

# **Social and Environmental Responsibility and Disclosure in a Malaysian Local Authority**

**Mohd Sarif Ibrahim, Norhayah Zulkifli, Rusnah Muhamad**

Faculty of Business and Accountancy

University of Malaya

## **Abstract**

The tremendous economic growth in Malaysia since 1990s saw the rapid urbanization of Klang Valley. However, this impressive growth leads to social and environmental problems such as air pollution and squatters. While social, environmental and sustainability accounting and reporting have experienced a resurgence of interest especially in the private sector, the application of such development in the public sector are relatively new and much less investigated. This paper studies the social and environmental information disclosures by a local authority in the Klang Valley and the nature as well as intensity of the social and environmental activities carried out by the local authority is examined. A content analysis of its annual reports is conducted and social responsibilities information are categorised into four main dimensions adopted from the Bursa Malaysia CSR Framework namely, community, environment, workplace and marketplace. The findings suggested that the community dimension is the most extensively disclosed followed by environmental information whereas that of the workplace is the least disclosed. These findings contrasted to those observed of PLCs in general which established that the workplace dimension scores the highest among the four dimensions. Future research need to be undertaken to investigate this discrepancies.

## **1. Introduction**

During the last decades, social, environmental and sustainability accounting and reporting have experienced a resurgence of interest and application both in the private sector (Line, Hawley and Kurt, 2002) and the public sector (Boyce, 2000; Frost and Seamer, 2002). However, the meaning and application of such development in the public sector are relatively new and much less investigated (Ball, 2004). A UK report shows that the local government and the wider public sector have roles and responsibilities that are more directly linked to the sustainability agenda than those of business (ACCA Research Report, 2002). The report refers sustainability to 'quality of life indicators' that is, some sort of measure of social, economic and environmental well-being of an area. Ball and Grubnic (2007) found that internationally, the

public sector accounts for some forty percent of all economic activity. They also assert that the public sector organizations have far greater responsibilities for sustainable development than the private sector. In essence, accountability lies in the relationships between the organization and the society and/or stakeholder groups of interest (Gray, Bebbington and Collison, 2006). Furthermore, functional pressures for change in environmental services in local government, coupled with changing central government regulations, appear to be important in influencing change (Ball, 2006).

As far as Malaysia is concerned, its tremendous economic growth during the 1990s' saw the rapid urbanization of the Klang Valley leading to social and environmental problems such as air pollution (Zulkifli, 2006) and squatters (Kuala Lumpur Structure Plan 2020). She reported that in the first quarter of 2005, many cases of environmental degradation have hit the headlines of the major local dailies, causing concerns on the part of the public and the government. Reports on illegal logging, hill cutting, river pollution, marine pollution, air pollution, improper treatment and disposal of toxic waste, deterioration of water quality, declining coral reefs, coastal erosion, over-fishing and biodiversity loss are fast becoming a norm. Mismanagement of river resources has led to increasing frequencies and magnitudes of environmental hazards such as floods, raped slope failures, river bank erosion and slumping, accelerated soil erosion, and problems associated with sedimentation (Khairulmaini, 2003). Much discussion and finger pointing ensue from such reports (Zulkifli, 2006) and while the private sectors appear to increasingly address these social and environmental problems, not much is heard from the public sector. As an example for the Malaysian Environmental Social Responsibility Awards (MESRA) ACCA Corporate Social Reporting awards, more companies are making their efforts to produce such reports (The Star, 2008). With regards to the Malaysian public sector, in general the local governments or local authorities are responsible for the public health and sanitation, waste removal and management, town planning, environmental protection and building control, social and economic development and general maintenance functions of urban infrastructure (Laws of Malaysia, Act 171).

The objective of this paper is to explore and examine social and environmental disclosure (SED) of a local authority in the Klang Valley, Malaysia. As the local authority does not produce an SED, its annual reports are examined of any elements of the local authority's responsibility towards social and environmental activities and matters under its jurisdiction. In general, the review of extant literature reveals that most of the studies on the development of social, environmental and sustainability accounting and reporting in Malaysia are mostly limited to studies on corporate social responsibility (CSR) practices of the Malaysian public listed companies (PLCs). This paper is an effort to enrich the literature in particular to the issue of disclosure of social and environmental activities carried out by the local authority in Malaysia. The paper is organized as follows. The following section provides the review of relevant literature on social and environmental reporting or SED followed by a discussion on

the research method adopted in this study. The remaining sections report the findings and conclusion as well as recommendation for future research.

## 2. Literature Review

Since the latter half of the 1990s, accounting and reporting for social, environmental and sustainability have experienced a resurgence of interest and this interest is continuing strongly into the 21<sup>st</sup> century (Ernst and Young, 2002; Gray, 2002; World Economic Forum, 2002; Elkington, 2001; Logsdon and Lewellyn, 2000). A number of these studies have been critical of the reporting practices adopted (Deegan and Gordon, 1996; Deegan and Rankin, 1996; Guthrie and Parker, 1990). Most of the criticisms have been that annual reports disclosures relating to the environmental performance of particular reporting entities tend to be biased with minimal disclosure of negative environmental information. There can be many motivations driving managers to externally report information about an organisation's social and environmental performance and one such motivation might be the desire to legitimise certain aspects of an organisation's operations (Deegan, 2002). Studies of companies in developed countries suggest that corporate image enhancement is the main motivating factor for companies' adoption of corporate social reporting (Adams, 2002; O'Dywer, 2002, 2003). In relation to this, a majority of the annual reports users believed that the environmental information is important to their decisions and they seek the disclosure of this information in annual reports (Deegan and Rankin, 1997). Annual reports also are considered by various user groups to be a major source of information about an organisation's environmental performance (Epstein and Freedman, 1994; Tilt, 1994).

Lynch (2010) conducted a study on the environmental disclosure practices within the annual reports of Australian state government departments for the period 2000-1 to 2007-8. The study found that although environmental reporting by the government departments has increased, reporting is not consistent over time and there are variations in the standard of reporting between departments responsible. Another study on Australian public sector organizations by Farneti and Guthrie (2009) found that their social and environmental reporting was informed by the latest Global Reporting Initiatives (GRI) and aimed at mostly internal stakeholders. The annual reports were the only one of the media used for disclosure and adoption was driven by a key individual in the organization. In a study on New Zealand local authorities, Barrett and Scott (2008) found that the local authorities investigated, have taken significant steps to engage with community participation in local authority costs and funding decisions. However, lack of accounting knowledge precludes many community members from participating in informed dialogue on relevant issues. In Ireland, a study by Kelly and Moles (2002) in collaboration with the major local authorities in the mid-west region of Ireland found that the concept of sustainable development is still in its infancy. In a study of the largest local governments (LGs) from an Italian region, Marcuccio and Steccolini (2005) found that no local government feels a

strong need to 'legitimise' its activity by conforming to social and environmental issues; instead they adopt social and environmental reporting as fashionable labels to signal conformity with shared norms of rationality and progress, namely the principles of performance improvement and citizen's accountability promoted by the ongoing reform processes.

In the Malaysian context, there has been limited research on corporate social reporting but it is gaining more attention in the recent years. In September 2006, the Bursa Malaysia (formerly known as the Kuala Lumpur Stock Exchange [KLSE]) has launched the CSR Framework (Bursa Malaysia CSR Framework, 2006) requiring PLCs to provide a holistic picture of CSR practices in their company. One of the earliest studies on CSR reporting was done by Teoh and Tong (1994) which examined various aspects of CSR including social reporting. The study found that companies were mainly involved in areas of human resource, product service, community work and the physical environment. Towards the end of the 20<sup>th</sup> century, CSR reporting by the Malaysian companies were still very low (Shireenjit and Zuani, 1998). However, by the early 21<sup>st</sup> century, the situation started to improve (Thompson and Zakaria, 2004). Among the explanations given by the earlier studies for the low disclosure of CSR activities were the absence of legislation on the matter (Nik Ahmad and Sulaiman, 2004) and lack of awareness on the part of the Malaysian business community of their companies' potential environmental impact (Perry and Teng, 1998). In Malaysia, the drivers of CSR reporting are increasingly being investigated (Zain, 1999; ACCA, 2002; Haniffa and Cooke, 2002; Amran and Selvaraj, 2004). Another study by Amran and Selvaraj (2007) shows evidences on the impact of government influence on CSR reporting. It concludes that institutionalisation of the government's aspirations and commitment to CSR reporting is perhaps the most appropriate description for the Malaysian CSR reporting practices.

### 3. Research Method

With regards to the Malaysian context, the subject of responsibility as well as SED of local authorities is relatively new and the literature on this issue is scant, hence in this paper an exploratory approach is conducted. Babbie (2002) explains that an exploratory research approach typically occurs when a researcher examines a new interest or when the subject of study is relatively new. In this regard, as a preliminary step, this paper focuses on analyzing the SED and describes how a large local authority in the Klang Valley region discloses its social and environmental activities in its annual reports. From here an implication is made in terms of the local authority's responsibility towards social and environmental matters under its jurisdiction.

The Klang Valley region in Malaysia is an area comprising Kuala Lumpur and adjoining cities and towns in the state of Selangor and it is the heartland of Malaysia's industry and commerce.

The population in the Klang Valley is estimated to be 7.9 million in 2010 (Helders, 2010). Between 1991 and 2000, the population of Klang Valley grew at 4.8 percent per annum and if the growth rate is sustained, it will reach 8 million in 2016 (The Star, 2006). There are ten local authorities in the Klang Valley which covers a total area of approximately 2,843 square kilometers. The local authority under study is one of the largest in terms of budget allocation and manpower. Its budget allocation for 2009, 2008 and 2007 were RM2.081 billion, RM2.457 billion and RM2.364 billion respectively. In 2009, it has manpower of approximately 10,500 personnel to administer an area of 244 square kilometers under its jurisdiction.

In Malaysia most of the air pollution studies have been focused on the Klang Valley region since it is considered to be the most industrialized area in terms of industrial operations and other anthropogenic activities (Muhamad and Inouye, 1986). In relation to this, Sani's (1979, 1980, 1987 and 1989) environmental reports shows that Klang Valley is the most polluted area in Malaysia. Ability of atmosphere to disperse pollutants in Klang Valley appears to be more restricted than in mid-latitude regions. With mountains in the east and Straits of Malacca on the west, and being highly developed and densely populated, Klang Valley provides a conducive environment for pollutants to accumulate particularly when atmospheric conditions are stable (Chan, 2007). The air pollution comes mainly from land transportation, industrial emissions, and open burning sources (Afroz, Hassan and Ibrahim, 2003). Among them, land transportation contributes the most to air pollution. One other issue which is very often related to social and environmental problem in Klang Valley is that of squatters (Kuala Lumpur Structure Plan 2020).

For the purpose of achieving the objective of this study, a content analysis of the annual reports of the local authority for a period of three years from 2005 to 2007 is conducted. As described above, in these periods especially in 2005 many social and environmental issues were especially reported and discussed. It appears that local authorities may have experienced a certain impact from these issues and disclosed them in their annual reports. Content analysis have been used as a dominant research method by most researchers in the field of social environmental accounting especially in examining companies corporate annual reports (Parker, 2005). The majority of researchers used Ernst and Ernst (1978) social dimension to investigate the extent of social disclosing by enterprises (Clack and Gibson-Sweet, 1999; Hackson and Milne, 1996; Gray, Kouchy and Lavers, 1995). Ideally, all communications by an organization should be considered in capturing its SED. Guthrie and Abeysekera (2006) examine several research method issues relating to the use of content analysis and review the use of such method in understanding social and environmental accounting. Although according to Gray et al. (1995), it is impossible to be certain that all communications can be identified. Various reasons are cited in using annual reports as a focus of investigation in conducting content analysis. Among others, annual reports offers a relevant and useful proxy (Guthrie, Petty, Yongvanich and Ricceri, 2003); annual reports are highly useful sources

of information since managers of companies generally signal what is important through the reporting mechanism (Guthrie et al., 2003); as a communication device, annual reports connect an organization with various external and internal stakeholders (Guthrie and Petty, 2000); annual reports is regularly produced (Niemark, 1995) and in many instances are legislated (Guthrie et al., 2003), thus making comparisons relatively easy (Tilt, 2001); annual reports is also the most widely distributed public documents produced by an organization (Campbell, 2000). More importantly, Guthrie et al. (2003) note that the vast amount of prior research on social and environmental reporting (see for example, Neu, Warsame and Pedwell, 1998; Roberts, 1992; Guthrie and Parker, 1989; Cowen, Ferreri and Parker, 1987) have established that the annual reports of organizations as a major medium for communicating social and environmental information.

In terms of classifying social and environmental information, various researchers have used the seven dimensions to investigate the extent of social reporting by organizations (for example see, Gray, Javad, Power and Sinclair, 2001; Williams and Pei, 1999; Hackston and Milne, 1996; Clarke and Gibson-Sweet, 1999; Belkaoui and Karpik, 1989, Ernst and Ernst, 1978). These seven dimensions comprise issues on environment, energy, fair business practices, human resources, community involvement, products, and other aspects of social responsibility information. In this paper, social and environmental responsibilities information are categorized into four main focal areas/dimensions as suggested in the Bursa Malaysia CSR Framework namely the environment, the community, the workplace and the marketplace (Bursa Malaysia, 2007). The environment dimension covers issues on efficient use of energy and reducing its emission damage to the climate with the aim to protect Malaysia's flora and fauna. Upgrading the welfare of the society in terms of children education, youth development and the under-privileged are the main concern under the community dimension. Providing a quality work environment and health and safety are the main focus under the workplace dimension. Ensuring that the interaction in the marketplace among the main stakeholders (e.g. suppliers, vendors, customers) are done in a responsible manner such as supporting green products and engaging in only ethical procurement practices would be the main concern under the marketplace dimension. Since it has not been found that Malaysian local authorities have produced any SED, this paper adopts the CSR framework in reporting the social and environmental matters while realizing that the framework is basically a set of guidelines for the Malaysian PLCs to help them in the practice of CSR (Bursa Malaysia, 2007).

Words, sentences or portions of pages may be used as a unit of analysis in content analysis (Guthrie et al., 2003). In this paper, sentences are chosen as a unit of analysis as it is likely to provide complete, reliable and meaningful data for further analysis (Milne and Adler, 1999). In analyzing the social responsibilities of this local authority, all sentences describing the

related social activities being carried out in each year are taken into consideration. These social responsibilities information identified from the reading and analysis of annual reports are then coded onto a coding sheet and properly categorized as one of the four dimensions as specified earlier. The analysis is also done to compare the budgeted amounts and the actual expenditure incurred for each category for the three different years: 2005, 2006 and 2007.

#### 4. Results and Discussion

The results of a content analysis of the annual reports of a selected local authority for the three consecutive years (2005 – 2007) are presented in Table 1. As reflected in the table, the quantity of social and environmental information disclosed in the annual reports of this local authority has declined over the years. It was found that the community dimension is the most extensively disclosed as compared to the other three dimensions. The result reveal that more than fifty percent of the disclosures made in the annual reports represent the activities undertaken to better improve the community under its supervision. Activities include involvement in resettling squatters, maintaining buildings for public used and providing recreational facilities, public transports and parking space. This is well expected as six out of its thirteen functions that have been listed (as found in its website) are related to the community dimension. The results suggested that the workplace is the least dimension that is being disclosed for the three years of analysis, i.e. less than ten percent. Environmental dimension (five out of thirteen functions listed are related to this dimension) is the second most extensively been reported in the annual reports for both the year 2005 and 2007 but for the year 2006 it is ranked in the third place after the marketplace dimension. In general, the disclosure made on the environmental dimension approaching twenty percent of the overall disclosure made. Among others, activities under this dimension include cleaning of roads and drains, waste and rubbish collection and disposal, planting trees and maintaining drainages and rivers. The disclosure made on the marketplace ranges between 7.8 percent and 20.8 percent. Activities include maintaining and upgrading of food courts, hawker centres, wet markets and night markets.

**Table 1: Disclosures According to Dimensions**

	2005		2006		2007	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Community	133	65.2	103	56.3	102	59.3
Environment	38	18.6	31	16.9	36	20.9
Marketplace	16	7.8	38	20.8	20	11.6
Workplace	17	8.3	11	6.0	14	8.1
Total	204	100.0	183	100.0	172	100.0

These findings seem to contradict with the one observed in the Malaysia PLCs as reported in the CSR 2007 Status Report (Bursa Malaysia, 2007). The report depicts that the most extensively disclosed information is related to the workplace, followed by information regarding the environment, the marketplace and the community. These contrasted findings is very well expected since the objectives of these two different nature of organisation are very well distinct; the PLCs are profit motivated as opposed to local authorities (or public sector in general) which are more focus on the public welfare. As mentioned earlier in Section 1, local authorities in Malaysia are mainly responsible for the public health and sanitation, waste removal and management, town planning, environmental protection and building control, social and economic development and general maintenance functions of urban infrastructure. For the PLCs issues on employees relation is given more emphasized as a good management of employee relations may result in improved productivity and hence may lead to a better financial performance for the PLCs (Gittell, Nordenflycht and Kochan, 2004; Tsoutsoura, 2004; Delaney and Huselid, 1996; Huselid, 1995; Snell and Youndh, 1995).

An analysis of the budgeted amount and the actual expenditure for each of the dimension for the period under observation is reflected in Table 2. Compared to the amount allocated in 2005, the budgeted amount has increased by 31.5 percent in the year of 2006. However, the allocation for the year of 2007 has only increased by 7.9 percent (i.e. is lower than the amount allocated in the year of 2006). The highest amount of the budgeted figures is allocated for expenses under the community dimension, which covers more than seventy five percent of the budgets for each year. The least amount is allocated to cover expenses under the marketplace dimension, which comprised less than five percent of the budgeted amount. There are no reason disclosed on the fluctuation of the amount budgeted for the three consecutive years. It's suggested that in-depth interviews be conducted with the officers in charged in preparing the annual budget to uncover the possible reasons for the fluctuation of these amounts.

The local authority has allocated a total of RM893 million in the year of 2005 and 61.5 percent out of this amount has been spent during the year. RM 449 million or about eighty two percent of the total expenditure for the year is spent on the community dimension. The amount spent for the environment dimension is RM60 million, which constitute eleven percent of the total expenditure. These scenarios are consistent with the quantity of disclosures made in the annual reports for the year of 2005 (please refer to Table 1), whereby sixty five percent and eighteen percent of disclosures are related to the community and the environment dimensions.

Table 2: Budgeted and Actual Expenditures According to Dimensions

Component	2005				2006				2007									
	Budget	Per-	Actual	Actual	Budget	Per-	Actual	Actual	Budget	Per-	Actual	Actual						
	(RM)	cent	(RM)	(RM)	(RM)	cent	(RM)	(RM)	(RM)	cent	(RM)	(RM)						
Community	682,198,570	76.4	449,527,479	81.8	65.9	1,013,449,270	86.3	563,954,767	86.2	55.6	25.5	802,134,130	82.6	522,933,082	84.3	65.2	16.3	
Environment	76,085,520	8.5	60,835,461	11.1	80.0	50,110,010	4.3	40,292,653	6.2	80.4	33.8	70,442,000	7.3	52,776,549	8.5	74.9	13.2	31.0
Workplace	90,466,800	10.1	24,146,987	4.4	26.7	93,537,810	8	43,378,553	6.6	46.4	79.6	80,463,270	8.3	38,158,660	6.2	47.4	58.0	12.0
Marketplace	44,305,590	5	14,911,516	2.7	33.7	17,120,280	1.4	6,102,300	1	35.6	59.1	17,595,060	1.8	6,386,928	1	36.3	57.2	4.7
Total	893,066,480	100	549,421,443	100	61.5	1,174,217,370	100	653,728,273	100	55.7	19.0	970,634,460	100	620,255,119	100	63.9	12.9	5.1
						281,160,890	31.5	104,306,830	0.19			775,779,800	8.7	708,336,760	7.9			

Comparing the actual expenditure with the budgeted amount, it was found that the highest discrepancy was noted for the workplace dimension in the year of 2005, whereby only 26.7 percent of the amount budgeted is actually spent during the year. However, for 2006 and 2007 the highest discrepancies was noted for the marketplace dimension. Less than forty percent from the amount allocated for the marketplace for these years are actually spent. The least discrepancies between the budgeted and the actual expenses are noted for the environment dimension for all the three years under observation. It was found that nearly eighty percent of the amounts allocated for the environment were actually spent during these years.

As noted earlier, compared to the 2005 budget the allocated amount has increased to 1 billion (i.e. an increase of 31.5 percent) in 2006. A total of RM653 million or 55.7 percent has been spent during the year. 86.3 percent of the total expenditure is used to cover expenses under the community dimension. The amount spent on the community dimension has increased by 25.2 percent compared to the amount spent in 2005. The actual expenses incurred for the environment dimension has decreased to RM40 million as compared to RM60 million spent in 2005, i.e. a decrease of 33.8 percent. It was also noted that the marketplace dimension continues to be given least coverage as only one percent of the total actual expenditure for the year is spent on this dimension. There are no reasons noted in the annual reports as to why the allocated amounts in the annual budget are not fully spent in each year. In the future, interviews with the relevant officers may be conducted to shed some lights on the possible reasons for the under-spending.

The local authority has allocated a budgeted amount of RM802 million in 2007, which represents an increased of eighteen percent as compared to the year 2005 budget and a decreased of twenty one percent if compared to the amount budgeted for 2006. The community dimension continues to dominate the amount of actual expenditure incurred during the year, which represents 84.3 percent of the total expenses spent in 2007. As noted for both 2005 and 2006, expenditure incurred for the marketplace stays to be the least amount spent for the year.

As mentioned earlier, illegal squatters and air pollution are among the major social and environmental problems in the Klang Valley. The community welfare and conservation of the environment are among the two important aspects that have been listed as the main responsibilities of local authorities in Malaysia. Therefore the high percentages of the budgeted and actual amount spent for 2005, 2006 and 2007 on the community and environment dimensions seem to indicate that the local authority is fulfilling its social and environmental responsibility in tackling these issues. Likewise, the local authority should also care for the welfare of its workforce such as providing a more conducive environment in the workplace. The local authority also needs to consider its responsibility to other stakeholders in the

marketplace such as the business community, other government agencies and regulators, and non-governmental organisations.

## 5. Conclusion and Recommendation

The findings suggest that information relating to the community dimension is the most extensively disclosed in the annual reports of the local authority under study for all the three years observed. More than fifty percent of the disclosures made are related to activities that are undertaken by the local authority in ensuring the public welfare. The least items disclosed are related to the workplace dimension, which constitutes only eight percent. The environment dimension rank in the second place in the year 2005 and 2007, but is ranked in the third place in the year of 2006. However, in the case of the Malaysian public listed companies (PLCs) the CSR 2007 Status Report (Bursa Malaysia, 2007) establishes that the workplace dimension scores the highest among the four dimensions.

The analysis on the budgeted amount and the actual expenditure incurred for all the three years under observation shows that there are discrepancies exist between the two stated amounts. The most obvious discrepancies were noted for the workplace and the marketplace dimensions. However, no reasons are reported for the discrepancies in these amounts.

The findings of this study contribute to provide a better understanding on the role of the public sector in maintaining and protecting the environment as well as in upgrading the welfare of the public. These findings are in line with the assertion made by various authors that the public sector organizations have far greater responsibilities for sustainable development than the private sector (see for example, Ball and Grubnic, 2007; Gray et al., 2006 and ACCA, 2002). As sustainability is related to the quality of life indicators or a measure of the social, economic and environmental well-being in an area (ACCA, 2002) therefore, the focus on upgrading of the quality of lives of the squatters in the area under its jurisdiction as well as the efforts and initiatives taken to protect the environment are considered as aiming to improve the social, economic and environmental well-being of the population in the area. Despite the limited research in this area, there is recognition among researchers (Amran and Selvaraj, 2007; Ball, 2006) that government action and leadership are important drivers of the adoption of social, environmental and sustainability accounting and reporting.

Future research need to be undertaken to investigate the possible reasons for the discrepancies between the budgets and the actual spending. It is also useful to find out how the budgeted amounts are allocated to each dimension. It will be helpful to identify whether

this process is done through the public discourses with various stakeholders as what has been done in New Zealand (Barret and Scot, 2008). Thus, conducting in-depth interviews with the relevant officers and personnel is expected to unearth all these issues and may provide more understanding on the responsibility and disclosure process in this particular organization. It is also recommended that a comparative studies been conducted to compare the social and environmental accountability among local authorities in Malaysia to identify the trend.

### **Acknowledgement**

The authors would like to acknowledge that this paper benefited from the research grant (Vote F) provided by the Institute of Research Management and Consultancy, University of Malaya.

### **References**

- ACCA (2002). ACCA Research Report No. 78 – Sustainability accounting in UK local government – an agenda for reseach. ACCA, London.
- ACCA(2002). The state of corporate environmental reporting in Malaysia. Certified Accountants Educational Trust. London.
- Adams, C. A. (2002). Internal organisational factors influencing corporate social and ethical reporting: beyond current theorising. *Accounting, Auditing and Accountability Journal* 15(2), 223-250.
- Afroz, R., Hassan, M. N. and Ibrahim, N. A. (2003). Review of air pollution and health impacts in Malaysia. *Environmental Research* 92(2), 71-77.
- Amran, A. and Selvaraj, S. (2004). Corporate social reporting and institutional theory: evidence from Malaysia. Paper presented at 16<sup>th</sup> Asian Pacific Conference on International Accounting Issues, Seoul, Korea.
- Amran, A. and Selvaraj, S. (2007). The impact of government and foreign affiliate influence on corporate social reporting. *Managerial Auditing Journal* 23(4), 386-404.
- Babbie, E. (2002). *The Basis of Social Research*. Second Edition, Wadsworth/Thomson, USA.
- Ball, A. (2004). A sustainability accounting project for the UK local government sector? Testing the social theory mapping process and locating a frame of reference. *Critical Perspectives on Accounting* 15(8), 1009 – 1035.
- Ball, A. (2006). Environmental accounting and change in UK local government. *Accounting, Auditing and Accountability Journal* 18(3), 346-373.
- Ball, A. and Grubnic, S. (2007). Sustainability accounting and accountability in the public sector. In: J.B. Unerman and J. O'Dwyer, Editors, *Sustainability accounting and accountability*, Routledge, London.
- Barrett, J. and Scott, C. (2008). Costs of funding New Zealand local authorities: role of democratic discourse. *International Journal of Public Sector Management* 21(3), 295-304.

- Belkaoui, A. and Karpik, P. G. (1989). Determinants of the corporate decision to disclose social information. *Accounting, Auditing and Accountability Journal* 2(1), 36-51.
- Boyce, G. (2000). Public Discourse and decision making: Exploring possibilities for financial, social and environmental accounting. *Accounting, Auditing and Accountability Journal* 13(1), 27-64.
- Bursa Malaysia, (2007) CSR 2007 Status Report. [Available at: [http://www.klse.com.my/website/bm/about\\_us/the\\_organisation/csr/downloads/CSR\\_Booklet.pdf](http://www.klse.com.my/website/bm/about_us/the_organisation/csr/downloads/CSR_Booklet.pdf) (accessed 1 September 2008)].
- Bursa Malaysia, (2006) CSR Framework for Malaysian Public Listed Companies. [Available at: [http://www.klse.com.my/website/bm/about\\_us/download/csr\\_writeup.pdf](http://www.klse.com.my/website/bm/about_us/download/csr_writeup.pdf), (accessed 1 September 2008)].
- Campbell, D. J. (2000). Legitimacy theory or managerial reality construction? Corporate social disclosure in Marks & Spencer plc corporate reports 1969-1997. *Accounting Forum* 24(1), 80-100.
- Chan, L. P. (2007). Environmental threats in Malaysia. [available at: <http://www.sciencereay.com/Biology/Ecology/Environmental-Threats-in-Malaysia.119191>, (accessed 15 May 2008)]
- Clarke, J. and Gibson-Sweet, M. (1999). The use of corporate social disclosures in the management of reputation and legitimacy: a cross sectoral analysis of UK top 100 companies. *Business Ethics: A European Review* 8(1), 5-13.
- Cowen, S., Ferreri, L. B., Parker, L. D. (1987). The impact of corporat characteristic on social responsibility disclosure: a typology and frequency-base analysis. *Accounting, Organisations and Society* 12(2), 111-22.
- Deegan, C. (2002). The legitimising effect of social and environmental disclosures – a theoretical foundation. *Accounting, Auditing and Accountability Journal* 15(3), 282-311
- Deegan, C. and Gordon, B. (1996). A study of the environmental disclosures policies of Australian corporations. *Accounting and Business Research* 26(3), 187-199.
- Deegan, C. and Rankin, M (1996). Do Australian companies report environmental news objectively? An analysis of environmental disclosures by firms prosecuted successfully by the Environmental Protection Authority. *Accounting, Auditing and Accountability Journal* 9(2), 52-69.
- Deegan, C. and Rankin, M. (1997). The materiality of environmental information to users of annual reports. *Accounting, Auditing & Accountability Journal* 10(4), 562-583.
- Delaney, J. T. and Huselid, M. A. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management Journal* 39(4), 949–970.
- Elkington, J. (2001). *The Chrysalis Economy: How Citizen CEOs and Corporations can Fuse Values and Value Creation*, Capstone, Oxford.
- Epstein, M. and Freedman, M. (1994). Social disclosure and the individual investor. *Accounting,*

- Auditing and Accountability Journal 7(4), 94-109.
- Ernst and Ernst (1978). *Social Responsibility Disclosure: 1978 Survey*, Ernst and Ernst, Cleveland, OH.
- Ernst and Young (2002). *Corporate Social Responsibility: A Survey of Global Companies*. Ernst and Young Environment and Sustainability Services.
- Farneti, F. and Guthrie, J. (2009). Sustainability reporting by Australian public sector organisations: Why they report. *Accounting Forum* 33(2), 89-98.
- Frost, G. and Seamer, M. (2002). Adoption of environmental reporting and management practices: an analysis of New South Wales public sector entities. *Financial Accountability and Management* 18(2), 103-127.
- Gittell, J. H., Nordenflycht, A. V. and Kochan, T. A. (2004). Mutual gains or zero sum? Labor relations and firm performance in the airline industry. *Industrial and Labor Relations Review* 57(2), 163–180.
- Gray, R. (2002). The social accounting project and Accounting Organisations and Society – Privileging engagement, imaginings, new accountings and pragmatism over critique? *Accounting, Organisations and Society* 27(7), 687-708.
- Gray, R., Javad, M., Power, M. D. and Sinclair, C. D. (2001). Social and environmental disclosure and corporate characteristics: A research note and extension. *Journal of Business Finance and Accounting* 28(3 & 4), 327 – 356.
- Gray, R., Bebbington, J. and Collison, D. (2006). NGOs, civil society and accountability: making the people accountable to capital. *Accounting, Auditing and Accountability Journal* 19(3), 319-348.
- Gray, R. H., Kouchy, R. and Lavers, S. (1995). Constructing a research database of social and environmental reporting by UK companies: a methodological note. *Accounting, Auditing and Accountability Journal* 8(2), 78-101.
- Gray, R. H. (2002). The social accounting project and Accounting Organisations and Society: privileging engagement, imagination, new accounting and pragmatism over critique? *Accounting, Organisations and Society* 27(7), 687-708.
- Guthrie, J. and Abeysekera, I. (2006). Content analysis of social, environmental reporting: what is new? *Journal of Human Resource Costing and Accounting* 10(2), 114-126.
- Guthrie, J. and Parker, L. (1989). Corporate social reporting: a rebuttal of legitimacy theory. *Accounting and Business Research* 19, 343-52
- Guthrie, J. and Parker, L. (1990). Corporate social disclosure practice: a comparative international analysis. *Advances in Public Interest Accounting* 3, 159-176.
- Guthrie, J. and Petty, R. (2000). *The Annual Reporting of Intellectual Capital in Australia's Largest Companies*, Australian CPA.
- Guthrie, J., Petty, R., Yongvanich, K. and Ricceri, F. (2003) Using content analysis as a research method to inquire into intellectual capital reporting. A Paper presented at the Performance Measurement Association Intellectual Capital Symposium, 1-2 October 2003, Cranfield.

- Hackston, D. and Milne, M. J. (1996). Some determinants of social environmental disclosures in New Zealand companies. *Accounting, Auditing and Accountability Journal* 9(1), 77-108.
- Haniffa, R. M. and Cooke, T (2002) Culture, corporate governance and disclosures in Malaysian corporations. *Abacus* 38(3), 317-349.
- Helders, S. (2010). Malaysia metropolitan areas. *World Gazetteer*. (accessed 5 May 2010).
- Huselid, M. A. (1995). The impact of human resources management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal* 38(3), 635–672.
- Kelly, R. and Moles, R. (2000). Towards sustainable development in the mid-west region of Ireland. *Journal of Environmental Management and Health* 11(5), 422-432.
- Khairulmaini, O. S. (1999). Issues and challenges affecting hydropower development in Malaysia: A study of the Sungai Pergau Basin, *Jurnal Sarjana*, 16, 75-87.
- Khairulmaini, O. S. (2003). Rivers – our heritage our future, Inaugural Lecture, Kuala Lumpur: University of Malaya.
- Kuala Lumpur Structure Plan 2020 [Available at: <http://www.dbkl.gov.my/pskl2020/english/housing/index.htm> (accessed 13 October 2008)].
- Laws of Malaysia, Act 171 Local Government Act 1976.
- Line, M., Hawley, H. and Kurt, R. (2002). The development of global environmental and social reporting. *Corporate Environmental Strategy* 9(1), 69-78.
- Logsdon, J. M. and Lewellyn, P. G. (2000). Expanding accountability to stakeholders: trends and predictions. *Business and Society Review* 105(4), 19-35.
- Lynch, B. (2010). An examination of environmental reporting by Australian state government departments. *Accounting Forum* 34(1), 32-45.
- Marcuccio, M. and Steccolini, I. (2005). Social and environmental reporting in local authorities. *Public Management Review* 78(2), 155-176.
- Milne, M. and Adler, R. (1999). Exploring the reliability of social and environmental disclosures content analysis. *Accounting, Auditing and Accountability Journal* 12(2), 237-56.
- Muhamad, A. and R. Inouye (1986). Problems of air pollution in Malaysia and its effects on agricultural and horticultural crops. In: *Proceeding of First Joint Conference of Air Pollution Studies in Asian Area*. Japanese Society of Air Pollution, Tokyo.
- Neu, D., Warsame, H., Pedwell, K. (1998). Managing public impression: environmental disclosures in annual reports. *Accounting, Organisation and Society* 23(3), 256-82.
- Niemark, M. K. (1995). *The Hidden Dimension of Annual Report: Sixty Years of Social Conflict at General Motors*, Markus Wiener, Princeton, NJ.
- Nik Ahmad, N. Z. and Sulaiman, M. (2004). Environmental disclosures in Malaysia annual reports: a legitimacy theory perspective. *International Journal of Commerce and Management* 14(1), 44-58.
- O'Dwyer, B. (2002). Managerial perceptions of corporate social disclosure: an Irish story.

- Accounting, Auditing and Accountability Journal 15(3), 406-436.
- O'Dwyer, B. (2003). Conceptions of corporate social responsibility: the nature of managerial capture. *Accounting, Auditing and Accountability Journal* 16(4), 523-557.
- Parker, L. (2005). Social and environmental accountability research: a view from the commentary box. *Accounting, Auditing and Accountability Journal* 18(6), 842-60.
- Perry, M. and Teng, T (1998). An overview of trends related to environmental reporting in Singapore. *Environmental Management and Health* 10(5), 310-320.
- Roberts, R. W. (1992). Determinants of corporate social responsibility disclosure: an application of stakeholder theory. *Accounting Organisation and Society* 17(6), 595-612.
- Shireenjit, K. J. and Zuaini, I. (1998). Social responsibility disclosure – an investigation on the information content of Malaysian annual reports. School of Accounting, Universiti Utara Malaysia, (unpublished).
- Snell, S. A. and Youndt, M. A. (1995). Human Resources Management and firm performance: Testing a contingency model of executive control. *Journal of Management* 21(4), 711-737.
- Teoh, H. Y. and Thong, G. (1984). Another look at corporate social responsibility and reporting: an empirical study in a developing country. *Accounting, Organisations and Society* 9(2), 189-206.
- The Star. (2006). (<http://thestar.com.my/news/story.asp?file=/2006/8/8/business/15075152&sec=business>)
- The Star. (2008). (<http://biz.thestar.com.my/news/story.asp?file=/2008/5/23/business/21339176&sec=business>)
- Thompson, P. and Zakaria, Z. (2004). Corporate social reporting in Malaysia. *Journal of Corporate Citizenship* 13, 125-6.
- Tilt, C. A. (1994). The influence of external pressure groups on corporate social disclosure. *Accounting, Auditing and Accountability Journal* 7(4), 47-72.
- Tilt C. A. (2001). The content and disclosure of Australian corporate environmental policies. *Accounting, Auditing and Accountability Journal* 14(2), 190-212.
- Tsoutsoura, M. (2004). Corporate social responsibility and financial performance. Center for Responsible Business, Working paper series [7], University of California, Berkeley.
- Williams, S. M. and Pei, C. H. W. (1999). Corporate social disclosures by listed companies on their web sites: an international comparison. *The International Journal of Accounting* 34(3), 389-419.
- World Economic Forum (2002). Global Corporate Citizenship: The Leadership Challenge for CEOs and Boards. World Economic Forum and The Prince of Wales International Business Leaders Forum, Geneva.
- Yongvanich, K. and Guthrie, J. (2006). An extended performance reporting framework for social

and environmental accounting. *Journal of Business Strategy and the Environment* 15(5), 309-321.

Zain, M. M. (1999). *Corporate social reporting in Malaysia: the current state of the art and future prospect*. University of Sheffield, Kuala Lumpur.

Zulkifli, N. (2006), *Social and Environmental Accounting Education in Malaysia*, University of Glamorgan, Wales, PhD Thesis (unpublished).

