit theorem (Gujarati & Porter, 2009). The central limit theorem concept states that as sample sizes get larger, the assumption of normality matters less because the sampling distribution will be normal regardless of the population or sample data (Field, 2013). This suggests that as a sample gets larger (usually defined as greater than 30), the sampling distribution has a normal distribution with a mean equal to the population mean and standard deviation; whereas when the sample is relatively small (fewer than 30), the sampling distribution is usually not normal (Field, 2013). This equally indicates that as the sample size gets bigger the sampling distribution becomes more normal, up to the point at which the sample is big enough that sampling distribution is normal.

In addition, the central limit theorem implies that regardless of the shape of the population, parameter estimates of that population will have a normal distribution provided that the samples are big enough. This is because sample size has the effect of

increasing statistical power by reducing sampling error resulting in a similar result in reducing the detrimental effects of non-normality in larger sample sizes (Hair et al., 2010). Equally, significant departures from normality can have a substantial impact on the results in small samples and especially if the sample size is less than 30 (Hair et al., 2010).

However, Hair et al. (2010) have added that for sample size of 200 or more, the effects of a non-normal distribution may be negligible, as the sample size becomes larger. This study had 206 cases, which was reasonably large and therefore big enough for the central limit theorem to relieve the dataset of concerns about normality. For this reason, this assumption was fulfilled. Although initially the data was not normally distributed and this assumption was violated, the sample size in this study enabled the current researcher to use parametric techniques, but only when other assumptions are fulfilled.

6.3.2 Homogeneity of variance

This assumption entails that if groups of data are collected then the variance of the outcome variable or variables should be the same in each of these groups (Field, 2013). If continuous data are collected (such as in correlational designs), this assumption means that the variance of one variable should be stable at all levels of the other variable (Field, 2013). Levene's test is used to test homogeneity of variance for groups of data. Levene's test suggests that if the result is significant at ($p \leq 0.05$), then the assumption of homogeneity of variance between the groups is rejected. If the Levene's test is non-significant where ($p \geq 0.05$), then the assumption of homogeneity of variance between the groups is accepted (Field, 2013).

Table 6.5 below shows Levene's test examining the homogeneity of the dependent and independent variables for two groups of companies, those with a high level of online CSR disclosure and those with a low level of online CSR disclosure. Levene's test is denoted by the letter F and there are two degrees of freedom. In Table 6.5, for the dependent variable, score, $F(1,199) = 21.095, p = .000$. Therefore, for the disclosure scores, the variances were unequal for both categories of companies. This clearly showed that the variances were significantly different and so the assumption of homogeneity of variance was violated for this variable. A low significance value such as shown in the table below (less than 0.05) indicated that the variance differed significantly between groups. Correspondingly, the Levene statistic for all of the independent variables showed that they were not significant ($p \geq 0.05$) except for the variables of people orientation, power sharing and integrity. This indicated that the assumptions of homogeneity of variance between the two groups of companies were not fully satisfied.

Table 6.5 Test of homogeneity of variance based on mean

	Levene Statistic	df1	df2	Sig.
Score	21.095	1	199	.000
People Orientation	8.894	1	199	.003
Fairness	1.182	1	199	.278
Power Sharing	7.338	1	199	.007
Concern for Sustainability	.187	1	199	.666
Ethical Guidance	.462	1	199	.498
Role Clarification	1.832	1	199	.177
Integrity	28.491	1	199	.000
Transformational Lship	.186	1	199	.667
Transactional Lship	.027	1	199	.871
Leader Role	1.175	1	199	.280

Source: SPSS

However, according to Field (2013) when the assumption is violated, it only matters if the data have equal group sizes. In this study, the group sizes were unequal whereby companies with high online CSR disclosures had a group size of 57 cases whereas companies with low online CSR disclosures had a group size of 149. Therefore, this assumption was irrelevant. Hence, it can be considered that this assumption was fulfilled in this particular study.

6.3.3 Level of measurement

The parametric data should be measured in at least the interval level of measurement (Field, 2013). Pallant (2013) states that each of the parametric approaches assume that variables are measured at the interval or ratio (continuous) level. In this study, as depicted in Table 6.2, all the independent variables are measured in an ordinal level of measurement and therefore, the assumption is not fulfilled. Such ordinal scales are sometimes called ranked scales (Brown, 2011).

Researchers are often concerned with the differences among these scales of measurement because of their implications for making decisions about which statistical analysis to use appropriately for each different type of data. Despite all the discussions of the ordinal nature of Likert items and scales, most of the research studies based on Likert items and scales have been treated as interval scales and analysed as such with descriptive statistics like means, standard deviations and inferential statistics like correlation coefficients, factor analysis, analysis of variance and many more (Brown, 2011). This reflects that although Likert scales are ordinal scales, yet in most cases researchers consistently treat them as interval scales.

Carifio and Perla (2007) list the top ten misconceptions about Likert scales as according to them, for ordinal-level scales it is wrong to state that only non-parametric statistical tests should be used with Likert scales, and so Likert scale data can be taken to be interval. Likert scales contain multiple items and are comprised of totals or averages of answers to multiple Likert items. They are likely to be more reliable than single items hence the reliability of the Likert scales can be checked using Cronbach alpha or other appropriate reliability estimates which is similar to checking reliability of continuous data in the interval level of measurement (Brown, 2011). As a result, Likert scales can be taken to be interval scales and so descriptive statistics can be applied, as well as correlational analyses, factor analyses, analysis of variance procedures and many more analyses (Brown, 2011). Therefore, the assumption of at least interval level of measurement is fulfilled in this study.

6.3.4 Independence

According to Field (2013), independence is different depending on the statistical test a researcher is using. In some cases it means that data from different participants are independent, entailing that the behaviour of one participant does not influence the behaviour of another. Pallant (2013) posits that the observations that make up the data should be independent of one another in which each observation or measurement must not be influenced by any other observation or measurement. In this study each participant is independent as they are not related to each other hence they are not influenced by each other's responses. Although some participants were from the same companies, ethics, confidentiality and anonymity are preserved which helped to ensure independence of data.

In the data collection process for instance, each respondent answered the online questionnaire separately and respondents were not influenced by each other. This was the same for the dependent variable where the analysis of each website was done separately and thus did not influence the content analysis process of other websites. Therefore, this assumption was satisfactorily fulfilled in this study as each participant and observations were independent from each other.

6.3.5 The use of parametric techniques

As for the above four assumptions of the parametric test, all of them were not completely satisfied. This is a common situation in research, for example, not all attributes that researchers want to measure are normally distributed (Pallant, 2013). However, the supporting arguments and justifications discussed above, for each of the assumptions has proven that the dataset was suitable to be used for parametric techniques. Parametric tests make assumptions about the population from which the sample has been drawn whereas the non-parametric techniques on the other hand, do not have stringent requirements and do not make assumptions about the underlying population distribution, hence they are sometimes called distribution-free tests (Pallant, 2013). Parametric tests tend to be more powerful in terms of the output results and very useful in detecting differences between groups that exist (Field, 2013). So, it was decided that parametric tests should be used instead of non-parametric tests.

6.4 Testing the Hypotheses

6.4.1 Pearson's correlation coefficient

In this study, Pearson's correlation coefficient was used to measure the association between the dependent variable and the independent variables. The hypotheses developed to test these variables have been discussed in the previous chapter, Chapter 3 and are listed in Table 3.3.

Meanwhile, Table 6.7 presents the correlations results showing the associations between all the independent variables and the correlations between each of the independent variables with the dependent variable. In terms of ethical leadership behaviours, only three variables were significantly correlated with the disclosure scores. These were concern for sustainability, ethical guidance and role clarification. These associations indicated that the extent of online CSR disclosure of the Malaysian public listed companies was related to leader's concern for sustainability, ethical guidance and role clarification.

Table 6.6 Correlations result

	Score	People Orient	Fairness	Power Sharing	Confor Sustain	Ethical Guide	Role Clarifi	Integrity	Transform Lship	Transac Lship	Leader Role
Score	(.932)										
People Orientation	-.068	(.866)									
Fairness	-.029	.059	(.714)								
Power Sharing	.046	.647**	.042	(.814)							
Concern for Sustainability	-.201**	.326**	.183**	.339**	(.791)						
Ethical Guidance	-.232**	.501**	.188**	.386**	.532**	(.951)					
Role Clarification	-.149*	.487**	.097	.350**	.550**	.680**	(.954)				
Integrity	-.012	.587**	.320**	.576**	.515**	.610**	.607**	(.946)			
Transformational Leadership	-.096	.473**	.146*	.427**	.371**	.458**	.375**	.474**	(.808)		
Transactional Leadership	-.068	.505**	.298**	.395**	.229**	.415**	.381**	.435**	.687**	(.936)	
Leader Role	-.047	.088	.331**	.201**	.194**	.353**	.227**	.297**	.216**	.254**	(.939)

Cronbach's alphas are reported on the diagonal.

N = 206

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS

Nonetheless, these associations revealed inverse relationships, indicating that the ethical leadership behaviours and the online CSR disclosure score were negatively related. This reflected that as one variable changed, the other changed in the opposite directions. The inverse relationships also implied that all the variables comprising ethical leadership behaviours, leadership style and the role of leaders did not affect the increase in level of disclosures. In fact, these results indicated that the higher the level of ethical leadership behaviours, the less CSR information would be disclosed online or vice versa. Similarly, as the level of online CSR disclosure increased, the leader's concerned for sustainability, ethical guidance and role clarification decreased.

With regards to leadership styles, none of the variables of transactional leadership and transformational leadership were significantly correlated with disclosure scores. This indicated that the extent of online CSR disclosure in the Malaysian companies was not related to leadership styles. Likewise, the result of the univariate test revealed that the leader roles were not associated with the extent of online CSR disclosure as the association is insignificant.

6.4.2 Comparing the correlation coefficients between two groups of companies

From the output given in Table 6.8, there were weak correlations between the leadership variables and the online CSR disclosure scores for both categories of companies. However, the relationship was only significant for companies with high levels of disclosure, consisting of only companies disclosing 50% and more CSR information online. The variable of ethical guidance was statistically significant with $r = -0.33$, $n = 56$, $p < 0.05$. The result also revealed that there was a moderately negative correlation between disclosure score and ethical guidance for these companies,

indicating that higher online CSR disclosure was associated with lower level of ethical guidance or vice versa. In contrast, none of the variables was statistically significant for companies with low levels of online CSR disclosures

Table 6.7 The correlation coefficients between companies with high and low levels of disclosure.

Variables:	High level Disclosure Score (30 and above) N=57	Low level Disclosure Score (29 and below) N=149
People Orientation	-.191	.115
Fairness	.020	-.045
Power Sharing	.160	.116
Concern for Sustainability	-.094	-.056
Ethical Guidance	-.331*	.147
Role Clarification	.099	-.029
Integrity	-.003	.120
Transformational Leadership	-.014	-.018
Transactional Leadership	.100	-.122
Leader Role	.154	.004

*. Correlation is significant at the 0.05 level (2-tailed).
Source: SPSS

6.5 Independent T-test

When testing for the difference between two groups, the independent samples t-test is the common test for differences employed by researchers. Independent-means t-test, sometimes called the independent-measures or independent-samples t-test is a test used when there are two experimental conditions and different participants are assigned to each condition (Field, 2013). Additionally, the independent t-test was employed to examine whether there was a significant mean difference in disclosure scores and other variables for the different categories of companies; companies

disclosing high levels of online CSR disclosure and companies disclosing low levels of online CSR disclosure.

Prior discussion in the literature review has revealed that there are differences in levels of disclosures based on different leadership variables. For example, the transactional leaders focus on the organization as a whole whereas the transformational leaders focus on the wider scope of concerns which covers the concerns of the community too (Reeves-Ellington, 1998). Hence, transformational leadership encourages more CSR involvement and engagement in an organization (Arshad et al., 2014). Transformational leadership plays a more significant role than transactional leadership regarding CSR effectiveness (Strand, 2011). In online CSR disclosure practices, transactional leaders might report just the necessary CSR information whereas the transformational leaders report more CSR information on the internet.

Although prior analyses of correlation coefficient proved that there was no significant relationship between leadership styles and the extent of online CSR disclosures, it was still essential to look at the differences between the two categories of companies with different levels of disclosures. This analysis helped to answer the following research question: is there any significant difference between the high and low online CSR disclosure companies based on the variables of transformational leadership, transactional leadership and leader roles?

In addition, it is equally important to calculate the t-test's effect size as it provides an indication of the magnitude of the differences between the two groups. There are a number of different effect size statistics, the most commonly used being "eta squared"

and Cohen's d (Pallant, 2013). The eta squared ranges from 0 to 1 and represents the proportion of variance in the variable that is explained by the groups (Pallant, 2013). In contrast, Cohen's d represents the difference between groups in terms of standard deviation units (Field, 2013). The guidelines proposed by Cohen (1988) for interpreting the effect size are as follows:

- .01 = small effect
- .06 = moderate effect
- .14 = large effect

6.5.1 Differences in transactional and transformational leadership, and leader roles

Independent-samples t-tests were conducted to compare both the companies with high online CSR disclosure levels and companies with low online CSR disclosure levels, in terms of transactional leadership, transformational leadership and leader roles. A table representing the mean and the 95% confidence intervals of these variables is displayed in Table 6.9.

Table 6.8 Results of t-tests and descriptive statistics scores

Outcome	Group						Mean difference	95% CI for Mean Difference	t	df	Eta squared
	High disclosure			Low disclosure							
	M	SD	N	M	SD	N					
Score	41.19	7.68	57	18.18	7.93	149	23.01	20.6, 25.43	18.8*	204	0.68
Transformational leadership	49.49	10.73	57	52.48	12.92	149	-2.99	-6.5, 0.52	-1.69	121.21	0.014
Transactional leadership	18.93	4.22	57	19.28	4.71	149	-0.35	-1.76, 1.05	-0.49	204	0.001
Leader roles	37	6.26	56	38.24	5.82	149	-1.24	-3.08, 0.6	-1.33	203	0.01

* $p < 0.05$.

Source: SPSS

There are four key findings that need to be highlighted. Firstly, in terms of the difference in disclosure scores, the results indicated that the high disclosure level group ($N=57$) was associated with mean disclosure score $M = 41.19$ ($SD = 7.68$). By comparison, the low disclosure group ($N=149$) was associated with a numerically lower mean disclosure score $M = 18.18$ ($SD = 7.93$). To see whether the high disclosure and low disclosure groups were associated with statistically significant different mean disclosure score, an independent samples t-test was performed. According to Pallant (2013), if the Sig. (2-tailed) value is equal to or less than 0.05, there is a significant difference in the mean scores on the variable for each of the groups under study whereas if the value is above 0.05, there was no significant difference between the two groups.

It was found that the Sig. (2-tailed) value for the disclosure score was .000. As this value was below the cut-off value of 0.05, there was a statistically significant difference in the mean disclosure scores for both groups of companies. The eta squared for the disclosure scores was 0.68, signifying a large effect size. This suggested that 68% of the variance in disclosure scores was explained by the levels of disclosure of companies.

As a result, there was a statistically significant difference, at 0.05 level of significance, between low and high levels disclosure companies' disclosure scores. It was discovered that high disclosure companies had higher online disclosure scores. The result of the independent samples t-test showed that mean disclosure score differed between high disclosure companies ($M = 41.19$, $SD = 7.68$, $n = 57$) and low disclosure ($M = 18.18$, $SD = 7.93$, $n = 149$) at the 0.05 level of significance ($t = 18.8$, $df = 204$, $p < 0.05$, 95%

CI for mean difference 20.6, 25.43). On average, high disclosure companies tended to have higher disclosure scores than low disclosure companies, which is as expected.

Secondly, the high disclosure level group ($N=57$) was related with transformational leadership where $M = 49.49$ ($SD = 10.73$). By comparison, the low disclosure group ($N=149$) was associated with a numerically higher transformational leadership $M=52.48$ ($SD=12.92$). It was found that the Sig. (2-tailed) value for the transformational leadership is more than the cut-off value of 0.05, and therefore there was no statistically significant difference in the mean disclosure scores for both groups of companies. Moreover, the eta squared for the disclosure scores was .014 which was also a very small effect size. This indicated that 1.4% of the variance in disclosure scores was explained by the level of disclosure of companies.

Table 6.9 shows the results from the t-test performed for the two groups of companies based on transformational leadership variable. The independent samples t-test was associated with a statistically insignificant effect, $t(121.21) = -1.69, p > 0.05$. Thus, the low disclosure group of companies was related with a statistically larger mean transformational leadership score than the high disclosure group. However, there was no significant difference in leader's transformational leadership style for high disclosure companies ($M=49.49, SD=10.73$) and low disclosure companies ($M=52.48, SD=12.92$) conditions; $t(121.21) = -1.69, p > 0.05$. These results suggested that there was no mean difference between the high disclosure and low disclosure companies.

Thirdly, it was found that the Sig. (2-tailed) value for transactional leadership was also above the cut-off value of 0.05. This meant that there was a statistically insignificant

difference in the mean of transactional leadership for companies with high levels of online CSR disclosure and low levels of online CSR disclosure. In addition, the eta squared for transactional leadership was .001 and this effect size as proposed by Cohen (1988), was very small. This suggested that a very small variance in transactional leadership was explained by the companies' levels of disclosure. Results of the t-test demonstrates that mean transactional leadership style did not differ between high disclosure ($M = 18.93$, $SD = 4.22$, $N = 57$) and low disclosure companies ($M = 19.28$, $SD = 4.71$, $N = 149$) at the 0.05 level of significance ($t = -0.49$, $df = 204$, $p > 0.05$, 95% *CI* for mean difference -1.76 to 1.05).

As a result, it can be established that companies with lower disclosure scores engaged in more transactional leadership ($M = 19.28$, $SD = 4.71$), than those with higher disclosure scores ($M = 18.93$, $SD = 4.22$). However, this difference, -0.35, 95% *CI* [-1.76, 1.05], was not significant $t(204) = -0.49$, $p > 0.05$ and represented a small effect of eta squared = .001.

Finally, the low disclosure levels group ($N = 149$) was related with leader roles score of $M = 38.24$ ($SD = 5.82$). By comparison, the high disclosure group ($N = 56$) was associated with a numerically lower disclosure score $M = 37$ ($SD = 6.26$). There was no statistically significant difference in the mean leader roles score for both groups of companies. In addition, the eta squared for leader role scores was 0.01 which was a very small effect size as recommended by Cohen (1988). This denotes that only 1% of the variance in leader role scores is explained by the levels of disclosure of companies.

The independent samples t-test was associated with a statistically insignificant effect, $t(203) = -1.33, p > 0.05$. Companies with lower disclosure scores engaged in more leader roles ($M = 38.24, SD = 5.82$), than those with high disclosure scores ($M = 37, SD = 6.26$). However; this difference, $-1.24, 95\% CI [-3.08, 0.60]$, was not significant $t(203) = -1.24, p > 0.05$ and represented a very small effect, $\eta^2 = 0.01$.

6.6 Chapter Conclusion

In this chapter the results of the univariate analysis of the Malaysian companies' online CSR disclosure and their leadership variables have been reported. It started with the initial results of the univariate associations between the dependent and independent variable, followed by the comparison of the correlation coefficients between companies with high levels of disclosure and low levels of disclosure and finally testing the differences between the two groups of companies.

The variables of concern for sustainability, ethical guidance and role clarification were found to be significant in the univariate analysis. The analysis also indicated that only ethical guidance was significant for high online CSR disclosure levels group of companies. In addition, the findings of the independent t-test showed that there was a significant difference in online CSR disclosure scores for the two categories of companies. Although the result proved statistically that high online CSR disclosures companies had higher disclosure scores than the low disclosure level companies, no statistical difference existed between both types of companies in terms of leadership styles and leader roles. This reflected that there was no significant mean difference in terms of leadership styles and leader roles for the two categories of companies. Overall, it can be established that there was a statistically significant difference, at the

0.05 level of significance, between low and high disclosure companies' online CSR disclosure scores, but not with transformational leadership style, transactional leadership or leader roles.

The univariate analysis has explored the single relationship between the related explanatory variables and the extent of online CSR disclosure. It did not reflect the interrelationship among the variables in explaining the variation in the amount of the online disclosure of CSR information. The findings of univariate analysis were doubtful because univariate analysis does not reflect the joint effect or interactions among independent variables (Owusu-Ansah & Yeoh, 2005). Therefore, multivariate analysis was conducted to provide more reliable findings, since the test considers the interaction effects among independent variables. The following chapter will examine the relationship between the explanatory variables and the amount of online CSR disclosure using multivariate analysis.

CHAPTER 7

Multivariate Analysis

7.1 Introduction

The descriptive and univariate analyses showed the variations in online CSR disclosure among the top 100 Malaysian public listed companies. The associations between the dependent and independent variables were examined using different statistical techniques. In this chapter, the relationship between the leadership variables in the Malaysian companies and the amount of CSR information disclosed online, specifically on companies' websites, will be examined using one of the multivariate analysis methods, multiple regression. This chapter uses the multivariate analysis to show the extent to which leadership variables can explain increases in online CSR disclosure in Malaysia and aims at answering the following questions:

- 1) How well do the leadership variables predict the extent of online CSR disclosure?
- 2) How much variance in the disclosure scores can be explained by the leadership variables?
- 3) Which among the leadership variables is the best predictor of online CSR disclosure score?

Chapter 5 has reported the descriptive analyses of the extent of online CSR disclosure in Malaysia, including: 1) the extent of online CSR disclosure; 2) the CSR categories disclosed; and, 3) the difference between companies with high online CSR disclosure and those with low disclosure. As explained in Chapter 5, there was a variation in the level of online CSR disclosure which required further investigation to determine the

factors that might explain disclosure variation. The proposed theoretical framework (discussed in Chapter 3) described a theoretical background for the leadership variables, which could explain such variations. Chapter 6 sought to examine the relationship between online CSR disclosure and those leadership variables by using univariate analyses. Moreover, Chapter 6 reports significant relationships between ethical leadership behaviours (concern for sustainability, ethical guidance and role clarification), and the extent of online CSR disclosure. This chapter, Chapter 7, highlights the extent to which each of the leadership variables are associated with the variations in the extent of online CSR disclosure among the sampled Malaysian companies by using multivariate analysis.

7.2 Multiple Regression

The current multivariate analysis employed in this study is a multiple linear regression analysis, the Ordinary Least Squares (OLS) regression. OLS has been a common statistical technique used by the majority of the prior information disclosure studies (Al-Htaybat, 2005; Aly, 2008; Marston & Polei, 2004; Xiao et al., 2004) to regress the dependent variable with the independent variables. OLS was employed in this study to find the linear combination of independent variables that correlated maximally with the dependent variable. It was used to examine the incremental explanatory power of the variables as the theoretically correct form of the association between the disclosure indices (dependent variable) and the independent variables was not known (Wallace & Naser, 1996).

The OLS regression was used to test the association between the dependent variable (online CSR disclosure scores) and the independent variable (leadership variables)

employed in this study. The Pearson correlation test was first conducted to screen the presence of any significant multicollinearity among the independent variables, and the results are presented in Table 6.7 (please see Section 6.4.1 of Chapter 6). The following section will show how the current study built the regression model.

7.2.1 Building OLS regression model

This study involved one dependent variable, namely, the disclosure score. This dependent variable represented the online CSR disclosure level in terms of the amount of CSR information disclosed on companies' websites, based on total scores obtained from the disclosure index. This study examined only one dependent variable, which was consistent with Al-Htaybat (2005) who focused on only the total score as the dependent variable. Other studies, such as by Aly (2008), examined three dependent variables, done not only to examine the kind of information that was disseminated on the web but also how this information was presented and which technological choices were used to make the webpage friendly, easy to navigate and enable investors to find the information. Marston and Polei (2004) used two dependent variables, which were content and format, whereas Xiao et al. (2004) used five dependent variables consisting of: total score, content, format, required items, and items not required by the China Securities Regulatory Commission.

This study focused on ten independent variables representing leadership factors, which were: people orientation, fairness, power sharing, concern for sustainability, ethical guidance, role clarification, integrity, transformational leadership, transactional leadership and leader roles. As mentioned before in Chapter 6, these independent variables were treated as continuous data but originally they were ordinal data.

Therefore, a multiple regression model was built for this study representing the dependent variable and each of the above independent variables as follows:

$$\begin{aligned} DI (Score) = & \beta_0 + \beta_1 PeopleOrientation + \beta_2 Fairness + \beta_3 PowerSharing \\ & + \beta_4 ConcernForSustainability + \beta_5 EthicalGuidance \\ & + \beta_6 RoleClarification + \beta_7 Integrity \\ & + \beta_8 TransformationalLeadership \\ & + \beta_9 TransactionalLeadership + \beta_{10} LeaderRole + \varepsilon_1 \end{aligned}$$

Where,

DI = Disclosure Index

β_0 = the intercept

ε_1 = the residual

7.2.2 Fulfilling multiple linear regression assumptions

In order to undertake the linear regression analysis there are conditions the variables in the models should meet, such as normality, linearity, non-multicollinearity, homoscedasticity and no outliers. Cooke (1998) suggests that researchers undertaking empirical studies on disclosure issues should pay attention to several problems in their data, namely distribution problems, outlier problems and non-linearity problems. These problems are considered important issues in any multiple regression analysis, and if they exist in any regression model, they should be eliminated before the model is run.

7.2.3 Checking the assumptions of multiple regression

Before running the multiple regression model, assumptions of multiple regression should be checked first. The following discussion will show how the data were tested and how the issues above were eliminated.

7.2.3.1 Normality

Under this assumption all continuous variables in the regression model must be normally distributed (Field, 2013). Several approaches were employed in this study to assess the normality of the data distribution. This assumption was checked by using Kolmogorov-Smirnov (K-S) normality test, Shapiro-Wilk, normal distribution plot and histogram. All of the tests showed that the current variables, both the dependent and independent variables were not normally distributed, which suggested a normality problem in the existing data.

However, the discussion on normality in the previous chapter, Chapter 6 (see Section 6.3.1 for further explanation), suggests that this issue can be eliminated based on the theoretical justification of the central limit theorem. Central limit theorem identifies that as sample sizes get larger, the assumption of normality can be overcome because the sampling distribution will be normal regardless of the population or sample data. This is because as the sample size gets bigger, the sampling distribution becomes more normal, up to a point at which the sample is big enough and the distribution becomes normal. Hair et al. (2010) propose that a sample size of 200 or more would be big enough to take this effect and Field (2013) suggests that the sample size must be greater than 30. In this study, the multiple regression analysis used a sample size of 206 and

was therefore big enough for the central limit theorem to take effect on the dataset concerning normality.

In addition to this, the assumption of normality was also fulfilled by evidence of the rectangularly shaped distribution shown on the residuals scatterplot (see *Appendix 8*, for the residuals scatterplot and the Normal P-P Plot). The shape of the scatterplot, which was nearly rectangularly distributed with a concentration of scores along the centre, meant that this assumption was met (Tabachnick & Fidell, 2007). Besides, the Normal P-P Plot of the disclosure score illustrated that the points lay in a reasonably straight diagonal line from bottom left to top right which suggested no major deviations from normality (Pallant, 2013).

7.2.3.2 Linearity

The second assumption is the linearity assumption, which means that the relationship between the dependent and independent variables should be in a linear relationship (Field, 2013; Pallant, 2013). For this reason the linear regression equation is most likely in the form of a straight line equation. This equation shows a direct linear relationship between dependent and the independent variables, and the gradient of this line can be described as unit change in dependent variables which is associated with unit change in independent variables.

In order to check whether the assumption of linearity was met, it is required to examine the relationship between the dependent and independent variables by using regression scatter plots. This is because “examination of residuals scatterplots provides a test of assumptions of normality, linearity and homoscedasticity between the predicted

dependent variable scores and errors of prediction” (Tabachnick & Fidell, 2007, p.125). In fact, the residual scatterplot offers an assessment of the three assumptions of normality, linearity and homoscedasticity of residuals.

The scatterplot (see *Appendix 8*) of the standardized residual depicts the residuals are roughly rectangularly distributed with most of the scores concentrated in the centre along the zero point. This is a good indication of linearity as deviations from a centralised rectangular suggest some violation of the assumptions (Pallant, 2013). Therefore, the test indicated a linear relationship between the current dependent and explanatory variables. Consequently, linearity is not a problem in the current data.

7.2.3.3 Non-multicollinearity

Multicollinearity is considered as a modelling problem in the multiple regressions when there are two or more independent variables that are highly correlated between each other in the same regression model (Al-Htaybat, 2005; Pallant, 2013). There should be no multicollinearity in testing correlations between two or more independent variables in a regression model (Field, 2013). Field (2013) also claims that the presence of multicollinearity represents a threat to multiple regression for the following reasons:

- Type II error will exist because as collinearity increases, standard errors of *b*-coefficient will increase, which may affect the significance of these coefficients. Therefore, an important independent variable may be found to be statistically insignificant and rejected from the model.

- If the independent variables are highly correlated then it would be difficult to know which variable is more important as the regression model could include either one.
- Multicollinearity increases the variance of regression coefficients, which results in unstable equations and the estimated values of the regression coefficients (the *b*-values) will be unstable from one sample to another.
- The overall variance R^2 in the outcome accounted for by two highly correlated predictors is little more than if one predictor is used. The contribution of each independent variable is difficult to determine because their effects are mixed (Hair et al., 2010).

Field (2013) and Pallant (2013) have suggested that a correlations matrix be drawn up before multiple regression is carried out, to examine the correlation. Table 6.7 from the previous chapter represents the correlation coefficients of all the variables considered for this study. The correlation coefficient between transformational and transactional leadership showed the highest correlation with $r = 0.69, p \leq 0.01$, whereas the lowest was the relationship between transformational leadership and fairness with $r = 0.15, p \leq 0.05$. The correlations matrix in Table 6.7 demonstrates that the independent variables show some relationship with the dependent variable and that all of the independent variables correlate with each other. Correlation between each of the independent variables is not too high, in which all of the correlations are below 0.70. Although the highest correlation in the present study was 0.69, which was close to 0.70, it was still acceptable; hence, all variables were retained and the assumption of non-multicollinearity was satisfied.

Apart from this, examining the association amongst the independent variables can also be done by using the Variance Inflation Factor (VIF). VIF provides an indication of whether or not there is high linear relationship between the independent variables in the regression model in which if the VIF value is greater than 10, there might be a problem of multicollinearity among the independent variables (Field, 2013). This method can also detect collinearity which shows whether or not there is a high correlation between the independent variables (Gujarati & Porter, 2009). If it exceeds 10, then there is a problem of multicollinearity.

The results presented in Table 7.1 indicate Tolerance and VIF. Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables on the model, whereas VIF is the reverse of the Tolerance value (Pallant, 2013). If the values of Tolerance are less than 0.10 and if the VIF value is above 10 it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity (Pallant, 2013). Tolerance, which is the reciprocal ($1/VIF$), should be above 0.10 or 0.20 to avoid multicollinearity (Field, 2013). Although the highest correlation was close to .070 which is considered high according to Pallant (2013), the VIF for all the variables remained below 10, which indicated the absence of a multicollinearity problem. Moreover, the tolerance values for each independent variables is greater than 0.10, therefore the multicollinearity assumption was not violated. This was also supported by the VIF values, which were well below the cut-off point of 10.

Table 7.1 Coefficients result

Coefficients	B	Std. Error	Beta	t	Sig.	Part	Tolerance	VIF
(Constant)	45.423	10.239		4.436	.000			
People Orientation	-.253	.305	-.087	-.829	.408	-.056	.417	2.397
Fairness	-.055	.257	-.017	-.216	.829	-.015	.711	1.406
Power Sharing	.623	.407	.150	1.531	.127	.104	.483	2.070
Concern for Sustainability	-1.207	.589	-.183	-2.049	.042*	-.140	.583	1.716
Ethical Guidance	-.933	.360	-.275	-2.590	.010*	-.176	.412	2.425
Role Clarification	-.007	.492	-.002	-.014	.989	-.001	.421	2.378
Integrity	.956	.454	.236	2.105	.037*	.143	.368	2.718
Transformational Leadership	-.036	.107	-.035	-.338	.736	-.023	.445	2.248
Transactional Leadership	-.007	.298	-.002	-.022	.982	-.002	.420	2.382
Leader Role	.016	.170	.007	.093	.926	.006	.759	1.317

*p < 0.05

Source: SPSS

7.2.3.4 Homoscedasticity of variance

Homoscedasticity or constant variance means that the residual at each level of the independent variables should be constant (Field, 2013). It refers to residual at each level of the independent variable being similar and it was used to test homogeneity of variance for groups of data as indicated in the previous chapter, Chapter 6.

In order to check this assumption, graph plots of the residual for the model was used by inspecting the Normal Probability Plot (P-P) of the Regression Standardized Residual and the scatterplot (see *Appendix 8*, for both graph plots). These graph plots illustrate the standardized predicted values of the dependent variable, score, against the standardized residuals. In the Normal P-P Plot of score, the points lie in a reasonably straight diagonal line from bottom left to top right which suggests no major deviations from normality (Pallant, 2013). In the scatterplot, the residuals are roughly rectangularly distributed with most of the scores concentrated in the centre, along the zero point. Deviations from a centralised rectangular suggest some violation of the assumptions (Pallant, 2013). This test indicated that there was constancy in variance across the residuals, which meant homoscedasticity was met in the current data.

7.2.3.5 Outliers

Multiple regression is very sensitive to outliers consisting of very high or low scores (Pallant, 2013). These are the values that can have a remarkable influence in the correlation coefficient particularly in small samples, because they are significantly lower or higher than other values in the data set (Pallant, 2013). Similarly, this includes cases with large residuals and substantial differences from the main trend of the data

(Field, 2013). These outliers can under or over estimate the value of r , the correlation coefficient.

Again, in this study, a scatterplot was used to check for outliers. The presence of outliers can be detected from the scatterplot, depicted by cases that have a standardized residual of more than 3.3 or less than -3.3 (Tabachnick & Fidell, 2013). With large samples, it is common to find a number of outlying residuals or outliers. However, the scatterplot showed that there was no outlier and therefore this assumption was not violated.

Another useful information that concerns unusual cases of data is by checking the values of Cook's Distance which provides an indication whether there is any case having any undue influence on the results of the model as a whole (Pallant, 2013). According to Tabachnick and Fidell (2013), cases with values larger than 1 are potential problem. Based on results presented in Table 7.2, the maximum value for Cook's Distance was .059 which was lower than 1, suggesting no major problem. Hence, this confirmed that there was no outlier and thus this assumption was satisfactorily met.

Table 7.2 Residual statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	14.75	34.94	24.52	4.402	201
Std. Predicted Value	-2.236	2.372	-.006	1.004	201
Standard Error of Predicted Value	1.785	4.807	2.863	.607	201
Adjusted Predicted Value	13.36	36.21	24.58	4.501	201
Residual	-31.160	33.911	-.187	12.267	201
Std. Residual	-2.490	2.710	-.015	.980	201
Stud. Residual	-2.543	2.764	-.017	1.007	201
Deleted Residual	-32.495	35.272	-.249	12.956	201
Stud. Deleted Residual	-2.580	2.814	-.017	1.013	201
Mahal. Distance	3.096	28.671	9.996	4.868	201
Cook's Distance	.000	.059	.005	.008	201
Centered Leverage Value	.015	.143	.050	.024	201

a. Dependent Variable: Score
Source: SPSS

7.2.4 Choice of model

Following Al-Htaybat (2005) and Cooke (1998), standard OLS multiple regression was used. Howitt and Cramer (1997) explain that in a standard multiple regression with a single stage entry, *Enter Method* in SPSS should be used as all independent variables are employed, irrespective of whether they are good predictors. This means that all independent variables are entered into their regression model equation at once (Hair et al., 2010). As a result, each independent variable is assessed according to its ability to predict the dependent variable irrespective of the predictive ability afforded by all the other independent variables.

In this study, the *Enter Method* was used to include all the leadership variables examined. The test was meant to show how the independent variables, leadership

variables, contribute to explaining the variation in the dependent variable, the disclosure score, and whether there was an association between the variables, as well as to check out the validity of the regression model conditions.

7.3 Evaluating the Model

In evaluating the regression model, there are five statistics which are of prime importance of the interpretation of regression results (Field, 2013; Pallant, 2013).

1. The F statistic: indicates whether an overall model is significant.
2. The coefficient of determination R^2 : measures the goodness of fit of a linear model. It represents the proportion of the variation in the dependent variable that can be explained by the variation in the independent variables.
3. Adjusted R^2 : is used to compare between equations with different numbers of independent variables, different sample size or both (Hair et al., 2010).
4. The ' t ' coefficient: indicates whether or not an independent variable contributes significantly in explaining variations in the dependent variable at a chosen significance level.
5. Beta: the standardized beta values determine the importance of each independent variable in the model. They are measured in a standard deviation model and this makes it easier to compare the different variables in the model.

The values of R^2 shown in Table 7.3 below gives an important indication of how much of the variance in the dependent variable (score) was explained by the regression model. Based on these results, when all of the variables are used as predictors, the correlation (as shown in R) between these predictors and the disclosure score is .338. In addition, the value of R^2 of .114 shown in the table below means that all the

independent variables accounted for 11.4% of the variation in disclosure scores. This suggested that for this particular model, which included the independent variables of people orientation, fairness, power sharing, concern for sustainability, ethical guidance, role clarification, integrity, transformational leadership, transactional leadership and leader roles, it explained 11.4% of the variance in disclosure score. In addition, the statistical significant of the result was Sig. = .009 which means that $p < 0.05$; hence, the model was significant.

Table 7.3 Model summary & ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Regression	3861.551	10	386.155	2.466	.009	.338	.114	.068	12.513
	Residual	29905.483	191	156.573						
	Total	33767.034	201							

* $p < 0.05$

Source: SPSS

Likewise, the Adjusted R^2 implies how well the model generalizes in which ideally researchers want its value to be the same as or very close to the value of R^2 (Field, 2013). However, when a small sample is used, the R^2 value in the sample tends to overestimate the true value in the population (Tabachnick & Fidell, 2013). Accordingly, the Adjusted R^2 statistic ‘corrects’ this value to provide a better estimate of the true population value, which means that the Adjusted R^2 statistic is suitable for a small sample (Pallant, 2013). Hence, for small samples, rather than reporting the normal R^2 value, it is more suitable to report the Adjusted R^2 value as it has a better estimate than the ordinary R^2 . Nonetheless, the current study involved a sample size of 206 cases, considered large according to Hair et al. (2010) and Field (2013). Therefore,

the normal R^2 value was applied as the sample size was considered large enough for this method to be undertaken.

Secondly, output in Table 7.3 also indicates that the Analysis of Variance (ANOVA) tests whether the model is significantly better at predicting the outcome than using the mean as a “best guess” (Field, 2013). Specifically, the F-ratio represents the ratio of the improvement in the prediction that results from fitting the model, relative to the inaccuracy that still exists in the model (Field, 2013). For these data, the F value was 2.47, critical F value was 1.91 and so $F \geq$ critical F value which was significant at $p < 0.05$, thus clearly identified that the regression model was also significant.

7.3.1 Evaluating each of the independent variables

In order to find out which of the variables included in the model contributed to the prediction of the dependent variable, the Coefficients table (see Table 7.1) was analysed. In this study, the largest beta coefficient was 0.28 which represented the variable of ethical guidance. This meant that this variable, ethical guidance, made the strongest contribution to explaining the dependent variable. This is followed by 0.24 beta value for the variable of integrity which was slightly lower than ethical guidance, indicating that it made a lesser contribution than ethical guidance. The third contribution came from the variable of concern for sustainability with a beta value of 0.18 indicating that this predictor did make a contribution in this model.

Moreover, the effect size was also dependent on which variables were included in the equation and how much overlap there was among the independent variables (Pallant, 2013). If the Sig. value is less than 0.05, the variable is making a significant unique

contribution to the prediction of the dependent variable. If it is greater than 0.05, that variable is not making a significant contribution to the prediction of the dependent variable. Based on the output in Table 7.1, these variables which included concern for sustainability, ethical guidance and integrity had a significance of $p < 0.05$. In this study, all of the three variables predicted to be contributing to the dependent variable made a unique and statistically significant contribution to the prediction of disclosure score or the extent of online CSR disclosures.

Apart from the above, according to Field (2013) it is also essential to examine whether the predictor is making a significant contribution to the model. If the t-test associated with a b -value is significant, less than 0.05, then the predictor is making a significant contribution to the model. Here, the degree of freedom is employed and it is calculated by $(N - p - 1)$, where ' N ' is the total sample size and ' p ' is the number of predictors (Field, 2013). For the data in this study the degree of freedom was $190 = (201 - 10 - 1)$. For the regression model, the t-tests revealed that all the three variables were significant predictors of online CSR disclosure scores and they are:

- ethical guidance, $t(190) = 2.59, p < 0.05$;
- integrity, $t(190) = 2.11, p < 0.05$;
- concern for sustainability, $t(190) = 2.05, p < 0.05$.

Therefore, it can be established that the predictor of ethical guidance had the most impact on the online CSR disclosure score, followed by integrity and concern for sustainability, although all the t-statistics values were relatively similar.

Furthermore, the standardized beta values measured in standard deviation units implies the number of standard deviations that the outcome will change as a result of one standard deviation change in the predictor and so, provide a better insight into the ‘importance’ of a predictor in the model (Field, 2013). The beta values for the predictors were:

- 1) ethical guidance (*standardized β = 0.28*),
- 2) integrity (*standardized β = 0.24*)
- 3) concern for sustainability (*standardized β = 0.18*).

These values indicated that ethical guidance had more degree of importance in the model, followed by integrity and concern for sustainability which concurred with the magnitude of earlier test.

Another useful piece of information in evaluating each of the predictor variables was the “Part” values shown in the Coefficients table in Table 7.1. When this value is squared, this indicates the contribution of the variable to the total R^2 (Pallant, 2013). This value reflects how much of the total variance in the dependent variable is uniquely explained by that variable and how much R^2 would drop if it was not included in the model (Pallant, 2013). The Part correlation co-efficient for the three contributing variables is shown in Table 7.4 below.

Table 7.4 Part correlation co-efficient

No	Variable	Part correlation co-efficient	Squared part correlation co-efficient	Percentage contribution
1	Ethical guidance	- 0.176	0.0309	3%
2	Integrity	0.143	0.0204	2%
3	Concern for sustainability	- 0.140	0.0196	2%

Source: SPSS

The results in Table 7.4 above indicate that ethical guidance uniquely explained 3% of the variance in the disclosure scores, whereas integrity had a unique contribution of 2% to the explanation of variance in disclosure scores and concern for sustainability uniquely explained 2% of the variance in the disclosure scores. However, ethical guidance had the most percentage contribution to the total variance in the dependent variable although it was a small contribution.

7.3.2 Summary of the findings

Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multicollinearity, homoscedasticity and outliers. Additionally, the correlations amongst the predictor variables included in the study were examined and all correlations were weak to moderate, ranging between $r = 0.15, p < 0.05$ and $r = 0.69, p < 0.05$.

Based on the result of the multiple regression, it can be concluded that a leader's ethical guidance, integrity and concern for sustainability were the important leadership variables affecting the amount of CSR information disclosed on Malaysian companies' websites. The R^2 value was .114, or expressed in percentage as 11.4%. The model, which included ten predictors, explained 11.4% of the variance in score. Of these variables, three made unique contributions to the dependent variable. Ethical guidance made the largest contribution (beta= 0.28), followed by integrity (beta= 0.24) and concern for sustainability (beta= 0.18).

Table 7.5 below summarizes the findings of the regression analysis which suggests that concern for sustainability, ethical guidance and integrity were significant. Thus

support the hypotheses that there were significant relationships between these leadership variables and the extent of online CSR disclosure.

Table 7.5 The effects of analysis on hypotheses

Hypothesis	Support for hypothesis
H1: The extent of online CSR disclosure is significantly associated with leader's people orientation.	Reject
H2: The extent of online CSR disclosure is significantly associated with leader's fairness.	Reject
H3: The extent of online CSR disclosure is significantly associated with leader's power sharing.	Reject
H4: The extent of online CSR disclosure is significantly associated with leader's concern for sustainability.	Accept
H5: The extent of online CSR disclosure is significantly associated with leader's ethical guidance.	Accept
H6: The extent of online CSR disclosure is significantly associated with leader's role clarification.	Reject
H7: The extent of online CSR disclosure is significantly associated with leader's integrity.	Accept
H8: The extent of online CSR disclosure is significantly associated with transformational leadership.	Reject
H9: The extent of online CSR disclosure is significantly associated with transactional leadership.	Reject
H10: There is a significant difference in transformational leadership for companies with low and high level of online CSR disclosures.	Reject
H11: There is a significant difference in transactional leadership for companies with low and high level of online CSR disclosures.	Reject
H12: The extent of online CSR disclosure is significantly associated with the role of leaders.	Reject
H13: There is a significant difference in the role of leaders for companies with low and high level of online CSR disclosures.	Reject

In terms of the explanatory power of the independent variables in the regression model, as measured by R^2 , this was found to be low. A possible explanation would be that there were other factors affecting the level of online CSR disclosure. Some of these could be due to the fact that Malaysia being a developing country, thus the companies in the emerging market were operating with limited resources, which might affect their online disclosures. This scenario was consistent in Jordan, whereby a study by Al-Htaybat (2005) revealed that other influences impacting the level of disclosure were due to the fact that Jordan is one of the developing countries, thus the sampled companies were operating with limited financial resources. This factor which was not accounted in the actual regression model had resulted in a low explanatory power.

It is equally possible to expect that other factors, for example, the familiarity of the companies' leaders with online CSR disclosure requirements could appear to be an important explanatory variable for the variation in the level of online CSR disclosure among the public listed companies in Malaysia, but were not included in the current model. The possibility of other factors, which were not included in the regression model of the present study, will be discussed further in Chapter 9.

Overall, the results in the present study suggested that, ethical guidance, integrity and concern for sustainability had significant influence on the extent of online CSR disclosures. However, it was also observed that the leadership styles were not significant both for transformational and transactional leadership. Neither leadership styles nor the role of leaders appeared to have a significant association in this model.

7.4 Chapter Conclusion

This chapter has presented the assumptions for multiple regression analysis and it has shown that the current data met those assumptions. A standard multiple regression was performed by using the *Enter method* in *SPSS* to investigate the ability of leadership variables (people orientation, fairness, power sharing, concern for sustainability, role clarification, integrity, ethical guidance, transformational leadership, transactional leadership and role of leaders) in predicting the extent of online CSR disclosures.

In this study, the regression model was statistically significant $F(10, 191) = 2.47; p < 0.05$ and explained 11.4% of variance in the extent of online CSR disclosure. It can be concluded that from the above analysis the variables of ethical guidance, integrity and concern for sustainability significantly affected the companies' levels of online CSR disclosures thus affecting the extent of online CSR disclosure among the Malaysian companies.

While concern for sustainability, ethical guidance and role clarification were found to be significant in the univariate analysis; concern for sustainability, ethical guidance and integrity were found to be significant in the multivariate analysis. Although the result departed slightly from those of the univariate analysis, such variation in the results between univariate and multivariate analyses could be explained by the minor association between the independent variables in the multivariate analysis (Owusu-Ansah & Yeoh, 2005). This is because the interaction among the independent variables was taken into account in the multivariate analysis, which provided more reasonable findings than the univariate analysis (Owusu-Ansah & Yeoh, 2005).

The low explanatory powers of the results in this study suggest that a large amount of variation in disclosure scores was not captured by the regression model. This indicated that there were other important factors that were omitted from the model, either they were not easily quantifiable or that they were not readily available. Therefore, interviews with managers were also conducted in this study to explore these factors or additional factors that might explain the extent of online CSR disclosure in Malaysia, as well as the influence of leadership variables on this initiative. In contrast to this chapter, the next chapter discusses these issues from a qualitative perspective (interview findings). In this chapter, the results of the multivariate analysis of the Malaysian companies' online CSR disclosure level were presented. The current research hypotheses and findings will be discussed further in Chapter 9 in light of the proposed theoretical framework.

CHAPTER 8

Results and Analysis of the Semi Structured Interviews

8.1 Introduction

This chapter addresses the last research objective of this study, which was to ascertain the leadership variables that were potential determinants of online CSR disclosure from the perspective of managers. Concurrently, it aimed to ascertain the role of leadership variables in promoting a more sustainable CSR disclosure in Malaysia. To achieve this research objective, semi-structured interviews with managers of public listed companies were conducted. The following research questions were addressed in order to achieve this objective:

- 1) How do managers of the Malaysian public listed companies view CSR and the practice of online CSR disclosure?
- 2) How do managers of the Malaysian public listed companies view their roles in the practice of online CSR disclosure?
- 3) How do managers of the Malaysian public listed companies view the role of leadership style in the practice of online CSR disclosure?
- 4) Which ethical leadership behaviours, do the managers think, can influence the level of online CSR disclosure?

This chapter focuses on the description and interpretation of the results of the interviews with corporate managers. The interview data will be described thematically in the following section. The chapter includes a discussion and interpretation of the interview results encompassing several key issues, including the influence of

leadership variables on the level of online CSR disclosure. Finally, the chapter concludes with a summary of the findings and their implications.

8.2 Analysis of the Interview Data

Interviews were digitally recorded after consent from the participants was obtained. Note-taking was also employed as a precautionary step, in case the recorder failed to record during the interview session. Immediately after the interview, the researcher reread the notes and expanded them. The interviews were then transcribed and analysed manually. Thematic analysis was used to examine the data and search for recurrent patterns or themes.

The first stage of the analysis involved familiarization with the data, during which the researcher carefully listened to all the recorded interviews and then transcribed them word by word. This procedure was repeated for the second time to ensure that the transcripts corresponded with the recorded interviews. All the written notes taken during the interviews were also referred to at this stage. All interviews were conducted in English except for one interviewee, who felt more comfortable expressing his views in Malay, the national language of Malaysia. In this case, the Malay language interview transcript was first translated into English language by the researcher and later translated back into the Malay language by a colleague who is well versed in both languages to ensure that the original meaning of the data was preserved during the translation process. It was found that the colleague's translation produced similar meanings to the original Malay language interview transcript. It is also important to highlight that excerpts from the interview transcripts included in this chapter have maintained the original "Malaysian English", which refers to the English language

used by Malaysians in their daily communication; therefore, no corrections have been made in terms of grammar or syntax. This practice is consisted with Abdullah (2011) in ensuring that the original meanings of the interviews were maintained.

The interview transcripts were examined for emerging keywords and phrases related to the main research questions. In examining the data, the researcher immersed herself in the transcription and any keywords or thoughts that stood out were drawn out in a mind map as illustrated in Figure 8.1. These keywords are codes which enabled the formulation of themes for the study. Themes are the dominant features or characteristics of a phenomenon under study, which evolve from the pieces of information that the investigator has collected (Teddlie & Tashakkori, 2009). Themes is also defined as “patterned meaning across a dataset that captures something important about the data in relation to the research question, organised around a central organising concept” (Braun & Clarke, 2013, p. 337). As a result of this process, 44 codes were generated, which contributed to four themes:

- Manager’s perception;
- Role of leaders;
- Leadership style; and
- Manager’s behaviours and ethical values.

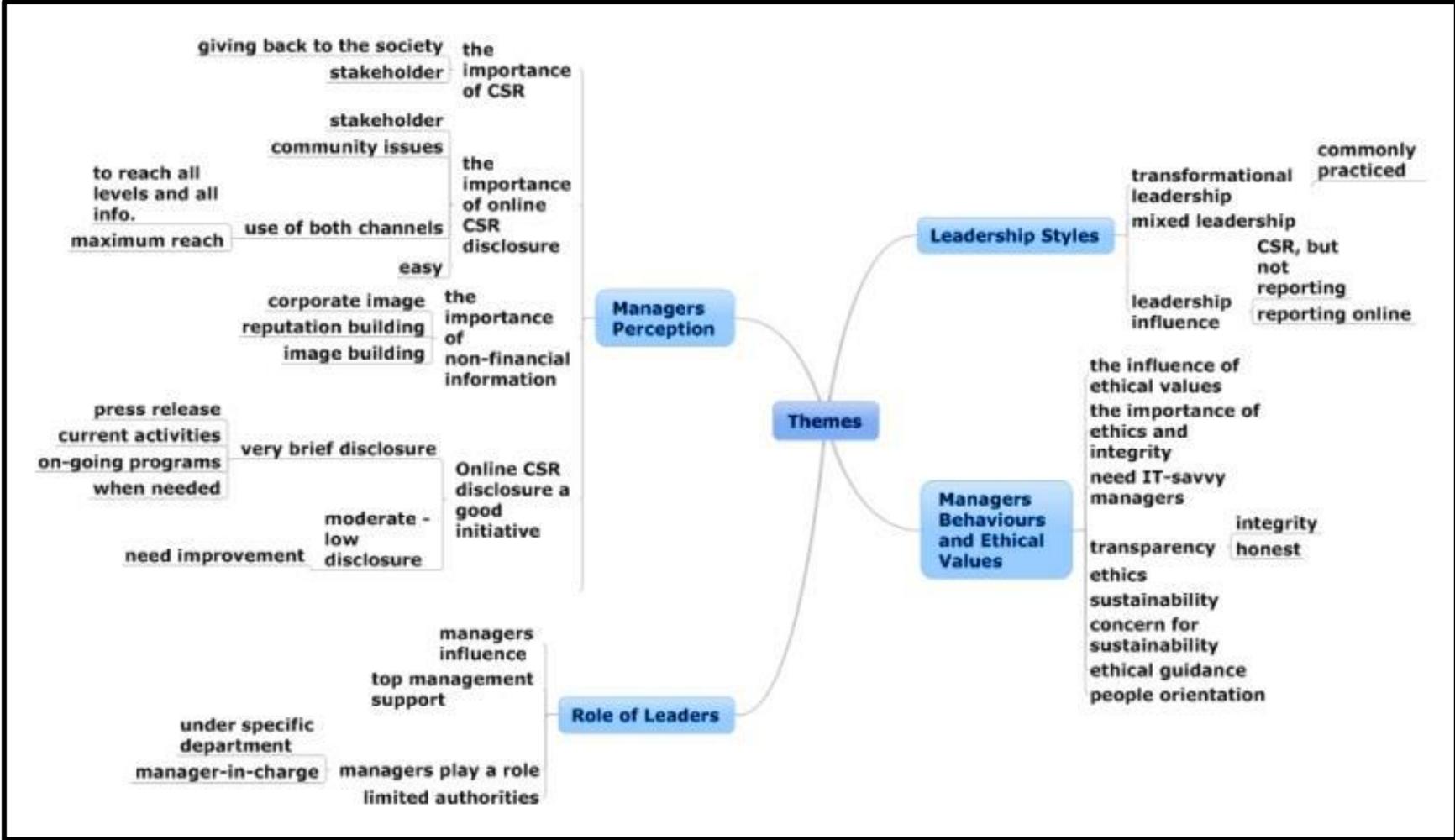


Figure 8.1 The emergent themes

8.3 Description of the Interview Results

For reporting purposes, participants were classified according to their job status, comprising their job position, the company they were working with and their tenure. To maintain confidentiality and anonymity, in this thesis, each individual interviewee would be identified by a number.

Table 8.1 The list of respondents

Respondent (R)	Job position	Company	Tenure (years)
1	Manager, Communications	A	10
2	Head, Regional Branch Operations	B	20
3	Manager, Human Capital Management	C	8
4	Assistant Manager, CSR	D	12
5	Assistant Manager, Public Relation, Media and CSR	E	9
6	Manager, Partnership Development	F	6
7	Manager, Management Information System Support Unit	G	10

In total, seven managers from seven public listed Malaysian companies were interviewed. They all held managerial positions and had at least six years working experience, which indicated that they were suitable candidates to offer insights into the real world regarding the issue in question. Five of the managers were directly involved with CSR and the CSR disclosure operations of their respective companies. The interviews began with some general questions followed by an exploration of specific themes (for the full interview schedule, see *Appendix 7*).

After analysing the interview data, it was found that there were mixed opinions. The following sections discuss the responses from the interviewees to the formulated research questions, for which the purpose was to ascertain the leadership variables associated with online CSR disclosure. The findings from the interviews are discussed according to themes that emerged in the interview analysis.

The participants' responses were classified into 23 points. Table 8.2 reveals how many respondents raised these themes. For example, seven managers provided responses on the importance of non-financial information, five managers responded to the style of online CSR reporting, while Respondent 2 and Respondent 3 did not provide any feedback on this matter.

Table 8.2 Number of respondents discussing issues related to the topic understudied

No.	Respondent	1	2	3	4	5	6	7
Issues discussed								
1	The importance of CSR	√	√	√	√	√	√	√
2	The importance of online CSR disclosure	√	√	√	√	√	√	√
3	The importance of non-financial information	√	√	√	√	√	√	√
4	Online CSR disclosure-good initiative	√	√	√	√	√	√	√
5	The importance of stakeholders	√	√	√	√	√	√	√
6	Style of online CSR reporting	√			√	√	√	√
7	Ease of use	√	√	√	√	√	√	√
8	Level of disclosure	√	√		√			√
9	Reputation building	√		√	√			
10	Issues disclosed	√		√	√	√	√	√
11	The role of top management (approval)	√		√				√
12	The role of managers	√		√		√		√
13	Support from top management	√	√	√	√			
14	Transformational leadership		√	√	√	√	√	
15	Mixed leadership	√						√
16	Leadership influences CSR activities	√						√
17	Leadership influences online CSR disclosure		√	√	√	√	√	
18	Integrity	√	√					√
19	Sincerity, transparency and leader's vision		√	√	√		√	
20	People orientation	√	√	√				
21	Concern for sustainability	√	√	√				√
22	Ethical guidance	√	√	√		√		√
23	IT savvy leaders	√				√		√

8.4 Manager's Perception

Before all themes were explored, it was important to first understand the perception of managers towards CSR generally and online CSR disclosure specifically. The perception of managers could in return be reflected in their company agendas of online CSR disclosure in terms of their roles as leaders, their leadership styles and their behaviours towards that CSR agenda. This section provides an overview of how the managers in Malaysia perceived CSR and online CSR disclosure. It is important to gauge the views of managers regarding this issue first in order to get an initial indication of the managers' perceptions before other themes are discussed in detail.

When asked about their opinion towards CSR, most managers highlighted the importance of CSR itself to the company and its stakeholders. All seven respondents were of the opinion that there was a need for CSR, both for the company and the stakeholders. They expressed the view that companies have a social responsibility and the majority of the respondents justified that CSR would be important for their companies. Employees were kept updated on CSR initiatives through internal communication, for example, through emails. In addition, CSR was manifested in the form of activities such as specific programmes for the youths and community programs for the less fortunate. They perceived CSR as an act of giving back to the society and the communities where they were operating in and as returning a little bit of the company's revenue to benefit others. The following excerpts taken from the interview transcripts reflect the opinions of these respondents:

"...most companies, especially public listed because they are embracing CSR with specific programme. I think for us CSR is more like giving back to the society because we are working in the market which involves all levels of society. But for [company B], we specifically focus on youths. That's why we have a program that is called Cyber Kids Programme. This Cyber Kids Programme... we teach to kids especially on the outskirts... we focus more on

summer camps... to build their knowledge on computer and internet, basically to develop their skills on their internet knowledge. This one is directly we want to build...that's why we focus on youth because right now there are a lot of opportunities for them to progress through the web, they can promote their products on the web, their skills, that's why we focus on the kids, more on primary and secondary, we called it Cyber Kids Camp.” (R2)

“.....because CSR is a means of giving back to the society for [Company C].” (R3)

“The purpose of CSR is to return a little bit of company's profit to benefit the communities where our operations are, especially to those who are less fortunate to increase their social and economic standings.” (R4)

“Yes. Very much. For [Company G] we are always updated on this [CSR]. The company always communicate CSR information via email. And, we are always aware and always open to join any CSR activities. We are always made aware of CSR by the company.” (R7)

Managers also stated that in today's economic environment, CSR was a part of their company's operations and represented a strategic move to ensure responsible business for sustainable returns. Making connections with the stakeholders, such as with members of the public, customers, clients and even competitors have direct and indirect impact on their business. Apart from generating profit, by engaging with stakeholder, companies were able to provide back to these stakeholders. A strategic move requires deliberate actions taken by companies in order to gain a strategic advantage as explained by the managers.

“I think in today's environment, it's almost a given because the only way a company can forward itself as part and parcel of the socio economic picture of nation or of the country is by making that connection to the public who are also their customers... I think the stakeholders would have a direct and indirect impact to their business, definitely the social responsibility is something the company must consider and focus on because its part and parcel of the business.” (R1)

“I think.... business revolves around providing solutions to people...to stakeholder. From product, to financial investments, they hugely rely on individuals and other companies buying.... investing which allow an organization, a company to generate profit. Therefore, companies generate

profit largely by engaging customers or clients, and being able to provide back to the society at large becomes a strategic move in ensuring responsible business for sustainable returns.” (R6)

Managers mentioned stakeholders when they talked about CSR as the word ‘stakeholders’ appeared frequently during the interviews. They mentioned that CSR was important for stakeholder management, as these stakeholders who comprised among others, the public, customers, and staff, had direct and indirect impact on the company’s businesses. Although the shareholders or stockholders are the owners of companies and the managers have a duty to put their needs first, there are other parties involved, including communities, consumers, suppliers, employees and the general public. In order to succeed and be sustainable over time, managers must keep the interests of these stakeholders aligned and going in the same direction. Hence, by managing in the interests of stakeholders, managers are also able to create as much value as possible for them.

In the context of this study, an example of how managers created value for stakeholders would be through CSR activities and their disclosures. As part of CSR initiatives, companies helped the communities by developing programmes to help the underprivileged. There would be many people involved in doing these programmes such as suppliers of food for the underprivileged, and employees volunteering in the surrounding communities to help out. Then, these activities were reported and disclosed online on their websites. These in turn benefited customers, investors and the public at large, who were being informed and kept updated about the company’s actions. This would help the stakeholders make better decisions related to the company such as product purchase decision and investment decision.

The managers also stressed the importance of non-financial information disclosure such as the CSR information. All of the respondents claimed that it was important for their companies to have CSR disclosures, in which not only financial information but also non-financial information would be reported to stakeholders, especially shareholders. According to the managers, it was pertinent to keep everyone informed on the status of the company financially and non-financially. Likewise, CSR disclosure portrayed a favourable corporate image. Hence, this instilled stakeholder's confidence in the business. These were reflected in the interviews as follows:

“Yes, definitely. Of course we want people to know. We want to tell people especially the shareholders what we have been doing, so it's very important [to disclose all].” (R2)

“I think it's very important.....Non-financial information is also mandatory to be reported. Shareholders want to know every information about the company so both are important...for future investors too.” (R3)

“Very important. CSR information which is non-financial gives the best corporate image to shareholders.... minority and majority.... and also to other stakeholders....for them to keep on having confidence in the ability of the company to develop the business potential and attention towards the society in the long run.” (R4)

“.....Both are important actually...financial and not financial. I think people would want to know the performance of the company financially and non-financially.” (R5)

“Extremely important to keep public informed on what the company's CSR focus are in. This usually falls under the company's CSR alignment, usually dependent on the company's focus. For example.... a financial institution may be more inclined to run programmes that are of their expertise such as Financial Literacy for young adults or students.” (R6)

“Of course it is important. People ...our investors.... shareholders especially...they want to know what we are doing. Not only financial is important, but also the non-financial like CSR is also important.” (R7)

Managers of the Malaysian companies agreed that online CSR disclosure was a good initiative. All respondents stated that their companies were practicing online CSR

disclosure and they thought that it was a useful initiative to share information and to reach out to their stakeholders, from outside or within their companies in any possible ways, including via their corporate websites. In order to reach all levels of people and to share various kinds of information, the use of both channels; the conventional and online methods of reporting was pertinent for maximum reach.

“I think it’s [online CSR disclosure] a positive thing to prepare then I think people would be able to see that the company is doing something... for the public.” (R1)

“I agree... this [online CSR disclosure] is a good effort to communicate CSR to people....inside and outside the company.” (R3)

“CSR reporting is very important on the company’s website aimed to share information with shareholders and other related parties such as communities and to share corporate image with the public.” (R4)

“Yes. It is vital that we highlight our CSR efforts and initiatives to the public... especially online.... in the website so that everyone is well-informed.” (R5)

Although most companies in Malaysia practiced this CSR initiative, their disclosures were very brief and simple. The online CSR disclosure adopted by the Malaysian companies contained only brief CSR reporting on their websites. Most of the reporting was based on each company’s press and media release in which the objective was to keep the stakeholders informed of the activities that they have carried out. Similarly, special archives containing information such as previous CSR activities, news and pictures were embedded via the online platform. Other CSR information highlighted on companies’ websites were mostly on current activities, on-going programmes and sometimes it was done only when needed as there were requests from certain departments to report certain CSR information on the website.

Even though most online disclosures involved the outcome of press conferences and uploading of information on CSR activities on the websites, the main aim was to communicate as much CSR information as possible to stakeholders. According to the managers, the online disclosure ensured that the public, customers, clients and other related parties were kept fully informed of all the activities of the company and at the same time was being transparent to them.

“Most of our major CSR events are uploaded on the website..... We highlight our CSR activities on the website in addition to our corporate events in order to keep our shareholders and stakeholders updated of our current.... on-going programmes.” (R5)

“Super relevant and very important in today’s day and age. Everyone’s online... and it is also the best way to have maximum number of reach. Without online CSR reporting, it would be very difficult to get hold of a company’s activity and focus... and public or customers or clients should always be kept fully informed with all activities of the company as transparent as possible so as to ensure informed decision is made at all times.” (R6)

“.....there will be a flash dialog box flashing up at our website, for external viewers and at our portal, for interval viewers like the staffs. We use the portal on daily basis including the internal reporting. Apart from that, we have special archives for the previous CSR activities containing pictures and news. I think it’s good.” (R7)

It has been discovered from the interviews that it was not difficult to provide information on the internet, particularly on websites. All managers claimed that it was easy to upload CSR information on the website as it did not involve any complex processes. This was due to factors such as the availability of an administrator to manage the website and the availability of information that had already been developed online.

“It’s easy, you prepare the content, some news, article... the boss signed and you can put it in the internet. It’s not a matter of easy or not, it’s more on the constraints like internal constraints.” (R1)

“I think it’s easy. You just upload the stories or news you have in the website. Easy.” (R2)

“Very easy to disclose CSR activities in the website because it is stated in the company’s SOP [standard operating procedure]. There is also an administrator assigned to specifically manage the website.” (R4)

“Easy. Mainly because a lot of the information are already put together online, and the social media platforms will continue to complement the formal Annual Report.” (R6)

“I think it’s easy. You just upload the content you want in the website. I’m in charge of MIS, we deal a lot with systems, computer stuffs. So, we know how easy it is to do things on the internet.” (R7)

Although it was easy to upload CSR information on the websites, the level of online CSR disclosure of the Malaysian companies was between moderate and low. There were mixed opinions when managers were asked about their companies’ level of disclosure and to rate their own level of online CSR disclosures. Some answered that it was adequate and some responded that there was a low level of disclosure. They thought that their companies did not follow good practices in their CSR reporting initiatives. Most managers suggested that the level of the corporate website usage to convey CSR information needed to be improved in order to be fully utilized, thereby increasing the level of disclosure. The managers commented as follows:

“Both. You’ve got the high and the low. The high detail will be the annual report also on the website but on the news section is pretty brief, it’s just a brief report on what we’ve conducted and why.I would say could be better. A lot of indicators and parameters I think could be better.” (R1)

“I think okay. Not too high and not too low. [Company B] has information on the website about CSR... especially about our latest project, the Cyber Kids Programme....I think... good.... but can improve more.” (R2)

“The latest CSR reporting on the website is still low compared to the actual reporting for each activity because only include media release and also based on big events only.The CSR reporting on the website is good, because we can share information with the public, especially the shareholders and the communities. However, online CSR reporting needs to be improved accordingly to the overall CSR activities.” (R4)

“I think it’s low because we don’t have a specific section about CSR in our website. The website is more for our customers or clients.Not good [online CSR disclosure].” (R7)

The interview findings equally have offered several reasons explaining why the online CSR disclosure was undertaken by the Malaysian companies. Some of the motivations to disclose CSR information online were reputation building and corporate image, i.e., the beliefs that people generally hold about a company. Fombrun (1996) defines corporate reputation as the overall estimation of which a company is held by its constituents who help to form the company. Fombrun has further added that a good reputation enhances profitability because it attracts customers to products, investors to securities and employees to its jobs. As such, Malaysian companies would expect people to have favourable opinions towards them and thus, it was important to build the right reputation and corporate image through online CSR disclosures. In this regard, some of the views from the managers were:

“I think.... It [online CSR disclosure] builds the positive reputation and I think the recognition from our stakeholders...yes it does motivate us to do it. I would say the constraints not really motivating would be our internal resources, not coping with the kind of cycle you need to generate the report and also the internal capabilities of actually being able to have a report such as online.” (R1)

“It [online CSR disclosure] contributes to building a company’s reputation. That’s.... I think our main motivation to do this..... I think companies are starting to realise that it is a way to promote the company’s reputation.” (R3)

“... CSR reporting is very important on the company’s website aimed to share information with shareholders and other related parties such as communities and to share corporate image with the public..... The clear direction set by the board of directors and management to increase the image of the company in being attentive and as a business potential. This is the responsibility of the company to offer CSR activities to those who are in need as well as to report CSR activities.” (R4)

In terms of the issues disclosed, it was found that community projects and CSR activities towards the community were the most common themes disclosed online. This was consistent with the result of the content analysis discussed earlier in Chapter 5, which discovered that information on community issues were the most disclosed CSR information on the websites of the Malaysian companies. As mentioned by the majority of the respondents:

“I think we look at more on community programmes, we disclose on Programme Bakti, more of how many hours involve especially with schools and students.” (R1)

“One... community projects and outreach including healthcare initiatives. Two... education and training of the communities where the company operates locally and globally. Three... sound environmental management practices through conservation and biodiversity of the environment. Forth... going beyond the conventional corporate sponsorship of activities in the area of arts and culture, by establishing an art gallery, a concert hall, a philharmonic orchestra and a performing arts group. Fifth... extensive involvement in sponsorships across different sports. All these issues are reported as it shows the company’s commitment to contribute to the betterment of the countries where it operates.... as you already knew [Company C] is a global company.” (R3)

“All the main components of CSR that help communities to improve their living status, economic and social such as programmes for youths and teenagers, entrepreneurial programmes with pensioners/youth, community programmes with the non-government organization (NGO) and religious institutions.” (R4)

“Our CSR programmes are focused in sports, entrepreneurship and community.” (R5)

“Many issues..... mostly to the public.... community services.” (R6)

“The flashing boxes.... usually about community and help for disaster reliefs.” (R7)

All of the above findings not only indicate that CSR and online CSR disclosure were perceived positively by these managers, but also demonstrates the responsibilities that companies had towards stakeholders, especially to the communities where their

businesses were operating. Further, the managers' perception may have contributed to the level of CSR information disclosed online.

8.4.1 The role of leaders

In a business entity, the role of a leader is very important. Managers as leaders are appointed by company owners to manage and run the business on their behalf. It is important that any conflict between the agent (managers) and the principal (owners) be reduced (Elsayed, 2010). One of the ways this could be attained is by having better information disclosure such as online CSR disclosure.

The second theme that has emerged from the interviews concerned the role of leaders, who here in this context of study were the managers themselves and the top management or top leaders. In summary, the interviews suggested that, although the online CSR disclosure of the Malaysian companies was not at its maximum level, leaders played a role in influencing the level of online CSR disclosure. This indicates that managers tried to reduce the conflict between the agents and the principals.

The interview findings revealed that managers and top management influenced the amount of CSR information disclosed online. This was evidenced by the responses of managers in the interviews, which highlighted that any decision about the information that was going to be released on the websites needed to be approved first by the leaders at top management level. It was echoed in the statements made by three of the managers as follows:

“The final decision [on the amount of information disclosed] comes from the leaders based on what we recommend, so yes, leaders do play a role in this aspect.” (R1)

“.....but it [online CSR disclosure] would begin with a proposal to the management and approval by the management before anything is published..... because necessary approvals would have to be obtained first before any information is published on the website.” (R3)

“I’m not sure. Maybe it’s different because the annual report is an official statement from the company, but the news uploaded on the websites is not. But you still need approval for this from the CEO.” (R7)

The influence of managers and top management were due to the fact that most corporate actions, including CSR activities and CSR reporting, were being administered by a specific department or unit, managed by the person-in-charge or the manager of the CSR department. Therefore, it can be concluded that managers played a role in the practice of online CSR disclosures as stressed by Respondent 7:

“As I said before, it all depends on the boss, our top management. As a manager myself, I look up to my leader, and follow him. And, our staff look-up to us, the managers...So I think, manager plays a role as well.” (R7)

In some of the Malaysian companies, CSR initiatives were monitored and managed by designated departments. Hence, managers responsible of that department played a role in influencing the level of CSR disclosures on the websites, as revealed by the following statements:

“In [Company C], since branding and promotion is undertaken by a specific department... reporting practice would come under their purview and not all managers in the company. So, yes the managers in charge play a role in this kind of reporting.” (R3)

“We have a unit managing the CSR programmes. So, the manager of that unit is responsible to oversee this matter including the online CSR reporting. I think he plays an important role in this CSR matter as we have 75% of the CSR information reported on our website.” (R5)

However, there is a limit to the extent of authority a manager has in terms of the final say on decision makings about the content of the online disclosure. Although these managers were in control of managing online CSR disclosures, the final decision still came from the top management. This is in line with the statement made by one of the managers, as follows:

“This is complex because basically the amount of authority, it is clearly spelled out ... because every threshold is just so much power and approval level that you cannot supersede. Maybe in other place, it’s not clear how much you can sign. In Company A, it’s very clear-cut, whether he [top manager] is more democratic or less, you have to follow the rules.” (R1)

In addition to the extent of the authority of the manager and that of the top management, the positive attitude of company’s management towards corporate disclosure was also reflected in the interviews. Managers’ responses indicated that top management was positively concerned with online CSR disclosures. The managers felt that the company’s top management, who were their leaders, supported online CSR disclosures. This was illustrated by the majority of respondents who expressed the view that top management supported them in implementing online CSR disclosure.

The support from top management was also important in determining the direction of such reporting, the kind of information disclosed as well as the level of CSR information reported on the websites. It was agreed that without the support of top management and the positive role of top leaders, managers would not have been encouraged to do as much to increase the use of the website to communicate CSR. Gibbins, Richardson and Waterhouse (1990) have noted that top management has an influence on corporate disclosure practices. In the present study, the majority of

respondents indicated that the top management supported the online reporting method to disclose CSR information.

“Top management..... the corporate people, they are the one who are going out to see bankers, to sell. Fund managers and all that, they need the reputation, they need the image, to help them do their work. I think they tend to have a bigger role in pushing towards better disclosure, quality reporting, more on these kind of people, less on the operational people. Because getting the premiums, the buy-ins, finding the investors, boost up the customers and all that something that we find quite important...” (R1)

“Yes definitely, in a company, you must strike a balance. Once the leader starts something, everybody must embrace it. Once the company started these programmes, everybody must support it. Including the top management.” (R2)

“The board of directors has set a clear direction in the implementation of any CSR initiatives and the top management is always committed to carry out company’s CSR agendas.” (R4)

The above arguments not only indicate that online CSR disclosure received a lot of support from managers but also demonstrate accountability from managers to ensure full disclosure of information. Furthermore, the top management’s attitude was seen to have contributed to the extent to which managers adopted the online reporting method because their leaders also supported the same method. Based on these views, it can be reasonably concluded that the role of managers and top management may also have contributed to the level of online CSR disclosure.

8.4.2 Leadership styles

The third theme that emerged from the interview codes was concerning leadership style. In the context of this study, there were two leadership styles being examined with regards to their influence on the extent of online CSR disclosure. Therefore, the first thing to establish was to determine what kind of leadership style was being

practiced by company leaders. It was revealed that most of the managers explained that the leadership style practiced in their respective companies was transformational leadership. This was affirmed by four respondents:

“In terms of leadership style, we are more towards customer oriented...our way of approaching now is more like providing unmatched and matched experience to customers, the priority is our customers...we deliver what customers want. Ours is more technology based, and ours is more on future things, that’s why one of the things we focus on CSR is the youths, the kids because they are the future generation.” (R2)

“I would say transformational leadership.” (R3)

“Transformational leadership.... culture change leadership. This new leadership compared to the old one, has allocated a very big budget for CSR since the middle of the year 2000.” (R4)

“...leadership style.....the boss is someone....looking for changes, very future oriented, he likes to engage with employees and engage us in whatever we do.” (R6)

However, two of the managers argued that the leadership style practiced at their companies was a mixture of both styles. First, transactional leadership, in which the leader would merely keep things the same, make sure works are done, give rewards and punish when things were not done accordingly. Second, transformational leadership, in which the leader would be looking to change the future, engage with employees or followers, look for new ways and demonstrate active behaviours. This was evidenced by the following statements.

“In [Company A] generally, it’s a mix of both. You carry a kind of a cultural change agenda but at the same time you are by nature of your business, because you are plant based... with all the safety parameters, operations reliability... you have to be quite firm on certain transactional matters but at the same time who have to inspire the whole over group to take the company further, so it’s tied to both. Both aspects...not just on only one style or the other.” (R1)

“I would say both [leadership styles]. For a company like us...reporting and all those thing are passive but along the way.... usually the bosses will encourage us to micro manage and be a leader.” (R7)

In terms of the influence of leadership style towards the level of CSR information reported on the companies' websites, it was discovered that there were also mixed opinions. From the interviews, it can be concluded that some of the managers of the Malaysian public listed companies agreed that a company's leadership would influence CSR practices. One interviewee explained this:

“For us, we follow the boss. So, I think yes. If the boss is very active in doing CSR activities, then we would become encouraged to do the same thing too. But, if the boss is passive...not active...just want to stay in the office, then we would also be not motivated.” (R7)

However, the interview finding as stated above does not reveal much on the influence of leadership towards CSR reporting and disclosure practices but more on the practice of CSR in general. Thus, it may be suggested that leadership would influence the CSR activities but not the amount of information reported online. This was echoed in a statement by one of the managers, who argued that leadership did not influence online CSR disclosure but it did influence CSR activities that would be undertaken by companies. He also claimed that the amount of the information disclosed was more dependent on the designated manager in-charge of company's CSR. This was because the respective managers would recommend to their leaders or top managers, the amount of CSR information that needed to be disclosed and reported online.

“I think my view is that leadership does not really influence the reporting, the influence would be more on the kind of CSR that you would undertake, what would you amplify, what would you kind of tone down, less on the reporting factor. Reporting is more on whether they want things to be promoted or a bit more low key..... In my context more on what I recommend [to the leaders]... how much... to them.” (R1)

Nonetheless, the analysis of the interviews has also shown that managers agreed that leadership would play a role in online CSR disclosure, especially in future oriented companies led by active and forward looking leaders. These active leaders would encourage more CSR activities; hence, companies would have more CSR information to be reported. In establishing online reporting, the following statements have revealed that not only they would decide on the content of CSR information to be uploaded on the corporate websites, active leaders would also determine the type of reporting.

“Yes, as I said before, as a leader you must embrace the CSR yourself... so, of course in terms of the amount of information you want to disclose more.... like company B, we are a future oriented company, so we want to give more.”
(R2)

“The leader would determine what type of reporting would be undertaken.”
(R3)

“I think yes. If the boss wants to do online CSR reporting, then staff will follow, because he is the boss. We look up to him.” (R6)

“Yes, when you are active in doing CSR, of course you have a lot to report. So, it’s the same for the previous questions....it’s all depends on the boss.” (R7)

There were mixed opinions from managers who had different views with regard to the association between leadership styles and online CSR disclosure. Some managers argued that leadership style had an influence on the amount of information disclosed, whereas some said that leadership style had no influence on the amount disclosed, but rather only on the kind of CSR activities undertaken instead.

Nevertheless, it could be established that the level of disclosure was dependent on the amount of CSR activities that the company was undertaking. Likewise, the amount of

CSR activities was dependent on the leaders and their leadership. For example, if a manager was an active leader, i.e., a leader with transformational leadership style, this particular type of leader would want to encourage the company to undertake more CSR activities. As a result, there would be more to be reported; hence, the level of reporting would increase.

8.4.3 Managers' behaviours and ethical values

In order to determine the influence of managers in online CSR disclosure practices, it was vital to ascertain whether ethical leadership behaviours were embraced by managers and whether such leader's behaviours had any impact on the amount of information disclosed on the corporate website. Therefore, it was important to know the managers' views towards ethical leadership behaviours such as leader's fairness, people orientation, integrity and many more.

The last theme that emerged from the interviews was the manager's behaviours and ethical values. Ethical values provide a foundation for any business or organisation and can guide the behaviour of managers too. This is because ethical values guide important decisions and actions (Trevino et al., 2000). During the interviews, many managers were uncomfortable talking about ethics and their own behaviours. This scenario was consistent with that of a study by Trevino et al. (2000) who discovered that the executives whom they interviewed were uncomfortable talking about this subject and some executives expressed concern about any leader who talked too much about it.

Respondents in the present study held the belief that in today's business environment, ethics and integrity played an integral part in ensuring the sustainability of companies.

This was echoed in a statement by one of the managers as stated below:

“I think ethics and integrity is very important in this country right now compared to what's going on. I think we need that to address the erosion of trust in institutions even more, I think people need more of that on top of finding resource, resource sharing, equity and all that, I think those are something you would need to pay attention to whether in reporting initiatives or in other areas.” (R1)

In terms of the practice of online CSR disclosure and the amount of information reported, leaders who were transparent were able to help to increase the level of disclosure. Moreover, the respondents also mentioned that transparency was also relevant and integral in this kind of disclosure practice, and so it was necessary to boost its usage and implementation. In addition, a leader of vision and sincerity encouraged companies to report more CSR information on their corporate websites.

“Like I mentioned before, I think a leader with vision and sincerity, you cannot be fake. You must be a sincere person, you must be transparent. At the end of the day, CSR is for the society.” (R2)

“..... values such as sustainability, transparency and good ethics, in addition to ethical values.... I think it could have a bearing...which influences the level of information reported.” (R3)

“Sustainability, transparency, stakeholder's management and access to information are relevant and important values in influencing the level of information reported on the corporate websites.” (R4)

“.....Accountability and transparency to ensure that the organization holds up to its value... integrity... it is very important for the public to know our progress, as well as shortcomings in any given year.” (R6)

Being in the managerial position themselves, most of the respondents commented on specific ethical leadership behaviour. Their responses helped in knowing whether in

their opinion, each of the ethical leadership behaviours understudied could affect the amount of CSR information disclosed on the website. Selected responses based on people orientation, integrity, concern for sustainability and ethical guidance were discussed further as these were mentioned frequently which could imply that these behaviours could be important elements of online CSR disclosure.

Furthermore, as stated in Chapter 4 (see Section 4.6.4.2), the semi-structured interviews conducted were able to uncover any relevant issues which had not been discovered before in the earlier stage of the research. This gave a chance for the respondents to talk about issues which they thought pertinent to the area of study. “IT-savvy” was an arising subject brought up by the managers which will be elaborated further in the subsequent section.

8.4.3.1 People orientation

According to the respondents, a people oriented manager or leader would be someone approachable and likeable by people from within the company as well as from outside. As such, they aspired others to perform tasks and in this case, the online CSR disclosure. Most of the respondents believed that this type of manager could affect the amount of CSR information disclosed as they would get involved in organizing CSR activities, at the same time helping the needy. These activities formed the mass of CSR information to be reported and thus influenced the level of disclosure.

“I guess daily, we deal a lot with less fortunate people. When our staff are quite people oriented, they spend more effort and time in actually organizing programme like helping flood victims. It creates that mass of things that you can report.” (R1)

“.....because a leader who is a people person can influence others to do what he wants... in this case to have CSR information on the websites.” (R2)

“Because I think.... a manager or a leader who is people oriented is someone who is approachable and likeable, not only within the company but also outside of the company. So, reporting and disclosing information is a way to create the relationship.” (R3)

8.4.3.2 Integrity

All respondents explained that integrity was an important value within a leader. Managers also claimed that integrity was closely linked to transparency in which the sharing of corporate information was considered as an act of being transparent, accountable and obligated towards the stakeholders. Moreover, through more corporate reporting, companies could regain the trust of the stakeholders. This implied that a leader of integrity could influence the level of disclosure, as can be understood by the statements of three managers below.

“.....I think integrity is very important to address the erosion of trust in institutions, we need more reporting.....I think absolutely yes. I think now you have people who genuinely care about the world and a little bit of that does come in the picture. But of course ultimately you can only try and connect direct management or head that something and present something to them.” (R1)

“Yes. I think integrity can [influence the level of disclosure].... because integrity means transparency.” (R2)

“People always talk about integrity. I think when you have this value, you feel accountable, obligated at the same time to want to share as much information possible with everyone, because it’s “amanah” [upholding trusts].” (R7)

8.4.3.3 Concern for sustainability

Most of the respondents indicated that concern for sustainability was an important value within a leader which could help to influence the level of online CSR disclosures. CSR disclosure is also called sustainability reporting which helps organizations to measure, understand and communicate their economic, environmental, social and

governance performance, and then set goals, and manage change more effectively (GRI, 2015). In the context of this study, disclosing information on websites was seen as a means to achieve sustainability through which with this kind of reporting, companies could avoid unnecessary waste such as minimising the use of papers and were able to conserve their resources in order to sustain in the future.

“.....we have a different report....Sustainability Report which tells about our sustainability efforts. I think, to have reports online is also sustainability because you save the trees as well as other resources.” (R2)

“.....because sustainability also means you want to sustain for the future, disclosing information on website helps you to sustain.... you try to save.... conserve your resources. So, more information reported using the website, is more sustainable. The manager with this values understands how important to be sustainable.” (R3)

“Yes, doing things online is a kind of sustainability. Especially when you have a leader or manager who is so concerned of sustainability, I think he would want to disclose more on the web.” (R7)

8.4.3.4 Ethical guidance

The managers who were interviewed in the present study agreed that ethical guidance from a leader may influence the level of online CSR disclosure. Ethical guidance assists members of organizations such as employees in understanding the difference between right and wrong, and in applying that understanding to their decisions (Trevino et al., 2000). In this study, the managers believed that ethical leaders were being truthful to the stakeholders by disclosing corporate information, which could influence the level of information reported online as mentioned by the managers:

“I think absolutely yes. I think now you have people who genuinely care about the world and a little bit of that [ethics] does come in the picture.” (R1)

“.....a leader who is ethical will not be faked in doing what he is doing. So, for reporting, I think yes.” (R2)

“..... values such as sustainability, transparency and good ethics, in addition to ethical values.... I think it could have a bearing...which influences the level of information reported.” (R3)

8.4.3.5 IT-savvy

The majority of respondents expressed the view that managers or leaders with the above ethical leadership behaviours were able to affect the amount of CSR information disclosed, and hence would affect the extent of disclosure. Although these behaviours were perceived to be able to enhance the level of disclosure, most of the managers interviewed also argued that being “IT-savvy” was another important characteristic or behaviour of leaders if the company wanted to ensure that the initiative of disclosing CSR on the website would be successful. The respondents suggested that in the implementation of online disclosure, companies would need IT-savvy leaders. The term IT-savvy reflects the ability of managers to understand theoretically and practically the potential of Information Technology (IT) and its applications. In some of the Malaysian companies, the “IT culture” had already been embedded as explained by one of the managers interviewed. This was especially important when dealing with internet capabilities and incorporating this ability into their business processes including online CSR disclosure practices. A manager talked about this issue and mentioned the following:

“Leaders who are quite savvy and use their iPad not for personal or playing games are recommended to encourage companies to report online. I think if they use online and their gadgets as business tools then that would be okay..... Five years ago, all senior managers received a Blackberry. So, they already created that very online business culture. It’s already there in the sense, the gadgets would change, but the way they communicated online has long been implemented in [Company A]. (R1)

Apart from being IT-savvy, when asked about the kind of leaders that would encourage companies to report their CSR activities online, managers suggested that leaders should be community oriented, media-friendly and have a vision for sustainability in order to encourage their companies to do more CSR reporting on their websites.

“Community oriented, IT-savvy and media-friendly [would encourage companies to report online].” (R5)

“Leaders who are IT-savvy and has a vision for sustainability would encourage companies to do their reporting online....because nowadays, everything is online.” (R7)

In brief, the interview results have shown that specific values such as ethical values as reflected in the behaviour of leaders may influence online CSR disclosure and ultimately the extent of the information reported on corporate websites. This chapter has provided the answer for the last research objective of the study. The findings from the interviews will be summarized in the final section of this chapter.

8.5 Chapter Conclusion

Seven semi-structured interviews were conducted to fulfil the last objective of this research, i.e., to ascertain the leadership variables which could influence the Malaysian companies to adopt online CSR disclosure and to discover whether these factors play a role in the extent of online CSR disclosures. The researcher used a thematic analysis approach in developing themes, derived from the actual terms or words used by the interviewees. The main themes that emerged in relation to this objective were namely: managers' perception; the role of leaders; leadership styles; and, managers' behaviours and ethical values.

The responses from interviewees regarding managers' perception towards CSR generally and online CSR disclosure specifically indicated that managers had positive attitudes towards both CSR initiatives. Although most Malaysian companies practiced online CSR disclosure, their disclosure tended to be very brief and simple, ranging from moderate to low disclosures. Most online disclosure involved outcomes of press conferences and uploading of current and on-going CSR activities, with the aim of informing and communicating the companies' CSR information to their stakeholders.

The findings from the interviews have suggested several issues that may explain why companies disclosed CSR information on the websites. These issues included: the role of leaders, leadership styles, and managers' ethical values and behaviours. Firstly, leaders played a big role in ensuring the success of online CSR disclosure, hence influencing the level of disclosure. However, for Malaysian companies, the adoption of this initiative depended on the discretion of the management and their understanding of the importance of online disclosure for better transparency. This was because there was a limit to the authority allowed under each manager trusted to manage company's CSR related matters. Secondly, there were mixed opinions about the influence of leadership styles on online CSR disclosure. The interviews suggested that leadership styles could affect online CSR disclosure and the amount of CSR information reported. However, the analysis of the interviews also showed that leadership styles affected only CSR activities, but not the reporting of CSR on the websites. Thirdly, four ethical leadership behaviours which were commonly expressed during the interviews emerged as possible determinants of such CSR reporting method. Managers believed that people orientation, integrity, concern for

sustainability, and ethical guidance of leaders were able to contribute to the best practices of online CSR disclosure.

This chapter has presented the interview results and a framework of the major themes or subjects covered in the interviews. Next, a discussion on the interview findings, the results of quantitative data analyses and linkages with the relevant literature will be carried out in the subsequent chapter, Chapter 9.

CHAPTER 9

Discussion

9.1 Introduction

This chapter presents the discussion of disclosure index, questionnaire survey and interviews results. The results of the disclosure index have been presented in Chapter 5, the results of the questionnaire survey have been presented in Chapter 6 and Chapter 7, while the semi-structured interview analysis has been presented in the previous chapter, Chapter 8. All of the findings will be linked with the research objectives, relevant literature and theory. The purpose of this linkage is to enhance the understanding about the online CSR disclosures in Malaysia, to equally discuss the results of both the quantitative and qualitative data in the light of previous studies. This chapter begins by restating the theoretical framework which has been proposed in Chapter 3. Then, it will continue with the discussions on the three different results of the disclosure index, questionnaire survey and interview results developed in the light of these theoretical propositions.

The theoretical framework is based upon the leadership behavioural theory which emphasises that leaders' behaviours greatly influence organizational actions. The widely described importance of CSR disclosure via the online communication and the influence of leadership variables were the immediate stimuli for this research. It was hypothesized that leadership variables affect online CSR disclosure based on the leadership behavioural theory.

9.2 The current level of online CSR disclosure in Malaysia

Ultimately, this research started with an intriguing question: What is the current level of online CSR disclosure in Malaysia? The present researcher has addressed this question by examining the level of disclosures using a disclosure index and it has been found that there was a low usage by the Malaysian users. This clearly indicates that Malaysian companies did not fully utilize the advantages of the internet reporting. Surprisingly, this phenomenon is not unique to Malaysia and the low usage problems are prevalent in other countries too. The low disclosure level in online CSR disclosure can be seen in countries such as Bangladesh (Sobhani et al., 2012) and India (Kansal et al., 2014).

It was found that all the Malaysian public listed companies offered accessible websites to stakeholders. With regards to the extent of online CSR disclosure among the companies in Malaysia, *Tenaga Nasional Berhad*, a company from the utility sector had the highest percentage of disclosure at 87%. *Genting Berhad*, a company from the entertainment sector came in second, with 77% of disclosure and *Telekom Malaysia Berhad* also from the utility sector came in third with 73% of the total disclosure score. The fact that *Tenaga Nasional Berhad* came in first could be referred to the nature of this business as it is the main energy provider in Malaysia and the largest power company in South East Asia. Since the company needs to be closely connected with its stakeholders, especially its investors, residential customers and the business customers, it offers online services and provides a lot of information on its corporate website to facilitate them.

The trend in the level of internet usage to disclose CSR information in Malaysia over these years is illustrated in Figure 9.1. Overall, it was apparent from the analysis of the disclosure index that the Malaysian companies' average level of online CSR disclosure was only 36.5%. This indicates that the use of the website to disseminate CSR information was underutilized. In the public sector, Ismail and Abu Bakar (2011) had investigated reporting practices of 11 Malaysian public universities, found that the overall average website disclosure was only 26.4%, which evidently showed that the Malaysian universities had not fully disclosed information online. In the corporate sector, Haji (2013) had assessed the extent of CSR disclosure among public listed companies for the years 2006 and 2009. It was found that the mean score of the extent of CSR disclosure in the year 2006 was 18.1% and in the year 2009, CSR disclosure was 31.7%, which revealed an increase in the level of disclosure from the year 2006 to 2009.

As shown in Figure 9.1, the use of the internet to disclose CSR information in Malaysia has steadily risen over the past few years as portrayed in the above figures. Although the extent of disclosure would generally be considered low as the levels of disclosure were below 50%, the level in the internet usage to disclose CSR information is rising. In particular from approximately 18% in the year 2006 and 31% in the year 2009 (Haji, 2013) to 36% in 2013 as observed in this current study, it was evident that there was a positive reaction from firm leaders to use online CSR disclosures. This equally signifies that public listed companies in Malaysia had undertaken significant efforts and acted proactively in utilizing the internet as a medium for CSR disclosure although it was admitted that some companies were not leveraging the existing ICT facilities to their full advantage (Che Hassan et al., 2012). The rise of internet users in Malaysia

and demand from stakeholders today, who are becoming smarter, require more information to be shared with them, may have caused such a trend in online disclosure levels in Malaysia.

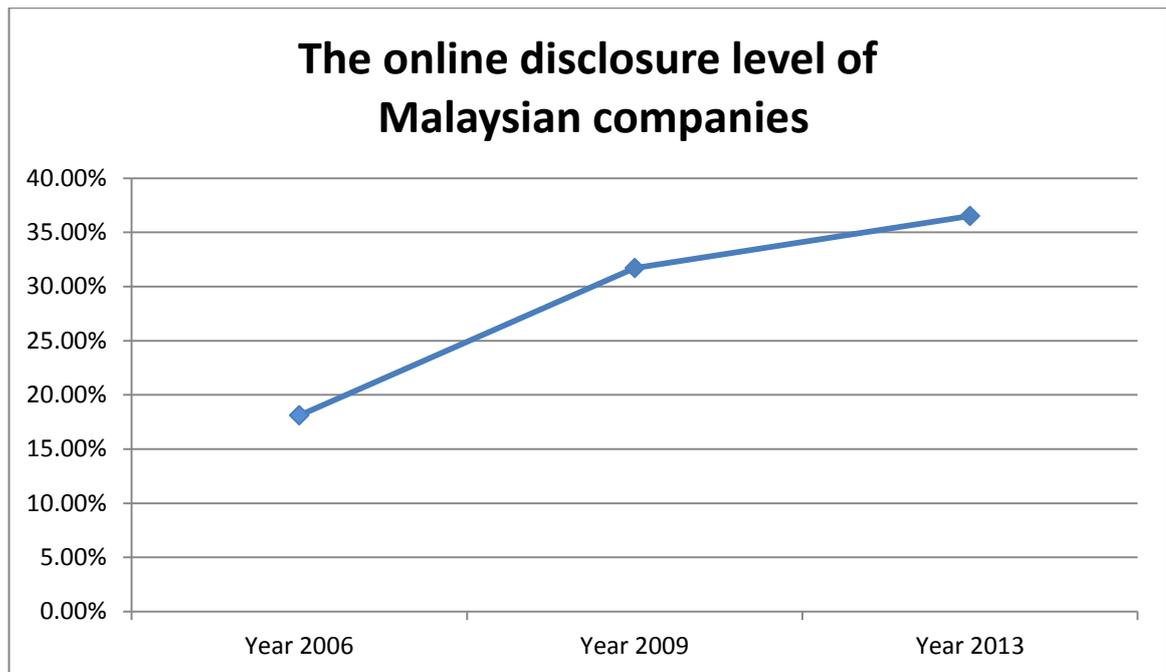


Figure 9.1 The trend of online CSR disclosure in Malaysia

It has been discovered from the interviews that it was easy to upload information on the websites but yet, the extent of online CSR disclosure was considered to be ranging from low to moderate level. Some managers rated the level of disclosure of their companies to be adequate while others gave their companies a low rating of level of disclosure. As such, managers thought that their companies did not follow the good practices in their CSR reporting initiatives. This happened due to the discrepancy between the reporting in the annual reports and in the websites as highlighted by the managers as follows:

“The latest CSR reporting on the website is still low compared to the actual reporting for each activity because only include media release and also based on big events only..... The CSR reporting on the website is good, because we can share information with the public, especially the shareholders and the communities. However, online CSR reporting needs to be improved accordingly to the overall CSR activities.” (R4)

“Usually it focuses on providing details on the activities. However, what would also help organization is to reach out to people.... to disclose the amount they dedicate to CSR activities. This is not shared publicly, almost all of the times.....unlike financial reports.” (R6)

9.2.1 Common community issues

The result of the quantitative content analysis discussed in Chapter 5, has revealed that community issues were the most disclosed CSR information on the websites of the Malaysian companies. *Bursa Malaysia*, the stock exchange of Malaysia is constantly encouraging companies to support the community as companies live within these communities. Companies depend on the community in many ways and the community depends on them. Supporting employee involvement in community related agendas enriches the community and the company. This finding was consistent with the interview results which clearly stated that Malaysian companies paid more attention to community agendas.

Similarly, prior studies have proven that community involvement is the most established form of CSR (Amran et al., 2013; Chappel & Moon, 2005). Moreover, in Malaysia the opportunities for company interaction with the community are vast. In fact, amongst seven Asian countries, namely India, Indonesia, Malaysia, the Philippines, Singapore, South Korea and Thailand, this pattern of CSR was clearly reproduced in the cases of Malaysia and India (Chappel & Moon, 2005). Branco and

Rodrigues (2006) have also supported that community relations disclosure was the most disclosed information in Portugal. However, this scenario is different and unique for Japanese companies where community issues were not highly reported (Fukukawa & Moon, 2004).

In addition to the above, this finding in the Malaysian context was also evident in a survey conducted by Prathaban and Rahim (2005), which found that approximately RM82.1 million was given away to various charitable societies, programmes, orphanages and the poor between the period of July 2003 and December 2004 (18 months). The top three donors gave out RM30.5 million, which was approximately 34.3% of the contributions and surprisingly the contribution of the top ten donor companies accounted for over 80% of the total contributions (Prathaban & Rahim, 2005). This high proportion of contribution shows that companies in Malaysia are committed and serious in helping the communities through philanthropic activities. Although Malaysian companies pay more attention to philanthropic efforts, attention needs to be given to other CSR issues too, such as environment, conservation initiatives, education, employee training and also welfare. This study has revealed that environmental issues were the least disclosed and bearing in mind the effects of globalization, pollution and shortage of natural resources, Malaysian companies need to leverage this effort.

9.3 Leadership Theory: The Leadership Behavioural Theory

The dissemination of information has moved from the traditional print-based reporting to online communication. Communication which tended to be one-way is now becoming more dialogic and participatory, allowing more feedback (Rolland &

Bazzoni, 2009). Consequently, company leaders need to be equipped with the right set of tools, the right skills, abilities and competencies to enable them to adopt the online communication as a medium to disseminate corporate information. Business owners including the shareholders and investors are putting their trusts in managers to run the business accordingly on their behalf.

The agent-principal contract between these two parties creates agency problem which arises from the separation between the owners and the managers (Elsayed, 2010; Jensen & Meckling, 1976). As a result, companies disclose more to reduce the agency problem hence reducing the agency cost (Aly et al., 2010). Thus managers increase disclosure to convince shareholders, and to fulfil stakeholders' demand for more corporate information disclosure (Al-Htaybat, 2005).

In today's digital world, the manager's motivation to transfer disclosure from a printed version to an online version stems from benefits associated with the internet such as cost efficiency, accessibility, availability and more room for disclosure (Al-Htaybat, 2005). This scenario was clearly seen in this research, whereby the Malaysian companies were already starting to adopt the internet to disseminate non-financial information, particularly CSR information. Non-financial reporting provides investors and other stakeholders with indications about the future potential of a company which will help stakeholders better understand a company's overall performance, business strategy, and growth perspective, whereas financial information is mainly retrospective and based on a company's past performance (Perrini, 2006). This was manifested among the majority of the Malaysian companies in which most of the companies had specific CSR sections on their corporate websites to disseminate CSR

information. A total of 82% of the Malaysian companies have dedicated a specific section on their websites for CSR disclosures. This was consistent with a study by Moreno and Capriotti (2009) where more than half (68.6%) of the companies studied in Spain had a specific CSR section on their websites.

CSR is broadly described as corporate responsibility and also known as sustainability which denotes a company's commitment to operating in an economically, socially and environmentally sustainable manner. However, merely taking up CSR initiatives may not be enough as the actions taken by companies need to be informed to the stakeholders which indicate the prominence of CSR disclosures (Baele, 2012). The importance of CSR disclosure seems to be growing in Malaysia. Furthermore, *Bursa Malaysia*, the Malaysian stock exchange itself, encourages public listed companies to cultivate open and transparent business practices, based on ethical values and respect for the community, employees, the environment, shareholders and others (*Bursa Malaysia*, 2013, 2014). In order to be open and transparent, the Malaysian companies have already been adopting online CSR disclosure to report companies' activities, reducing the gap between the business and its stakeholders.

In engaging with the stakeholders, leaders have the obligation to share financial and non-financial information with stakeholders. Hence, the use of the online reporting is essential. To achieve this, the internet can help companies to satisfy the needs of various stakeholders (Bolivar & Garcia, 2004). Since the internet is now the prime vehicle through which organizations can build relationships with stakeholders, these relationships are strengthened and developed through the flow of information (Kent et al., 2003).

All the Malaysian companies that were investigated used the internet in which all of them have their own corporate websites. They used the websites to disclose information as this mode was readily available. The managers during the interviews emphasized that they adopted online CSR disclosure because it would provide a quick, cheap and easy means of disseminating CSR information to their stakeholders especially to the company owners whom are their investors. Moreover, most of the companies had their own respective IT departments, a certain designated department managing CSR related activities as well as a designated manager to deal with CSR related matters, making it feasible for the online CSR disclosure practices to take place. This was done by initiating a designated CSR department with a specific manager to engage with other stakeholders including to manage company's CSR reporting. This effort echoes Miles (2012) who supports that corporations are appointing specific managers such as stakeholder or community affairs managers to actively managed stakeholder relations and to increase corporate reporting as an addition to CSR disclosures on the corporate websites. One of the managers claimed that:

“Very easy to disclose CSR activities in the website because it is stated in the company's SOP (standard operating procedure). There is also an administrator assigned to specifically manage the website.” (R4)

In turn, companies' commitment in CSR would be reflected and directed towards the stakeholders. Additionally, disclosing such commitment on their websites showed that the companies were being transparent, which kept the relationship between the companies and their stakeholders stronger. In fact, one of the managers emphasized that a company's commitment towards sustainability, transparency, stakeholder's management and access to information through online CSR disclosures could affect the level of information reported online.

“Sustainability, transparency, stakeholder’s management and access to information are relevant and important values in influencing the level of information reported on the corporate websites.” (R4)

Firms disclose CSR information in their annual reports and on their websites where these disclosures are mostly made at managers’ discretion (De Villiers & Van Staden, 2011). This reflects managers or firm leaders are important elements in the success or failure of company’s online CSR disclosure practices. As such, this study increased the scope of the application of leadership theories by applying the leadership behavioural theory within the context of online CSR disclosures. To date, no research has been found to employ these theories to analyse the determinants of CSR reporting, let alone to analyse the online CSR disclosures. The role of leaders in formulating and implementing such a disclosure method is vital. In the next section, leadership variables affecting companies’ online CSR disclosure will be discussed in detail, incorporating these with the interview results.

There are various theories related to leadership. Different leadership philosophies exist in different regions, which may sometimes either show contradictions or they may also co-exist, given the enormous cultural, political, economic, social, religious and environmental diversity of the world (Kantabutra & Avery, 2011). In order to explore the competencies and competences that support the roles of leaders and leadership elements, research has offered several frameworks. For example, Metcalf and Benn (2013) have incorporated Resource Based View (RBV) as the way firm works within their environment. According to this study, the RBV framework has suggested that organisations work within their relevant resources and capabilities which are specific to the firm and not prone to easy imitation by competitors. This is relevant in the

present study in the sense that leadership competencies and internet reporting capabilities would be a company's useful resources and capabilities which could create competitive advantages and not easily imitated. However, the RBV was not adopted but instead the leadership behavioural theory was employed in this study to explain the linkages between CSR disclosure and leadership variables as this theory concentrates more on specific leader's behaviours, leadership styles and leader roles.

9.3.1 The relationships between leadership attributes and level of disclosure

In terms of the online CSR disclosure, it can be anticipated that the level of disclosure may vary with manager's attributes such as honesty, trustworthy, hardworking, integrity and many more. For example, trustworthy managers might want to disclose more information compared to the dishonest ones. This argument would be the same for leadership styles in which transformational leaders would want to disclose more CSR information. In contrast, leaders with passive leadership style might not be bothered to disclose more thus, such leaders would disclose less information. Knowing the importance of the roles of leaders, their leadership styles and the specific leader behaviours, the present study employed the leadership behavioural theory in seeking to understand and eventually investigate leadership variables in influencing online CSR disclosures among the Malaysian public listed companies. The leadership variables affecting company's level of online CSR disclosure are discussed in the subsequent section.

It was evident from the regression analysis that a leader's concern for sustainability, ethical guidance and integrity were significant and thus supported the hypotheses that there were significant associations between these leadership variables and the extent

of online CSR disclosure. Meanwhile, the univariate analysis also indicated that only leader's ethical guidance was consistently significant for companies with high disclosure levels. This could imply that there was more ethical awareness in the high disclosure companies. Similar to Del Baldo (2012), it has been found that the presence of ethical values in SMEs represents a fundamental driving force towards the adoption of practices and communication tools of CSR and sustainability and so this was reflected in the preceding result.

Additionally, since prior studies have suggested that there are differences in levels of disclosures based on different leadership variables, the independent t-test was employed to examine whether there was a significant mean difference in disclosure scores, leadership styles and leader roles for the different categories of companies; companies disclosing high levels of online CSR disclosure and companies disclosing low levels of online CSR disclosure. However, the findings of the independent t-test showed that there was a significant mean difference in online CSR disclosure scores for the two categories of companies, but not with leadership styles or leader roles. This had been anticipated as companies with high level of online CSR disclosure would have high disclosure scores while companies with low level of online CSR disclosure would have low disclosure scores.

Meanwhile, the result of the independent t-test on leadership styles and leader roles conform to the regression analysis hence neither leadership styles nor leader roles affect the level of disclosures. As such, in the Malaysian context, the argument that transactional leaders focus on the organization as a whole whereas the transformational leaders focus on the wider scope of concerns which covers the concerns of the

community (Reeves-Ellington, 1998) can be rejected. This scenario could probably be due to many factors which are explained in Section 9.5. One of the possible explanations is culture, with an argument indicating that culture has a significant influence on the disclosure (Haniffa & Cooke, 2002).

9.3.2 Ethical leadership behaviours

This study used a disclosure index, a questionnaire survey and semi-structured interviews to examine the companies' leadership variables which could affect companies' adoption of internet CSR reporting and disclosure. Companies are managed by agents, also known as managers or firm leaders, appointed by the principals (owners). However, the managers might misuse company's resources and manipulate them for their own self-interest (Friedman, 1970). With today's corporate scandals, reinstalling trust and legitimacy requires ethical leadership that embodies moral intelligence and creates moral community through shared values, reciprocity, integrity, transparency and consistent adherence to principles (Sama & Shoaf, 2008). In ensuring this transparency, Healy and Palepu (2001) have mentioned that the disclosure of information plays a critical role, which could be better through information sharing via the internet (Bolivar & Garcia, 2004).

Waldman and Siegel (2008) have mentioned that individual characteristics of top executives matter in determining the extent to which companies engage in socially responsible practices, in the sense that certain leaders are more likely to behave irresponsibly than others. As a result, companies need leaders who can run the business ethically and are not hiding anything or not fulfilling their own personal interests. Corresponding to the leadership behavioural theory, this study sought to investigate

the actual behaviours of firm leaders, specifically ethical leadership behaviours as potential determinants affecting a leader's decision to disclose CSR information on the internet. The seven ethical leadership behaviours examined in this study were people orientation, power sharing, fairness, ethical guidance, integrity, concern for sustainability and role clarification.

The results of the statistical analyses showed that there were variations in the association between the level of online CSR disclosure and the leadership variables. For the regression analysis, the results indicated that there were associations between the leadership variables and the extent of online CSR disclosure even though only three relationships were significant. Hence, there were three significant predictors that have contributed to the regression model. The details of the relationships are discussed below.

9.3.2.1 Ethical guidance, integrity and concern for sustainability

The multiple regression analysis revealed that the variables of leader's ethical guidance, concern for sustainability and integrity significantly affected the disclosure scores of companies' online CSR disclosures thus affecting the extent of disclosures among the Malaysian companies. These findings were further corroborated by the interview results. Four key themes emerged from the analysis of the interview transcripts. Firstly, managers highlighted that ethical guidance of a leader played an integral part in ensuring the sustainability of companies in today's business environment. This result was consistent with the univariate and multivariate analyses which clearly proved that there was a significant association between leader's ethical

guidance and the level of online CSR disclosure. It also did contribute to the amount of disclosure. According to one of the managers:

“I think ethics and integrity is very important in this country right now compared to what’s going on. I think we need that to address the erosion of trust in institutions even more, I think people need more of that on top of finding resource, resource sharing, equity and all that, I think those are something you would need to pay attention to whether in reporting initiatives or in other areas.” (R1)

Similarly, this finding is in line with (Del Baldo, 2012) who claimed that ethical values are linked to personal attributes of entrepreneurs who led their businesses towards better adoption and communication of CSR. This suggests ethical guidance would be equally linked to personal attributes of the firm leaders who led companies towards the adoption and communication of CSR in the internet, particularly on the corporate websites.

Secondly, the results of the statistical analyses showed that there was a statistically significant association between leader’s concern for sustainability and the extent of online CSR disclosure. Moreover, the result of the multiple regression has proven that this behaviour was a predictor variable in online CSR disclosures of the Malaysian companies. Most of the respondents indicated that concern for sustainability would be an important attribute of a leader that may help to influence the level of online CSR disclosures. One of the managers mentioned that:

“.....because sustainability also means you want to sustain for the future, disclosing information on website helps you to sustain.... you try to save.... conserve your resources. So, more information reported using the website, more sustainable. The manager with this values understands how important to be sustainable.” (R3)

Leaders should be concerned about the impact of the business or organization's business on others (Kalshoven et al., 2011). In line with Kanungo and Mendonca (1996), leaders take into account the effects of their behaviours on their surrounding including the society and environment. Employing the online CSR disclosure itself should be considered as a means of sustainability in which waste and unnecessary expenses can be reduced, as opposed to using the conventional way of reporting.

Thirdly, the results of the multivariate analysis have proven that integrity contributed to the extent of online CSR disclosure. Coincidentally, all interview respondents have mentioned that integrity was an important attribute of a leader. A leader with integrity can influence the level of online CSR disclosure, as reflected in the analysis of the interviews. Managers also claimed that integrity was closely linked to transparency in which the sharing of information was considered as an act of being transparent. In addition to this, integrity was linked to trust as one of the managers mentioned that:

“People always talk about integrity. I think when you have this value, you feel accountable, obligated at the same time to want to share as much information possible with everyone, because it's “amanah”, [upholding trusts].” (R7)

This is supported by Keating et al. (2007) as they claimed that integrity should be reflected in leaders, to meet the employees trust and the trust of other stakeholders of the firm. This finding is equally consistent with Verissimo & Lacerda (2015) who found that leaders rated with higher integrity were more engaged in CSR practices. In addition to this, companies increasingly want to demonstrate their integrity through quality and reliable information contained in their CSR reports which enhance stakeholders' perceptions of their ethical and moral outlook (KPMG, 2011). Interestingly, this argument signifies that integrity does not necessarily come from the

firm leaders themselves, but it could also be portrayed from the information that has been discharged through CSR reporting.

More importantly, the regression model developed in this study was statistically significant and explained 11.4% of variance in the extent of online CSR disclosure. Although the explanatory power was relatively small, which means that the leadership variables associated with online CSR disclosure accounted for only 11.4%, this result is comparable to other disclosure studies. These studies include, Al-Akra, Eddie and Ali (2010) with 6.3% for 80 Jordanian sampled companies in the year 1996 and 14.7% in 2004; Bassett, Koh and Tutticci (2007), 5% for 283 Australian companies in the year 2003; Al-Htaybat (2005), 14% for 51 Jordanian manufacturing companies in the year 1997 and; Jaggi and Chen (2000), 9% for 87 Hong Kong companies in the year 1994.

9.3.2.2 People orientation, power sharing, fairness and role clarification

The analyses have equally uncovered the predictor roles of concern for sustainability, integrity and ethical guidance in the overall extent of online disclosure among the Malaysian companies. However, there was no statistically significant association in the variables of fairness, power sharing, people orientation and role clarification. In line with existing research, Kalshoven and Den Hartog (2011) posited that the ethical leadership dimensions of role clarification, power sharing, fairness and people orientation behaviours, are not inherently ethical, and so such results prevailed. This means that these behaviours can be used for unethical purposes too, unlike the behaviours of ethical guidance, concern for sustainability and integrity which are inherently ethical and clearly reflect good conducts. As a result of this, it is likely that

the relationships between the level of disclosures and these leadership behaviours were significant.

The result of the quantitative analyses highlighted that there was no significant association between the variable of fairness with the extent of online CSR disclosure in Malaysia. This was equally supported by the results from the interviews as stated by one of the managers:

“This is always to me a dilemma for [Company A]. In giving, you give how much, because this is relative, whether it is too small or too big, what is fair? Because sometime the expectation is too high, people look at us to fill in the gap, where the government did not deliver which is sensitive, where we are also part and parcel because we are owned by the government, we cannot supersede what the government has hold up, we have to be mindful that that is the thing we need to consider..... Perhaps ...I think the amount of reporting is really a factor of how much have been done. Even if the leader is a man of great fairness, maybe there are many other efforts that he would personally try.” (R1)

Similarly, there was no significant association between the leader’s power sharing behaviour and the extent of online CSR disclosure. This was supported by the managers explaining that:

“This is complex because basically the amount of authority, it is clearly spelled out ... because every threshold is just so much power and approval level that you cannot supersede. Maybe in other place, it’s not clear how much you can sign. In [Company A], it’s very clear-cut, whether he is more democratic or less, you have to follow the rules.” (R1)

“I think in terms of whether this [power sharing] influence the amount of CSR information disclosed.... there is no influence or whatsoever. Although, you embrace a high level of power sharing, you do what you are supposed to do no matter what.... It’s your job.... you have to get it done.” (R3)

The result of the statistical analyses also indicated that the association between the variable of people orientation and the extent of disclosure were not significant.

However, this result was inconsistent with the result of the interview analysis. The managers explained that leaders who were people oriented might affect the level of online CSR disclosure:

“I guess daily, we deal a lot with less fortunate people. When our staff are quite people oriented, they spend more effort and time in actually organizing program like helping flood victims. It creates that mass of things that you can report.” (R1)

“Because I think.... a manager or a leader who is people oriented is someone who is approachable and likeable, not only within the company but also outside of the company. So, reporting and disclosing information is a way to create the relationship.” (R3)

Finally, the univariate analysis showed that there was a statistically significant association between the variable of role clarification and the extent of disclosure, but not discovered in the multiple regression analysis. Nonetheless, this relationship was supported as it was highlighted by two of the managers. Firm leaders feel more confident with clear responsibilities and requirements, especially when they are able to clarify performance goals and expectation of the subordinates as well as those of the stakeholders (Ole & Gustav, 2002). According to the managers, the adoption of online CSR disclosure was to promote transparency. In being transparent, it is important that leaders clarify roles and responsibilities clearly (De Hoogh & Den Hartog, 2008). One of the managers claimed that:

“Rules are very clear, you know what you have to do. I think more of how far you’ve gone above and beyond what you are supposed to do, not what you have to do. If you set out a lot of target, then you have more.” (R1)

De Hoogh and Den Hartog (2008) also found that leader’s role clarification correlated with optimism about the future and perceived top level management effectiveness.

This scenario provided evidence that leaders who have high role clarification are concerned about the company's future and strive towards firm's effectiveness, in which, in the context of the current study, using the internet has been viewed as a more effective approach to CSR reporting.

9.3.2.3 Authority

Ultimately, it was discovered from the interviews that “authority” was a main issue with regards to the online CSR disclosures in Malaysia. This is because, the authority from the top leaders and top management, who are from the higher organisational hierarchy, have limited the behaviours of leaders in exercising their conduct to encourage information disclosures on the internet particularly on the corporate websites. Although these variables were not statistically supported in this study, the power of the authority of firm leaders (top leaders and top management), in Malaysia might lead to these effects.

According to Biggart and Hamilton (1987), a person in a position of authority exerts power by occupying an organizational post that grants the right to direct people and activities. The view that leaders exhibiting certain behaviours such as being people oriented or being fair, or sharing power, did not affect online CSR disclosure was consistent with that of Biggart and Hamilton's (1987). The power of authority within top leaders, the top management, people in a higher organizational ranking than the managers themselves, might have restricted them in implementing the online CSR disclosure method. In addition, this could exemplify that the Malaysian companies are characterized as having mechanistic organisational structure and large power distance, which provided possible explanation of the inability of managers to play certain roles

in promoting a more sustainable corporate reporting in their respective companies such as the online CSR disclosures.

9.3.3 Leadership styles

Firm's effectiveness and performance would differ when leaders apply different leadership styles in leading their respective organizations. As a result, the success or failure of the business depends largely on the leadership styles practiced by the leaders (Arshad et al., 2014). This is because the leaders employ different combination of their traits, skills and behaviours when interacting with their followers.

Although it was concluded that a leader's concern for sustainability, ethical guidance, role clarification and integrity may have significant influences on the extent of online CSR disclosures in Malaysia, it was observed that leadership styles were not significant. Both transformational leadership and transactional leadership styles did not correlate with the extent of disclosure; hence, both leadership styles were not significant predictors in the level of online CSR disclosures in Malaysia.

According to Bass (1985), leaders may behave unethically because (altruistic) values or actions based on (altruistic) values can be inconsistent. As a result, Bass (1985) argued that transformational leaders could behave either ethically or unethically and so it is difficult to distinguish between authentic (ethical) transformational and pseudo (unethical) transformational leadership. Consequently, distinguishing between authentic and pseudo transformational leadership is complicated for followers as the behaviours shown by these two are similar. Thus, this scenario might probably affect the result of this study such as the above.

It was found that the adoption of online CSR disclosure did not depend on the managers per se, but depended on the top leaders, top management discretion, and their understanding of the importance of such disclosure and transparency. Remarkably, based on the interview findings, it was revealed that transformational leaders influenced companies CSR activities but they did not affect the amount of information reported online. This was echoed in a statement by one of the managers, who argued that leadership did not influence online CSR disclosure but it did influence CSR activities. He claimed that the amount of the reported information was dependent on the manager who was in-charge of company's CSR related matters. This is because he or she would recommend to the top management the volume of CSR information to be disclosed and reported online.

“I think my view is that leadership does not really influence the reporting, the influence would be more on the kind of CSR that you would undertake, what would you amplify, what would you kind of tone down, less on the reporting factor. Reporting is more on whether they want things to be promoted or a bit more low key..... In my context (as a Communications Manager) more on what I recommend (to the leaders)... how much... to them.” (R1)

This is an example which reflects the mechanistic organisation structures and the power distance that existed among the Malaysian companies. Hatch and Cunliffe (2006) explained that mechanistic organisations would be characterized by high levels of hierarchical control, highly specialized and defined roles and tasks, many rules, vertical communication (superior-subordinate) in the form of instructions, and centralized decision making. This also reflects “tall” organisational structures which would impede flexibility, creativity and innovation among members of the organization. According to Aly (2008), a “tall” organization has many hierarchical

levels and comprised of centralized decision making, which will be inflexible as it will take longer time to adopt a new innovation. She added that the organisational structure should be flat in order to be flexible and able to respond quickly to a new innovation.

Consequently, due to this restriction, the use of the internet to convey CSR information can be very difficult in Malaysia. In this aspect, the connotation of leadership behavioural theory is clearly reflected in the way top leaders act as gatekeepers who control the information flow especially to the people outside the company. The top managers or senior executives in an organization, make the final decision as to whether to allow the information access via the online CSR disclosure. Gaining access to undertake online CSR disclosure is often problematic for the lower-level managers, unless permission has been granted by a gatekeeper from within the organization. Therefore, it can be supported that leadership style, either transactional or transformational leadership style has no influence on online CSR disclosure in Malaysia.

This finding is similar in Egypt and this was supported by Hatem (2006) who conducted a study on Egyptian companies. He discovered that these companies operate to hierarchical social and organisational structures, supporting centralized power and authority. According to him, unilateral decisions would be made by managers and work would not bypass the chain of command. Therefore, any change in information technology came from the top management.

9.3.4 The role of leaders

The role of a leader in a business entity is very important. Managers as firm leaders are appointed by company owners to manage and run the business on their behalf. It is important that any conflict between the agents (managers) and the principals (owners) be reduced (Jensen & Meckling, 1976). One of the ways this could be reduced is by having better information disclosure via online CSR disclosure.

Consequently, the arrival of internet capabilities and their applications initiated significant changes to companies as the internet helps organizations to disclose corporate information better. However, the technology itself is not able to ensure the success of a company and if used inappropriately, it may even bring harmful effects (Kozowski & Kania, 2013). Therefore, the role of leaders is vital to incorporate these capabilities accordingly into companies' CSR practices. Managers can choose how much prominence they give to the information disclosures (none, minimal, or greater volume) and where they want to disclose the information, whether in the annual report or online (De Villiers & Van Staden, 2011). As such, it was the purpose of this study to incorporate the influence of human-related factors such as the role of leaders in communicating CSR via the World Wide Web.

Majority of leaders associate the internet capabilities with communication, but not necessarily with stimulation of employee engagement, their creativity and problem solving environment (Kozowski & Kania, 2013). This is a problem when leaders themselves do not fully understand their jobs and functions in CSR practices. In the context of this study, it would reduce the level of disclosure since leaders are not fully aware of their roles in such a business process.

Five out of seven interview participants agreed that the top management had an important influence on the adoption of online CSR disclosures. This finding echoes Klettner et al. (2014) who found that the board and senior management were involved in Australian companies' sustainability strategy development and they were held accountable for CSR implementation. They equally argued that commitment of the senior level managers in company's top management are needed to embrace CSR strategies. Similarly, Gibbins et al. (1990) have highlighted that top leaders such as the CEO, influences or is influenced by the firm's overall management strategy and structure. This suggests that there is a relation between changes in this factor and changes in the firm's disclosure practices, for instance, a change in CEO, might precipitate a change in disclosure practices.

Although the extent of online CSR disclosure of the Malaysian companies was not at its maximum level, leaders perceived CSR and the disclosure of CSR information as being part and parcel of the business. This shows that managers have tried to reduce the conflict between the agents and the principals through the online method. However, results of the statistical analyses indicated that leader roles did not play any significant influence on the level of online CSR disclosures. Therefore, there is not enough evidence to support this variable. This could probably be due to the fact that such a disclosure method would be voluntary in Malaysia as there are no specific requirement or regulation to be followed which required the Malaysian companies to disclose their non-financial information on the website. Therefore, in general, it could be stated that the provision of non-financial information on the companies' websites depended on

managerial beliefs, ideas and their understanding of the visibility of such disclosures as there were no set rules or regulations on this matter.

Similarly, as discussed earlier, the leader's roles in company's CSR initiatives might have been restricted and limited by the higher power of authority in the company. Likewise, the diffusion of innovation through the use of the internet to communicate CSR information can be very difficult in Malaysia where organisational structure is often tall. This was similar to Aly (2008) who discovered that the organizational structures characterized by tall, mechanistic and having large power distance may hinder the adoption of internet disclosures. Therefore, this argument supported the proposition that leader's roles did not have any influence on online CSR disclosures in Malaysia. Aly (2008) highlighted that the organisational structure should be flat in order to be flexible and able to respond quickly to a new innovation. In order to ease the adoption of the disclosure innovation in adopting online CSR disclosure, the organisational structure in Malaysia may need to move forward, to become flat and flexible.

9.4 The Inverse Relationships between Variables

It was discovered from the statistical analyses that there were inverse relationships between the dependent and independent variables. This was unique in the sense that leadership variables influenced the level of online CSR disclosure in opposite directions, not as expected and as discussed in literature or prior studies. The reason for the negative relationships between the level of online CSR disclosure and leader behaviours were not straightforward, which could be explained by the following.

9.4.1 Leader's confidence

Confident managers might not need online CSR reporting because they have confidence in thinking that everything is going to work out fine. Landier and Thesmar (2003) used the term 'optimism' rather than 'confidence'. Due to managers' optimism, managers might ignore certain elements which are trivial to the company's success, such as online reporting, as they focus on the big picture and overlook some details which they have perceived as not important for example the use of online CSR disclosures. According to Landier and Thesmar (2003), optimism may increase effort, but it is bad for decision makings as the manager's underweights negative information, which might also be useful.

High level of optimism could lead to over-confidence in which there is a strong support that managers overestimate their own skills relative to others and, as a result, are too optimistic about the outcomes of their decisions (Malmendier & Tate, 2005). Overconfident managers tend to overestimate the expected returns to their corporate decisions thus overestimating the probability of a project's success. As a result, firms run by optimists tend to grow less, die sooner and be less profitable, which is viewed as a confirmation that optimism does not always gives high return but high risk (Landier & Thesmar, 2003).

In the context of online CSR disclosures, optimistic leader's might not use the online reporting method as it is not a major concern of companies unlike other business areas such as sales, procurements and revenues. However, they have actually overestimated the potential benefits of online CSR disclosures, hence they might lose out on this

opportunity. This situation would imply that there would not be a positive relationship between the leader's attributes and the level of online CSR disclosures.

9.4.2 Moral recognition

Moral recognition happens when firm leaders who have previously implemented CSR strategies would accumulate moral credits from their past behaviours, which lead them to feel that they have accumulated enough recognition in the past, has created good CSR reputation for themselves and the firm (Ormiston & Wong, 2013). Therefore, managers might perceive that CSR reporting is no longer important due to the good reputation that they have earned. However, a leader's prior conduct is positively related to subsequent misconduct because the moral recognitions achieved through the previous good conduct enable leaders to engage less fittingly (Ormiston & Wong, 2013).

Ormiston and Wong (2013) drew on the concept of moral licensing which is the psychological process that leads people to engage in morally questionable behaviour after having previously engaged in socially desirable behaviour. This means that firms that engaged in prior socially responsible behaviours are more likely to then engage in socially irresponsible behaviours. This scenario may be applied in the present study, wherein firm leaders or managers felt that they had accumulated enough moral recognition in the past, creating good CSR reputation through disclosing their CSR activities to the public. As a result of this good moral reputation and manager's past good behaviours, people perceived them to be leaders of good reputable companies, even though in actual fact, they were not behaving accordingly.

This situation could explain the inverse relationships between the variables understudied and the level of disclosures. Inverse correlations with these variables suggested that as ethical leadership behaviours increased, the level of disclosure decreased or vice versa; as the ethical leadership behaviours decreased, the level of disclosure increased. As a result, the development and implementation of a CSR strategy such as online CSR disclosure may have helped the leaders to create a moral image of themselves and their firms, and ultimately provide a sense of accumulated moral credits. Hence, even if they were misbehaving, they could get away with it due to the moral recognition.

9.4.3 Personal recognition

The inverse relationships among the associated variables could also be due to personal recognition. Personal recognition occurs when a leader indicates that he or she values individual efforts of employees and rewards the achievement of outcomes consistently through praise and acknowledgment (Rafferty & Griffin, 2004). Personal recognition should encourage employees to perform their tasks better as they feel valued and appreciated by others especially by their superiors. When people received recognition for their work, they would eventually feel an increased sense of investment in the organization, thus leading to a possible perception of a greater ability to move forward (Rafferty & Griffin, 2004).

However, when the only rewards that are available for use by leaders are verbal encouragement or rewards of a personal nature, this may result in employee's frustration (Rafferty & Griffin, 2006). Although it was found from the interview

findings that the top management were very supportive in encouraging the practice of online CSR disclosures in the Malaysian companies, managers might not be motivated enough as they might not have been given enough encouragement to disclose more information online due to this personal recognition.

In the context of online CSR disclosure, this could lead to fewer disclosures when the employees feel demotivated as they are not receiving the “right” award for their hard work such as in terms on bonuses or other incentives. In a competitive corporate world and with increased workloads, managers might be pressured to meet the expectations of their employers, thus minimal CSR reporting would be carried out. For them, online CSR disclosures is a secondary task and may be perceived as not important and so, regardless of the leader’s behaviours, personal recognition could affect a leader’s motivation to disclose CSR information on the internet. Hence, this explained why inverse relationships occurred.

9.5 Other Factors

There might be many factors that can explain the variation in the levels of online CSR disclosure among the Malaysian companies, but for the study’s regression model, which included only leadership variables, it was able to explain approximately 11.4% of it. Although the *R-Squared* value was low, in some academic fields, this is expected especially in fields that attempts to predict human behaviours, as humans are simply harder to predict than physical processes (Frost, 2013).

This study has revealed that leadership variables accounted for 11.4% of the variation in the levels of online CSR disclosure among the Malaysian companies. This means

that 88.6% of the variation in online CSR disclosures could not be explained by leadership variables alone. Therefore, there must be other variables which had an influence on the extent of online CSR disclosures in Malaysia. The low explanatory power revealed in this study suggested that there was a large amount of variation in disclosure scores that had not been captured by the regression model. There could be other important factors that may have been omitted from the model, either they were not easily quantifiable or that they were not readily available.

9.5.1 Other leader behaviours

Most of the managers interviewed suggested that being “IT-savvy” was an attribute of leaders which could be important in the online CSR disclosure practices. The respondents advocated that in the implementation of online disclosures, companies need leaders who are IT-savvy. The term IT-savvy reflected the ability of managers to understand theoretically and practically the potential of IT and its applications which would especially be imperative when dealing with internet capabilities and incorporating this ability into online CSR disclosures. This factor could possibly be a potential determinant of online CSR disclosures in the Malaysian context, which was not covered in this study, thus requires further investigation in the future.

9.5.2 External factors

Bass (1990) has said that leaders are selected to fulfil the fate of the organisation and are highly constrained by organizational and external factors. Therefore, a leader’s actions are highly limited by external factors. Even though leaders are able to react to contingencies, to facilitate the adjustment of the organisation and to alter the

environment to some limit, they have no control over many factors that affect organizational performance and they typically have control over few resources (Bass, 1990). For this matter, the external factors could possibly be predictors of online CSR disclosures in Malaysia.

In the context of the use of the internet to disseminate CSR information, Kozowski and Kania (2013) have claimed that apart from the challenge within the organization itself, external challenges such as difficult market conditions, tougher competition and growing customer requirements emphasize the problem of the quality of leadership. Without good quality leadership, it is difficult to uphold any corporate initiatives, and so it would be difficult for online CSR disclosures to take place.

Other than that, resource shortages, lack of communication and inappropriate skill base, inappropriate tools of IT capabilities or mismatching of core values between the stated strategy and operational management are other factors that may contribute to successful (or unsuccessful) CSR efforts (Hind et al., 2009). The external factors could affect the level of online CSR disclosure which in turn would be reflected in the degree of transparency towards company's respective stakeholders.

9.5.3 Non-leadership factors

Due to a small effect size, it was indicated that there were other factors that could affect firm's level of disclosure. This could probably be the common factors investigated in many disclosure studies such as firm characteristics and corporate governance characteristics, which are commonly non-leadership factors.

9.5.3.1 Cultural factors

The non-leadership factors may include cultural attributes as possible determinants of online CSR disclosures. The cultural factors may have affected the results in this study. This is because according to Matten and Moon (2004), there are differences in what CSR actually means and how it is manifested differ from country to country. Chapple and Moon (2005) are also in support of this argument.

With a population of 29.6 million, Malaysia as an emerging market have a unique culture because its people represent three large ethnic groups in Asia, namely Malay, Chinese and Indian (Saleh et al., 2011). The diversity of the Malaysians creates diverse cultural values. In fact, the corporate culture of the Malaysian companies is influenced by these ethnic groups, which have their own unique characteristics called “work ethos of eastern ethnics” (Saleh et al., 2011).

Haniffa and Cooke (2002) have argued that high levels of disclosure score might also be associated to cultural factor particularly a manager’s race and religion. They both had conducted a study in Malaysia and discovered that there was a contradiction in their proposed hypothesis with the actual results. Surprisingly, this was due to the fact that most Malay directors were bound by Islamic ethics and values. Additionally, since all Malays are Muslims, a possible explanation for higher disclosure in firms dominated by Malay directors may be attributed to Islamic business ethics which encourage transparency in business. Therefore, although Malay directors would be secretive, they disclosed more transparency due to this religious belief. Thus, it is possible to conclude that cultural factors may be an important explanatory variable for

the variation in the level of online CSR disclosure among the Malaysian public listed companies, as the majority of the population in Malaysia are the Malays.

Apart from this, CSR practices in the Malaysian companies tend to include seasonal activities (Ghazali, 2003; Haniffa & Cooke, 2005; Saleh, 2009; Thompson & Zakaria, 2004). For instance, it is seen that during Aidil Fitri (celebrated by the Muslims), Deepavali (celebrated by the Indians), and Chinese New Year celebrations (celebrated by the Chinese), many companies distribute more contributions to the old and poor communities as well as orphans. This scenario may have contributed to the present study as it was discovered that community agendas are the main focus of CSR initiatives among the Malaysian companies. This had been reflected in the level of online CSR disclosure whereby community issues such as helping the old and poor communities as well as orphanages were highly reported compared to other disclosure categories. Therefore, ethnicity and religion are also influencing factors for CSR activities and disclosures among the Malaysian companies.

9.6 Chapter Conclusion

This chapter has thoroughly discussed the results of the quantitative analysis and the qualitative analysis, linking them together to gain an understanding of the influence of ethical leadership behaviours, leadership styles and leader roles as determinants of online CSR disclosures in the Malaysian context. As such, this chapter has emphasized on the multidisciplinary nature of the present study, by combining insights from the CSR and leadership literature. The leadership behavioural theory has provided useful insights in aiding the interpretation of the research findings. This theory helped in

understanding the leadership variables which led the Malaysian companies to disclose non-financial information on their websites.

Although all the companies had active websites, not all companies were fully utilizing their websites to disseminate CSR information. In spite of the findings from prior studies, the level of online CSR disclosure was still low (Amran,2012; Che Hassan et al., 2012), even though it was easy to upload CSR information on the websites.

It was found that a leader's ethical guidance, concern for sustainability and integrity contributed to the level of online CSR disclosures in Malaysia. Furthermore, these findings were supported by the interview analysis which supplemented the preceding statistical analyses. Ultimately, it was revealed that companies' top management played a bigger role than the managers themselves in the Malaysian companies' online CSR disclosure practices.

The results of the current study have contributed to existing literature on CSR disclosure and leadership with particular reference to specific leader behaviours of ethical guidance, concern for sustainability and integrity. These results indicated that leader's specific behaviours significantly affected organizational actions, which supported the leadership behavioural theory. Furthermore, the importance of CSR disclosure through online communication has been highlighted. Finally, this chapter has discussed the possible explanations for the variation in online CSR disclosure levels of the Malaysian companies, with regards to the inverse relationships of variables, as well as deliberating on the non-leadership factors and external factors, which would be worthy of further investigation in the future.

The current situation for online CSR disclosure by the Malaysian companies is moving forward but its full potential has yet to be explored. Thus, improvement is needed to increase the level of disclosure and to encourage companies to fully utilize internet capabilities. It was indeed fascinating to discover that leadership variables did play a role in online CSR disclosure efforts. Several conclusions could be drawn from this research which will be further discussed subsequently in Chapter 10, which is the final chapter of this thesis, along with the study's contributions, implications, limitations and recommendations.

CHAPTER 10

Conclusions

10.1 Introduction

The aim of this research was to carry out an explanatory study to investigate the current status of online CSR disclosure in Malaysia. The study sought to achieve the following four objectives:

- 1) To identify the extent of online CSR disclosures among the Malaysian public listed companies.
- 2) To investigate the influence of ethical leadership behaviours consisting of fairness, people orientation, concern for sustainability, integrity, role clarification, power sharing and ethical guidance in online CSR disclosure among the Malaysian public listed companies.
- 3) To examine the influence of transactional leadership and transformational leadership styles, as well as leader roles in online CSR disclosures among the Malaysian public listed companies.
- 4) To ascertain the leadership influences consisting of ethical leadership behaviours, leadership styles and leader roles in promoting sustainable CSR disclosures in Malaysia.

This chapter will provide an overview of the current study, followed by the findings and conclusions of the study. Subsequently, the contributions of the study are presented, followed by its implications. Finally, this chapter discusses the limitations of the current study and includes some recommendation for future research.

10.2 Overview of the Current Study

Malaysia is a developing country. In order to grow and sustain, it has to attract investments into the country. In order to promote confidence and encourage investors to invest in Malaysia, the public listed companies are meeting the demands of the stakeholders for greater speed and volume of transparent and timely financial as well as non-financial information. Online CSR disclosure should be fully employed to provide better and more effective ways of communicating CSR information. These disclosures are mostly made at the managers' discretion whereby managers can choose how much disclosures and where they disclose the information, whether in annual reports or on websites (De Villiers & Van Staden, 2011). As CSR itself is becoming an important aspect in organizations, it has created new challenges for firm leaders, so there is a need to examine the roles played by the firm leaders in communicating this non-financial information. This is because firm leaders make a difference in whether their organization succeed or fail (Bass, 1990).

The literature reviewed in Chapter 2 has shown that the online CSR disclosure has attracted much attention in the recent years. However, most of the prior studies have attempted to suggest why companies adopt such a reporting method in terms of financial, accounting and economic related variables. Following this, a number of explanatory studies have attempted to suggest why some companies adopt internet reporting and disclosure, and why the amount of disclosure differs from one company to another.

A weakness of these research studies however, has been the paucity of research on factors related to the humans, such as a leader's influence as a determinant of online

CSR disclosure. Prior research on the relationships involving CSR disclosures did not address the question of the influence of managers or company leaders. For that reason, this study has answered the call to fill this void, providing new insights into the influence of leadership variables, particularly ethical leadership behaviours, leadership styles and leader roles on the adoption of online CSR disclosure in Malaysia. In doing so, the leadership behavioural theory was employed to explain the adoption of online CSR disclosures and the influence of leadership variables among public listed companies in Malaysia.

This study was also distinctive in its combination of methods and approaches. Most previous studies had employed a disclosure index to describe the extent of online CSR disclosure. Others had used univariate and/or multivariate statistics to find out the determinants which had affected online CSR disclosures. Nonetheless, there has been little use of questionnaire surveys in the disclosure studies. Similarly, there has been little use of qualitative methods such as interviews in the disclosure studies. Semi structured and open-ended interviews can provide a potentially valuable additional dimension to the data; yet, not many studies have taken advantage of this. This study, therefore, employed three different data collection methods, namely, a quantitative index-based method, online questionnaire survey and semi-structured interviews with company managers, gaining a rich perspective on the possible influences of leadership variables which affected online CSR disclosures.

10.3 Conclusions and Results

Objective 1: To identify the extent of online CSR disclosures among the Malaysian public listed companies.

This study examined the top 100 public listed companies in Malaysia. It was found that all companies had websites and 82 companies had a specific CSR section on their websites. Average disclosure rate was 36% for these Malaysian companies which was low but increasing. It was also discovered that only 29% among the sampled Malaysian public listed companies disclosed at least 50% of CSR information on their websites, while 71% companies disclosed less than 50% information online. This reflected lack of internet usage as a CSR information disseminating tool among the Malaysian companies.

The highest disclosure level was obtained by a national energy provider company, *Tenaga Nasional Berhad*, with a disclosure level of 87% while the lowest disclosure was 2% by *BLD Plantation Berhad*, a company involved in palm oil plantations. Based on the CSR Framework of the *Bursa Malaysia*, the stock exchange of Malaysia, the majority of the Malaysian companies disclosed all of the four dimensions of CSR consisting of community, workplace, marketplace and environment. However, the most highly disclosed CSR issues were the community issues and the least disclosed were the environmental issues.

In this study, the sampled companies were divided into two categories for further investigation. There were 29 companies with high online CSR disclosure levels and 71 companies with low online CSR disclosure levels. It was discovered that companies with high CSR disclosure level disclosed more CSR information regarding community agendas, followed by environment agendas. On the other hand, the low level disclosure companies revealed more community-related agendas on their websites followed by

marketplace-related agendas. From this finding, it can be established that companies in both categories of disclosure paid more attention to community agendas.

Objective 2: To investigate the influence of ethical leadership behaviours consisting of fairness, people orientation, concern for sustainability, integrity, role clarification, power sharing and ethical guidance on online CSR disclosures among the Malaysian public listed companies.

Univariate analysis was used to assess the relationship between the extent of online CSR disclosure and each of the ethical leadership behaviours. The results revealed that a leader's ethical guidance, concern for sustainability and role clarification were significantly associated with the extent of online CSR disclosure at least at the 5% level of significance.

However, in the multivariate analysis, the regression model was run for and there was a slight difference in terms of the results. This was probably due to the fact that the multiple regressions included all the independent variables simultaneously during the analysis while the univariate analysis examined the variables separately. This led to a slight difference in the statistical results and yielded more reasonable findings than the univariate analysis.

More importantly, the multiple regression results have revealed that leader's ethical guidance, concern for sustainability and integrity were significant in predicting the level of online CSR disclosure in Malaysia. These variables contributed as much as 11.4% to the regression model which helped to explain the variations in the extent of disclosures. Although the explanatory power was relatively small, it was consistent

with prior studies and thus significantly valuable in contributing to a new understanding of the leadership-related determinants of online CSR disclosures in Malaysia.

Objective 3: To examine the influence of transactional leadership and transformational leadership styles, as well as leader roles in online CSR disclosures among the Malaysian public listed companies.

An online questionnaire survey was used to capture employees' perceptions towards their respective leaders' leadership styles, leader roles as well as the above-mentioned ethical leadership behaviours.

Similarly, univariate analysis and multivariate analysis were employed to assess the relationships between the extent of online CSR disclosure and each of the leadership styles, and the roles of leaders. The results revealed that neither leadership styles nor leader roles were significantly associated with the extent of online CSR disclosure. This suggested that both leadership variables were not predictors in determining the level of CSR information disseminated online.

Objective 4: To ascertain the leadership influences consisting of ethical leadership behaviours, leadership styles and leader roles in promoting sustainable CSR disclosures in Malaysia.

The semi-structured interviews supplemented the quantitative data findings. The managers of the Malaysian public listed companies viewed CSR and the practice of online CSR disclosure as important. Hence their roles in such a reporting method were essential. Nevertheless, this finding was eventually not statistically supported in the

univariate and multivariate analyses. Although correlations existed between leader roles and the extent of online CSR disclosure, they were not significant.

The results of the interviews ascertained that the leadership styles of their leaders affected the companies' CSR initiatives, particularly the kinds of CSR activities to be undertaken. However, leadership style did not affect the volume of information to be reported. This was because the provision of non-financial information depended on the top leaders and top management's discretion. Although they were very supportive of online CSR disclosure practices, any decision making needed their approval first. Therefore, it can be concluded that manager's leadership style did not have any influence on the level of online CSR disclosure which confirmed the prior quantitative results.

The interview findings also ascertained the influence of specific ethical leadership behaviours in promoting the online CSR disclosure, a more sustainable corporate disclosure practice. The managers agreed that leaders' ethical guidance, leaders who are concerned about sustainability and leaders' integrity may affect the adoption of online CSR disclosure, hence influencing the level of disclosure. Leader's role clarification was found to be statistically significant in its correlation analysis with the level of online CSR disclosure, similarly this condition was supported by the interview findings. However, managers claimed that leader's power sharing behaviour and fairness would not affect the level of online CSR disclosure. Although managers has suggested that the dimension of people orientation may influence the level of online CSR disclosure, it was not supported statistically.

The organisational structures in the Malaysian companies which could be characterized as being “tall” and mechanistic may hinder the adoption of online CSR disclosure. As a result, the decision on CSR related matters including the volume of information depended on top leaders and top management’s discretion. Even though most of the Malaysian companies have their own designated CSR department and their own personnel (managers) handling CSR related matters including the reporting, yet the role of these managers was limited.

10.4 Contributions of the Study

This study acknowledges previous research on CSR disclosures conducted in Malaysia (e.g. Amran & Devi, 2008; Che Hassan et al., 2012; Haji, 2013). However, these findings were not sufficient because there are antecedents of CSR disclosure which have not been investigated. This study contributes to the multidisciplinary topic of organizational leadership and online CSR disclosure in several significant ways.

10.4.1 Theoretical contribution

This study has examined leadership variables for the first time as potential factors influencing corporate CSR reporting in the internet. It has examined ethical leadership behaviours, leadership styles, leader roles and online CSR disclosures by using univariate and multivariate analyses. One of the major contributions of this study is the development of its theoretical background which had gone through a thorough analysis of existing literature to support two different topics in the same research. This study was the first to combine CSR disclosure and leadership and employed the leadership behavioural theory in the same research. The use of this theory provides

greater insight is assessing the influence of ethical leadership behaviours, leadership styles and leader roles in online CSR disclosures.

10.4.2 Contribution to Knowledge

The empirical evidence has provided support for limited studies combining leadership variables and CSR disclosure practices. This is because this aspect has often been neglected in analysing the determinants of CSR reporting, although the importance of the subjective human factor has been stressed in a number of different studies (Campbell, 2000; Waldman & Siegel, 2008). As the present study focused on the company leader's behaviours, attention was directed towards the human aspect of companies since business activities were people-driven. To the best of the researcher's knowledge, this study was the first to investigate seven ethical leadership behaviours, both transformational and transactional leadership styles, and leader roles as potential antecedents of the firm's level of online CSR disclosures.

CSR is inherently a cross-disciplinary phenomenon (Du et al., 2011). As such, this study has highlighted the importance of cross-disciplinary investigations in CSR research extending the knowledge about organizational leadership that may influence the disclosure of CSR online. Prior literature has depicted various antecedents of online CSR disclosure such as firm characteristics and corporate governance mechanism but this study has extended the knowledge of the literature by seeking to showcase that leadership elements could play a role in this practice. This research has bridged the gap between leadership literature and CSR literature and provided empirical evidence of such leadership-CSR link.

10.4.3 Methodological contributions

This study has provided a newly developed disclosure index containing 60 items, including four newly discovered items which have not been employed before in prior studies. It has comprehensively captured the level of disclosure and the CSR items currently being disclosed in the Malaysian context. This tool could be used by other researchers, in similar or different context to investigate the level of CSR disclosures.

Similarly, this study has offered a newly developed scale to assess leader's role in CSR. To the best of the researcher's knowledge, this study was the first to initiate a specific scale to assess the role of leaders in company's CSR practices. This scale comprises 10 items which has been tested for its reliability could be used by other researchers to support their studies as well as by corporations to measure their leader's roles towards companies' CSR practices.

This study has combined different data collection tools, using the disclosure index, online questionnaire survey and semi-structured interviews. To the researcher's knowledge, this is the first study that sought to explore the leadership-related factors affecting the level of online CSR disclosures, using these methods. Additionally, this study was the first to employ online questionnaire survey in a CSR disclosure study.

10.4.4 Practical contribution

This study has provided evidence on the current status quo of online CSR disclosure in one of the emerging economies, Malaysia. It has extended CSR disclosure literature by contributing to the practice of online CSR disclosure in a developing country with Malaysia as the focus of the study. Although the literature on this practice is growing,

studies on Malaysia are still scarce. Moreover, the leadership variables associated with this practice can be adapted by Malaysian companies to improve their selection and leadership development processes by focusing on these leadership dimensions. This would also contribute to organizational purposes such as performance appraisal and succession planning.

This study has added to the literature on the utilization of internet technologies through leadership, which may be used to measure the extent of companies demonstrating CSR on the internet. It has highlighted to what extent the listed companies disclosed CSR information on their websites. The findings might be of interest and useful to standard-setters, regulators, professional bodies and investors at local and international levels, as well as standard-setters and regulators of other countries which have similar profiles with Malaysia.

10.5 Research Implications and Recommendations

This research focused on the practice of online CSR disclosure in Malaysia and the leadership variables associated to it, specifically in identifying whether ethical leadership behaviours, leadership styles and the role of leaders affect the level of disclosure. This section now presents the implications of this study's findings for the academic knowledge of this subject and practical implications for public listed companies themselves, policy makers, regulators and other interested parties.

10.5.1 Theoretical implications

This study's implications towards the academic knowledge are as follows:

1) One of the major contributions of this study is its development of a theoretical background which has gone through a thorough analysis of existing literature to support two different topics in the same research. The leadership behavioural theory was used to support this study in the search for leadership variables as potential determinants of online CSR disclosure. The two dimensions, online CSR disclosure and leadership variables were two important bases in this study, guided by this theory. An implication of this is the possibility that this multidisciplinary study to be replicated and be benefited by others, for example, academicians and scholars. The leadership behavioural theory has never been employed before in understanding two different topics in the same research. It is hoped that this theory will be used, applied and enhanced further by other researchers in the same field or in other contexts in assessing the influence of leadership on CSR disclosures.

2) This research makes an implication in terms of the application of theories in different streams of studies. This means that the use of a specific theory for a similar study, for instance, the use of leadership theories in only leadership related studies can be extended and this would contribute to the existing literature. From this research, the application of leadership behavioural theory was not limited to its common areas on leadership studies solely but it was extended to support other areas such as disclosure studies which were fundamentally economic-based. This theory supported the findings of this study implying that it would be possible to include leadership perspectives in any stream of research.

3) Although studies evaluating the extent of CSR disclosure and examining company's motivations to do so are in abundance, most of the contributing factors for companies

to disclose information online are economic in nature, which are mainly financial and accounting related variables. This means that most studies on CSR disclosures would be focusing on factors such as accounting and financial figures, firm characteristics and corporate governance variables. Nonetheless, no studies have examined organizational factors particularly leadership as a determinant of disclosing CSR information online. The empirical evidence of this research has provided support for human-related factors as determinants of online disclosures, which has never been discovered before and so it has made an implication to knowledge. This research has extended the knowledge of the literature by seeking to showcase that leadership elements could play a role in CSR disclosure practices.

10.5.2 Practical implications

The practical implications of this research are:

1) A key practical implication of this study is that the current researcher identified the behaviours of firm leaders that can be used to enhance online CSR disclosures. This is critical as companies nowadays are bombarded by increasing demands from stakeholders for better transparency through more information disclosure. These leaders are then responsible to fulfil this demand through better reporting mechanism which includes adopting online CSR disclosures. Problems such as the *IMDB* issue could be avoided if companies practice the right corporate disclosure mechanism. This study has identified a number of specific leader behaviours that are associated with online CSR disclosures. Organizations can train their managers in this regard, which can also become a part of employee selection packages when identifying new managerial talent. Similarly, organizations can improve their training and leadership

development processes by focusing on these dimensions. It would also be useful to adapt the different components of leadership identified in this study; leader's concern for sustainability, leader's ethical guidance and leader's integrity, for purposes such as performance appraisal and succession planning.

2) The different levels of online CSR disclosures among the public listed companies reflect companies' commitment and readiness to adopt the online reporting as part of their business processes. It was clearly evident from this research that the Malaysian companies were not fully committed and were not yet ready. A possible cause for this is that such reporting method is voluntary and not mandatory in Malaysia. Hence, companies hesitate to employ it as part of their business processes and part of their CSR strategies. Policy makers such as *Bursa Malaysia* and governmental bodies should set new reporting regulations for companies to encourage them to use this reporting method.

3) This research makes an implication towards policy making, in which policy makers and regulators such as *Bursa Malaysia* stock exchange, should not only prescribe the items a company should disclose but should also focus on the different information types that should be provided in regard to each specific item. However, it seems unlikely that the Malaysian government would imminently pass a law on online CSR reporting because no precursory voluntary standards, codes or guidelines for CSR reporting have been developed to encourage companies to report online. Therefore, it is important that policy makers and regulators try to enhance comprehensive reporting by communicating better through both channels, conventional and online mechanisms. This could be done by conveying to companies the idea that different information types

need to be provided for each CSR item and to different people, not only to investors, hence the use of online CSR disclosure is pertinent.

4) It was found that the highly disclosed CSR information on the websites was community issues. This reflected that the Malaysian companies paid more attention to the communities, and less attention to other stakeholders such as suppliers, employees and customers, as there were fewer disclosures with regards to workplace, marketplace and environment agendas. For example, environmental issues were the least disclosed on the websites. This could portray that companies did not pay enough attention to this agenda and take this matter lightly. Conserving the environment, the use of eco-friendly materials are also important. Companies need to pay similar consideration to other CSR dimensions too.

5) The low level of online CSR disclosure in Malaysia and lack of full utilisation of online communication effectively to discharge corporate information could probably be due to the online system itself. Companies therefore need to appoint service providers that can provide excellent and prompt service to the users when they face difficulties in using the system. The companies also need to ensure that the web design is of exceptional quality to ensure easy application. This will encourage more users such as the managers themselves to accept and use the system, hence helping to increase the level of disclosures.

10.6 Limitations of the Study

The findings in this study are subject to six important limitations that need to be considered.

1) This study presents a snapshot of online CSR disclosure of the Malaysian companies. It investigated the level of disclosure in the Malaysian companies during a certain period of time. Data was collected from company websites from July 2014 until August 2014. As internet reporting is a vast and rapid way of communicating information, the information on the websites will change. Hence, data will not be available for a long period of time. Therefore, this study could not examine a longitudinal data of the practice and was limited to a cross-sectional study. However, this study has provided a base for future longitudinal studies of online CSR disclosures.

2) The R^2 (explanatory power) in the multiple regression analysis which contained ten variables explained 11.4% of the variation in the online CSR disclosure level, which was rather small. This means that 88.6% of the variation in online CSR disclosures could not be explained by leadership variables alone. Although this percentage was small, it has been supported by previous studies but it also means that other variables that were not included may affect the level of disclosure. To overcome this limitation, semi-structured interviews were conducted to supplement the statistical analysis and at the same time uncover other factors which might contribute to the extent of online CSR disclosures in the Malaysian context. Furthermore, other factors which might improve the explanatory power such as external factors and non-leadership factors should be explored.

3) During the interview, the majority of the participants emphasized that top management or the top leaders were the most important determinant of online CSR

disclosure practices, however, it was not examined further. The influences of these top leaders or top management such as the companies' CEOs or CFOs, on online CSR disclosures might provide a different or even better finding than that of this study. It is also possible that some of the claims made by the managers who participated in the interviews could be refuted by members of the board of directors or the CEOs.

4) This study was based on the CSR information reported on the corporate websites, which many people might argue whether the information provided by companies was accurate and that it reflected the actual situation. The information disclosed online might not reflect what has been preached by the notion of CSR itself as well as the underlying unethical business practices that companies may be involved with, such as child labour as reported via the news and social media. Nevertheless, this study was designed to investigate only company CSR reporting on the websites and it was aimed towards identifying the current status of company's usage of the corporate websites to disseminate CSR information, not any other means.

5) This study identified the extent of online CSR disclosure based on the amount of CSR information disclosed on the websites. It has used a disclosure index by scoring the index when any of the CSR items appeared on the websites. However, it did not look at other components of the CSR information disseminated online such as the content, the presentation, the quality or the length, all of which could offer better understanding and deeper insights into the practices of online CSR disclosure in Malaysia.

6) This study has limited its scope only to the Malaysian context. Therefore, it should only be used as guidance for future studies in other countries, although the cross cultural comparison and values among different countries should be taken into consideration. For instance, the results might not be similar in developed countries such as United Kingdom, USA and many other European countries. Nevertheless, similar results might be obtained in developing countries.

10.7 Future Research

This study offers several suggestions for future research and it is hoped that this study will trigger further debate in this area.

1) In this study, a number of CSR items in the content analysis were used to obtain an indication of the level of online CSR disclosures in the Malaysian context. However, the CSR items included in the disclosure index should not be considered as a complete list of items a company should report on. Rather, it was a list of CSR items that, following the existing literature, contained the items that could be disclosed by the Malaysian companies. Undoubtedly, some items that may be relevant for a specific company were not recorded in the newly developed disclosure index. Future research could further scrutinise the detailed CSR information and to study the extent to which these items were disclosed.

2) Since this study employed an unweighted disclosure index, the finding might be different if a weighted disclosure index was employed. The weighted index assesses the importance of each item in accordance with specific user's perspective. The results

of using a weighted disclosure index could be compared with the results of this study which used the unweighted index.

3) One limitation of this study was the focus on an individual country setting. However, the findings opened up future avenues of research, which included an extensive mapping and comparative study of online CSR disclosure in the region. Future researchers could use the same research instrument, sampling techniques or include other variables such as company's board structure. This study can also be a benchmark in the area on CSR disclosure for developing countries. A comparison between the practice in Malaysia and other countries could be conducted and would enhance the validation of the results in this study. This would also help to identify differences and similarities among the countries.

4) In this study, interviews with managers were conducted to get their views on CSR, online CSR disclosure and the leadership variables that could be affecting the level of online CSR disclosure. It was found that the top management or the higher ranking managers played a bigger role in the online CSR disclosure practices. Future research should be conducted focusing on these top management or top leaders themselves such as the CEOs or CFOs, using interviews or any other research instruments. This would give a solid and reliable outcomes as the study directly examine the source itself, who are the main players in organizations.

5) Future research should empirically test how other leadership variables, for instance, the role of CEOs, influence the level of disclosure. Since this study has revealed that top management played a bigger role in companies CSR practices, it would be

interesting to look at a particular corporate figure. For example, the relationship between the level of online CSR disclosure and the CEO himself, in terms of his characteristic, perception, leadership or other components of a leader could be examined in the future research.

6) This study has revealed that leadership variables accounted for 11.4% of the variation in the levels of online CSR disclosure among the Malaysian companies. Therefore, there must be other influential variables since the explanatory power in this study was low. There are other factors that should be considered in inducing the online CSR disclosure practices in Malaysia. These could possibly be other leadership variables such as “IT-savvy” as suggested by the managers during their interviews, external factors such as market condition, or non-leadership factors such as corporate governance characteristic, firm characteristics or culture, which were not examined in this study. These factors could give better model fit and provide more insight in understanding the determinants of online CSR disclosure in the Malaysian context.

7) This study focused on the disclosure of CSR information on the websites only and excluded any reports uploaded on the websites such as annual report and stand-alone report. It is interesting for future researchers to compare the level of disclosure on the websites with the ones on the annual reports or the stand-alone reports. The results from this comparison could provide different insights into the methods companies use to convey CSR information to stakeholders and the difference in term of levels of disclosure as well as the issues disclosed.

8) This study identified the level of online CSR disclosure based on a disclosure index by scoring the index when any of the CSR items appeared on the websites. However, it did not look at other components of the CSR information disseminated online such as the content, the presentation, the quality or the length, all of which could offer better understanding and deeper insights into the practices of online CSR disclosure in Malaysia. It is recommended for future researchers to extend the study by including these elements such as the quality of disclosure which would be interesting, not only it would reveal the level of disclosures but provide indication on the quality of the disclosures.

9) This study investigated the extent of online CSR disclosure and the leadership variables associated to it, as such it focused on the supply rather than the demand side of the cycle. This means that it focuses on the side of the companies (supply information) rather than the users (demand information). Therefore, a better understanding of the different needs of users and the potential for effective reporting activity could be achieved by measuring the demand side factors such as the frequency of visits to corporate websites, the number of downloads of CSR information or the number of views on such non-financial information could be undertaken.

10) In addition to the demand side factors above, it is recommended for future researchers to explore how differences in levels of disclosure or presentation formats affect users' decisions. This could be done by studying the effects of the amount of information accessed, hypertext links, time taken and other factors, on users' decisions, perceptions or predictions about a company. Companies could compare the

different interfaces and choose the best suited to provide better online CSR disclosures to the users or stakeholders.

10.8 Final Remarks

This thesis has taken a descriptive, exploratory and explanatory approach in determining the extent of online CSR disclosure in Malaysia and how this practice may have been affected by leaders and their leadership components. It has taken a wide-ranging approach to distinguish between many of the leadership variables as the potential antecedents to online CSR disclosures in the Malaysian context, in order to determine the influence that these leadership variables may have on the level of disclosures. Nevertheless, the approach has successfully made significant contributions to knowledge and practice in this area of study. Further research is still needed in this area as the study has possibly raised more questions than those it began with. A leader's ethical guidance, integrity and concern for sustainability were found to be key variables related to the extent of online CSR disclosures. Improvements to consolidate this into a unified measure could be made, thus improving the existing practice of online CSR disclosures. Nevertheless, it should be noted that in the Malaysian context, top leaders and management play a big role in determining the level of online CSR disclosures.

Overall, this research has contributed to existing knowledge by sampling Malaysian companies in investigating the leadership antecedents leading to their online CSR disclosure level, which is very significant in today's era of information technology. Through the use of three different research instruments; the disclosure index, online survey and semi-structured interviews the research has been able to thoroughly

critique, expand, and confirm the findings of previous studies built upon CSR disclosure and organizational leadership studies.

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Appendices

Appendix 1: Terminology used for CSR reporting

No	Author	Year	Word used	On website/ internet
1	Deegan, Craig	2000	Social and Environmental Reporting	-
2	Chapple, Wendy & Moon, Jeremy	2005	CSR Reporting	CSR Website Reporting
3	Branco, Manuel Castelo & Rodrigues, Lucia Lima	2006	Social Responsibility Disclosure	Social responsibility disclosure on the internet
4	Ghazali, Nazli A. Mohd.	2007	CSR Disclosure	-
5	Durie, Anne	2009	CSR Reporting	-
6	Said, Roshima, Zainuddin, Yuserrie Hj. & Haron, Hasnah	2009	CSR Reporting	-
7	Saleh, Mustaruddin	2009	CSR Disclosure	-
8	Rolland, Deborah & Bazzoni, Jana O'Keefe	2009	CSR Reporting	CSR online reporting
9	Hinson, Robert, Boateng, Richard & Madichie, Nnamda	2010	CSR Reporting/ CSR activity reportage	Online CSR communication
10	Sawani, Yussri, Zain, Mustaffa Mohamed & Darus, Faizah	2010	Sustainability Reporting	-
11	Crawford, Elise Perrault & Williams, Cynthia Clark	2010	CR Reporting	-
12	AlNaimi, Hend Abdulla, Hossain, Mohammed & Momin, Mahmood Ahmed	2012	CSR Reporting	-
13	Amran, Azlan	2012	Sustainability reporting	Online sustainability disclosure
14	Homayoun, Saeid, Johansson, Jeaneth, Malmstrom, Malim & Rezaee, Zabihollah	2013	CSR Disclosure	Internet CSR Disclosure

Appendix 2: Summaries of studies

PREVIOUS STUDIES ON CSR AND LEADERSHIP

NO.	YEAR	AUTHOR	TITLE OF ARTICLE	OBJECTIVES	COUNTRY	METHOD	THEORY USED
1	1998	Reeves-Ellington, R.H	Leadership for socially responsible organizations.	1) To examine how business and commercial organizational paradigms work or do not work in socially responsible ways. 2) To examine the kinds of organizational agents most likely to deliver or not deliver socially responsible outcomes.	Nil	Conceptual/ Critical literature reviews	Transformational and transactional leadership
2	2006	Resick, Christian J., Hanges, Paul J., Dickson, Marcus W. & Mitchelson, Jacqueline K.	A cross-cultural examination of the endorsement of ethical leadership	To analyze the degree to which for aspects of ethical leadership - character/integrity, altruism, collective motivation and encouragement - were endorsed as important of effective leadership across cultures.	59 different societies - world wide	1) Multigroup confirmatory factor analyses (CFA) 2) analysis of variance (ANOVA)	Western views of ethics
3	2006	Waldman, David A., Siegel, Donald & Javidan, Mansour	Components of CEO transformnational leadership and CSR	To explore the role of CEOs in determining the extent to which their firms engage in CSR.	USA and Canada	1) Survey 2) CFA to determine the appropriateness of proceeding with two separate measures. 3) Kinder, Lydenberg and Domini (LKD) rating scale to measure CSR.	Leadership theory; transformational leadership theory, social identity theory
4	2008	Waldman, David A. & Siegel, Donald	Theoretical and Practitioner letters: Defining the socially responsible leader	To debate the appropriate drivers of socially responsible decisions and actions undertaken by corporate leaders.	Nil	Letter - Critical literature review	Agency theory, theory of the firm
5	2008	Basu, K., & Palazzo, G.	Corporate social responsibility: A process model of sensemaking.	To explain CSR behavior in terms of processes managers are likely to adopt in coming up with their own view of what constitutes appropriate relationships with their stakeholders and of the world in which they exist.	Nil	Sensemaking process	Stakeholder theory

6	2008	Sama, L., & Shoaf, V.	Ethical leadership for the professions: Fostering a moral community	1) To offer a model of ethical leadership in the professional business sector that confers to legitimacy and sustainability. 2) To know how a leadership approach to ethics can serve as an effective tool for the dissemination of moral values in the organization.	Nil	Conceptual paper/ critical literature reviews	Leadership styles theories: transactional and transformational leadership styles
7	2009	Hind, Patricia, Wilson, Andrew & Lenssen, Gilbert	Developing leaders for sustainable business	To explore how organisations can develop leaders who have the competencies necessary to ensure the sustainability of the company.	Europe	Multi-method approach; questionnaire survey & in-depth interviews	Social learning theory
8	2009	Kakabadse, Nada. K., Kakabadse, Andrew. P. & Lee-Davis, Linda	CSR leaders road-map	To outline how CSR can be effectively implemented and driven through the organisation. Emphasis not on CSR definition but on the skills and capabilities needed by individuals and organizations to fully implement CSR application.	United States, United Kingdom, Continental Europe, Africa and Australia	Qualitative study, case-based analysis, interviews, thematic analysis.	Grounded theory approach
9	2009	Quinn, Laura & Dalton, Maxine	Leading for sustainability: Implementing the tasks of leadership	1) to expand the field of sustainability/CSR research to include a focus on leadership 2) to present an exploratory study of senior leaders in organizations formally adopting principles of sustainability and how these leaders enact the tasks of leadership: setting direction, creating alignment and maintaining commitment within the context of sustainability.	United States	1) qualitative approach 2) structured interview 3) critical -case sampling/ purposive sampling	Grounded theory approach
10	2010	Angus-Leppan, Tamsin, Metcalf, Louise & Benn, Sue	Leadership Styles and CSR Practice: An examination of sensemaking, institutional drivers and CSR Leadership	1) To examine the explicit and implicit CSR framework and its implication for leadership style in a major banking institution. 2) to examine how sensemaking of institutional drivers influences the organizational interpretations of CSR in particular, intra-organisational leadership behaviors in the practice of CSR.	Australia	Open-ended exploratory study, qualitative method (interpretative and inductive), in-depth interviews & content analysis	Institutional, sensemaking?

11	2011	Mostovicz, E. Isaac, Kakabadse, Andrew & Kakabadse, Nada. K.	The 4 pillars of corporate responsibility: ethics, leadership, personal responsibility and trust.	To examine how to further embed CSR thinking and practices into corporations particularly in emerging markets, by reviewing and drawing similarities between key issues faced by all senior managers, namely ethics, leadership, personal responsibility and trust.	Emerging markets	Conceptual paper	Strategic and institutional theory
12	2011	Strand, Robert	Exploring the role of leadership in CSR: A review	1) To collect the existing research relating leadership with CSR in an effort to better understand the intersection of these fields. 2) To explore promising future areas research at this intersection	United States, Scandinavia	Conceptual paper - Literature survey	Major contemporary leadership theories - transformational leadership, transactional leadership, visionary leadership and participative leadership.
13	2012	Tuan, Luu Trong	CSR, leadership and brand equity in healthcare service	To analyze the linkages among CSR, leadership and brand equity in hospitals in Vietnam.	Vietnam	Analyses of variances and SEM	Leadership styles-(Bass, 1985) model; transactional and transformational leaderships
14	2012	Tongkachok, Teeraporn & Chaikew, Akom	CSR: The empirical study of listed companies in the stock exchange of Thailand (SET).	To investigate influential factors affecting CSR of the listed companies so as to develop an appropriate CSR model for the listed companies in SET.	Thailand	Multi-stage sampling-stratified random sampling, proportion stratified sampling and purposive sampling. Questionnaire survey. Multiple regression	Agency theory, stakeholder theory
15	2012	Baele, A	The CEO's perception on CSR: a determinant of CSR reporting	1) To analyse the company's internal contextual factors more in-depth. More specifically, this study focuses on the characteristics of the company's key corporate players by using the Upper Echelons Theory, developed by Hambrick and Mason (1984).	Belgium	Questionnaire survey (determinants) and website.	Upper Echelons theory
16	2013	Shuii Du, Valerie Swaen, Adam Lindgreen and Sankar Sen	The role of leadership styles in CSR	To investigate the interplay between leadership styles and institutional CSR practices.	United States	Large-scale field survey	Stakeholder theory

17	2013	Kozlowski, R. & Kania, K.	Leadership challenges in the context of Web 2.0 solutions	1) To suggest a new framework of the leadership challenges which may have significant impact or affect Web 2.0 tools. 2) To present a path for theoretical framework towards leadership adopted due to emerging technologies in organization's environment.	Nil	Desk research analysis based on critical literature review, content analysis and discussion with experts and management staff.	Leader-member exchange theory
18	2013	Metcalfe, Louise & Benn, Sue	Leadership for sustainability: An evolution of leadership ability	To examine the existing confusion over the multiple leadership styles related to successful implementation of CSR/sustainability in organisations.	Nil	Critical literature review	1) Resource Based Theory 2) Complex systems leadership theory 3) Leadership styles theory; trait theories, skill-based theories, behavioural theories, visionary theories
19	2014	Alice Klettner, Thomas Clarke & Martijn Boersma	The Governance of Corporate Sustainability: Empirical Insights into the Development, Leadership and Implementation of Responsible Business Strategy	To investigate the structures and processes that are being used to develop, lead and implement corporate responsibility strategies in large Australian companies.	Australia	1) a sample of fifty large Australian companies 2) qualitative methodology 3) content analysis 4) whereby each company's annual report, website and any sustainability report	Stakeholder theory
20	2014	Jones Christensen, L., Mackley, A. & Whetten, D.	Taking responsibility for corporate social responsibility: The role of leaders in creating, implementing, sustaining or avoiding socially responsible firm behaviors.	To investigate microfoundations of corporate social responsibility and corporate social irresponsibility by focusing on how leaders influence both activities. Specifically, corporate social responsibility provides context and outcomes (dependent variables) to leadership scholars; the leadership literature offers process models and explanatory mechanisms to corporate social responsibility.	Nil	Critical literature reviews	An organizing framework, drawn from the leadership literature, is utilized to combine scholarship on individual traits, behaviors, and shared leadership as antecedents to corporate social responsibility and corporate social irresponsibility activities.
21	2015	del Mar Alonso-Almeida, M., et al.	Women managers and corporate social responsibility (CSR) in Spain: Perceptions and drivers	1) To analyse the differences in attitudes towards the different dimensions of CSR focusing on the viewpoint of women managers. 2) to measure how personal and professional backgrounds influence the perception of CSR.	Spain	206 women in management positions were surveyed	Stakeholder theory

STUDIES ON CSR DISCLOSURES AND RELATED AREAS

No.	Year	Title	Author	Objective	Country	Theory used	Method
1	2000	A new medium for organizational communication: Analysing web content characteristics of fortune 500 companies	Aikat, D	1)To examine the role of www. sites as a new medium for organizational communication 2)To enhance understanding of the web content characteristics of large organizations	United States	Nil	content analysis of 264 randomly selected web sites form the 1999 Fortune 500 list of companies. - stratified systematic sampling
2	2002	Executive and management attitudes towards CSR in Malaysia	Abdul Rashid, M. Z. & Ibrahim, S.	To examine the attitude of Malaysian managers and executives towards social responsibility and the extent of socially responsible activities involved corporate disclosure, and the factors determining the attitudes towards social responsibility.	Malaysia	Nil	structured questionnaire 1)attitude -4 attitudinal statements on CSR 2)factors/determinants -7 determinants of CSR 3)analysed using SPSSx programme
3	2004	Corporate Social Responsibility Reporting in Malaysia: Progress and Prospects	Thompson, Paul Zakaria, Zarina	To look at the extent, nature and form of corporate social and environmental disclosures made by Malaysian companies.	Malaysia	Nil	content analysis, the social and environmental disclosures found in the annual reports of Malaysia's 250 largest companies.
4	2004	The corporate environmental disclosures on the internet: the case of IBEX 35 Spanish companies	Rodríguez Bolívar, M.P. & Senés García, B.	To investigate the practices of corporate environmental disclosures of the IBEX 35 Spanish firms on their websites.	Spain	Legitimacy theory & stakeholder theory	Literature review - conceptual paper
5	2005	Corporate Social Responsibility (CSR) in Asia: A Seven-Country Study of CSR Web Site Reporting	Wendy Chapple & Jeremy Moon	To investigate corporate social responsibility (CSR) reporting in seven Asian countries: India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, and Thailand.	India, Indonesia, Malaysia, the Philippines, South Korea, Singapore, and Thailand.	The grounded theory (Glaser & Strauss, 1967),	Analysis of Web site reporting of 50 companies in seven Asian countries: India, Indonesia, Malaysia, the Philippines, South Korea, Singapore, and Thailand.

6	2006	Communication of CSR by Portuguese banks: A legitimacy theory perspective	Manuel Castelo Branco and Lucia Lima Rodrigues	1) To ascertain whether Portuguese banks use their websites as a medium to disclose social responsibility information. 2) To identify what types of this kind of information they disclose and compare such disclosure with similar disclosure in annual reports.	Portugal	Legitimacy theory	Content analysis
7	2007	Paving the way for sustainability communication : Evidence from a Swiss study	Stiller, Y. & Daub, C.	1)To evaluate the current practice in corp. annual reporting focusing on the integration of sustainability issues in terms of corp. disclosure 2) To supply best practice examples.	Switzerland	Nil	content analysis of the annual reports –benchmark approach -assessing corp. reporting practice of 250 largest Swiss companies -this is done onto annually repeated project over a time frame of 3 years (2003-2005). -quantitative and qualitative corp. sustainability disclosure. -benchmark studies
8	2007	Ownership structure and corp. social responsibility disclosure: some Malaysian evidence	Nazli A. Mohd Ghazali	To examine the influence of ownership structure on CSR disclosure in Malaysian company annual reports (CARS)	Malaysia	Legitimacy theory, political cost theory	CSR disclosure checklist (Content Analysis)
9	2009	The relationship between CSR disclosure and corporate governance characteristics in Malaysian public listed companies.	Roshima Said, Yusserrie Hj. Zainuddin and Hasnah Haron	To examine the relationship between corporate governance characteristics, namely the board size, board independence, duality, audit committee, ten largest shareholders, managerial ownership, foreign ownership and government ownership and the extent of CSR disclosure.	Malaysia	Agency theory	Content analysis
10	2009	Legal requirements for CSR reporting in the UK, Denmark and Australia	Anne Durie	To examine the current legal reporting requirements for CSR (excluding corporate governance) in the UK, Denmark and Australia.	Australia	Nil	Literature review
11	2009	Communicating CSR, citizenship and sustainability on the web.	Moreno, A. & Capriotti, P.	1)To deepen understanding of corporate websites –of which CSR/CC/SD issues are included 2) To analyse the way in which the top companies on the Spanish Stock Exchange communicate their CSR practices through their corporate web sites. 3)To know which stakeholders are privileged	Spain	Stakeholder theory	1)content analysis 2)2 coders 3) analysis done on the corp. web sites of 5 Spanish enterprises of diff sizes, types and sectors. 4)Purposive sampling

				4) To know which mechanisms of inner and outer control are referred to in the web sites.			
12	2009	CSR & SMEs: exploratory study on motivations from a Malaysian perspective	Nejati, M. & Amran, A.	To explore the motivations for practicing CSR from the perspective of Malaysian SMEs.	Malaysia	Nil	1) qualitative approach 2) Semi-structured interviews with 10 Malaysian SMEs.
13	2009	CSR Disclosure in an emerging market: A longitudinal analysis approach.	Mustaruddin Saleh	To provide empirical evidence on CSR practices in Malaysia.	Malaysia	Nil	Content analysis of annual reports on 4 dimensions: employee, community involvement, product and environment.
14	2009	Greening corporate identity: CSR online corporate identity reporting	Deborah Rolland and Jana O'Keefe Bazzoni	To explore the motivations for and the impact of CSR online reporting on organisational identity development and stakeholder relationship management through corporate web communication and information strategies.	Nil (Ford Motor, Audi and Toyota)	Stakeholder approach	Content analysis
15	2010	Determinants of web-based corporate reporting among top public listed companies in Malaysia.	Homayoun, S. & Abdul Rahman, R.	1) to examine the extent of internet corporate disclosure. 2) to examine how firms charac. and corp. governance mechanism is related with their disclosure degree of internet corporate reporting (content and presentation). 3) identified 5 variables of firm's charac.; size, profitability, leverage, liquidity, industry type and 3 variables for corp. Governance mechanisms; board size, board composition and role duality.	Malaysia	Agency theory, signaling theory	1) sample of 100 top companies listed on Bursa Malaysia was studied for the year 2009. 2) used a disclosure checklist- to evaluate extent and/or quality of internet corp. Reporting categorized into 2 sections; content and presentation -final checklist contained 87 attributes categorized into 6 major attributes. 3) used of online search for website survey and content analysis by physical observation of listed companies BM. 4) used 2 websites namely BM website and the STAR online website (www.bizstar.com) for info. 5) Data related to independent variables including firm charac. were collected from Thompson DataStream. 6) unweighted approach as it does not favour a particular set of users and all equally important.

16	2010	CSR activity reportage on bank websites in Ghana	Robert Hinson, Richard Boateng and Nnamdi Madichie	To examine how banks operating in Ghana communicate their CSR programmes and intentions via their corporate websites.	Ghana	Stakeholder theory and legitimacy theory	Content analysis
17	2011	Using the web by Finnish SMEs for corporate social responsibility activities	Lakatos, E. S., Gazdac, R. M. & Dan, V.	1) To analyse the availability of companies websites and the manner they communicate CSR activities, in order to have full picture of CSR online communication of SMEs in Finland. 2)To analyse : - the availability of Finnish SMEs communication of their CSR activities on their sites - the size of the sites used by companies	Finland	Nil	1) exploratory 2) descriptive 3) study of 1564 companies with web pages
18	2011	Sustainability disclosure in annual reports and websites: a study of the banking industry in Bangladesh	Farid Ahammad Sobhani, Azlan Amran, Yuserrie Zainuddin	to describe the status of disclosure practices of corporate sustainability in the annual reports and corporate websites of the banking industry in Bangladesh	Bangladesh	Nil	Content analysis - annual reports and corporate websites during 2009 - using item-wise disclosure and disclosure indices
19	2011	The Corporate Social Responsibility Disclosure: A study of listed companies in Bangladesh.	Abdur Rouf, M.	1) To examine factors that influence companies to disclose SR info in their annual reports. 2) to measure the level of CSR made by the public listed companies in Bangladesh. 3) to examine the association between corp. Governances attributes and CSR level of listed companies in Bangladesh. 4) to examine corp. governance factors and firms' spec. characteristics and their influence on CSR.	Bangladesh	Nil	1) Data /sample taken from annual reports of listed companies on Dhaka Stock Exchange (DSE) (other than banks, investment, insurance and miscellaneous:-non-financial companies) 2) Preliminary list of 60 items was selected – finalized by experts and reduced to 39 items.
20	2005	Corporate online reporting in 2010: a case study in Jordan	Al-Htaybat, Khaldoon	1) To investigate the current status quo of online reporting in 2010. 2) To explain corporate reporting in Jordan by using companies' characteristics as explanatory factors for any variations in disclosure. 3) To determine the existence of disclosure transformation.	Jordan	Disclosure transformation theory	Use of unweighted index comprising of 70 financial and non-financial items.

21	2012	Exploring online sustainability disclosure among Malaysian company	Amran, A.	To survey how far adoption of online sustainability reporting among the Malaysian public listed.	Malaysia	Nil	1)descriptive cross sectional study 2)secondary data from company's websites and financial reports downloaded from Bursa Malaysia.com 3)disproportionate stratified random sampling method 4)content analysis
22	2012	Disclosing social responsibility information via the internet: a study on companies in Malaysia	Che Hassan, N. H., Yusoff, H. & Yatim, N.	1)To investigate whether companies utilize the internet as the key medium for reporting social responsibility information. 2)To examine the extensiveness and the potential influencing factors of SRD in Malaysia.	Malaysia	Nil	1)Content analysis – applied on 4 categories of SRD; environmental, human resources, products and consumers & community involvement 2) Multivariate analysis – conducted on 4 influencing factors of SRD; corp. size, industry affiliation, profitability & leverage. 3) SPSS 4) Descriptive statistics 5) Regression model 6) Normality test 7) skewness & kurtosis
23	2012	Disclosing social responsibility information via the internet:a study on companies in Malaysia.	Nur Haliza Che Hassan, Haslinda Yusoff and Normahiran Yatim.	1)To investigate whether companies utilize the internet as the key medium for reporting social responsibility information. 2)To examine the extensiveness and the potential influencing factors of SRD in Malaysia.	Malaysia	Nil	1)Content analysis – applied on 4 categories of SRD; environmental, human resources, products and consumers & community involvement
24	2013	CSR disclosures over time: evidence from Malaysia	Abdifatah Ahmed Haji	1)To examine CSR disclosures over period of time when the business environment, particularly the Malaysian environment, experienced several significant changes including the recent financial crises and regulatory changes. 2) To examine factors influencing the CSR disclosures before and after the aforementioned changes.	Malaysia	Legitimacy theory, agency theory and signaling theory	Content analysis
25	2013	CSR Communication in the age of new media: towards the logic of sustainability communication	Uzoечи Nwagbara and Patrick Reid	To contribute to the burgeoning literature on the development of CSR concept via the lense of CSR communication	Nil	Legitimacy theory, stakeholder engagement model	Review of literature

26	2013	Corporate social and environmental reporting in the Caribbean	Anthony R. Bowrin	To examine the extent to which publicly-listed Caribbean companies provide social and environmental disclosure (SED) and the factors related to their disclosure practices.	Caribbean	Nil	Content analysis
27	2013	Corporate sustainability performance and firm performance research	Goyal, P, Rahman, Z. & Kazmi, A. A.	To present a taxonomy of available literature on the relation of sustainability performance and firm performance.	Nil	Nil	Secondary data-101 research papers were studied
28	2013	Managerial ownership, leverage and audit quality impacts on firm performance: evidence from the Malaysian ACE Market	Sulong, Z., Gardner, J. C., Hussin, A. H., Mohd Sanusi, Z. and McGowan, Jr., C. B.	to investigate the relationship of managerial ownership, leverage and audit quality on firm performance for firms in the ACE market. -ACE Market- a relatively new and substantially smaller exchange. -to provide empirical results that will be useful to regulators such as the Securities Commission, Bursa Malaysia and other professional bodies. -to enhance the quality of governance among the ACE market companies	Malaysia	Nil	sample comprised of all companies listed on the ACE market of BM from January 2009 to December 2009. -2 data sources for info :-1) Datastream database, 2) individual company annual reports -uses Tobin's Q (Q-Ratio) as a measure for firm performance. -the regression model is estimated based on 2 models -sample of 82 companies listed on the ACE Market in Malaysia for the period 2006, 2007 & 2008.
29	2013	Empowering society for better corporate social responsibility (CSR) : the case of Malaysia	Amran, A., Mohamed Zain, M., Sulaiman, M., Sarker, T. & Ooi, S. K.	to argue the need for a government initiative to help empower local communities and transform them into legitimate and powerful stakeholders. -to look at the possibility of empowering the local communities to become one of the salient stakeholders through proper strategies of empowerment and government support provide incentives as well as legislation to promote better CSR.	Malaysia	Nil	Literature review

30	2013	Determinants of corporate sustainability performance in emerging markets : the Brazilian case	Lourenco, I. C. & Branco, M. C.	<p>1)to investigate the factors that drive high levels of corp. sustainability perf. In an emerging country Brazil as proxied by membership of the Sao Paulo Market (Bovespa) Corp. Sustainability Index 2005</p> <p>2)to discover whether multiple listing is a factor significant in influencing corp. Sustainability perf. Of companies listed on the Bovespa.</p> <p>3)to discover whether firms listed on the Bovespa which are also listed in foreign capital markets are more likely to have superior sustainability perf.</p> <p>4) to understand whether the determinants of corp. sustainability in Brazil are diff. From the developed countries.</p>	Brazil	Nil	<p>1) empirical analysis on Brazilian listed companies with info on Worldscope database at the end of 2010.</p> <p>2)Firms were divided into 2 groups; belong to Bovespa Corp. Sustainability Index or not.</p> <p>3)235 finalise firms valid for study.</p> <p>4)1stly –performed univariate comparisons based on the descriptive stats and test of equality for the central tendency measures in case of continuous variables and tests of equality of proportions in case of binary variables.</p> <p>2ndly-performed logistic regression models.</p>
31	2013	W(h)ither Ecology? The Triple Bottom Line, the Global Reporting Initiative and Corporate Sustainability Reporting	Markus J. Milne and Rob Gray	To contribute to the dabate about what and how business leaders, managers and decision makers can genuinely contribute to an ecologically sustainable society by offering an interpretation of the role of international business and its associations in promoting sustainable development.	Nil	Nil	Nil
32	2015	Corporate Social Responsibility Communication Through Corporate Websites: A Comparison of Leading Corporations in the United States and China	Lu Tang, Christine C. Gallagher, and Bijie Bie	to examine how leading corporations in the United States and China discuss the rationales, themes, and practices of CSR on their corporate websites.	United States & China	Institutionalization, especially to the forces of coercive and mimetic isomorphism. Keywords	Data collected in 2008, then I 2012

SUMMARIES FROM THESES

No	Year	Author	Title	Country	Objective	Paradigm/ Epistemology	Theories	Method	Data collection tech.
1	2006	MAHMOOD AHMED MOMIN	Corporate social responsibility and reporting by multinational corporations in Bangladesh - An exploration	Bangladesh	This study examines the extent of and motivations behind corporate social reporting (CSR) by large corporations in general and subsidiaries of multinational corporations in particular in Bangladesh.	Laughlin's (1995,2004) middle-range framework - 'multiple realities - middle-range position	Laughlin's (1995,2004) middle-range framework - 'multiple realities - middle-range position	qualitative and quantitative method - middle-range methodology (Laughlin, 1995).	1)annual reports- Quantitative content analysis 2)interviewing different groups, namely, corporate managers and non-governmental executives.
2	2010	Amer Qasim	The Use of the Internet as an Investor Relations Tool: The Case of Jordan	Jordan	Two main objectives were addressed in this thesis; (1) to explore online status of listed companies and the extent to which websites are utilized to disclose IR-related information, and (2) to investigate factors influencing companies to have websites and to disclose IR information.	mixed method paradigm -	diffusion of innovations and institutional theories, and theories explaining voluntary disclosure (agency, political costs, equity need, and signalling theories)	quantitative and qualitative methods - cross-sectional	survey analysis - web-based scoring sheet - Semi-structured interviews
3	2009	Zakaria Ali Aribi	An Empirical Study of Corporate Social Responsibility and its Disclosure in Islamic Financial Institutions	Nil	In order to understand the practice of CSR and CSRD by IFIs, it is also important to investigate the perception of the managers who are in charge of producing corporate reports, and to understand the reasons and rationales behind disclosing or non-disclosing social responsibility information.	between nominalism and realism, as outlined by Laughlin (1995), but, however, closer to nominalism.	Laughlin's (1995) argument, the current study takes a middle-range position.	mix of qualitative and quantitative research	content analysis method - annual reports - interviews were utilised to seek the perspectives, attitudes and opinions of IFIs' managers on CSR and CSRD.

4	2010	AMR NAZIEH MAHMOUD EZAT ELSAYED	THE KEY DETERMINANTS OF THE VOLUNTARY ADOPTION OF CORPORATE INTERNET REPORTING AND ITS CONSEQUENCE ON FIRM VALUE: EVIDENCE FROM EGYPT	Egypt	to contribute to the disclosure literature by examining the association between corporate Internet reporting and its main components, and corporate governance and ownership structure variables in one of the developing countries, namely Egypt, based on a comprehensive theoretical framework and explore the economic consequences of corporate Internet reporting and its main components.	positivism as it relies on empirical evidence rather than the opinions of individuals or groups in society to explain why companies use the Internet as a tool for corporate reporting.	Nil	applied study as it is intended to raise awareness about the key determinants of using the Internet as a medium to disseminate information (either financial or non-financial) by Egyptian listed companies. - quantitative as it seeks to collect and analyse numerical data to interpret and test the relationship between the dependent variable (CIR total and its components) and the independent variables (firm characteristics, market related factors, ownership structure and corporate governance	self-construct disclosure index
5	2005	ADEL A. MASHAT	CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND ACCOUNTABILITY (THE CASE OF LIBYA)	Libya	This research investigates the CSR disclosure practices in Libya, analysing current practices, trends and future potential, including perceptions amongst members of the accounting community regarding the current corporate reporting and disclosure practices and the extent to which notions of CSR and accountability are acceptable within the Libyan business and social context.	Nil	Nil	These methods are: a descriptive method, content analysis, theoretical and conceptual analysis and empirical survey.	content analysis of annual reports - questionnaire survey -

6	2010	Nasr Taha Hassan	Corporate social responsibility disclosure:an examination of framework of determinants and consequences.	UK	To present a framework to explain corporate social responsibility disclosure (CSD) in terms of determinants and consequences. The study is dealing with quantity and quality of CSD in both annual and stand alone reports.	positivism	legitimacy theory	quantitative research, a deductive approach.	Content analysis technique - annual reports and corporate responsibility reports
7	1995	NAFEZ IBRAHIM AHMED ABU-BAKER	USE OF AN ACCOUNTABILITY FRAMEWORK AS AN ALTERNATWE APPROACH FOR CORPORATE SOCIAL RESPONSIBILITY REPORTING AND DISCLOSURE PRACTICES IN JORDAN	Jordan	to examine the current framework of corporate reporting and disclosure practices of the Jordanian shareholding companies in the light of the country's economic, social and political environment.	Nil	Nil	empirical survey	questionnaire
8	2009	MAHMOUD ELMOGLA	CORPORATE SOCIAL REPORTING IN A TRANSITION ECONOMY: THE CASE OF LIBYA	Libya	to investigate corporate social responsibility disclosure in Libyan companies' annual reporting in the light of the country's economic, social and political environment.	mixed methods approach	Nil	mixed methods approach - descriptive method - empirical survey	content analysis - annual reports - questionnaire
9	2010	JO-ANNE RYAN	EXPLORING THE INVESTOR RELATIONS WEBSITE: THE IMPACT OF INTERNET REPORTING ON INSTITUTIONS	Canada	to explore the rules and routines that have evolved within the Investor Relations (IR) functions of a large Canadian public company (ABC) from the inception of their IR website in 1997 to 2010	interpretive approach - subjective assumption	institutional theory (specifically, the Burns and Scapens (2000) institutional framework)	case study approach	weblog analysis - interviews

10	2014	Elena Platonova	Comparative Analysis of CSR Disclosure and Its Impact on Financial Performance in the GCC Islamic Banks		to analyse the CSR attitudes and practices of Islamic banks in the GCC region through their CSR disclosure practices. This research further aims to examine empirically the impact of CSR disclosure practices of the GCC Islamic banks on their financial performance.	Positivism	Nil	Quantitative	content analysis - annual reports of GCC Islamic banks for the period 2000- 2011 - CSR disclosure index
11	1999	Brendan G. O' Dwyer	Corporate Social Reporting in the Republic of Ireland A Description and Quest for Understanding	Ireland	to investigates the practice of corporate social reporting (CSR) through the corporate annual report in the Republic of Ireland. The investigation encompasses a detailed description and interpretation of this practice	interpretative - subjectivist approach	Laughlin (1995)	qualitative methodological	content analysis method - annual reports - in-depth interviews
12	2009	Petros Vourvachis	In Search of Explanations for Corporate Social Reporting	(Airlines)	investigates motivations for Corporate Social Reporting (CSR). Considering that CSR remains a largely unregulated phenomenon, calls for normative and empirical research contributing to its theorisation are increasing	Laughlin's (1995) 'middle range' philosophical	Laughlin's (1995) 'middle range' philosophical	mixed method studies - mixed-method CA	Content Analysis - a case study design - longitudinal multi-case study
13	2004	ATAUR RAHMAN BELAL	THE PROSPECTS FOR CORPORATE SOCIAL REPORTING (CSR) IN BANGLADESH	Bangladesh	to explore the emerging practice of CSR in Bangladesh	interpretive - subjective interpretation	stakeholder theory	qualitative analysis	qualitative content analysis - textual analysis of corporate annual reports - texts of annual reports - semi-structured interviews

Appendix 3: References used for the development of disclosure index

No.	Disclosure categories	Disclosure items		*References
1	Community	1	Promotion of education through donations or scholarships.	A, B, C, D, E, F, G, H
		2	Part-time employment of students, apprenticeship or internship.	D, F, G, H
		3	Sponsorship of educational conferences, seminars or art exhibits.	A, C, E, F, G, H
		4	Sponsorship of public health projects or medical camps.	A, B, D, E, F, G, H
		5	Aiding medical research.	G, H
		6	Supporting national pride and government campaigns.	B
		7	Supporting the development of local industries or community programs and activities.	H
		8	Establishment or maintenance of educational institutions.	H
		9	Employee volunteerism for community work.	C, D, F, H
		10	Rural development program or adoption of villages.	C, H
		11	Aids to sports.	A, D, E, F, G, H
		12	Special community related activities e.g. opening the company's facilities to the public.	B, C, H
		13	Adopting or maintenance of old age homes, homes for the poor, underprivileged, single parents, disabled or orphanage (including visits).	C, G, H
		14	Providing relief to victims of natural disasters or war.	G
		15	Sponsoring charity events or fundraising events e.g. concerts, run.	Own
		16	School adoption programme e.g. PINTAR project	Own
2	Workplace	1	Statements regarding reduction of pollutants, irritants, hazards or injuries.	C, G, H
		2	Promoting employee safety and physical or mental health.	A, C, D, E, F, G, H
		3	Compliance with health, safety standards and regulations.	A, C, D, E, F, G, H
		4	Receiving a safety award.	C, F, G, H
		5	Establishing a safety department, committee or safety policy.	B, C, D, F, G, H
		6	Providing low cost health care for employees.	H
		7	Employee trainings.	A, C, D, E, F, G, H
		8	Giving financial assistance to employees (or children of employees) in educational institutes or continuing education courses.	H
		9	Establishments of trainee centres.	H
		10	Staff accommodation.	H
		11	Providing recreational or cultural activities or facilities.	H
		12	Providing the number of employees in the company, at each branch or subsidiary.	E, F, G, H
		13	Improvements to the general working conditions.	H
		14	Winning an award for being a good employer.	C, F, H
		15	Awards given away for motivation of employees.	B, C, D, F, G
		16	Employee welfare fund.	B, D, F
		17	Information about support for day-care, maternity or paternity leave.	E, G
		18	Leadership programs.	Own

3	Marketplace	1	Information on developments related to the company's products including its packaging e.g. making containers reusable.	B, H
		2	Information on research and development for specific product or its benefits.	H
		3	Disclosing improved procedures in the processing and preparation of products.	B, H
		4	Information on the safety of the firm's product.	B, C, D, E, F, G, H
		5	Information on the quality of the firm's product.	A, B, C, E, H
		6	Uses local suppliers when possible or policy on local content.	G
		7	Provides information about consumer complaints or satisfaction and other feedback.	A, C, E, G
		8	Awards in relation to marketplace practices.	B, C, F, G
		9	Green product.	C
		10	Discussion of major types of products/ services/ projects.	B
		11	Information on the rate, price or tariff of the firm's product.	Own
4	Environment	1	Pollution or environmental impact consciousness in conduct of business operations (capital, operating, R&D for pollution abatement).	B, C, E, H
		2	Statements indicating that the company's operations are non-polluting or that they are in compliance with pollution laws and regulations.	B, C, E, G, H
		3	Statements indicating that pollution or environmental impact from operations have been or will be reduced.	C, E, G, H
		4	Prevention or repair of damage to the environment resulting from processing of natural resources e.g. land reclamation, deforestation.	E, G, H
		5	Conservation of natural resources e.g. rivers, recycling glass, metals, oil, water and paper, using recycled materials.	A, D, G, H
		6	Receiving an award for environment programs and policies.	C, D, F, G, H
		7	Preventing waste or waste management.	C, H
		8	Biodiversity or wildlife conservation.	C, H
		9	Signatory status to agreements that commit the organization to consider the environment in its operations.	H
		10	Water or environment studies or surveys.	H
		11	Water reuse or reduction of water usage.	C, H
		12	Use of environment friendly materials or green technology.	H
		13	Renewable energy, biomass or biodiesel.	A, C, E
		14	Sponsoring programs related to conserving the environment.	D, F
15	Discussion of environment management systems.	E, H		

***References**

A :	Branco & Rodrigues (2006)
B :	Ghazali (2007)
C :	Othman, Darus & Arshad (2011)
D :	Haji & Ghazali (2012)
E :	Che Hassan, Yusoff & Yatim (2012)
F :	Haji (2013)
G :	Bowrin (2013)
H :	Kansal, Joshi & Batra (2014)
Own:	New item

Appendix 4: The disclosure score between two coders

Company	1st Coder	2nd Coder
1	0.68	0.75
2	0.87	0.77
3	0.48	0.52
4	0.57	0.50
5	0.38	0.43
6	0.63	0.65
7	0.18	0.22
8	0.77	0.73
9	0.47	0.47
10	0.07	0.08
11	0.62	0.58
12	0.32	0.35
13	0.45	0.48
14	0.58	0.55
15	0.43	0.48
16	0.42	0.45
17	0.50	0.45
18	0.57	0.57
19	0.22	0.17
20	0.73	0.83
21	0.37	0.35
22	0.33	0.42
23	0.15	0.18
24	0.35	0.28
25	0.63	0.55
26	0.35	0.33
27	0.27	0.30
28	0.52	0.47
29	0.18	0.22
30	0.22	0.27
<i>Pearson correlation</i>	<i>p=0.966**</i>	
<i>Spearman correlation</i>	<i>p=0.969**</i>	

Notes: Both parametric and non-parametric tests show that the scores between two scorers are not significantly different.

Appendix 5: Questionnaire

SECTION A : DEMOGRAPHICS

Instruction: The following items concern you and your immediate supervisor. You should consider your immediate supervisor to be the person who you feel has the most control over your daily work activities.

a) Please tick (v) ONLY ONCE in the appropriate boxes and fill-in the necessary details about yourself in the spaces provided.

- 1) Gender :

 Male
Female
- 2) Age :

 20 - 25 years old
26 - 30 years old
31 - 40 years old
41- 50 years old
50 years old and above
- 3) Occupation/ Current job position :
- 4) Time in position :

 Less than 2 years
More than 2 - 4 years
More than 4 - 10 years
More than 10 years
- 5) Job level :

 Higher than Senior Manager level
Senior Manager level
Junior Manager level
Executive level
Entry level
Others: please specify
- 6) Years working with the current company :

 Less than 2 years
More than 2 - 4 years
More than 4 - 10 years
More than 10 years
- 7) Type of industry (sector) :

 Health care
Financial
Education
Manufacturing
Construction
Consumer product

	Hotel
	Industrial product
	Mining
	Plantation
	Properties
	Technology

Others: please specify

b) Please tick (v) ONLY ONCE in the appropriate boxes and fill-in the necessary details about your supervisor in the spaces provided.

- 1) Supervisor's gender :

 Male
Female
- 2) Length of time with current supervisor :

 Less than 2 years
More than 2 - 4 years
More than 4 - 10 years
More than 10 years
- 3) Years of supervisor working with the current company :

 Less than 2 years
More than 2 - 4 years
More than 4 - 10 years
More than 10 years
- 4) What is the current job position of your supervisor (job title)?
.....

SECTION B : ETHICAL LEADERSHIP BEHAVIORS

Instruction: The following items concern your immediate supervisor. You should consider your immediate supervisor to be the person who you feel has the most control over your daily work activities. Please respond accordingly to the statements below regarding your supervisor and tick (v) ONLY ONCE for each statement.

	Strongly disagree Strongly agree				
	←—————→				
	1	2	3	4	5
People orientation					
1) Is interested in how I feel and how am I doing.					
2) Takes time for personal contact.					
3) Pays attention to my personal needs.					
4) Takes time to talk about work-related emotions.					

5) Is genuinely concerned about my personal development.					
6) Sympathizes with me when I have problems.					
7) Cares about his/her followers.					
Fairness	1	2	3	4	5
1) Holds me accountable for problems over which I have no control.					
2) Holds me responsible for work that I gave no control over.					
3) Holds me responsible for things that are not my fault.					
4) Pursues his/her own success at the expense of others.					
5) Is focused mainly on reaching his/her own goals.					
6) Manipulates subordinates.					
Power sharing	1	2	3	4	5
1) Allows subordinates to influence critical decisions.					
2) Does not allow others to participate in decision making.					
3) Seeks advice from subordinates concerning organizational strategy.					
4) Will reconsider decision on the basis of recommendations by those who report to him/her.					
5) Delegates challenging responsibilities to subordinates.					
6) Permits me to play a key role in setting my own performance goals.					
Concern for sustainability	1	2	3	4	5
1) Would like to work in an environmentally friendly manner.					
2) Shows concern or sustainability issues.					
3) Stimulates recycling of items and materials in our department.					
Ethical guidance	1	2	3	4	5
1) Clearly explains integrity related codes of conduct.					
2) Explains what is expected from employees in terms of behaving with integrity.					
3) Clarifies integrity guidelines.					
4) Ensures that employees follow codes of integrity.					
5) Clarifies the likely consequences of possible unethical behaviour by myself and my colleagues.					
6) Stimulates the discussion of integrity issues among employees.					
7) Compliments employees who behave according to the integrity guidelines.					
Role clarification	1	2	3	4	5
1) Indicates what the performance expectations of each group member are.					
2) Explains what is expected of each group member.					
3) Explains what is expected of me and my colleagues.					
4) Clarifies priorities.					
5) Clarifies who is responsible for what.					

Integrity	1	2	3	4	5
1) Keeps his/her promises.					
2) Can be trusted to do the things he/she says.					
3) Can be relied on to honour his/her commitments.					
4) Always keeps his/her words.					

SECTION C : LEADERSHIP STYLES

Instruction: The following items concern your immediate supervisor. You should consider your immediate supervisor to be the person who you feel has the most control over your daily work activities. Please respond accordingly to the statements below regarding your supervisor and tick (v) ONLY ONCE for each statement.

	Not at all Frequently, if not always 				
	0	1	2	3	4
Transformational leadership					
1) I am proud of him/her.					
2) Goes beyond self-interest.					
3) Has my respect.					
4) Displays power and confidence.					
5) Talks of values.					
6) Models ethical standards.					
7) Considers the moral/ethical.					
8) Emphasizes the collective mission.					
9) Talks optimistically.					
10) Expresses confidence.					
11) Talks enthusiastically.					
12) Arouses awareness about important issues.					
13) Re-examines assumptions.					
14) Seeks different views.					
15) Suggests new ways.					
16) Suggests different angles.					
17) Individualizes attention.					
18) Focuses on my strengths.					
19) Teaches and coaches.					
20) Differentiates among us.					
Transactional leadership					
1) Clarifies rewards.					
2) Assists based on effort.					
3) Rewards my achievement.					
4) Recognizes my achievement.					
5) Focuses on my mistakes.					
6) Deals with urgent problems.					

7) Tracks my mistakes.					
8) Concentrates on failures.					

SECTION D : THE ROLE OF LEADERS

Instruction: Please respond accordingly to the statements below regarding your company. Please tick (v) ONLY ONCE for each statement.

	Strongly disagree ←————→ Strongly agree				
	1	2	3	4	5
1) The top managers set the directions for CSR initiatives.					
2) The top managers communicate CSR information to people inside the company.					
3) The top managers communicate CSR information to people outside the company.					
4) The top managers influence people in the company to believe in CSR.					
5) The top managers use the company’s website to showcase company’s CSR practices.					
6) The top managers encourage employees to volunteer in any CSR activities.					
7) The top managers make employees in the company aware of CSR initiatives of the company.					
8) The top managers make decisions about CSR strategies, within the framework of firm.					
9) The top managers stress on the need for the company to contribute more broadly to the society.					
10) The top managers spend company’s fund on CSR activities.					

Please state your comment/s (if any) on any of the items in the questionnaire.

.....

.....

.....

.....

Yes No

Please specify contact details as follows:

Telephone no. :

Email :

Thank you for completing this questionnaire.

Appendix 6: The division of companies between high and low levels of online CSR disclosure.

No.	Company Name	Score	Score (percentage)	Level of Disclosure
1	Tenaga Nasional Berhad	52	87	HIGH
2	Genting Berhad	46	77	HIGH
3	Telekom Malaysia Berhad	44	73	HIGH
4	Kulim Malaysia Berhad	42	70	HIGH
5	Sime Darby Berhad	41	68	HIGH
6	Digi.Com Berhad	41	68	HIGH
7	Lafarge Malaysia Berhad	39	65	HIGH
8	IJM Corp Berhad	39	65	HIGH
9	Nestle Malaysia Berhad	39	65	HIGH
10	Genting Malaysia Berhad	38	63	HIGH
11	YTL Corp Berhad	38	63	HIGH
12	AEON Co Malaysia Berhad	37	62	HIGH
13	Shell Refining Co Federation of Malaya Berhad	37	62	HIGH
14	Bumi Armada Berhad	35	58	HIGH
15	Public Bank Berhad	35	58	HIGH
16	MSM Malaysia Holdings Bhd	34	57	HIGH
17	Sunway Berhad	34	57	HIGH
18	Boustead Holdings Berhad	34	57	HIGH
19	Malayan Banking Berhad	34	57	HIGH
20	Gamuda Berhad	32	53	HIGH
21	Fraser & Neave Holdings Berhad	32	53	HIGH
22	Top Glove Corp Berhad	32	53	HIGH
23	Kwantas Corp Berhad	32	53	HIGH
24	WCT Holdings Berhad	32	53	HIGH
25	Berjaya Corp Berhad	31	52	HIGH
26	PPB Group Berhad	31	52	HIGH
27	Press Metal Berhad	31	52	HIGH
28	IOI Corp Berhad	30	50	HIGH
29	Wah Seong Corp Berhad	30	50	HIGH
30	Petronas Dagangan Berhad	29	48	LOW
31	AMMB Holdings Berhad	29	48	LOW
32	British American Tobacco Malaysia Berhad	29	48	LOW
33	Sarawak Oil Palms Berhad	29	48	LOW
34	Guinness Anchor Berhad	29	48	LOW
35	YTL Power International Berhad	28	47	LOW
36	Pharmaniaga Berhad	28	47	LOW
37	UMW Holdings Berhad	27	45	LOW
38	DRB-Hicom Berhad	26	43	LOW
39	Malaysia Airports Holdings Berhad	26	43	LOW
40	UEM Sunrise Berhad	26	43	LOW
41	Malayan Flour Mills Berhad	26	43	LOW
42	Malaysia Building Society Berhad	26	43	LOW
43	Felda Global Ventures Holdings Berhad	25	42	LOW
44	Malaysia Marine and Heavy Engineering Holdings	24	40	LOW
45	Gas Malaysia Berhad	24	40	LOW
46	CIMB Group Holdings Berhad	23	38	LOW
47	Allianz Malaysia Berhad	23	38	LOW
48	Affin Holdings Berhad	23	38	LOW

49	Oriental Holdings Berhad	23	38	LOW
50	RHB Capital Berhad	22	37	LOW
51	Magnum Berhad	22	37	LOW
52	MBM Resources Berhad	22	37	LOW
53	Mah Sing Group Berhad	22	37	LOW
54	Syarikat Takaful Malaysia Berhad	22	37	LOW
55	MISC Berhad	21	35	LOW
56	Hong Leong Financial Group Berhad	21	35	LOW
57	HAP Seng Consolidated Berhad	21	35	LOW
58	SP Setia Berhad Group	21	35	LOW
59	KPJ Healthcare Berhad	21	35	LOW
60	Muhibbah Engineering M Berhad	21	35	LOW
61	Maxis Berhad	20	33	LOW
62	Malaysian Airline System Berhad	19	32	LOW
63	BIMB Holdings Berhad	19	32	LOW
64	Dialog Group Berhad	18	30	LOW
65	QL Resources Berhad	18	30	LOW
66	Petronas Gas Berhad	17	28	LOW
67	Scomi Group Berhad	17	28	LOW
68	MMC Corp Berhad	16	27	LOW
69	AirAsia Berhad	16	27	LOW
70	MNRB Holdings Berhad	16	27	LOW
71	Media Prima Berhad	15	25	LOW
72	7-Eleven Malaysia Holdings Berhad	14	23	LOW
73	Petron Malaysia Refining & Marketing Berhad	13	22	LOW
74	SapuraKencana Petroleum Berhad	13	22	LOW
75	DKSH Holdings Malaysia Berhad	13	22	LOW
76	Tan Chong Motor Holdings Berhad	12	20	LOW
77	Axiata Group Berhad	11	18	LOW
78	Hong Leong Bank Berhad	11	18	LOW
79	IHH Healthcare Berhad	11	18	LOW
80	Kuala Lumpur Kepong Berhad	9	15	LOW
81	Astro Malaysia Holdings Berhad	9	15	LOW
82	Alliance Financial Group Berhad	8	13	LOW
83	Southern Steel Berhad	7	12	LOW
84	AirAsia X Berhad	6	10	LOW
85	China Stationery Limited	6	10	LOW
86	XingQuan International Sports Holdings Limited	6	10	LOW
87	Hong Leong Industries Berhad	5	8	LOW
88	KNM Group Berhad	5	8	LOW
89	Store Corp Berhad/The	5	8	LOW
90	Nylex Malaysia Berhad	4	7	LOW
91	Petronas Chemicals Group Berhad	4	7	LOW
92	Ann Joo Resources Berhad	3	5	LOW
93	Lion Industries Corp Berhad	3	5	LOW
94	Lion Corp Berhad	2	3	LOW
95	Berjaya Sports Toto Berhad	2	3	LOW
96	Berjaya Land Berhad	1	2	LOW
97	Parkson Holdings Berhad	1	2	LOW
98	Ancom Berhad	1	2	LOW
99	Westports Holdings Berhad	1	2	LOW
100	BLD Plantation Berhad	1	2	LOW

Appendix 7: Interview guide

The interview questions are divided into 3 parts:

A. CSR reporting of your company

B. Your company's CSR reporting on corporate website (we called this the online CSR disclosure)

C. Leadership influence (because we want to know whether leadership factors can influence the extent of online CSR disclosures)

A. CSR reporting of your company

- Do you view that companies have a social responsibility? why do you believe so?

- Do you think it is important to report non-financial information like CSR information?why do you think it's important / not important?

- For your company (name of company), who is responsible to report the CSR information?

- Who decide on the CSR information to be reported? For example, the amount of information, the type, the kind.

- Can you please briefly explain how is the CSR reporting process in your company? What is the start of the process? until the report is produced.

B. Your company's CSR reporting on corporate website

- What are your views about reporting CSR on corporate websites?

- Does your company practice this?

- Is it easy to disclose CSR information on the company's website?Why do you think so?

- Is the process similar to the normal CSR reporting like the one you just mentioned?

- How do you see the extent of CSR disclosure on the website by your company? Is it high or low disclosure?

- How do you rate the CSR disclosure on the website of your company? Is it good or bad? Why do you think so?

- What are the CSR issues your company commonly report on the corporate website? Why do you think these issues are reported?

- Are the issues the same as in the annual report or the normal CSR/sustainability report that can be downloaded from the website?

- Does your company prefer to use the annual report to disclose CSR information or the online reporting? Why? Why not?

- What, in your view, does (or does not) motivate companies (including your own) in such reporting? Let's start with the factors that motivate first.....

How about the factors that do not motivate

- Overall, how do you view CSR of companies through websites in Malaysia?

C. Leadership influence

- What kind of leadership style that is practiced in your company?

-Do you think your company's leadership influence the online CSR reporting?.... How can this happen? Any example?

- Do you think leadership style influence the amount of the information disclosed?

- How do you see the role of managers in the practice of online CSR disclosures? Do you think managers play a role in such reporting practice?

- How about the top management of your company? Do they support this or not?

- Do you think a leader or a manager with specific values such as ethical values influence the extent of information reported on the corporate websites? Why do you think so? How?

- What kind of values do you think relevant in this situation?

-I would also like to know your views on the following values; whether each value in your opinion can affect the amount of CSR information on the website?

a) people orientation

b) fairness

c) integrity

d)concern for sustainability

e)power sharing

f)ethical guidance

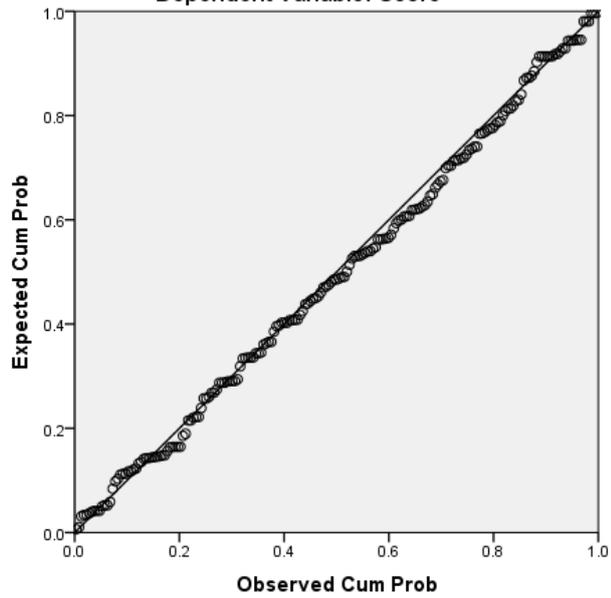
g) role clarification

- In your opinion, what kind of leaders that would encourage companies to report online?

Appendix 8: The graphs

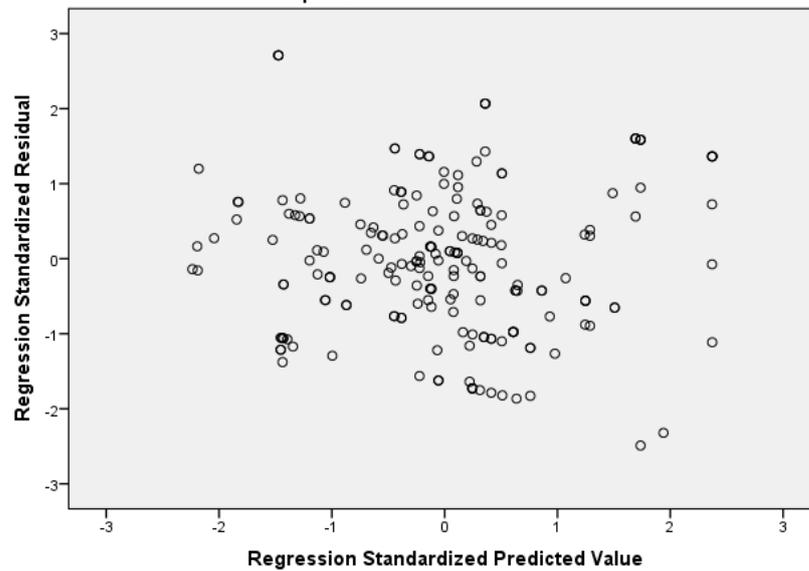
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Score



Scatterplot

Dependent Variable: Score



Appendix 9: Summaries of CSR disclosure studies in Malaysia

No	Title	Author	Objective	Qual/Quan	Mode of reporting	Sample	Theory used	Method	Findings
1	Corporate Social Responsibility Reporting (CSRR) in Malaysia: Progress and Prospects	Thompson & Zakaria (2004)	to look at the extent, nature and form of corporate social and environmental disclosures made by Malaysian companies.	both	annual report	257 public listed companies	Nil	Content analysis of social and environmental disclosures found in annual reports	1) CSRR in general and CER in particular are still in infancy levels. The apparent low level of CSR is due to lack of government and public pressure, lack of perceived benefits and the widely held view that companies do not affect the environment. 2) Environment and energy dimension is the least disclosed.
2	Corporate Social Responsibility (CSR) in Asia: A Seven-Country Study of CSR Web Site Reporting	Chapple & Moon (2005)	to investigate corporate social responsibility (CSR) reporting in seven Asian countries: India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, and Thailand.	quantity	website reporting	50 companies in each 7 Asean countries	grounded theory (Glaser & Strauss, 1967)	Content analysis of website reporting	1) CSR vary considerably across countries. 2) MNC are more likely to adopt CSR than those operating solely in their home country but tend to reflect the country of operation than the country of origin.
3	Ownership structure and corp. social responsibility disclosure: some Malaysian evidence	Ghazali (2007)	to examine the influence of ownership structure on CSR disclosure in Malaysian company annual reports (CARS)	quantity	annual report	87 non-financial companies in the Composite Index	legitimacy theory, political cost theory	CSR disclosure checklist to measure the extent of CSR disclosure in annual reports	1) There is considerable variability in the amount of social activities disclosed in corporate annual reports. 2) Companies in which the directors hold a higher proportion of equity shares (owner-managed companies) disclosed significantly less CSR information, while companies in which the government is a substantial shareholder disclosed significantly more CSR information in their annual reports.
4	The relationship between CSR disclosure and corporate governance characteristics in Malaysian public listed companies.	Said et al. (2009)	to examine the relationship between corporate governance characteristics, namely the board size, board independence, duality, audit committee, ten largest shareholders, managerial ownership, foreign ownership and government ownership and the extent of CSR disclosure.	quantity	annual report and companies web sites.	150 public listed companies	agency theory	Content analysis was used to extract the CSR disclosure items from annual report and companies' web sites. A CSR disclosure index was constructed after combining CSR disclosure items disclosed both in annual reports and in companies' web sites.	1) Two variables were associated with the extent of disclosures, namely government ownership and audit committee. 2) Government ownership and audit committee are positively and significantly correlated with the level of corporate social responsibility disclosure. 3) The most significant variable that influences the level of CSR disclosure is government ownership.

No	Title	Author	Objective	Qual/ Quan	Mode of reporting	Sample	Theory used	Method	Findings
5	CSR Disclosure (CSR D) in an emerging market: A longitudinal analysis approach.	Saleh (2009)	to provide empirical evidence on CSR D practices in Malaysia.	quantity	annual reports	200 public listed companies	portfolio theory	Content analysis of annual reports on 4 dimensions: employee, community involvement, product and environment.	1) CSR D received modest attention from most surveyed companies in their annual reports, in terms of allocated space and subjects covered. 2) The themes generally disclosed across the four categories were employee relations and community involvement, whereas, environmental disclosure requires much more attention from Malaysian firms.
6	Determinants of web-based corporate reporting among top public listed companies in Malaysia.	Homayoun & Abdul Rahman (2010)	1)to examine the extent of internet corporate disclosure. 2)to examine how firms charac. and corp. governance mechanism is related with their disclosure degree of internet corporate reporting (content and presentation).	both	website	100 top public listed companies	agency theory, signaling theory	Content analysis through disclosure checklist- to evaluate extent and/or quality of internet corp. reporting categorized into 2 sections; content and presentation.	1) There is still room for Malaysian companies to improve their internet corporate reporting (ICR). 2) Among firm characteristics variables only profitability is significantly associated with the extent of internet corporate reporting. 3) Among corporate governance mechanisms only board size influence a firm's internet disclosure behavior.
7	Corporate social responsibility disclosure and its relation on institutional ownership (IO) Evidence from public listed companies in Malaysia	Saleh et al. (2010)	to explore corporate social responsibility (CSR) disclosure and its relation to institutional ownership (IO) of Malaysian public listed companies (PLCs).	both	annual reports	200 largest PLCs	stakeholder theory	Longitudinal data analysis of companies' annual reports, used two well-established models, the fixed effects model and random effects model.	There are positive and significant relationships between CSR disclosure (CSR D) and IO which suggests that Malaysian PLCs are able to attract and maintain their institutional investors while they engage in social activities.
8	Looking for evidence of the relationship between corporate social responsibility and corporate financial performance in an emerging market	Saleh et al. (2011)	to examine the relationship between corporate social responsibility (CSR) and corporate financial performance (CFP) of Malaysian public listed companies (PLCs) as an emerging market setting.	quantity	annual reports	200 largest companies listed in the main board	supply and demand theory, trade-off theory of stakeholder	Longitudinal data analysis with a large-sample testing was carried out by using panel data analysis during a seven-years period. The statistical power with fixed effect and random effect model was utilized.	1) There are positive and significant related of the CSR on CFP. 2) Two of the CSR dimensions, namely employee relations and community involvement, were found to be positively related to financial performance. This proves that CSR practices can be considered as effort to enhance the financial performance of PLCs in Malaysia. 3) The results also reveal that there is limited evidence of the relationship between CSR and CFP in the longterm.

No	Title	Author	Objective	Qual/Quan	Mode of reporting	Sample	Theory used	Method	Findings
9	Exploring online sustainability disclosure among Malaysian company	Amran (2012)	to survey how far a doption of online sustainability reporting among the Malaysian public listed.	quantity	companys websites and also the financial reporting	100 public listed companies	Nil	Descriptive cross sectional study thorough content analysis.	The adoption of online sustainability reporting is still low among Malaysian companies.
10	Disclosing social responsibility information via the internet: a study on companies in Malaysia	Che Hassan et al. (2012)	1) to investigate whether companies utilize the internet as the key medium for reporting social responsibility information. 2) to examine the extensiveness and the potential influencing factors of SRD in Malaysia.	quantity	website reporting	80 largest companies listed in Bursa Malaysia	legitimacy theory	Content analysis – applied on 4 categories of SRD; environmental, human resources, products and consumers & community involvement.	1) Internet has yet to be fully and effectively utilized as a medium for disclosing social responsibility information by companies in Malaysia. 2) Out of the four factors tested against SRD via the internet, only company size and profitability had been found to influence the SRD practice.
11	The influence of the financial crisis on corporate voluntary disclosure: Some Malaysian evidence	Haji & Ghazali (2012)	to determine whether the 2007 / 08 financial crisis had some impact on corporate voluntary disclosure (CVD).	both	annual reports	85 companies listed on Bursa Malaysia.	proprietary costs theory, legitimacy thoery	Self-constructed disclosure checklist to measure CVD consists of financial and non-financial elements (that is, financial, strategic and corporate social responsibility (CSR)).	The extent and quality of CVDs provided in the annual reports of sample companies increased significantly following the recent global financial crisis. 2) The results also reveal that based on the category of information (that is, strategic, financial, CSR), CSR information was the most widely disclosed category following the financial crisis.
12	CSR disclosures over time: evidence from Malaysia	Haji (2013)	1) to examine CSR disclosures over period of time when the business environment, particularly the Malaysian environment, experienced several significant changes. 2) to examine factors influencing the CSR disclosures before and after the aforementioned changes.	both	annual reports	85 companies listed on Bursa Malaysia	legitimacy theory, agency theory, signaling theory	Self-constructed CSR checklist was used to measure the extent and quality of CSR disclosures.	1) Significant overall increase in both the extent and quality of CSR disclosures between the two years 2006 & 2009. 2) Factors influencing the CSR disclosures, director ownership, government ownership and company size were found to be significant for the year 2006. Board size was found to have a significant relationship with only the extent of CSR disclosures in 2006. 3) Year 2009, a period following the policy changes, revealed an improved significant association between board size and CSR disclosures.

