

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) DISCLOSURE AND FIRM PERFORMANCE DURING COVID-19: MALAYSIAN EVIDENCE

Choong Yeuan Jer

Fathyah Hashim

Graduate School of Business, Universiti Sains Malaysia

Email: fathashim@usm.my

Abstract

The relationship between ESG disclosure and firm performance has been extensively studied, but conflicting results persist. This paper highlights the importance of ESG disclosure and how it improves market and firm performance in Malaysian companies during COVID-19. The empirical analysis was performed in two stages: content analysis to obtain the extent of ESG disclosure and firm performance from the top 110 listed companies based on market capitalization in Malaysia; and regression modelling to assess the relationship between ESG disclosure and firm performance. The results suggest that business with higher level of ESG disclosure is linked to superior firm performance during COVID-19. This paper considers an aspect that has yet to be explored in the Malaysian context, which is to be relevant and concerned to businesses during COVID-19. Those who adopt sustainability management may expect a higher rate of return, as it may be used as a strategy for societal acceptance. This paper contributes to the understanding of ESG reporting among businesses in Malaysia, alongside evidenced its significance that is likely to pay off via firm performance.

Keywords: Environmental, Social and Corporate governance (ESG), Firm performance, COVID-19

Introduction

In the last decade, the corporate environmental, social and governance (ESG) practices have acquired substantial traction from policy makers, investors and the general public (Schramade and Schoenmaker, 2018). Despite unequivocal views on its influence, its relationship with corporate firm performance is gaining prominence in Asia due to varied outlooks from sustainability virtues to measurement of internal vulnerability (KPMG, 2017). The COVID-19 pandemic has further intensified awareness of the threat posed by systemic issues and existential crises - explicitly poverty, health and climate change to the security of firm systems (CFA Institute, 2020). Earlier insights on the correlation of ESG performance and firm performance will need to be revisited.

As part of the dimensions of corporate social responsibility (CSR), ESG has veered from the conventional notion of profit maximization as the sole organizational goal to a paradigm that emphasizes the expectations of all stakeholders (Sila and Ceka, 2017). The search for growing returns, customer satisfaction, market acceptance and societal values are likely to coexist with better ESG practices (Schramade and Schoenmaker, 2018). While there is no direct relation between sustainability and firm fundamentals, investors are inclined to sustainable assets for two reasons: driven by non-pecuniary motives followed by a belief that better risk-adjusted returns are guaranteed (Ferriani & Natoli, 2020). The market for ESG investments has doubled over the past 4 years, and tripled over the past 8 years stimulated by top-down changes, such as the compulsory reporting framework in Hong Kong and sustainable finance taxonomy by the European Union (Yoo et al., 2021).

Battered by the pandemic-induced financial crisis, there is a concern that business might deprioritize costly sustainable initiatives (Amankwah-Amoah, 2020) as a result of halted

economic activities. The market value of the S&P 500 index has dropped approximately 30% since the outbreak. On average, stock values have fallen 10% to 30%, which is more substantial than during the global financial crisis in 2008 and 2009 (Shehzad et al., 2020). A reflection of these market trends is observed in the uncertainty measurement across different financial and commodity markets. According to Adekoya and Oliyide (2020), markets fear more during the pandemic period than before it, resulting from market volatility indices that have exceeded more than twice their average values before the pandemic. With the high level of fear, stakeholders are either return maximizers or risk-averse, and will require sufficient information to re-establish their confidence and make optimal investment decisions.

Hence, institutional communication with the market via annual reports comprising precise, extensive and extensive information is climacteric for organizations (Schramade and Schoenmaker, 2018). Questions then arise: what firms are more resilient towards financial crises, and how can firms reduce their financial risks? Few studies affirmed firms that take ESG risks into account exhibited higher stock returns with lower price volatility during market downturns (Yoo et al., 2021), while others provide contradictory evidence (Saygili et al., 2021; Atan et al., 2018).

Research Objectives

In respect of the elusive relationship between corporate sustainability and firm performance, this paper aims to contribute to the literature scarcity by evaluating the nexus between ESG disclosure and firm performance, and how it is affected by industry-level factors during COVID-19.

Scope of the Research

This paper focuses on Malaysian businesses. As an emerging economy, its unique institutional setting, geopolitical and economic features have set itself apart from other developed countries, where most of the sustainability research has been carried out. Malaysia's commitments towards sustainability have been substantial, in view of its adoption of FTSE4Good Bursa Malaysia Network since 2014 and UN Sustainable Development Goals (SDGs) since 2016 (Wan Mohammad & Wasiuzzaman, 2021; Zahid et al., 2020). As such, governmental support in the form of standardization and facilities is vital to ESG development, else it may not be easily materialized for Malaysian enterprises. Given the resource constraint without mandatory disclosure regulations, more research is required to shed light on how it should be made or prioritized for different industries (Wan Mohammad & Wasiuzzaman, 2021; Porter et al., 2019). Therefore, this paper examines whether a higher level of ESG disclosure is linked to a superior firm performance.

Literature Review

The Relationship between ESG Disclosure and Firm Performance during COVID-19

In view of the rising sustainability concerns, ESG disclosure is apt from a private and public viewpoint. Fundamentally, there is a need for governments and regulators to ensure corporate practices are aligned with societal interests (Tarmuji et al., 2016). Next, market participants and investors demand attention for ESG disclosure, hence accounting for ethical and non-financial data in their decision-making (Baldini et al., 2018). Despite the continuous heightened prominence gained with regards to the relationship between corporate social responsibility and firm performance (Hardiningsih et al., 2020; Mohamad et al., 2020; Tarmuji et al., 2016), the findings appear to be indefinite as researchers have yet to achieve a consensus on the financial implications in businesses of such responsible and risk management practices.

Empirical research disclosed that ESG performance plays a crucial role in burgeoning firm performance (Hardiningsih et al., 2020; Mohamad et al., 2020; Xie et al., 2019). For policies that emphasize on cost reduction such as sustainable packaging, supply chain and green building policy, they are positively associated with accounting-based and market-based firm performance (Xie et al., 2019). Similarly, integrating social practices, board independence and remuneration, members' experience and gender diversity are proven to enhance corporate reputation, consumer trust and brand equity (Mohamad et al., 2020; Xie et al., 2019; Tarmuji et al., 2016). In the context of developed markets, firms that involve in ESG disclosure are connected to lower idiosyncratic and systematic risks in view of lower chances of adverse market reaction. They can reinvigorate their offerings in line with societal needs with improved environmental protection and quality of life (Wan Mohammad & Wasiuzzaman, 2021).

On the other hand, Atan et al. (2018) expressed her diverging view that ESG scores are insignificant enough in manipulating the cost of capital (WACC), which could be attributed to the fact that most stakeholders have yet to develop confidence in companies' ESG capabilities that could sooner or later reduce cost. Garcia-Meca and Martinez-Ferrero (2021) contend that challenges become prevalent for environmental reporting to have an effect on firm performance when corporate goals are vague and there is no direct relationship observed between them and core business objectives. It can be portrayed as image enhancement but the actual involvement is limited and symbolic. Sila and Ceka (2017) and Ganesan et al. (2017) argue that firm performance is negatively associated with ESG as corporate governance and social policies contribute to asset misallocation and high implementation costs, which outweigh any potential benefits for shareholders.

The equivocal findings led Friede et al. (2015) to suggest differences in pure ESG performance in correlation levels of portfolio and non-portfolio studies. Following the insights from Alsayegh et al. (2020), reactions towards ESG initiatives might vary across changes in economic cycles, such as the growth and recession triggered by the COVID-19 pandemic. Yoo et al. (2021) speculate that the cost is the major reason for mixed results. Increasing environmental disclosure calls for operational costs to bring in energy-efficient technologies and to replace manufacturing lines (Sila & Ceka, 2017). But social and governance disclosures do not depend upon substitutions and can render firms' diverse financial policy options. Nonetheless, the vague relationship can be ascribed to other reasons.

Legitimacy Theory

Theoretical inadequacy is one of the contributors for ambiguous and inconclusive findings (Aguinis & Glavas, 2012). This research aims to address this limitation by delving into the connection between ESG disclosure and firm performance among Malaysian businesses via legitimacy theory. Legitimacy theory is delineated as a generalized perception that the actions of an organization are deemed as appropriate and desirable within societal norms and values. It claims that ESG disclosure is an example of voluntary reporting if the management assumes those activities are expected by the societies or as a response to public and media attention resulting from major social or environmental incidents (Abdul Rahman and Alsayegh, 2021).

A legitimacy gap threatens an organization's survival when the societal expectations are incongruent with its needs. When the community questions its legitimacy, Deegan (2016) predicts the following outcomes: reduced demand from consumers, withdrawn labor and financial capital from suppliers and increased taxes, fines or enforcement from the government. Thus, the causal link between ESG disclosure and firm performance can be exemplified by legitimacy theory. One of the ways companies restore public confidence is to improve corporate disclosure. Firms that report their sustainability strategy practises demonstrate their

offerings are beneficial to different parties, thereby affirming their legitimacy in society (Abdul Rahman and Alsayegh, 2021). Past empirical studies from Baldini et al. (2018) using legitimacy theory discover that firm characteristics (company size, profitability, leverage, corporate governance mechanisms and industry sector), stakeholders (shareholders, regulators, investors, creditors, media and environmentalists), country-level determinants (political, labor and cultural system) and international bodies (foreign investors, media, buyer and regulatory agencies) are bound by social contract, thus they are urged to outline corporate reporting agenda to gain the license and public acceptance to operate in the society.

ESG Disclosure and Firm Performance

Firm performance encompasses financial costs and benefits, while reflecting the value, long term profitability and fiscal sustainability of a company. It serves as a reference for proper evaluation of quality of earnings, cash flow projection and profitability in the long run (Alsayegh, 2020). Meanwhile, ESG disclosure marks one of the most crucial instruments in reflecting the firm accountability and transparency to consider the needs of all parties with a vested interest. High compliance with disclosure of ESG requirements enhances societal perception of firm accountability. Studies (Hardiningsih et al., 2020; Mohamad et al., 2020; Tarmuji et al., 2016; Hussainey & Salama, 2010) have showcased engagements in ESG are widely recognized via improved firm value as a strategic initiative for future risk exposure and management supervision by considering the interests of all groups. Scholars also encourage more empirical work that include economic growth or recession triggered by disasters which could potentially affect ESG programs (Alsayegh, 2020). Hence, COVID-19 would be relevant at the point of study.

Conversely, some scholars discover opposite results. According to Junius et al. (2020), market value is not influenced by ESG performance since it is presumed that sustainable development initiatives are unfamiliar to the public thus are not being considered in market decisions. Another possible explanation is that the market may interpret disclosure as an attempt to justify overspending in ESG activities (Fatemi et al., 2018). Despite the discussions revolving around ESG factors and firm performance have been far from unanimous, most studies regard ESG activities as having the capability to increase financial value. From the theoretical aspect, ESG activities strengthen the firm's reputation and its interactions with all its crucial constituent groups. Socially responsible behavior satisfies public interest, enabling efficient contracting, crafting new paths for growth and risk reduction and can be a source of competitive edge and innovation (Porter & Kramer, 2006; Freeman, 1984). Therefore, there is an implicit understanding that ESG performance improves corporate firm performance which leads to the hypotheses:

H1: Environmental, Social and Governance (ESG) disclosure is positively associated with firm performance during COVID-19.

H1a: Environmental, Social and Governance (ESG) disclosure is positively associated with Tobin's Q during COVID-19.

H1b: Environmental, Social and Governance (ESG) disclosure is positively associated with ROA during COVID-19.

H1c: Environmental, Social and Governance (ESG) disclosure is positively associated with ROE during COVID-19.

Research Methodology

The largest 110 companies by market capitalization listed on the main board of Bursa Malaysia in 2019 with complete annual reports were shortlisted as samples for this study via purposive sampling. This is 11.82% from a total of 930 firms listed. Companies in the firm

sector were excluded due to differences in reporting and regulatory requirements. This is aligned with other corporate social and governance research (Ooi et al., 2018; Ahmed Haji, 2013). Each company serves as a unit of analysis.

The independent variable, ESG disclosure (ESG), was measured by content analysis disclosed by companies through annual or sustainability reports (Zahid et al., 2020; Kengkathran, 2019). It is the most common method for corporate performance research, based on classification and codification to capture the presence or absence of a particular content. The measurement was adopted from specific standard disclosures in the Global Reporting Initiatives (GRI) as listed in Table A4. Subsequently, dichotomous scoring is derived for further investigation. In this case, the specific standards consist of 46 items categorized under economic, environmental and social respectively. Each item is assumed to be equally important with a score of '0' for non-disclosure and '1' for any disclosure. The companies are rated from 0 to 46, with 46 being the highest disclosure.

Meanwhile, the dependent variable, firm performance is measured via different indicators. Past studies touted Tobin's Q (TOBINSQ), ROA (ROA) and ROE (ROE) as the essential measurements and have been widely used in earlier studies. Both accounting-based financial performance indicators, ROA and ROE measure asset utilization efficiency and earnings with respect to shareholders' capital respectively (Saygili et al., 2021; Kengkathran, 2019). Data for ROA and ROE are collected from S&P Capital IQ with the formula below:

$$ROA = (EBIT * 0.625) / ([Total\ assets\ (t) + Total\ assets\ (t - 1)] / 2)$$

$$ROE = \text{Earnings from continuing operations} / ([Total\ equity\ (t) + Total\ equity\ (t - 1)] / 2)$$

Tobin's Q, a market-based measurement, predicts the firm market value against the replacement cost of its assets (Chiek et al., 2021; Atan et al., 2018). It tells how the company's assets are being valued by incorporating systematic risks.

$$\text{Tobin's Q} = \frac{(\text{Market capitalisation} + \text{Total liabilities} + \text{Preferred equity} + \text{Minority interests})}{\text{Total assets}}$$

Control variables have been included to control firm specific effects and to avoid biased results. Present study includes three common variables from the literature, i.e. leverage (LEVERAGE), size (SIZE) and age (AGE) of a company. Leverage is measured by the ratio of total liabilities to total equity capital, which signifies an enterprise risk that could affect the firm performance (Atan et al., 2018). Size is measured by the natural logarithm of total assets, whereas age calculates how long the company has been established (Junius et al., 2020). Based on the data availability for all variables, a cross-sectional dataset from 110 firms listed on Bursa Malaysia has been extracted for the year 2019 to 2021, with a total of 330 firm-year observations.

Research Results

Table 1 exhibits the extent of ESG disclosure among Malaysian businesses from the year 2019 to 2021. Tobin's Q, ROA and ROE have means of 1.23, 5.18 and 9.75 respectively, indicating most firms have low market and firm performance on average with losses made. ROE is the best-in-class performance indicator of firm performance, followed by ROA and Tobin's Q. The mean value of ESG score is 0.26, from a range of 0.07 to 0.80. This explains that corporate attention and involvement of Malaysian companies in ESG are growing but plausibly remain in its infancy. For control variables LEVERAGE, SIZE and AGE, the mean

values are 0.89, 2.72 and 38.06 individually, indicating generally low financial burden among young, medium-sized Malaysian companies.

Table 1 The Extent of Financial and Market Performance

	N	Minimum	Maximum	Mean	Standard Deviation
ESG	330	0.0650	0.8040	0.2610	0.1500
TOBINSQ	330	0.0194	6.2916	1.2304	1.0180
ROA	330	-6.4824	98.350	5.1775	9.9436
ROE	330	-14.409	173.18	9.7464	19.415
LEVERAGE	330	0.0280	8.2200	0.8949	0.9536
SIZE	330	1.4294	4.2681	2.7165	0.5638
AGE	330	3.0000	138.00	38.064	25.593

Table 2, 3 and 4 give a glance on how ESG disclosure affects firm performance each year. The result suggests ESG scores are equally important and have a positive influence on Tobin's Q, ROA and ROE both before and during COVID-19. This is a positive indication that H1a, H1b and H1c will be supported. In general, all control variables do not have significant influence towards Tobin's Q, ROA and ROE. LEVERAGE is positively related to firm performance, while both SIZE and AGE are negatively related.

Table 2 Regression Analysis Output of ESG score, Tobin's Q, ROA and ROE in 2019

Year: 2019	TOBINSQ		ROA		ROE	
	Coefficient	Prob	Coefficient	Prob	Coefficient	Prob
ESG	3.9750	0.0001***	11.967	0.0249**	39.517	0.0024**
LEVERAGE	0.3588	0.0030**	1.4459	0.0252**	10.015	0.0000***
SIZE	-1.006	0.0000***	-5.2417	0.0001***	-13.693	0.0000***
AGE	0.0000	0.9938	-0.0091	0.7362	0.0006	0.9921
C	2.8918	0.0000***	15.668	0.0000***	28.202	0.0004***
Sample size	110		110		110	
R-squared	0.2287		0.1580		0.3256	

*, **, *** indicate that the correlation is significant at the 0.1, 0.05 and 0.01 levels.

Table 3 Regression Analysis Output of ESG score, Tobin's Q, ROA and ROE in 2020

Year: 2020	TOBINSQ		ROA		ROE	
	Coefficient	Prob	Coefficient	Prob	Coefficient	Prob
ESG	3.8510	0.0071**	10.063	0.0262**	32.510	0.0017**
LEVERAGE	0.2566	0.2441	0.6294	0.3684	7.7543	0.0000***
SIZE	-1.0393	0.0053**	-2.8964	0.0141**	-9.2637	0.0006***
AGE	-0.0037	0.6204	-0.0109	0.6507	-0.0408	0.4524
C	3.2991	0.0004***	9.0984	0.0021***	18.791	0.0048**
Sample size	110		110		110	
R-squared	0.1039		0.0779		0.2246	

*, **, *** indicate that the correlation is significant at the 0.1, 0.05 and 0.01 levels.

Table 4 Regression Analysis Output of ESG score, Tobin's Q, ROA and ROE in 2021

Year: 2021	TOBINSQ		ROA		ROE	
	Coefficient	Prob	Coefficient	Prob	Coefficient	Prob
ESG	5.1414	0.0002***	20.584	0.0332**	38.190	0.0154**
LEVERAGE	0.3359	0.1832	-1.6587	0.3629	1.8206	0.5385
SIZE	-1.4088	0.0004***	1.5317	0.5823	-1.2278	0.7860
AGE	-0.0062	0.4296	-0.0709	0.2147	-0.0103	0.2681
C	3.8164	0.0002***	-0.6723	0.9240	4.4656	0.6967
Sample size		110		110		110
R-squared		0.1814	0.0690			0.0571

*, **, *** indicate that the correlation is significant at the 0.1, 0.05 and 0.01 levels.

Discussion

In response to the heightened sustainability concerns and societal expectations, ESG is propelled by internal and external drivers. Internally, it is driven by corporate governance, regulating bodies, civil society organizations and media. The external forces are internationally recognized organizations and conventions (Saygili et al., 2021). As such, this paper brings to attention the influence of ESG in Malaysia, which is vital and relevant to businesses. Drawing on the perspective of legitimacy theory, this paper sought to understand the linkage between ESG disclosure and firm performance, as an attempt to answer whether corporate responsibility pays off or not. The result indicates that ESG disclosure affects firm performance, which acknowledges the need for businesses to view ESG as an integral factor in firm performance in the presence or absence of crises, and to adopt sustainable management systems and policies (Wan Mohammad & Wasiuzzaman, 2021).

Empirical evidence from Tobin's Q, ROA and ROE corroborated by past studies (Chiek et al., 2021; Hardiningsih et al., 2020; Kengkathran, 2019; Tarmuji et al, 2016), as well as our results from respective years' assert that a high level of ESG disclosure contributes outstanding financial results both before and during COVID-19. In fact, proactive environmental initiatives improve operational efficiency, reduce emissions and risk of environmental disasters. The main environmental drivers of firm performance are internal green practices (green supply chain management and pollution prevention), whereas external green practices (green product development) are a secondary determinant (Saygili et al., 2021). Besides, a community oriented management system enhances reputation and the ability to retain and attract quality workers which ultimately strengthen corporate performance.

Implementing environmental and social strategies within a robust governance will not contradict the pursuit of economic profit (Alsayegh et al., 2020). It is also evidenced that responsible relations with the community led to higher levels of firm performance during crises (Esteban-Sanchez et al., 2017). ESG disclosure increases efficient utilization of asset and shareholders' equity, which justifies the notion that shareholders prefer to invest in firms with sustainability strategies. Good environmental practices could minimize business impacts due to contaminations, while social practices could enhance workplace health and safety, employment quality, training and development, human rights, product and community responsibility which in turn yield long-term stakeholders' value. The data also implies that firms with governance and board diversity manage risks, assets, stakeholders' welfare and conflicts better, which is in accordance with societal expectations and enables the recognition of firms' objectives.

Meanwhile, company size and age showcases mixed results. Size is negatively associated with Tobin's Q, which suggests that smaller companies are more valued by the market as they are predicted to have higher potential and value in the future (Atan et al., 2018). On the other hand, larger firms are capable of exploiting economies of scale, formalizing procedures and implementing operations more effectively, which explains the positive association with ROE (Alsayegh, et al, 2020). As for age, it is largely negatively associated with firm performance. More mature firms might find it more challenging to capitalize on ESG to improve firm performance, as organizational inertia and deep-rooted routines restrict the ability to improvise and adapt to changing environments and demands (Leyva-de la Hiz & Bolívar-Ramos, 2021).

Based on these results, Malaysian companies may still opt to uphold ESG disclosure to be accountable in their communication with stakeholders, as it is what is deemed right or ethical. Sustainability addressing supports value relevant disclosures that improves firm performance by minimizing information asymmetry and enhancing environmental, social and economic value, which is in line with stakeholders' interests. Most crucially, the results suggest that ESG reporting is important, is practiced and it improves firm performance.

Recommendations

This paper is timely as COVID-19 has disrupted companies, investors and policy makers on a global scale. Within a short time, it has hampered market and financial performance, striking the world's most vulnerable groups. In light of these challenges, attention has been redirected not only to accounting practices, but also to other societal and governance impacts. ESG performance has been moved into the spotlight, and it appears extremely important for firms to strive for safe and equitable businesses for future economic growth and societal development. This paper attempts to serve a better interpretation on the relationship between ESG disclosure and firm performance. It is proposed that meeting stakeholders' interests and expectations by advocating ESG affirms business legitimacy and does not come at the expense of firm performance. Instead, incorporating relevant strategies in businesses spur sustainable development, gain positive sentiment and is a worthwhile endeavor for superior firm performance. In short, this paper showcases the incremental importance of ESG during crises and that it should be fostered, as such corporate responsibility is likely to pay off, especially when organizations are in the sensitive industries.

Acknowledgement

This research project was supported by the External Grant Universiti Sains Malaysia, through a funding provided by TM Technology Services Sdn. Bhd (Formerly Known as Webe Digital Sdn. Bhd) USM Account Grant Number: R504-LR-GAL007-0006501057-W110

References

- Abdul Rahman, R., & Alsayegh, M.F. (2021). Determinants of Corporate Environment, Social and Governance (ESG) Reporting among Asian Firms. *Journal Risk Financial Manag*, 14(4), 167. Retrieved from <https://doi.org/10.3390/jrfm14040167>
- Adekoya, O. B., & Oliyide, J. A. (2020). Commodity and financial markets' fear before and during COVID-19 pandemic: Persistence and causality analyses. *Resources Policy*, 76. Retrieved from <https://doi.org/10.1016/j.resourpol.2022.102598>
- Aguinis, H. & Glavas, A. (2012). What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of Management*, 38(4), 932-968. Retrieved from <https://doi.org/10.1177%2F0149206311436079>

- Ahmed Haji, A. (2013). Corporate Social Responsibility Disclosures Over Time: Evidence from Malaysia. *Managerial Auditing Journal*, 28, 10. Retrieved from <http://dx.doi.org/10.1108/MAJ-07-2012-0729>
- Alsayegh, M.H., Abdul Rahman, R., & Homayoun, S. (2020). Corporate Economic, Environmental and Social Sustainability Performance Transformation Through ESG Disclosure. *Sustainability*, 12(9), 3910. Retrieved from <https://doi.org/10.3390/su12093910>
- Amankwah-Amoah, J. (2020). Stepping up and stepping out of COVID-19: New challenges for environmental sustainability policies in the global airline industry. *Journal of Cleaner Production*, 271. Retrieved from <https://doi.org/10.1016/j.jclepro.2020.123000>
- Atan, R., Alam, M.M., Said, J., & Zamri, M. (2018). The Impacts of Environmental, Social, and Governance Factors on Firm Performance. *Management of Environmental Quality*, 29 (2), 182–194. Retrieved from <https://doi.org/10.1108/MEQ-03-2017-0033>
- Baldini, M. A., Mazzi, F. & Liberatore, G., Dal Maso, L., & Terzani, S. (2018). Role of Country- and Firm- Level Determinants in Environmental, Social and Governance Disclosure. *Journal of Business Ethics*, 150, 79-98. Retrieved from <https://doi.org/10.1007/s10551-016-3139-1>
- Chiek, A.N., Kean, C.C., Loo, H.L.P., & Ling, N.S. (2021). The Cyclic Relationship between Environmental, Social and Governance (ESG) Disclosure and Corporate Financial Performance (CFP) in a Regional Economy. *Journal of Contemporary Issues and Thought*, 11(1), 79-93. Retrieved from <https://ejournal.upsi.edu.my/index.php/JCIT/article/download/5509/3072/>
- Esteban-Sanchez, P., Cuesta-Gonzalez, M., & Paredes-Gazquez, J.D. (2017). Corporate social performance and its relation with corporate financial performance: International evidence in the banking industry. *Journal of Cleaner Production*, 162, 1102-1110. Retrieved from <https://doi.org/10.1016/j.jclepro.2017.06.127>
- Fatemi, A., Glaum, M., & Kaiser, S. (2018). ESG performance and firm value: The moderating role of disclosure. *Global Finance Journal*, 38, 45-64. Retrieved from <https://doi.org/10.1016/j.gfj.2017.03.001>
- Freeman, R. E. (1984). *Stakeholder management. A strategic approach*. Pitman, Marchfield, MA.
- Friede, G., Busch, T., & Bassen, A. (2015). ESG and Financial Performance: Aggregated Evidence from More Than 200 Empirical Studies. *Journal of Sustainable Finance & Investment*, 5(4), 210-233. Retrieved from <https://doi.org/10.1080/20430795.2015.1118917>
- Ganesan, Y., Hwa, Y., Jaafar, A., & Hashim, F. (2017). Corporate Governance and Sustainability Reporting Practices: The Moderating Role of Internal Audit Function. *Global Business and Management Research*, 9(4), 159-179. Retrieved from <https://www.researchgate.net/publication/330037491>
Corporate_Governance_and_Sustainability_Reporting_PracticesThe_Moderating_Role_of_Internal_Audit_Function
- Garcia-Meca, E. & Martinez-Ferrero, J. (2021). Is SDG Reporting Substantial or Symbolic? An Examination of Controversial and Environmentally Sensitive Industries. *Journal of Cleaner Production*, 298. Retrieved from <https://doi.org/10.1016/j.jclepro.2021.126781>
- Global Reporting Initiative. (2013). G4 Sustainability Reporting Guidelines. *Global Reporting Initiative*. Retrieved from <https://respect.international/wp-content/uploads/2017/10/G4Sustainability-Reporting-Guidelines -Implementation-Manual-GRI-2013.pdf>

- Hardiningsih, P., Januarti, I., Yuyetta, E., Srimindarti, C., & Udin, U. (2020). The Effect of Sustainability Information Disclosure on Financial and Market Performance: Empirical Evidence from Indonesia and Malaysia. *International Journal of Energy Economics and Policy*, 10(2), 18-25. Retrieved from <https://doi.org/10.32479/ijeep.8520>
- Junius, D., Adisurjo, A., Rijanto, Y. A., & Adelina, Y. E. (2020). The Impact of ESG Performance to Firm Performance and Market Value. *Jurnal Aplikasi Akuntansi*, 5(1). 21-41. Retrieved from <http://dx.doi.org/10.29303/jaa.v5i1.84>
- Kengkathran, S. (2019). Environmental, Social and Governance (ESG) Disclosure and Its Impact on Financial Performance of Top 100 Companies in Malaysia and Australia. *International Journal of Engineering and Advanced Technology*, 9(1). Retrieved from <https://www.ijeat.org/wp-content/uploads/papers/v9i1/A2691109119.pdf>
- KPMG. (2017). *Survey of Corporate Sustainability Reporting*. Retrieved November 25, 2021 from <https://www.integratedreporting.org/resource/kpmg-the-road-ahead-the-kpmg-survey-of-corporate-responsibility-reporting-2017/>
- Leyva-de la Hiz, D. I., & Bolívar-Ramos, M. T. (2021). The inverted U relationship between green innovative activities and firms' market-based performance: The impact of firm age. *Technovation*, 110. Retrieved from <https://doi.org/10.1016/j.technovation.2021.102372>
- Mohamad, S., Pantamee, A., Wing, G. C. K., & Ooi, C.K. (2020). Corporate Governance and Firm Performance: Evidence from Malaysian Listed Companies. *International Journal of Psychosocial Rehabilitation*, 24(2), 3668-3678. Retrieved from <https://doi.org/10.37200/IJPR/V24I2/PR200690>
- Ooi, S. K., Goh, S., Yeap, J. A. L. & Loo, K. S. (2018). Linking Corporate Change and Financial Performance: Evidence from Malaysia. *Global Business and Management Research: An International Journal*, 10(1), Retrieved from https://www.academia.edu/download/57680237/V10N1_15.pdf
- Porter, M. E., & Kramer, M. R. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84. Retrieved from <https://doi.org/10.1108/sd.2007.05623ead.006>
- Porter, M., Serafeim, G., & Kramer, M. (2019). Where ESG Fails. *Institutional Investor*. Retrieved from <https://www.institutionalinvestor.com/article/b1hm5ghqtxj9s7/Where-ESG-Fails>
- Saygili, E., Arslan, S., & Birken, A.O. (2021). ESG Practices and Corporate Financial Performance: Evidence from Borsa Istanbul. *Borsa Istanbul Review*. Retrieved from <https://doi.org/10.1016/j.bir.2021.07.001>
- Schramade, W., & Schoemaker, D. (2018). Royal Philips: A Sustainable Finance Case Study. *Erasmus Platform for Sustainable Value Creation*. Retrieved from <https://ssrn.com/abstract=3313336>
- Shehzad, K., Liu, X., & Kazouz, H. (2020). COVID-19's disasters are perilous than Global Financial Crisis: A rumor or fact? *Finance Research Letters*, 36. Retrieved from <https://doi.org/10.1016/j.frl.2020.101669>
- Sila, I., & Ceka, K. (2017). The Impact of Environmental, Social and Governance Dimensions of Corporate Social Responsibility on Economic Performance: Australian Evidence. *Procedia Computer Science*, 120, 797-804. Retrieved from <https://doi.org/10.1016/j.procs.2017.11.310>
- Tarmuji, I., Maelah, R., & Tarmuji, N. (2016). The Impact of Environmental, Social and Governance Practices (ESG) on Economic Performance: Evidence from ESG Score. *International Journal of Trade*, 7, 67-74. Retrieved from <http://dx.doi.org/10.18178/ijtef.2016.7.3.501>



- Wan Mohammad, W. M., & Wasiuzzaman, S. (2021). Environmental, Social and Governance (ESG) Disclosure, Competitive Advantage and Performance of Firms in Malaysia. *Cleaner Environmental Systems*, 2, 100015. Retrieved from <https://doi.org/10.1016/j.cesys.2021.100015>
- Xie, J., Nozawa, W., Yagi, M., Fujii, H., & Managi, S. (2019). Do Environmental, Social and Governance Activities Improve Corporate Financial Performance?. *Business Strategy and The Environment*, 28(2), 286-300. Retrieved from <https://doi.org/10.1002/bse.2224>
- Yoo, S., Keeley, A. R., & Managi, S. (2021). Does sustainability activities performance matter during financial crises? Investigating the case of COVID-19. *Energy Policy*, 155. Retrieved from <https://doi.org/10.1016/j.enpol.2021.112330>
- Zahid, M., Ur Rehman, H., & Khan, M.A. (2020). ESG In Focus: The Malaysian Evidence. *City University Research Journal*, 9(1), 72-84. Retrieved from https://www.researchgate.net/publication/341479990_ESG_in_Focus_The_Malaysian_Evidence