DISCLOSING SOCIAL RESPONSIBILITY INFORMATION VIA THE INTERNET: A STUDY ON COMPANIES IN MALAYSIA

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Abstract

This study investigates the extensiveness of and the potential factors that may influence social responsibility disclosures (SRD) made via the Internet by companies in Malaysia. The findings from this study will contribute to augment the discourse on this subject, from the perspective of a developing country, in which new insights have been added to the analysis of SRD disclosure mechanisms by Malaysian companies. Content analysis was applied on four categories of SRD, namely; environmental, human resources, products and consumers, and community involvement. Multivariate analysis, meanwhile, was similarly conducted in examining four influencing factors of SRD; which comprises of corporate size, industry affiliation, *profitability and leverage. This study concluded that the Internet has yet to be fully and effectively utilized as a medium for disclosing social responsibility information by companies in Malaysia.*

Keywords: Social responsibility, disclosure practice, internet, content analysis, Malaysia

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1. INTRODUCTION

Business corporations are facing increasing expectations from a wide spectrum of stakeholders encompassing society, employees and the environment to pursue their trade responsibly. Stakeholders' expectations that have been compounded by the increased public awareness on and interests in environmental and social issues have put further pressure on companies to disclose information. Social disclosure practice hence is deemed to be an essential engagement approach in communicating desired information as well as demonstrating transparency and accountability (Gray et al., 1995).In this crowd decade of the 21st century, business entities and their transaction now move at cyber speed, a mouse-click away. Therefore, stakeholders expect the relevant information about the business to be made available and to be easily accessible in order to facilitate better decision making. The ubiquitous enabler in this new environment is the Internet whose quantum leap advanced in tandem with that of the chipset technology. These new tools enabled business corporations to disclose directly their financial and non-financial information to global users. The most important characteristic of the Internet is undoubtedly, that information can be accessed in real time, from anywhere and at relatively lower costs; in which, the information is shareable, timely and updatable (Al Arussi et al., 2009). Online disclosures have the ability to reach a wider proportion of geographically dispersed users with greater volumes of customizable information incorporating dynamic audio and visual communication (Rowbottom and Lymer, 2009). Studies have shown that the Internet and corporate websites play an important role as public relations tools and that there is a growing relevance of corporate websites for communicating approaches to corporate responsibility (Conway, 2012; Capriotti and Mareno, 2007; Rowbottom and Lymer, 2009; Abdul Hamid, 2005). Hence, the Internet is a useful mechanism for companies to utilize as an effective medium of reporting when compared to the conventional mode of reporting via the use of printed corporate annual reports.

The use of the Internet by companies especially in Malaysia has great potential to support the growing borderless economic market settings. With Malaysia aiming to attain a high income nation status by 2020, the use of the Internet as a medium for disseminating information is without doubt relevant. Providing information via the Internet will enable business corporations to discharge their reporting accountability to existing stakeholders. In addition to that, the Internet is also a medium for strategic reporting whereby a company will be able to capture the interest of potential investors and business counterparts. Hence, it is an essential business tool to retain if a business entity is to achieve increased and sustainable growth.

The key aim of this study is to investigate whether companies utilize the Internet as the key medium for reporting social responsibility information. This study seeks to examine the extensiveness and the potential influencing factors of SRD in Malaysia. The study also offers insights to regulators and business corporations about the potential role of SRD as an effective mechanism for business strategic communication.

2. PREVAILING LITERATURE ON SOCIAL RESPONSIBILITY DISCLOSURE

Social responsibility disclosure (henceforth referred to as SRD) and corporate social and environment reporting (CSER) refer to the disclosure of information about companies' interactions with society, and it is an important instrument in the 'dialogue' between business and society (Branco and Rodrigues, 2006). Rizk et al. (2008) define CSER as…

…the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organizations (particularly) companies; beyond the traditional role of financial account to the owners of capital, in particular shareholders. Such an extension is predicted upon the assumption that companies do have wider responsibilities than simply to make money for their shareholders (p. 306).

Corporate social responsibility (CSR) can be described as open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders (see Bursa Malaysia, 2006). In recent years, there has been a substantial advancement of SRD practices in the developed countries including US, UK, Continental Europe, and Australia, and that this is consistent with the increased public awareness and concern towards environmental and social issues. Nevertheless, in comparison, little progress is seen on SRD in other countries especially the developing countries, including Malaysia, Thailand and Singapore. Malaysia for example has experienced a higher awareness of the importance of environmental protection, evidently prompted by high-profile Malaysian cases, such as the collapse of the Highland Towers and the widespread haze (1997), which induced higher degree of expectation on Malaysian companies to be more responsible to the environment (Smith et al., 2007). Despite the incidences that had led to an increase in public awareness, SRD practice in Malaysia maybe construed to be still at an infancy level with low incidences of reporting, and the disclosures are mainly descriptive in nature (e.g. Yusoff et al, 2006).

2.1 The Internet as a Strategic Disclosure Media for SRD

Corporate annual reports have been widely used as the main reference for gathering data on SRD. Such a high reliance on annual reports was due to the fact that they were the main corporate communication tool and were regarded as a key document for corporate social disclosure due to their significant credibility in communicating information to stakeholders and their widespread distribution. Nevertheless, the reports basis as the source for gathering data had been criticized for the way it ignored other forms of communication (see Roberts, 1991). O'Donovan (2002) indicated that the level of sophistication of non-investor stakeholders is such that an annual report is less likely to be read and that the proliferation of specialized environmental reports may be a direct response to this issue. Thus, a number of research studies had considered other disclosure mediums in addition to annual reports, such as corporate websites, corporate brochures and advertisements. The choice of a medium for information disclosure is dependent on the target public for whom the message is intended (see Zeghal and Ahmad, 1990 and Branco and Rodriques, 2008).

The Internet has the potential to be an effective tool for communicating SRD information to various stakeholders (e.g. Branco and Rodrigues, 2008; Wanderly et al., 2008). Prevailing literature generally indicate the potentialities of the Internet as a platform to offer more social responsibility-related information in a less expensive and timely fashion setting, compared to the traditional media (such as newspapers, magazines, billboards, television and radio). The Internet facilitates companies to provide information targeted at specific stakeholder groups and to obtain feedback from them in an interactive manner.

Additionally, the Internet allows companies to publicize detailed and up-to-date information (Wanderly et al., 2008).

2.2 Factors That Influence SRD Internet Reporting Practices

Previous studies had found that a number of companies' characteristics such as size, profitability, leverage and industry affiliation influenced SRD practices. Haniffa and Cooke (2005) for example found out that the incidence of SRD in annual reports of companies in Malaysia had significantly increased and that size, profitability and multiple listings were significantly related to SRD.

2.2.1 Company Size

The literature suggests that larger firms are more likely to come under public scrutiny and are expected to have more influence on the environment practices of the general business environment. Larger firms are the ones capable of having superior environmental resources (Elijido-Ten, 2007) hence there is an association between company size and SRD (e.g. Hackston and Milne, 1996; Ramasamy and Ting, 2004; Smith et al, 2007; Boesso and Kumar, 2007; Reverte, 2008). Hackston and Milne (1996) opined that social disclosure as practiced by large companies in New Zealand were higher than those practiced by smaller companies. Ramasamy and Ting (2004) similarly concluded that larger companies both in Malaysia and Singapore tend to be more active in CSR activities. Nevertheless, Smith et al. (2007) indicated that company size had no association with environmental disclosure tendencies.

Size may also be used as a proxy for public visibility. Larger companies by their very nature, tend to be highly visible to external groups, are more diversified and extend across geographical and product markets. Thus, they are more susceptible to scrutiny from stakeholder groups and would appear to be more vulnerable to adverse reactions. Therefore, it is more likely that larger and more visible companies will more willingly adopt social responsibility activities and subsequently disclose those activities as a means of enhancing corporate reputation.

2.2.2 Industry Affiliation

Industry affiliation is one of the key potential factors that may affect SRD practices (see Gray et al., 1995; Hackston and Milne, 1996). In relation to the legitimacy theory, it has been argued that companies in some industries were socially more visibly exposed to public scrutiny (Branco and Rodrigues, 2006a). These companies were adjudged to have faced greater political and social pressure to "clean up" their SRD practices, and hence were expected to act in a socially desirable manner. The association between industry affiliation and SRD had been testified to in a number of empirical studies (see, for example, Hackston and Milne, 1996; Ramasamy and Ting, 2004; Haniffa and Cooke, 2005; Smith et al, 2007; Boesso and Kumar, 2007). Boesso and Kumar (2007) for instance confirmed that the industry within which the companies were operating influenced their disclosures. The study by Ramasamy and Ting (2004) however setforth a contradictory finding in which they concluded that there was no significant difference to be established in regard to the CSR awareness level spanning across the different business sectors in Malaysia and Singapore.

Consumer Proximity

The social visibility will be greater when a company is closely connected to the individual customer and its name/products are very familiar to and widely recognized by most members of the general public. For example, banks and communication services are sectors with a high visibility among customers and community relations disclosure is an important part of the SRD made by companies in these sectors (Branco and Rodrigues, 2008).

Environmental Sensitivity

Companies in industries that have a larger potential impact on the environment are considered to be subject to greater pressures with respect to environmental concerns. Mirfazli (2008) was of the view that high-profile companies have the possibility to cause damage to or create negative impacts on the environment. Hackston and Milne (1996) indicated that the industries which were deemed to be "high profile" included companies whose economic activities had direct or immediate impact on the natural environment, such as the extractive industry. Such industries were more likely to disclose information about their environmental impact, than other companies that were operating in less environmentally impactful industries.

2.2.3 Profitability

An association between profitability and SRD has been demonstrated in a number of empirical studies (Smith et al., 2007; Hackston and Milne, 1996; Janggu et al., 2007). A study by Smith et al. (2007) examined the extent to which the scope of environmental disclosure in annual reports unfolded and suggested that there was no significant relationship between disclosure and profitability. The findings of Janggu et al. (2007) on the other hand supported the notion that social responsibility disclosure was positively associated with profitability.

2.2.4 Leverage

In a high leverage company, management was compelled to legitimize all of its actions to creditors as well as shareholders. Highly geared companies disclosed more information to assure creditors that shareholders and management are less likely to shirk their covenant claims while at the same time aspire to meet the needs of stakeholders such as lenders. There are to be found only a few studies that have researched the relationship between social responsibility and the financial leverage of the corporate entity (Janggu et al., 2007). Noting a lack of conclusiveness in the studies that have explored this relationship, Branco and Rodrigues (2008), nevertheless found out that the relationship between SRD and leverage may be significant in the case of the Internet; in which, companies that were highly leveraged did established a closer relationship with their creditors and adopted alternative means to publish their social responsibility disclosure.

This study intends to investigate the influence of company size and industry affiliation on SRD practices hence the adoption of independent variables. Profitability and leverage are also used as the control variables. Based on the prevailing literature discussed, the hypotheses developed are as outlined below:

H1: There is a positive relationship between company size and SRD
H2a: There will be a positive relationship between SRD and the consumer proximity measure
H2b: There is a positive relationship between SRD and the environmental sensitivity measure
H3: There is a significant relationship between profitability and SRD
H4: There is a significant relationship between SRD and leverage

3. RESEARCH METHODOLOGY

3.1 Sample Selection

The leading 100 companies listed on the Bursa Malaysia as at 31st December 2008 had been selected as the study samples. Nevertheless, it was decided that for the purpose of this study, it was necessary to restrict the scope to only companies with accessible corporate web pages on the internet by the end of October 2009. Companies in the financial services sector have been excluded as they were separately regulated under the Banking and Financial Institutions Act (BAFIA) 1989 which would have resulted in varying presentations of financial statements (Ponniran, 2005). At the final tally, only 80 companies made up the final samples for the study.

3.2 Measuring Social Responsibility Disclosure (SRD)

This study applied content analysis in order to measure the level of social responsibility information disclosed by sample companies (also Abdul Hamid and Atan, 2011; Hackston and Milne, 1996; Milne and Adler, 1999). Analysis of SRD was made using an equal-weighted index, based on the assumption that each item of disclosure is equally important. The entire web pages were examined. All links were followed with the exception of:

- on-line copies of the annual report as well as on-line copies of social and/or environment reports, where available; and
- company publications such as newsletters or product catalogues.

In keeping with Branco and Rodrigues (2008), SRD in this study focused on four primary categories of disclosures that included environmental, human resources, products and consumers and community involvement. The disclosures were rated based on the presence or absence, and the degree of specificity of each item (also Branco and Rodrigues, 2008; Holder-Webb et al., 2008). Sumiani et al.'s (2007) rating approach had been adopted in examining the levels of extensiveness in respect of social responsibility disclosure; in which environmental information was grouped under five categories, namely, non-disclosure (NON), general information (GEN), qualitative/narrative information (QUA), quantitative information (QUAN) and combination of types of information (COM).

The first scale which is GEN, consisted of either a short or general statement of the company's intention with regards to social responsibility. The second scale- QUA covered any declaration/narrative information about social responsibility excluding the financials, and a long description of the social performance of a company. "Long" is defined as narration that exceed more than a sentence. QUA also included illustrative information such as graphs and photographs that depict specific social messages or events. Scale number three-QUAN relates to disclosures about financial values or quantified environment information, and number four scale, COM ,represented environmental information that are contained in both the categories of QUA and QUAN. These rating scales allow for the measurement of quantified social information (words, sentences or numbers) and also non-quantified disclosures encompassing graphs, photographs, charts etc.

The total maximum score is set at 120. The maximum score for each of the categories is 44 for environmental disclosures, 36 for human resources, 20 for products and consumers' disclosure and 20 for community involvement disclosure. A complete checklist detailing the categories and items of disclosure is shown in Table 3.1.

Table 3.1: Categories and items of disclosure

Disclosure Item	Gen (1)	Qual (2)	Quan (3)	Com (4)
Environmental disclosure				
Environmental policies or company concern for the environment				
Environmental management, systems and audit				
Pollution from business operations				
Pollution arising from use of product				
Discussion of specific environmental laws and regulations				
Prevention or repair of damage to the environment				
Conservation of natural resources and recycling activities				
Sustainability				
Environmental aesthetics				
Conservation of energy in the conduct of business operations				
Energy efficiency of products				
Human resources disclosure				
Employee health and safety				
Employment of minorities and women				
Employee training				
Employee assistance/benefits				
Employee remuneration				
Employee profiles				
Employee share purchase schemes				
Employee morale				
Industrial relations				
Products and consumers disclosure				
Product safety				
Product quality				
Disclosing of consumer safety practices				
Consumer complaints/ satisfaction				
Provision for disabled, aged, and difficult-to-reach consumers				
Community involvement disclosure				
Charitable donations and activities				
Support for education				
Support for the arts and culture				
Support for public health				
Sponsoring sporting or recreational projects				

3.3 Statistical Analysis

All collected data were analyzed using the Statistical Package for Social Science (SPSS), version 16.0. Descriptive statistics were engaged in order to gain an understanding of SRD on the internet vis-a-vis the

Malaysian listed companies. Descriptive statistics were also used to explore the data collected and it was important to describe the stated incidence of interests. In addition, a regression model was also adopted to examine the relationship between SRD and its influencing factors. The influencing factors used in the model included company size, consumer proximity, environmental sensitivity, profitability and leverage. The full specification of the model is as follows:

SRDI$_i$ = ß0i + ß1iSi + ß2iCPi + ß3iESi + ß4iPROFITi + ß5iLEVi + □i

Where, for company i:

SRDIi = Social Responsibility Disclosure on the internet

Si = Company size

CPi = Customer proximity

Esi = Environmental sensitivity

PROFITi = Profitability

LEVi = Leverage

4. ANALYSIS AND FINDINGS

4.1 Descriptive Findings

Table 4.1 provides the descriptive findings of the study. The reported mean for total SRD was 10.88 while the minimum and the maximum values were 0 and 36 respectively. Among the four categories of SRD, community involvement disclosure (TCID) showed the highest mean score of 3.65, followed by total environmental disclosure (TED) and total human resources disclosure (THRD) (mean score: 3.29 and 2.39 respectively). The category for total products and consumers disclosure (TPCD) registered the least mean score of 1.55.

Table 4.1: Descriptive statistics for each category of SRD on the Internet

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
TED	80	0	17	263	3.29	4.367
THRD	80	0	10	191	2.39	2.949
TPCD	80	0	8	124	1.55	2.037
TCID	80	0	12	292	3.65	3.836
TSRD	80	0	36	870	10.88	9.774

Notes:

The sample comprises of the leading 80 non-financial companies listed in Malaysia, as at October 2009.

TED is total environment disclosure.

THRD is total human resources disclosures.

TPCD is total products and consumers disclosure.

TCID is total community involvement disclosure.

TSRD is total social responsibility disclosure.

Table 4.2 shows the frequency of each category of SRD via the Internet. Consistent with the mean score results as outlined in Table 4.1, companies had a high frequency of disclosure in regard to community involvement information (34%), followed by environmental information (30%) and human resources information (22%). The least frequent disclosure was related to products and consumers information (14%).

Table 4.2: Frequency of SRD on the Internet by categories

Frequency of SRD by categories
(n = 870)*

Disclosure categories	Frequency	Percent of total SRD
Environmental (TED)	263	30%
Human resources (THRD)	191	22%
Products and consumers (TPCD)	124	14%
Community involvement (TCID)	292	34%

* Includes all public disclosures identified for the entire sample of 80 firms on the Internet

These results are inconsistent with Branco and Rodrigues (2008) which found that the disclosure frequency in regard to environmental information and human resources information were more evident, while the reverse was true in the case of community involvement. Such a result implied that the motivation for environmental and social disclosure practice in Malaysia was at variance with the practice found in other countries (see Smith et al., 2007). Adams (2002) however did concur that while there were significant variables that would likely impact on the extensiveness, quality, quantity and completeness of the reporting it is envisaged that the process of communicating the report and the subsequent decision making will depend on the country of origin, corporate size and the inherent corporate culture. Thompson and Zakaria (2004) also highlighted the reasons for the apparent low level of SRD, which include the absence of a recognized reporting framework, the costs related to the reporting process, fears of how readers will react, as well as the lack of government and primary stakeholders' pressure.

A normality test was then performed in order to ensure that data used in the study had been normally distributed. An examination on the skewness and kurtosis for each variable seemed to suggest that the dependent variables in respect of total social responsibility disclosure and the continuous independent variables of profitability were not normally distributed[1]. Hence, both the variables were subsequently transformed using Van der Waerden's transformation method (also Haniffa and Cooke, 2005; Branco and Rodrogues, 2008). Following that, regression analysis was conducted by utilizing the transformed variables.

4.2 Univariate Analysis

The bivariate correlations based on Pearson's correlation coefficient were carried out to measure how variables or rank orders are related. Using Pearson's product moment correlation, the relationship between dependent variables and independent variables was examined. The correlation matrix indicated that no multicollinearity problem existed between the correlations of variables, and that all variables showed a correlation of less than 0.5 (refer Table 4.3). As reported in Table 4.3, total social responsibility disclosure on the Internet revealed a high correlation with company size (at 5% level). This correlation did provide an early indicator that company size may be able to influence the rate of social responsibility disclosure on the Internet. However, other independent variables pertaining to consumer proximity and environmental sensitivity were not significantly related to social responsibility disclosure. Similar results were evident for control variables of profitability and leverage.

[1] According to Abdul Rahman and Mohamed Ali (2006), data is considered normal if the standard of skewness is within ± 1.96 and standard kurtosis of ± 2.

Table 4.3: Pearson correlation matrix between variables

		SIZE	CUSTPROX	ENVSTV	LEVERAGE	TSRD	PROFITABILITY
SIZE	Pearson Correlation	1.000					
	Sig. (2-tailed)						
CUSTPROX	Pearson Correlation	-0.010	1.000				
	Sig. (2-tailed)	0.928					
ENVSTV	Pearson Correlation	0.076	-0.197	1.000			
	Sig. (2-tailed)	0.502	0.079				
LEVERAGE	Pearson Correlation	0.458**	-0.221*'	0.081	1.000		
	Sig. (2-tailed)	0.000	0.048	0.474			
TSRD	Pearson Correlation	0.249*	0.178	0.101	-0.028	1.000	
	Sig. (2-tailed)	0.026	0.115	0.374	0.808		
PROFITABILITY	Pearson Correlation	-0.328**'	0.099	-0.129	-0.124	0.098	1.000
	Sig. (2-tailed)	0.003	0.383	0.256	0.273	0.385	

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

Notes:
The sample comprises of the leading 80 non-financial listed companies in Malaysia as at October 2009. TSRD is total score for social responsibility disclosure. Size is the log 10 of total assets. Profitability is return on assets (ROA). ROA is earnings before tax and interest over total assets. LEV is long term debt over total assets. CUSTPROX is an indicator variable with a value 1 if the company is a high profile company and 0 if otherwise. ENVSNTV is an indicator variable with a value 1 if the company is more sensitive to the environment and 0 if otherwise.

Table 4.3 also indicated a positive linear relationship between company size and leverage at the 1 % level. This bears out the assumption that company size had a significant impact on leverage. The table also revealed a positive linear relationship between company size and profitability at the 1% level, thereby leading weight to the notion that company size does have a meaningful influence on profitability. In addition, there does appear to be a significant negative linear correlation between consumer proximity and leverage at the 5% level.

4.3 Multivariate Analysis

The current study used linear multiple regression analysis to test the association between dependent variables of total SRD and independent variables of its influencing factors (company size, industry affiliation) and control variables (profitability and leverage). Table 4.4 presents the collinearity test of VIF and tolerance for variables used in this study. VIF was computed to assess the extent of any multilcollinearity problem (Haniffa and Cooke, 2002; Branco and Rodrigues, 2008). With all the variables indicating VIF of less than 1.824, is apparent that multicollinearity was not an issue. Thereby, this is in conformity with Kennedy (1992) which indicated that VIF should not exceed the value of 10 (also, see Haniffa and Cooke, 2002). In addition, none of the variables' values showed a level of tolerance close to zero, which further supports the view that multicollinearity may not be a threat in this study.

Table 4.4: Collinearity Test of VIF and Tolerance on the Internet

Model	Tolerance	VIF
(Constant)		
SIZE	0.7013	1.4259
CUSTPROX	0.8984	1.1131
ENVSTV	0.9473	1.0556
PROFITABILITY	0.8726	1.1459
LEVERAGE	0.7402	1.3509

Dependent Variable: NORMAL of TSRD using VW

Table 4.5 presents the multiple regression results of the study. The adjusted R^2 value does suggest that approximately 10.3% of the variation in the scores between the companies will be accounted for by the independent variables tested. The outcome indicated that only profitability and company size were found significant. Additionally it was also established that there was a significant positive relationship between SRD and company size at the 1% level (also Hackston and Milne, 1996; Ramasamy and Ting, 2004; Boesso and Kumar, 2007). Such a finding would support the postulation by prevailing literature in that larger companies which are highly visible to stakeholders tend to regard social responsibility activities and disclosure practices as an opportunity to enhance business reputation.

Table 4.5: Multiple regression analysis for SRD on the Internet

Independent variables	Coefficient estimate
(Constant)	0.003
Leverage	0.224
Profitability	0.075*
Size	0.004*
Environmental sensitivity	0.200
Consumer Proximity	0.171
R^2	0.160
Adjusted R^2	0.103
F-Statistic	2.819
Significance	0.022
N	80

Table 4.5 also indicates the positive relationship between social responsibility disclosure and profitability at the 1% level. From the stakeholder perspective, this finding should signify the association between economic performance and social responsibility activities and disclosure. Additionally, this result was also

consistent with the resource-based theory, which stipulates that financial performance is deemed to be influenced by SRD. Profitable companies by inference would have more financial resources to invest in reporting social responsibility information, and that socially responsible companies will endeavour to enhance their respective competitive advantages (see Haniffa and Cooke, 2005; Janggu et al., 2007).

Overall, based on the findings discussed above, Table 4.6 summarizes the collated results based on the hypothesis testing of the potential influencing factors for SRD practices via the Internet. These results were consistent with the expectations that arose from the theoretical framework proposed and were also in line with previous social responsibility disclosure studies; in which company size and profitability, being analogous proxies for social visibility, would generally maintain a positive relationship with total social responsibility disclosure.

Table 4.6: Summary of the results from the hypotheses testing

	Hypotheses	Result
H1	There is a positive relationship between size and SRD	Significant
H2a	There is a positive relationship between consumer proximity and SRD	Non-significant
H2b	There is a positive relationship between environmental sensitivity and SRD	Non-significant
H3	There is a significant relationship between profitability and SRD	Significant
H4	There is a significant relationship between leverage and SRD	Non-significant

Other influencing factors tested were found to have had no significant relationship with SRD via the Internet among the companies that were studied in Malaysia. To a certain extent, this finding would appear to contradict the results of other prevailing studies. The lack of influencing factors in respect of SRD in Malaysia found in this study would devote that Malaysian companies are not fully utilizing the potentials of the Internet as a medium for elevating the sophistication level of their SRD practices.

5. CONCLUSION

This study attempts to investigate the extensiveness of SRD via the Internet and the potential influencing factors for engaging in such SRD practices. Generally, it can be concluded that public listed companies in Malaysia have undertaken significant effort and have acted proactively in utilizing the Internet as a medium for SRD. This is evident from the fact that only 59 out of 80 (73%) companies surveyed had provided social responsibility information on the Internet. Many of the companies realized the need for, and the importance of disclosing social responsibility information in an ‘up-to-date’ manner. Nonetheless, the rest of the companies studied were found to be not leveraging the existing ICT facilities to their full advantage (also see Chaudhri and Wang, 2011). The findings also did suggest that out of the four factors tested against SRD via the Internet, only company size and profitability had been found to influence the SRD practice. Thus, it would, in all probability, be compatible with the assumption that only companies in Malaysia endowed with ample financial resources tend to invest in SRD using the Internet.

Overall, it can be concluded that internet usage in Malaysia for disclosing social responsibility information is not yet fully utilized. This is probably due to the fact that Malaysian companies prefer to use their annual reports as the social responsibility disclosure medium compared with the Internet. This is consistent with

Abdul Hamid's (2005) investigation on the lack of utilization of the internet by Malaysian-listed companies for the purpose of disseminating investor information or for communication. In a broader perspective, companies in Malaysia must realize the capability of the Internet as an effective medium for SRD to be executed in a transparent and strategic manner. They should fully utilize the infinite capabilities of cyber communication made available by the Internet infrastructure in facilitating the sustainability and growth of business entrepreneurship in the country.

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