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TALENT MANAGEMENT DISCLOSURE AS A MEDIATOR BETWEEN CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE

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ABSTRACT

Active participation from the corporate sector in designing and implementing corporate social responsibility (CSR) activities is critical for company resilience and reliance. It has been suggested that companies need to integrate CSR activities with talent management strategies. However, the extant literature on CSR reporting has limited research focusing on talent management in CSR activities. Therefore, this study examines the extent of talent management disclosure (TMD) made by the top 100 Malaysian public-listed companies (PLCs). Particularly, this study examines the mediating effect of TMD on the corporate governance characteristics (CGC) and corporate financial performance (CFP) relationship. Generalised

Linear Modelling (GLM) was used to analyse the cross-sectional data. The results indicate that female directors positively influence CFP, whereas independent directors negatively correlate with CFP. This study also finds that TMD has an insignificant moderating role in the CGC and CFP relationship. Nevertheless, the newly developed TMD provides a new perspective on talent management research. TMD is a new research avenue under-researched and needs more academic and business executive attention. Thus, this research invites academia and company management to revisit CSR activities by embedding talent management strategies.

Keywords: Corporate social responsibility, talent management, corporate governance, financial performance.

INTRODUCTION

Corporate social responsibility (CSR) activities are essential for talent management strategies (Magbool et al., 2016; Ohlrich, 2015; Story et al., 2016). Thus CSR activities and talent management must be aligned to reflect the company's values and be able to attract and retain talents. Hence, companies need to develop effective talent management strategies and publicly disclose that information. Managing talents in companies poses a significant challenge. Young talents are inclined to change jobs several times at an early stage in their careers and have high demands and expectations of their employers (PwC, 2008). The companies' main drivers are talents as primary stakeholders, and companies may not survive without continuous participation from talents (Clarkson, 1995).

Although talent management strategies enhance a company's visibility (Magbool et al., 2016), previous research which examined corporate reporting practices did not translate talent management strategies into their disclosure. Corporate governance (CG) plays an essential role in setting the tone for CSR activities and talent management strategies. Extant literature has to a great extent, showing the positive ramification between corporate governance characteristics (CGC) and CSR activities (Flammer & Luo, 2017; Malik & Makhdoom, 2016). The consensus findings were that effective governance led to better corporate financial performance (CFP) (Galbreath, 2018; Jabari & Muhamad, 2020; Malik & Kanwal, 2018).

Galbreath (2018) has found that CSR has a moderating effect on the CGC and CFP relationship. For instance, female directors and

independent directors yield mixed associations with CFP. However, CGC has an indefinite relationship with CFP (Jabari & Muhamad, 2021). This study examines common CGC indicators, such as female directors, independent directors, foreign directors, the board size, board meeting frequency, institutional ownership, and ownership concentration. This study has adopted the newly developed CSR measures that have taken into account talent management strategies to revisit the CGC and CFP relationship. Utting (2007) has proposed that CSR strategies could be a practical approach to achieving an equitable society through equity and equality. This idea is different from Carroll (1979, 1991), who has promoted ethical and responsible business activities. Researchers have developed new CSR measures by employing four of the proposed aspects in Utting (2007), namely social protection (Salleh et al., 2017), rights (Rahin et al., 2016), empowerment (Sulaiman & Muhamad, 2017), and redistribution (Jalil et al., 2016). This paper has adopted these measures, but its primary focus has been on talent management. Consequently, its objective has been to show that CSR strategies with an emphasis on talent management will be able to benefit a company's financial performance.

This study aims to examine the CGC and CFP relationship and the extent of talent management disclosure (TMD). Therefore, this paper provides insights into how Malaysian companies have incorporated CSR activities with talent management strategies. It will share empirical findings which may guide the future direction on how companies can fully utilise TMD to achieve better CFP through the effective application of good CG. Hence, the results of this study will help enrich the body of literature in the field. The remainder of this paper is organised as follows: Section 2 presents the literature review, theoretical framework, and hypotheses development. Section 3 explains the research methodology. Section 4 discusses the research findings and Section 5 offers the conclusion.

LITERATURE REVIEW

Equitable Corporate Social Responsibility

Utting (2007) proposed that the ideal CSR activities should promote and create an equitable society in the following four aspects: social protection, rights, empowerment, and redistribution. Researchers such as Jalil et al. (2016), Rahin et al. (2016), Salleh et al. (2017), and Sulaiman and Muhamad (2017) have developed measures to represent

those four aspects. The first aspect is about social protection. Salleh et al. (2017) have explained that social protection aims to minimise economic and social insecurity, which comprises these three major components: (i) social insurance, (ii) social assistance, and (iii) social services. Social insurance offers protection against the risks of loss of income and shocks, usually employment-related and sometimes contributory. On the other hand, social assistance is a vital tool for poverty reduction through social assistance programmes. Thus, the social protection aspect should include talent management strategies in CSR activities. Moreover, social services through CSR programmes should be targeted at disadvantaged groups.

The second aspect is about rights. Rahin et al. (2016) contended that all society members should be treated fairly by the law, regardless of ethnicity, ethnic origin, colour, nationality, gender, age and disability. Via CSR initiatives, businesses may contribute to an inclusive workplace by making a more strategic contribution to achieving an equitable society in the corporate sector. Thus, companies should consider more of this aspect, and it should be disclosed in corporate reporting.

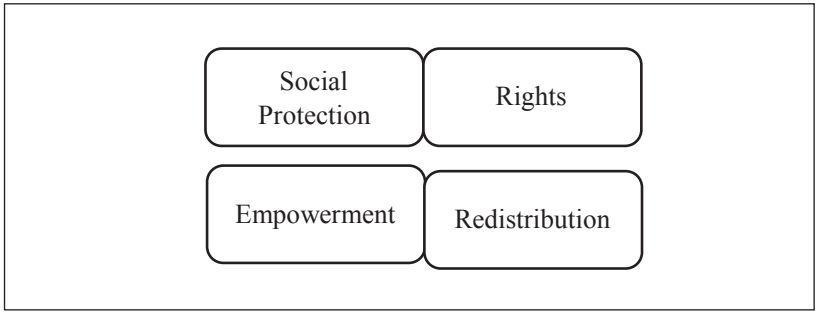
The third aspect is about empowerment. Sulaiman and Muhamad (2017) have argued that economic empowerment focuses on improving the economic status of underprivileged people. Company management should consider talents as one of the most important internal stakeholders within the CSR system. As a result, their needs should be incorporated into company policies and practices. The idea of companies having programmes that empower employee talents through several initiatives in CSR activities would give more visibility to the company's commitment to talent management and development.

The fourth aspect is redistribution. Jalil et al. (2016) believed that the rising disparity in nations had increased demands for more government interference and redistribution measures. A combination of policies that redistributes welfare and benefits to those at lower income levels includes redistribution strategies to minimise inequality. Also, it is suggested that more actions be taken to make businesses more responsible for the talents of their employees (Jalil et al., 2016). As CSR is increasingly seen as a competitive gain, creative companies may want to disclose their talent management strategies in their corporate reporting.

This CSR approach is seen as making a significant contribution toward an equitable society. Figure 1 visualised these four aspects of CSR, as proposed by Utting (2007). This study has adopted the CSR measures, which have been based on these four aspects that underpinned talent management strategies. Together, these four aspects have constituted better CSR practices (Jalil et al., 2016; Rahin et al., 2016; Salleh et al., 2017; Sulaiman & Muhamad, 2017).

Figure 1

Equitable Corporate Social Responsibility Aspects



Theoretical Foundation

Talent management is an integrated system of strategies, policies, and programmes designed to identify, develop, deploy, and retain talent to achieve strategic objectives and meet future business needs (Clarkson, 1995; Silzer & Dowel, 2010). Emerging studies have shown that CSR activities are essential for a talent management approach, and potential employees prefer socially responsible companies (Dawkins et al., 2016; Story et al., 2016). Companies have developed various programmes to help talents develop and learn new knowledge and skills. For instance, talents' coaching and mentoring are used as CSR activities to capture and preserve talents' knowledge and intellectual capital. Successfully meeting these needs will increase the morale, efficiency, and long-term retention of talents (PwC, 2008).

CSR activities are essential for attracting and retaining promising talents. CSR has been concentrated on developing frameworks that identify various policies and practices that effectively assess economic, social and environmental aspects. Although CSR activities are relatively narrow, focusing on profit maximisation, these activities should also respect and pay attention to the concerns and needs of

stakeholders. CSR activities must be driven by and for financial success (Long et al., 2020; Platonova et al., 2018), and better CSR activities reflect effective governance (Ji et al., 2019; Liu et al., 2019).

It is believed that CFP and CSR success is positively related to the presence of female directors (Galbreath, 2018). Hence, this paper has proposed that, besides female directors, other CGC, including foreign and independent directors, are also an effective mechanism that allows and promotes better CSR activities. In this regard, CSR activities have been expected to enhance a company's brand image and increase its ability to attract and retain talents (DiSegni et al., 2015).

Corporate Governance Characteristics and Corporate Financial Performance

From the stakeholder theory point of view, the board should address a wide range of stakeholders to maximise financial benefits. This study examined several CGC that have been outstanding and referred to in previous research (see Jabari & Muhamad, 2021). The CGC aspects examined in this paper are the board size (BSZ), the composition of female directors (FMD), composition of independent directors (IND), composition of foreign directors (FRD), ownership concentration (OWC), institution ownership (INO), and the frequency of board meetings (FOM).

Board Size

Board size is the composition of the board of directors in companies. The typical composition comprises executive and non-executive directors to govern the company's operation and management. Extant literature suggests no specific optimal board size (Reddy et al., 2010). For instance, a larger board size may result in higher CFP due to the increased pool of expertise, greater management oversight, and access to a broader range of contracts and resources (Psaros, 2009). However, larger board sizes also suffer from the problem of more conflict of interest because it is challenging to coordinate and make value-maximising strategic decisions (Malik & Kanwal, 2018; Yawson, 2006). Thus, this paper has proposed that board size would have a negative effect on CFP based on the above argument that conflicts that might arise from a bigger board of directors give rise to less effective and efficient decision making. Therefore, the following hypothesis was proposed:

H_{1a}: BSZ has a negative effect on CFP.

Female Directors

Board diversity has received much attention in improving organisational value and performance. It is believed that board diversity will provide more insights and open perspectives (Chapple & Humphrey, 2014). Hence, ensure that the issue of equity and fairness for different stakeholders will not be overlooked. Previous research has found that companies with female directors were more committed to CSR initiatives and agendas (Galbreath, 2018). It is also suggested that companies with strong female directors at the board and top management level perform better than those without female directors (Campbell & Mínguez-Vera, 2008). Thus, having a higher number of female directors would lead to better decision making, as the bulk of previous studies suggested. However, it is also the case that there have been findings showing that the impact of female directors on CFP was mixed (Carter et al., 2003). This study has posited that female directors would positively influence corporate financial performance, and the following hypothesis was proposed:

H_{1b}: FMD has a positive effect on CFP.

Independent Directors

Extant literature has suggested that the board composition could influence a company's profitability and help mitigate unethical conduct, such as fraudulent activities and misappropriation of assets (Wahba, 2015; Lo et al., 2010). Independent directors on the board might improve CG practices by reducing conflicts of interest and increasing potential monitoring (Petra, 2006). However, having independent directors does not necessarily improve CFP. Independent directors' expertise, knowledge, credibility, and networking can potentially link the company to the external environment (Wang & Hussainey, 2013). Thus, independent directors offer more effective monitoring and minimising managerial opportunism and are more inclined to focus on external minority shareholders. Additionally, independent directors can raise more equity capital and enhance CFP (Erkens et al., 2012). In conclusion, the higher composition of independent directors would positively impact corporate financial performance. Thus, the following hypothesis was proposed:

H_{1c}: IND has a positive effect on CFP.

Foreign Directors

Foreign directors are believed to bring diverse knowledge, expertise and objectivity. Consequently, foreign directors are able to balance board behaviour, performance, and effectiveness (Ruigrok et al., 2007; Singh et al., 2001). Ideally, foreign directors possess greater international exposure and management techniques. For instance, in the aftermath of the 2008 financial crisis, many Asian countries have instituted a regulatory requirement concerning the ratio of foreign directors represented as board members and liberalised foreign equity investment. Studies have found that foreign directors significantly and positively influenced CFP (Ameer et al., 2010). Thus, in line with the previous research mentioned above, the present study believes that foreign directors will positively impact corporate financial performance. Therefore, the following hypothesis was proposed:

$H_{1d:}$ FRD has a positive effect on CFP.

Ownership Concentration

It has been noted that the connection between ownership concentration and performance has been the subject of an important and ongoing debate in the corporate finance literature. Ownership concentration may better shape the CG system, and there is evidence that ownership concentration and CFP have a parallel relationship (Al-Najjar & Abed, 2014). However, the literature also suggests that ownership concentration is negatively correlated with CSR (Dam & Scholtens, 2013). It is because ownership concentration gains more control in decision-making, increasing the possibility of a conflict of interests. Thus, this paper claims that the higher the number of ownership concentrations, the less benefit the company. Therefore, the following hypothesis was proposed:

H_{1e}: OWC has a negative effect on CFP.

Institutional Ownership

Institutional ownership is directors holding shares on behalf of individuals, and these directors are obligated to monitor their holdings and closely safeguard investments against devaluation. Malaysia's institutional investors are dominated by three government-controlled institutional investors: The Employees Provident Fund (EPF), Lembaga Tabung Haji, and Permodalan Nasional Berhad (PNB). It was found that institutional ownership has had a significant impact on CFP (Mahoney & Roberts, 2007). Researchers such as Al-Bassam

et al. (2018) and Mahoney and Roberts (2007) have indicated that higher institutional ownership positively correlated with CFP. Hypothetically, institutional ownership monitors and ensures the economic returns expected from better company performance. Thus, the following hypotheses were proposed:

H_{1f}: INO has a positive effect on CFP.

Frequency of Board Meetings

Frequent board meetings indicate that management oversight is high and reflects their commitment and interest in the company affairs, which improves CFP (Bhatt & Bhattacharya, 2015; Grove et al., 2011). The critical role of the board of directors is to monitor management decisions and identify directors' responsibilities, such as setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. Board meetings help directors better understand and control company strategies (Shivdasani & Zenner, 2004). However, it has also been found that the increase in meeting frequency equates to low CFP (Ting et al., 2018). Although mixed results were found in the previous research, this study has proposed that higher board meeting frequencies positively influence corporate financial performance. Therefore, the following hypothesis was posited:

H_{1g}: FOM has a positive impact on CFP.

Corporate Governance Characteristics and Talent Management Disclosure

CSR is an effective CG mechanism (Flammer & Luo, 2017; Suttipun & Bomlai, 2019). Researchers such as Hernandez (2008) and Huselid et al. (1997) have highlighted the importance of companies governing their talents to ensure the company's survivability. Although CGC and CSR have an inconsistent relationship (Habbash, 2016), several researchers have found a positive relationship between CGC and CSR (Che-Adam et al., 2019; Lone et al., 2016; Malik & Makhdoom, 2016). Thus, this paper has proposed that it is by implementing policies and CSR strategies that will ensure the improvement and development of talents. Consequently, an effective function of CG will promote better disclosure practices on TMD. Therefore, this study claims that CGC

positively influences TMD practices. Thus, the following hypothesis was proposed:

H_2: CG characteristics have a positive impact on TMD.

Talent Management Disclosure and Corporate Financial Performance

It has been noted in the literature that CSR strategies can improve CFP, enhance brand image and increase the ability to attract and retain the best talents, contributing to the market value of a company (DiSegni et al., 2015). The extant literature has also suggested that CSR activities and disclosure practices positively accelerate CFP (Platonova et al., 2018). The Malaysian government has always strived to improve the corporate practice of CSR activities in Malaysia (Securities Commission, 2006). For instance, in 2007, CSR practices became mandatory for all public-listed companies (PLCs). This study has proposed that TMD is an extension of CSR reporting, and TMD is posited to impact CFP positively. Therefore, the following hypothesis was posited:

H_3: TMD has a positive impact on CFP.

Talent Management Disclosure as Mediator

Baron and Kenny (1986) popularised the Causal Steps Approach, which suggested that the relationship between the independent, mediator and dependent variables must have a significant relationship before suggesting a mediation effect. Although this approach has been criticised in the literature, only a limited number of alternatives could be considered (Hayes & Preacher, 2014).

Much research has been conducted to confirm the relationship between (i) CG and CSR reporting (Dias et al., 2017), (ii) CSR reporting and CFP (Malik & Kanwal, 2018), and (iii) CG and CFP (Rossi et al., 2015). The notion that TMD as an extension of CSR reporting can mediate the relationship between CGC and CFP is derived from the stakeholder theory tested recently by Galbreath (2018). It is believed that stakeholders significantly contribute to a company's survivability (Clarkson, 1995). The dynamic and complex relationship between companies and stakeholders can be maintained through responsibility and accountability in business practices reflected through acceptable practices of TMD and CGC. Consequently, it will positively improve CFP. Therefore, the following hypothesis was proposed:

H_4: TMD has a positive mediating effect on the CGC and CFP relationship.

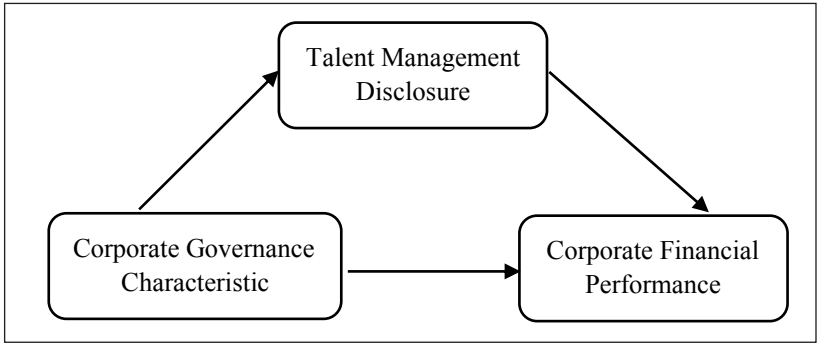
METHODOLOGY

Theoretical Framework

The stakeholder theory has been tied to CSR research. Researchers such as Clarkson (1995), Galbreath (2018), and Malik and Kanwal (2018) have utilised this theory to understand company actions toward CSR activities and the positive effects on financial performance. Stakeholder theory suggests that the relationship between a company and its stakeholders is beneficial by creating valuable resources that positively improve CFP (Galbreath, 2018). Managers should make decisions to take into account the interests of all stakeholders, including employees, customers, communities and regulators; this is because a company may not be able to maximise its value if it ignores the interest of its various groups of stakeholders. In particular, employees demand high wages, high-quality working conditions, and fringe benefits, including vacations, medical benefits and pensions. In addressing those needs, CGC has a role to play. The stakeholder theory does not cling to a company's often declared sole purpose, only maximising shareholders' wealth since the company is also accountable to other stakeholders (see Figure 2).

Figure 2

Theoretical Framework



The company's dependency on stakeholders is the key to achieving the company's financial performance. There is clear evidence that talents play an essential role in a company's strategic governance. There is also an important need to implement policies and practices to ensure that employees share knowledge, skills, and abilities that contribute to better CFP (Hernández, 2008; Huselid et al., 1997). CSR activities are

considered a mechanism of corporate governance. It is suggested that CGC and CSR are two sides of the same coin, as both CSR and CGC motivate companies to improve CFP (Malik & Makhdoom, 2016).

Empirical Models

This study employs the following models for regression analyses and hypothesis testing:

$$CFP_{i,t} = \alpha_0 + \beta_{...} CGC_{i,t} + \lambda_{...} CTV_{i,t} + \varepsilon_{i,t} \quad (1)$$

$$CFP_{i,t} = \alpha_0 + \beta_{...} TMD_{i,t} + \lambda_{...} CTV_{i,t} + \varepsilon_{i,t} \quad (2)$$

$$CFP_{i,t} = \alpha_0 + \beta_{...} CGC_{i,t} + \beta_{...} TMD_{i,t} + \lambda_{...} CTV_{i,t} + \varepsilon_{i,t} \quad (3)$$

$$TMD_{i,t} = \alpha_0 + \beta_{...} CGC_{i,t} + \lambda_{...} CTV_{i,t} + \varepsilon_{i,t} \quad (4)$$

$$CFP_{i,t} = \beta_{...} CGC_{i,t} \times \beta_{...} TMD_{i,t} \quad (5)$$

where, *CFP*=a victor to represent corporate financial performance proxies by *ROA*=return on asset, *ROE*=return on equity, *TBQ*=Tobin-Q score. *CGC*=a victor to represent the company's corporate governance characteristic proxies by *BSZ*=the board size, *FMD*=female directors, *IND*=independent directors, *FRD*=foreign directors, *OWC*=ownership concentration, *INO*= institution ownership, *FOM*=board meeting frequency. *TMD*=a victor to represent talent management disclosure proxies by *SPR*=social protection, *RGT*=rights, *EMP*=empowerment, *RDS*=redistribution. *CTV*=a victor represents control variables, lagged total assets (*TAS*) and lagged total debts (*LVG*) α, β, λ, ε, i, t represent constant value, beta value, error term, company and year, respectively.

Measurement of Corporate Financial Performance

CSR is understood as activities that reflect legitimacy and good stakeholders' relationship strategies (Muhamad & Salleh, 2019). Such activities are concerned with stakeholders' needs and anticipation. CSR activities involve financial and non-financial actions in addressing economic, social and environmental issues. CSR activities are strongly influenced by a company's growth revenue (Wang et al., 2016). However, return on asset (ROA) is commonly used as

a proxy to analyse CFP in the literature. ROA is defined as the net income quotient of total assets and focuses on how the earnings of a business react to various management policies and the relative efficiency of using the assets (Al-Najjar & Abed, 2014). Return on equity (ROE) measures the profitability of a business based on its capital and is explicitly used to equate its profitability within the same market or sectors. Another measure for CFP is Tobin-Q (TBQ), which is determined by dividing the market value of assets by the book value. The Tobin-Q ratio represents whether an asset is overvalued or undervalued and is a long-term indicator of its worth. Therefore, by following previous research (Galbreath, 2018; Habbash, 2016; Lone et al., 2016), this study uses ROA, ROE, and TBQ as proxies of CFP.

Measurement of Corporate Governance Characteristics

CGC has been the centre of business and management research. CGC is a reflective indicator of effective governance structure and business practices. The primary function of CGC is to establish and maintain proper management and governance in the company. Previous research has studied CGC in terms of board composition and structure. In this study, the CGC is represented by a total of seven characteristics (see Equation 6 to 12), namely board size, board meeting frequency, the composition of independent directors, the composition of female directors, the composition of foreign directors, ownership concentration and institutional ownership (Galbreath, 2018; Habbash, 2016; Lone at al., 2016).

$$BSZ_{i,t} = \sum_{t}^{i} BSZ \quad (6)$$

$$FMD_{i,t} = \sum_{t}^{i} \frac{FMD}{BSZ_{i,t}} \quad (7)$$

$$IND_{i,t} = \sum_{t}^{i} \frac{IND}{BSZ_{i,t}} \quad (8)$$

$$FRD_{i,t} = \sum_{t}^{i} \frac{FRD}{BSZ_{i,t}} \quad (9)$$

$$OWC_{i,t} = \sum_{t}^{i} \text{^5\%\_}SH \quad (10)$$

$$INO_{i,t} = \sum_{t}^{i} \%\_INO \quad (11)$$

$$FOM_{i,t} = \sum_{t}^{i} BM \quad (12)$$

where, *BSZ* =Total number of board of directors, *FMD* =Percentage of female directors to total directors on the board, *IND* =Percentage of independent directors to total directors on the board, *FRD* =Percentage of non-Malaysian directors to total directors on the board, *OWC* =Summation of the highest five shareholdings' percentages, *INO*=Summation of percentages of institutions' ownership, *FOM*=Number of board meetings in the year, *i* and *t* is a victor for company and year.

Measurement of Talent Management Disclosure

TMD is a disclosure on how companies effectively strategise talent management to attract talents. TMD needs to be encouraged to send a clear signal on how companies manage their talents. This study has proposed that TMD should align with CSR activities. Previous researchers primarily relied on CSR reporting to reflect the company's CSR activities or corporate social performance (Habbash, 2016; Lone et al., 2016). The present study has adopted the newly developed measures by researchers (Jalil et al., 2016; Rahin et al., 2016; Salleh al., 2017; Sulaiman & Muhamad, 2017), which have claimed to be able to provide a measurement of talent management disclosure (see Equation 13).

This study has also adopted the inductive content analysis approach, which is a time-consuming method to conduct, confirm and validate. The content analysis was performed in mid-2017 and completed by the end of 2018. Inductive content analysis is a data-driven approach where coders code the content analysis findings according to the themes assigned to the various aspects of TMD. Each aspect has a reflective component to represent the coded themes. The validation and reliability tests were performed using a sample test of coding and data collected by two independent coders/researchers to confirm the credibility of this qualitative process. This method was time-consuming because the researchers had to process 100 annual reports to extract the CSR related data. The coding agreement rate should range from 80 to 90 per cent to confirm the reliability of the new measures (Clatworthy & Jones, 2003; Milne & Adler, 1999). Then, the consolidation of coding was made, and data collection was conducted for one year. For TMD components, Coder 1 and Coder 2 achieved more than 90 per cent similarity of codes. Hence, confirming the replicability of measures. The components of each were then weighted according to the following equation:

$$TMD_{i,t} = \sum_{t}^{i} \frac{SPR^{d}}{SPR^{c}} + \sum_{t}^{i} \frac{RGT^{d}}{RGT^{c}} + \sum_{t}^{i} \frac{EMP^{d}}{EMP^{c}} + \sum_{t}^{i} \frac{RDS^{d}}{RDS^{c}} \qquad (13)$$

where, SPR=Social protection aspect of 13 components. RGT=Rights aspect of 11 components. EMP=Empowerment aspect of 10 components. RDS=Redistribution aspect of 11 components. TMD=the summation of talent management disclosure for four aspects. The content analysis used a binary measure of 1 for disclosure and 0 for otherwise; d represents total disclosure, c is total component for each aspect, and i and t represent the company and year. All components are presented in Appendix B.

Control Variables

A company's assets and leverage are standard control variables (Al-Bassam et al., 2018; Galbreath, 2018). This study has used the company's size, which is determined by lagging total assets. Presumably, larger companies have high reputations and have lower capital costs. This study also measured leverage as one of the control variables because it reflected the level of debt.

Sampling and Data Collection

The companies selected as the study sample were from the 2016 list of the top 100 Malaysian PLCs based on their market capitalisation. This research is a preliminary study, and a single year (2016) was selected to test the newly developed measures of TMD. Nevertheless, this study has used purposive sampling by selecting companies based on company size. This study mainly controls the sampling technique by using the criterion of company size to ensure disclosure quality. Previous literature has continuously proven that company size has a significant and positive influence on the quality and extent of the company's disclosure (Dias et al., 2017; Haniffa & Hudaib, 2006). Most companies observed in this study were from the trading/services sector (Appendix A), totalling 37 companies. Seventeen companies from the finance sector, 13 from the industrial products sector, and 11 from the consumer sector.

Method of Analysis

According to specific distribution types, the dependent variables with Gaussian distribution type used Linear Generalized Linear Modelling (GLM). Independent variables with Poisson distribution type used Poisson GLM (refer to Table 1). There was no severe multicollinearity problem (Pallant 2020), and all coefficient values were lesser than 0.70 (refer to Appendix C). Hence, regression analysis was conducted using the GLM. This study has used Jamovi, a new third-generation statistical spreadsheet built on top of the R statistical language and

made specifically for scientific research (Fox & Weisberg, 2020; Gallucci, 2019; R Core Team, 2020; The Jamovi Project, 2020).

RESULTS AND DISCUSSION

Descriptive Statistics

Table 1 presents the descriptive statistics of the study sample. Most of the data collected were non-normal based on the Shapiro-Wilk *p*-value, and the distribution type was mostly Poisson and Gaussian. The mean value of TMD aspects such as *SPR*, *RGT*, *EMP*, and *RDS* was relatively low, which indicated that the reporting practices on talent management in CSR strategies was limited.

Table 1

Descriptive Statistics

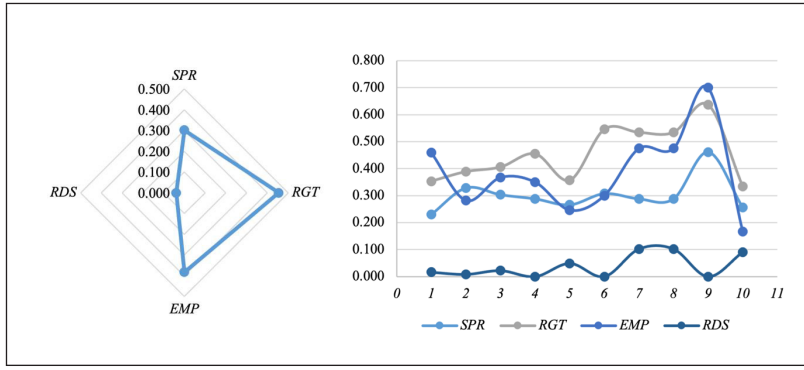
	Mean	Standard Deviation	Min	Max	Shapiro-Wilk *p*-value	Distribution type
ROA	0.623	0.582	0.270	1.223	<0.001	Poisson
ROE	1.510	1.860	0.191	1.250	<0.001	Poisson
TBQ	0.018	0.114	0.002	1.972	<0.001	Poisson
SPR	0.292	0.149	0.027	2.295	0.004	Gaussian
RGT	0.406	0.178	0.002	2.705	0.018	Gaussian
EMP	0.369	0.208	3.000	2.000	0.002	Gaussian
RDS	0.033	0.059	0.009	3.160	<0.001	Poisson
BSZ	8.710	2.060	4.000	15.000	0.003	Gaussian
FMD	17.900	12.400	27.000	77.780	<0.001	Poisson
IND	49.700	11.400	0.000	62.500	0.117	Gaussian
FRD	13.600	19.400	0.000	9.000	<0.001	Poisson
OWC	61.700	16.800	27.820	92.950	0.008	Gaussian
INO	9.470	13.100	0.000	7.500	<0.001	Poisson
FOM	7.440	3.730	3.000	2.000	<0.001	Poisson
TAS	6.630	1.080	4.000	15.000	<0.001	Beta
LVG	5.220	2.130	2.000	7.780	<0.001	Beta

Note. *ROA*=Return on assets, *ROE*=Return on equity, *TBQ*=Tobin-Q, *BSZ*=Board size, *FMD*=female directors, *IND*=independent directors, *FRD*=foreign directors, *OWC*=Ownership concentration, *INO*=Institution ownership, *FOM*=Board meeting frequency, *SPR*=Social *RGT*=Rights, *EMP*=Empowerment, *RDS*=Redistribution, *TAS*=lagged total assets, *LVG* and lagged total debts.

Figure 3 reflects the industries' disclosure pattern, where *RDS* is on the bottom line of the scatter plotline. For *SPR*, companies in the Infrastructure Project industry had a higher score, with a mean value of 0.462. Meanwhile, the rest of the industries only achieved a mean average of below 0.4. A similar pattern is shown for the *RGT* and *EMP*, led by the infrastructure industry companies. However, companies in the Infrastructure industry scored null for *RDS*, and only companies from the plantation and technology industries scored above the 0.1 mean average. According to the mean and standard deviation results (refer to Appendix B), the study sample has disclosed more rights information (Mean=0.406 and SD=0.112), but was limited on redistribution (Mean=0.033, SD=0.120). Companies have been disclosing more information on employee rights and human rights.

Figure 3

The Pattern of Talent Management Disclosure



Note. *SPR*=Social protection, *RGT*=Rights, *EMP*=Empowerment, *RDS*=Redistribution. The number is victor to represent the industry (Appendix A): *1*=Trading/Services, *2*=Finance, *3*=Industrial Product, *4*=Consumer, *5*=Properties, *6*=Construction, *7*=Plantation, *8*=Technology, *9*=Infrastructure Project, *10*=Real estate investment trust.

The current practice of CSR activities reflects social protection from social investment and engagement. Like empowerment, companies have focused on talent training and development, education and advancement in life and career. Unlike redistribution, not many companies are open about compensation and financial benefit. Thus, TMD practices should visualise company efforts to promote and achieve an equitable society through a better workplace environment. This aspect should be more transparent in corporate reporting and embedded strategies aligned with company CSR and values to attract promising talent.

Regression Analyses

Table 2

The Influence of CGC on CFP

	Model 1: *CFP*			Model 2: *CFP*		
	RO	*ROE*	*TBQ*	*ROA*	*ROE*	*TBQ*
BSZ	0.154	2.801	0.778	-	-	-
	(-0.391)	(-1.651)	(-0.801)			
FMD	0.037	5.687	1.864	-	-	-
	(0.192)	(2.421)*	(1.201)			
IND	1.493	8.205	0.358	-	-	-
	(-1.199)	(-2.786)**	(-0.580)			
FRD	0.001	3.682	0.647	-	-	-
	(-0.035)	(1.954)	(0.757)			
OWC	0.213	1.316	0.031	-	-	-
	(0.459)	(1.138)	(-0.178)			
INO	0.609	1.362	0.001	-	-	-
	(-0.749)	(-1.128)	(-0.024)			
FOM	0.504	0.196	0.018	-	-	-
	(-0.698)	(0.445)	(0.141)			
SPR	-	-	-	3.334	4.049	0.003
				(1.871)	(2.047)*	(-0.053)
RGT	-	-	-	0.001	.288	0.963
				(0.029)	(0.537)	(0.986)
EMP	-	-	-	3.484	2.961	0.290
				(-1.849)	(-1.716)	(-0.536)
RDS	-	-	-	0.004	0.611	0.600
				(0.062)	(-0.769)	(-0.582)
LVG	0.454	0.049	0.211	0.571	0.052	0.584
	(-0.686)	(-0.223)	(0.362)	(-0.777)	(-0.229)	(0.498)
Industry	Included	Included	Included	Included	Included	Included
Adj. R^2	0.076	0.192	0.236	0.077	0.116	0.194
F-stat.	0.823	2.370**	3.09***	1.290	2.030	3.72***
VIF	1.1–1.9	1.1–1.9	1.2–1.9	1.2–1.9	1.2–1.9	1.1–1.9
DHW	1.921	1.911	1.920	1.986	1.988	1.989

Note. The GLM regression report on the Chi-squared and z-value. *ROA*=Return on assets, *ROE*=Return on equity, *TBQ*=Tobin-Q, *BSZ*=Board size, *FMD*=female directors, *IND*=independent directors, *FRD*=foreign directors, *OWC*=Ownership concentration, *INO*=Institution ownership, *FOM*=Board meeting frequency, *SPR*=Social protection, *RGT*=Rights, *EMP*=Empowerment, *RDS*=Redistribution, *TAS*=lagged total assets, *LVG* and lagged total debts. Significance level at 5%, 1%, .1% labelled as *, ** and ***. VIF=Variance inflation factor, DHW=Durbin–Wu–Hausman test.

Board Size

Companies with larger board sizes are presumed to have more agency problems, and companies with smaller board sizes have better *CFP* (Malik & Kanwal, 2018; Yawson, 2006). The increased pool of experts will increase management control and access to a broader spectrum of business activities (Psaros, 2009). A larger board size would address broader stakeholders and expand *CSR* activities and talent management strategies to meet talents' needs. BSZ has had an insignificant negative result (see Table 2). Galbreath (2018) found insignificant results in the *BSZ* and *ROE* relationship, but there was a positive association. Theoretically, despite the company's board size, companies should be able to address the needs of stakeholders. However, the limited evidence found in this study seems to suggest that smaller board sizes make better *CFP*. On the other hand, Table 3 also shows that *BSZ* and *TMD* have an insignificant negative result, similar to the findings in Galbreath (2018). This result may indicate that company board size has a limited impact on how and what talent management strategies will be created or initiated by companies, specifically to address talents' needs.

Table 3

The Relationship between CGC, TMD and CFP

	Model 3: *CFP*			Model 4: *TMD*			
	ROA	*ROE*	*TBQ*	*SPR*	*RGT*	*EMP*	*RDS*
BSZ	0.001 (-0.032)	1.352 (-1.154)	0.595 (-0.692)	0.391 (-0.625)	0.632 (-0.795)	0.046 (0.215)	0.446 (-0.668)
FMD	0.052 (0.229)	5.353 (2.331)*	1.047 (0.921)	0.020 (-0.142)	1.064 (1.032)	0.040 (0.200)	1.975 (-1.405)
IND	1.250 (-1.101)	7.212 (-2.619)**	0.336 (-0.549)	0.015 (0.121)	0.047 (-0.216)	0.468 (0.684)	0.241 (0.491)
FRD	0.019 (-0.138)	3.634 (1.940)	0.446 (0.634)	0.161 (-0.401)	0.590 (-0.768)	0.514 (-.717)	2.459 (-1.568)
OWC	0.865 (0.918)	2.388 (1.524)	0.000 (-0.004)	0.038 (-0.195)	0.075 (0.274)	1.439 (1.199)	1.276 (-1.129)
INO	0.129 (-0.353)	0.546 (-0.725)	0.001 (-0.035)	3.520 (-1.876)	0.374 (-0.611)	0.151 (-0.389)	0.125 (0.353)
FOM	0.342 (-0.577)	0.356 (0.600)	0.003 (0.054)	0.112 (-0.335)	0.062 (0.249)	1.257 (1.121)	0.012 (0.110)
SPR	2.645 (1.656)	2.928 (1.736)	0.020 (-0.137)	-	-	-	-

(continued)

	Model 3: *CFP*			Model 4: *TMD*			
	ROA	*ROE*	*TBQ*	*SPR*	*RGT*	*EMP*	*RDS*
RGT	0.011 (0.103)	0.118 (0.343)	0.176 (-0.407)	-	-	-	-
EMP	3.053 (-1.730)	2.436 (-1.501)	2.506 (-1.611)	-	-	-	-
RDS	0.172 (0.419)	0.512 (0.724)	0.018 (-0.129)	-	-	-	-
TAS	0.364 (-0.616)	0.268 (-0.524)	0.143 (-0.371)	1.706 (1.306)	1.202 (1.097)	4.919 (2.218)*	1.278 (-1.131)
LVG	0.457 (-0.687)	0.108 (-0.331)	0.093 (0.259)	0.018 (0.134)	0.768 (0.877)	0.012 (-0.107)	0.084 (0.291)
Industry	Included	Included	Included	Included	Included	Included	Industry
Adj. R^2	0.128	0.241	0.334	0.075	0.031	0.118	0.131
F-stat.	0.971	2.10*	3.31***	0.758	0.321	1.34	1.50
VIF	1.2–1.9	1.2–1.9	1.2–1.9	1.1–1.9	1.2–1.9	1.1–1.9	1.3–1.9
DHW	1.333	1.341	1.388	1.532	1.576	1.598	1.544

Note. The GLM regression report on the Chi-squared and z-value. *ROA*=Return on assets, *ROE*=Return on equity, *TBQ*=Tobin-Q, *BSZ*=Board size, *FMD*=female directors, *IND*=independent directors, *FRD*=foreign directors, *OWC*=Ownership concentration, *INO*=Institution ownership, *FOM*=Board meeting frequency, *SPR*=Social protection, *RGT*=Rights, *EMP*=Empowerment, *RDS*=Redistribution, *TAS*=lagged total assets, *LVG* and lagged total debts. Significance level at 5%, 1%, .1% labelled as *, ** and ***. VIF=Variance inflation factor, DHW=Durbin–Wu–Hausman test.

Female Directors

Extant literature praised the idea that female directors would benefit the company's stability (Jabari & Muhamad, 2020; Liu et al., 2020; Papangkorn et al., 2019). Companies with a good presence of female directors at the board and top leadership levels tend to have better *CFP* (Campbell & Mínguez-Vera, 2008). The results for Model 1 and Model 3 may imply that a higher number of female directors on the board will positively and significantly influence *CFP*. It can be seen that *FDM* and *ROE* has a strong and high association, with $X^2 = 5.687$, z-value = 2.421, p-value < 0.05 for Model 1, and $X^2 = 5.535$, z-value = 2.331, p-value < 0.05 for Model 3. Such results thus, support the notion that female directors produced better financial performance.

From the standpoint of stakeholder theory, the management of all companies or the board's decisions should increase the company's productivity and performance. Galbreath (2018) upheld the concept

that *CFP* is closely linked to the idea that female managers have a firm voice, good credentials, and diversity. This finding supports the results of the present study. Table 3 shows that *FDM* has a positive relationship with *RGT* and *EMP* but negatively affects *SPR* and *RDS*. However, the results are statistically insignificant. Thus, further research needs to be conducted to explore female directors' influence on talent management strategies.

Independent Directors

Under the stakeholder theory, companies with diverse management and governance backgrounds should be more inclusive in making decisions. Galbreath (2018) cited previous research that has found a positive link between independent directors, *CFP*, and talent management strategies. However, Jabari and Muhamad (2020) found that the independent director has had insignificant and negative effects on a company's profitability. Nevertheless, the present study has found that the proportion of independent directors negatively influenced the *CFP*. The results on the *IND* and *ROE* relationship can be referred to in Table 2, Model 1 (X^2 =8.025, *z*-value = 2.331, *p*-value < 0.01) and Model 3 (X^2 = 7.212, *z*-value = -2.619, *p*-value < 0.01). In other words, this finding pointed to the insight that the lower interference from institutional ownership would reduce agency problems and result in a better financial performance.

On the other hand, *IND* has had an insignificant impact on *CSR* disclosure. However, *IND* showed a positive result on *SPR, EMP* and *RDS* but negatively correlated with RGT. Interestingly, a recent study has found that *IND* had an adverse view of *CSR* investments during the Great Recession, despite *CSR*'s ability to substantially reduce company risk during the crisis (Chintrakarn et al., 2020). The possible explanation for this phenomenon is that independent directors' political backgrounds and diverse education are significant factors in making decisions related to *CSR* strategies (Fernández-Gago et al., 2018; Jabari & Muhamad, 2021).

Ownership Concentration

Ownership concentration and *CFP* may have a parallel relationship (Al-Najjar & Abed, 2014; Huang, 2020; Ozili & Uadiale, 2017). In the Malaysian context, concentrated ownership investors play an important role in deciding the financial success of companies in several sectors (Ting et al., 2017). However, in the present study, ownership concentration has had an insignificant negative impact on *CFP*

(see Table 2) and *TMD* (see Table 3). The results are twofold. First, higher ownership concentration would minimise the effective CG function related to company profitability. Second, higher ownership concentration has limited the attention of companies to optimise their efforts on CSR and talent management strategies.

Institutional Ownership

Table 2 and Table 3 show that *INO* has negative results on *CFP* and *TMD*. The results show a negative relationship between *INO* and *ROA*, *ROE*, and *TBQ*. Also, *INO* has had adverse effects on *TMD,* except for *RDS*. However, the results also indicated an insignificant relationship. Thus, more attention is needed in developing better *CSR* strategies to address the needs of talents. Such contradictory findings from previous research (e.g., Al-Bassam et al., 2018) suggest that institutional investors should let their voices be heard more about companies' talent management strategies.

Frequency of Board Meetings

A high frequency of board meetings has been related to good *CFP* (Wang & Sarkis, 2017). More specifically, the frequency of board meetings will significantly influence the profitability of companies. The engagement and participation of board members in corporate affairs and the strong oversight of top management are beneficial in enhancing *CFP* (Grove et al., 2011). However, the present study has provided no significant evidence to support this idea regarding board meeting frequency.

Robustness Test

Previous research that examined the relationship between *CSR* reporting and *CFP* has found an endogeneity issue. Some researchers have conducted a bi-directional analysis to mitigate the problem yet yielded inconsistent results. The present study performed the Durbin–Wu–Hausman (DWH) test to confirm that *CGC, TMD*, and *CFP* would have no endogeneity issue. The results indicated that the variables investigated were endogenous, as all the DWH probability values were insignificant (see Table 2 and Table 3).

Mediation Analysis

Table 4 presents the z-value of the indirect effect, and all were found to be insignificant. The *GLM* mediation analyses revealed that *TMD* was an insignificant mediator between *CGC* and *CFP*. Previous research

has found that the *CSR* activities of companies mediated the *CGC* and *CFP* relationship (Galbreath, 2018). However, the present study has suggested that *TMD* can be a practical tool for impactful *CSR* activities and talent management strategies, despite the insignificant mediating role of *TMD*. The limited disclosure about the current talent management practices in the corporate reporting indicates that *CSR* activities and talent management strategies will need more visibility.

Table 4

The Mediating Influence of TMD on CG and CFP

	Model 5: *CFP*		
	ROA	*ROE*	*TBQ*
BSZ_TMD	-0.097	0.087	0.094
FMD_TMD	-0.306	0.112	0.184
IND_TMD	-0.326	0.330	0.332
FRD_TMD	0.395	-0.394	-0.471
OWC_TMD	-0.131	0.104	0.122
INO_TMD	-0.150	0.122	0.139
FOM_TMD	-0.127	0.307	0.322

Note. The GLM regression report on the Chi-squared and z-value. *BSZ*=Board size, *FMD*=Composition of female directors, *IND*=Composition of independent directors, *FRD*=Composition of foreign directors, *OWC*=Ownership concentration, *INO*=Institution ownership, *FOM*=Frequency of board meetings. *TMD*=is a victor to represent talent management disclosure proxies by *SPR*=Social protection, *RGT*=Rights, *EMP*=Empowerment, *RDS*=Redistribution.

Policy and Managerial Implications

Talents are the key drivers of corporations, and they are primary stakeholders whose continuous involvement is without which companies cannot survive (Clarkson, 1995). Successfully meeting their needs will increase the morale and efficiency of the talents and ensure long-term talent retention. Providing CSR benefits, such as high-value training and development opportunities, is essential in meeting this objective (PwC, 2008). Companies have developed various programmes to offer learning and development, focusing on the professional development of their talents. For example, coaching and mentoring are talent management strategies to retain and sustain talents' knowledge and intellectual capital.

It can be argued that any activity that improves talent performance sequentially will impact the workforce at large and improve the overall performance of the companies. The active engagement of companies in CSR activities has become more compelling and increasingly essential to attract and retain talents. Talents generally believe that such activities are effective ways to demonstrate good corporate citizenship behaviour. Previous literature has reported that the most preferred talent management benefits demanded by talents nowadays include high-value training and development opportunities. Therefore, corporate businesses have placed great emphasis on these benefits in order to attract and retain talent.

The empirical findings of this study have provided the necessary insights into how companies can incorporate CSR activities into talent management strategies. This study may guide how companies can fully utilise TMD to achieve better CFP through the practical application of effective CGC. Thus, talent management strategies should look into the four new CSR aspects for future policy development.

CONCLUSION

The stakeholder theory argues that a company's operation, production, decisions, and policy practices must address multiple stakeholders' needs. In fulfilling that, a company's action should create value and increase the company's performance. This study has looked at talents, the entity that has been presumed to be the most important stakeholder in a company's productivity and profitability. This study conducted a preliminary study to examine companies' disclosure of talent management strategies using the newly developed CSR measures. CGC and CSR activities have their roles in improving CFP. However, this study has found limited evidence to support that notion. The findings have revealed that CSR activities had shown limited integration with talent management strategies, so talents were less interested in actively engaging with a company's CSR activities and programmes.

Nevertheless, the present study also has its limitations, such as the issues of time constraints and limited numbers of companies in the study sample. However, future research can use this study as a template and conduct a longitudinal study or compare studies conducted during different periods. A different sample of companies from developed countries may have yielded different results than the one obtained

in this study. Besides, future research must consider other corporate communication platforms like company websites instead of focusing only on companies' annual reports.

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APPENDICES

Appendix A

Companies by Sector

Sector	Frequency	Numbered label
Trading/ Services	37	1
Finance	17	2
Industrial Product	13	3
Consumer	11	4
Properties	8	5
Construction	5	6
Plantation	4	7
Technology	3	8
Infrastructure Project	1	9
REIT	1	10
Total	100	

Appendix B

New Corporate Social Responsibility Component

Component	Description	Mean	SD
	Social Protection (Mean=0.292, SD=0.150)		
SPR1	Establish a pension plan to sustain employees' lives after their retirement.	0.830	0.378
SPR2	Establish a retrenchment plan to compensate retrenched employees appropriately.	0.030	0.171
SPR3	Contribute to employment injury insurance scheme to compensate for accidents and occupational disease arising from and in the course of employment.	0.220	0.416
SPR4	Contribute to the invalidity pension scheme to compensate employees and next of kin in the event of death and temporary or permanent disability.	0.010	0.100
SPR5	Provide paid leave schemes for employees in the event of sickness, confinement and death in the family.	0.640	0.482

(continued)

Component	Description	Mean	SD
	Social Protection (Mean=0.292, SD=0.150)		
SPR7	Provide financial assistance to assist employees and next of kin in the event of accidents occurred at the workplace.	0.120	0.327
SPR8	Provide allowances or healthcare benefits for employees to assist in their healthcare expenditure.	0.310	0.465
SPR9	Encourage employees to provide emotional support to fellow employees due to work-related crisis or stress.	0.140	0.349
SPR10	Provide appropriate facilities at company's premise to accommodate for disabled employees.	0.010	0.100
SPR11	Provide awareness programs on transmitted diseases to avoid stigma and discrimination at the workplace.	0.020	0.141
SPR12	Establish policies to prevent sexual harassment at the workplace.	0.340	0.476
SPR13	Encourage employees to have work-life balance.	0.350	0.479
	Rights (Mean=0.406, SD=0.112)		
RGT1	Ensure that employees are not discriminated and not treated unfairly because of gender, race, age, disability and appearance.	0.650	0.479
RGT2	Provide employees with salaries and benefit packages that fairly reward them for their work, based on merits and performances.	0.870	0.338
RGT3	Establish policies and procedures to ensure the health and safety of employees at the workplace.	0.730	0.446
RGT4	Provide regular training for all employees that is aimed at implementing and monitoring occupational health and safety policies.	0.590	0.494
RGT5	Provide appropriate working conditions for all employees.	0.300	0.461
RGT6	Provide the right to maternity leave and maternity allowance.	0.200	0.402

(continued)

Component	Description	Mean	SD
	Social Protection (Mean=0.292, SD=0.150)		
RGT8	Ensure that all termination notices are given in an appropriate length of time.	0.160	0.368
RGT9	Ensure due inquiry is made before any termination for misconduct.	0.010	0.100
RGT10	Respect the employees' rights to form and join trade unions.	0.110	0.314
RGT11	Respect the employees' rights to legal strike and to bargain collectively.	0.130	0.338
	Empowerment (Mean=0.369, SD=0.097)		
EMP1	Provide relevant training and programmes to improve the technical and interpersonal skills of employees.	0.940	0.239
EMP2	Conduct awareness programmes to improve employees' knowledge of the company's products or services.	0.140	0.349
EMP3	Establish a career advancement scheme.	0.500	0.503
EMP4	Encourage employees to get involved in community-related volunteerism programmes.	0.540	0.501
EMP5	Establish mentorship programmes to nurture employees' professional talents and personal development.	0.290	0.456
EMP6	Establish a platform for employees to provide feedback on company's policies and action.	0.420	0.496
EMP7	Establish platform for employees to voice out ideas and opinions.	0.220	0.416
EMP8	Provide flexibility for employees to negotiate the performance measures within a given set of performance standards.	0.140	0.349
EMP9	Establish a promotion scheme based on merit to enhance employees' performance.	0.090	0.288
EMP10	Provide performance-based reward system to recognise employees' performance.	0.410	0.494
	Redistribution (Mean=0.033, SD=0.120)		
RDS1	Pay living wages to ensure their low-income employees are able to afford a lifestyle that meets a decent living threshold.	0.010	0.100

(continued)

Component	Description	Mean	SD
	Social Protection (Mean=0.292, SD=0.150)		
RDS3	Pay additional bonuses to the low-income employees.	0.000	0.000
RDS4	Provide Employee Share Ownership Scheme (ESOS) to low-income employees.	0.240	0.429
RDS5	Provide interest-free loans to low-income employees.	0.010	0.100
RDS6	Provide additional housing or rental allowance to low-income employees.	0.000	0.000
RDS7	Provide quarters to low-income employees.	0.030	0.171
RDS8	Provide additional transport allowance or petrol allowances or company's transport to low-income employees.	0.020	0.141
RDS9	Provide meal allowances to low-income employees.	0.000	0.000
RDS10	Provide childcare allowances or facilities for low-income employees.	0.010	0.100
RDS11	Provide additional scholarship programmes, extra classes or tuition, internship opportunities for low-income employees' children.	0.030	0.171

Appendix C

Correlation Matrix

	ROA	*ROE*	*TBQ*	*SPR*	*RGT*	*EMP*	*RDS*	*BSZ*	*FMD*	*IND*	*FRD*	*OWC*	*INO*	*FOM*	*TAS*	*LVG*
ROA	—															
ROE	0.675***	—														
TBQ	0.117	0.676***	—													
SPR	0.175	0.119	0.027	—												
RGT	-0.016	0.047	0.097	0.548***	—											
EMP	-0.244*	-0.085	-0.022	0.367***	0.441**	—										
RDS	0.093	-0.012	-0.067	0.212	0.153	0.099	—									
BSZ	-0.121	-0.051	-0.088	-0.088	0.007	0.123	-0.157	—								
FMD	-0.014	0.161	0.225*	-0.063	0.111	0.082	-0.176	0.115	—							
IND	-0.171	-0.190	-0.072	0.027	0.023	0.125	0.088	-0.224*	0.084	—						
FRD	0.069	0.238*	0.227*	-0.043	-0.068	-0.056	-0.235*	0.107	0.022	-0.203*	—					
OWC	0.017	0.139	0.079	-0.098	0.017	0.150	-0.234*	0.171	0.232*	0.000	0.312**	—				
INO	-0.209*	-0.086	0.010	-0.209*	0.034	0.169	-0.050	0.174	0.134	0.029	-0.048	0.273**	—			
FOM	-0.267**	-0.094	-0.026	-0.091	0.102	0.289**	-0.046	0.271**	0.172	0.213*	-0.111	0.065	0.501***	—		
TAS	-0.286**	-0.095	-0.007	0.077	0.203*	0.359***	-0.147	0.247*	0.022	0.037	0.013	0.117	0.331	0.445**	—	
LVG	-0.264**	-0.069	0.051	0.021	0.176	0.206**	-0.105	0.436***	0.071	-0.092	0.064	0.025	0.257**	0.306**	0.624**	—

Note: *ROA*=Return on assets, *ROE*=Return on equity, *TBQ*=Tobin-Q, *BSZ*=Board size, *FMD*=Composition of female directors, *IND*=Composition of independent directors, *FRD*=Composition of foreign directors, *OWC*=Ownership concentration, *INO*=Institution ownership, *FOM*=Frequency of board meetings, *SPR*=Social protection, *RGT*=Rights, *EMP*=Empowerment, *RDS*=Redistribution, *TAS*=lagged total assets, *LVG* and lagged total debts. Significance level at 5%, 1%, .1% labelled as *, ** and ***. The analysis is based cross-sectional.