

# Factors Influencing Corporate Environmental Responsibility Disclosures: A Case of *Shariah*-Compliant Companies Listed in the Main Market of Bursa Malaysia

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## ABSTRACT

The aim of this research is to investigate the disclosures and factors influencing corporate environmental responsibility (CER) in the annual reports of *Shariah*-compliant companies listed in the Main Market of Bursa Malaysia. A total of 254 company annual reports for the year 2010 were analysed. Regression analysis was used to examine the relationship between corporate environmental responsibility disclosure (CERD) and independent variables consisting of independent non-executive directors, Muslim chairman/president of the board, Muslim ownership structure, profitability, auditor types, company size and industry profile. Study findings suggest that there is a fair amount of CER disclosure amongst *Shariah*-compliant companies listed with Bursa Malaysia. The study revealed that the presence of a Muslim chairman/president, the type of auditors employed and a company's size have a significant relationship with CER disclosure. In contrast, the extent of CER disclosure is insignificant with regard to the proportion of independent non-executive directors on company boards, the level of Muslim ownership, profitability and industry profile. The research shows that the level of CER disclosure is different across sectors and is relatively low. This study provides evidence for regulatory bodies such as the *Shariah* Advisory Council (SAC) of the Securities Commission Malaysia to look further at *Shariah*-compliance guidelines and to enforce new policies on environmental reporting.

*Key Words: corporate environmental responsibility, Shariah-compliant companies, disclosures, annual reports, independent non-executive directors, Malaysia*