

# Assessing the Listed Property Companies Readiness Towards Environmental Social Governance Implementation in Malaysia

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## ABSTRACT

The increasingly growing concerns towards sustainable development and corporate social responsibility on a global scale have prompted the implementation of environmental, social, and governance (ESG) principles in the operations of various industries, including the property sector in Malaysia. Therefore, this research aims to assess the readiness of Malaysian-listed property companies to implement ESG practices and investigate the expectations of non-ESG-listed property companies in Malaysia regarding ESG implementation. A comprehensive analysis of survey responses adopts a stratified sampling method with 53 respondents, representing samples from the population of Malaysian listed property companies. The first objective focuses on identifying the readiness among the listed property companies in Malaysia towards ESG implementation. For this objective, data is collected using a structured questionnaire and statistically analyzed using the Statistical Package for the Social Sciences (SPSS) to calculate descriptive statistics such as mean, standard deviation, and frequency. Additionally, mean analysis is performed to determine the average scores for each dimension. The results are then compared between the environmental, social, and governance factors. The findings reveal that most of the factors in this research have low mean scores, indicating that these factors are considered the least influential, suggesting that Malaysian listed property companies still need to be ready for ESG implementation. The second objective is to investigate the expectations of non-ESG-listed property companies in Malaysia to participate in ESG implementation. Data analysis for this objective primarily involves descriptive statistics through frequency analysis. Furthermore, the Relative Importance Index (RII) assesses the relative importance of expectations for implementing ESG practices. Respondents rate the importance of various factors that impact ESG implementation, and RII scores are calculated to determine the most important expectations. The analysis results show that implementing ESG practices can improve employee morale and productivity, leading to higher top-line growth, the main expectation of Malaysian non-ESG listed property companies regarding ESG implementation. The significance of this quantitative research extends to policymakers, regulators, industry associations, and professional bodies in developing targeted strategies to promote sustainable and ethical behaviours in the Malaysian real estate industry. By quantifying ESG readiness, the research promotes responsible and sustainable business practices among listed property companies, fostering a more resilient and sustainable real estate sector in Malaysia. The findings contribute valuable empirical evidence to ESG implementation within the Malaysian real estate industry.

**Keywords:** Environmental Social Governance implementation, ESG practice, listed property companies, readiness, expectation

## INTRODUCTION

Today's rapidly evolving world is currently faced with both possibilities and problems as a result of the continuous growth of the economy and society; the year 2020 was marked by a series of unexpected events known as "Black Swans," which caused disruptions to our world in many ways as a result of the global spread of

Covid-19, leading to devastating effects on the stock market, environmental crises, and corporate fraud. The sudden occurrence of these challenges has raised several concerns about sustainable and comprehensive development on a global scale. Hence, international organizations and nations worldwide have proposed sustainable development action plans to construct a sustainable and all-inclusive development framework of human society in response to the increasingly serious sustainable development issues in the environment, society, and the financial market.

Thus, Environmental (E), Social (S), and Governance (G), which were first explicitly presented in 2004, have emerged as a crucial framework to promote sustainable and all-inclusive development in both business and society, sparking alarm throughout the world. The global business landscape has also shifted towards sustainable practices, with ESG considerations gaining significant prominence [27]. Also, the United Nations (UN) have announced that businesses should declare their ESG practices by 2030 [25]. The Environmental criteria of ESG take into account the business's energy use, effectiveness in using renewable energy sources, waste management, levels of emission produced, pollution and its impact on climate change, recycling of raw materials and products, exploitation and preservation of natural resources, among other factors [5]. This criterion tries to quantify and control how much a company's performance impacts the environment and the ecosystems of living things. The Social criteria of ESG consider the company's ties with its internal and external correlations. Fostering diversity and inclusion, fair labour laws and conditions, and protecting employees' rights.

In addition, it discusses how the corporation interacts with the institutions and communities where it conducts business [31]. Meanwhile, the Governance criteria of ESG refers to the internal system, set of practices, controls, and procedures the company uses to govern itself. These criteria consider the decision-making process, compliance with the law, the determination of new directions and goals for the company, the establishment of new policies, and meeting the needs of external stakeholders [31].

ESG factors determine a company's long-term viability, reputation, and value creation. Implementing ESG practices is a good initiative that benefits companies by aligning business practices with sustainability principles, enhancing reputation, driving innovation, and fostering long-term value creation. Thus, institutional and retail investors are now seriously considering the idea of ESG. In recent years, more businesses have shown a stronger dedication to ESG initiatives to gain recognition as socially responsible. Meanwhile, more asset managers, institutional investors, and pension funds are beginning to evaluate the ESG actions of corporations when making investment decisions, showing that they are increasingly recognizing the importance of ESG performance in investment decision-making and risk management. They primarily concentrate on ESG investment [7], the importance of ESG metrics in Socially Responsible Investment (SRI) [30], the influence of ESG score on measuring corporate sustainability performance [8], and the importance role of ESG factors in the financial decision-making process [33]. In Malaysia, institutional investors, asset managers, and shareholders are also increasingly considering ESG factors while allocating capital. ESG is a crucial aspect in promoting the sustainable growth of businesses since it is an investing principle that integrates environmental, social, and governance issues. The lack of readiness for ESG implementation within the property sector can hamper the sector's ability to address environmental issues such as resource consumption and emissions. It also risks social aspects, such as community well-being, employee welfare, and stakeholder engagement. Furthermore, inadequate governance structures may lead to ethical concerns and hinder long-term value creation. So, a thorough evaluation of ESG readiness is required to assess the current readiness of Malaysian listed property companies towards ESG implementation, which is crucial to unlocking opportunities for sustainable development, enhancing stakeholder trust, attracting responsible investments, and aligning with national and global sustainability agendas.

Additionally, after reviewing the pertinent literature, this research discovers that ESG, as an integrated framework and concept of environmental, social, and governance factors, exhibits an interactive relationship between its dimensions, which results in the numerous research focusing on the interaction between the environmental (E), social (S), and governance (G) factors. However, there currently needs to be more literature on environmental (E) and social (S) elements. Also, ESG evaluations mostly concentrate on one component of ESG factors. Furthermore, researchers have also emphasized the requirement for more research on the current

situation several times [15]. Besides that, [15] also noted that ESG readiness assessment capabilities are absent, which is a barrier to the field's future research and its application [24].

Therefore, this research aims to identify the readiness of the Malaysian listed property companies for ESG implementation and investigate the expectations of the non-ESG listed property companies in Malaysia to participate in ESG implementation.

## **LITERATURE REVIEW**

### **Existing Research on Environmental Social Governance**

The available literature shows two basic perspectives on approaching ESG integration: The socially responsible investment (SRI) perspective and the sustainable development perspective. While most of the literature emphasizes implementing ESG in the business model as an outcome, there is a lack of self-integration process within a company's core operations, critical and valuable viewpoints on the benefits of ESG integration, viability, and effects on corporate financial performance [3]. According to [3] recent research, a gap of knowledge exists in the written works related to the effect of implementing ESG into the business framework, particularly the ESG implementation process. Also, limited studies have investigated the effect of implementing ESG practice within a firm's operations. Instead, it examines from a theoretical perspective only. It is undeniably necessary to carry out more research emphasizing the pragmatic application and the adoption of ESG practices to stimulate businesses to operate within sustainable development by reassessing their business models. However, various academic research studies provide theoretical and sustainable business frameworks[3].

### **ESG Practice in Malaysian Listed Property Companies**

The Malaysian Code on Corporate Governance [20] guidelines advise the board of Malaysian publicly listed companies to formalize their sustainability-related strategies and emphasize ESG aspects to promote sustainability. Balancing ESG aspects with the interest of various stakeholders is essential to enhance investor perception and public trust. The board is responsible for ensuring disclosure of companies' policies and their implementation in the annual report and corporate website [20]. Based on stakeholder theory, a firm must disclose key relevant information to stakeholders over time due to social, political, economic and environmental pressures [10]. Furthermore, in emerging economies, it has also been found that sustainability-related practice is increasing over time due to the modification in legislation, risks and pressure from ethical investors and groups, an upraise in specific events, awards, rewarding economic activities, media interest, societal awareness and politics [10]. In order to comply with certain regulations and requirements, firms are providing information to stakeholder to justify and legitimize their operations. As a result of these reasons and more, companies now rely on disclosing certain economic, social and environmental information in their annual reports [26].

### **Organizational Readiness on Environmental Social Governance**

The readiness idea can be categorized into Individual readiness, actual organizational readiness, and perceived organizational readiness. Individuals within an organization are considered beneficiaries of any change. Readiness reflects their preparation to support planned organizational change programs. Believing a company's ability to manage change is perceived as organizational readiness. The research objective aims to determine an organization's readiness for change, often reflected in its capacity to execute change based on current structures, processes, and policies. Companies face daily challenges in enhancing performance and exploring new projects, necessitating changes in strategic business approaches to stay competitive. These organizational changes impact the operation, including structure, resources, technology, procedures, and culture [6]. Organizational changes are frequently motivated by many aspects, including product creation, facility construction, acquisition or merger, markets, ownership structure and partnership.

Lack of readiness significantly leads to unsuccessful outcomes of many organizational transitions. Therefore, assessing the readiness of individuals and companies involved in the transformation is crucial for evaluating the effectiveness of organizational change. Active involvement of an organization's workforce is more likely to

occur with a high level of organizational readiness, leading to the effective implementation of changing processes. [14] conducted a sustainable best practice study to enhance current conceptual models for integrating ESG implementation. The top 100 sustainable businesses have been examined, as stated in Corporate Knights' Global 100 ranking for 2017. Apart from establishing selection criteria and identifying themes on which sustainable organizations focus, they also identified the optimal sustainable approaches that businesses can adopt, regardless of dimension, industry domain, or operating environment [14]. The nine major themes include resource optimization and waste and emissions minimization; business and operational excellence; corporate social responsibility and development; research and innovation; procurement, supply chain and logistics; governance; sustainability management tools; employee relations; health, wellness, safety, and security.

### **Expectations on Implementing Environmental Social Governance**

The global economy is now experiencing significant problems, and sustainable development is undoubtedly one of them. Companies function within the context of sustainable development by adopting ESG practices [19]. Due to the serious need to adopt sustainability for planet preservation, apart from reducing negative impacts, businesses are also increasingly implementing ESG practices in their fundamental operations and business performance. Companies must include ESG considerations in their business strategies in order to achieve sustainable performance [4], and the ESG score serves as a variable that is frequently used in the literature to assess environmentally sustainable outcomes [32]. There are various ways that ESG practices may be incorporated into business performance to add value, such as top-line growth, cost reductions, minimization of interventions, increase of employee productivity, and optimization, which makes it imperative for businesses to implement ESG practices [31]. When businesses decide to include ESG practices, the results are frequently favourable regarding lower expenses, better product quality, and increased customer satisfaction [18]. In reality, several studies have indicated that implementing the ESG approach impacts return on assets (ROA), market superiority and company image. These advantages thus result in frequent enhanced business performance.

## **RESEARCH METHODOLOGY**

Several statistical methods and approaches have been used in this research in order to accomplish the research's goals. The two main objectives of this research are assessing the readiness of non-ESG listed property companies in Malaysia towards ESG implementation and investigating the expectations of non-ESG listed property companies in Malaysia to participate in ESG implementation. Hence, the research instrument that is used for data collection in this research is a survey questionnaire created as electronic forms by utilizing the Google Form platform.

The first stage of the process of developing the research instruments for this research includes an extensive review of the relevant literature to look at how ESG practice has been integrated overall and the relevance that various researchers have established. Through an examination of pertinent ideas, concepts, and models, the definition of the research title has been made explicit at this stage. A quantitative approach has been used at this stage to validate the current research adequately. The survey questionnaire used to collect data in this research is divided into three major parts: Part A, Part B, and Part C.

The demographic profile of the respondents will be revealed through the questions in Part A. Due to their flexibility and ease of formulation, the researcher chooses closed-ended questions that include categorical items. The categorical questions pertaining to the respondents' gender, age, degree of education, work status, position, and others were included. The purpose of the inquiry in Part B is to assess the organization's readiness for ESG among Malaysia's non-ESG listed property companies. In addition, Part C was created to ascertain what Malaysia's non-ESG listed property companies expected from the implementation of ESG. The researcher employed closed-ended questions and a five-point Likert scale ranging from (1) strongly disagree to (5) strongly agree in Part B and Part C. The use of the five-point Likert scale is to assess the non-ESG listed property companies in Malaysia's levels of readiness towards ESG implementation and investigate what non-ESG listed property companies may anticipate from ESG implementation. Hence, in Part B and Part C, the respondents rate each of the factors and expectations from the implementation of ESG using a five-point Likert scale (1= Strongly

Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree).

The target sample of this research will be all of the Malaysian non-ESG-listed property companies. According to [16], the sample size needs to be at an ideal level where it cannot be too small or too large in order to fulfil the requirements for flexibility, dependability, and efficiency. Before distributing the survey questionnaire to the respondents, the sample size of the respondents should be established and confirmed. The sample size for data sampling in this research was calculated using the Taro Yamane technique in order to establish the number of respondents required to disseminate the questionnaire [11]. The Taro Yamane technique, a formula with a 95% confidence level, and a 0.05 alpha level were used to calculate the sample for this research. According to the Malaysian stock exchange, there are a total number of 59 non-ESG listed property companies in Malaysia as a whole. By entering the data into the Taro Yamane formula, the sample size calculated is 51.416122. The sample size is raised to 52 participants to obtain more accurate results.

An invitation to participate in this research was sent out to all of the 59 participants, typically referring to the non-ESG-listed property companies in Malaysia via Google Forms link on social media platforms. For ethical considerations, respondents who refer to the non-ESG-listed property companies were informed regarding the aim of this research and participation in representing their companies in this research is voluntary. After several weeks of data collection, a sample of 53 responses was generated with a number of 6 non-responses from the non-ESG-listed property companies.

Following the completion of the data collection, the gathered information is consolidated and recorded in Microsoft Excel. Next, data transcription and analysis are conducted to produce pertinent findings and outcomes. Descriptive analysis, frequency analysis, and mean score analysis are used to analyze the survey questionnaire data that was obtained. The data gathered from the respondents has been analyzed and examined using the Statistical Package for Social Science (SPSS). The frequency, mean, standard deviation, and percentage of the data that was gathered and included in the returned questionnaire may all be found through the descriptive analysis. The analysis of the data yields a summary of the readiness levels of non-ESG-listed property companies in Malaysia, as well as information on what non-ESG-listed property companies might expect from ESG implementation.

## RESULTS

Environmental (E), Social (S) and Governance (G) factors which affect the readiness among Listed Property Companies in Malaysia towards ESG implementation

Mean score analysis was conducted to assess the readiness among listed property companies in Malaysia towards ESG implementation based on the nine factors that are further categorized into three groups: environmental, social and governance factors, which are resource optimization and waste and emissions minimization; procurement, supply chain and logistics; research and innovation; health, wellness, safety and security; employee relations; corporate social responsibility and social development; governance; business and operational excellence; and sustainability management tools. It will also determine which factors are the most influential towards ESG implementation among Malaysia’s listed property companies.

**Table 1:** The mean score of ESG factors affecting the readiness among Listed Property Companies in Malaysia towards ESG implementation

| Factor   | Mean | Remark   |
|--|------|----------|
| <b>Environmental factor</b>                                |      |          |
| Resource optimization and waste and emissions minimization | 2.22 | Disagree |
| Procurement, supply chain, and logistics                   | 2.12 | Disagree |

|  |      |          |
|--|------|----------|
| Research and innovation                                | 1.81 | Disagree |
| <b>Social factor</b>                                   |      |          |
| Health, wellness, safety, and security                 | 4.08 | Agree    |
| Employee relations                                     | 3.8  | Agree    |
| Corporate social responsibility and social development | 2.28 | Disagree |
| <b>Governance factor</b>                               |      |          |
| Governance   | 3.95 | Agree    |
| Business and operational excellence                    | 2.1  | Disagree |
| Sustainability management tools                        | 1.97 | Disagree |

Based on Table 1, under the environmental factor, the result shows that resource optimization and waste and emissions minimization have the highest mean score ( $M = 2.22$ ). In contrast, research and innovation have the lowest mean score ( $M = 1.81$ ). In the context of social factors, health, wellness, safety, and security have the highest mean score ( $M = 4.08$ ), while corporate social responsibility and social development have the lowest mean score ( $M = 2.28$ ).

In terms of the governance factor, governance has the highest mean score ( $M = 3.95$ ), while sustainability and management tools have the lowest mean score ( $M = 1.97$ ). Factors which exhibit the highest mean score indicate that it is the most influential factor, while factors that exhibit the lowest mean score indicate that it is the least influential factor.

Overall, compared with both environmental and governance factors, the result indicates that social factors are the most influential factors that affect the listed property companies' readiness for implementing ESG in Malaysia. Also, three of the factors that exhibit the highest mean scores are health, wellness, safety, and security; employee relations; and governance, which are the most influential factors affecting the readiness among listed property companies in Malaysia towards ESG implementation.

The interpretation of the mean score is based on the interval of the five-point Likert scale [22], as illustrated in Table 2 below. The Likert scale interval ranging from 1.00 to 1.80 denotes strongly disagree; the interval between 1.81 and 2.60 reflects disagree; and the interval between 2.61 and 3.40 indicates neutral or uncertain. The interval between 3.41 and 4.20 express agree, while the interval range of 4.21 to 5.00 represents strongly agree.

**Table 2:** Qualitative Interpretation of 5-Point Likert Scale Measurements

| Likert-Scale Description | Likert-Scale | Likert Scale Interval |
|--------------------------|--------------|-----------------------|
| Strongly Disagree        | 1            | 1.00 – 1.80           |
| Disagree                 | 2            | 1.81 – 2.60           |
| Neutral/Uncertain        | 3            | 2.61 – 3.40           |
| Agree                    | 4            | 3.41 – 4.20           |
| Strongly Agree           | 5            | 4.21 – 5.00           |

Sources: Pimentel (2010)

The expectation of the non-ESG Listed Property Companies in Malaysia to participate in Environmental Social Governance implementation

**Table 3:** Relative Important Index (RII) of the Expectation of the non-ESG Listed Property Companies in Malaysia to participate in ESG implementation

| No. | Statement  | RII   | Rank |
|-----|--|-------|------|
| 1   | Implementing ESG practices can improve employee morale and productivity, leading to higher top-line growth.                                | 0.883 | 1    |
| 2   | Our company's ESG initiatives can increase market differentiation and competitive advantage, resulting in higher revenue and market share. | 0.879 | 2    |
| 3   | Our company's ESG initiatives can enhance stakeholder relationships, leading to increased business and revenue opportunities.              | 0.864 | 3    |
| 4   | Our company's implementation of the ESG initiative has the potential to reduce operational costs.  | 0.845 | 4    |
| 5   | Our company has received positive feedback from stakeholders regarding the cost savings achieved through ESG initiatives.                  | 0.811 | 5    |
| 6   | Implementation of ESG practices can reduce environmental, health, and safety incidents in our operations.                                  | 0.804 | 6    |
| 7   | The cost savings achieved through ESG initiatives have had a significant impact on our company's financial performance.                    | 0.8   | 7    |
| 8   | The implementation of ESG practices can lead to a reduction in reputational risk and negative publicity for our company.                   | 0.785 | 8    |
| 9   | The implementation of ESG practices can lead to better internal communication and collaboration across departments and teams.              | 0.781 | 9    |
| 10  | Our company's ESG initiatives have provided employees with opportunities for professional development and training.                        | 0.774 | 10   |
| 11  | Our company has gained a competitive advantage through the implementation of ESG practices.  | 0.755 | 11   |
| 12  | Our company's ESG initiatives have resulted in increased innovation and creativity among employees.  | 0.74  | 12   |
| 13  | We have seen an improvement in our brand reputation since implementing ESG practices.  | 0.725 | 13   |
| 14  | Our company's ESG initiative has resulted in increased employee efficiency and productivity.   | 0.721 | 14   |
| 15  | The optimization of our operation through ESG implementation has resulted in an improvement in our relationship with stakeholders.         | 0.717 | 15   |

Relative Important Index (RII) was conducted to analyze the expectations of non-ESG listed property companies

in Malaysia to participate in ESG implementation. The scores of RII were calculated based on the RII calculation formula. Based on the results in Table 3 above, the expectation that has the highest ranking with an RII of 0.883 is “implementing ESG practices can improve morale and productivity, leading to higher top-line growth”. Hence, this shows that non-ESG listed property companies acknowledge that ESG practices have the potential to enhance company well-being and contribute to the company’s performance. The expectation that ranks the second highest with an RII of 0.879 is “our company’s ESG initiatives can lead to increased market differentiation and competitive advantage, resulting in higher revenue and market share. Coming at third place with an RII score of 0.864 is “our company’s ESG initiatives can enhance stakeholder relationships, leading to increased business and revenue opportunities. Furthermore, the fourth-ranked statement to the fifteenth-ranked statement also shows relatively high scores of RII. In summary, the result can be drawn to the conclusion that implementing ESG practices can improve employee morale and productivity, leading to higher top-line growth, which is the main expectation of the Malaysia non-ESG listed property companies to participate in ESG implementation.

## DISCUSSION

The first objective of this research is to identify the readiness of the listed property companies in Malaysia to implement ESG. Thus, the discussion will focus on the findings regarding the factors influencing the readiness of listed property companies in Malaysia to implement ESG. The analysis focuses on three aspects of ESG, including environmental, social and governance factors. By conducting a mean score analysis, the mean scores of each factor can be examined to provide insights on which is the most influential and least influential factor influencing the readiness of listed property companies in Malaysia towards ESG implementation.

Firstly, in terms of environmental factors, the findings indicate that resource optimization and waste and emissions minimization, which are the influential factors that affect the readiness among Malaysia’s listed property companies for their ESG implementation, demonstrate a low mean score, which shows that listed property companies have not fully implemented practices in optimizing and minimizing of waste and emissions. According to [21], property companies may reduce possible risks related to growing energy costs, unstable commodity prices, and tougher environmental requirements by optimizing resources and minimizing waste and emissions. Secondly, procurement, supply chain and logistics, with a mean score of 2.12, also demonstrate a lack of focus among listed property companies towards procurement, supply chain and logistics. A company’s ESG readiness to achieve project timelines and customer expectations may be improved by developing good connections with suppliers, completing supplier evaluations, and keeping an eye on supplier performance [29]. Besides that, this finding also found that the listed property companies lack focus on the research and innovation aspect, exhibiting a mean score of 1.81 only. [28] stated that by doing in-depth research, companies may learn more about the shifting demands of their consumers, new technology, and altering regulatory environments, which improves their ESG readiness for market response and adaptation. Property companies may also find and use environmentally friendly practices, energy-efficient technology, and sustainable materials through research [1]. In the context of corporate social responsibility and social development, the mean score of 2.28 reveals that listed property companies lack emphasis on this aspect. Companies should take the initiative in enhancing relationships with others, such as by encouraging participation in community programs as [12], who stated that property companies that place a high priority on corporate social responsibility and social development regularly interact with stakeholders, such as neighbourhood associations, governmental bodies, and non-profit organizations.

Furthermore, the business and operational excellence aspect, which exhibits a low mean score of 2.10 only, also indicates that the listed property companies have not fully embraced ESG practices that enhance their companies’ business and operational excellence - according to [9] stated that property companies can increase production, cut expenses, and improve overall operational efficiency by identifying and removing inefficiencies. The mean score of 1.97 for the sustainability and management tools aspect signifies a lack of emphasis on utilizing tools to measure and report ESG performance among the listed property companies. Listed property companies can negotiate the constantly changing environment of ESG standards and laws with the aid of sustainability management tools [17], improving companies’ ESG readiness by assuring compliance with ESG norms and laws.



Health, wellness, safety and security findings reveal that this aspect exhibits the highest mean score of 4.08, indicating that the companies prioritize their employee's or tenants' health and security. [2] stated that implementing thorough risk assessment and mitigation techniques, such as emergency response plans, fire safety procedures, and security measures, improves the company's ESG readiness to deal with unanticipated occurrences and reduces the chance of damage to property and people. Apart from that, the governance aspect, which exhibits a mean score of 3.95, shows that the companies prioritize strong governance practices. [13] stated that decision-making procedures are transparent, inclusive, and in line with the mission and goals of the organization when a clear governance structure governs them. Next, the employee relations aspect also exhibits a relatively high mean score of 3.80, signifying that the companies have developed a safe and healthy working environment for all employees. [23] noted that companies that prioritize the morale and well-being of their workers by implementing programs like work-life balance, employee assistance programs, and chances for professional advancement foster a positive workplace culture.

Overall, based on the mean score analysis of factors affecting the readiness of listed property companies in Malaysia towards ESG implementation, the majority of the factors exhibit low average scores, which indicates that these factors are considered the least influential factors in ESG implementation among listed property companies in Malaysia. Thus, the research findings imply that the listed property companies currently need more time to be ready for ESG implementation. Additionally, the result shows that social factors are the most influential among environmental and governance factors. Also, according to the research findings, health, wellness, safety and security, and employee relations and governance are the top three influential factors that influence how prepared listed property companies in Malaysia are to implement ESG. The research findings also highlight the areas that required improvement in various aspects of ESG, such as resource optimization and waste and emissions minimization; procurement, supply chain, and logistics; research and innovation; corporate social responsibility and social development; business and operational excellence; and sustainability management tools. It is crucial to address these areas in order to enhance the readiness among listed property companies in Malaysia to implement ESG effectively, thus promoting more sustainable development.

The research's second objective is to investigate the expectations of the non-ESG listed property companies in Malaysia to participate in ESG implementation. Based on the RII score analysis, the overall findings demonstrate that the listed property companies in Malaysia possessed a high level of expectations regarding the benefits that can be obtained through participation in ESG implementation, as the majority of the RII scores are relatively high.

The expectations of the listed property companies in implementing ESG include a wide range of benefits such as enhancing stakeholder relationships, cost savings, reduction, reputation, innovation and creativity. However, the expectation that ranked the highest with an RII score of 0.883, which states that implementing ESG practices can improve employee morale and productivity, leading to higher top-line growth, is the main expectation of the Malaysian non-ESG listed property companies to participate in ESG implementation. Thus, this indicates that the listed property companies possessed a strong belief while hoping that implementing ESG can positively impact employee performance and increase the company's overall performance. In summary, this finding emphasizes that listed property companies should place high importance on implementing ESG practices in order to benefit from them.

## CONCLUSION

Overall, the listed property companies in Malaysia are currently in the initial stages of implementing ESG, with limited progress being made as they have showcased a low level of readiness towards ESG implementation, mainly due to a need for more awareness regarding the value and advantages of adopting ESG among the majority of Malaysian listed property companies. Although there are legal frameworks and norms in place, research shows that there are still loopholes and inconsistent ESG requirements among listed property companies.

The companies' difficulty in navigating the regulatory framework contributes to a lack of clarity that hinders their readiness for ESG implementation. Thus, this research is significant in increasing education and awareness

initiatives in order to stress the need for ESG integration beyond compliance. Research studies also further highlight that reporting on ESG poses difficulties for listed property companies as it is challenging for stakeholders to evaluate and contrast the ESG performance of these property companies due to the absence of standardized reporting standards and measures.

In addition, the findings indicate that listed property companies in Malaysia may devote a limited amount of funds and experience to the implementation of ESG, which makes it more difficult for them to incorporate ESG practices into their daily business operations successfully. Despite the fact that certain investors are increasingly considering ESG factors when making decisions, research studies suggest that more than the current level of investor demand and market pressures may be required to drive ESG adoption significantly among Malaysian listed property companies.

The low level of ESG implementation readiness among Malaysia's listed property companies necessitates cooperation between regulators, trade groups, and market players. These partnerships can aid in the creation of standardized ESG frameworks and reporting procedures, as well as information exchange.

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