# EFFECTS OF GLICS AND STATE OWNERSHIPS ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: EVIDENCE FROM MALAYSIA

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**Abstract**

This study investigates the effects of Government-Linked Investment Companies (GLICs) and state ownership on the Corporate Social Responsibility (CSR) disclosure using a sample of 190 Malaysian listed companies over the period 2009 to 2014. The results of Weighted Least Squares (WLS) show that GLICs and state ownership are negatively associated with CSR disclosure, thereby indicating that an increase in the level of GLICs and state-owned shares in a company leads to a reduction in the level of CSR disclosure. This study provides evidence to policymakers that the role of government is supported in promoting GLICs to integrate and implement CSR policies. Furthermore, it provides evidence to shareholders, managers and investors that GLICs and state ownership disclose less voluntary information – both voluntary non-financial and CSR information. This study contributes to the literature concerning the impact of finance and corporate governance through the examination of the impact of GLICs and state ownership on CSR disclosure in Malaysia.

**Keywords:** Corporate Social Responsibility Disclosure, Government-Linked Investment Companies, State Ownership, Malaysia
**JEL Classification:** G30, G38

## 1. Introduction

The issue of CSR disclosure has received considerable attention from researchers, academic specialists, regulatory bodies, policymakers, business professionals and stakeholders from developed and developing countries. CSR disclosure can be defined as the corporate integrated responsibilities, such as legal, ethical, and economic, and the discretionary expectations that society has of organizations (Carroll, 1979). It is also defined as the relationship of a corporation with society as a whole. It is a developing area of action for management (Webb, Cohen, Nath, & Wood, 2009). Taha and Haziwan (2013) state that CSR disclosure helps to enhance corporate performance, improve brand image, expand the capacity to attract and retain the best work environment, and contribute to the market value of a company. They also state

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that engaging in CSR disclosure will prompt better company performance, access to capital, increase sales, lower costs, increase customer loyalty, and increase productivity and quality.

Bansal and Roth (2000) argue that CSR activities may begin from an initiative generated within the company, either in its mission for more competitiveness and legitimacy or to fulfil a feeling of responsibility and duty. Accordingly, there are particular variables in the company that influence CSR initiatives, such as its main goals and values (Bansal, 2003) or its governance practices and structures (Aguilera & Jackson, 2003). Ingley (2008) indicates that the increased awareness among shareholders of the social and environmental implications of business activities places companies under great pressure to be involved in CSR policies and report these policies. Flammer (2013) provides evidence that CSR disclosure may reduce marginal returns. In addition, both the agency costs and the direct costs of CSR investment arise from the managerial incentive to build their own personal reputation using company CSR activities. Moreover, CSR disclosure decreases the information gap between the shareholders and the company, as well as the company cost of the capital, and improves the value of a company (Margolis & Walsh, 2003).

Chapple and Moon (2005) argue that the present pattern of globalization and new developing demands from investors towards companies to receive CSR practices support the involvement of companies in CSR practices. In addition, CSR practices have also developed as a major issue in companies' activities (Yoon, Giirhan-Canli, & Schwarz, 2006). Saleh's (2009) study on the CSR practices of 200 Malaysian listed companies finds that only 22 out of 200 companies consistently report CSR activities in their annual reports. According to Abu Sufian and Zahan (2013), the relationship between CSR disclosure and ownership structure is considered as part of voluntary disclosure.

Notwithstanding the increased attention concerning the significance of CSR disclosure in developing countries, including Malaysia, the level of awareness and engagement in CSR disclosure is not at the lack of awareness stage. The Malaysian government has taken the initiative to ensure that the country remains competitive for its local and foreign shareholders (Lo & Yap, 2011). As indicated by Bursa Malaysia in 2006, the CSR framework has been defined as open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. The framework of CSR is intended to convey sustainable value to society as a whole. CSR supports triple bottom-line reporting, which underlines the social, economic and environmental bottom line wellness.

In presenting the budget speech for 2007, the then Prime Minister, Datuk Seri Abdullah Ahmad Badawi, indicated that Malaysian companies are required to disclose their CSR activities in the annual reports, because, previously, the level of CSR disclosure in the private and public-sector companies was generally low. This was due to little effort or incentive for the top management to ensure that companies disclose their CSR activities. Hence, by stressing the significance of CSR reporting, companies are more mindful of their commitment towards society. This message was reiterated by Datuk Seri Najib Tun Razak in his 2013 budget speech in which he stated that CSR activities would be promoted. The government encourages the private sector, corporate bodies, and GLICs to play a major role in the improvement and well-being of the people through CSR disclosure. It will be implementation of the projects under GLICs and different agencies. Furthermore, one of the contributions of the government of Malaysia to a positive CSR environment is through the Tenth Malaysia Plan (2011-2015) to recognize the significance of public and private partnerships and how they may contribute to the accomplishment of development objectives. It also urges GLICs to integrate and implement CSR policies.

In Malaysia, GLICs are affected either through the federal government or state government. The federal government ownership is accomplished through shareholdings in companies through GLICs, while state ownership is realized through state-owned companies. The ownership of GLICs is depicted as companies that have primarily commercial objectives and in which the federal government of Malaysia has a direct controlling stake to at least appoint board members (Najid & Abdul Rahman, 2011). GLICs play a specific role in the development of Malaysia's economy. There are seven Malaysian GLICs, which are classified into two groups. The first group – Khazanah Nasional Berhad (KNB), Ministry of Finance Incorporation (MFI), Kumpulan Wang Amanah Pencen (KWAP) – have their funds provided by Government-Controlled Funding (GCFs), while for the second group, which consists of the Employees Provident Fund (EPF), Permodalan Nasional Berhad (PNB), Lembaga Tabung Haji (LTH), and Lembaga Tabung Angkatan Tentera (LTAT) the funds are provided by Private Government-Controlled Funding (PGCFs).[†] Moreover, GLICs also have their own structure of government ownership in listed companies; unlike many other countries do not have such a structure for their listed companies (Najid & Abdul Rahman, 2011).

The relationship between different types of ownership structure, such as board ownership, managerial ownership, outside director ownership, family ownership, government ownership, and foreign ownership with CSR disclosure have been studied in several countries including Malaysia (e.g. Johnson & Greening, 1999; Imam, 2000; Saleh, 2009; Barnea & Rubin, 2010; Abu Sufian & Zahan, 2013; Godos-Díez, Fernández-Gago, Cabeza-García, & Martínez-Campillo, 2014; Esa & Zahari, 2016). Thus, the research on this relationship of ownership structure and CSR disclosure is still quite limited in Malaysia. Only a few recent studies (see Esa & Zahari, 2016). To this end, this current study intends to fill this gap in the literature by examining the effect of GLICs ownership on CSR disclosure.

† The literal English translation for KNB is National Treasure Limited, KWAP is the Pension Trust Money Group, PNB is National Capitalization Limited, LTH is Pilgrimage Fund, and LTAT is the Armed Forces Fund Board.

As part of the government policy, state ownership in Malaysia aims to distribute dividend income to the Bumiputra unitholders in order to encourage them to participate in the equity market (Chu, 2004). Li and Zhang (2010) test the relationship between CSR disclosure and the dispersion of corporate ownership in emerging markets in China. They indicate that it is more important to consider ownership type in assessing CSR disclosure in emerging markets as state ownership is still prevalent, i.e. in Malaysia, Singapore, and China. Thus, this current study also examines the effect of state ownership on CSR disclosure among listed companies as there is no previous study in Malaysia that focuses on state ownership and CSR disclosure. Furthermore, the findings of this paper would enrich the ongoing debate regarding the existence of the relationship between GLICs and state ownership, and CSR disclosure assessments. Finally, the findings of this paper would be particularly important to policymakers, shareholders, managers, and investors.

## 2. Literature Review and Hypotheses Development

Previous research has been conducted on the relationship between CSR disclosure and corporate governance; company size; leverage; industry; profitability; employees; and environmental pressure, such as media pressure; regulation and shareholder demands (e.g. Mascarenhas, 1989; Stanwick & Stanwick, 1998; Johnson & Greening, 1999; Chapple & Moon, 2005). Mascarenhas (1989), Graves and Waddock (1994), and Johnson and Greening (1999) hypothesize the effect of ownership structure and CSR disclosure. Bai and Tao (2006) emphasize that the significance of ownership concentration in a company may determine the achievement of CSR policies and argue that since the majority of ownership equity is controlled by the government, the government could have the incentive to divert wealth to secure social strength and validity, therefore having a positive effect on CSR policies. They also find that the increase in the ownership equity of the government could give directors the incentive to pursue non-financial motives, which are adjusted to government strategies in terms of the generation of employment, infrastructural advancement and financial improvement. Thus, non-financial incentives may exert pressure on the company to become involved in CSR activities.

Sotorrio and Diez (2011) put forth that an increase in the ownership concentration of a company will increase the power it employs in affecting the corporate making decisions. Fo example, when the level of ownership is highly concentrated in shareholders in a company who could evaluate CSR investment and encourage the companies to undertake CSR investment. However, the reverse may similarly arise if the level of ownership is highly concentrated in shareholders that consider CSR activities as a waste of resources. Van Beurden and Gossling (2008) find that government stockholders are willing to invest in companies with a proven record of corporate credibility and that have more support for CSR activities. Frynas (2000), Eweje (2007), and Edoho (2008) find that the impact of government ownership is positive on CSR disclosure in social desirable goods. They additionally show that it most likely empowers companies that have a controlling minority shareholders stake to commit resources to CSR disclosure. Furthermore, Esa and Zahari (2016) use a sample of the 100 largest Malaysian listed companies that are ranked by revenue to measure the CSR disclosure and board compensation disclosure. They find that government ownership, as a key variable, is positively and significantly on CSR disclosure, especially more about its board compensation disclosure.

Mohd Nasir and Abdullah (2004) find that the extent of government ownership positively affects the amount of voluntary disclosure. Eng and Mak (2003) test the influence of government ownership on voluntary disclosure. They discover that government ownership is positively associated with voluntary disclosure. Mohd Ghazali (2007) tests the relationship between ownership structure and CSR disclosure using a sample of larger and actively traded stocks on Bursa Malaysia. He finds that companies with substantial government shareholders disclose more information about CSR disclosure in their annual reports. This result indicates that the level of CSR disclosure that each company discloses in its annual report depends on the extent of public pressure. He also raises the issue of whether the corporate contribution in social activities ought to be made a mandatory disclosure in their annual reports to better assess the extent of corporate citizenship of Malaysian companies.

Amran and Devi (2008) examine the influence of government ownership on CSR development in the economy over the period 2002 to 2003. They find that a significant influence of government shareholding ownership and the company that depends on the government with sustainability reporting. They indicate that the government through controlling Government-Linked Companies (GLCs) could disclose more information than non-GLCs. Moreover, they also argue that as a result of the conflicting objectives of the government and other shareholders of the GLCs, they are anticipated to be more ready to disclose social information to resolve the conflict (Eng & Mak, 2003).

Adegbite and Nakajima (2012) indicate that a high percentage of government ownership in the company has an insignificant effect on all CSR disclosure classes save for CSR disclosure spending on socially desirable goods. The reason for this result is that government shareholders could use the company resources to maximize their political objectives compared to social objectives that are related to the interests of other external stakeholders. This view is contrary to Tian and Estrin (2008), who indicate that the resources of the public sector can be utilized to fulfil short-term political improvements as well as the settlement of political scores. Darus, Mad, and Yusoff (2014) find that government ownership has an insignificant influence on the CSR reporting of financial institutions in an emerging market over a four-year period (2008 to 2011). The reason for this result is because financial institutions are highly regulated, and government shareholdings cannot impact on CSR reporting. In comparing this current study with other studies, the study concerns the relationship between the government ownership through GLICs, and government shareholding and CSR disclosure. Basically, it is hypothesized that:

*H1: GLICs ownership is significantly related to the CSR disclosure of listed companies in Malaysia.*

State ownership is considered to be a fundamental socio-political agenda to legitimize the dissemination of economic resources among different races in Malaysia. State ownership could pursue objectives that not only pertain to profit, but also social objectives, such as better employment, which can help to enhance CSR disclosure (Li, Luo, Wang, & Wu, 2013). The inherent political interference empowers the government's state to easily obtain political and financial support from the government when they act in the communicated interests of the government. Hence, Aharony, Lee, and Wong (2000) report that companies with state ownership are related to listing privileges due to political rather than economic aims. Moreover, Li et al. (2013) also report that the government will probably rescue large companies with state ownership when they are in financial distress.

Xu and Zeng (2016) examine the relationship between state ownership and CSR disclosure using a sample of 85 company-year observations that represent only a small fraction of Chinese listed companies. They find that state ownership and its components including the governance, social and environmental scores are positively associated with CSR disclosure. Moreover, Li and Zhang (2010) examine how and whether ownership influences CSR disclosure using the companies' CSR disclosure ranking in China. They find that the influence of ownership dispersion is positive on CSR disclosure in companies without a state ownership share while its influence is negative on CSR disclosure in companies with a state ownership share. The reason for this finding is that state ownership has an incentive to divert wealth to obtain social stability and enhance CSR disclosure. Hu, Zhu, and Hu (2016) also conducted a study in China to examine the relationship between different types of ownership structure and CSR disclosure using a sample of 491 listed companies. They find that companies with a state ownership share are better at disclosing information concerning CSR compared to companies without a state ownership share. Hence, it is hypothesized that:

*H2: State ownership is significantly related to the CSR disclosure of listed companies in Malaysia.*

## 3. Research Methodology

The initial sample of the study consists of 793 companies that were listed on the Main Market of Bursa Malaysia before 31st December 1999. Because of the different statutory requirements and materially different types of operation, all banks and financial companies are excluded from the sample of the study (Amran & Ahmad, 2010). After eliminating 22 financial companies and 11 banks, the sample size is reduced to 760 non-financial companies, from which 190 Malaysian listed companies are randomly selected (1 of 4) for the period

2009 to 2014. Out of a possible 1,140 company-year observations, 1,029 observations are used in this study as 111 companies were delisted during this period.

This study used CSR disclosure as a dependent variable, whereas GLICs, and state ownership are used as independent variables. This study also uses three control variables; namely, company size, company age, and debt ratio, as independent variables in order to identify the specific impacts of GLICs and state ownership on CSR disclosure. This study uses statistical analysis including the use of the WLS regression model to estimate the relationship between CSR disclosure and the independent variables. Therefore, the following regression model is developed.

$$CSRD_{i,t} = B_0 + B_1\,GLICs_{i,t} + B_2\,STATE_{i,t} + B_3\,FSIZE_{i,t} + B_4\,FAGE_{i,t} + B_5\,DEBT_{i,t} + e_{i,t}$$

Data on CSR disclosure, GLICs, and state ownership were manually collected from listed companies' annual reports or companies' websites, while other data were collected from DataStream. Table 1 presents the measurements and data resources of the variables.

Table 1. Measurement and Data Resources of Variables

| Variables | Measurements | Resources |
|---|---|---|
| $CSRD_{i,t}$ | A dummy variable which is 1 if the company discloses the item in the listed companies' annual report or companies' website, otherwise 0 of company *i* in year *t*. | Annual Reports |
| $GLICs_{i,t}$ | Total share held by seven GLICs (KNB, MFI, KWAP EPF, PNB, LTH, and LTAT) divided by the total shares outstanding in company *i* in year *t*. | Annual Reports |
| $STATE_{i,t}$ | Share held by state divided by total shares outstanding in company *i* in year *t*. | Annual Reports |
| $FSIZE_{i,t}$ | The natural logarithm of total assets of company *i* in year *t*. | DataStream |
| $FAGE_{i,t}$ | The natural logarithm of company age of company *i* in year *t*. | DataStream |
| $DEBT_{i,t}$ | Long term debt divided by total assets of company *i* in year *t*. | DataStream |
| | Error term of company *i* in year *t*. | |

## 4. Results and Discussion

The results of the descriptive analyses on each variable used in this study are provided in Table 2. The table shows the minimum, median, maximum, means and standard deviations of the variables. Overall, the mean value of CSR disclosure during the period from 2009 to 2014 is approximately .097 per cent. This is higher than the mean values of .045 per cent reported for a sample of non-financial companies that were listed on the Dhaka stock exchange in Bangladesh by Abu Sufian and Zahan (2013), while it is lower than the mean values of .374 per cent reported for a sample of listed companies on the Egyptian stock exchange (Soliman, El, & Sakr, 2012). However, the minimum (maximum) values are 0 per cent (1 per cent) with a standard deviation of .296 per cent. Table 2 also shows that the mean value of GLICs ownership as the percentage of total equity holdings is .075 per cent with the median (standard deviation) value of .013 per cent (.132 per cent). It also appears that the average value of state ownership is .011 per cent with a maximum (standard deviation) value of .618 per cent (.065 per cent).

Table 2. Descriptive Analysis

| **Variables** | **Min. (%)** | **Med. (%)** | **Max. (%)** | **Mean (%)** | **Std. Dev.** |
|---|---|---|---|---|---|
| *CSRD* | 0 | 0 | 1 | .097 | .296 |
| *GLICs (P)*[1] | 0 | .013 | .764 | .075 | .132 |
| *GLICs (d)*[2] | 0 | 1 | 1 | .593 | .491 |
| *GCFs* | 0 | 0 | .629 | .011 | .066 |
| *PGCFs* | 0 | .012 | .758 | .064 | .105 |
| *EPF* | 0 | 0 | .690 | .019 | .047 |
| *PNB* | 0 | 0 | .726 | .032 | .081 |
| *LTAT* | 0 | 0 | .731 | .003 | .033 |
| *KNB* | 0 | 0 | .629 | .007 | .054 |
| *MFI* | 0 | 0 | .210 | .001 | .015 |
| *KWAP* | 0 | 0 | .161 | .002 | .014 |
| *LTH* | 0 | 0 | .254 | .008 | .029 |
| *STATE* | 0 | 0 | .618 | .011 | .065 |
| *FAGE* | 0 | 2.484 | 3.610 | 2.349 | .592 |
| *FASIZE* | 7.474 | 12.704 | 18.083 | 12.837 | 1.408 |
| *DEBT* | 0 | .042 | 24.099 | .118 | .765 |

*Notes:* (1) GLICs ownership as the percentage of total equity holdings, (2) GLICs ownership as a dummy variable; Total 1029 observations.

When GLICs are classified into two parts with one part being GLICs with GCFs and the second part GLICs with PGCFs, the mean value of PGCFs is .064 per cent, which is higher than the mean value of .011 per cent reported for GCFs. The reason for this is that PGCFs have funds provided by the unit holders. The median and maximum values of .012 per cent and .758 per cent, respectively, reported for PGCFs are also higher than the median and maximum values reported for GCFs of 0 per cent and .629 per cent, respectively.

Regarding each GLIC individually, the highest mean value among GLICs is reported for PNB (.032 per cent) while the lowest value is reported for MFI (.001 per cent) with maximum (standard deviation) values of .726 per cent (.081 per cent) and .210 per cent (.015 per cent), respectively.

Finally, it shows that the highest mean value among the three control variables is reported for company size (12.837 per cent) while the lowest value is reported for debt ratio (.118 per cent) with maximum (standard deviation) values of 18.083 per cent (1.408 per cent) and 24.099 per cent (.765 per cent), respectively.

Table 3 provides the findings for both the Ordinary Least Squares (OLS) and WLS regression models. As shown in Column 2, the value of 98.307 with a *p*-value of .047 revealed by the Breusch Pagan (BP) or White Test (WT) test indicate that the OLS model using CSR disclosure suffers from the problem of heteroscedasticity. Thus, the WLS model is used to tackle the problem.

Table 3. OLS and WLS Models Using CSRD

| **Variables** | **OLS** | **WLS** | **WLS+** |
|---|---|---|---|
| *GLICs (P)*[(1)] | -.121 (.108) | -.139 (.059)* | -.114 (.119) |
| *STATE* | -.258 (.000)*** | -.250 (.071)* | -.269 (.0533)* |
| *FAGE* | .013 (.275) | .014 (.380) | .009 (.596) |
| *FASIZE* | .011 (.291) | .013 (.075)* | .016 (.041)** |
| *DEBT* | -.004 (.127) | -.004 (.691) | -.101 (.198) |
| Constant | -.061 (.601) | -.093 (.287) | -.117 (.215) |
| $R^2$ | .008 | .009 | .011 |
| Adjusted $R^2$ | .003 | .004 | .005 |
| F-statistic | 1.660 | 2.021 | 2.087 |
| P-value(F) | .141 | .073 | .064 |
| DWT/F-critical (dL ) | 1.999 (1.889) | | |
| BP/WT | 98.307 (.047) | | |

*Notes:* (1) GLICs ownership as the percentage of total equity holdings; *, ** and *** represent significant at 10%, 5% and 1% level. WLS+ is after removing outliers. Total 1029 observations.

The WLS results are summarized in Table 3. As depicted in Column 3, the effect of GLICs ownership is negative on CSR disclosure. This result implies that higher ownership shares of GLICs in a company lead to a lower level of CSR disclosure. This evidence is not in line with previous findings (see Eng and Mak, 2003; Mohd Nasir and Abdullah, 2004; Bai and Tao, 2006; Eweje, 2007; Mohd Ghazali, 2007; Edoho, 2008), who find that government shareholders positively influence CSR or voluntary disclosure. This result is also in line with Adegbite and Nakajima (2011), and Nmehielle and Nwachue (2004), who find that government shareholders do not have a significant influence on CSR disclosure. Therefore, GLICs tend to disclose less voluntary information both voluntary non-financial and CSR information.

Also, a negative significant influence is revealed between state ownership and CSR disclosure. This result suggests that higher state ownership shares in a company lead to a reduced level of CSR disclosure. This result is also in agreement with Li and Zhang (2010), who show that ownership dispersion in state ownership is negatively associated with CSR disclosure. However, the finding is not in agreement with Xu and Zeng (2016), who find that state ownership is positively associated with CSR disclosure in China.

With regard to the control variables, only company size is positively and significantly related to CSR disclosure, which suggests that large companies are more likely to engage in social activities compared to small and less profitable companies because they have the resources to do so (Haniffa & Cook, 2005).

## 4.1. Robust (Additional) Analyses

To investigate the effect of outliers or extreme observations on the previous results, robust analysis was performed, in which the extreme company-year observations were truncated (Chena, Hongb, & Steinc, 2002). The results produced from the WLS method after removing the extreme variables are summarized in Table 3. As shown in Column 4, the results are basically similar, except that GLICs have become adversely insignificant compared to those shown in Column 3 of Table 3. This result supports the finding of Nmehielle and Nwachue (2004).

As previous studies in Malaysia have used different ways to estimate GLICs ownership, further robust analysis was also performed, in which GLICs is used as a dummy variable (Ghazali, 2010; Esa, & Zahari, 2016). The findings produced from the WLS method having combined GLICs are summarized in Table 4. As shown in Column 2, GLICs ownership as a dummy variable insignificantly influences CSR disclosure.

Table 4. WLS Models by Using CSRD

| **Variables** | **WLS [GLICs (d)]** | **WLS [GCFs & PGCFs]** | **WLS [Each GLICs Individually]** |
|---|---|---|---|
| *GLICs (d)*[(1)] | -.011 (.576) | | |
| *GCFs* | | -.329 (.030)** | |
| *PGCFs* | | -.072 (.407) | |
| *EPF* | | | -.417 (.043)** |
| *KWAP* | | | -.544 (.407) |
| *LTAT* | | | .419 (.130) |
| *LTH* | | | 1.417 (.000)*** |
| *MFI* | | | -.263 (.693) |
| *KNB* | | | -.287 (.132) |
| *PNB* | | | -.201 (.068)* |
| *STATE* | -.239 (.086)* | -.259 (.063)* | -.251 (.071)* |
| *FAGE* | .015 (.348) | .011 (.537) | .008 (.593) |
| *FASIZE* | .009 (.209) | .015 (.035)** | .019 (.016)** |
| *DEBT* | -.004 (.657) | -.003 (.756) | -.003 (.760) |
| Constant | -.048 (.568) | -.123 (.170) | -.163 (.081) |
| $R^2$ | .006 | .011 | .041 |
| Adjusted $R^2$ | .001 | .005 | .031 |
| F-statistic | 1.364 | 2.026 | 3.993 |
| P-value(F) | .235 | .059 | .000 |

*Notes:* (1) GLICs ownership as a dummy variable; *, ** and *** represent significant at 10%, 5% and 1% level; Total 1029 observations.

Moreover, robust analysis was also performed by splitting the GLICs into two parts. The first group, KNB, MFI, and KWAP have their funds provided by GCFs, while for the second group, which consists of EPF, PNB, LTH, and LTAT, the funds are provided by PGCFs (Musallam, 2015). The findings produced from the WLS method having spitted GLICs, are summarized in Table 4. As shown in Column 3, GCFs negatively and significantly affect CSR disclosure while PGCFs insignificantly affect CSR disclosure.

Finally, robust analysis was performed by looking at each GLIC individually, which are KNB, MFI, KWAP, EPF, PNB, LTH, and LTAT (Taufil Mohd, Md Rus, & Musallam, 2013). The findings produced from the WLS method for each individual GLIC, are summarized in Table 4. As shown in Column 4, the effect of LTH ownership is positive on CSR disclosure. However, a negative significant influence is revealed between EPF and PNB with CSR disclosure. In contrast, the variables of the other four GLICs (KNB, MFI, KWAP, and LTAT) ownerships are not significantly associated with CSR disclosure.

## 6. Conclusion

This study examined the impacts of GLICs and state ownership on the CSR disclosure amongst 190 active non-financial listed companies on Bursa Malaysia over a period of 6 years (2009 to 2014). The results produced from the WLS method provide evidence that GLICs and state ownership negatively and significantly influences CSR disclosure, indicating that an increase in the level of GLICs and state ownership shares in a company will reduce the level of CSR disclosure.

The findings of this study are of benefit to policymakers, shareholders, managers, and investors. To policymakers, the study provides evidence that the government Tenth Malaysia Plan (2011-2015) supports and promotes GLICs to integrate and implement CSR policies. To shareholders, managers, and investors, the study provides evidence that GLICs and state ownership disclose less voluntary information both voluntary non-financial and CSR information. The theoretical implication of this research work is that this study is the first study of its kind that examines the impact of GLICs and state ownership on CSR disclosure in Malaysia. The findings of this study provide evidence that companies with GLICs and state ownership may face increased agency costs.

This paper is limited to investigate the effects of GLICs and state ownership with CSR disclosure only. Therefore, future research could consider other ownership variables, such as family, domestic, foreign, and blockholders. Further, to investigate the relationship between GLICs and state ownership with CSR disclosure, this study only uses three control variables. However, other research may use other control variables, i.e. profitability ratio and industry impacts to ensure the robustness of the results.

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