THE INFLUENCE OF CORPORATE GOVERNANCE ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: A FOCUS ON ACCOUNTABILITY

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ABSTRACT

The purpose of this study is to examine the extent of the accountability-related to CSRD and the influence of the corporate governance on CSRD practices. This study used the Modified Koppell's Model in understanding the accountability-related to CSRD, which consists of four dimensions, namely; transparency, liability, responsibility and responsiveness. The corporate governance characteristics studied are board size, board independence, board meetings, and female directors on board, which are used as the predictors of company's accountability on CSRD. Annual reports of 100 public listed companies in Malaysia were analysed using the content analysis of two years observations i.e. 2015 and 2016. Descriptive analyses were conducted and it has been discovered that the percentages of accountability-related CSRD amongst Malaysian companies are mostly low. The study also provides empirical evidence that only board size has a significant relationship with the accountability-related CSRD. In general, this study put forward some insights about Malaysian CSRD practices from the perspective of accountability as well as governance related strategy in enhancing companies' accountability in reporting CSR information. The study also signifies the need to strategically establish a relevant CSRD-accountability model towards an enhanced ethical-accountability based reporting.

Keywords: Accountability, Corporate Governance, Corporate Social Responsibility, Malaysia**.**

INTRODUCTION

Over the years, there has been a growing concern about the accountability of companies in reporting relevant information. Generally, companies are expected to disclose all information concerning their performance and reputation. According to Gray (1983), companies' pressure for accountability in reporting comes from various reasons including demands from pressure groups such as investors and consumers, and directives from United Nation's and European Community's (EU). Accordingly, management can no longer continue to treat the conventional stewardship objective as the only acknowledged standard of business operation.

Numerous stakeholders demand businesses to go beyond their profit agenda, be more socially responsible to the public (Chapple & Moon, 2005) and cover more than economic interest (Jenkins & Yakovleva, 2006). Corporate Social Responsibility (CSR) contributes to a better reputation of management to assist stakeholders in understanding company's CSR practices (Bebbington et al., 2008) as well as enhance company's financial performance, increase trademark value, and improve business's capability to attract and preserve the best workplace whilst adding to company's market value (Saleh et al., 2010). Additionally, it increases competitive advantages and enhances company's reputation (Bayoud et al., 2012; Ramdhony &

Oogarah-Hanuman, 2012). CSR is described as: "*The requirement for information about a specific company that may involve any group with the purpose of stipulating a key solution for enhanced accountability to a broad group of stakeholders on environmental and social issues*" (Gray et al., 1996).

Increased stakeholders' awareness and perceptions relating to the significant effects of social and environmental issues in business activities have put organizations under great pressure to be actively involved in Corporate Social Responsibility Disclosure (CSRD) practices (Ingley, 2008). Generally, there are some gaps in the CSRD practices between Malaysia and other developing countries i.e. in terms of the environment, social, economic and cultural contexts. In Malaysia, the most popular CSR practice in companies is through philanthropy, sponsorship, improving public health, and other community services (Anas et al., 2015). The lower accountability in CSRD is mainly related to companies' low engagement with their stakeholders in their CSR activities. Following the 1997 Asian financial crisis, the Malaysian Institute of Corporate Governance (MICG) introduced the Malaysian Code on Corporate Governance (MCCG) in 2000 as one of the primary motivating factors for corporate CSRD. According to the Code, board of directors should not only receive the financial information but also other information pertaining to performance indicators; which include customer orientation, products and services, human resource development and environmental performance. Consequently, this requirement puts some pressure on the top management to be involved actively in socially responsible activities and to disclose the activities in the annual reports. Yusoff et al. (2015) had shown that good corporate governance will increase management performance through the efficiency of board of directors to support CSRD. According to Esa et al. (2012), both CSR and corporate governance are significantly important towards achieving long-term business value and continuously assist in promoting business growth. CSRD ensures that companies are involved in better corporate governance practices (Perrini, 2005; Shavit & Adam, 2011). In addition, Shavit and Adam (2011) state that the requirement for CSRD and transparency of reporting can promote better governance as well as influence the long-term value of companies.

Corporate governance characteristic facilitates companies to exercise better ethical practices. The government sees effective corporate governance, transparency and accountability business practices as the core effect to ensure the successful management of the businesses. There are several criteria of good governance, i.e. independence, accountability, responsibility, integrity and transparency (Securities Commission, 2012). A company should have independent representatives on the board to manage their role and position following the current regulatory practice. Accountability carries an image of responsibility and transparency of a company to the community (Bovens, 2007). According to Blair (2001), board of directors should be accountable for the protection of the shareholders and the management. In order to guarantee accountability, the board of directors must always be responsible to answer shareholders' request concerning any key result influencing organization's strategic direction (Schillemans, 2011). It is in the interest of each management to report clear and relevant information accessible to the stakeholders (Sethi et al., 2014). The information thus includes social responsibility activities and its impact to the greater good.

An exercise of good corporate governance and CSR has great potential in sustaining stakeholders' confidence. The link between corporate governance and CSRD is an important aspect of the regulatory requirements to maintain performance and competiveness in economic growth and the accountability towards the society (Buniamin et al., 2011). Furthermore, the effectiveness of CSRD practice reflects corporate level of accountability. The literature discussed above indicates the huge potential of CSR practice and good governance, and that they are crucial in business organizations. Nevertheless, the prevailing literatures primarily focus on market-driven agenda of CSR practices. Therefore, it is timely that CSR be established from the ethical-accountability root; in which, a CSR-accountability reporting model be developed. For this reason, this study seeks to examine the accountability related CSRD. The study can generate a new idea relating to the influence of corporate governance on CSRD with a specific focus on the accountability elements. Hence, the aim of this study is twofold i.e. to investigate the extent of accountability related elements of CSRD and the influence of corporate governance on CSRD in Malaysia.

LITERATURE REVIEW

Corporate Governance and CSR Initiatives in Malaysia

During 1998, most of the Malaysian investors' confidence has been affected by the Asian financial crisis. Accordingly, policy makers focused their attention on improving the corporate governance regulations. The Malaysian Code on Corporate Governance was introduced in 2000 to strengthen the corporate governance framework. In 2007, the government revised the MCCG and later the Code is superseded by the revised Code issued in 2012 known as MCCG 2012. According to the MCCG (2012), corporate governance is defined as: "*The process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of other stakeholders*".

MCCG 2012 focuses on explaining the role of the board of directors in providing management control, improving board effectiveness through enhancing the board composition and strengthening its board independence level. Companies are encouraged to disclose the corporate disclosure policies that represent good disclosure. The country's stock exchange known as Bursa Malaysia came up with an initiative to link corporate governance and corporate disclosure requirement. Such an initiative reflects an act in promoting corporate governance towards enhancing the quality of CSR practice.

Malaysia also has put great efforts in inculcating the culture and practice of social and environmental. Bursa Malaysia issued the CSR framework in 2006 which aimed to guide Public Listed Companies (PLCs) about CSR priorities and reporting CSR activities. The Bursa Malaysia's CSR Framework encompasses four compulsory key disclosure dimensions, namely; the Environment, the Workplace, the Community and the Marketplace. In 2015, Bursa Malaysia issued the Sustainability Reporting Guide as guidance to PLCs to embed sustainability values and practices. Additionally, the Securities Commission Malaysia (SC) introduced the Silver Book in September 2006, under the Government-linked Companies (GLC) Transformation Programme. The main objective of the Book is to provide comprehensive guidance on the process and strategies pertaining to social responsible activities which ultimately may enhance the shareholders' value. Other initiatives include CSR related awards such as the Malaysian Sustainability Reporting Award (MaSRA) by ACCA Malaysia and the Prime Minister Award for Corporate Social Responsibility (PMCSRA), introduced by the Department of Social Welfare.

Underpinning Theoretical Perspectives

Agency theory

Agency theory is a prominent and relevant theory to understand about corporate governance. In this theory, the members of a group determine the actions and decisions between two parties. According to Jensen and Meckling (1976), an agent and principal relationship is: "*A contract under which one or more persons (the principal(s)) engage with another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent*."

The director (agent) is accountable for performing on behalf of their principals (shareholders) in supervising business operation and attaining company's vision and mission as well as raising shareholders' wealth. Agency conflict may arise when the director neglects to act in the best interests of the shareholders, and consequently, affect the company's performance and returns (Brennan & Solomon, 2008). It will result in corporate failure and affects the information asymmetry (Bonazzi & Islam, 2007). Thus, in order to avoid a breach of contract between the director and the shareholders, the principals are strictly monitoring and controlling their agent to guarantee the maximization of their wealth (Halme & Huse, 1997). In the point of view of CSRD practice, the agent of the company, i.e. the board of directors, are expected to adopt good practices on behalf of their shareholders (principals). This is essential for the increase of company's value, thus, will enhance its returns and profits. Consequently, company's reputation will increase, benefits will be enjoyed by the public (Halme & Huse, 1997) and shareholders' confidence in their investment will escalate.

Corporate governance concept assists the link between managers' CSR initiatives with shareholders' needs, thus, reduces agency costs. Good governance practices represent management concerns to the shareholders, while, good CSR practices relate to facilitating the attainment of stakeholders' benefits (Darus et al., 2015). Particularly, when companies disclose CSR information, it can minimize the agency gap between manager and shareholders. Under the agency theory, the manager takes the opportunity to maximize his benefit rather than the shareholders' (Naseem et al., 2017). This study attempts to use the agency theory as the underpinning theoretical perspective in examining the influence of corporate governance characteristic on accountability-related CSRD.

Stakeholder Theory

Stakeholder theory is a theory that focuses on the relationship between an organization and its stakeholders. Freeman et al. (2010) state that firm's operation and activities will affect the individual or groups of stakeholders. This theory is highly found as a relevant perspective in understanding CSR activities. From the stakeholders' point of view, Bursa Malaysia announced the relevant CSRD to various group of stakeholders through the four different categories of CSR activities, which are community involvement, environment, marketplace and workplace.

A company has to meet multiple expectations of its CSRD practices from various stakeholder groups as well as be accountable to report its performance (Guthrie, Petty, & Ricceri, 2006) including CSR activities and engagement. According to Mulgan (1997), the term "*accountability*" arose from the wider concept of responsibility. Accountability refers to the responsibility of one group to another group to complete certain duties (Mulgan, 1997) and that the disclosure of information is an act of organization's accountability to the stakeholders. In relation this, companies must be transparent and report fully their CSR activities i.e. financial and non-financial information (Gray et al., 1996) to all stakeholder groups.

According to Branco (2007), most companies engage in CSR activities mainly because they can gain some kind of benefits from such engagement. Company should comply with the society's needs and, at the same time, minimize the negative perception of their actions. Through the stakeholder engagement in CSR, managers could influence the development of a CSR policy that may subsequently give an impact on new capabilities of a company (Nikolova & Arsic, 2017). Hence, this study applies the stakeholder theory to understand corporate engagement in CSR practice and that they execute accountability relating to CSRD.

Generally, these two theories are relevant as the underpinning theoretical perspectives for this study. The agency theory sets the foundation for the possible influence of corporate governance on company's CSR reporting practice. Management of companies has the obligation on behalf of the "*principal*" of company to strategically manage the preparation and reporting of relevant corporate information to the right stakeholders. Meanwhile, the stakeholder theory guides the exploration of CSRD in companies and their function in fulfilling the needs and demands of the various groups of stakeholders.

Accountability and CSR Disclosure

In general, accountability involves giving authority for actions taken and being held accountable for those actions can have an effect on the behaviour (Patria De, 2006). Koppell (2005) describes that the typology of accountability encompases five dimensions, namely; transparency, liability, controllability, responsibility and responsiveness. Specifically, it is found that the dimensions of transparency and liability are the core aspects of organizational accountability. Stakeholder groups expect companies to be liable and accountable for the social and environmental effects of their business operations (Yusoff et al., 2007); this, which include transparent reporting of CSR-related information. A study by Mason and Simmons (2013) found that responsiveness is one of the elements of accountability that stakeholders linked to CSR regulation, procedure, performance and disclosure. Accountability and CSRD thus are crucial elements to study because stakeholders are placing pressures on companies to fulfil the expectation on the social claims. Companies should be more transparent in reporting the information through the communication channels with their stakeholders in order to transmit the message of the CSR activities (Vilanova et al., 2008). Overall. the effectiveness on the CSR practice, especially CSRD, can reflect that the company is more accountable in the development of the corporate strategy.

Corporate Governance and CSR Disclosure

Previous studies seek to understand the potential aspects that may stimulate CSRD practices. Principally, various studies have been carried out globally and locally to investigate the possible links between corporate governance and company's CSRD. Haniffa and Cooke (2005) analysed the relationship between corporate governance characteristics (board composition, multiple directorship and type of shareholder) and CSRD for 160 companies listed in the Kuala Lumpur Stock Exchange (KLSE), currently known as Bursa Malaysia. They discovered a significant relationship between board composition and multiple directorships. Amongst the common corporate governance characteristics that influenced CSRD are board size, board commitment, board composition, ownership diffusion, board composition and board diversity (Khan, 2010; Giannarakis, 2014; Kilic et al., 2015; Dienes & Velte, 2016). These studies indicate that corporate governance has brought positive change to an enhanced and greater CSRD practices amongst the organizatiopn studied. Moreover, board meetings has been found to influence management to disclose CSR extensively (Giannarakis, 2014; Yusoff et al., 2016; Naseem et al., 2017). Some research studies also had resulted with board gender as a potential factor for enhanced CSRD (Nielsen & Huse, 2010; Hafsi & Turgut, 2013).

In Malaysia, Said et al. (2009) examined the relationship between the corporate governance characteristic in 250 public listed company in 2006. The multi regression analysis showed that there is a positively significant relationship between government ownership and audit committee and CSRD. Board size has an influence on CSRD amongst government-Linked Companies (GLCs) (Esa et al., 2012). Darus et al. (2015) who examined the strategic governance factors for CSRD amongst the 100 leading companies for 2011 found board size as the most significant factor to induce company's CSRD practice hence reduce the agency cost. Yusoff, et al. (2016) examined the effect of corporate governance on CSRD based on four CSR key dimensions amongst publicly listed companies in Malaysia. The study found significant relationships for board independence-community, board size-workplace and environment, and board meetings-marketplace.

Based on the prevailing literature pertaining to corporate governance and CSRD, utmostly it has been found that corporate governance characteristic has significant ability to influence CSRD practice in global and local contexts. This study seeks to further investigate whether corporate governance can influence the accountability aspect of CSRD. Hence, the hypotheses are as follows:

H1: There is a positive relationship between board size and accountability-related CSRD.

H2: There is a positive relationship between board independence and accountability-related CSRD.

H3: There is a positive relationship between board meetings and accountability-related CSRD.

H4: There is a positive relationship between female director and accountability-related CSRD.

METHODOLOGY

This study applied a quantitative form of research design which specifically encompassed descriptive and causal type of research. Such a design is relevant to achieving the main objective of the study i.e. to investigate the extent of accountability-related CSRD and the influence of corporate governance on CSRD practice. The sample of this study consists of the top 100 companies listed on the Main Board of Bursa Malaysia covering various industries. Such a selection of sample was due to that top leading companies are more likely to engage and disclose CSR information, as large companies are expected to have a high reputation thus display their socially responsible activities (Gray et al., 1996). Content analysis has been used to examine CSRD of the selected Malaysian companies in their annual reports for the years 2015 and 2016. One of the reasons for examining the disclosure for the consecutive years 2015 and 2016 is to examine the influence of corporate governance on CSR disclosure practice since the Bursa Malaysia promoted sustainability reporting as a mandatory requirement for the listed companies moving ahead. This data collected method is deemed as highly relevant in understanding corporate information including CSR (Abbott & Monsen, 1979; Yusoff et al., 2015; Yusoff et al., 2016). Furthermore, annual reports are compulsory documentations and most highly demanded from the stakeholder groups (Yusoff et al., 2007). Therefore, the final sample of this study consists of 100 companies for 2015 and 2016 years of observations, i.e. 100 companies for each year of observation. The sample size of 200 is considered reasonable as Sekaran (2000) states that to generate a good result on a study, the sample size used should be a minimum of 30 and a maximum 500. Data and information on CSR disclosures for each company in the sample are gathered from the annual reports downloaded from the respective company's website and Bursa Malaysia's website.

In order to examine the accountability elements embedded in the current CSRD practice, the good disclosure index according to the Malaysia-ASEAN Corporate Governance Report (Minority Shareholder Watchdog Group, 2015) for financial year-end 31 December 2015 was used. This study also used the Koppell's (2005) Model to examine the accountability related CSRD of Malaysian companies. The typology of accountability by Koppell (2005) has five dimensions, namely; transparency, liability, controllability, responsibility and responsiveness. Transparency refers to the ability of an individual or organization to perform his actions. Liability refers to the consequences of his performance, whether it is performed or not. Controllability refers to the obedience of organizations to government's decision. Responsibility refers to the compliance of organizations to follow the rules or policy. Responsiveness refers to the attention of organizations to fulfil the demand of the stakeholders. Since the nature of CSRD in Malaysia has a different characteristic from Koppell's original dimensions, the modification of the model has been applied in this study. The concept of Accountability Modified Model is more suitable for this study's objectives which is focusing on the accountability related CSRD. The concept of the accountability modified model is as follows:

Transparency	:	CSR-related facts pertaining to company's performance.
Liability	:	Company's CSR-related consequences for its performance.
Responsibility	:	Statement of compliance with CSR-related rules and regulations.
Responsiveness	:	Substantive CSR-related acts toward fulfilling stakeholders' expectations.

A disclosure index was used to measure the dependent variables of the study items of CSR comprising four categories, namely; community, workplace, environment and marketplace (based on Bursa Malaysia) (Table 1). The level of extensiveness of accountability for each of CSRD categories was measured according to five categories as follows:

1. Non-disclosure (NON): A score of 0.
2. General information (GEN): A score of 1.
3. Qualitative/narrative information (QUA): A score of 2.
4. Quantitative information (QUAN): A score of 3.
5. Combination of types of information (COM): A score of 4.

Overall, the minimum possible score is zero and the maximum score is 256.

Table 1
SUMMARY OF STUDY VARIABLES AND THEIR MEASUREMENT

Variable	Measurement	Prevailing Literature
Dependent Variable		
Accountability-related Corporate Social Responsibility Disclosure ($CSRD_A$)	Disclosure index score	1. Yusoff et al. (2007) 2. Yusoff et al. (2015)
Independent Variables		
Board Size (BOS)	Total number of directors in	1. Said et al. (2009)

Table 1
SUMMARY OF STUDY VARIABLES AND THEIR MEASUREMENT

	the board	2. Darus et al. (2015) 3. Yusoff et al. (2016)
Board Independence (BIND)	Proportion of the number of Independent Non- Executive Directors in the board	1. Sundarasen & Rajangam (2016) 2. Kathyayini & Carol (2016)
Board Meetings (BOM)	Total number of board meetings	1. Laksmana (2008) 2. Dienes & Velte (2016) 3. Yusoff et al. (2016)
Female Directors (BOF)	Total number of female directors in the board	1. Hafsi & Turgut (2013) 2. Giannarakis (2014)

RESULTS AND DISCUSSION

Descriptive Statistics: Corporate Governance Characteristic and CSRD

It has been found that the mean score for accountability-related CSRD score ranged from 1.04 and 2.99 (Table 2). It explains that majority of companies reported general form of CSR information i.e. between general and qualitative information. This finding thus indicates that the accountability levels in the CSR practice are rather low.

Table 2
DESCRIPTIVE STATISTICS FOR STUDY VARIABLES

	Mean	**Median**	**Std. Dev**	**Min**	**Max**
CSRDA	1.37	1.29	0.29	1.04	2.99
Board Size	8.39	8.00	1.48	7.00	12.00
Board Independence	0.57	0.57	0.08	0.42	0.75
Board Meetings	6.88	6.00	2.85	4.00	14.00
Female Directors	1.41	1.00	0.68	1.00	4.00
N=100.					

Table 2 also provides the descriptive results for corporate governance characteristics. The studied companies generally have a board size of eight directors with an average between seven and twelve directors. The board independence variable shows that the mean composition of the board independence approximately 57% with a maximum of 75%. MCCG (2007) has recommended that a balanced board is when the independent non-executive directors make up at least one-third of the total board membership. Thus, the companies comply with the MCCG requirement. The board meetings recorded are six times per year and the highest meeting number is fourteen meetings per year. The higher frequency of meetings gives an advantage for the directors to generate more ideas and allows for better decision making. Additionally, the highest number of female directors in the board is four and that majority of the companies have only one female director. This finding signifies the dominant role of the male directors when compared to the female directors on the accountability-related CSRD. This practice seems to contradict the MCCG (2012) requirement in which female directors in the board balances the gender diversity toward the effectiveness of company performance.

Table 3
MEAN SCORES AND RANKING OF ACCOUNTABILITY-RELATED CSRD

	Transparency	Rank	Liability	Rank	Responsibility	Rank	Responsiveness	Rank
Community								
Education	1.63	2	1.72	2	1.20	7	1.25	1
Disaster relief	1.39	10	1.44	9	1.19	9	1.13	10
Poor	1.40	8	1.38	13	1.04	16	1.02	16
Charity	1.48	5	1.64	3	1.24	4	1.25	1
Sports & Culture	1.39	10	1.40	12	1.24	4	1.17	8
Workplace								
Health & Safety	1.68*	1	1.54	5	1.26	3	1.25*	1
Training & Development	1.40	8	1.78*	1	1.37*	1	1.22	5
Employees Welfare	1.36	12	1.44	9	1.24	4	1.22	5
Sports & Wellness	1.40	8	1.43	11	1.15	10	1.12	11
Environment								
Pollution	1.54	3	1.58	4	1.14	12	1.11	12
Waste	1.33	13	1.52	6	1.27	2	1.24	4
General Environment	1.42	7	1.46	8	1.10	13	1.07	14
Marketplace								
Product Quality & Safety	1.47	6	1.49	7	1.20	7	1.20	7
Research & Design	1.24	15	1.24	16	1.06	15	1.05	15
Shareholder Comm Channel	1.20	16	1.24	16	1.08	14	1.09	13
Customer Service	1.27	14	1.31	14	1.15	10	1.14	9
Total	**22.60**		**23.61**		**18.93**		**18.53**	

Note: *Highly disclosed CSRD items.

Table 3 shows the mean scores and ranking of accountability-related CSRD for 2015 and 2016. From the results, the liability dimension showed the highest mean score with a total of 23.61, followed by the transparency dimension (22.60). Meanwhile, the responsibility and responsiveness dimensions have the lowest mean score (total mean of 18.93 and 18.53 respectively). In relation to the CSR categories, the top ranked item for all the accountability dimensions is under the Workplace category (Saleh et al., 2010). The workplace disclosure seems to be the main corporate focus in empowering the internal needs and external issues of the management. Specifically, the most disclosed matters are health and safety, training and development, employee welfare and sports and culture in the company. The Community and Marketplace categories show the least ranked item for all the accountability dimensions (Yusoff et al., 2016). These findings imply that companies are less accountable to disclose community and social related activities as well as internal and external relationships with stakeholders.

Figure 1 shows the mean scores of the accountability related CSRD across the two-year period of study. Most of the companies have reported minimal accountability criteria i.e. transparency, liability, responsibility and responsiveness. Overall, the total score of CSRD shows that there is an increase in the accountability element disclosure between the two years studied. The highest accountability-related CSRD is the liability dimension, with a mean score of 1.48 in 2015 and 1.62 in 2016. The second highest accountability dimension is "*transparency*" i.e. a mean score of 1.42 in 2015 and 1.50 in 2016. It reveals that the majority of the companies disclosed the CSR related facts relating to the business performance. The graph presented in Figure 1 shows that the third ranking dimension is the responsibility dimension with the mean scores of 1.18 in 2015 and 1.34 in 2016. The results indicate that most of the companies are complying with the rules and regulatory requirements for CSR disclosure. For example, the companies adopted the Occupational Safety and Health Act and Regulation (OSHA) 1994 (Act 514). The last ranking mean score in the accountability-related CSRD relates to "*responsiveness*", where the mean score is 1.16 in 2015 and 1.28 in 2016. Most of the companies are disclosing less substantive CSR-related acts toward fulfilling stakeholders' expectation.

Accountability-related Corporate Social Responsibility Disclosure

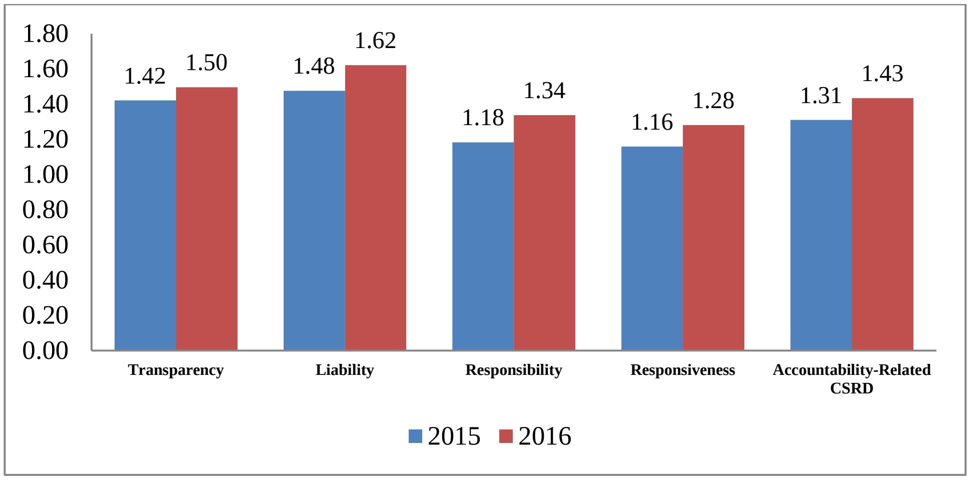

FIGURE 1
AVERAGE MEAN SCORES FOR ACCOUNTABILITY-RELATED CSRD (2015-2016)

Statistical Analyses

Normality test

Table 4 shows that the data in this study is normally distributed. The values of skewness and Kurtosis for all the variables fall between the acceptable ranges. Generally, the data seems normal and a further analysis using parametric was deployed.

Table 4
NORMALITY TEST

	Skewness	Kurtosis	Distribution
CSRDA	2.459	9.115	Normal
Board Size	0.967	-0.037	Normal
Board Independence	-0.382	-0.227	Normal
Board Meetings	1.142	0.394	Normal
Female Directors	1.788	3.164	Normal
N=100.			

Pearson's Correlation Coefficient Test

This study performed the Pearson's Correlation Coefficient test to examine whether or not there is a correlation coefficient matrix between the dependent variable and independent variables of the study. Multicollinearity problems can be detected when correlation is greater than 0.8; whilst strong correlation is when each variable is between 0.8 or 0.9 (Gujarati, 1995). The Pearson's model indicates a strong relationship between two independent variables when the score is between -1.00 and 1.00. The result at 1.00 shows a perfect positive correlation. The correlation of variables is described by the positive (+) sign and the negative (-) sign.

Accordingly, a Pearson product-moment correlation was run to determine the relationship between CSR and the selected variables, namely, board size, board independence, board meetings and female directors in the board. Table 5 shows the correlation coefficient for the study on the influence of corporate governance characteristics on accountability related CSRD. There is a strong positive correlation between accountability-related CSRD and board size which is statistically significant (r=0.288, n=100, p=0.004). The finding indicates that increasing board size will influence the score of the accountability-related CSRD.

Table 5
PEARSON'S CORRELATION COEFFICIENT TESTS

	CSRDA	Board Size	Board Independence	Board Meetings	Female Directors
CSRDA	1.000				
Board Size	0.288**	1.000			
Board Independence	-0.082	-0.404**	1.000		
Board Meetings	0.133	0.289**	-0.182	1.000	
Female Directors	-0.048	0.299**	-0.149	0.083	1.000

**Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).

The other variables show insignificant correlation with the accountability-related CSRD. The non-correlated results for the other variables may suggest that the data are not relevant towards the accountability-related CSR elements during the study period.

Multicollinearity Test

Multicollinearity test is useful to observe the strength of correlation between two or more independent variable in the regression model. If the value of multicollinearity increases, it would increase the difficulty to identify the individual independent variable in the multiple regressions. To overcome the problem, the study applied the Tolerance and Variance Inflation Factor (VIF).

Table 6
MULTICOLLINEARITY TEST: TOLERANCE AND VARIANCE INFLATION FACTOR (VIF)

Variables	Tolerance	VIF
Board Size	(0.7360)	1.3580
Board Independence	(0.8310)	1.2030
Board Meetings	(0.9110)	1.0970
Female Directors	(0.9100)	1.1000

N =100.

It is discovered that the lowest tolerance value is 0.7360 and the highest VIP value is 1.2380 (Table 6). None of the tolerance value is lower than 0.1 and none of VIF is greater than 10, hence indicating that multicollinearity is not a problem in this study. Therefore, further analysis was able to be carried out.

Multiple Linear Regressions

A multiple linear regression is a regression to test two or more independent variables in the predictor. Using this regression technique, the study seeks to examine the relationship between corporate governance and the accountability-related CSRD. The multiple regressions will verify the variance of the dependent variable and whether it is influenced by the independent variables. A multiple regression was run to predict the accountability-related CSRD from board size, board independence, board meetings and female directors in the board (Table 7).

The overall explanatory factor of the corporate governance characteristics are statistically significant at 5% significant level with the adjusted R-squared of 6.9% (F-value=2.835; p-value=0.029). This result suggests that 6.9% variance in the corporate governance could be explained by the accountability-related CSRD. The adjusted R-squared also summarizes that corporate governance characteristics do not highly influence accountability-related CSRD. This regression results reveal that there is a positive significant relationship between board size and accountability-related CSRD at 0.05% significant level (t-statistics=2.936; p-value=0.004). The positive relationship is indicated by the positive sign of the coefficient value 0.066. Accordingly, this result supports *H1*, which claims that the larger the board size, the more companies are accountable to disclose CSR information (Taghizadeh & Saremi, 2013; Yusoff et al., 2016). A larger board size will lead to greater CSR disclosure due to greater knowledge and experience of the board of directors (Said et al., 2009; Esa et al., 2012).

Table 7
MULTIPLE LINEAR REGRESSIONS

Variables	Coefficient (Beta)	t-statistic	p-value
Board Size	0.066	2.936	0.004*
Board Independence	0.158	0.384	0.702
Board Meetings	0.006	0.557	0.579
Female Directors	-0.063	-1.431	0.156
(Constant)	0.778	2.224	0.029
R	0.327		
R-squared	0.107		
Adj. R-squared	0.069		
F Change	2.835*		
Note: N=100; *significant at p<0.05.			

Board independence is found to be insignificant and positively related to the accountability-related CSRD (t-statistics=0.384; p-value=0.702). This result rejects *H2*, which claims that the higher the board independence, the more the companies are accountable to disclose CSR information. This result is consistent with the result in Sundarasen and Rajangam (2016) which stated that the number of independent non-executive directors in the board does not influence the CSRD in the annual reports (Darus et al., 2015; Jo & Harjoto, 2011).

Board meetings has also been found to be insignificant and positively related to the accountability-related CSRD (t-statistics=0.557; p-value=0.579). This result rejects *H3*, which claims that the more frequent the board meetings, the more the companies are accountable to disclose CSR information (Yusoff et al., 2016; Giannarakis, 2014).

Table 8
SUMMARY OF FINDINGS ON CORPORATE GOVERNANCE AND ACCOUNTABILITY-RELATED CSRD

Hypothesis	Predicted Result	Regressed Result	p-value
H1: There is a positive relationship between board size and accountability-related CSR disclosure.	Positive	Positive	Significant
H2: There is a positive relationship between board independence and accountability-related CSR disclosure.	Positive	Positive	Insignificant
H3: There is a positive relationship between board meetings and accountability-related CSR disclosure.	Positive	Positive	Insignificant
H4: There is a positive relationship between female directors and accountability-related CSR disclosure.	Positive	Negative	Insignificant

Female directors in the board is insignificant and negatively related to the accountability-related CSRD (t-statistics= -1.431; p-value=0.156). This negative relationship implies that the increase in the number of female directors in the board could decrease the companies' accountability to disclose CSR information. This result is the opposite of what is predicted in Hypothesis 4. Distinctively, the study results suggest that the lower number of female directors in the board could increase the companies to be accountable to disclose CSR information. Therefore, *H4* is rejected. This result is inconsistent with the result in Dienes and Velte (2016) which found that the number of women in the board has a positive significant relationship with CSRD. Nonetheless, it could be concluded that studies on the influence of female directors in the board and accountability-related CSRD remains inconclusive.

Overall, it could be summarized that there is a relationship between corporate governance characteristics and accountability-related CSRD in Malaysia (Table 8). The results indicate that corporate governance is relevant to be used in predicting accountability-related CSRD, but their characteristics might not able to predict the disclosure based on the variables used. Other factors may possibly become good predictors in term of estimating and modelling the accountability-related CSR disclosure. The agency and stakeholder theories are useful in understanding the relationship between corporate governance and accountability-related CSRD. This study generally infers that Malaysian companies have to increase the level of disclosure in terms of accountability-related CSRD, strengthen the role and regulation towards corporate governance and strategize to enhance the accountability level of the management and the board. Particularly, companies should establish efficient internal control procedures in enhancing the accountability process towards greater CSRD practices.

CONCLUSIONS

The objectives of this study are twofold, which encompass of to investigate the forms of accountability elements (transparency, liability, responsibility and the responsiveness) in determining the accountability elements in CSRD and to examine the influence of corporate governance characteristics (board size, board independence, board meetings and female directors) on accountability-related CSRD. The period of this study is two years, 2015 and 2016. Year 2015 was chosen after Bursa Malaysia launched its Sustainability Reporting framework together with the CSRD practice for all public listed companies on October 2016. The initial findings relate to that majority of Malaysian companies have a low level of accountability in CSRD practices. With regards to the disclosure categories, in general, the Malaysian companies had highly disclosed workplace information. It seems that companies provide greater attention to empowering the internal needs and resolving external issues of the employees. Whilst, the community and marketplace categories are the lowest rank amongst the CSRD categories for all accountability dimensions.

The key findings pertaining to the relationship between corporate governance characteristics and accountability-related CSRD are as follows:

1. positive significant relationship between board size and accountability-related CSRD (*H1*).
2. insignificant relationship between board independence and accountability-related CSRD (*H2*).
3. insignificant relationship between board meetings and accountability-related CSRD (*H3*).
4. insignificant relationship between female directors with accountability-related CSRD (*H4*).

The strength on this study is the focus on the accountability aspect of CSRD via using the modified Koppell's Model, where minimal studies have been carried out on such a research focus. The study also discovered the relevancy of agency and stakeholder theories in understanding the relationship between variables investigated. This study puts forward some insights on the extent of corporate governance characteristics as predictors of a company's accountability on CSRD. This study also provides empirical evidence on the relationship between board size and accountability-related CSRD which claims the influence of board size on company's CSRD practice. Nevertheless other corporate governance factors have no influence on companies to be more accountable in reporting CSR information publicly.

Overall, this study offers to a certain extent, essential inputs to regulatory bodies and companies concerning the challenge to enhance accountability in CSR disclosure practice. The study findings would therefore influence corporate stakeholders' perspective towards the integrity on CSR reporting. The findings also signify the need to strategically establish a relevant CSRD-accountability model towards an enhanced ethical-accountability based reporting. Future research may include the use of other CSR models to examine CSRD in Malaysia and comparative study between Asia-Pacific countries. Also, the future research may also extend this study by using other related corporate governance characteristics such as director ownership, government ownership, family ownership and board committee member. The characteristics may offer better results on the influence of accountability-related CSRD.

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