

Assessment of Social Responsibilities Reporting among Public Listed Companies in Consumer Product and Services Industries towards Society

Mohd Tarmizi Ibrahim¹, Wan Shafizah Hussain¹, Enylna Nordin¹, Mohd Hisham Johari²

¹Faculty of Accountancy, University Technology MARA, Melaka

²College of Creative Arts, University Technology MARA, Puncak Alam

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ABSTRACT

This paper focuses on the CSR disclosure among listed consumer products and services industry in Malaysia towards society. Increasing awareness of society in evaluating companies' actions in maximizing profit has made companies have more social responsibilities. CSR initiatives have been used by companies discharging their fiduciary duties towards society over the years to gain support and positive perception as well as gain reputation. This study chooses a total of 20 companies' annual reports over three years from 2021 until 2023 to analyze the frequency of CSR disclosures and initiatives in relation to society namely "environment" and "community-based program". The CSR disclosures in an annual report being examined using qualitative research.

Keywords: Corporate Social Responsibility, CSR, disclosures, environment, community

INTRODUCTION

In order to ensure the company's discharging its responsibilities towards society, the management now has a big obligation to align business and social objectives. According to Dutta et al. (2012), Jizi (2017), Ngu Sie-Bing and Azlan Amran (2024), stakeholders are constantly putting pressure on management teams to demonstrate that their organizations actively implement strategic decisions and activities toward social aims and values. The demise of massive corporations like Tyco, Enron, and Vivendi has made social reporting seem more crucial than ever. Since corporate management is the primary decision-making group when it comes to the firm's goals, they have been identified as a major contributing element in business failures. Corporate social responsibility (CSR) has emerged as a powerful tool for businesses to make sure that social and environmental risks are properly managed and that their obligations to society are fulfilled. This has led businesses to place a greater emphasis on social reporting to their stakeholders and ensure its sustainability (Akbar et al., 2017, Al-Shaer and Zaman, 2018).

In Malaysia, early 2000 until 2006 was the most important period relating to CSR. In 2006 with the introduction of Bursa Malaysia CSR Framework (Bursa Malaysia, 2006), all listed companies in Bursa Malaysia need to include CSR reporting in their annual report. The mandatory requirement on CSR being emerged after being highlighted by previous Deputy Prime Minister of Malaysia, Dato' Seri Najib Tun Razak in his keynote speech at the Corporate Social Responsibility Conference on 21 June 2004 stressed the importance of CSR in improving companies' brand image, improving financial performance and discharging their responsibility towards society. This statement was consistent with the study led by csrnetwork.org (2006), a leading CSR consultancy in the UK. According to Dato' Hj Sulaiman Hj Mohd Yusof, Deputy Director 1, Commercial Crime Investigation Department, Royal Malaysian Police Force, Malaysian companies appear to lag behind their Thai and Singaporean counterparts in terms of social reporting and inclusion in annual reports

(Accountant Today, 2006). Studies conducted during that period (Nik Ahmad et al., 2004; Shaw Warn, 2004; Ramasamy and Ting, 2004) have supported this, demonstrating that CSR reporting among Malaysian companies was relatively low and seemed of little importance to the company's management to engage in CSR activities and reporting.

This study will analyze corporate social responsibility (CSR) programs that have an impact on society by looking at two areas that are directly affected: the environment and community-based activities. This study examines community-based initiatives in the areas of healthcare, education, and poverty alleviation. Community-based programs are crucial for developing countries like Malaysia, as they raise living conditions throughout society and help the country get closer to becoming developed (Tandelilin and Usman, 2023). According to recent studies, it will influence a company's worth and boost its reputation over time (McGahan, 2021). Yet, throughout time, one of the main topics of conversation in society has also emerged: the effect that businesses have on the environment. The strategies, policies, and support programs of companies, together with their association with non-governmental groups, are closely observed by society regarding environmental matters (Freudenreich et al., 2020; Tamvada, 2020). In regard to environmental issues, the adoption of green technologies, the preservation of environmental policies, and firm recycling programs are the main topics of this article. According to Gunawan et al. (2022), businesses that consistently promote environmental preservation have a beneficial effect on their reputation and the support of the community.

This article examines the progress of CSR reporting towards society using content analysis and qualitative data from the consumer product and services industry annual reports posted on Bursa Malaysia from 2021 to 2023. Based on stakeholder theory, a total of twenty organizations were chosen and examined in order to determine the area of emphasis for CSR initiatives pertaining to society during the study period. This paper aims to analyze the following aspects of CSR.

- The frequency of CSR reporting related to society
- The most CSR activities being reported relating to society

LITERATURE REVIEW

1. Corporate Social Responsibility

Economist Howard R. Bowen first emphasized the significance of corporate social responsibility in 1953, implying that businesses should be held responsible for their actions to society (Bowen, 1953). According to Sodhi et al. (2022), corporate social responsibility (CSR) encompasses a broad spectrum of activities and practices that include community development, employee well-being, and ethical, social, and environmental business practices. Frederick's (1994) study has prompted inquiries about the detrimental effects of businesses' intense concentration on profit maximization, which have led to adverse effects on the environment and society. Over time, the idea of "maximizing shareholder value" has developed into a main justification used by management to oversee and guide businesses. Although corporate social responsibility (CSR) reporting is still low, recent research indicates that businesses now understand the value of CSR in improving their reputation and carrying out their social obligations because stakeholders are paying more attention to how they evaluate their actions and strategies (Saeed et al., 2021; Oskuei, 2019).

2. Corporate Social Responsibility in Malaysia

The development of CSR in Malaysia gained attention in 1980 (Teoh and Thong, 1984). However, in early 2000 the importance and implementation of CSR has become a major talking point in Malaysia. One of the major factors that brought CSR into limelight was action taken by Malaysian government in promoting CSR culture among Government Link Companies (GLC). The introduction of 'Silver Book' in May 2005 as guideline for GLCs in incorporating CSR in their business activities. In 2006, Bursa Malaysia has made mandatory for all listed companies to disclose their CSR initiative in their annual financial report being a major step in recognizing the importance of CSR in Malaysia (Yam, 2012; Amran et al, 2013). A number of

recognitions have been established to assist the CSR program of the Malaysian government. The most esteemed of them is the Prime Minister's CSR awards, which were instituted in 2007 (Mamun et al., 2017).

According to KPMG (2022), there has been a consistent upward trend in CSR reporting among Malaysian public-listed firms as a result of Bursa Malaysia's obligatory disclosure of CSR initiatives. As a means of drawing in investors and increasing their firm worth as well as their market value, businesses have realized how important it is to implement CSR initiatives (Lau, 2019; Mohamad, 2020; Shad et al., 2020). According to Ibrahim M.T. et al. (2022); and Syed Ibrahim et al. (2023), a recent study has also revealed that listed firms that provide consumer and product services have been disclosing more corporate social responsibility (CSR) information over time. Nonetheless, research conducted by Alam et al. (2022) and Dhoraisingam et al. (2022) revealed that Malaysian corporations continue to provide very little information about their corporate social responsibility (CSR) initiatives when compared to companies in other nations. Financial limitations and a lack of understanding of the benefits of CSR account for the majority of the contribution (Nave and Ferreira, 2019). Despite Bursa Malaysia making the CSR initiative necessary, there is no legal requirement for corporations to disclose the degree of CSR, which leads to a low level of disclosure on CSR activities (Noor et al., 2022).

3. Stakeholder Theory

Stakeholder theory was essential to the development of corporate social responsibility, claim Duckworth et al. (2010). The Global Reporting Initiative (Pedersen, 2015) and ISO 26000 (2010) are two examples of how the majority of the CSR framework was created using stakeholder theory. Stakeholder theory became important when CSR reporting developed and firms began to align their interests with those of society (Freundreich et al., 2020). According to GRI 2013, the inclusion of stakeholder interest including society interest will affect a company's sustainability in the future. Companies must recognize the significance of stakeholder interests as it will impact their reputation and influence how they interact with society. Given that their choices and actions will have an impact on society, firms now owe it to society to give back as their primary duty while fulfilling their fiduciary duty (Waheed et al., 2020). As a result, businesses will meet their sustainability goals and perform better all around (Freeman et al., 2021; McGahan, 2021).

RESEARCH METHODOLOGY AND METHOD

An analysis is being conducted on companies' community-based programs and environmental CSR through the use of qualitative methodology. The information from the yearly report is being collected through content analysis and aligns with recent research on CSR reporting (Ibrahim M.T. et al., 2023; Ibrahim et al., 2022; Noor et al., 2023). The information is later sorted into various pre-established groups.

The research sample included 20 companies operating in consumer products and services listed on Bursa Malaysia between 2021 and 2023. Purposive sampling was employed to guarantee the excellence and authenticity of the sample. Only companies that publish yearly reports for three consecutive years and finalize their accounts every 31st December are chosen. The yearly report is being reviewed in a standard format to improve its overall quality. This was a uniform method employed in recent research by Ibrahim M.T. et al., 2023. In order to identify how often disclosures were made and what topics were discussed, terms like 'corporate social responsibilities', 'CSR', 'CSRR', and 'Sustainability Reporting' were used. The annual report was encoded using the methods of Ahmed et al., 2023 and adjusted to suit this research. The codes are displayed in Table 1 located underneath.

TABLE I Companies' initiatives on community-based programs and the environment

Community-based programs	Healthcare
	Education
	Poverty
Environment	Recycle
	Green Technology
	Green Policies

DISCUSSION ON RESULTS AND FINDINGS

Table 2 displays the results of corporate social responsibility projects on community-based programs and the environment by the companies chosen for this research.

TABLE II Disclosures of frequency CSR initiatives on community-based programs and environment

	Community	Environment	Totals
Annual Report 2021	89	101	190
Annual Report 2022	97	136	233
Annual Report 2023	114	125	239
Totals	300	362	662

As per Table 2, there is a rising trend in companies' CSR efforts towards community-based projects and environmental causes. Disclosures on company involvement in environmental initiatives have exceeded those on community-based programs over the past three years as well. Most of the companies chosen for this research emphasized their commitment to community-based programs and environmental initiatives in their chairman's statement as a key focus for future sustainability and positive societal perception. The increasing evidence suggests that Malaysian companies are integrating CSR into their business strategies, as required by Bursa Malaysia, but the extent and details of CSR disclosures in annual reports are left to the companies' discretion.

TABLE III Disclosures of CSR initiatives (details) on community-based programs and environment

		Annual Report 2021	Annual Report 2022	Annual Report 2023
Community-based programs				
	Healthcare	24	27	29
	Education	46	56	61
	Poverty	19	14	24
	Totals	89	97	114
Environment				
	Recycle	21	34	33
	Green Technology	41	52	55
	Green Policies	39	50	37
	Totals	101	136	125

Table 3 provides a detailed overview of the many actions that businesses have done over the years in support of environmental and community-based initiatives. The majority of businesses prioritize education initiatives over health and poverty under community-based programs, according to the corporations included in this study. The majority of the chosen companies have supported their educational initiatives over the years with the help of their foundations. The companies' most well-liked programs were monthly allowances for students, scholarships for worthy students, and financial aid for students from low-income families and remote locations to pursue their education. In terms of health programs, the majority of businesses fund private healthcare facilities or the Malaysian Ministry of Health by setting up free health examinations, primarily in rural areas. Businesses' primary corporate social responsibility (CSR) efforts to combat poverty are supplying food and monthly cash aid to those with low incomes.

During the research period, the highest level of disclosure in CSR initiatives is related to green technology in the environment reporting. The chairman's statement and company sustainability strategies argue for the

highlighted adoption of green technology like renewable power, automation, and energy savings in the annual report. This demonstrates that companies must align with the business objective in recognizing the significance of embracing green technology. The majority of companies implement their own green policies to demonstrate their dedication to preserving the environment for future generations. The reason for the downward trend in 2023 is that service companies are less transparent about their green policies than product companies catering to customers. This research also discovered that every company chosen implements effective recycling procedures in their operations. Additionally, the majority of businesses partner with NGOs as their primary focus on environmental initiatives. Businesses offer financial assistance, back programs, and sign agreements with reputable NGOs to demonstrate ongoing support and commitment moving forward.

CONCLUSION

The outcome demonstrates an upward trend in the CSR initiatives carried out over the study period by the businesses included in these studies. The increasing popularity of environmental CSR efforts and community-based programs indicates that businesses have realized their social duty. This research aligns with other recent studies conducted by Noor et al. (2023) and Ahmed et al. (2023) which show Malaysian businesses have consistently incorporated corporate social responsibility (CSR) efforts into their operations over time. In addition to this, Malaysian businesses understand the value of corporate social responsibility (CSR) and how it affects the way the public views them and their organization. The chairman's statement's explanation of the CSR program acknowledges its significance as one of the company's primary priorities and its ability to help them fulfil their obligations to society and other interested parties. It is crucial to acknowledge the significance of CSR activities' impact on a company's reputation and image (Ibrahim M.T. et al., 2023; Noor et al., 2023).

There are some limitations to this study that need to be taken into account. First off, just a small sample of the companies in this study are covered by the study, and it only runs from 2021 to 2023. It may therefore limit the findings' applicability to a wider setting. Furthermore, there is no test in this study that examines the correlation between the quality of each CSR effort and the company's reputation. To improve the calibre of the CSR program implemented by Malaysian businesses, further study can be done in the future to address this issue.

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