

Does Political Connection Moderate Women Directors' Effect on CSR Disclosure? Evidence from Malaysia

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ABSTRACT

The objectives of this paper are: to examine the moderating effect of government ownership on the relationship between women directors and corporate social responsibility (CSR) disclosure; and to study the moderating effect of politicians on boards on the relationship between women directors and corporate social responsibility (CSR) disclosure. This paper gathered information from companies' annual reports for the year 2013. From a sample of 300 non-financial companies listed on Bursa Malaysia, this paper found that government ownership positively moderates women directors' effect on CSR disclosure, while politicians on boards negatively moderate the effect. Results of this study add to the literature on factors influencing women directors in their process of making decisions from the view of a developing country. As different variables of political connections affect CSR disclosure differently, companies may decide the most suitable situations to adapt to ensure the companies can perform at its best. The findings may further alert policy makers to establish special provision of the appointment on board of directors with political interest.

Keywords: Political connection; women directors; government ownership; politicians on board; CSR disclosure

INTRODUCTION

Corporate social responsibility (CSR) activities and disclosure benefit companies in a number of ways. The benefits can be seen in terms of improved financial performance and firm value, as well as enhanced brand image and firms' reputation (Amran & Siti-Nabiha 2009; Mohamad Taha 2013; Kahreh et al. 2014; Cahan et al. 2015; Usman & Amran 2015). With the benefits that may arise from implementing and disclosing CSR activities performed by companies, prior studies that used a sample of companies listed in Bursa Malaysia discovered that CSR and environmental disclosure are of low level (Othman Ishak et al. 2011; Ahmed Haji 2013; Fatima et al. 2015). In explaining factors that influence CSR disclosure, prior studies, for example Ahmed Haji (2013), Jangu et al. (2014) and Liao et al. (2015), provided evidence that corporate governance characteristics influence CSR disclosure. The characteristics are among others board size, independent directors and ownership structure. Other studies such as Upadhyay and Zend (2014) explained that board diversity like age, gender, experience and culture may also influence CSR disclosure.

The Malaysian government as well as authoritative bodies like Bursa Malaysia and the Association of Chartered Certified Accountants (ACCA) have taken plenty of efforts to improve the quantity and the quality of CSR disclosure in addition to efforts to improve corporate governance practices. According to the revised Malaysian Code on Corporate Governance (MCCG) (2017), Bursa Malaysia listed companies need to consider appointing more women directors to corporate boards. As stated in the Code, large companies are required to have 30%

women directors, and other boards are also encouraged to achieve the 30% target. However, the latest statistics reported by the Minority Shareholder Watchdog Group (MSWG) indicated a low representation of women directors: 8.6% in 2013, 9.1% in 2014, 9.9% in 2015, 10.6% in 2016 and 11.2% in 2017 (Minority Shareholder Watchdog Group 2018).

Having women directors on boards could impact boards' decision making differently; similarly, their low representation would also impact their influence in the decision-making process. Jia and Zhang (2012), Giannarakis et al. (2014), and Liao et al. (2015) posited that women directors affect companies' CSR disclosure in a positive way. Meanwhile, other research conducted by Shamil et al. (2014) and Muttakin et al. (2015) found a negative effect – companies disclose lesser amount of CSR information when there are women on corporate boards. Some studies, however, were unable to find any effects for having women directors on CSR disclosure (Kahreh et al. 2014; Bowrin 2013; Giannarakis 2014; Glass et al. 2015).

In Malaysia, there is a limited number of studies that examine the impacts for having women on corporate board of directors. This situation may happen because of the awareness to have women directors on boards is low prior to the requirement to have 30% women directors in 2012. Government and political interventions need to be considered when examining issues using the Malaysian context because they influence companies' business operations and decision-making processes. There is unambiguous evidence that political connections bring in benefits and costs to firms. However, a major

problem with influence through political connections, as highlighted by Johnson and Mitton (2003), is that politically connected companies are perceived by the market to be inefficient which causes a lack of support for this type of company from government. There is increasing concern about politically connected companies being perceived to exhibit poor corporate governance, greater agency problems and higher business risk (Wahab et al. 2009; Gul 2006). The key problem that needs to be highlighted is that Malaysia is a country that is based on a relationship-based-economy in which businessmen tend to develop ties with political individual (Bliss & Gul 2012; Fraser et al. 2006).

Furthermore, there was a socio-economic imbalance between the ethnic groups in Malaysia immediately after independence in 1957 and the issue has been continually debated. In order to prevent this issue from becoming rigid, the New Economic Policy (NEP), from 1970 to 1990, and the National Development Policy (NDP), from 1991 to 2000, were established to overcome this situation. Both aimed to increase rights in terms of the economic participation of *Bumiputera* in Malaysian corporate ownership and capital markets. Along with the implementation of these policies, there was a series of privatisation and corporatisation of some government departments leading to the formation of many public listed companies (PLC). According to Singham (2003), the majority of Malaysian companies have become more politically connected to the government following these initiatives. In addition, in Malaysia's corporate culture, 'knowing who' is becoming as important as 'knowing how', as informal ties with politicians are valued added for companies (Singham 2003). For instance, when someone is appointed, it is as a means to gain priority for government contracts, increased access to capital and other subsidies (Gomez & Sundaram 1999).

A majority of prior studies found a negative effect of political connection on the quality of financial disclosure (Chaney et al. 2011; Abdul Wahab et al. 2011). However, there were studies, for example Md Salleh (2009) that found a mixed effect of political connection on financial reporting quality. It was shown that politicians on boards negatively affect financial reporting quality, while government ownership positively affects financial reporting quality.

The motivation for the present study is based on two considerations. Firstly, there have been several studies concerning women directors and the literatures are well established but there can be diversity in their composition and attitude towards certain issues, monitoring and decision making process. Although political connections are recognised in the literature, there are limited studies that examine the influence that political connections may bring, especially in Malaysia – a country with a unique institutional setting. With the ongoing increases in female representation on boards of directors, the benefits and costs of diversity on corporate boards have been widely discussed. A number of studies (Arfken et al. 2004;

Carter et al. 2003; Daily & Dalton 2003) have outlined the benefits of diversity. One major advantage is that having a variety of opinions from groups who have been traditionally underrepresented gives a company a broader range of knowledge and professional contacts than were previously available.

Many prior studies have highlighted the issues concerning women directors and CSR, such as adding to these studies are recent examples evaluating women's presence on a company's sustainability performance. Segarra-Ona et al. (2014) found that companies' diversity and work - life balance policies positively affect their environmental scores. On another study, Velte (2016) found that the presence of female members on the boards of Austrian and German companies listed on the Frankfurt and Vienna Stock Exchange, made a positive difference in the companies' ESG scores. Other studies have found a positive correlation between the presence of women on a corporation's board, and a company's charitable contributions, especially for cultural purposes (Williams 2003). However, with the existence of politicians on board and/or government ownership, this will affect their attitude towards monitoring and decision making roles, as the board and company is managed differently as compared to board and company with no political intervention. This has therefore become a gap in the literatures to further explore the moderation effects of political connection on the relationship between women directors and CSR disclosure process that were neglected before.

This paper gathered information from 300 companies' annual report for the year 2013. This paper found that different moderating variables bring different moderating impact on the influence women directors may bring to companies' CSR disclosure. The positive moderating impact of government ownership explains that women directors are able to provide better quality of CSR disclosure in the presence of government ownership. The negative moderating effect of politicians on boards also explains that the influence of women directors to provide better disclosure of companies' CSR activities may have been lessened in presence of director(s) with political interest.

This paper is significant in a number of ways. First, the issues studied in this paper is timely and in line with the ongoing recommendation to have 30% women on corporate boards in Malaysia. Second, the inclusion of political connection as a moderating variable may add to the literature where prior studies normally examine the direct effect of political connection. Third, examining the moderating effect of political connections may help explain the mixed findings of the link between women on corporate boards and CSR disclosure as found in past studies, and may provide better insight on how it would influence women directors' or boards' decision to disclose voluntary CSR information.

The structure of this paper is as follows: theory and hypothesis development is discussed in the next

section, followed by research methods, and findings and discussion. The last section concludes the paper.

THEORY AND HYPOTHESIS DEVELOPMENT

This paper refers to the agency theory by Jensen and Meckling (1976) in discussing the direct effect of women directors and CSR disclosure, and the moderating effect of political connection. Agency relationship occurs between two parties: the principal (the shareholders) and the agent (the management) of companies. Boards of directors would act as monitors in minimising the agency problem. In exercising their monitoring roles, this paper argues that women directors would perform a better role in safeguarding shareholders' fund and making decisions that provide maximum benefits to the companies and the shareholders.

However, in a politically connected company, agency conflicts may occur as politically connected directors and the government may have their own interest in the company. The questions set out in the present study are in line with an effective monitoring approach within the agency theory perspective (Neal et al. 2009), which holds that effective monitoring is a function of a board's incentives. For this study, central to the agency perspectives is that the political connection is independent of management influence and has expertise in monitoring and control. Thus, in Malaysia's corporate setting it is a political strategy to appoint politicians to join a company board in order to gain benefits. These benefits should in turn improve the company's performance, given the importance of the government for business. On the other hand, due to agency problems, management may decrease the company's value by having such connections, as there will be a problem of controlling interest, as the government has the power to intervene in company affairs, leading to pressure on the connected senior management (Pan et al. 2000). This pressure leads to the inefficiency of companies as a result of the politicians who control such companies. Some other costs that need to be borne are that politicians may urge: 1) excess employment; 2) production of goods desired by politicians rather than fulfilling customers' interests; and 3) pricing below costs aiming to deliver benefits to a political party or other group. For Chaney et al. (2011), politically connected companies report lower quality of earnings, which leads to low motivation and concern about the company's managers and expropriation activities.

The situation discussed above would affect boards' and women directors' decisions on certain CSR issues. Prior literature shows that politically connected companies, whose board members have a relationship with someone in government, may gain access from the government to the award of licenses, government contracts and bailouts for distressed companies (Faccio et al. 2006; Fisman 2001; Johnson & Mitton 2003; Mian & Khwaja 2004). This is because hiring a board which is politically connected is a feasible and effective way for private companies to

overcome market and state level disadvantages and obtain favourable treatment from the government. In addition, politically experienced boards were found to be prevalent in larger companies, where politics was more important, or in companies affected by political mechanisms through government purchases, trade policy, environmental regulation and where lobbying was normally exerted. Faccio et al. (2006), using a large sample of 20,000 companies in 47 countries, showed that corporate value increased after a senior officer (CEO, director or large shareholder) entered politics. Companies that invite politicians to join their boards presumably see benefits by having such a relationship and it has been agreed that adding politicians to a board may provide: 1) unique information about the public policy process which, due to its complexity, is often very expensive or difficult for a company to obtain (Hillman et al. 1999); 2) a channel of communication or access to existing politicians and other political decision makers with whom the board is aligned; and 3) potential access to political decision makers that may result in influence over political decisions (Pfeffer 1972).

Referring to Shleifer and Vishny's (1994) model of bargaining between politicians and managers, both parties (the politicians or the government, and the managers) would induce one another to ensure that their desired objectives will be achieved and to safeguard their position (or representation) in the companies. It may be argued that under the influence of political connections, the organisational senior management would rather stay passive and compliant to the will of 'politicians' in order to be assured of their on-going appointment. In this situation, the representation of a politically connected person in a company would affect the decision-making process (Jia & Zhang 2012).

Prior studies by Chidambaran et al. (2011) and Dey and Liu (2010), addressed the extent to which professional connections influence board decision making. In this study, evidence shows that having politically connected individuals or influence may compromise the direction of companies. Other studies such as Bruynseels and Cardinaels (2013) and Hoitash (2011) argued that such connections offer potential benefits, since management and audit committee members may develop business relationships, leading to trust, confidence and a good working rapport. Politically connected individuals may have been chosen because they can also promote work related information sharing that can benefit the operating and strategic performance of the company (Bruynseels & Cardinaels 2013). In addition, the authors found no negative association between ties through an advice network and measures of financial reporting quality. Thus, boards or audit committees which have political connections may be perceived by investors as being appointed because of their professionalism and may be able to objectively and effectively continue to serve the board.

As explained before, prior studies found mixed evidence when examining the link between women

directors and companies' CSR disclosure (Jia & Zhang 2012; Bowrin 2013; Giannarakis 2014; Kahreh et al. 2014; Giannarakis et al. 2014; Liao et al. 2015; Shamil et al. 2014; Muttakin et al. 2015; Glass et al. 2015). As for political connection, there are studies that found a negative effect of political connection on disclosure (Chaney et al. 2011; Abdul Wahab et al. 2011), and a mixed effect of political connection on the quality of disclosure (Md Salleh 2009). Referring to the agency theory and findings of prior studies discussed above, this paper proposes that political connection moderates the effect or influence women directors may bring to companies' CSR disclosure. Specifically, this paper proposes that government ownership and politicians on boards moderate the influence of women directors on CSR disclosure. The following hypotheses are developed:

- H₁: Women directors have an impact on CSR disclosure.
 H₂: Government ownership moderates the relationship between women directors and CSR disclosure.
 H₃: Politicians on boards moderate the relationship between women directors and CSR disclosure.

RESEARCH METHODS

Information for this study was gathered from companies' annual reports for the year 2013. These 300 companies were non-financial companies, and were selected using a stratified random sampling and is sufficient to represent its population (Krejcie & Morgan 1970). The year 2013 was chosen because of data availability when this study was conducted and the importance of increasing representation of women directors has become more prevalent after the 30% policy announcement made by the government in 2011. The use of one-year data may be sufficient as prior studies that examined voluntary and CSR disclosure in Malaysia found an insignificant increase in the quality and quantity of information disclosed in the annual reports (Ahmed Haji 2013; Embong 2014; Fatima et al. 2015), which used a sample companies listed in Bursa Malaysia for the years 2005 to 2010. Further, the reform of MCCG 2017 does not significantly change the recommendation related to women on board of directors as in MCCG 2012. Thus, the use of a one-year data may suffice in explaining the issue of the study. The exclusion of financial companies is due to different statutory requirements and materially different types of operations, all banks, insurance and unit trust companies were excluded from the population of interest (Klein 2002; Davidson et al. 2005; Peasnell et al. 2005).

The CSR information was collected using a disclosure checklist, comprising of 25 items, developed from past studies for example Mohd Ghazali and Weetman (2006), Esa and Mohd Ghazali (2012), Ahmed Haji (2013), Ahmed Haji and Mohd Ghazali (2013) and Alazzani et al. (2014), and Bursa Malaysia CSR framework. The

CSR disclosure checklist can be referred in Appendix A. The 25 items were measured as follows: score of zero (0) was given for non-disclosure or disclosure made in other terms such as pictures; one (1) for disclosure made in general statements; and two (2) for disclosure made in specific statements. The score for CSR disclosure for each company was then computed as the ratio of actual CSR score (AS) to the total possible CSR disclosure score (TS). With 25 items and maximum score of 2, the possible TS is 50 (25 items multiplied by 2) and AS is the summation of each of the 25 items. Therefore, the quality of CSR disclosure for each company is calculated using the following formula:

$$\text{CSR disclosure} = \text{AS} / \text{TS}$$

This paper measured women directorship using dummy variable - 1 for companies that have at least one woman on corporate boards, and 0 when the board comprise of only men directors. Political connection is represented by government ownership and politicians on boards. Government ownership was the sum of interest owned by the government's top five (5) institutional investors (PNB, LTAT, TH, EPF and SOCSO), Ministry of Finance incorporated, state-owned companies, government-linked companies, and other government agencies. As for politicians on boards, a score of one was given for companies that have at least one director that held a political position at the state or federal level, or is (was) a committee member of a political party, and zero if otherwise.

In Malaysia's setting, many senior government officers (SGO) and politicians are appointed as members of the board and some of them hold positions as audit committee members as well. Ideally, their appointments can serve as a communication bridge between the management and the government in relation to matters of policy and related issues. This would indeed save the company on the cost of getting external resources. In addition, in the context of Malaysia, current politicians and ex-politicians are appointed as directors to facilitate the relationship between companies and the government. The notable policy implemented by the Malaysian government that have given a rise to the need of political acquaintances is the NEP (1971). Under the NEP, specific requirements are needed to engage in any manufacturing activity or to obtain the license. This is where politicians as directors play their roles in mitigating the situation with the government. The presence of clearly identifiable politically connected individuals in Malaysian listed companies is likely to provide evidence of monitoring differences that may exist in these companies.

This paper includes six control variables which are size of the company, profitability, leverage, board size, independent directors and type of industry. In analyzing the hypotheses, this paper constructed the following regression equation:

$$\begin{aligned} \text{CSR D} = & \beta_0 + \beta_1 \text{WMN} + \beta_2 \text{PGOV} + \beta_3 \text{PPOL} + \\ & \beta_4 \text{WMN} * \text{PGOV} + \beta_5 \text{WMN} * \text{PPOL} + \\ & \beta_7 \text{SIZE} + \beta_8 \text{PROFIT} + \beta_9 \text{LEV} + \\ & \beta_{10} \text{BIND} + \beta_{11} \text{BSZE} + \sum \text{INDMY} + \varepsilon_{it} \end{aligned}$$

where: CSR D = CSR disclosure, WMN = Representation of women directors (0/1), PGOV = % of government ownership, PPOL = politicians on boards (0/1), SIZE = Size of companies (Ln of total assets), PROFIT = Profitability (net income/total assets), LEV = leverage (total liability/total assets), BIND = Proportion of independent directors on boards, BSZE = Board size (number of directors on boards), INDMY = Dummy variables for industry type, and ε = error term.

FINDINGS AND DISCUSSION

Table 1 shows the descriptive statistics of the variables. The minimum and the mean scores of CSR D show that there are corporations that did not provide CSR disclosures, and a majority of them gave a brief disclosure of their

CSR activities. This paper also found out that 139 and 23 companies have women and politicians on their boards, respectively. The minimum and maximum values of government ownership are .00 and 74.29%, respectively.

Table 2 shows the association of continuous variables used in the study with CSR disclosure. On the one hand, majority of the variables have a positive and significant association, indicating the variables' ability to positively influence CSR disclosure. On the other hand, the proportion of independent directors has a negative correlation with CSR disclosure; the association is however insignificant. Result shows that correlation values are all below 0.7, indicating that there is no multicollinearity issue.

This study further performed an independent sample t-test to see the impact of dummy variables used in the study with CSR disclosure. As presented in Table 3, the t-test analysis shows that companies with women directors disclose slightly higher quality of CSR disclosure and the mean difference is significant, at 10%. Companies with politicians on boards provide better quality of CSR disclosure as compared to companies without politicians on board. However, the mean difference is not significant. This

TABLE 1. Descriptive statistics

Construct	Operation measure	Mean / (SD)	Max.	Min.
1. CSR D	Ratio of actual CSR score to total possible CSR score	.24 / (.164)	.86	.00
2. WMN	0/1		1 (139)	0 (161)
3. PGOV	% of government ownership	3.49 / (11.28)	74.29	.00
4. PPOL	0/1		1 / (23)	0 / (277)

TABLE 2. Correlation analysis

Upper/Right: Pearson							
	CSR D	PGOV	SIZE	PROFIT	LEV	BSZE	BIND
Lower/Left: Spearman							
CSR D		.296**	.559**	.131*	.127*	.232**	-.050
PGOV	.277**		.317**	.032	.135*	.130*	.034
SIZE	.499**	.350**		.203**	.261**	.340**	-.052
PROFIT	.191**	.120*	.286**		-.262**	.094	-.152**
LEV	.134*	.103	.281**	-.277**		.132*	-.016
BSZE	.247**	.149**	.346**	.150**	.142*		-.368**
BIND	-.072	-.016	-.069	-.177**	.026	-.389**	

** $p < .01$, * $p < .05$ (two-tailed)

where: CSR D = CSR disclosure, PGOV = % of government ownership, SIZE = Size of companies (Ln of total assets), PROFIT = Profitability (net income/total assets), LEV = leverage (total liability/total assets), BIND = Proportion of independent directors on boards, BSZE = Board size (number of directors on boards)

TABLE 3. Independent sample t-test analysis

	n	Mean / (SD)	t	df	p
Companies with women directors	139	.2599 / (.179)	1.695	298	.091
Companies without women directors	161	.2278 / (.148)			
Companies with politicians on board	23	.294 / (.159)	1.566	298	.118
Companies without politicians on board	277	.238 / (.164)			

situation may happen because companies with politicians on boards are marginal, and the effect is they may bring indirect influence on companies' decision making process.

Next, results from the hierarchical regression analysis are presented in Table 4. The results of analysis of variance (ANOVA) represented by F statistics indicated that all four regression models are significant at $p < .01$. The coefficient value for women directorship is not significant in Block 2 to Block 4. This result indicates that after controlling other variables, women directors seem not able to influence companies to provide higher CSR disclosure. This situation may happen because of their low representation on

boards, which makes their voice to be hardly heard. Their representation on boards may also have been at the early year being board members, thus limiting the effect they may bring in providing better quality of CSR disclosure. The insignificant result is similar to that found in past studies such as Bowrin (2013), Kahreh et al. (2014), Giannarakis (2014) and Glass et al. (2015). Thus, H_1 is not supported. In Block 3, when political connection proxies are entered into the regression, only government ownership is significant. The positive effect of government ownership on disclosure is similar to that found in Md Salleh (2009). In the last block where the interaction terms are entered,

TABLE 4. Hierarchical regression analysis

Independent variables	CSR Disclosure			
	Model 1	Model 2	Model 3	Model 4
Women directors		.010 (.620)	.005 (.280)	-.005 (-.251)
Percentage of government ownership			.002 (2.302)**	-.001 (-.835)
Politicians on boards			-.008 (-.267)	.041 (1.132)
Women directors*percentage of government ownership				.004 (2.058)**
Women directors*politicians on boards				-.139 (-2.281)**
Natural log of total assets	.063 (10.052)***	.063 (9.978)***	.058 (9.016)***	.054 (8.419)***
Profitability (ROA)	.017 (.217)	.013 (.156)	.031 (.387)	.029 (.365)
Leverage	-.019 (-.416)	-.019 (-.415)	-.027 (-.597)	-.022 (-.511)
Board size	.002 (.353)	.001 (.250)	.001 (.188)	.000 (.058)
Proportion of independent directors	-.006 (-.091)	-.004 (-.064)	-.033 (-.521)	-.048 (-.762)
Construction	.030 (.635)	.035 (.725)	.028 (.587)	.049 (1.044)
Consumer	.033 (.860)	.036 (.933)	.039 (1.020)	.034 (.896)
Industrial products	.008 (.231)	.011 (.293)	.012 (.343)	.017 (.471)
Plantation	-.002 (-.033)	.003 (.051)	.015 (.299)	.031 (.643)
Properties	-.068 (-1.677)	-.067 (-1.627)	-.065 (-1.603)	-.065 (-1.628)
Trade and services	-.010 (-.271)	-.007 (-.186)	-.015 (-.406)	-.008 (-.217)
Constant	-1.019***	-1.018***	-.909***	-.822***
Adjusted R ²	.319	.317	.334	.371
Sig. F Change	.000	.536	.019	.000
F Statistics (for model summary)	13.706***	12.569***	10.984***	10.815***

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

women directorship and political connection are not significant. However, both interaction terms are significant at $p < .05$. The positive moderating effect of government ownership indicates that women directors are able to positively influence companies' CSR disclosure when government ownership is present. Furthermore, the existence of government ownership helps women directors perform their monitoring role effectively. Providing better quality CSR disclosure may also provide a win-win situation to the companies and the government as they are able to show to stakeholders at large that they are responsible corporate citizens.

On the contrary, the negative moderating effects of politicians on boards imply that women directors' influence to provide better quality of CSR disclosure is lessened when there are politicians on boards. In this circumstance, women directors may need to adhere to the directions imposed by the politicians, and the former may not be able to influence the decision-making process. These findings are in support of H₂ and H₃. Women directors would act effectively in enhancing CSR disclosure when there is government ownership in the company; however, CSR disclosure deteriorates when women sit on a board with at least one politician.

CONCLUSION

This paper examines the moderating effects of political connection on women directors and CSR disclosure. This paper found that political connections do have a significant moderating effect on both proxies used in this study. Results from the hierarchical regression analysis show that government ownership has a positive moderating effect, while politicians on boards has a negative moderating effect on the relationship between women directorship and CSR disclosure. The positive moderating effect of government ownership may be an indicator that the government is responsible and supportive so that companies could provide better information to the stakeholders; whereas, the negative moderating effect of politicians on board may imply a different intention and interest when having a position in the company or on board of directors. The direct relationship of women directors and CSR disclosure is however insignificant.

From the perspective of a developing nation, the present research findings largely help in enriching the literature on the impact of women directors on CSR disclosure. Even when we found an insignificant effect of women directors on CSR disclosure in the full regression analysis, the significant mean difference in the preliminary analysis provides some insights that women directors may be able to influence decision making process over time. This indirectly supports the efforts taken by the government and authoritative bodies to appoint more women to join the boards.

As for the moderating effect of political connection, it helps explain the mixed results found in prior research that examined women directors and companies' disclosure. This

paper provides evidence that different political connection measures bring different effects on the relationship between women directors and CSR disclosure. In a way, it helps predict or explain women directors' effectiveness and influence in decision making process in the presence of these factors. Further, the mixed moderating effect of political connection provides some insight that agency conflict may not always occur, and it depends on the type of "agent". Lastly, the negative (moderating) effects of politicians on boards found in this study and prior studies may signal to the policy makers to establish a special provision on the appointment of directors with political interest.

The present research is also not without limitations. First, this paper did not categorise CSR following certain themes. As argued in Du et al. (2013), institutional CSR (consists of community and environment) depends more on discretionary of the decision maker if compared to technical CSR (consists of human resource and product and services). Future studies may consider to examine the effects of women directors on CSR disclosure according to themes. This helps to better explain the influence of women directors in disclosing more information about CSR in the annual reports.

Second, in measuring CSR disclosure, this paper did not consider the use of picture in the scoring index. A picture of CSR activities may have its own information to be delivered. Thus, future studies may consider including pictures in the scoring index because pictures could give additional, updated messages about companies' CSR activities.

Third, this paper used a dummy variable in measuring the representation of women directors. Future studies may use the actual number of women on board, or a ratio of women to board size. By using the actual number of women on board, evaluation as to how high and low representation of women affects the decision making process can be studied. Similarly, by using a ratio, better insights into how low and high ratio of women on boards could affect their voice in the decision making process can be gathered.

Lastly, this paper used only two proxies to represent the political connection which are the government ownership and politicians on boards. Future studies may consider using other proxies of political connection as it sets awareness in regard to its effects on companies' disclosure.

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APPENDIX A

CSR Disclosure Checklist

No	CSR Checklist Item
1	Number of employees
2	Breakdown of employees by gender
3	Employees' appreciation
4	Employees' training
5	Discussion of employees' welfare
6	Information on safety of employees
7	Information on accidents
8	Equal opportunity policy statement
9	Disclosure: Gender diversity at board level
10	Reporting on the company's relationship with trade union and/or workers
11	Donations to charity
12	Community development (health and education)
13	Internship programs for graduating students
14	Sports activities
15	Employee involvement on community programs (charity)
16	Environmental protection programs
17	Energy efficiency or investing in renewable technology
18	Water efficiency
19	Waste management
20	Recycling
21	Reporting on any strikes, industrial actions/activities and the resultant losses in terms of time and productivity
22	Information on safety of products
23	Awards received by the company that relate to social, environmental and best practices
24	Stakeholder engagement dialogue
25	Customer satisfaction survey