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Corporate social responsibility and dividend payments in the Malaysian capital market: the interacting effect of family-controlled companies

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ABSTRACT

This study investigates the influence of corporate social responsibility (CSR) on dividend payments using a sample of 263 Malaysian companies that participated in the Capital Market Development Fund–Bursa Research Scheme over the period 2008–2013. The study applies the pooled ordinary least squares, quantile, Tobit, Heckman's self-selection model and propensity score matching regression techniques. The results from these techniques show that CSR is significantly and positively associated with dividend payments, meaning that the higher the CSR, the greater the amount of dividends paid to shareholders. However, when the interacting effect of family control is considered on the association between CSR and dividend payments, family control has a significantly negative influence on the relationship, indicating that family companies engage in less CSR, thereby negatively affecting dividend payments. Overall, the findings support the view that serving the interest of stakeholders paves the ways for satisfying shareholders' claims, and reveals the reality of family companies' behaviour to shareholders and stakeholders. Thus, this study adds to the literature on the dividend conundrum and the role CSR plays in shareholders' prosperity' it is the first attempt to establish the direct effect of CSR on dividend payments in the Malaysian capital market and study the interacting effect of family control.

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1. Introduction

One of the trending topics in business ethics and the finance literature is the relationship between corporate social responsibility (CSR) and dividend payments. Although a few empirical studies have examined this association, the connection between them is still inconclusive. For instance, a number of studies have found a positive and significant influence of CSR on dividend payments in the US (Rakotomavo 2012; Cheung, Hu, and Schwiebert 2018; Benlemlih 2019); in Korea (Kim and Jeon 2015); in Europe (Samet and Jarboui 2017); and in Sri Lanka (Dewasiri and Abeysekera 2020), indicating that CSR does not reduce the cash flow

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distributed to shareholders. On the other hand, Lin, Chan, and Fang (2019) in Taiwan and Ni and Zhang (2019) in China documented a negative influence of CSR on dividend payments, implying that CSR reduces the cash flow available to shareholders. A critical assessment of these findings suggests that the association between CSR and dividend payments remains vague. Moreover, the literature suggests that dividend policy may be affected by the different contexts in which it occurs (La Porta et al. 2000; Fairchild, Guney, and Thanatawee 2014). This study sheds light on how CSR affects the distribution of wealth to shareholders in the Malaysian capital market. To the best of the researchers' knowledge, no study of this nature is available in the Malaysian capital market.

The reasons for investigating this issue in Malaysia are that the country is among the largest dividend payment countries within the Asia ex-Japan region (e.g. Hong Kong, Indonesia, the Philippines, Thailand, Singapore and Taiwan), and dividend payments are used to align the interests of minority and majority shareholders, such as family owners (Yap 2012). In fact, investors are very conscious of companies that provide good dividends, while companies consider the sustainability of dividend payments as critical (Lee 2018), because it is a measure of their success and any reduction may signal financial distress (Say 2020).

Similarly, in Malaysia, financial analysts, investors and regulators are concerned with companies' CSR activities because of their impact on company value and the cost of capital, and are instrumental in strengthening stakeholders' relationship (Saleh, Zulkifli, and Muhamad 2010; Hou et al. 2016; Wasiuzzaman and Wan Mohammad 2020; Wong et al. 2020; Wan-Hussain et al. 2021). CSR activities also convey vital information to stakeholders, especially about companies' 'green' capabilities (Hou et al. 2016; Su et al. 2016). Therefore, CSR engagement is crucial for Malaysian companies.

Another remarkable characteristic of the Malaysian capital market is that ownership is concentrated, thereby leading to a greater number of family-owned companies[1] (Ghaleb, Kamardin, and Al-Qadasi 2020; Peng and Jiang 2010; Md Zaini et al. 2020). In fact, family companies form an integral part of the economy (15 local family companies constitute 76% of the gross domestic product (GDP)) (The Economist 2015). Considering the importance of family companies to the economy, this study investigates whether or not they behave differently from non-family companies in terms of CSR and dividend payments. The literature documents that family companies distribute dividends to shareholders to alleviate the expropriation concerns of minority shareholders and to promote a good company image (Faccio, Lang, and Young 2001; Ameer 2007; Fairchild, Guney, and Thanatawee 2014; Benjamin et al. 2016).

Likewise, family-owned companies might create a good company image through CSR activities, which positively influence customers' perception of their products, services and social capital (Le Breton-Miller and Miller 2016; Zanon et al. 2019; Wu, Ni, and Huang 2020). In addition, families view their company as a valuable asset to pass on to future generations and, as such, their interests may be more on the preservation of wealth (Dyer and Whetten 2006). The desire to preserve social economic wealth (SEW) thus makes family companies different from non-family companies in terms of CSR activities (Cruz et al. 2014). In fact, several studies have documented that family companies engage in more CSR activities as compared to non-family companies (Cennamo et al. 2012; Block and Wagner 2014; Liu et al. 2017; Abeysekera and Fernando 2020).

Considering the behavioural differences and empirical evidence on CSR activities and dividend payments between family and non-family companies, this study investigates

further the role of family control on business ethics and financial decisions. As such, the objective of the study is to investigate the association between CSR and dividend payments and the interacting effect of family control on the relationship. A sample of 263 Malaysian companies over the period 2008–2013 were considered and a number of econometric techniques (e.g. Pooled Ordinary Least Squares (POLS), quantile regression, Tobit regression, Heckman self-selection model and the propensity score matching techniques) were applied. The results are robust with regard to several econometric estimation problems, such as non-normality of dividend payments data, problems of zero inflation, heteroscedasticity, endogeneity and self-selection bias. Hence, the findings add to the literature on CSR and finance, in particular, on how CSR activities affect the dividend payment behaviour of companies. In addition, the existing claim that CSR has a significant influence on dividend payments, and how this claim may differ in the context of family and non-family controlled companies, is elaborated.

The remainder of the paper is structured as follows: Section 2 presents the literature review. Section 3 outlines the research methods. Section 4 presents the results. Section 5 presents the discussion and conclusion.

2. Literature review

2.1. Theoretical discussion

Shareholders care about dividend payments and prefer companies to distribute the full value generated through their investment (Miller and Modigliani 1961; DeAngelo, DeAngelo, and Skinner 2009). However, stakeholder theory suggests that companies must meet the demands of all legitimate stakeholders, not only the shareholders, because the stakeholders can affect or are affected by the achievement of the company's objectives. Similarly, most company operations are carried out in the society and some form of environmental damage may result. Hence, it is important that companies cater to the welfare of individuals in society by adopting several CSR activities. CSR activities can be considered as a form of direct and indirect pay-out to various stakeholders in recognition of their contribution to the company's wealth-creation process (Freeman 1984; Donaldson and Preston 1995; Jones 1995). That is, both dividend payments and CSR activities are vital to a company's success (Naseem et al. 2020).

From the perspective of agency theory, dividend payment is a mechanism to attenuate agency costs associated with Types I or II agency problems[2] (Easterbrook 1984; Jensen 1986; La Porta et al. 2000). Regarding CSR, agency theory suggests that it may be a moral hazard specific to the company if managers adopt it to advance their career or for self-aggrandizement (Friedman 1970; Bénabou and Tirole 2010).

In contrast to agency theory's view of dividends and CSR, signalling theory contends that dividends play a vital role in conveying private information to investors about the prospects and the quality of the company's earnings (Bhattacharya 1979; Miller and Rock 1985; Dasilas and Leventis 2011; Cheung, Hu, and Schwiebert 2018). In this regard, companies use CSR as a signalling process to mitigate information asymmetry by sending unobservable characteristics (attitude towards social and environmental practices) to investors in the capital market (Su et al. 2016; Harjoto et al. 2019). Hence, companies are expected to behave and create their wealth ethically and in a sustainable way by

aligning the interests of shareholders and other stakeholders (Hou et al. 2016). Therefore, CSR activities and dividend payments could be considered as a means for companies to signal their reputation (Benlemlih 2019).

Another theoretical explanation of the CSR and dividend payments relationship is the equity cost of capital and earnings channels. The equity cost of the capital channel posits that companies are likely to pay fewer dividends because CSR activities reduce the cost of equity through the risk premium, thereby encouraging companies to invest or hold cash rather than pay dividends. The second is the earnings channel, which assumes that CSR activities are positive net present value (NPV) projects that increase earnings, and hence, dividends are paid to improve the relationship with stakeholders, and enhance management and asset allocation (El Ghoul et al. 2011; Rakotomavo 2012).

2.2. Empirical studies of the link between corporate social responsibility and dividend payments

Several studies have examined the impact of CSR on dividend payments. For instance, Cheung, Hu, and Schwiebert (2018) used a sample of US companies and found that those which engage strongly in CSR activities are associated with higher dividend payments. Similar results were reported by Benjamin, Biswas, and Yang (2018) for a sample of Chinese companies. This means that investment in CSR activities is considered as a positive NPV project that can increase earnings, leading to an increase in dividend payments.

Other studies have considered the association between CSR and dividend payments from the perspective of the agency and signalling theories. For example, with a sample of US companies, Benlemlih (2019) and Rakotomavo (2012) showed that companies that engage more in CSR activities pay more dividends than companies that engage less in CSR activities, meaning that a company's CSR efforts and dividend payments simultaneously increase. In a similar vein, Zadeh (2020) showed that Standard & Poor 500 companies that have transparent environmental and social (E&S) policies are associated with higher corporate pay-out in terms of higher dividend payments.

Samet and Jarboui (2017), who used a sample of European companies, documented that those with high CSR performance engage more in pay-out policy, which means that CSR activities do not reduce the pay-out to shareholders. Dewasiri and Abeysekera (2020) and Trihermanto and Nainggolan (2018) revealed that CSR is positively associated with the likelihood of Sri Lankan and Indonesian companies paying dividends. Kim and Jeon (2015) also found that CSR, as measured by donation ratio, is positively associated with dividend payments among multinational subsidiaries and local companies in Korea.

On the other hand, Ni and Zhang (2019), using a sample of Chinese companies, found that mandatory CSR activities have a negative association with dividend payments. However, further evidence has shown that this is more prevalent in companies with weaker corporate governance mechanisms, where shareholders lack effective tools to protect themselves against pressure from stakeholders. From a slightly different perspective, Arouri, Marsat, and Pijourlet (2018) examined whether or not the level of dividends paid affects investment in CSR. They reported an inverted U shape for the relationship between dividends and investment in CSR activities. At a certain point, higher dividends are linked to higher CSR. However, when dividends reach the 75th percentile, the relationship between dividends and CSR becomes negative, which indicates that when

the amount of dividends paid is reasonable, companies can satisfy both financial and non-financial stakeholders. This evidence points to the likelihood of a reverse causality problem. As such, it justifies the need to further investigate the association between CSR and dividend payments.

On this note, this study is premised under the stakeholder view that managers must not only satisfy the shareholders, but the stakeholders as well. Therefore, it is expected that they should cater to the financial and non-financial stakeholders of the company (Freeman 1984), which can be in the form of high dividend payments and CSR initiatives (Jones 1995). Thus, the first hypothesis is that:

H1: Corporate social responsibility and dividend payments are positively related

2.3. The interacting effect of family-controlled companies on corporate social responsibility and dividend payments

The behavioural agency theory of SEW suggests that family companies tend to be sensitive to their external image (Cennamo et al. 2012), and avoid engaging in actions (e.g. socially irresponsible behaviour) that may harm their image and reputation (Berrone et al. 2010; Deephouse and Jaskiewicz 2013). These companies also engage in higher sustainability disclosures (Adams, Taschian, and Shore 1996; Gavana, Gottardo, and Moisello 2017) and greater CSR performance (Cennamo et al. 2012; Liu et al. 2017). The CSR investments help family companies to create a positive family image in the market and enhance trans-generational control (Vardaman and Gondo 2014; Gavana, Gottardo, and Moisello 2017; Shahzad et al. 2018).

Several studies have also demonstrated that family companies use dividends as a governance tool to attract prospective investors, redistribute wealth to shareholders and mitigate expropriation by family owners (Pindado, Requejo, and de la Torre 2012; Fairchild, Guney, and Thanatawee 2014; Benjamin et al. 2016). However, other studies have documented that dividend payments may not be a disciplinary tool to overcome expropriation because family companies focus on the long-term orientation of the company; thus, such companies would pay lower dividends (Lace, Bistrova, and Kozlovskis 2013; Setiawan et al. 2016; Michiels and Molly 2017; Lin, Chan, and Fang 2019; Wu, Ni, and Huang 2019). Specifically, Setiawan et al. (2016) empirically evinced that family companies are negatively associated with dividend payments in the Indonesian market, which indicates that family companies pay lower dividends. In contrast to these studies, available evidence in the Malaysian capital market has revealed that dividends could be a useful tool to mitigate the expropriation concerns of minority shareholders. This suggests that family-owned companies might behave differently from non-family companies in terms of CSR and dividend payments.

This may be especially so because family companies are concerned with the long-term investment horizon of family members, family image, reputation, identification and survival of the company. As such, they would simultaneously engage in CSR activities and make dividend payments because it is considered as an ethical option and a way to uphold their reputation. Alternatively, since family owners are the majority shareholders of the company with non-economic goals, the payment of dividends may be taken lightly, and as such, the focus would be more on the stakeholders' expectations by acting as a good

steward in their community, caring for employee welfare and the work environment. This means that family companies may decide to invest more in CSR activities than in paying high dividends for themselves. Following this reasoning, the next hypothesis suggests that:

H2: family-controlled companies moderate the association between corporate social responsibility and dividend payments

3. Research methods

3.1. Data and sample selection

To investigate the impact of CSR on dividend payments, a sample of companies that participated in the Capital Market Development Fund (CMDF) – Bursa Research Scheme (BRS)[3] on Bursa Malaysia (Malaysian Stock Exchange) from 2008 to 2013 was considered. The reason for this sample period is that CSR reporting was made mandatory in Malaysia in 2007[4] and 2013 was the year before Bursa Malaysia introduced the Economic, Social and Governance (ESG) index.[5] This study excluded financial companies because they are regulated entities and may have different incentives for paying dividends (Benlemlih 2019). The final sample for analysis therefore totalled 263 companies, equivalent to 730 company-year observations (see Table 1). The key source of data was the annual reports and Thomson Reuters DataStream held at the Univeristi Utara Malaysia library. The annual reports were downloaded from the Bursa Malaysia website and used to extract CSR disclosures and family ownership. The data on dividend payments of companies and other financial variables, such as cash, debt ratio, sales and return on assets (ROA), were obtained from the Thomson Reuters DataStream.

3.2. Variable measurements

3.2.1. Dependent variable

The dependent variable is the dividend payments ratio (DPR). This was measured as the total amount of annual common dividends paid out, scaled by the total assets (Benjamin et al. 2016; Firth et al. 2016; Benlemlih 2019; Ni and Zhang 2019). The DPR is considered

Table 1. Sample of Study.

Explanation			Company-Year Observations
Panel A: Sample Selection			
Total population of listed companies in CBRS from 2008–2013			1048
Financial companies			53
Companies with missing data			265
Company-Year observations available for analysis			730
Panel B: Sector Classifications of Sample Firms			
Industry	Companies	Company-Year Observations	Percentage (%)
Trading/Services	75	195	26.71
Industrial Products	68	185	25.34
Consumer Products	42	133	18.22
Construction	21	58	7.95
Technology	23	57	7.81
Properties	19	56	7.67
Plantation	15	46	6.30
Total	263	730	100

in this study because of its signalling role in conveying the future prospects of a company relative to its peers, and its importance to corporate policies, such as cash holdings, investment and financing policies (Hasan and Habib 2020).

3.2.2. Independent variables

Construction of CSR disclosure. According to the Bursa Malaysia CSR Framework, CSR entails four main themes: environment, community, marketplace and workplace. Based on this framework, this study measured CSR activities through a self-constructed disclosure index as used by prior studies, including Wan-Hussain et al. (2021), Zaid, Abuhijleh, and Pucheta-Martínez (2020), Katmon et al. (2019) and Khan, Muttakin, and Siddiqui (2013). Following these studies, a CSR disclosure index comprising 28 items was constructed (see Appendix A), and the score for each of the CSR activities (if any) ranged from 1 to 3. A typical example of how the CSR activity was obtained is presented in Appendix B. Companies that did not disclose any kind of CSR information for a particular item in the index were given a score of 0. The CSR index for each company was derived by computing the ratio of actual scores awarded to the total number of items, using the formula:

$$CSR_j = \frac{\sum_{t=1}^{n} x_{ij}}{n_j}$$

Where

CSR_j = quality of CSR disclosure for the j^{th} company ranging from 0 to 3.

n_j = total number of items estimated for j^{th} company (28 items).

X_{ij} = a score of 3 for the i^{th} item if quantitative data is disclosed, a score of 2 for the i^{th} item if qualitative data with specific explanation is disclosed, a score of 1 for the i^{th} item if general qualitative data is disclosed and a score of 0 for the i^{th} item if there is no disclosure.

Prior studies have pointed out that the application of the CSR disclosure index may suffer from subjectivity issues (Alazzani, Hassanein, and Aljanadi 2017; Sadou, Alom, and Laluddin 2017). Therefore, this study confirmed the validity and reliability of the CSR score as proposed in these studies. This was achieved by selecting 20% of sampled companies, whose CSR disclosures were rescored eight months later; the correlation between the first and subsequent scores were more than 90%.

Family-Controlled companies. A binary value of 1 was given if a company is family controlled, and 0 otherwise. A family-controlled company is one whose executive directors hold more than 20% equity ownership (Hung, Kim, and Li 2018; Noor et al. 2020).

3.2.3. Control variables

In line with the literature on the CSR and dividend payment policy, a few control variables were included in the model to capture the companies' specific characteristics (Samet and Jarboui 2017; Cheung, Hu, and Schwiebert 2018; Benjamin and Biswas 2019; Benlemlih 2019; Davaadorj 2019; Ni and Zhang 2019; Zadeh 2020). These variables include company size (SIZE), cash holdings (CASH), ROA, Tobin's Q (TQ), ratio of capital expenditure to total assets (CAPEX), growth opportunities (GROWTH), leverage

(DEBT), operating cash flow (OPCF) and lagged dividends (LagDPR). For instance, SIZE, measured as the natural logarithm of total assets, indicates that large companies and those with more resources are more likely to pay higher dividends. Therefore, it was assumed that SIZE and CASH are positively associated with DPR. Companies that are more profitable are more likely to generate free cash flows to make higher dividend payments. Hence, a positive relationship was expected between ROA and DPR. Further, companies with good performance can facilitate better dividend payments; as such, a positive association was expected between TQ and DPR. CAPEX was expected to have a negative relationship with DPR (Benjamin and Biswas 2019; Davaadorj 2019). It has been argued that companies with high growth opportunities will retain earnings to finance this growth (Benlemlih 2019); thus, a negative association was expected between GROWTH and DPR. In addition, companies with high debt, either because of debt covenants or due to lack of resources, may not be able to pay dividends (Trihermanto and Nainggolan 2018; Davaadorj 2019; Zadeh 2020); therefore, a negative association was predicted between DEBT and DPR. Studies have also documented a positive association between OPCF and DPR (Firth et al. 2016; Ni and Zhang 2019). Similarly, prior dividends paid may influence the subsequent amount of dividends paid (Trihermanto and Nainggolan 2018;Davaadorj 2019; Zadeh 2020). As such, a positive association would surface between LagDPR and current year dividend payment because such companies would want to maintain their stable and persistent dividend payment policy. Moreover, to capture any year's specific event and a company's industry idiosyncrasies, this study included the year and industry fixed-effects.

3.3. Model specification

To achieve the study objectives, the regression techniques employed were POLS, the quantile and the Tobit regressions. The POLS regression was applied, as the data was cross-sectional and time-series in nature. The quantile regression (QR) was employed due to the non-normality of the data. The evidence non-normality can be seen from the skewness (5.759) and kurtosis (43.767) statistics for dividend payments shown in Table 3, which are far from 0 and 3. This could have led to some loss of information if POLS was considered as the sole regression technique. Therefore, this study used QR in addition to the POLS regression. The use of QR allowed estimation of the various quantiles in order to fully capture the pattern of the data and to obtain a complete picture of the effects of CSR and other variables on dividend payments. This regression technique is a semi-parametric technique that avoids the assumptions about the parametric distribution of the residuals and minimizes the weighted sum of absolute residuals rather than the sum of squared residuals (Koenker and Bassett Jr 1978; Hao and Naiman 2007; Badru, Ahmad-Zaluki, and Wan-Hussin 2017).

Notwithstanding the advantage of QR, neither POLS nor QR takes into consideration zero values, a major characteristic of the data employed because some companies may not pay dividends, giving rise to the zero inflation statistical issue. This may lead to bias and inconsistent estimates, inflated standard error and inappropriate inferences (Cheung, Hu, and Schwiebert 2018; Lin, Chan, and Fang 2019). Therefore, this study also considered the Tobit regression technique. The application of all these techniques was carried out on two different models: Models 1 and 2. Model 1, as the baseline

Table 2. Definitions of variables and measurements.

	Variables	Descriptions
Dependent Variable		
Dividend Payment ratio	DPR	The ratio of cash common dividends to total assets
Independent Variables		
Corporate Social Responsibility	CSR	CSR Index
Family	FAM	Family-controlled (executive directors hold more than 20% equity ownership), and 0 otherwise
Family*CSR	FAM*CSR	Interaction of CSR and Family
SIZE	LNSIZE	Natural logarithm of total assets
CASH	CASH	Cash and short-term investments scaled by book value of total assets
Return on assets	ROA	The return on assets (net income / total assets)
Tobin Q	TQ	= (Market Value of Equity + Total Debt) ÷ Total Assets
Capital expenditure	CAPEX	Capital expenditure as a percentage of total assets
Sales Growth	GROWTH	The growth rate of sales, computed as the sales in year $_{t}$ minus sales in $_{t-1}$ and scaled by sales in year $_{t-1}$
DEBT	DEBT	Book value of total liabilities scaled by book value of total assets
Cash Flow	OPCF	Net operating cash flow scaled by book value of total assets
Dividend Payout t – 1	LagDPR	1 if the company has dividend last year, and 0 otherwise.

model, did not consider the interacting effect of family-controlled companies (FAM) on CSR; while Model 2 recognized the interacting effect of FAM on CSR and dividend payments. The measurements of all the variables included in both models are presented in Table 2:

$$\begin{aligned} DPR_i = {} & \beta_0 + \beta_1 CSR_{it} + \beta_2 FAM_{it} + \beta_3 LNSIZE_{it} + \beta_4 CASH_{it} + \beta_5 ROA_{it} + \beta_6 TQ_{it} \\ & + \beta_7 CAPEX_{it} + \beta_8 GROWTH_{it} + \beta_9 DEBT_{it} \\ & + \beta_{10} OPCF_{it} + \beta_{11} lagDPR_{t-1} + \text{Timedummies} + \text{Industrydummies} + \varepsilon_{it} \end{aligned}$$

$$\begin{aligned} DPR_i = {} & \beta_0 + \beta_1 CSR_{it} + \beta_2 FAM_{it} + \beta_3 CSR_{it} * FAM_{it} + \beta_4 LNSIZE_{it} \\ & + \beta_5 CASH_{it} + \beta_6 ROA_{it} + \beta_7 TQ_{it} + \beta_8 CAPEX_{it} + \beta_9 GROWTH_{it} \\ & + \beta_{10} DEBT_{it} + \beta_{11} OPCF_{it} + \beta_{12} lagDPR_{t-1} + \text{Time dummies} \\ & + \text{Industry dummies} + \varepsilon_{it} \end{aligned}$$

Table 3. Descriptive Statistics for all Variables ($n = 730$).

Variables	Mean	Median	Std. Dev.	Min	Max	Skewness	kurtosis
DPR(%)	0.029	0.014	0.058	0.000	0.547	5.759	43.767
CSR	0.671	0.607	0.442	0.000	2.286	0.906	3.707
Family	0.559	1.000	0.497	0.000	1.000	−0.237	1.056
SIZE (RM 000)	2,742,273	573,701	8,937,092	17,200	99,000,000	6.749	56.458
LNSIZE	13.288	13.260	1.566	9.753	18.411	0.565	3.412
CASH	0.156	0.107	0.138	0.003	0.712	1.671	5.737
ROA(%)	7.559	6.970	7.703	−43.550	56.960	0.584	10.605
TQ	1.037	0.746	1.050	0.196	12.777	5.230	41.431
CAPEX(%)	0.055	0.039	0.054	0.000	0.578	2.710	18.418
GROWTH	0.172	0.088	0.800	−0.766	13.600	13.337	218.689
DEBT(%)	0.384	0.385	0.178	0.026	0.921	0.268	2.543
OPCF(%)	0.084	0.079	0.096	−0.313	0.634	0.633	7.561
LagDPR	0.770	1.000	0.421	0.000	1.000	−1.282	2.644

Note: All variables are defined in Table 2

4. Results and discussion

4.1. Descriptive statistics

Table 3 shows the descriptive statistics of all the variables used in this study. The mean value of DPR is 0.029 (2.90%), the minimum value is 0.00 (0%) and the maximum value is 0.547 (54.70%). This means that some companies did not pay dividends over the years and the highest dividend paid was 54.70%. These statistics are similar to those reported by Benjamin and Biswas (2019) and Chu, Ali, and Yeo (2019) on mean and maximum values of dividend payments in Malaysia. According to CSR disclosure scores, the statistics provided in Table 3 indicated that the overall CSR score is 0.671 (out of a maximum score of 3). This low CSR score is generally consistent with the findings of other researchers; for example, Katmon et al. (2019) reported a mean of 0.22 (out of a maximum possible score of 1), and Sadou, Alom, and Laluddin (2017) a mean value of 0.887 (out of a maximum possible score of 3). The mean value for FAM is 0.559, implying that 56% of the companies are family controlled. In most instances, almost 77% of the sample companies paid dividends in prior years.

4.2. Correlation analysis

Table 4 illustrates the Pearson correlation values for DPR, CSR, FAM and other control variables. Based on the results, CSR, FAM, CASH, ROA, TQ, GROWTH, DEBT, OPCF and lagDPR, are significantly associated with DPR. While a positive and significant correlation is found between CSR and DPR at the 1% level, FAM is negative and significantly correlated with DPR at the 5% level of significance. Likewise, FAM is negatively and significantly correlated with CSR at the 1% level, which means that family-controlled companies engaged in fewer CSR strategies. In addition, a negative and significant correlation is found between the natural logarithm of SIZE (LNSIZE) and FAM at the 1% level, indicating that most of the family-controlled companies are small. However, a positive and significant correlation is found between LNSIZE and CSR, at the 1% level. This indicates that companies with a high level of CSR activities are large-sized companies. In addition, the correlation results show that there are no high correlations among the variables, implying that multicollinearity is not a serious problem. To further confirm that multicollinearity is not an issue in this study, the variance inflation factor (VIF) test was conducted. Based on the results presented in Table 5, none of the variables has a VIF score of 10, the highest being 2.02. Therefore, it can be concluded that the models used do not suffer from multicollinearity.

4.3. Regression results

This study employed several regression techniques to investigate the association between CSR and DPR, and the interacting effect of FAM on this association. Specifically, in Table 5, the results of the POLS and QR techniques results are presented. Column 1 displays the POLS results without the interaction effect of FAM with CSR; while column 2 shows the results with the interaction effect. In columns 3, 4 and 5, the QR results for various quantile levels (lower (0.25), median (0.50) and upper (0.75)) are presented; while columns 6, 7 and 8 capture the results that reflect the interacting effect of FAM on CSR. Based on the

Table 4. Correlation results.

	DPR	CSR	FAM	LNSIZE	CASH	ROA	TQ	CAPEX	GROWTH	DEBT	OPCF	LagDPR
DPR	1.000											
CSR	0.215***	1.000										
FAM	−0.074**	−0.313***	1.000									
LNSIZE	−0.022	0.508***	−0.313***	1.000								
CASH	0.238****	−0.015	-.083**	−0.188***	1.000							
ROA	0.466***	0.098***	0.053*	−0.043	0.229***	1.000						
TQ	0.696***	0.200***	−0.130***	−0.023	0.130***	0.461***	1.000					
CAPEX	0.017	−0.036	0.085**	−0.067**	−0.070**	0.143***	0.093***	1.000				
GROWTH	−0.054*	−0.044	−0.034	0.023	−0.005	0.122***	−0.011	0.013	1.000			
DEBT	−0.108***	0.174****	−0.095***	0.364***	−0.362***	−0.247***	−0.012	−0.046	−0.019	1.000		
OPCF	0.531***	0.122***	0.003	−0.087***	0.262***	0.542***	0.473***	0.243***	−0.019	−0.197***	1.000	
LagDPR	0.171***	0.217***	−0.001	0.316***	−0.010	0.112***	−0.020	0.002	−0.123***	0.016	0.097***	1.000

Notes: ***, **, * indicate statistical significance at the 0.01, 0.05 and 0.10 levels, respectively; all variables are defined in Table 2.

results of the two regression techniques (POLS and QR), CSR is found to be significantly and positively associated with DPR at the 1% level, which indicates that CSR had a strongly significant influence on DPR even at a point when the company paid very high dividends (0.75 quantile). This means that a higher level of CSR activities is linked to higher dividend payments. In the case of the influence of family control, although FAM is significantly and positively associated with DPR, the significance level is at 10%; this appears in the upper quantile level (0.75) of the second model that considers the interaction between FAM and CSR on DPR. In addition, when FAM interacted with CSR, the positive association between FAM and DPR became negative and the significant effect occurred at the upper quantile level (0.75) at the 5% level of significance.

Some variables, CASH, ROA, TQ, OPCF and lagDPR, are significantly and positively associated with DPR. In contrast, LNSIZE, CAPEX, GROWTH and DEBT are significantly and negatively associated with DPR. This means that all these variables are significant in explaining dividend payment decisions to shareholders. In addition, there is a significant impact of industry and time effects. For instance, the results of the industry effects show that companies in the consumer products and plantation sectors paid higher dividends than their counterparts in the industrial products, technology and trading and services sectors.

4.4. Controlling for endogeneity and self-selection bias

In order to ensure that the results of the association between CSR and dividend payments are free from endogeneity and self-selection bias, this study employed two additional approaches. The first used Rosenbaum and Rubin's (1983) propensity scores matching (PSM) to control for endogeneity, which is a concern when there is a violation of some assumptions regarding the error term, particularly the assumption that the error term is uncorrelated with the explanatory variables (Benlemlih 2019). The second approach was Heckman's (1979) two-stage self-selection model to address the self-selection bias that may occur because of companies that may have decided to increase their level of CSR disclosures.

4.4.1. Propensity scores matching (PSM)

When applying PSM, a treatment effect needs to be identified and matched to the control groups with their propensity scores (Davaadorj 2019). Accordingly, the study matched companies with high CSR with low CSR disclosures that share the same characteristics as reported by their propensity scores. Thereafter, the average difference in the DPR between the high and the low CSR groups was computed. Following studies like Benlemlih (2019), Benlemlih and Bitar (2018) and Davaadorj (2019), the sample used the median value of CSR disclosures. Based on the split sample, the treated group, companies with high CSR disclosures, was matched with the control group, companies with low CSR disclosures. Then, the logit model was employed. In this model, the dependent variable was CSR dummy (CSR_DUMY), given the value of 1 for companies whose CSR disclosure fell in the top quartile, and 0, otherwise. The independent variables and the control variables were the same as in the earlier analyses reported in Table 5. In addition, a caliper of 0.25 with replacement was employed to match each observation with a high CSR score to an observation with a low CSR score.

Table 5. Pooled Ordinary Least Squares Regression and Quantile Regression Results.

	POLS Regression			Quantile Regression				
	(1)	(2)	VIF	(3) 0.25	(4) 0.50	(5) 0.75	(6) 0.25	(7) 0.50	(8) 0.75
CSR	0.009***	0.009*	1.57	0.003***	0.004***	0.006***	0.003***	0.005***	0.008***
	(0.003)	(0.005)		(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.003)
FAM	0.001	0.002	1.28	0.000	0.001	−0.001	0.001	0.002	0.004*
	(0.004)	(0.006)		(0.001)	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)
FAMCSR		−0.001					−0.002	−0.002	−0.008**
		(0.011)					(0.001)	(0.002)	(0.004)
LNSIZE	−0.002*	−0.002*	2.02	−0.001***	−0.002***	−0.003***	−0.001***	−0.002***	−0.003***
	(0.001)	(0.001)		(0.000)	(0.000)	(0.001)	(0.000)	(0.000)	(0.001)
CASH	0.036**	0.036**	1.36	0.001	0.005	0.034***	0.000	0.004	0.033***
	(0.017)	(0.017)		(0.004)	(0.006)	(0.011)	(0.004)	(0.006)	(0.012)
ROA	0.000	0.000	1.79	0.000**	0.000*	0.000**	0.000***	0.000	0.000**
	(0.000)	(0.000)		(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
TQ	0.03***	0.030***	1.61	0.011***	0.026***	0.039***	0.011***	0.027***	0.038***
	(0.003)	(0.003)		(0.002)	(0.004)	(0.005)	(0.002)	(0.004)	(0.004)
CAPEX	-.099***	−0.099***	1.15	−0.025***	−0.051***	−0.027*	−0.026***	−0.050***	−0.027*
	(0.027)	(0.026)		(0.007)	(0.014)	(0.015)	(0.006)	(0.013)	(0.016)
GROWTH	−0.002	−0.002	1.09	−0.001*	−0.001	−0.002**	−0.001	−0.001	−0.002***
	(0.002)	(0.002)		(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.000)
DEBT	0.000	0.000	1.66	−0.011***	−0.018***	−0.020***	−0.010***	−0.018***	−0.022***
	(0.011)	(0.011)		(0.003)	(0.003)	(0.006)	(0.002)	(0.003)	(0.006)
OPCF	0.127***	0.127***	1.85	0.024***	0.050***	0.062***	0.025***	0.052***	0.068***
	(0.026)	(0.026)		(0.006)	(0.007)	(0.010)	(0.006)	(0.007)	(0.011)
LagDPR	0.022***	0.022***	1.31	0.011***	0.014***	0.014***	0.011***	0.013***	0.014***
	(0.004)	(0.004)		(0.001)	(0.001)	(0.003)	(0.001)	(0.001)	(0.002)
_cons	−0.018	−0.018		0.009**	0.021***	0.027***	0.007*	0.016***	0.026***
	(0.016)	(0.016)		(0.004)	(0.005)	(0.009)	(0.004)	(0.005)	(0.009)
Con. Products	0.011**	0.011**		0.000	−0.002	−0.004	0.001	−0.003	−0.006*
	(0.005)	(0.005)		(0.002)	(0.002)	(0.003)	(0.001)	(0.002)	(0.003)
Ind. Products	0.003	0.003		−0.002*	−0.006***	−0.005*	−0.002	−0.006***	−0.007**
	(0.005)	(0.005)		(0.001)	(0.001)	(0.003)	(0.001)	(0.002)	(0.003)
Plantation	0.001	0.002		−0.004**	−0.004**	−0.002	−0.004**	−0.004**	−0.003
	(0.005)	(0.005)		(0.002)	(0.002)	(0.005)	(0.002)	(0.002)	(0.005)
Properties	0.010**	0.010**		0.001	−0.002	0.001	0.001	−0.002*	0.001
	(0.005)	(0.005)		(0.002)	(0.002)	(0.003)	(0.002)	(0.001)	(0.003)

(*Continued*)

Table 5. Continued.

	POLS Regression			Quantile Regression				
	(1)	(2)	VIF	(3) 0.25	(4) 0.50	(5) 0.75	(6) 0.25	(7) 0.50	(8) 0.75
Technology	0.008	0.008		−0.006***	−0.004	−0.001	−0.005***	−0.004	−0.002
	(0.010)	(0.010)		(0.002)	(0.005)	(0.004)	(0.001)	(0.004)	(0.003)
Trad./Services	0.003	0.003		−0.001	−0.004**	−0.005*	−0.001	−0.005***	−0.006**
	(0.006)	(0.006)		(0.001)	(0.001)	(0.003)	(0.002)	(0.002)	(0.003)
2009.YEAR	−0.007*	−0.007*		−0.001	−0.005***	−0.005**	−0.001	−0.005***	−0.006***
	(0.004)	(0.004)		(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)
2010.YEAR	−0.004	−0.004		−0.002*	−0.003*	−0.005**	−0.002	−0.003*	−0.005**
	(0.005)	(0.005)		(0.001)	(0.002)	(0.002)	(0.001)	(0.002)	(0.002)
2011.YEAR	−0.008**	−0.008**		−0.002*	−0.005***	−0.004*	−0.002**	−0.005***	−0.005**
	(0.003)	(0.003)		(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)
2012.YEAR	−0.004	−0.004		−0.001	−0.003**	−0.003	−0.001	−0.003**	−0.005*
	(0.005)	(0.005)		(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)
2013.YEAR	−0.002	−0.002		−0.001	−0.004	−0.007**	−0.001	−0.004*	−0.008**
	(0.008)	(0.007)		(0.001)	(0.002)	(0.003)	(0.001)	(0.002)	(0.003)
Time effects	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes
Sector effects	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes
Observations	730	730		730	730	730	730	730	730
R-squared	0.594	0.594							
Pseudo R2				0.1797	0.2770	0.4241	0.1802	0.2774	0.4251

Notes: ***, **, * indicate statistical significance at the 0.01, 0.05 and 0.10 levels, respectively; all variables are defined in Table 2.

Based on all these classifications, the results from the PSM sample are presented in Table 6. The association between CSR and DPR remains positive and significant. In addition, LagDPR is found to be positive and significantly associated with CSR and DPR, which means that in instances where a company paid dividends in previous years, it also had a significantly positive impact on subsequent CSR activities and dividend payments. However, family-controlled companies are associated with lower CSR activities. Other variables, LNSIZE, CASH, TQ, CAPEX, DEBT, OPCF and LagDPR, are significantly associated with DPR. Therefore, the results presented in this study are robust after controlling for the endogeneity problem.

4.4.2. Heckman's (1979) Two-stage self-selection model

Another alternative estimation procedure adopted here is Heckman's (1979) two-stage approach, which addresses the issue of self-selection bias that may be caused by companies that had decided to increase their level of CSR disclosure (Harjoto and Jo 2009; Li et al. 2018; Benlemlih 2019). It also caters for the issue of non-randomness, because dividend payment decisions are non-random; therefore, analyses based on dividend-only companies may suffer from self-selection bias, which could lead to inconsistent estimation (Cheung, Hu, and Schwiebert 2018). In order to apply Heckman's model, this study redefined CSR disclosure score as a dummy variable (CSR_DUMY), coded one

Table 6. Propensity score matching.

	(1) CSR_DMY	(2) DPR	(3) DPR
CSR		0.004*	0.006*
		(0.003)	(0.003)
Family	−0.558***	−0.002	0.000
	(0.183)	(0.002)	(0.003)
FAMCSR			−0.003
			(0.005)
LNSIZE	0.507***	−0.004***	−0.004***
	(0.079)	(0.001)	(0.001)
CASH	−0.567	0.052***	0.051***
	(0.716)	(0.009)	(0.008)
ROA	0.012	0.000	0.000
	(0.016)	(0.000)	(0.000)
TQ	0.135	0.042***	0.042***
	(0.128)	(0.003)	(0.004)
CAPEX	−4.395**	−0.058***	−0.056***
	(1.86)	(0.022)	(0.020)
GROWTH	−0.116	−0.001	−0.001
	(0.135)	(0.006)	(0.005)
DEBT	0.561	−0.024***	−0.025***
	(0.633)	(0.006)	(0.006)
OPCF	3.019**	0.030**	0.033***
	(1.249)	(0.013)	(0.012)
LagDPR	0.664***	0.020***	0.020***
	(0.232)	(0.003)	(0.003)
_cons	−7.601***	0.045***	0.043***
	(1.124)	(0.009)	(0.009)
Time effects	Yes	Yes	Yes
Sector effects	Yes	Yes	Yes
Observations	730	642	642
Pseudo R2	0.170	0.418	0.419

Notes: ***, **, * indicate statistical significance at the 0.01, 0.05 and 0.10 levels, respectively; all variables are defined in Table 2.

if the company-level CSR disclosure is in the top quartile of the distribution (Li et al. 2018). Then, the first stage of the regression was carried out using the probit regression, where CSR_DUMY was considered as the dependent variable with the same control variables as in the earlier regression. In the second-stage regression, DPR was the dependent variable, while CSR was the main variable of interest and other control variables used in the earlier regression were considered. In addition, the self-selection parameter or inverse Mills ratio (IMR) estimated from the first-stage regression was included. Following these procedures, the Heckman two-stage estimation is presented in Table 7. CSR remains significantly and positively associated with DPR, but at the 5% level, which is consistent with the results displayed in Tables 5 and 6. This suggests that companies with more CSR activities had higher dividend payments. In addition, companies that paid high dividends in a previous year also disclosed more CSR activities, which means that they had adequate resources to satisfy both the shareholders and other stakeholders. It also shows that payment of dividends does not reduce the companies' ability to satisfy stakeholders' claims. There is also evidence that companies with high CASH, OPCF, TQ and ROA, have a tendency to distribute more money to shareholders in the form of dividend payments. However, companies that are highly leveraged are not likely to have higher DPR. With regards to the relationship between FAM and CSR_DUMY, a negative association is found, meaning that family-controlled companies disclose fewer CSR activities. This evidence is consistent with El Ghoul et al. (2011), who found a negative association between family control and CSR performance. However, it is in contrast to the findings of Abeysekera and Fernando (2020), Shahzad et al. (2018), and Liu et al. (2017), that family companies engage more in CSR activities in order to achieve their non-economic goals.

5. Discussion and conclusion

Although a few studies have investigated the influence of CSR on dividend payments, the findings remain inconclusive, with little focus on the Malaysian capital market. Therefore, this study adds to the limited literature on the influence of CSR on companies' financial policy, in particular, dividend payments. This study also considered the interacting effect of family control on the association between CSR and dividend payments. Based on the several regression techniques employed, such as the QR, Tobit, Heckman and PSM techniques, a significant and positive association is found between CSR and dividend payments, which means that Malaysian companies that paid high dividends also disclosed more CSR activities. This is consistent with H1 and the notion that companies with greater CSR activities who are transparent in disclosure of these activities are inclined to pay higher dividends to shareholders. Such companies can be considered as socially and financially responsible. It also shows that the strategies employed by the companies in terms of community, environment, social and economic strategies, affect decisions related to financial policies and strengthen social commitments. Therefore, CSR can be considered as a positive NPV project that increases earnings, subsequently leading to high dividend payments. These findings are in contrast to Lin, Chan, and Fang (2019), who documented that Taiwanese companies with high CSR pay lower dividends, but it is consistent with a number of studies that have reported a significantly positive influence of CSR on dividend payments (Rakotomavo 2012; Samet and Jarboui 2017;

Table 7. Heckman 1979 Model.

	(1) CSR_DUMY	(2) DPR	(3) DPR
CSR		0.005**	0.006**
		(0.002)	(0.003)
FAM	−0.332***	−0.006	−0.001
	(0.111)	(0.004)	(0.005)
FAMCSR			−0.005
			(0.004)
LNSIZE	0.301***	0.000	0.000
	(0.046)	(0.003)	(0.003)
CASH	−0.35	0.031**	0.031**
	(0.429)	(0.012)	(0.013)
ROA	0.007	0.000***	0.000***
	(0.010)	(0.000)	(0.000)
TQ	0.081	0.038***	0.038***
	(0.076)	(0.005)	(0.005)
CAPEX	−2.47**	−0.058*	−0.054*
	(1.101)	(0.031)	(0.032)
GROWTH	−0.073	−0.003*	−0.003*
	(0.080)	(0.002)	(0.001)
DEBT	0.299	−0.019***	−0.020***
	(0.372)	(0.007)	(0.006)
OPCF	1.701**	0.075***	0.079***
	(0.741)	(0.021)	(0.021)
LagDPR	0.382***	0.019***	0.018***
	(0.137)	(0.005)	(0.005)
IMR		0.018	0.015
		(0.015)	(0.016)
_cons	−4.47***	−0.030	−0.025
	(0.652)	(0.053)	(0.055)
Time effects	Yes	Yes	Yes
Industry effects	Yes	Yes	Yes
Observations	730	730	730
Pseudo R2	.169	0.425	0.426

Notes: ***, **, * indicate statistical significance at the 0.01, 0.05 and 0.10 levels, respectively; all variables are defined in Table 2.

Cheung, Hu, and Schwiebert 2018; Trihermanto and Nainggolan 2018; Benlemlih 2019; Dewasiri and Abeysekera 2020; Zadeh 2020). On this note, it can be concluded that Malaysian companies are able to satisfy different corporate stakeholders because, as companies pay high dividends to satisfy the shareholders with ownership interests, they ensure that they maintain their reputation in the eyes of the public through engagement in CSR activities. It also indicates that Malaysian companies prioritize shareholders' wealth maximization and stakeholders' engagement.

Besides the direct impact of CSR on dividend payments, this study also tested whether or not the significantly positive association found between CSR and dividend payments holds in family-controlled companies. The reason for this is based on the assumption of the SEW theory that family-controlled companies would focus more on CSR activities in order to preserve their wealth or achieve non-economic goals, such as trans-generational transfer of their operations and to advance their reputational image (Shahzad et al. 2018). However, when the interaction of family control on the relationship between CSR and dividend payments was investigated, the results show that the effect of family control is negative, which fails to support H2. This may imply that Malaysian family-controlled companies that pay high dividends engage in fewer CSR strategies or that family-controlled companies

engage in fewer CSR activities, which in turn affect the companies' earnings, thereby leading to low dividend payments. It may also suggest that Malaysian family-controlled companies operate like non-family controlled companies. Therefore, it can be argued that CSR in family companies in Malaysia is a cost function factor, or that companies see no reason to disclose or engage in CSR activities. Although Abeysekera and Fernando (2020) reported that when family companies assume that investing in CSR activities, particularly environmental investment, might benefit society but would not benefit shareholders, they would undertake lower investment in environmental activities than non-family-controlled companies. Nevertheless, this still begs the question whether or not family-controlled companies in Malaysia consider either the shareholders or stakeholders in their sustainable development. The reason for this pertinent question is that the direct relationship between family control and dividend payments only appears in the upper quantile level (0.75), with no significant influence on other quantile levels and regression techniques employed in this study. On this note, it would be interesting if future empirical studies could use other measurements of family control (e.g. whether the founder is the CEO of the company, ownership of the founder), other than the single measurement used in this study. This would allow for a better generalization of the findings reported here, especially on the interaction between family control, CSR and dividend payments.

Another limitation of the study is that the sample used may not be a full representation of the entire Malaysian capital market. It is therefore suggested that future studies extend the study period to capture the development of the ESG index introduced in 2014 in the Malaysian capital market. It is also unclear whether the results can be generalized to other emerging Southeast Asian markets, such as Thailand, Indonesia and Vietnam.

Notwithstanding the limitations of the study, the results have critical implications for both practitioners and scholars. From the practitioners' perspective, dividend payment is one of the important ways of compensating shareholders in an emerging market, like Malaysia, and an important way to increase payment to shareholders is by simultaneously engaging in CSR activities. Therefore, companies can implement disclosure of CSR as a mechanism to increase dividend payments. It is also crucial for companies that tend to raise capital from the equity market or external debt market to take into consideration the financial impact of CSR strategies in their corporate decisions. From an academic point of view, the results explain the dividend payment conundrum, because previous studies have paid less attention to the effect of CSR on dividend policy and financial determinants of disclosed CSR activities simultaneously. In addition, the results add to the open debate on how family-controlled companies behave in the aspects of corporate social and financial policies.

Notes

1. According to the Credit Suisse Research Institute (CSRI) report on family-owned companies globally, Malaysia is ranked in the 7th position in terms of number of family companies (Liu et al. 2017).
2. The type I agency problem of free cash flow arises because of conflict of interest between shareholders (owners of the company) and management (managers). In contrast, the Type II problem occurs between the majority and minority shareholders of a company, which relates to agency cost of expropriation (Jensen and Meckling 1976; Shleifer and Vishny 1989).

3. The BRS scheme was launched in 2005, with the aim of generating research coverage for Malaysian PLCs and providing investors with more information useful in making investment decisions (Qasem, Aripin, and Wan-Hussin 2015).
4. Appendix 9C, Part A, paragraph 9.25 and 9.41, item 29.
5. On 22 December 2014, Bursa Malaysia and the Financial Times Stock Exchange (FTSE) introduced an ESG index for the Malaysian market. This index is one of the first in Asia to be part of the worldwide benchmarks of the FTSE4Good Index Series. Its aim is to support investors in making ESG investments in Malaysian companies and enhance the profile of companies with leading ESG practices. As at 30 June 2019, there were 71 companies in the Malaysia ESG Index.

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Appendices

Appendix A: Corporate Social Responsibility Disclosure Index

No	Themes and Dimensions	3 quantitative	2 nonquantitative but specific	1 common qualitative	0 not disclose
A- ENVIRONMENT THEME					
1	Pollution Control				
2	Waste Management				
3	Environmental Awards				
4	Prevention and Reparation Program				
5	Reusing and Recycling				
6	Environmental Conservation				
7	Effective Usage of Energy and Resources				
B- COMMUNITY THEME					
1	Donation Programmes				
2	Training, Education and Scholarship				
3	Sports and Culture				
4	Community Awards				
5	Community Health and Safety				
6	Public Project				
C- MARKETPLACE THEME					
1	Product Development				
2	Product Safety				
3	Product Quality				
4	Customer Services				

(*Continued*)

Continued.

No	Themes and Dimensions	3 quantitative	2 nonquantitative but specific	1 common qualitative	0 not disclose
5	Stakeholder Engagement				
6	Marketplace Awards				
7	Supplier Relation				
D- WORKPLACE THEME					
1	Employee Health and Safety				
2	Employee Training and Education				
3	Employee Benefit and Welfare				
4	Employee Profile				
5	Employee Development				
6	Employee Diversity				
7	Share Option for Employee				
8	Workplace Awards				
SUB TOTAL					
GRAND TOTAL					

Appendix B

Quantitative disclosure: This is determined when the CSR disclosure contains financial information. It attracts the greatest weight with an assigned score of 3. For example Community theme (Training, Education and Scholarship):

The Group had given out cash awards totalling RM400,000–1,300 students who had excelled in their studies and to 2,000 teachers from the Chinese Independent schools in recognition of their efforts and commitment in promoting education excellence (Annual report of Multi-Purpose Holdings Berhad (2012, p. 19).

Qualitative specific disclosure: This is non-quantitative disclosure with an assigned score of 2. For example, Workplace theme (Employee Training and Education):

Trainings in 2012 focused and targeted towards developing competencies, skills and knowledge of Mah Sing's employees. Technical and soft skill training programs were introduced and conducted in-house and externally. Some of the new training programs introduced in 2012 were customized towards specific departmental needs (Annual report of Mah Sing Group Berhad (2012, p. 52)

Qualitative generic disclosure: The description is general and not specific, thus is assigned a score of 1. For example, Environment theme (Environmental Conservation):

It is our policy to comply with environmental laws governing plant operations, maintenance and improvement in areas relating to environmental standards, emission standards, energy conservation, housekeeping and storage methods, noise level management and treatment of plant effluents and waste water (Annual report of Globaltec Formation Berhad (2013, p. 34).