SUSTAINABILITY REPORTING AND BOARD DIVERSITY IN MALAYSIA

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ABSTRACT

Board diversity is believed to enhance companies' strategies and decision-making process which lead to companies' sustainability in business. This study focuses on the gender, age and ethnic diversity and the objective is to examine the impact of these board diversity elements on the extent and quality of sustainability reporting (SR) among the top 100 Malaysian listed companies. Data is collected from the annual reports of the sampled companies for the year-end on and after 31 December 2016. The data then was analyzed through content analysis method and independent t-test to accomplish the objective. This study found that the average proportion of women directors out of the total number of board members is 17% and the average age of the board members is 61 years old, which is above the minimum retirement age. In addition, it was also found that having women board members has a significant impact on a company's SR but none on the aspects of age and ethnic diversity. Women directors have a different way of perception, thinking, and ideas that could influence companies' sustainability initiative and reporting. The study contributes to the literature on corporate governance–sustainability by focusing specifically on the impact of board diversity on SR.

Keywords: Sustainability reporting, corporate governance, board diversity, women, age, ethnicity.

INTRODUCTION

Boards of directors play a very significant role in ensuring the sustainability of companies not only from the economic aspect but also from the environmental and social aspects. It is believed that a company is no longer judged by its economic success but also on its environmental and social success (Jamali, Safieddine and Rabbath, 2008). Therefore, a board of directors as major decision makers is collectively responsible and accountable for the sustainability of companies to a wider range of stakeholders (Rao and Tilt, 2015). In addition, market players such as investors, shareholders, and creditors are now more concerned on social and environmental implications caused by companies' operations (Amran, Ooi, Mydin, & Devi, 2015). This concern increases the importance of boards of directors' responsibility for corporate sustainability practices and reporting. To enhance corporate accountability and transparency, companies are encouraged to disclose sustainability information in sustainability reporting (SR) in their annual reports. Thus, it is essential to examine the influence of boards of directors on sustainability practices and reporting (SR).

Previously, disclosing sustainability information in companies' annual report was on voluntary basis. However, in 2006 Bursa Malaysia made a mandatory requirement for listed companies to disclose their corporate social responsibility (CSR) activities. However, the CSR/sustainability information disclosed was very low in extent and quality (Abd-Mutalib, Jamil, & Wan-Hussin, 2014; Ahmad, Sulaiman, & Siswantoro, 2003; Ahmed Haji, 2013; Said, Hj Zainuddin, & Haron, 2009). Furthermore, in October 2015, Bursa Malaysia launched its am emended Sustainability Framework[1] with the expectation that it would improve the extent and quality of Malaysian listed companies' SR.

Many previous studies focused on the board composition influence on companies' financial performance but fewer studies focused on specific boards' attributes that may impact sustainability strategy/initiatives and reporting (Rao & Tilt, 2015). Board diversity is believed to help companies' sustainability strategy/initiatives and reporting by bringing in more resources. Therefore, this study investigates the influence of board diversity on the level of SR (the extent and quality) in annual reports of Malaysian listed companies in regard to the amended Sustainability Framework.

This study may extend research of board composition and provide some enlightenment of potential association between board diversity and SR in large Malaysian companies. Thus, the objectives of this study are, first to examine the level of SR and second, to determine if board diversity has an impact on SR. The remainder of the paper is structured as follows. The following sections discuss the literature review board diversity and SR including the hypotheses development. The third section elaborates the research method and the last section discusses the data analysis and findings, conclusion and subsequently followed by limitations and suggestions.

LITERATURE REVIEW AND HYPOTHESES

Board Diversity and Sustainability Reporting

The definition of board diversity, as given by Van Knippenberg, De Dreu and Homan (2005), is *"heterogeneity among board members, and has an infinite number of dimensions ranging from age to nationality, from a religious background to functional background, from task skills to relational skills, and from political preference to sexual preference".* There are two categories of diversity; one that is observable or visible such as race, ethnic background, nationality, gender and age, and another is less visible (educational, functional and occupational background, industry experience and organizational membership) (Kang, Cheng, & Gray, 2007). Diversity can bring positive as well as adverse effects on companies' performance (Hambrick, Cho & Chen, 1996). Thus, the diversity (homogeneity vs. heterogeneity) is debated commonly in the diversity literature. The proponent of heterogeneity argues that the more diverse a group is, the broader the perspective that allows them to be involved in in-depth conversations and generate different alternatives (Watson, Johnson, & Merritt, 1998). The concept of diversity in the management and operational level has been widely accepted by some of the listed companies, and some even have a Board Diversity Policy. According to Rao and Tilt (2015), board diversity has been given enlightenment recently especially since the board role has become the main issue being debated. Zainal et al. (2013) mentioned that the board would fulfil various functions such as monitoring the management and provide resources and strategic directions to the company's operation. Therefore, the board is expected to have some characteristics that can be classified into few categories, among others, demographic characteristics, competencies, personality characteristics and values (for examples, Westphal & Milton, 2000; Zahra & Pearce II, 1989). These characteristics may enhance the ability of the board in making proper decision regarding sustainability strategy/initiatives and reporting.

Sustainability concerns with long-term planning of companies on ways to sustain in the business as well as being acceptable by the society/community. It must address simultaneously the interlinked aspects of the economy, environment and social well-being (Johnston, Everard, Santillo and Robert, 2007). In order to sustain, companies need to have good sustainable strategy and decision-making. Despite being a communication tool, SR is also one of the strategies and the reporting is the result of the strategic decision-making processes (Haniffa & Cooke, 2005). Therefore, SR will reflect the board diversity impact on the sustainable decision-

[1] Bursa Malaysia launched its Sustainability Framework comprising amendments to the Listing Requirements and the issuance of a Sustainable Reporting Guide and Toolkits. From Bursa Media Releases on 9th. Oct 2015- http://www.bursamalaysia.com/corporate/media-centre/media-releases/3661

making process. It is believed that the board of directors might have some influence on SR because they play important roles in corporate governance (Rao & Tilt, 2015).

There are many prior studies investigating the relationship between the board attributes/board diversity on many corporate disclosure including SR (Amran, Lee, & Devi, 2013; Barakat, López Pérez, & Rodríguez Ariza, 2014; Jia & Zhang, 2012; Khan, 2010; Oba & Fodio, 2012; Prado-Lorenzo, Gallego-Alvarez, & Garcia-Sanchez, 2009; Rao, Tilt, & Lester, 2012). Furthermore, some variables that represent board diversity have been tested such as gender diversity (Amran et al., 2013; Barako & Brown, 2008; Fernandez-Feijoo, Romera, & Ruiz, 2012; Khan, 2010; Liao, Luo, & Tang, 2015; Oba & Fodio, 2012; Rao et al., 2012); ethnic societal values and religion (Haniffa & Cooke, 2002); foreign nationality of director (Barako & Brown, 2008; Khan, 2010). However, the results are inconclusive. In addition, there is lack of studies that examine the influence of board diversity and SR in developing countries.

Theoretical Framework and Hypotheses Development- Resource Dependency Theory (RDT)

The basic proposition of resource dependence theory (RDT) is the need for environmental linkages between a company and outside resources or also known as the inter-organizational influence, or social control processes. Therefore, Pfeffer and Salancik (1978) suggested the board of directors, specifically board diversity, as a mechanism to minimize the interdependence issues by bringing more resources. This study expects the board diversity as a mechanism in minimizing the environment interdependence issues, by providing more resources for them to be maintained or sustained in the business. As further explained by Pfeffer and Salancik (1978), companies will gain four advantages from the boards of directors which are; (i) information in the form of advice or guidance, (ii) access to channels of information between company and external, (iii) preferential access to resources by obtaining commitments or support from important elements outside the company and (iv) legitimacy. All these advantages will be increased if the board is diverse. In addition, RDT suggests the foundation for the board's function as critical resources provider to the company including legitimacy, advice, and counsel (Hillman & Dalziel, 2003). Thus, companies can better manage their sustainability issues[2] with the support provided by the diverse board resources that help companies in understanding and responding to their environment efficiently (Boyd, 1990), thus improving problem-solving skills as well as network connections (Rao & Tilt, 2016). Next, it helps companies to better manage the sustainability issues, including addressing the diverse needs of its environment and stakeholders (Bear, Rahman, & Post, 2010). Thus, companies will have good sustainability strategies to address these needs. According to Haniffa and Cooke (2005), Corporate Social Disclosure or SR process can be perceived as a strategy of the company and the report itself as the output of the strategy. Therefore, this study proposes that board diversity has the potential to make the board of directors more efficient and thus influence companies' sustainability strategies through sustainability reporting.

Hypothesis Development

As mentioned above that RDT states that board diversity can be an excellent mechanism to link a company to its external environment and attain resources. With the advantages brought by the board diversity as mentioned above, this study believes that board diversity (in age, ethnic, gender and director resource diversity) will enhance the sustainable strategies of the companies and help the board in addressing different needs of the environment, stakeholders as well as users of the SR. Thus, the diverse board would help in making the SR more extensive and of high quality.

Gender

Having gender diversity in the boards will bring some balanced decision because women think differently from men. In addition, they are more sensitive with sustainability issues, more generous towards communities and pay more attention to stakeholders especially such as communities, employees and the environment. Hillman, Canella, and Harris (2002) state that women directors are more likely to offer different viewpoints to the board because they tend to have expert backgrounds outside the business. Thus, they will balance and support effective decision makings which enhance the sustainability strategies of the business. With all the attributes mentioned above, female board members contribute towards enhancing sustainability strategies and in turn improve SR. Moreover, in Al-Shaer and Zaman (2016), they find that women board members are positively associated with the SR. Barako and Brown (2008) report that the increased women representation on the board of directors of Kenyan's banks makes a significant and positive association with the level of voluntary corporate social reporting among Kenya listed companies. Therefore, the first hypothesis is:

H 1. There is a significant difference in the extent and quality of SR between companies that have female board members and companies that do not have female board members.

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[2] Sustainability issues include activities, initiatives, performance and strategies (reporting). Haniffa and Cooke (2005) reported that CSR Reporting was commonly reflected as a strategy, and the reporting is usually the result of strategic decision-making processes.

Age

As stated in Hafsi and Turgut (2013) and Post, Rahman, and Rubow (2011), directors' business experience, knowledge, and maturity can be reflected by their ages which also is an indication of their maturity in leading the direction of the businesses. Age diversity is an important element in board attributes because the same age group of board members might bring bias in the leadership and the decision-making styles of the board (Abdullah & Ismail, 2013). Furthermore, according to Kets de Vries and Miller (as cited in Hafsi & Turgut, 2013), older directors tend to be more sensitive towards society issues and are willing to contribute more to its welfare. In relation to reporting, even though there is a lack of studies that concern on the impact of age and reporting, some results appear to approve a positive relationship (Rao & Tilt, 2015). Post et al. (2011) find companies, whose board members' average age is closer to 56 years, will disclose more on environmental corporate social responsibility (ECSR) governance. More maturity, experiences, concerns, sensitivity toward society issues - all these attributes will provide the board with various perceptions, ideas, and suggestions which will help the board to enhance sustainability strategies. In turn, it helps to improve the SR. Thus, the second hypothesis is:
H 2. There is a significant difference in the extent and quality of SR between companies whose board members' average age diversity is below and above sixty years old.

Ethnicity

There are three main ethnic groups in Malaysia society, which are Malay, Chinese and Indians. According to Hofstede (1984), an individual from one group can be distinguished from another individual from other groups through culture. As mentioned by Harris (as cited in Hamzah et al., 2015), the learning, social traditions, way of life, thought process, feelings, and behavior of individuals could be reflected by the culture. Malaysia has a multi-cultures community, and it gives the best platform for this study. In regard to studies that examine the relationship between the board ethnicity background and CSR, the results are inconsistent. Therefore, board members who come from different ethnicities will provide ingenious ways of thinking, cultural belief and attitudes which will help companies in their sustainability strategies and SR. Therefore, the second hypothesis is:
H 3. There is a significant difference in the extent and quality of SR among companies that have ethnic diversity below 0.5 and companies that have ethnic diversity equal or greater than 0.53.

RESEARCH DESIGN UNIT/METHODOLOGY

Sample Selection and Unit of Analysis

In regard to Bursa Malaysia Sustainability Framework in 2015, SR disclosure obligation takes effect in three stages. In the first stage, companies whose market capitalization (excluding treasury shares) is of RM2 billion and above as of 31 December 2015; or as of the date of its listing in 2016, shall disclose their SR (with the new guidelines) in companies' annual reports on or after 31 December 2016. For the purpose of this study, the sample comprises of companies that fall under the first stage only. The total number of companies that fulfill this condition is 102, and the final number is 98. The unit analysis is SR in companies' annual reports since companies' annual reports are the most popular unit of analysis in accounting field. As highlighted by Guthrie and Parker (1989) and Said et al. (2009), companies use annual reports as one of its communication tools towards their stakeholders because of its high credibility (Tilt, 1994).

Measurement of the Dependent and Independent Variables

Dependent Variables

Sustainability Reporting (SR) is represented by *the extent (SREXT)* and *quality* (SRQLTY) of SR. A disclosure index[3] is used to collect data through content analysis approach. In this study, the extent of sustainability information is defined as how much the information disclosed matches with the disclosure checklist items. A score of '1' is awarded if an item is disclosed and '0' if it is not. Later, the aggregate score for each company is computed. The quality of sustainability information refers to how the sustainability information is disclosed. The quality score will be determined in the same way as the extent score except that the information disclosed is given different weights. In addition, the quantitative information disclosed is given more weight than the qualitative information because it is more objective and informative (Al-Tuwaijri, Christensen, & Hughes, 2004). Thus, this study applies the same technique with Al-Tuwaijri et al. (2004); Cooke (1989); Hackston and Milne (1996); Hughes et al. (2001) and Ahmed Haji (2013).

Table 1: Formula

[3] This study the disclosure checklist provided in the Sustainability Reporting Guide (SRG), which was included in the Sustainability Framework.

SREXT	SRQLTY
SREXTj = $\frac{\sum_{t=1}^{n} X_{ij}}{n_j}$	SRQLTYj = $\frac{\sum_{t=1}^{n} X_{ij}}{n_j}$
SREXT = SR extent score for j^{th} company n_j = total number of items expected for j^{th} a company with a maximum score assigned X ij = 1 if ith (relevant) item disclosed, = 0 if ith (relevant) item not disclosed, so that 0<SREXTj< 1	SRQLTY = SR quality score for j^{th} company n_j = total number of items expected for j^{th} a company with a maximum score assigned Xij = the score of 3 for the *i*th item if quantitative data is disclosed, the score of 2 for the *i*th item if qualitative data with specific explanation is disclosed, the score of 1 for the *i*th item if general qualitative data is disclosed and the score of 0 for the *i*th item if there is no disclosure.

Independent Variables

Table 2 shows the measurement and sources for independent variables used in this study.

Table 2: Independent variables

	The measurement	Sources
Gender (GEN)	Gender = gender diversity, a dummy variable; “1” if at least one female director is on the board, and “0” otherwise.	(Abdullah & Ismail, 2013; Rose, 2007)
Age (AGE)	Age = age diversity, a dummy variable; “1” if the average age of the board of directors < 60 years, and “0” if the average age of the board of directors ≥ 60 years.	(Abdullah & Ismail, 2013)
Ethnicity (ETHN)	Diversity =1 - $\sum(pk)^2$ (Blau index). The index is then categorized into two categories; "0" if the score <0.5 (Low); "1" if the score≥0.5 (High)	(Bear et al., 2010) (Zhang, 2012)

RESULTS AND DISCUSSION

Table 3: Descriptive statistics of the extent and quality of SR.

Panel A	N	Mean	Median	Stdv	Min	Max
SREXT	98	0.407	0.400	0.170	0.015	0.768
SRQLTY	98	0.316	0.313	0.149	0.015	0.682
Valid N (listwise)						

In panel A of Table 3, it shows the overall descriptive analysis for SR in terms of the extent (SREXT) and quality (SRQLTY) of sampled companies. It shows that the minimum score for the SREXT among Malaysian listed companies is 1.5% while the maximum score is 76.8%. The average score for SREXT is 40.7% which indicates the extent of SR among Malaysian listed companies is still below 50%. However, this average score of SREXT shows an increase in the extent of SR among Malaysian listed companies compared to the study by Ahmed Haji (2013) who found that the average score of the extent of SR in 2009 (3 years after the mandatory requirement by Bursa Malaysia) as 31.71%.

Pertaining to the SRQLTY, the minimum is 1.5%, which is better than Abd-Mutalib et al. (2014) who found that at least one company did not disclose any SR at all. Even though their maximum score was 84% which was higher than our findings, 68.2%, on average, our findings were better than Abd-Mutalib et al. (2014), which was 31.6% and 14.5% respectively. Even though their samples were taken five years after the mandatory requirement, their average was far behind. However, Ahmed Haji (2013) found the average score of quality of SR as 14.68%, which was a slight increase compared to Abd-Mutalib et al. (2014). According to Zainal et al. (2013a), who examined the quantity/extent and quality of SR among Malaysian listed companies for a period of five years (pre and post mandatory requirement), it showed that companies were reporting their SR more in the year 2007 (CSRR mandatory requirement took effect). It would appear that the increase in the current study findings in the extent and quality of SR, may probably be due to the SRG issued by Bursa Malaysia that gives clearer guidelines to companies in disclosing and presenting their sustainability information in annual reports.

Table 4: The independent t-test

SREXT	**N**	**Mean**	**t- value**	**p-value**	**SRQLTY**	**N**	**Mean**	**t-value**	**p-value**
Gender Diversity			-2.517	0.013	**Gender Diversity**			-1.925	0.057
there are female board members	81	0.426			there are female board members	81	0.329		
no female board members	17	0.315			no female board members	17	0.254		
Age Diversity			-1.307	0.194	**Age Diversity**			-1.148	0.254
average age < 60 years	39	0.434			average age < 60 years	39	0.338		
average age ≥ 60 years	59	0.389			average age ≥ 60 years	59	0.302		
Ethnic Diversity			-1.130	0.261	**Ethnic Diversity**			-1.205	0.231
diversity <.5 (Low)	58	0.391			diversity <.5 (Low)	58	0.301		
Diversity ≥ 0.5 (High)	40	0.430			diversity ≥ 0.5 (High)	40	0.338		

Independent sample t-tests were carried out to determine if there were significant differences in the extent and quality of SR between the groups of independent variables. Table 4 shows the results of all t-tests involving gender, age, and ethnic diversity. Out of the three independent variables, only gender diversity shows a significant difference in the extent and slightly significant in quality of SR. The result shows that companies which have a female director on board have a greater mean score for SREXT (M=42.6%) and SRQLTY (M=32.9%) than companies that have no female director (SREXT M=31.5% and SRQLTY M=25.4%). Companies with female directors on the board have a higher score for both extent and quality. The difference between the two group for SREXT is statistically significant at 5% ($t = -2.517$, $p = 0.013$), but it is slightly significant for SRQLTY where $t = -1.925$, $p = 0.057$ respectively). Therefore, H1 is supported for the extent but not the quality. It indicates that companies that have female board members tend to have more extensive and quality SR. As Adams and Ferreira (2004) stated that there is a positive association between gender diversity and corporate social reporting. Furthermore, it implies that women are more concerned and sympathise on sustainability issues as Williams (2003) highlighted that companies that have higher proportion of female board members tend to involve with great extent in charitable activities. The result supports the findings by Barako and Brown (2008), Liao et al. (2015) and Rao et al. (2012). All these studies provide evidence that female directors have a significant and positive association with corporate social reporting/environmental disclosure. Moreover, female board members bring higher incidents of companies' positive sustainability (Krüger, 2009), which enhance corporate reputation (Bear et al., 2010). Fernandez-Feijoo et al. (2012) reported that a company that has at least three female directors tends to disclose high-quality sustainability information and assurance statements. Impliedly, the existence of female directors in companies' board of director can improve a company SR.

Regarding the age diversity, the test shows that there is no significant difference in the mean score of SR (both SREXT and SRQLTY) between the companies that have an average age of board members below sixty years and the companies that have an average age of board members equal or greater than sixty years. The results are not significant as both (SREXT and SRQLTY) p-value ($p = 0.194$ and $p = 0.254$) are greater than 0.05. Thus, H2 is not supported. It means that neither companies that have board members' average age is below sixty years nor greater than sixty years, report SR extensively and of a high quality of sustainability information. Even though some researchers claim that older directors will become more conscious on the sustainability of companies because age reflects directors' experiences and maturity in business (Hafsi & Turgut, 2013; Post et al., 2011), but the age of board members has no impact on SR in this study. However, the average score of SREXT and SRQLTY is higher in companies that have an average age of board members below sixty years (SREXT M=43.4%, SRQLTY M=33.8%) than companies that have an average age of board members equal or greater than sixty years(SREXT M=39.9%, SRQLTY M=31.4%).

Concerning the ethnic diversity, there is no significant difference in the mean score of SR (both SREXT and SRQLTY) between companies that have low ethnic diversity (SREXT M=39.1%, SRQLTY M=30.1%) and high ethnic diversity (SREXT M=44.4%, SRQLTY M=35.4%). The result is not significant for both SREXT and SRQLTY where the p-value is greater than 0.05 ($p=0.26145$ and $p=0.231$ respectively). Thus, H3 is not supported. It seems that companies that have a board of director that comprises of various ethnic members would not report differently in terms of extent and quality of sustainability information. Even though Malaysia has a special multi-racial community, it seems like it does not give any significant difference in SR.

Even though RDT stated that a diverse board of directors brings more resources to companies, it appears in this study that only gender diversity is proven. It proves that female directors bring a diverse background, different values and perceptions of sustainability, access to information, experience, expertise, and etcetera. Therefore female directors are more committed to the sustainability of the companies (Barako & Brown, 2008; Fernandez-Feijoo et al., 2012; Kathy Rao, Tilt, & Lester, 2012; Krüger, 2009; Liao et al., 2015). All these values will help female directors in giving a balanced strategic decision-making process which can be reflected in the SR. With the diverse values, female directors help companies to have more sustainability initiatives and activities which will be reported in their SR. In contrast, age diversity and ethnic diversity are not proven to be significant in bringing more resources to the companies' sustainability initiative and activities. However, Hafsi and Turgut (2013) found that age diversity had a significant negative relationship with the social performance which contradicted with their assumption. They stated that age might possibly lead to polarization, which may cause the curvilinear effect of age. Regarding the ethnic diversity, the study found no evidence which contradicted with Haniffa and Cooke (2005) who found that ethnic diversity significantly affected the CSR disclosure. Though board diversity is believed to help companies in their business operation, it is not fully supported in this study. Maybe it is more on the less observable diversity that gives impact on SR rather than the demographic diversity.

CONCLUSION, LIMITATIONS AND SUGGESTIONS

The aim of this study is to examine the impact of board diversity on the SR. Board diversity is perceived to enhance independence, increase board effectiveness, creativity, innovation and quality decision making pertaining to sustainability matters. Some listed companies do have a board diversity policy. However, the current study only supported the gender diversity impact that it did improve the extent and quality of SR, but not the age and ethnic diversity. The age and ethnicity diversity of board members do not give any influence in SR. This study is an attempt to apply the RDT in explaining the impact of board diversity on corporate reporting. Boards of directors as a mechanism that bring more resources and are expected to be able to help companies to be more competitive, able to balance decisions and have more sustainability initiatives and strategies (Olieveira, Jonas; Lima Rodrigues, Lima; Craig, 2011; Pfeffer & Salancik, 1978). Moreover, Haniffa and Cooke (2005) stated that SR as one of the strategies and the reporting as the result of the strategic decision-making processes. Therefore, SR reflects the board diversity impact on the sustainable decision-making process. Thus, this study manages to find evidence that gender diversity could bring some impact in SR. This study also examined the extent and quality of SR and the impact of board diversity on SR. The overall mean scores for the extent and quality of SR is low of 40.7% and 31.6%, respectively. It would appear that even though it was mandatory for these companies to provide sustainability information in corporate annual reports, on average companies disclosed less than half of the disclosure checklist.

There are always limitations in every study, and so does this study. First, since the sample companies are in the first year of implementing the amended listing requirement and SRG, this study only considered the first batch of companies whose market capitalization is RM2 billion and above (on 31 December 2015), and which comprises of only 102 companies. There are two more batches which are not included in this study. Therefore, it would like to suggest that future study considers the second and last batch. The results may be different due to different market sizes. In addition, they are probably more prepared and more able to understand the requirements pertaining to SR. Secondly, this study only examined limited demographic diversity (observable diversity) which are age, ethnic and gender. However, there are other less observable diversities such as skills, knowledge, and experience, professional and educational background which may give impact on the SR. Thus, this study would like to suggest for future research to examine these diversities as independent variables that may impact the SR. It may not be the age and ethnic diversity of the board members that give impact on SR but rather their capacity, ability, potential, and etcetera. Finally, there are other mediums used by companies in disseminating their sustainability information such as stand-alone SR, companies' website and pamphlets. It is the limitation of this study for it only examined companies' annual reports that may only provide a small portion of sustainability information. Nevertheless, as highlighted by Guthrie and Parker (1989) and Said et al. (2009), companies use annual report as one of its sole communication tool towards their stakeholders because of its high credibility (Tilt, 1994). Besides, it was found that annual report is more important source of information than others (Deegan & Rankin, 1997) and it is produced every year and conveniently available (Said et al., 2009).

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