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ESG IN FOCUS: THE MALAYSIAN EVIDENCE

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ABSTRACT

The aims of the current study were to investigate the regulatory factors recommended by the Malaysian Code on Corporate Governance (MCCG) 2012 for the improvement of environmental, social, and governance (ESG) practices. The study employed ESG index based on GRI framework for data collection from 878 Malaysian public listed companies for three years from 2011 to 2013. The results showed that there is a significant slight improvement in the level of ESG practices in Malaysian public listed companies over time. In addition, the study revealed that MCCG 2012 and its recommendation for increasing the quota of women directors on the board and top management commitment have a significant role in improving the level of ESG practices in Malaysian public listed companies. The overall results suggested that regulatory reforms matter for implementing ESG practices. The findings of the study have important insight for the regulatory bodies of Malaysia in order to improve the level of ESG practices in the corporate sector and step ahead towards sustainable industrialization.

Keywords: ESG Practices, MCCG 2012, Diversity, Management Commitment, Malaysia

INTRODUCTION

The gigantic corporate failures and corporate governance scandals have questioned the accountability, ethical behaviour and the ability of business firms to manage a broad spectrum of stakeholders strategically. These deviations have also shaken the investors' confidence around the world. As, particularly, these corporate failures badly affected the investors and shareholders confidence and also make a negative chaos on stock exchange indexes around the world . Consequently, it has gained much attention among the business firms, its management and regulatory bodies to sustain the stakeholders and investors' confidence. A case in point the Bursa Malaysia (a Malaysian stock exchange) was also dropped by 45 percent in 2008. Henceforth, the government of Malaysia announced the Malaysian code on corporate governance (MCCG) 2012 with some potential changes of MCCG 2007 for the improvement of economic sustainability and governance structure of Malaysian public listed companies. The code also emphasized the need for transparency in financial and non-financial disclosures for the shareholders and other potential investors. Predominantly, in non-financial reporting, the MCCG 2012 focused on environmental, social and governance (ESG) reporting and improving its related corporate strategies. Importantly, it had aimed to give attention that how Malaysian public listed companies address their responsibilities to shareholders and stakeholders.

This notion leads towards the growth and incorporation of ESG practices. Hence, as central point and motivation of the current study, we focus on those areas addressed in MCCG 2012 related to ESG practices and reporting. Firstly, the code discussed to improve the level of ESG practices in Malaysian public listed companies. For this Bursa Malaysia recommended public listed companies to adopt GRI framework for ESG related practices and reporting. Secondly, the code directed Malaysian public

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listed companies to focus on ESG related integrated strategies, such as top management commitments towards ESG, the inclusion of sustainability theme into their companies' mission and vision statement. Finally, the code stressed onboard structural changes such as to increase women representation on the board. This notion is backed by the previous author's arguments that women, compared to men, are more concerned with the social welfare of the people, environmental concerns and governance strategies of the firm (Groysberg & Bell, 2013; Post, Rahman, & Mcquillen, 2015).

After searching the literature, it is believed that next to the promulgation of MCCG 2012 there is no such study conducted that investigated the above factors for the improvement of ESG practices in Malaysia. Hence, the current study tries to fill this gap by achieving the following research objectives:

- To investigate the level of improvement in ESG practices in Malaysia.
- To investigate the status of ESG practices and reporting after the MCCG 2012 promulgation.
- To investigate the role of MCCG 2012, women representation on the board and top management commitment to improving the ESG practices in Malaysia.

The reminders of the paper are followed by literature review and hypotheses development, research design, results and discussion and the last section conclude the paper.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Environmental, Social, and Governance (ESG) Practices

Nowadays, it is considered a socially responsible and an ethical investment to go ahead with ESG reporting as it has become a key and ideal indicators of risk management, non-financial performance and management competencies (Friede, Busch, & Bassen, 2015; Galbreath, 2013).

Considering ESG's key role, it covers a wide-ranging issue related to environment like energy and water usage, natural resource protection, carbon emissions, pollution, and many social responsibility aspects namely as human rights, fair trade principle, gender equality, product safety, health safety concerns and governance deals with the leadership of a company, audits and internal controls, executive pay, shareholder protection, reporting and disclosure, corruption and bribery. In this retrospective, three notions can be found in the history of ESG.

The first notion goes as back as the 1970s when the focus of ESG came into concept when small group investors showed their concern to report social and environmental practices of companies (Richardson, 2009).Moving on to the second occurrence of such notions in the history back in 2006, when the United Nations (UN) underlined the 'Principles for Responsible Investment (PRI) (UN PRI 2006)'. This initiative was later on adopted as a de facto standard for highlighting ESG issues and taking a stand on mainstream investment practices. Third in order was the collaboration between the Coalition from Environmentally Responsible Economies (CERES) and United Nations Environmental Program (UNEP). The inception of GRI framework was first of its kind which focused on environmental performance and reporting which later expanded to highlighting the issues that go beyond the environment in the third generation (G3) of the GRI Principles. Currently, the GRI framework covers six different categories all of which strengthen ESG and its regulation. The six categories include the human right, environmental, economic, society, product responsibility and labour practices and decent work. As it can be noticed, the governance issues are not covered by a separate category on account of the fact that it is covered under the economic category. As an implemented regulation, there are many companies, social sector, government and other key organizations are using GRO framework as part of their ESG practices and effective reporting. The most recent of this framework (G4) was published in 2013.

Existing Research on ESG

Galbreath in (2015) examined that ESG criteria are relatively explored. His studies argued that the studies aimed at exploring ESG mostly focus only one dimension, i.e. environmental, social or governance. Mostly the interest is based on the financial performance of a firm. Additionally, it has been established and found that 85% of studies are based on one dimension of ESG instead focusing on all essential elements (United Nations Environment Program Finance Initiative and Mercer Investment Consulting 2007) as found by Galbreath in (2013). In most of these studies, a causal relationship between individual factors or at times combined with a firm' characteristics like financial performance has yielded with mix findings. There is a growing body of studies focused on ESG issues. In all case scenarios, the emphasis was based on finding the impact on financial performance by ESG. Since all ESG issues are noted to be inter-related, a single dimension-focused study will not be as beneficial and revealing (Galbreath, 2013). Some scholars are of the opinion that a sole focus on the relationship between ESG dimensions with the financial performance of a firm will result in weakening moral and ethical considerations which are important for generic future generation needs, the welfare of society and overall sustainable development goals (Dyllick & Hockerts, 2002; Richardson, 2009). Based on the aforementioned limitations, a research study that covers areas beyond direct connection of ESG more than one aspect of a firm is in need (Galbreath, 2013).

ESG Practices in Malaysian Perspective

A history of ESG began when the Malaysian government officiated a requirement for all companies to disclose their corporate social responsibility in the annual reports of a company that are published at the end of year-end on 31st December (Bursa Malaysia, 2006). However, it was a voluntary decision to disclose certain contents of a company. In the same year of 2006, Bursa Malaysia, for the first time introduced CSR framework by targetting four dimensions namely as a workplace (social internal stakeholders), community (social external stakeholders), and marketplace (economic) and environment. Bursa Malaysia defined CSR as a transparent and open business practice based on ethical values and respect for the employees, community, shareholders, other stakeholders and the environment. The purpose of CSR is to promote the sustainable value and concern for the society (Bursa Malaysia,2006). It also recommended GRI reporting framework for the public listed companies of Malaysia. It is also recommended that the corporate sustainability strategies should be directed at ESG practices. It was contrary to other studies as they investigated either the impact or level of CSR and sustainability on the performance of the firm. Conclusively, these studied reported that the level of reporting is 'low' and also added that different dimension of ESG was also low and required further improvements in Malaysia (Nazli, Ahmad, Salat, & Haraf, 2013; Zahid & Ghazali, 2015). It also forecasted that by investigating and putting the focus on other factors along with firm financial performance, ESG practices can be improved and expanded.

Theory and Hypotheses Development

To put in a nutshell, ESG is an effort to satisfy the demands of multiple stakeholders by incorporating sustainable business practices and to underpin this ideology, stakeholder theory forwarded this notion in its entirety (Clarkson, 1995; Donaldson & Preston, 1995; Freeman, 1984). To further define ‘stakeholder theory', Freeman (1984) defines it as a practice of companies where they aim to reimburse some of the damages they cause to the environment and society with the business operations in the form of environmental and noise pollution. Drawing on the points of this theory (stakeholder theory), shareholders, employees, creditors, government, natural environment, society and suppliers are all part of the stakeholders (Clarkson, 1995; Haigh & Griffiths, 2009). In a broad retrospective, the interest of shareholders is the responsibility fo the firms by driving a focused and planned effort towards the well-being of society and individuals (Donaldson & Preston, 1995).

Level of ESG Practices Overtime

The MCCG 2012 advised the board of Malaysian public listed companies for formalizing all sustainability-related strategies in a manner that 'the board should formalise the company's strategies for promoting sustainability. Attention should be given to environmental, social and governance (ESG) aspects of the business which underpin sustainability. Balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. The board should ensure the company discloses these policies and their implementation in the annual report and the corporate website” (MCCG, 2012, p. 12). As evident from the stakeholder theory, a firm is required to disclose key relevant information to stakeholders over time. Such practices are a result of-of social, political, economic and environmental pressures (Deegan & Rankin, 1996; Haniffa & Cooke, 2005; Zahid & Ghazali, 2015). Furthermore, it has also been found that in emerging economies such sustainability-related practices are increasing over time due to the modification in legislation, risks and pressure from ethical investors and groups and an upraise in specific events, awards, rewarding economic activities, media interest, societal awareness and politics (Haniffa & Cooke, 2005). In order to stay put and comply with certain regulations and requirements, firms are providing information to stakeholder for justifying and legitimizing their operations. For these reasons and more, companies nowadays restore to the practice of disclosing certain economic, social and environmental information in the annual reports (Haniffa & Cooke, 2005; Tracey, 2014). Therefore, based on discussion highlighted above, it is hypothesized that:

H1: There is a significant increase in ESG practices in Malaysian PLCs over time.

Malaysian Code on Corporate Governance (MCCG) 2012 and ESG

To bring in reforms in Corporate Governance (CG) the Malaysian government took a momentous step by announcing their first Malaysian Code on Corporate Governance (MCCG) in March 2000. Furthermore, in 2007, the code was revised. CG blueprint-2011 was released in July 2011 by Security Commission (SC) of Malaysia which sets the anticipated CG landscape going forward. Blueprint served the purpose to accomplish excellence in CG through strengthening self and market discipline along with encouraging efficient compliance and culture of CG. Afterwards, in 2012, the code was officially promulgated to conscious the shareholders and board to embrace the understanding of the idea that being a successful business is not only to accomplish desired financial bottom line rather it is to be competitive, ethical and sustainable. Another important purpose the code carried to endorse corporate sustainability with the help of ESG practices in Malaysian public listed firms. So, it was hypothesized that:

H2: There is a significant role of MCCG 2012 on ESG practices.

Women on the Board and ESG

Increase in the representation of women on the board was also addressed by MCCG 2012, the 2.2 recommendation of the code described that "the board should establish a policy formalizing its approach to boardroom diversity. The board through its Nominating Committee should take steps to ensure that women candidates are sought as part of its recruitment exercise. The board should explicitly disclose in the annual report its gender diversity policies and targets and the measures taken to meet those targets". To have faith in the positive aspects of diversity and be more opportunistic, this study undertakes that gender diversity on board has a positive part in improving ESG practices (Galbreath, 2011). The reason behind it was the fact the women are more responsive to the environment, the welfare of the people organizational strategy for new product and market development compared to men. When women undertake higher positions this behaviour of caring and ethical considerations came to limelight (Jaffee & Hyde, 2000). Women directors throw more weight behind self-transcendent values of social responsibility compare to men (Adams, Funk, Barber, Ho, & Odean, 2012; Groysberg & Bell, 2013).

Hence, it is hypothesized that:

H3: There is a significant role of women representation on the board for ESG practices.

Top Management/Leadership Commitment and ESG

Top management commitment is considered as a strong internal force to foster ESG practices within the organization (Starik & Rands, 1995). Top management commitment towards ESG practices matters to drive ESG agenda and integrate it into the overall business strategies and organizational culture. Moreover, they can affect the tendency of an organization to engage with such practices (Moyano-Fuentes, Maqueira-Marín, & Bruque-Cámara, 2018; SHRM Report, 2011). Such engagements of top management make a firm socially responsible and have the role in improving the reputation and performance of a firm (Waldman, Siegel, & Javidan, 2004). The stakeholder theory further explains the same notion that the top management has its role to ensure the stakes of all the stakeholders by managing and integrating into their business activities (Freeman, 1984). Further endorsing that, top management commitments strengthen the relationships with stakeholders and organization can avail benefits like improved efficiency, positive influence on regulation, reduced risk and better stakeholder management (WBCSD, 2000). Hence, based on the above discussion top management may play a very positive role in order to improve the level of ESG practices. Hence, it hypothesized that:

H4: There is a significant role of top management commitment to improving ESG practices.

RESEARCH METHODS

Malaysian public listed firms as a unit of analysis are used in this study. The study sample consists of 878 public listed companies from 12 different sectors exhibited in table 1 for the period of three years (2011-2013).

Table 1: Total Sample Size Sector wise

#	Sectors	No. of Co.'s
1	Consumer Products	173
2	Industrial Products	205
3	Construction	45
4	Trading Service	198
5	Finance	32
6	Infrastructure Projects	16
7	Hotels	12
8	Properties	89
9	Plantation	48
10	Mining	3
11	Technology	33
12	Real Estate	24
	Total Sample Size	878

Form each sector the companies were selected for observation on a random basis. This specific study incorporated ESG reporting index of Zahid & Ghazali (2015) for the measurement of ESG practices. This very index the study developed is based on GRI reporting manual which is recommended by Bursa Malaysia for ESG reporting. Content analysis procedure of company annual reports was used for data collection purpose. Research on quantitative data collected from annual reports the content analysis is most widely used procedure (Amran & Haniffa, 2011; Zahid & Ghazali, 2015). The content analysis procedure is the most widely used method in research on quantitative data collected from annual reports (Amran & Haniffa, 2011; Zahid & Ghazali, 2015). To record the contents mentioned in table 2 the study incorporated equal weighted scoring technique using the code of 1 for the company reports the content and 0 for otherwise ((Gao & Bansal, 2013; Ioannou & Serafeim, 2014). Highest score on content analysis is implied as high performance (Lee, Singal, & Kang, 2013). For data analysis, the independent sample t-test was used. "An independent-samples t-test is used when you want to compare the mean score, on some continuous variable, for two different groups of subjects" (Pallant, 2002, p. 205).

Table 2: Dimensions of Corporate Sustainability

Dimensions of Corporate Sustainability	Definition	Key Stakeholders Focusing Areas [2]
Environmental	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 Management System (EMS) and Certifications, Material Used and Produced, Material Recycled, Energy Consumption and Reduction, Water Consumption, Biodiversity, Emissions including Greenhouse Gases (GHG), Effluents and Waste Reductions, Product Environmental Impacts, Transportation Impacts, Suppliers' Environmental Impacts, Environmental Related Awards

Social[3]	The social dimension of sustainability concerns the impacts the organization has on the social systems within which it operates. (GRI, 2013)	External (Community) and Internal (Employees) Community Engagement through Philanthropy, Product Responsibility, Customer Satisfaction, Products and Services Labeling (Eco-Labelling), Education Facilities (Training and Internships), Cultural, Heritage and Celebration of Special Occasion, Sports and Other Activities, Shelters Facilities, Donations, Social Sustainability Related Awards Decent Labor Practices, Employment Opportunities, Occupational Health and Safety, Employee's development, training and education, Diversity and Equal Opportunities, Supplier Assessment regarding Labor Practices, Assurance of Human Rights, The Labor Union and Bargaining Power, Prevent Child Labor, Drinking water on workplace, Employees Satisfaction Survey, Workplace Sustainability Awards
Governance	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. (GRI, 2013)	Corporate Governance Practices, Reporting of Performance, Market presence (Min Wages), Locals in Management, Indirect Economic Impact, Direct Economic Impact, R&D Activities, Procurement Activities, Internal Control Mechanism, Anti-corruption and whistle Blowing, Ethical Standards, Product Responsibility, Economic Sustainability Awards

[2]Note: Bursa Malaysia divided social sustainability into two categories, internal (workplace-related issues) and external (community engagement)
[3]Note: Definition of individual focusing area is available in Global Reporting Initiatives Framework (GRI, 2013)
Source: Authors compilation

RESULTS AND DISCUSSION

Table 2 shows the descriptive statistics of ESG practices and the frequencies of MCCG, diversity and leadership commitment. The total score of ESG ranges from 6.00 to 43.00 (i.e. denoting by minimum and maximum) for three years. The mean value for ESG was 20.16. The Table also shows the frequency of MCCG, diversity and leadership denoting 'Yes' for disclosed and 'No' for not disclosing respectively.

Table 3: Descriptive Statistics

	N	Min	Max	Mean	S.D	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	S.E	Statistic	S.E
ESG	878	6.00	43.00	20.16	6.83	0.98	0.08	1.05	0.16
				Yes	No	%Yes	%No	Cum.% (Yes/No)	
MCCG	878	0.00	1.00	583	295	66.4	33.6	66.4	100
Diversity	878	0.00	1.00	531	347	60.5	39.5	60.5	100
Leadership	878	0.00	1.00	488	390	55.6	44.4	55.6	100

Min= Minimum, Max= Maximum, S.D= Standard Deviation, S.E= Std. Error

Table 3 shows the results of t-test for the extent of ESG practices over time. The results report that there a significant change in ESG practices over the time period of 2011-2013. Moreover, there is a slight upward trend in the mean values (2011 0.566, 2012 0.614, 2013 0.634) and mean plots in Figure 01 of ESG practices, hence supported H1 of the study. The results confirm the essence of stakeholder theory that Malaysian public listed companies are adopting ESG practices for the satisfaction of broad spectrum of stakeholders' overtime. Moreover, these companies are now considered ESG practices a sign of integrity, legitimacy, reputation and better performance.

Table 4: T-Test Results

		Levene's Test for Equality of Variances		**t-test for equality of means**						
Mean 2011 (19.17) and 2013 (21.00)		F	Sig.	t	df	Sig.	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ESG	Equal variances assumed	.440	.507	3.275	583	.001***	1.830	.559	.7328	2.928
	Equal variances not assumed			3.275	582.537	.001***	1.830	.559	.7326	2.928

*Note: Significant levels **p < .01. ***p < .001*

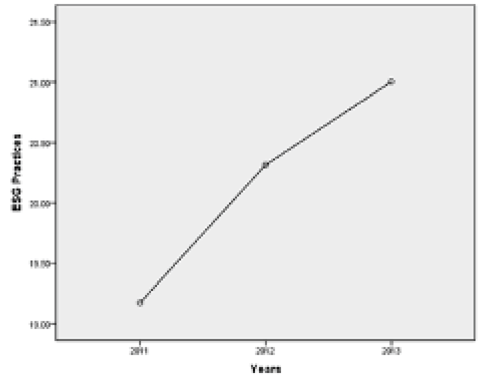

Figure 1: Years wise trend of ESG practices

Table 4 presents the results of t-test that there is a significant change reported in ESG practices due to MCCG 2012. Moreover, the results also reported that there is a significant change in ESG practices during pre (2011) and post (2013) periods of MCCG 2012, and mean plots in Figure 02 of ESG practices hence, supported H2 of the study. The results indicated that MCCG 2012 has a positive impact on ESG status. It is further noted that for voluntary disclosures particularly in developing countries regulatory steps are important. This regulatory thrust may increase the level of such disclosures.

Table 5: T-Test Results

Group Statistics: Mean PreMCCG 19.17 and PostMCCG 21.00		Levene's Test for Equality of Variances		t-test for equality of means						
		F	Sig.	t	df	Sig.	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ESG	Equal variances assumed	.440	.507	3.275	583	.001***	1.830	.559	.7328	2.928
	Equal variances not assumed			3.275	582.537	.001***	1.830	.559	.7326	2.928

Note: Significant levels **p < .01. ***p < .001

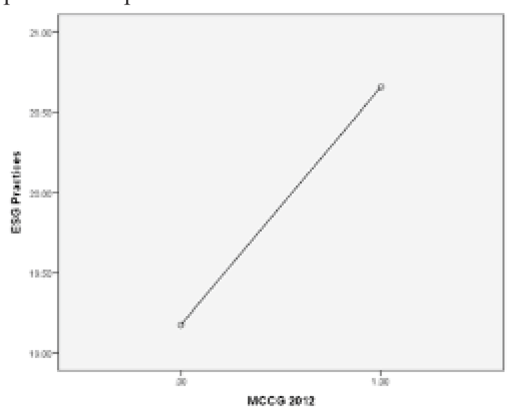

Figure 2: MCCG Pre & Post Periods and ESG practices

Table 5 reports the results of t-test that there is a significant change in ESG practices due to boardroom diversity (women representation). The results indicated that women representation on board significantly changes the level of ESG practices. Figure 03 further confirms the crux of hypothesis. Results supported the notion that those companies having women director on board perform well for ESG practices. These findings are in accordance with the previous findings that women exhibit more friendly behaviour towards philanthropy and other social welfare activities. Such as psychological edge that takes notice of stakeholders' interests, women unique leadership styles, a significant difference in thinking, different in beliefs and values of men and women (Groysberg & Bell, 2013).

Table 6: T-Test Results

Group Statistics: Mean Boardroom Diversity Yes 22.53 and Non 16.52		Levene's Test for Equality of Variances		t-test for equality of means						
		F	Sig.	t	df	Sig.	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ESG	Equal variances assumed	57.44	.507	14.114	876	.000	6.008	.426	5.172	6.844
	Equal variances not assumed			15.380	875.948	.000	6.008	.391	5.242	6.775

Note: Significant levels **p<.01. ***p<.001

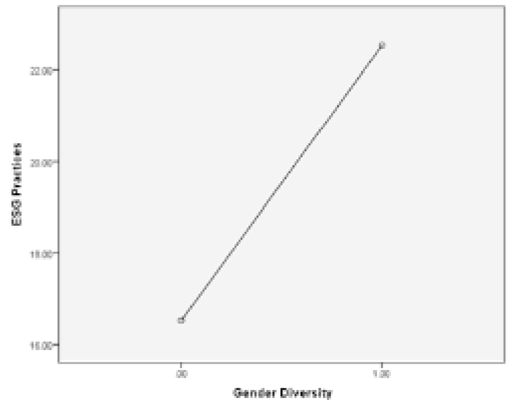

Figure 3: Gender Diversity and ESG practices

Table 6 reports the results of t-test that there is a significant change in ESG practices due to top management commitment by the organizations. The results indicated that top management commitment matters and changes significantly the level of ESG practices as shows in Figure 04 as well. Results supported the notion that those companies having committed through their leadership can perform well for ESG practices. These findings are in accordance with the previous findings that the success and extent of ESG practices undertaken by the business firms are affected by the support of top management and leadership of these firms He et al., 2018; Laszlo, 2008; Willard, 2005)

Table 6: T-Test Results

		Levene's Test for Equality of Variances		t-test for equality of means						
Group Statistics: Mean Top Management Commitment Yes 866 and No 12		F	Sig.	t	df	Sig.	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ESG	Equal variances assumed	.654	.419	3.639	876	.000	7.173	1.971	3.304	11.04
	Equal variances not assumed			4.250	11.423	.001	7.173	1.971	3.475	10.870

Note: Significant levels **p < .01. ***p < .001

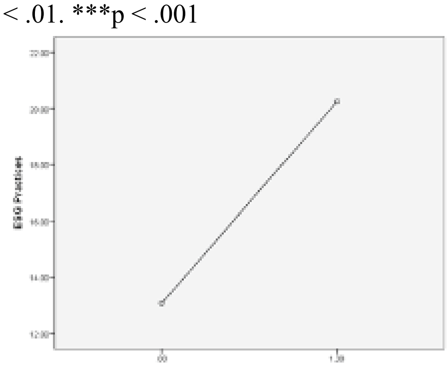

Figure 4: Top Management Commitment and ESG practices

CONCLUSION AND RECOMMENDATIONS

The aim of this specific study was to find out the ESG practices level in Malaysian public listed companies. Furthermore, this study aims to investigate the role of MCCG 2012, gender diversity (women representation) and commitment of top management for further improvement in ESG practices. Results of the first objective disclosed that over a period of time there is a substantial improvement in ESG practices. Over the period of 2011, 2012 and 2013 there has been a considerable increase in the level of ESG practices. These outcomes indicated that public listed Malaysian companies grasped the importance of ESG practices and are keen to implement and stick to such practices.

The results confirmed that legitimacy and sustainability are the reasons that the Malaysian public listed companies want to operate in such environment. Moreover, their operation strengthens the notion of stakeholder's satisfaction. Support for the legitimate practices the findings stated that MCCG 2012 attempts to safeguard the emergence of ESG practices in Malaysia. As mentioned above MCCG 2012 declaration increased ESG practices which further indicates that regulatory push is highly recommended for developing economies such as Malaysia to increase the level of ESG practices as voluntary disclosures. Lastly, the finding suggests that the boardroom diversity (women representation) has a significantly positive impact on the level of ESG practices in public listed companies of Malaysia. The focus on ESG practices and boardroom gender diversity is considered and focused by MCCG 2012 and hence substantiated that both are vital for diversity, inclusion and a positive driver for sustainable practices in public listed companies of Malaysia.

Therefore, it is very important and highly recommended for the Malaysian government to focus on these steps and should incentivize these companies through awards, subsidies and tax rebates in order to flourish ESG practices.

The findings mentioned above have enormous ways for theoretical and practical implications. The results of the study contribute to the limited and existing literature on ESG practices especially in the context of Malaysia. Secondly, this specific study has novelty in findings by investigating the role of level of ESG practices, MCCG 2012, boardroom gender diversity and top management commitment in public listed companies of Malaysia. Thirdly, the study data collection of ESG practices was based on GRI reporting framework which is under the recommendation of Bursa Malaysia to report sustainability practices. This ESG index covered three dimensions including environmental, social, and governance practices recommended by the Bursa Malaysia (exhibited in Table 2). This ESG index has value for Malaysian public listed companies to incorporate and improve ESG practices in their annual reports. The findings of the study will have practical implications for the government of Malaysia in order to improve the level of ESG practices in the corporate sector and step ahead towards sustainable industrialization. Moreover, the findings of the study will also be useful for the relevant authorities such as Bursa Malaysia, security commission and other regulatory bodies.

Alongside, implications this study has some limitations. The findings of the current study are only based on mean comparison conditioned by some regulatory steps such as MCCG 2012, boardroom gender diversity and top management commitments towards EGS practices. Hence, in future studies, it is recommended to examine the role of other factors such as firm size, age, profitability and governance characteristics with ESG practices in the Malaysian context. Moreover, in future, some longitudinal studies on the subject should be examined.

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