

Corporate sustainability practices among Malaysian REITs and property listed companies

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Abstract

Purpose – The purpose of this paper is to examine the implementation of corporate sustainability (CS) practice by Malaysian Real Estate Investment Trusts (REITs) and property listed companies, following the three dimensional (economic, environmental, and social) framework of CS.

Design/methodology/approach – A quantitative content analysis procedure was undertaken using 113 reports, including 23 REITs and 90 property companies. For the data collection company websites, annual reports, corporate social responsibility (CSR), and sustainability reports were employed. The global reporting initiative (GRI), reporting framework was used for data collection and recording. The content analysis examined the level of disclosures for three dimensions of sustainability, namely economic, social and environmental.

Findings – The content analysis indicates that the majority of companies among the sample have their social responsibility and sustainability strategies for the satisfaction of stakeholders and legitimizing firm practices. However, there are variations in their approaches and reporting processes. Among the three dimensions, environmental disclosures are on its least and social dimension has priority in the level of disclosures. Though the overall reporting is low, but having upward trends over time.

Research limitations/implications – This study has a limitation that it investigates the level of CS practices in REITs and property companies among Malaysian listed companies. The findings of the study are helpful for the government of Malaysia, practitioners, academia, researchers, banks, Bursa Malaysia, security commission and CEO's of the listed companies to improve their organizational practices and reporting quality of CS.

Originality/value – There has been limited literature on CS practices among Malaysian REITs and property industry. The previous studies have only focused top companies or a single dimension of CS, while this study addressing all the three dimensions of sustainability. This is the first study addressing all the three dimensions (economic, environmental, and social) of CS after the 10th Malaysian Plan (2010-2015). The study using a large sample of REITs and property companies during 2011-2013. The study will significantly add value to CS practices in emerging economies like Malaysia.

Keywords Sustainability, Sustainable development, Sustainable environment

Paper type Research paper

Introduction

Sustainable development (SD) is an ethical concept related to fight against poverty, social cause and protect the environment at the same time on macro level (Baumgartner and Ebner, 2010). The World Commission on Environment and Development (WCED) described SD as “a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional

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change are all in harmony and enhance both current and future potential to meet human needs and aspirations” (WCED, 1987). SD has a normative thought of outlining development paths of societies, which has received much attention in the management and organizational literature as well. Similarly, firms play a key role in SD as firms are the productive sources of economy (Bansal, 2005; Baumgartner and Ebner, 2010). Moreover, SD is now a broad multi-focal agenda, and terms such as “triple bottom line” (TBL), “corporate social responsibility” (CSR), “SD” and sustainability are being used interchangeably (Elkington, 2004; Marrewijk, 2003). Sustainability incorporated in firms known as corporate sustainability (CS), which comprises the dimensions of economic, environmental and social (Baumgartner and Ebner, 2010).

CS is also in its growth and importance worldwide and has come to be considered as a challenge in economic and managerial debates (Sebastiani *et al.*, 2014). However, there is no universal definition of CS (Roca and Searcy, 2011). CS defined as “the ability of a firm to meet the needs of its direct and indirect stakeholders without compromising its capability to satisfy their needs in the future” (Dyllick and Hockerts, 2002). Another definition described CS as “demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders” (Marrewijk, 2003). Besides, in business perspectives sustainability means “business strategies that meet the needs of the enterprise today and its stakeholders while sustaining the resources, both human and natural, which will be needed in the future” (KPMG, 2011). Merely, focus on sustainability practices in corporations it revealed that its interrelationship between society, environment, and economic development (WCED, 1987). As a result, it is gradually emerging that companies are focusing on sustainability practices in order to gain prestige and privileges among the stakeholders not simply relying on economic and financial performances. Similarly, the stakeholders are also interested to find the flavor and integration of environmental and social blends among the strategies and vision of an organization. Hence, to move towards sustainability, business organization are required to look at all-around from a holistic perspective in order to satiate the demand of multiple stakeholders by addressing economic growth, environmental and social sustainability (Setthasakko, 2007). The authors state that CS is closely related to (CSR (Roca and Searcy, 2011). However, now a days many authors (Bansal, 2014; Marrewijk, 2003) prominent practitioners and global reports (KPMG, 2013; PwC Malaysia, 2013; UNGC, 2013) considered CS and CSR as synonyms, moreover, “they have converged to very similar concepts in recent years” (Steurer *et al.*, 2005). This study is also using CS and CSR as synonyms. CS also includes the concept of “TBL” which has proposed the need for a balance in the three dimensions, economic, environmental, and social in order to achieve sustainability within organization (Goyal *et al.*, 2013). The three dimensions of CS can be explained as follows.

Environmental/ecological sustainability

The environmental dimension of CS deals with the impacts on the environment due to corporate activities. This dimension also named as an ecological dimension of CS. It can be defined as “the environmental dimension of sustainability concerns the organization’s impact on living and non-living natural systems, including land, air, water and ecosystems” (GRI, 2013). Environmental dimension covers the impacts related to inputs, i.e. energy and water use, outputs such as emissions, effluents and waste etc. It also covers biodiversity, transport, product and service related impacts, environmental compliance and expenditures of a company (Baumgartner and Ebner, 2010). Goodland (1995) defined environmental sustainability as “seeks to improve

human welfare by protecting the sources of raw materials used for human needs and ensuring that the sinks for human wastes are not exceeded, in order to prevent harm to humans.” Furthermore, environmental sustainability means to maintain or improve the integrity of the life supporting systems on the earth and to sustain the biosphere, maximizing future options for the current as well as future generations in order to achieve economic, social and cultural goals (Moldan *et al.*, 2012).

Social dimension of CS

The social dimension of CS means the impact of organization on the social system. Social sustainability defined as “the social dimension of sustainability concerns the impacts the organization has on the social systems within which it operates” (GRI, 2013). Social sustainability includes labor practices and decent work, human rights, society and product responsibility. Social sustainability is aimed to build, maintain and sustain positive relationships with all present and future stakeholders. Furthermore, the fulfillment of the needs of stakeholders assures the loyalty for the company among them. CSR initiatives are one of an important dimension of social sustainability (Montiel and Delgado-Ceballos, 2014a). A company can embed CSR elements into business operations, product and services and at the same time to involve in the community to improve their welfare and education facilities (Yam, 2012). Social sustainability can also be defined as “the extent to which social values, social identities, social relationships and social institutions can continue into the future” (Moldan *et al.*, 2012).

Economic sustainability

The economic dimension of CS discussed in the literature as generic dimension. Economic sustainability holds the general aspects of an organization that have respected next to environmental and social sustainability. The essence of economic sustainability is to remain staying in the market for a long time, and it leads to good financial and sustainability results of the company (Baumgartner and Ebner, 2010; GRI, 2013). Hence the management should focus on economic success of the company rather on the financial results. The GRI defined the economic sustainability as “the organization’s impacts on the economic conditions of its stakeholders, and on economic systems at local, national, and global levels. The economic category illustrates the flow of capital among different stakeholders, and the main economic impacts of the organization throughout society.” Moreover, focusing on customer value creation adds an aspect to the economic dimension of CS. This customer value created with the optimum use of benchmarking being to produce perfect products from a perfect product process and customer management (Isaksson and Steimle, 2009). It is also expected that good corporate governance fosters economic sustainability in general and specifically supports the other two dimensions of CS. In general literature on corporate governance it addresses the key areas such as creating sustainable values, achieving company goals, reducing risk, attracting new investors and keep balance between social and economic dimensions of CS (Aras and Crowther, 2008). It is clear from the above discussion that economic sustainability is directly related to companies’ financial and economic success with the optimum management of stakeholders. Figure 1 shows the 3D view of CS.

CS measuring and reporting

During the last decade, CS reporting has been increasingly adopted by corporations worldwide and considered as a challenge in the CS field that to find a standard method

for valuing CS. Several guidelines are available for valuing and reporting CS, such as Kinder, Lydenberg, and Domini (KLD) Indices, the Dow Jones Sustainability Index (DJSI), the ISO 14000 series, the Social Accountability 8,000 standards, and the GRI sustainability guidelines (Montiel and Delgado-Ceballos, 2014b). Recently, GRI sustainability reporting guideline is the most widely used and gained much popularity among the companies to report sustainability practices (Isaksson and Steimle, 2009). GRI was established in 1997 by the Coalition for Environmentally Responsible Economies (CERES) and United Nations Environmental Program (UNEP). The GRI initially published in 2000 with the purpose to support companies in creating sustainability reports that integrate, economic, social and environmental impacts of business. It was intended to establish their guidelines as an internationally accepted framework that promotes comparable sustainability reporting. The current version of the GRI guidelines is G4 were released in May 2013 (GRI, 2013). GRI guidelines are compatible with the principles of the United Nation Global Compact (UNGC) (Isaksson and Steimle, 2009).

Bursa Malaysia has committed towards the aim to raise the profile of listed companies with high socially responsible practices and reporting. The Bursa Malaysia has been attempted to announced sustainability reporting index with three dimensions, including Environmental, Social and Governance (ESG)[1]. However, still its promulgation is pending that how the companies will report CS practices. Currently, Bursa Malaysia requires listed companies to report on CS practices based on existing framework outlined. Hence, it does not stipulate the form in which these disclosures should be reported. However, the Bursa Malaysia has recommended Malaysian listed companies to follow the GRI latest version (G4-Generation Four) reporting framework for their reporting guidelines, as its term of reference[2].

Moreover, the previous studies have identified that CS practices and reporting are more matured in developed countries (Goyal *et al.*, 2013; Junior *et al.*, 2013; Kolk, 2010), while in developing and emerging economies like Malaysia, it lacks interest among the companies and still CS is in its infancy stage (Atan and Razali, 2013; Nazli *et al.*, 2004, 2013; Yam, 2013). Research on CS particularly in Malaysia is limited and inconclusive as refer by the literature review section of the study. To fill this gap the present study is contributing to the extant literature in several ways. The current study investigates CS disclosures among Malaysian listed companies. Second, it's focusing on REITs & property companies which are the most neglected sectors among other sectors (Yam, 2013). Third the study has investigated all the dimensions of CS, e.g. environmental, social, and economic of a large sample companies (REITs and Property). Finally, the focus of this study is on developing and emerging

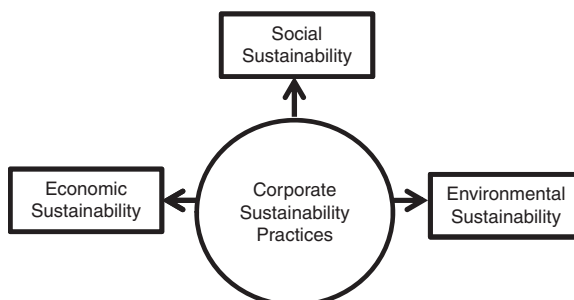


Figure 1.
Conceptual
framework 3D
view of CS

economy i.e. Malaysia. Hence, the study will fulfill the following objective, and in the same line has a question to answer:

- Research objective: to investigate the level of CS (environmental, social, and economic) practices among Malaysian REITs and property listed companies.
- Research question: what is the level of CS (environmental, social, and economic) practices among Malaysian REITs and property listed companies?

CS in Malaysia

The studies on CS and CSR reporting have become important and attract attention from the government, practitioners and academia around the world. The importance of CS practices and reporting is also evidence from the government of Malaysia with the initiatives and policies in September 2006, in the budget speech by the prime minister and minister of finance, Yab Dato' Seri Abdullah Bin Hj. Ahmad Badawi. He announced that all public listed companies are required to disclose their sustainability practices in their company annual reports from the financial year ending December 31, 2007 (Budget Speech, 2006). The contents of disclosure remains voluntary. The Bursa Malaysia[3] introduced its sustainability framework in the same year including the following four dimensions: community (social external stakeholders) workplace (social internal stakeholders), Environment and Marketplace (BURSA Malaysia, 2006). Bursa Malaysia defines CS as "open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. It is designed to deliver sustainable value to society at large". In the same year, to foster sustainability initiatives and encourage public listed companies to increase their participation, the government launched the "Silver Book" on September 25, 2006 to Government Link Companies (GLCs) with the following objectives:

- (1) Clarify expectation on GLCs' contributions to society.
- (2) To guide and evaluate GLCs' for their starting position towards contributions to society.
- (3) To provide tools, methodologies and process to contribute in a responsible manner to create value for their shareholders.

The Silver Book highlights seven core areas of contribution to society. These are: Human rights; Employee welfare; Customer service; Supplier partnership; environmental protection; community involvement; and ethical business behavior (The Silver Book, 2006). The objective behind the introduction of the Silver Book was to increase the social and environmental activities among GLCs, and as a result to reflect those activities in their annual reports. GLCs companies are used as part of government departments which later were declared as private under the privatization policy. Most of these companies deal with the strategic interest such as energy and telecommunications and having government appointed directors represented on the boards. However, with the changing of status these companies have more focused on profits as their primary objective at the expense of social and community concern (Amran and Devi, 2008).

Back to the history, the awareness to develop in a sustainable manner was highlighted for the first time in the Third Malaysian Plan (1976-1980) published by the Economic Planning Unit (EPU)[4] from the Prime Minister's Department. The Plan designed the blueprint for the Government of Malaysia (GOM) for five years as a development strategy. From the Fourth to presently the Tenth Malaysian Plan

(2011-2015), the concept (sustainability) gained much importance in line with global initiatives on SD (EPU/1981/1986/1991/1996/2000/2005/2010) (Samuel *et al.*, 2013). During the implementation of the Eighth Malaysian Plan (2001-2005) that the incorporation of environmental considerations into development was intensified, as a result an integrated and holistic management of the environment and natural resources (EPU, 1981/1986/1991/1996/2000/2005/2010). Through this period, institutional capacity and regulatory frameworks was reinforced, new approaches and planning tools were established for environmental protection.

As an end product the National Environmental Policy (NEP) was formulated in 2002. Under the Ninth Malaysian Plan (2006-2010), environmental stewardship was promoted to ensure that the balance between development and environment is maintained. The Plan has strongly emphasized the need for R&D to enable the achievement of enhanced environmental quality in the country. The efforts towards sustainability are further established under the Tenth Malaysian Plan (2011-2015) with the introduction of the AFFIRM (Framework for Awareness, Faculty, Finance, Infrastructure, Research and Marketing), to develop a complete ecosystem for environmental sustainability. Two focus areas have been identified for the next five years first developing a roadmap for climate resilient growth, and second, enhancing conservation of the nations' ecological assets. The first focus area, the strategies to be implemented and will be directed towards "protection from the risks of climate change, reducing Malaysia's carbon footprint, creating incentives for investments in renewable energy, promoting energy efficiency, improving solid waste management, conserving forests and reducing emissions to improve air quality." While the second focusing area provides for "ensuring equitable and sustainable utilization of resources" (EPU, 1981/1986/1991/1996/2000/2005/2010). During 2010 the Government of Malaysia has taken several steps towards implementation of sustainability e.g. Government announced an RM 100 million CSR fund, creating of a federal level ministry dedicated to Green Technology, and also allocated funds for RM 1.5 billion towards the development of environmental sustainability. The Malaysian government has also announced a commitment to reduce carbon emissions up to 40 percent by 2020. Sustainability declared as one of the three goals of New Economic Model 2010 (NEM, 2010; Bursa, 2014). Moreover, the Malaysian Code on Corporate Governance (Malaysian Code on Corporate Governance (MCCG), 2012), the National Annual Corporate Award (NACRA) and the ACCA Award, named as Malaysian Environmental Reporting Award (MERA), Malaysian Environmental and Social Reporting Award (MESRA) are the steps towards motivation of sustainability practices and reporting.

Literature review

Previous studies on CS

Worth mentioning, sustainability topic are in growing among the companies, academia, and researchers all over the world (Lacy *et al.*, 2010; Kiron *et al.*, 2013), as resulted in the study of 11 countries (Schaltegger, 2013), that in some extent companies among different countries are similar in dealing sustainability efforts. But some countries differ in history, culture, language, an economic, environmental and social condition that varies management practices regarding CS. CS practices are in significant growth in developed countries, while in contrast, developing countries has lax these practices (Gugler and Shi, 2008). Many of sustainability initiatives have materialized currently in western countries, while that has not yet of interest in developing countries (Jamali, 2007b). Consequently, sustainability practices pose challenges in developing and

emerging economies like Malaysia (Adnan, 2011). The study identified that sustainability disclosures are very low among Malaysian firms and the process of adopting sustainability practices and reporting are still in its infancy stages particularly the environmental disclosures (Nazli *et al.*, 2004). The Malaysian Government needs to cure it with a very serious step and measures (Amran *et al.*, 2009; Nazli *et al.*, 2013). “Another major finding is that companies are not consistent with the extent, nature or quality of sustainability disclosures made over time” (Nazli *et al.*, 2013). An early study found that 250 largest listed companies of Bursa Malaysia based on the market capitalization revealed that sustainability had shown some improvements over the past few years, but the overall progress was still in its embryonic stage in comparison with some western countries. Most of the disclosures were declarative and non-quantitative (Thompson and Zakria, 2004). Another study identified the same results in GLCs of Malaysia regarding sustainability disclosures covering the period from 2005 to 2007 using the content analysis. The findings indicated that the disclosure is still moderate (Atan and Razali, 2013). An investigation of CSR disclosure it was found that product theme was the highest number of disclosures. The human resource was ranked second among the study of 150 listed companies, and followed by the environmental disclosures (Said *et al.*, 2009). HBR working paper on examining CS disclosures of ESG information in China, Denmark, Malaysia, and South Africa found that there is a significant heterogeneity in disclosing CS disclosures. In Malaysian firms, there is no significant growth reported in the adoption of sustainability practices (Ioannou and Serafeim, 2012). Parallel to the previous results, findings from the content analysis of annual reports showed that very few companies reported environmental disclosures. While, even the disclosure of reported companies is minimal, and they only follow the disclosures related to compliance. Moreover, the study also identified that the customers and suppliers’ concerns are on the least priority (Nazli *et al.*, 2004). In a nutshell, it is concluded that the studies related to CS is limited and inconclusive, which needs further investigation, in order to clarify the importance among the academia, researchers, corporate sector, government and regulatory bodies (Arshad *et al.*, 2012; Darus, 2012; Eltayeb *et al.*, 2011; Wang and Sarkis, 2013) (Table I).

Real estate and investment trusts (REITs)

In real estate industry the investors, regulatory bodies and tenants are increasingly seeking towards energy efficiency, green buildings and better disclosures of

Table I.
Selected prior studies on corporate sustainability practices and reporting in Malaysia

Authors/Year	Conclusion	Reporting framework	Methodology
Harun <i>et al.</i> (2013)	Disclosure level is low in Malaysia	Disclosure index based on the global reporting initiatives (G3.1)	Corporate sustainability disclosure word count in annual reports
Nazli <i>et al.</i> (2004)	Low disclosure level	Environmental disclosure (140 listed firms on Bursa)	Environmental disclosure word count in annual reports
Shum and Yam (2010)	Need for improvement on a strategic level	Sustainability disclosures (ten top property companies of Malaysia)	Corporate sustainability disclosure word count in annual reports
Lo and Yap (2011) and Abdul Ibrahim (2002)	Required more commitments from business/management	Percentage and mean value (198 respondents from Malaysian firms)	Corporate sustainability reporting commitments from management

environmental, social and economic performance. Sustainability practices, cutting costs by reducing energy, reduction in water use and improving competitiveness are the most burning issues of today real estate arena (Reed and Willis, 2013). But unfortunately there is much uncertainty exists regarding sustainability practices in the real estate industry and sustainable real estate management still lacking a holistic understanding (Masalskyte *et al.*, 2014). Real estate considered as a key asset class of investment portfolio in Malaysia. Before, introducing of REITs the investors were investing their money in property stocks and physical lands. The investors now have the options to invest their money in REITs by paying for a fraction of the real estate prices. REITs offer nowadays a stable income stream and attractive yields to investors. REITs provide the benefits of: affordability, liquidity, stable income stream, exposure to large scale real estate, and professional management (BURSA-REITs, 2015). The Malaysian Government is actively promoting policies to ensure the quality and affordable houses to all of the nation's (Goh *et al.*, 2013). The present law and legislation much focused on the physical development of housing rather than social, environmental and cultural aspects (Yam, 2013). Most of the policies are concerned with affordability rather than SD (Goh *et al.*, 2013). Real estate investments are receiving an increasing number of inquiries from multiple stakeholders which needs further investigation. For this understanding sustainability practices are important for the better performance of real estate related business.

Malaysian property industry

Predominantly, the property industry has an adverse impact on the environment, hence, there is a need that the property companies to be more environmentally and socially responsible (UNEPFI, 2008). The literature evidenced that buildings consume up to 50 per cent of the energy consumption, 16 per cent of water usage, 50 per cent of CO₂ emissions, 40 per cent of solid waste, and 40 per cent of raw material (Yam, 2013). Consequently, these impacts have tremendous pressure on property developers, investors, owners and tenants. Malaysia is one of an emerging economy in the world; it has become a popular destination for investors from around the world in property investment. Now it is with the great focus that in order to develop these investments as socially responsible. For this purpose the industry and its management are in tremendous pressure to make the practices socially responsible. The Malaysian government also has a vital concern to find the differences of sustainability practices among Malaysian property industry and companies operating in developed countries. It is the best time to examine the importance of sustainability practices among Malaysian property industry (Yam, 2013).

Theoretical framework

"The negative reporting regarding corporate practices, in particular, can endanger corporate legitimacy if perceived by the stakeholders as not being in line with societal norms and values" (Hahn and Lölfs, 2013). Based on the previous literature, social responsibilities and sustainability of an organization was highlighted with the help of two most frequently used theories the stakeholder theory and the legitimacy theory.

Stakeholder theory postulates that organization has the main objective to create and maximize value for all the stakeholders. When the organizations meet the expectation of multiple stakeholders they are capable of being to perform superior performance (Ararat, 2008; Freeman, 1984). The essence of stakeholder theory is based on the

general belief that the stakeholders are considered as an asset and managers have to manage it. Similarly, CS defines what responsibilities business organizations ought to for the fulfillment of stakeholder needs and to whom business organization are responsible and accountable. Both the concepts are closely interrelated. But still sustainability is on its face, of abstraction while the stakeholder approach provides practical inline towards the stakeholder's performance (Jamali, 2007a).

Legitimacy has been defined as "a general perception or assumption that the actions of an entity are appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995). The essence of legitimacy theory is that the business organizations are considered to behave legitimately in doing their dealings with the society (Dowling and Pfeffer, 1975). Legitimacy theory is based on the principle that the social contract between a legitimate social institution and society. The theory postulates that institutes are needed to exist with the goals, which are corresponding with the societal goals at large. The basic premise of legitimacy theory is that "[...] organizations can only continue to exist if the societies in which they are based perceive the organization to be operating to a value system which is commensurate with the society's own value system" (Gray *et al.*, 1996).

Research methods

Study design and sample

In the first of our research method a complete list of Malaysian Property and REITs listed companies has been obtained. In the second step companies' annual reports, CSR and sustainability reports were downloaded from web site of Bursa Malaysia[5] for three years 2011-2013. At the same time these companies' names are searched out on GRI Database[6] for their registration and reports. After the search and download the study uses 113 reports for content analysis, including 23 REITs and 90 Property listed companies for three years.

Research approach

The study utilizes a content analysis based on the Lozano and Huisinigh (2011) CS index exhibited in Figure 2[7]. This index is based on the GRI for CS reporting. In addition the study has adopted a longitudinal approach in order to examine the CS practices of REITs and property companies for the three years 2011, 2012 and 2013. The rationale behind the longitudinal study is to explore the possible variation in disclosures for the stated period (Murthy and Abeysekera, 2008; Nazli *et al.*, 2013).

Content analysis procedure

The study is utilized the content analysis of REITs and property companies annual reports published during 2011, 2012 and 2013. Content analysis is the most popular and widely using method in research on accounting disclosures (Boesso and Kumar, 2007). Content analysis may have both qualitative and quantitative measurements. Quantitative content analysis considered to be the more reliable (Day and Woodward, 2009). The current study has used the quantitative content analysis procedure.

Methodology for analysis

The study has adopted the content analysis technique consisting of four interrelated phases. First, the sustainability disclosures framework identification (as per Figure 1), second the search of relevant contents and its recording, third the development of

Environmental Sustainability	Social Sustainability	Economic Sustainability
<ul style="list-style-type: none"> • Environmental Management System (EMS) ISO Certification • Emissions and effluents, including Greenhouse Gases (GHG) • Energy Consumption & Saving • Eco-efficiency and Cleaner Production • Waste Reductions • Transportation • Recycling • Water and waste water treatment • Green Products & Certifications • Biodiversity • Supplier Assessments 	<ul style="list-style-type: none"> • Decent Labor Practices • Employee's development, training and education • Employees' human rights • Employment Opportunities • Occupational Health and safety • Volunteering and philanthropy • Diversity & Equal Opportunities • Communities • Prevent Child Labor • Human Rights • Labor Union & Bargaining Power • Shelters for Workers & Others • Customer Satisfaction & • Customer Safety • Product Responsibility • Eco Labeling • Ethics • Drinking Water on Workplace • Anti Corruption 	<ul style="list-style-type: none"> • Market presence (Min Wages) • Indirect Economic Impact • Direct Economic Impact • Corporate Governance • Earnings, value creation, and shareholders • Acquisitions • Locals in Management • Internal Control • R&D

Source: Author[7]

Figure 2.
Sustainability
disclosures index
source

coding procedure and finally the assessment, analysis and interpretation of results based on content analysis. For the recording of each indicator the coding of binary variable used which sets of 1 if the firm reports the content, and 0 otherwise (Gao and Bansal, 2013; Ioannou and Serafeim, 2014; Nazli *et al.*, 2013). The highest score on of the content will be implied as high performance (Singal, 2013).

Results and discussion

Descriptive statistics

Table II clearly indicates that the overall reporting is low. As shows in all three years (2011-2013) we have many zeros disclosures between two dimensions namely social and environmental. Among all the reports very few companies have been reported all the disclosures. However, the trend is showing improvements, as in 2011 the mean value for social dimension is 7.8 while in 2012 its 7.9 and in 2013 its 8.5 respectively. Parallel to the results of (Darus, 2012; Nazli *et al.*, 2013)[8] there is wide variation in the environmental disclosures, with the lower mean value 2011 = 3.3, 2012 = 3.2 and 2013 = 3.8. Moreover, environmental disclosures have never touched the maximum disclosures limit 11 as confirmed in all the three years (maximum disclosures value is 9 while expected total disclosures are 11). Some of the disclosures mentioned in GRI (2013) are not reported among most of the Malaysian properties and REITs companies for example R&D, Employing locals in management, Minimum wages etc. as shows in

Table I	Soc	2011			2012			2013	
		Env	Eco	Soc	Env	Eco	Soc	Env	Eco
Max	19	9	9	19	9	9	19	10	9
Min	0	0	5	0	0	5	0	0	5
Mean	7.8	3.3	5.5	7.9	3.2	5.6	8.5	3.8	5.6

Note: Total disclosures 39 (Eco = 9, Env = 11, Soc = 19) total expected highest Score 39

Table II.
Descriptive statistics

the mean value 5.5 as economic dimension. Table II also confirms that the highest mean value is the social dimension, the middle is of the economic dimension while the environmental disclosures have lower values and ranked as third among others. Finally, in all three dimensions the reporting is low, but it's showing the upward trend. See also Appendix for scoring year by year and total score for three years.

Extent/level of disclosures

Table III shows the level and extent of disclosures among the three dimensions for three years (2011-2013 all inclusive) with regard to the number of companies as a percentage of the total sample size. These disclosures are divided into four levels from 0-5, 6-10, 11-15 and 16-20. Among 114 company reports majority of the companies fall in the first category of disclosures (0-5) as showing in 2011 for economic disclosures 68.4 percent, and for environmental these is 68.4 percent, while the social disclosures are good among others which has (0-5 as 34.2 percent, 6-10 as 42.1 percent, 11-15 as 15.8 percent and 16-19 as 7.9 percent. The social dimension is showing better disclosures than environmental and economic. In 2012, the trend is same like 2011 for the economic and environmental but its showing upward trend in the social dimension. Many of the companies changed their ranked to the highest levels as 11-15 and 16-19 respectively in the social dimension. In 2013 the trend is good for all the dimensions are most of the companies jumped to the highest level, which is a good sign particularly in the environmental disclosures.

Resultantly, it is evident that the disclosures are showing minimal upward trend but the overall reporting is low and still in its infancy stage as evidenced in the previous work of Nazli *et al.* (2013), Othman and Ameer (2010), Yam (2013).

Table IV shows the key steps of Malaysian property and REITs companies towards sustainability in three dimensions (economic, social, and environmental) that have been identified during the content analysis of the company reports. Some of the examples are briefly explained as: Amprop property company supports National Kidney Foundation to help the community and contribute to the social cause. In the same year (2012), the

	Eco	%	Env	%	Soc	%
<i>2011</i>						
0-5	26	68.4	26	68.4	13	34.2
6-10	12	31.6	12	31.6	16	42.1
11-15	0 ^a	0.0	0	0.0	6	15.8
16-19	0 ^a	0.0	0	0.0	3	7.9
<i>2012</i>						
0-5	23	60.5	28	73.6	13	34.2
6-10	15	39.4	10	26.3	16	42.1
11-15	0 ^a	0.0	0	0	5	13.2
16-19	0 ^a	0.0	0	0	4	10.5
<i>2013</i>						
0-5	23	60.5	25	65.8	9	23.7
6-10	15	39.5	13	34.2	18	47.4
11-15	0 ^a	0.0	0	0.0	8	21.1
16-19	0 ^a	0.0	0	0.0	3	7.9

Table III.
Extent/level of
disclosures

Note: ^aNot applicable

Company name (c)	Sector	Year	Sustainability initiative, contributions and achievements	Focusing dimension
Amprop	Properties	2012	Support National Kidney Foundation, ASEAN Renewable Energy Award, Property Developer Awards in Landscape Planning and Development Category	Social and Environmental
Bertam	Properties	2013	Committed to ETP	Economic and Social
Bolton	Properties	2011	Risk Committee, H&S Committee Whistle Blowing Policy	Economic and Social
Bolton (Ren)	Properties	2013	Employee Survey	Social
E&O	Properties	2011	Cultural promotion in George Town	Social
Encorp	Properties	2012	GBI, CRM, Emp Survey	Environmental and Social
EUPE	Properties	2011	LEED Certification	Environmental
Guoco	Properties	2011	ETP, sports promotions, Microfinance loans	Economic and Social
Hunzpty	Properties	2011	Heritage preservation, blood donations, tourism promotion, Malaysian Property Award	Social and Environmental
IJMLand	Properties	2011	CRM, House Rehabilitation, Trees, Cancer	Social and Environmental
Ivory	Properties	2013	Celebrating & awareness for- Women, Father, Mother, Earth Hour, & Child Days	Social and Environmental
L&G	Properties	2012	Support to local Police, Sustainable Project Certification, Public Health awareness, GBI Indexing	Social and Environmental
Mah Sing	Properties	2012	Green Building Index ("GBI"), Singapore's Building and Construction Authority ("BCA") Green Mark; and United States' Green Building Council ("USGBC") Leadership in Energy and Environmental Design ("LEED"). EMS, CONSQUAS Certified.	Social and Environmental
Malton	Properties	2012	Sustainable Quality Product Award	Environmental and Social
Naim	Properties	2011	UPM industrialized building system, IBS, Environmental Management Award. Chief Minister Environmental Award (CMEA)	
Paramon	Properties	2011	Corporate Governance Index. HR Asia Award	Economic and Social
Plenitu	Properties	2011	IBS- Integrated building system, Edge award, ISO Quality, support local authorities	Economic, Environmental, and Social
SPSetia	Properties	2012	Eco Gardens Award, Youth Development, GBI, LEED, Edge, Best Annual Reporting Award, EDGE, CSM (Customers Services Management)	Environmental and Social
UEM	Properties	2013	ACCA CS Award, Corporate Governance Index Award, sustainability awareness among Contractors and Employees, ISO Quality Management	Economic, Environmental and Social

(continued)

Table IV.
Key steps to
sustainability

Company name (c)	Sector	Year	Sustainability initiative, contributions and achievements	Focusing dimension
IGBREit	REITs	2011	A scholarship program to provide educational support in cash and in kind, to needy and underprivileged students. Collaboration for Animal Concerns Research and Education Society	Social
Pavillion	REITs	2013	Raise funds for high school students and education	Social
Sunreit	REITs	2013	Go Green With Leo & Friends' campaign for children 12 years old and below to educate and encourage them to be aware of environmental issues	Environmental and Social
YTL	REITs	2013	We continue to support non-governmental organizations (NGOs) such as Reef Check Malaysia and rare conservation, and for community, arts and culture, we similarly support and delegate to the arts and charitable organizations such as those involved with breast cancer, human immunodeficiency virus (HIV), and so on	Social

Table IV.

Note: (c) Company name as per Bursa Malaysia stock code

company report to win the ASEAN renewable energy award and Property developer awards in landscape planning and development. Bottom property company reports to highly committed to the Economic Transformation Program (ETP). Boltan company formed a risk committee, health and safety committee and whistle blowing policy. Furthermore, the Boltan company also conducted an employee survey towards their satisfaction. E&O company working for the cultural promotion in George Town[9], Penang the same spirit is reported in the Hunzpty property company in 2011. Many of the companies exhibited below are GBI and LEED certified while some of the companies are showing their willingness for such accreditations. Many of the properties and REITs companies are involved, such as health and care of the community, energy conservations, health and safety of the workers, corporate governance indexing, green initiatives and awards. For further detail, see Table III as follows.

Conclusion and recommendations

As a result of earlier discussions most of the Malaysian property and REITs listed companies investigated in this study have their social, environmental and economic practices that have been embedded in their operations. It is a good sign that the trend is showing the upward movement. CSR/Sustainability practices are relatively new in Malaysian in comparison with other developing countries, among the sample of 114 reports there are ten standalone reports were found in 2011-2013. In comparison with Yam (2013), investigating top ten Malaysian property company has found only one standalone report. However, these practices and reporting are still in its embryonic stages. This paper also reported that the majority of the companies under investigation have their own approach to practice and report CS, as a result these practices and reporting has many variations between the companies. Most of the disclosures are only based on statement and declarative form while, having no solid, practical practices on

the ground. The companies are only having much focus on the social dimension while ignoring the environmental and economic dimensions considered as least important. The previous studies have also reported that Malaysian companies are more proactive towards social stakeholders and community engagements (Darus, 2012).

In the recent years, the Government of Malaysia has taken many steps as mentioned earlier, but still the work is pending. Corresponding to our conclusions it is recommended that the Government of Malaysia should introduce and mandate a reporting index. So far, the Malaysian listed companies have no predefined reporting index. Bursa Malaysia has consensus to follow the GRI G4 framework for sustainability and CSR reporting. On the other hand the Malaysian listed companies have to move towards integrated management systems for sustainability practices and reporting, where companies are expected to outfit their strategies, governance, management structures and engagements (Zahid *et al.*, 2014) for their respective social environmental and economic operational gamuts. Among the academia and researchers the impacts of these practices are also inconclusive, which deteriorating its adoption among the companies. The literature on sustainability and social responsibility strategies for the promotion and enhancement in developing countries is limited which needs further investigation.

The current study examined the three dimensions of CS practices and reporting, including environmental, social and economic sustainability. The study selected 114 sustainability and CSR reports, of Malaysian REITs and property companies that have not previously been investigated for sustainability practices during 2011, 2012 and 2013. The current study is the first of its kind to observe CS within three dimensions (environmental, social, and economic) after the tenth Malaysian Plan (2010-2015). This research will be helpful to the Government of Malaysia, practitioners, academia, researchers, banks, Bursa Malaysia, security commission and CEO's of the listed companies for their organizational practices and reporting regarding CS practices and reporting. For the future studies a large sample size among all the sectors of Malaysian listed companies could be considered with the promoting strategies, and impacts investigations on firms performance and reputational aspects (Goyal *et al.*, 2013; Montiel and Delgado-Ceballos, 2014a; Zahid *et al.*, 2014).

Notes

1. www.bursamalaysia.com/market/products-services/indices/ftse-bursa-malaysia-indices/overview/
2. www.bursamalaysia.com/market/sustainability/frameworks/reporting-based-frameworks/
3. The Malaysian stock exchange formerly known as Kuala Lumpur Stock Exchange www.bursamalaysia.com/market/sustainability/
4. For further reading of all economic plans of Malaysia since 1950 to date: www.epu.gov.my/en
5. www.bursamalaysia.com/market/listed-companies
6. www.globalreporting.org/Pages/default.aspx
7. This index has been developed followed Global Reporting Initiative Framework G4 (GRI, 2013) and Malaysian Listed Companies annual sustainability and CSR disclosures published during 2011-2013.
8. A study on content analysis of the annual reports of 49 public listed property development companies in Malaysia for the years 2004, 2005 and 2006 (Nazli *et al.*, 2013). The first part of the research work was dealt with discursive, conceptual and critical literature review of an

existing research on CSR in Malaysia with a view to establishing a general overview of the current state of CSR in Malaysia. The second part pinpointed the key areas of CSR that can be potentially managed by Malaysian companies in order to place Malaysia in the fore-front in the field of CSR and to be at par with other developed nations (Darus, 2012).

9. George Town is a UNESCO World Heritage Site. www.visitpenang.gov.my/

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Co. name	Sector	2011			2012			2013			Total ^a		
		Eco	Env	Soc	Eco	Env	Soc	Eco	Env	Soc	Eco	Env	Soc
AHP	REITs	5	0	0	5	0	0	5	0	0	15	0	0
AMFirst	REITs	5	1	6	5	1	5	7	1	10	17	3	21
ARReit	REITs	6	0	4	6	0	4	6	0	4	18	0	12
CMMT	REITs	6	7	14	6	7	14	6	7	14	18	21	42
IGBREit	REITs	5	0	0	5	0	3	5	0	3	15	0	6
Pavillion	REITs	9	9	19	6	2	3	6	3	3	21	14	25
Sunreit	REITs	8	9	18	6	7	18	6	7	18	20	23	54
YTL	Properties	5	3	6	8	9	17	8	9	16	21	21	39
Amprop	Properties	5	3	5	5	3	6	5	3	6	15	9	17
Bertam	Properties	5	2	9	5	3	6	5	3	6	15	8	21
Bolton	Properties	5	5	7	6	1	9	6	1	9	17	7	25
CHHB	Properties	5	0	5	5	4	8	5	4	9	15	8	22
Cresndo	Properties	5	0	5	5	0	5	5	1	6	15	1	16
DBhd	Properties	5	2	2	5	0	6	5	0	6	15	2	14
E&O	Properties	5	6	11	5	2	2	5	2	2	15	10	15
Encorp	Properties	5	6	9	9	9	19	9	10	19	23	25	47
EUPE	Properties	5	1	7	5	0	5	5	1	7	15	2	19
Farlim	Properties	5	1	7	5	1	7	5	1	7	15	3	21
Glomac	Properties	5	6	11	5	1	5	5	6	11	15	13	27
Guoco	Properties	5	3	6	5	6	11	5	8	14	15	17	31
Hoover	Properties	5	5	9	5	3	6	5	4	6	15	12	21
Huayang	Properties	6	2	6	5	5	9	5	6	9	16	13	24
Hunzpty	Properties	7	5	17	6	2	6	6	1	7	19	8	30
IJMLand	Properties	5	0	10	6	6	18	5	8	14	16	14	42
Ivory	Properties	5	4	9	5	0	12	5	3	12	15	7	33
Kbunai	Properties	6	4	7	5	4	9	5	6	9	16	14	25
L&G	Properties	5	0	3	7	4	8	6	5	8	18	9	19
Magna	Properties	6	7	12	5	0	3	5	1	2	16	8	17
Mah Sing	Properties	5	0	4	6	7	12	6	9	13	17	16	29
Malton	Properties	5	0	3	5	0	4	5	0	5	15	0	12
Medainc	Properties	5	6	3	5	0	3	5	0	3	15	6	9
MPCorp	Properties	7	1	11	5	5	2	5	1	5	17	7	18
Naim	Properties	6	6	10	7	4	10	7	5	10	20	15	30
Paramon	Properties	5	6	8	6	6	10	6	7	13	17	19	31
Plenitu	Properties	6	6	8	5	6	8	5	7	8	16	19	24
SPSetia	Properties	6	6	12	6	5	9	6	4	10	18	15	31
UEM	Properties	5	0	4	6	6	12	6	8	13	17	14	29
Tambun	Properties	5	0	4	5	3	7	5	5	7	15	8	18

Table AI.
Disclosure score
(year by year and
total for three years)

Note: ^aTotal score for three years

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