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Impact of Board Diversity on Corporate Social Responsibility (CSR) on Malaysian Public Listed Companies

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Abstract

Different theories and empirical research have been done and suggested to define and clarify how board diversity give impacts to corporate social responsibility (CSR). This study examines the impact of board diversity towards CSR based on the 50 Malaysian Public Listed Companies within the year 2010 to 2016. Board diversity examines the board gender, board age, board size, board independence and board tenure toward CSR. The methodology of the study used Ordinary Least Square (OLS) regression to determine the relationship of CSR and all variables under the board diversity. Various analysis being done starting from the Pearson Correlation Coefficient Test and Descriptive Statistics Analysis. Model determination in this study also being analysed by using The Breusch & Pagan Lagrange Multiplier (LM Test) and Hausman Test. Based on the findings, the regression results show the diversification of the board, and other control variables had a positive relationship with CSR. The results revealed that the impact of board diversity gives positive relationship towards the CSR performance among the companies except for board tenure that brings negative relationship towards CSR performance.

Keywords: Board Diversity, Corporate Social Responsibility, Global Reporting Initiative, Corporate Governance

Introduction

The Malaysian corporate participants are getting more concerned about putting CSR activities in order for survival growth. CSR means regarding the behaviour of businesses over and above what is ordinarily required by regulatory bodies and legal requirements, not least because it is voluntarily practised but because businesses deem it to be in their long-term interest to do so (Shirley et al., 2009). CSR field covers all the knowledge area about the stakeholder's relations, goods and services, contribution in the public development projects, and environmental reporting. Additionally, as a modern management concept, CSR attracts public interest entities.