Volume: 9 Issues: 56 Issue [September, 2024] pp.19 - 34
International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.ijafb.com
DOI: 10.55573/IJAFB.095602

THE IMPACT OF CORPORATE GOVERNANCE AND FAMILY OWNERSHIP ON CSR REPORTING QUALITY: EVIDENCE FROM THE MALAYSIAN STOCK EXCHANGE

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Article history

Received date	:	15-8-2024
Revised date	:	16-8-2024
Accepted date	:	30-8-2024
Published date	:	30-9-2024

To cite this document:
Ghuslan, M. I., Mahmud, N. M., Abu, N. 'A., & Rosli, S. A. (2024). The impact of corporate governance and family ownership on CSR reporting quality: evidence from The Malaysian Stock Exchange. *International Journal of Accounting, Finance and Business (IJAFB)*, 9 (56), 19 - 34.

Abstract: *The importance of corporate social responsibility (CSR) activities has become increasingly apparent, as many companies have had to cultivate their responses to reporting quality in order to maintain the reputation and standing of their companies in the business community. Therefore, understanding the factors that influence CSR reporting quality is vital for a company's survival in the long run. This study aims to examine the effect of corporate governance and family ownership on CSR reporting quality. This study was conducted on a sample of 306 firms listed on Bursa Malaysia based on seven industries from 2017 to 2018 using OLS regression. Results suggested that corporate governance and family ownership are positively linked with the quality of CSR reporting. The finding adds to the extant literature that the high quality of CSR could result from its effectiveness in corporate governance mechanisms. Companies with effective corporate governance would lessen uncertainty and attract more investors, hence improving the stakeholder's understanding of the company's activities. The finding also provides useful information to management in evaluating the impact of effective CG on CSR reporting quality, especially in the family-owned firm. As for family-owned firms persist competitive in the Malaysia market, these firm need to comply with good corporate governance practices according to the Malaysian Code on Corporate Governance (MCCG) guidelines. Managing internal and external stakeholder groups is critical for companies to remain visible, transparent, and district among their top competitors. Findings from this study can also be useful to relevant parties in reviewing current requirements, standards or policies related to CSR reporting quality.*

Keywords: *Corporate Governance, CSR Reporting Quality, Family Ownership, Malaysia*

Introduction

Corporate Social Responsibility (CSR) has emerged as a critical component of contemporary business strategies, reflecting the increasing demand for companies to operate responsibly and make a positive impact on society. Businesses are acknowledging the significance of incorporating sustainability into their primary operations, not only as a moral obligation but also as a strategy for achieving long-term success. The survey of Sustainability Reporting by KPMG (2020) shows that 80 percent of current N100 companies worldwide reported on sustainability, with North America having the highest reporting rate at about 90 percent. A study by Lii & Lee (2012) discovered that more than 80 percent of Fortune 500 companies addressed CSR reports on their websites. Moreover, nearly 93 percent of the world's 250 largest companies issued sustainability reports (KPMG, 2013), and about 81 percent of all firms on the S&P 500 published a sustainability report (Roselle, 2016). Due to the importance of CSR quality as a means to complement financial reporting information, the number of sustainability reports published in recent years has grown rapidly, especially in developed and developing countries.

Within the context of Malaysia, the issue of CSR quality and quantity has been widely discussed in publicly listed companies (Katmon et al., 2017; Ju Ahmad, 2017; Jamil et al., 2020. Their findings showed that CSR reporting increases simultaneously in quantity and quality. This suggests that the recent changes, such as the amendment of MCCG (2021), the introduction of many CSR awards, and the mandatory CSR reporting in the corporate environment, have some positive implications for sustainability reporting in Malaysia. In other words, the company should pay attention to environmental, social, and governance (ESG) reporting to enhance investor perceptions and public trust. Thus, with the enforcement of MCCG (2012) and MCCG (2017), companies are expected to disclose their CSR reporting quality as a reaction to government demands. Additionally, MCCG (2012) states that the board should formalize the company's strategies for promoting sustainability.

Firms with better CG are likely to influence management to disclose more corporate information to their stakeholders (Ho & Taylor, 2013), hence improving the stakeholder's understanding of the company's activities. Therefore, companies must have effective CG to enhance accountability, transparency, and higher quality in voluntary and mandatory disclosures (Rao et al., 2012). An effective CG mechanism is important to reduce information asymmetry between management and shareholders (Jensen, 2001). Lai et al. (2010) also emphasized that corporate social responsibility is a strategic tool for responding to multiple stakeholders' expectations.

In Malaysia, about 70 percent of listed companies are family-owned companies (Wan Mohammad, 2015). Thus, family companies are becoming an important part of accelerating economic growth in Malaysia. It is widely believed that family ownership has an effective involvement in the companies' management, which might strongly affect the board's decisions, such as disclosure decisions (Lokman et al., 2014). However, Rees and Rodionova (2014) argued that family-owned firms are guided by personal benefits and less motivated to consider sustainability issues. Findings by Ibrahim and Samad (2011) also found that family members are more risk-averse and concentrated on family interests, which could cause less firm value in family firms. Furthermore, Zattoni (2011) also stressed that ownership structure is one of the key issues in CG studies as it influences who will have the ultimate decision-making power in a company.

Many literatures have examined the relationship between ownership structure and voluntary disclosures from a Malaysian perspective (Akhtaruddin et al., 2009; Hashim et al., 2021; Mohd Ghazali & Weetman, 2006; Mohd Ghazali, 2007). However, none of them attempted to examine the effects of CG and family ownership on CSR reporting quality, primarily after MCCG 2017 was implemented in Malaysia. Additionally, this study used a broader and more comprehensive CG index to capture the true measure of CG using the agency theory. Based on the above arguments, this study empirically investigates the effects of CG and family ownership on CSR reporting quality.

The findings suggest that effective CG significantly influences the level of CSR reporting quality as companies with effective CG are likely to be more socially and environmentally responsible to stakeholders. Besides, this study also demonstrated that family businesses are likely to report their CSR information to stakeholders. This indicates that when firms are dominated by family ownership, they are needed to make extensive disclosures. For family-owned firms to remain competitive in the market, they must adhere to CG practices as outlined by the MCCG and follow sustainability guidelines.

The findings of this study expect to shed some light on the importance of the board of directors fulfilling its oversight responsibilities, specifically regarding environmental and social disclosure practices in Malaysia. Furthermore, to the authors' knowledge, there are limited studies conducted in Malaysia after the implementation of MCCG (2017) and MCCG (2021), especially on the important aspect of the effectiveness of board directors to ensure companies can operate successfully and sustain growth, particularly the role of board independence and diversity in influencing reporting quality. Besides, MCCG (2017) focuses on board composition, stating that an effective board should consist of the right person, with a relevant mix of skills, knowledge, expertise, and independent element. Many academics believe that board diversity improve board effectiveness. This study further enriches the existing literature within the Malaysian context by employing a comprehensive set of CG mechanisms, encompassing ten distinct board characteristics.

Literature Review and Hypothesis Development

Corporate Governance and CSR Reporting Quality

The focus on corporate social responsibility initiatives and their effects on society has risen within the past decade (Chan et al., 2014). Nonetheless, different levels of disclosure quality have resulted from the absence of specific standards for how corporate social responsibility should be disclosed (Ananzeh, 2022). According to earlier research, effective CG reduces information asymmetry (Cormier et al., 2011). The goal of CG is to safeguard stakeholders' best interests through oversight of all management practices, including performance evaluation, internal controls, planning, and, above all, disclosure (Haddad et al., 2017). Corporate governance, according to Kaymak and Bektas (2017), should cause stakeholders to expect more substantial disclosure of CSR activity. In general, it is thought that strong CG practices enhance the overall quality of reports produced by organizations (Chan et al., 2014). The fact that good CG can be a significant element in determining the quality of CSR reporting suggests that great CG leads to a higher degree of disclosure quality (Cormier & Magnan., 2014; Stuebs & Sun., 2015). Research conducted in Nigeria and France indicates that companies with superior

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governance practices exhibit greater adherence to reporting rules and provide more comprehensive CSR disclosures (Miloud, 2024).

The association between CG and CSR reporting has been examined in a number of prior studies. Corporate governance was proxied by a wide range of variables, including board independence, board size, and audit committees (Dragomir & Dumitru,2023; Khan et al., 2013; Habbash, 2016; Khan et al., 2016). These proxies were found to have a positive and significant impact on the level of CSR disclosures. In addition to the proxies previously mentioned, researchers have also used tenure (Katmon et al., 2017; Harjoto et al., 2015), board diversity attributes (such as the presence of female directors), and education level (Arayssi, 2016; Dragomir & Dumitru,2023; Katmon et al., 2017; Rao & Tilt, 2016) to determine the CSR reporting level. Their findings suggest that these proxies may have an impact on the volume of corporate social responsibility reporting. Other researchers employed different proxies for CG, and they found that CSR disclosure was positively impacted by audit quality, the existence of a CSR committee, multiple CEO directorships, the frequency of board and audit committee meetings, and the presence of a CSR committee (Jizi et al., 2014; Cucari et al., 2018; Orazalin and Mahmood, 2021; Fahad and Rahman, 2020; Haniffa and Cooke, 2005; Liu and Zhang, 2017; Khan et al., 2013; Samarawickrama et al., 2024).

Other studies (Alotaibi and Hussainey, 2016; Liu and Zhang, 2017; Tibiletti et al., 2021; Esa and Ghazali, 2012) revealed conflicting results, demonstrating a negative association between CG and CSR disclosure. When CEO duality is used to proxy CG, as in the studies of Jizi et al. (2014) and Fahad and Rahman (2020), CEO duality is likely to affect CSR disclosure positively; however, CEO duality is found to affect CSRD negatively by Al-Janadi et al. (2013) and Tibiletti et al. (2021), and their findings are supported by Fatma and Chouaibi's (2021) findings, which assert that CEO duality has no impact on CSR disclosure practices. When measured by board size and board independence, corporate social responsibility (CSR) disclosure has a tendency to be positively associated with CG (Kaymak and Bektas, 2017; Cucari et al., 2018; Jizi et al., 2014; Fatma and Chouaibi, 2021; Fahad and Rahman, 2020; Ahmed Haji, 2013; Khan et al., 2013). However, some studies yielded inconsistent results, indicating a negative correlation between board independence, size, and CSR disclosure (Alotaibi and Hussainey, 2016; Liu and Zhang, 2017; Tibiletti et al., 2021; Esa and Ghazali, 2012).

A great deal of research has been done to determine the relationship between CG structures and CSR disclosure, but the quality of CSR reporting remains largely unexplored (Khan et al., 2013). Therefore, this study intends to contribute to the limited literature in this area, with a particular focus on the quality of CSR reporting in the context of Malaysia. Given the contradictory findings presented above, we may draw the conclusion that the effectiveness of CG frameworks varies based on the research specific settings. To make definitive conclusions on the ways in which CG can influence CSR, particularly CSR reporting, further research is still required, given the high degree of uncertainty surrounding the relationship between CSR disclosure and CG themselves. Based on the presumption that under good CG, managers are more inclined to disclose vital information, boosting the quality of the company's reporting, therefore the first hypothesis of this study is:

H1: There is a positive relationship between corporate governance and CSR reporting quality.

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Family Ownership and CSR Reporting Quality

Past studies have reported mixed results regarding the Influence of family ownership on the extent of CSR reporting quality in developing and developed countries. In terms of corporate sustainability, family businesses are considered more successful in integrating social and environmental issues into their practices than non-family businesses (Craig & Dibrell, 2006). This could be due to the inter-generational wealth inheritance motives that motivate family members to strategize toward value-driven business activities that can generate socio-economic benefits for the family's younger generations (Hart, 1995). This argument, which is consistent with socio-emotional wealth theory (Berrone et al., 2012), suggests that family business has a higher level of social responsibility disclosures compared to non-family businesses (Campopiano & De Masis, 2015). The existence of family members on the board can reduce agency problems as family members possess more knowledge in business operations that enabling them to have good supervision over managers (Mohd Ghazali & Weetman, 2006).The majority of the previous studies in developed countries showed a positive relationship between family ownership and CSR reporting because these family ties are also shared with employees and the community as they are very concerned about the reputation and image of the family (Kotlar et al., 2013; Panicker, 2017).

In addition, Study by Ma (2023) using a sample of Chinese firms, found that family firms are more likely to have a system in place that guides the establishment and development of their CSR activities, compared to non-family firms. Besides, their family firms are also more likely to adopt the GRI guidelines, and they disclose significantly more information about their CSR practice to legitimize their behavior and maintain a good reputation.

On the other hand, the block share ownership by family members enables them to empower and influence companies' decision-making processes. Dominant shareholders who have access to the company's internal information may have less incentive to report information to outside investors and other stakeholders (Abdullah et al., 2011; Darmadi & Sodikin, 2013). Previous studies reported a negative relationship between family members on the board and voluntary reporting levels. Al-Fadli et al. (2022) also reported a significantly negative association between family ownership and CSR reporting practices in Jordan.

Malaysia is among the nations where family members have a higher level of corporate participation (Qaderi et al., 2024). Numerous studies in Malaysia found that family-owned companies are negatively associated with levels of CSR reporting (Abdullah et al., 2011; Sundarasen et al., 2016; Qaderi et al., 2024) and are less likely to disclose voluntary reporting since there is no need for such reporting as the information is available when most managers are also family members (Mohd Ghazali & Weetman, 2006; Abdullah et al., 2011). Al-Akra and Hutchinson (2013) presented that family ownership lacks voluntary reporting, including corporate sustainability reporting, since the information requested is under direct supervision by family members who are management of the companies (Ali et al., 2007). Even, researchers contend that family members may prioritise serving the family interests above the needs of other stakeholders, hence they may not be inclined to reveal more information (Qaderi et al., 2024). Under the stakeholder-agency theory, family ownership may constrain non-financial reporting This will increase the information asymmetries between family owners and a minority of shareholders. Thus, it is predicted that the family-owned company will engage in less CSR reporting. Therefore, the proposed second hypothesis is:

H2: Family ownership is significantly related to the level of CSR reporting quality.

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Research Methodology

Population and Sample Selection

As of 31 December 2018, there are 915 companies listed on Bursa Malaysia. Companies from the financial, banking, insurance, trust, closed-end fund, and securities sectors were excluded from the sample since they were subjected to different rules and regulations that may influence the nature of the data collected and the findings (Hashim & Saleh, 2007). This study also excluded two industries that belong to mining and hotel, as the number of companies in these industries was less than five companies. As a result, only 745 companies from seven industries were considered as the research population. The sample size of this study consisted of 306 companies for two years, from 2017 to 2018, as presented in Table 1. The two-year period was specifically chosen for this study to assess the impact of the revised Malaysian Code of Corporate Governance (MCCG) in 2017 on CSR reporting. This timeframe is sufficient to capture the post-implementation effects of the revised code and aligns with the methodology used in previous research by Salisi et al. (2024), who also examined the impact of corporate governance over similar periods.

Table 1: Population and Sample for Data Sampling

	Industry	Population	Samples	% of samples
1	Consumer products	125	50	16.33
2	Industrial products	221	90	29.41
3	Construction	46	20	6.54
4	Trading and Services	188	78	25.49
5	Properties	94	38	12.42
6	Plantation	41	16	5.23
7	Technology Industries	30	14	4.58
	Total	745	306	100

Measurement of Variables

CSR Reporting Quality

This study measured the level of CSR reporting quality based on the CSR disclosure index, which has been adopted by Katmon et al. (2017). The disclosure covers four important categories comprising 20 items, namely: (A) Employee relations with six items, (B) Community involvement with six items, (C) Product with four items, and (D) Environment with four items. The maximum score that a company can achieve is 60 (20 items x 3). According to Katmon et al. (2017), the scoring process is classified as follows: (1) Quantitative specific disclosure - assigned a value of “3”, the disclosure contains financial information. (2) Qualitative specific disclosure - assigned a value of “2”, this is a non-quantitative disclosure with specific CSR information. (3) Qualitative specific disclosure – assigned a value of “1” if the CSR-related description is generic. (4) Companies that failed to disclose CSR information for the respective items in the disclosure index will be given a score of “0”.

Family Ownership

This study identifies a firm as a family firm if the firm's largest shareholder is a family, an individual, or an unlisted firm. Besides, this study defines family control in the firm by referring to the firm's percentage of shareholding. Consistent with Faccio and Lang (2002) and Munir

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(2009), this study measures family ownership based on the percentage of direct and indirect family share ownership in the company. Some firms owned indirect ownership through complex ownership structures (Wan Mohammad, 2015). Thus, this study assigns 1 if the family owns more than 20% and 0 otherwise.

Corporate Governance

This study collects corporate governance information from annual reports. It is measured based on a score of composite indexes consisting of ten board with a maximum score of 10. Studies on corporate board effectiveness argued that the measurement should capture the effectiveness of individual board characteristics that complement each other (Aldhamari et al., 2020). Thus, based on these arguments, this study developed corporate governance index as presented in Table 2.

Table 2: Constructing the Corporate Governance Index

	Independent variable	Score	Index
	Board of Directors		
1	Board Size	"1" if the number of board members is between 5 - 14 and "0" otherwise	1
2	Board Independence	"1" if the number of independent boards is at least half of the board and "0" otherwise.	1
3	Board Meetings	"1" if the number of board meetings held during the year is 4 times or more and "0" otherwise	1
4	Board Ethnicity	"1" if the board has at least 2 different ethnics group and "0" otherwise.	1
5	Board Gender	"1" if the board comprises male and female directors and "0" otherwise.	1
6	Foreign Director	"1" if the board comprises at least one foreign director and "0" otherwise.	1
7	Board Educational Level	"1" if the board comprises at least two different education levels and "0" otherwise.	1
8	Board Educational Background	"1" if the board comprises at least two different education backgrounds and "0" otherwise.	1
9	Board Age	"1" If the board comprises all categories of age which consists of younger, middle-aged, and older members, and "0" otherwise.	1
10	Board Tenure	"1" if the board comprises at least two categories year of service and "0" otherwise.	1
	Total Index Score		10

Control Variables

This study incorporates seven control variables that have been proven in past studies to influence CSR reporting quality. They are firms' size, leverage, growth, risk, profitability, industry, and year. Firm size is measured by the natural logarithm of total assets. This study measures the firm leverage as total debts divided by total assets. The growth prospect of the firms is measured by Tobin's Q ratio. The Q ratio is calculated by dividing the firm market value of equity by the book value of equity. Meanwhile, the risk is measured by the companies' systematic risk (Beta). The beta coefficient is calculated by dividing the covariance of the stock return versus the market return by the variance of the market. The ROA is calculated by dividing net income by average total assets. This study regards 1 for environmentally sensitive

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industries, which are the construction, industrial products, property, mining, and plantation, while 0 otherwise. The year 2017 is regarded as 1 and 0 otherwise.

Results

Descriptive Statistics

Table 3 presents the level of CSR reporting quality, CG variables, percentage of family ownership, and control variables used in this study. Based on four CSR reporting quality categories, the highest score was in the Employee Relations category (6.69) and the lowest was in the Product category (4.82). The table shows that the overall mean score of CSRQ was 22.14 from a maximum possible score of 60.

Table 3: Descriptive Analysis

Variables	Mean	S. D	Min	Max
CSR categories				
Employee Relations	6.69	2.53	0	13
Community Involvement	5.25	3.9	0	18
Product	4.82	3.15	0	10
Environment	5.38	2.32	0	11
Overall CSR index (n=306)	22.14	9.36	0	43
CG (Continues variables)				
Board Size	7.08	1.79	4	15
Board Independence (%)	49.21	13.39	20	100
Female Director (%)	13.85	12.62	0	60
Foreign Director (%)	6.23	15	0	100
Board Ethnicity	2.06	0.73	0	4
Board Meetings	5.51	1.92	4	19
CG (Dichotomous Variable)				
Board Education Level			0	1
Board Education Background			0	1
Board Age			0	1
Board Tenure			0	1
Family ownership based on year				
2017 (n =153)	35.41	22.56	0	76.2
2018 (n =153)	35.43	22.85	0	83
Control variables				
SIZE	13.3	1.51	9.71	18.13
LEV	38.37	22.84	2.52	153.24
MTB	1.13	0.93	-0.87	6.81
RISK	1.07	0.73	-0.67	3.33
ROA	1.4	9.19	-60.15	19.35

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Table 4 illustrates that 81.05% or 248 of sample companies are having family ownership and 58.17% or 178 of sample companies are environmentally sensitive industries.

Table 4: Frequency Distribution in the Sample

Firms	**Frequency**	**(%)**
Family firms	248	81.05
Non-family firms	58	18.95
Total	306	100.00
Environmentally sensitive industry	178	58.17
Non-environmentally sensitive industry	128	41.83
Total	306	100.00

Regression Analysis and Discussion

This section provides the statistical findings for specified hypothesis 1 and hypothesis 2. The results of regression analysis using OLS regression is presented in Table 5.

Table 5: Result of Regression Analysis

	CSRRQ
Constant	-27.222***
	(-5.26)
CG	**0.907****
	(2.10)
FOWN	**1.909***
	(1.79)
SIZE	**3.001*****
	(8.53)
LEV	-0.031
	(-1.35)
MTB	**1.399****
	(2.77)
ROA	-0.033
	(-0.57)
RISK	**1.331****
	(2.08)
YEAR	**-4.028*****
	(-4.54)
INDUSTRY	**2.776****
	(2.94)
R_2	0.3479
Adjusted R_2	0.3281
F-statistics	17.55
Prob>F	0.000

*Where; *** p<0.01 **p<0.05 *p<0.10*
CSRRQ = Corporate Social Responsibility Reporting Quality is measured using disclosure index, CG= Corporate Governance comprises of 10

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board director characteristics , FOWN= Family Ownership is measured based on direct and indirect percentage of ownership, SIZE= Firm size is measured by natural logarithm of total assets, LEV= Debt ratio is calculated as total debts divided by total assets, MTB= Tobin's Q ratio is calculated by dividing the firm market value of equity by book value of equity, RISK= Beta coefficient is calculated by dividing the covariance of the stock return versus the market return by the variance of the market, ROA= ROA ratio is calculated by dividing net income by average total assets.

Table 5 shows that CG was significantly and positively associated with CSR reporting quality ($B=0.907$, $p< 0.05$, $t=2.10$). Therefore, H_1 was accepted. The finding indicates that companies with effective CG are likely to have higher CSR reporting quality. Effective CG provides a monitoring mechanism to ensure more transparent and informative disclosure to minimize information asymmetric between managers and shareholders (Chan et al., 2014). Thus, companies with effective CG would lessen uncertainty and attract more investors by providing more reporting quality. The findings are consistent with prior empirical studies (Jouber, 2021; Katmon et al., 2017) that CG measured by board characteristics is positive and significantly associated with CSRRQ. Furthermore, findings are consistent with Bear et al. (2010) and Harjoto et al. (2015) reporting that board diversity have a positive explanatory power in influencing the CSRRQ. This finding is in line with the agency theory that a strong CG mechanism can help companies reduce agency costs through transparent business reporting and high-quality environmental and social reporting. This is further supported by Chan et al. (2014) mentioning that companies with better CG are likely to be more socially and environmentally responsible than those with poor CG.

Table 5 also reports that family ownership was significant and positively influenced the level of CSRRQ, ($B= 1.909$, $p<0.10$, $t= 1.79$). Therefore, H_2 was accepted. The findings indicate that family businesses are likely to report their corporate social responsibility information to stakeholders. However, the positive result contradicted prior studies (Abdullah et al., 2011; Melati et al., 2023; Mohd Ghazali & Weetman, 2006; Hanifa & Cooke, 2005), which revealed that there is no need for such voluntary reporting as the information is available when most managers are also family members in the company. This finding is consistent with the socio-emotional wealth theory that will reduce the information asymmetries between family owners and minority shareholders. This suggests that the existence of family members in most businesses would influence the company to report their social activities to stakeholders and thus impact the level of CSR reporting quality. This is further supported by Anderson & Reeb (2003), who mention that family firms have become a significant element in developed and developing countries.

Conclusion

This study investigated the association between corporate governance and family ownership on CSR reporting quality. The results of this study showed that effective corporate governance is significant to the quality of corporate social responsibility reporting. Firms with better corporate governance are likely to influence management to disclose more corporate information to their stakeholders, hence improving the stakeholder's understanding of the company's activities. This is further supported by MCCG (2012), MCCG (2017) and MCCG (2021) to ensure timely and high-quality disclosure. Thus, the board should ensure that the company has appropriate corporate disclosure policies and procedures to be actively involved in social and environmental activities with the community. This research supported the relevance of agency theory to predict and explain the relationship between corporate governance mechanisms and CSR reporting quality in a developing country, particularly in Malaysian environment.

Most Malaysian firms are owned by families. Therefore, family owners significantly affect firms' decisions regarding CSR reporting quality. Evidence also found that family ownership played a vital role in influencing the companies to disclose more information to stakeholders with high-quality corporate social responsibility disclosures. This study demonstrated that the greater the family ownership on the board, the more likely it will emphasize societal and environmental interests, thus putting pressure on companies to engage in social and environmental activities. The finding is consistent with socio-emotional wealth theory, stating that family firms tend to behave responsibly towards external stakeholders.

The study shed some light on the importance of the board of directors fulfilling its oversight responsibilities, specifically regarding CSR reporting quality in the Malaysian context. The finding also provides useful information to the investors in evaluating the impact of effective corporate governance on corporate sustainability reporting quality. Additionally, this study is expected to aid policymakers and corporate leaders in developing strategies to increase more socially responsible companies, which may have an impact on corporate sustainability reporting. Managing environmental and social activities strategically may result in company favorable outcomes. Accordingly, by implementing effective corporate governance, companies may be motivated to disclose high reporting quality to reduce uncertainty, thus increasing investors' confidence in them, especially in family-owned firms.

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