

Board Diversity and Its Impact on Corporate Social Responsibility: Evidence from Malaysian Listed Firms

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Abstract

This study investigates the influence of board diversity on corporate social responsibility (CSR) practices among Malaysian listed firms. Drawing on corporate governance and stakeholder theory, the research examines how key board characteristics -gender diversity, age heterogeneity, board size, independence, and tenure -affect firms' engagement in CSR initiatives. Using panel data and OLS regression analysis, the findings reveal that greater gender representation, age diversity, larger board size, and a higher proportion of independent directors are positively associated with CSR performance. However, longer board tenure shows a negative relationship, suggesting that entrenched directors may hinder CSR innovation. The study contributes to the growing body of literature on governance and sustainability by highlighting the significance of diverse board structures in fostering responsible business practices. Practical implications are offered for regulators, policymakers, and corporate leaders aiming to enhance CSR strategies through effective governance reforms.

Keywords

Board Diversity, Corporate Social Responsibility (CSR), Corporate Governance, Malaysian Listed Companies, Sustainable Management, Stakeholder Theory

1. Introduction

The business players in Malaysia have become more engaged with involving CSR initiatives for survival and expansion. Corporate social responsibility (CSR) is a practice in company that combines goals related to the environment and society with operational and financial objectives. It is predicated on the notion that corporations can lessen the negative effects they have on society and the environment [1].

The area of corporate social responsibility (CSR) encompasses all information on stakeholder relationships, products and services, participation in the development of society programs, and environmental reporting. Furthermore, CSR draws firms with a public interest as a modern management paradigm. CSR can be summed up as the company's present demand for the enhancement of business growth. Additionally, it is used to make clear the standard of life for all consumers of firms in matters of society and societal advancement [2]. In Malaysia, CSR demonstrates responsibility for maximizing shareholder profits while also taking taken into consideration the demands of other relevant stakeholders, including staff, clients, and vendors.

However, each effective management of CSR has a diverse board which is essential to assessing the business's success. The diversity of the board can increase the CSR degree of efforts with corporate involvement [3]. In order to achieve CSR goals, board members might be chosen based on specific requirements, such high qualifications, expertise, and a variety of contributions.

In terms of age, skills, knowledge, and gender requirements among board representatives, board diversity is generally characterized as the diversity of backgrounds among board representatives. It can be divided into visible and less obvious types. Gender, nationality, ethnic origin and age fall within the category of visible diversity, but knowledge, educational background, position, occupation, and corporate participation go under the category of less visible diversity. In order to evaluate the CSR's performance, this research evaluates five characteristics of board diversity, including board gender, board age, board size, board independence, and board tenure [4].

In order to maintain corporate governance, board diversity is crucial for every business. In order to improve the standard of CSR in the form of decision-making plans and guidelines at the group as well as individual levels, the board of commissioners should be diverse and have a strong background. However, anytime a company experiences an inadequate degree of diversity and homogeneity on management boards, this leads to general governance flaws and issues that include conflicts of interest, expense control, unlawful insider trading, or falsifying financial statements [5]. On the other hand, diversity among boards has shown an upward trend in the presence of moral and ethical viewpoints in decision-making, a decline in short-sighted decision-making, an upsurge in fresh perspectives, and improved problem-solving, as well as an improvement in company strategy and accountability.

1.1 Research Background

The research background for this study is about the influence of board diversity on board diversity on Malaysian public listed companies [6]. It is important to study the board's diversification towards CSR as this shows how the board diversity influences the CSR of Malaysian public listed companies. The number of sectors where CSR is strong and the number of sectors where CSR is a problem are both correlated with board diversity. With the growing concern about environmental issues, corporate social responsibility (CSR) is becoming more and more popular. CSR gets noticed when businesses consistently demonstrate a commitment to fulfilling stakeholder expectations and striking an ethical and appropriate balance between social responsibility, economic prosperity, and environmental duties. When it relates to age, knowledge, skill, and gender requirements among board directors, board diversity is described as the diversity of perspectives among board directors. There are positive effects of board diversity on corporate social responsibility (CSR). However, there is insufficient information on how board diversity affects the perception of companies that conduct CSR. This study analyses five factors of board diversity which are board gender, board age, board size, board independence and board tenure to examine the CSR's performance on Malaysian public listed companies.

Jensen (2001, 2002) had suggested that in order to maximize shareholder value, businesses need to develop partnerships with a variety of stakeholder groups. Companies will perform better with regard to CSR if their boards of directors are more diverse. As a result, this study will look at how board diversification affects CSR, where it may reveal a positive or negative relationship [7].

1.2 Objectives of Studies

➤General objective

To identify the influences of Board Diversity on CSR on Malaysia public listed companies.

➤Specific Objective

1. To identify the relationship between the board size and the board diversity on CSR on Malaysian public listed companies.
2. To identify the study of board age that influences the board diversity on CSR toward the companies.
3. To investigate the relationship between board gender and the board diversity on CSR on Malaysian public listed companies.
4. To explain the issue about the board independence and the board diversity on CSR on companies.
5. To study how board tenure influences board diversity on CSR on Malaysian companies.

1.3 Research Questions

This study is aimed to examine the board size, age, gender, independence and tenure that influence board diversity on CSR on Malaysian public listed companies. The reason for this research is done in order to provide a clear view on board diversity that can directly influence the CSR on Malaysian public listed companies [8].

1. How does board diversity influence the CSR on Malaysian public listed companies?
2. What is the importance of board diversity on CSR in Malaysian public listed companies?
3. What is the influence of board diversity on CSR on Malaysian public listed companies in the form of board independence?
4. Does board tenure mediate the relationship between board diversity and the CSR on Malaysian public listed companies?

2. Literature Review

2.1 Board Diversity

The problem of board diversity is becoming more and more important, especially in nations that use a unitary board structure and when the makeup of the board is biased towards a certain gender, age, or ethnicity [9]. Van Der Walt, Ingley, Shergill, and Townsend (2006) defined board diversity as the variability in the directorate's makeup. Demographic and cognitive diversity are the two subcategories of board diversity. According to Zainal et al. (2013), cognitive diversity refers to the characteristics of directors that cannot be seen, such as their educational, functional, and occupational backgrounds, values, perceptions, affections, and personality traits [10]. Meanwhile demographic diversity refers to the characteristics of directors that can be seen or easily identified, such as gender, age, race or ethnicity, and nationality. Besides, Khan & Bari (2011) separated the two viewpoints of board diversity into task-oriented diversity and relations-oriented diversity [11]. While relationship-oriented diversity covers age, gender, and ethnicity, task-oriented diversity includes the directors' education, roles and tenure.

Organizations may greatly benefit from board diversity. The advantages of a diverse board have been the subject of several research. Ferreira (2010) claims that a diverse board encourages the best decision-making by providing a variety

of perspectives and resources to maximize business and governance performance. According to Carter, Simkins, and Simpson (2003), a diverse board also fosters a deeper grasp of the industry, fosters innovation and growth, and improves the effectiveness of problem-solving [12]. Moreover, diverse board serves as an example of the variety of opinions that are necessary for organizations to face the present, complex business environment. For instance, if the board is made up of a diverse group of people with a range of ages and educational backgrounds, the company will be better able to adapt to the technological business era because the younger, more capable directors can contribute useful ideas, while the older directors can offer advice based on their extensive industry experience.

Despite advantages it provides, board diversity has certain disadvantages. According to Forbes and Milliken (1999), every demographic aspect of the board of directors has several, intricate, and distinctive effects on the board's effectiveness. For example, even if a different board has more access to data sources, it can still have communication and correspondence problems because it is unable to recognize the competence of other directors in problem-solving. Williams and O'Reilly (1998) also highlighted the drawbacks of having a greater range of people with different perspectives on relationships [13]. This is due to the fact that although greater task-related variety is associated with desirable outcomes like inventiveness and growth, more relation-oriented diversity is associated with negative consequences like slower decision-making, mistakes, and conflicts. There have been initiatives taken in different nations to increase and promote diversity on the board of directors. The issue of gender diversity in particular draws the greatest attention from other nations. In order to enhance board diversity, the UK government released the UK Corporate Governance Code 2016, requiring the companies to include a separate section in annual reports that details their board diversity policy, including gender diversity, or any other measurable goals they set for implementing this strategy, as well as their progress towards achieving those goals.

In order to encourage board diversity, nations like Australia, Finland, Germany, Hong Kong, and Sweden adopt the "comply or explain" approach in their codes, while the United States and Norway demand that listed businesses comply or face penalties. In Malaysia, the government encourages board diversity via the "apply or explain an alternative" strategy found in the Malaysian Code on Corporate Governance.

2.2 Corporate Social Responsibility (CSR)

The majority of researches emphasized determining the impact of board diversity on CSR, whereas other companies mainly concentrated on a few particular aspects of CSR, such as environmental performance, corporate governance performance, and social performance. In order to advance their business objectives, companies may choose to employ directors who have the skills necessary to improve CSR standards in decision-making methodologies and practices at both the individual and group levels [14]. CSR has stressed the value of board diversity in enhancing the organization's performance and strategy, which may prevent them from experiencing a second corporate bankruptcy by enabling them to make wise decisions and increase their capacity for problem-solving to minimize risk. The board of directors' diversity with regard to CSR plays a significant influence in an organization where they oversee corporate governance. Board size, age, gender, independence, and tenure are the five dimensions of CSR under board diversity that have an effect on Malaysian Public Listed companies [15].

2.3 Board Size

The term "board size" is used to describe the total number of individuals that sit on a company's board. Therefore, it is believed that these concepts follow the lead of earlier corporate governance research. The size of the board of directors depends on the specific circumstances of each company. In general, a small board size facilitates full participation in discussions and collective decision-making by each director and increases the flexibility of the board but may make it difficult to ensure that directors have the expertise and experience needed to grow the company [16]. A large board is conducive to incorporating a wide range of expertise, but it can also present difficulties in communication and coordination among directors, making it more difficult and time-consuming to make consistent decisions and potentially giving some directors an incentive to piggyback. Best corporate governance practices suggest that too few or too many directors can adversely affect effective board decision making.

Some scholars argue that larger boards are less effective than smaller boards for a given size of firm. Agency theory and organizational behavior serve as the fundamental theoretical foundations of this viewpoint. For instance, Lipton and Lorsch (1992) note that the increase in the number of boards is the reason why many boards are dysfunctional. They advise reducing the board size to 10, with 8 or 9 being the ideal board sizes. The costs will outweigh the advantages, they predict, leading to slower decision-making, less fair debates about management performance, and departures from shared risk, even while the board's capacity for oversight grows with board size.

According to Alexander et al. (1993), substantially bigger boards tend to be less cohesive, more varied, and more controversial than smaller boards. In these circumstances, CEOs might use tactics like alliances, selective information conduits, and divide and conquer to their benefit in dealing with board members. These academics concur that small boards are more effective than large boards. This is because agency issues are made worse by a board that is excessively big and only serves as a symbol rather than an active participant in the governance process. Additionally, a small board may be better able to adapt to a fast-shifting competitive climate; for instance, a small board is more inclined to fire management when the business is performing poorly.

2.4 Board Age

Age is the duration of a person's life measured from the time of their birth. According to Khan et al. (2019), age diversity on a board often results in a wider range of experience, distinct perspectives throughout the decision-making process, and more effective talents. In most cases, a group of senior-level individuals serving on an older board may contribute a great deal of experience and provide a more reliable view in relation to the work remit, the responsibility, and the methods that can be used to handle risk management [17]. According to the findings of the study, a diverse board may contribute to a good impact on CSR performance, which is related to the correlation between board age and CSR performance. According to Rao (2016), it is entirely probable that there is a group of individuals consisting of people of varying ages, each of whom has their own unique set of attitudes, values, views, and ideas. However, as of yet, there is little evidence that can be considered reliable on the age diversity of boards with regard to CSR [18].

Age might be a proxy for the directors' company management acumen, experience, and receptivity to new ideas. According to Ouma et al. (2017), more age-balanced organizations, particularly in senior management roles are necessary for effective corporate management. Furthermore, age diversity may aid in the resolution of "narrow group thinking" issues and be connected with a certain degree of knowledge and receptivity to new ideas. Directors may become more sensitive to societal concerns as they mature. They may get engaged in a process of giving back to society [19]. As a result, experienced directors are more likely to increase social performance. Regarding the specific dimensions of CSR, Ferrero et al. (2013) contend that age diversity leads to more balanced decision-making, which improves corporate performance, whereas Béji et al. (2020) discover that they have significant effects in a variety of CSR areas, including the quality of the work environment, environmental and human rights protection, and governance quality.

The average age of a member of the board of directors of a corporation is often one that is closer to that of retirement age. A board that reaches the age of 56 years or older has influence to adopt governance composition and the development pertaining to the organization. This influence begins at age 56 and increases with each year afterwards. According to Handajani, Subroto, and Saraswati (2014), the participation of senior commissioners would be able to stimulate the implementation of policies and initiatives for CSR. When a board director reaches the age of 56 or above, they are eligible to exercise influence on the implementation of governance composition and the growth of the firm organization [20]. In addition, a different age in a group board of directors is anticipated to not only have orientation and views of short-term performance, but also to appoint broader long-term perspectives of the varied interests of corporate stakeholders.

On the other hand, younger board members have a lower likelihood of being elected to a board of directors, with the exception of board members who have achieved a great deal and are recognized authorities in their professions. Younger members, in contrast, are able to bring fresh views to the table, are more inventive, and are more receptive to ideas that are in keeping with the times. According to the upper echelon hypothesis (Hambrick, 2007; Hambrick & Mason 1984), which maintains that the characteristics of the board of director impact decision-making, factors such as age diversity might play a role in determining whether or not to disclose CSR. In short, the presence of a diverse range of ages on the board of directors is associated with increased levels of CSR disclosure [21].

2.5 Board Gender

The term "gender diversity" describes the variations in personality traits between men and women. Gender diversity in this study refers to the company's board of directors having both male and female members. Gender diversity has been identified as a significant issue in the workplace in both the academic and popular press and it was lately viewed as a concern involving the government and well-known difficulties in addition to the internal diversification of the board. Even if there are a number of women directors who hold top-level management positions, such as board representatives, the issue becomes urgent as the proportion of women in board positions rises steadily over time. However, Unite et al. (2019) asserted that the nomination of female managers has no effect on the performance of the organization and that women directors have personal competence levels comparable to those of men. In addition, (Simionescu, L. N., et al, 2021) indicates that the firm with women on board perform better than males on board because they are better able to respond to a variety of stakeholders thanks to their capacity for relationship-building. According to research, having a diverse board of directors is not a requirement for behavior, but it does have a good effect on a company's performance and corporate responsibility [22].

Women have historically not been well represented in the corporate sector, but this research indicated that things have started to slightly improve during the 2000s. This improvement became apparent once there was a significant increase in the number of women serving on boards. There are numerous other aspects of board diversity, but in comparison to the others, gender diversity has received the most attention. The benefits of having women on board have been discussed in reports that have been published. A result of the board's high degree of similarity will be groupthink. Differences in the roles men and women play on boards can explain why gender diversity improves company performance. For example, by asking more difficult questions, challenging management and other board members, women seek the best interests of various stakeholders and improve organizational performance [23]. Instead of condemning or judging the distinctions that men and women offer, organizations should embrace them. Companies may provide an inclusive workplace that encourages women to continue working in their own distinctive ways by embracing

differences. It is evident that both men and women contribute in distinctive and significant ways to corporate boards. While gender diversity has improved throughout the years, there is still more progress to be made if organizations are to gain these advantages.

Having more women on board could help to solve this issue by presenting opposing viewpoints for discussion and have remain highly in decision-making position (Audrey Babic and Isabelle Hansez, 2021). Based on this research study, noticed that there are 62% of Malaysia's 95 university graduates are female, according to the Department of Statistics Malaysia (2017). Better corporate governance can be attained by having more female directors on the board since, in general, they will take more care to analyses and manage any risks they may face [24]. According to Minority Shareholders Watchdog Group (2017), the percentage of women on the boards of all publicly traded businesses in Malaysia is now only 11.2%. Malaysia has therefore taken steps to encourage and pledge more women to join the workforce.

2.6 Board Independent

Based on Chen and Jaggi (2000), higher levels of voluntary disclosure are significantly and positively associated with boards with a larger proportion of independent directors [25]. The number of independent boards should be raised in order to properly supervise and assure management actions in carrying out social activities that are consistent with corporate stakeholder interest. Board of dependent directors are those who "have past or present business or family relationships to the firm". However, the independent director is the one who takes choices on their own initiative and is not directly or indirectly hired by the company. According to other studies Haniffa & Cooke (2002), it is quite challenging to equivalently associate an independent director of the business with other firms. The dependent (inside) and independent (outside) directors also have distinct values, time horizons, and interests.

Corporate voluntary disclosure may be impacted by the presence of independent boards of directors and dependent directors. According to a study by Ajinkya et al. (2005), this is done in order to establish and manage the company strategy on voluntary disclosure. Independent boards disclose more voluntarily addressing forward-thinking and strategic information, and the makeup of the board of directors is positively correlated with voluntary disclosure in the business annual report (mainly related to environmental and social concerns). As more information must be published, the percentage of independent directors rises. According to Chau & Grey (2010), there is a correlation between the number of independent non-executive directors and the degree of information disclosure. Researchers found a strong and positive correlation between the quantity of voluntary disclosure given by firms and the percentage of independent directors on boards. In addition, according to Dunn and Sainty (2009), outside directors will do better in terms of philanthropy and the environment than insiders.

2.7 Board Tenure

Board tenure refers to the average number of years the firm's directors have served on the board. The possibility that board members' authority over executive oversight improves with average tenure is reflected in board longevity. with average tenure. According to Vafeas, 2005, directors who have been on the board for a long tenure tend to have made friends and are less ready to supervise management [26]. Directors who have served on the board for a longer period of time typically have more information about the company. According to Forbes and Milliken (1999) firm-specific knowledge is a type of tacit knowledge about the company that enables board members to handle strategic challenges successfully, enhancing the board's capacity to deliver resources to the company and have a good impact on CSR performance. Hillman and Dalziel (2003) pointed out that given its greater awareness of management behavior, the firm's circumstance, and CSR performance, board capital, including firm-specific knowledge and expertise, is also important for improving the board's ability to supervise management. Livnat et al. (2021) found that a board that with longer tenure will has closely connection to the greater market value and performance of CSR of the company. This supports the principle of Stewardship idea, which holds that directors who serve in their roles for a longer period of time perform better than those who serve for a shorter period of time since the former are more familiar with the company's operations [27].

The performance of a company's CSR efforts serves as more evidence of the trade-off between experience growth and independence loss that come with director tenure, as a proper understanding of the advantages of CSR initiatives may need the board's taking a long-term perspective on the company's commercial activities. In turn, the long-term perspective of a firm's business operations is greatly influenced by the knowledge that management and the organization have developed over time. The accumulation of company-specific knowledge and tenure help directors develop a deeper understanding of the impact of a company's potential CSR initiatives on its long-term health and viability, making them better at advising company management on effective CSR investments or more likely to support CSR initiatives that may not immediately yield financial results but may benefit shareholders. Directors with longer tenure could more comfortably choose to use their greater access to firm resources to invest in CSR initiatives that reflect their personal beliefs or preferences.

The optimum performance for a board appears to be when directors reach about nine years of tenure, said Kate Soslava. Longer board tenure means more extensive experience and favorable board dynamics. Longer-serving directors get firm-specific expertise and connections through work experience, which strengthens monitoring and provides management with pertinent advice, ensures continuity in strategic direction, and has a positive impact on CSR [28].

Specifically, in spite of the fact that board composition can emphasize the favorable or unfavorable effects of director tenure, the authorities may consider advising businesses to publish group average tenure and tenure diversity of boards. For evaluating successful corporate governance, it is also critical to consider the tenure diversity and average board tenure. Longer board terms come with a warning against the possibility of objectivity and flexibility loss. Long-serving directors grow close to management over time, which results in less monitoring and counsel on strategic matters. For instance, studies have shown that social connections that form between boards and CEOs result in a decline in the company's value and a rise in executive compensation.

2.8 Proposed Framework

From the research, the five factors that influence the board diversity on CSR on Malaysian public listed companies are board size, board age, board gender, board independence and board tenure as a proposed theoretical framework [29]. These five factors are mainly influencing board diversity on CSR on Malaysian public listed companies. Therefore, these variables would be formed as the theoretical framework as shown below:

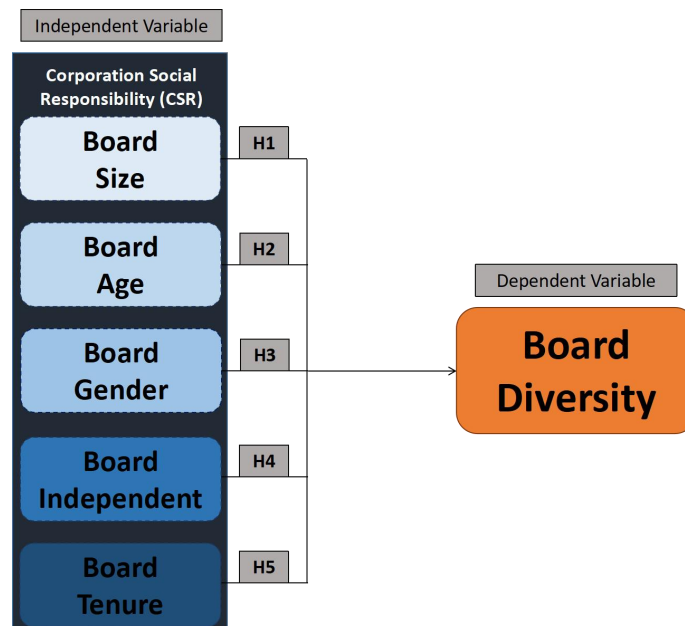


Figure 1. Theoretical framework of board diversity on CSR on Malaysian public listed companies.

2.9 Proposed Hypotheses

Hypothesis 1

H0: There is no significant relationship between board size and the board diversity on CSR on Malaysia public listed company.

H1: There is a significant relationship between consumer board size and the board diversity on CSR on Malaysia public listed company.

Hypothesis 2

H0: There is no significant relationship between board age and the board diversity on CSR on Malaysia public listed company.

H1: There is a significant relationship between board age and the board diversity on CSR on Malaysia public listed company.

Hypothesis 3

H0: There is no significant relationship between board gender and the board diversity on CSR on Malaysia public listed company.

H1: There is a significant relationship between board gender and the board diversity on CSR on Malaysia public listed company.

Hypothesis 4

H0: There is no significant relationship between board independent and the board diversity on CSR on Malaysia public listed company.

H1: There is a significant relationship between board gender and the board diversity on CSR on Malaysia public listed company.

Hypothesis 5

H0: There is no significant relationship between board tenure and the board diversity on CSR on Malaysia public listed company.

H1: There is a significant relationship between board tenure and the board diversity on CSR on Malaysia public listed company.

3. Methodology

3.1 Introduction

The methodology is a technique that has been thought out and organised in order to solve a theoretical or practical issue. For the investigations, data mining, and experiments conducted, explain the research methods, and describe the methods of data collection, data processing, and analysis. This part is consisting of research design, data collection techniques, sampling design, instrument and data analysis.

3.2 Research Model

The regression analysis, which demonstrates how to calculate the link between CSR and independent variables and control variables, is used in this study. The model makes an effort to take into account the aspects of board diversity that are expected to be significant in terms of their impact on CSR [30]. This is because multiple regression models may accommodate many of the explanatory factors that can be ascribed, it is vital to do this regression analysis in order to verify the theory (economics), and it is also important to assess the policy which affects, when the research depends on non-experimental data. Both of these tasks are significant.

The functional form was express as:

$$CSR = f(\text{gender, age, size, independence, tenure})$$

Hence our function can be estimated under the following model:

$$CSR_{i,t} = \beta_0 + \beta_1 GENDER_{i,t} - \beta_2 AGE_{i,t} - \beta_3 SIZE_{i,t} - \beta_4 INDEPENDENCE_{i,t} - \beta_5 TENURE_{i,t} + \varepsilon_{i,t}$$

Where

CSR = Corporate Social Responsibility

GENDER = Number of women in corporate board

AGE = Number of older board member

SIZE = Number of board member

INDEPENDENCE = Number of independent directors in board member

TENURE = Average years' board working

β = coefficient to be estimated

ε_t = error term

This research applies the Ordinary Least Squares (OLS) regression to investigate the link between CSR and numerous characteristics of board diversity. These factors include board gender, board age, board size, board independence and board tenure. According to Gujarati and Porter (2009), the best linear unbiased estimator (BLUE) is one that is linear, unbiased, efficient, consistent, and has the lowest variance.

3.3 Contribution of the Study

This research reveals diverse facts, notably concerning the flow of firm operations, with a focus on the administration group, shareholders, investors, the government, and the general public. It takes a lot of attention from senior management to execute strategies inside the firm organization. Aside from that, this research will help both academics and board directors better understand the structure of board diversity in providing excellent governance toward corporate goals. It will also teach financial professionals about the variables that have influenced CSR in the past and how to make better decisions with the knowledge that is available to them [31]. Nonetheless, this research gives information to board directors in order for them to examine economic elements such as expectations and choices.

3.4 Data Collection Techniques

Data collection is an important component since the information acquired may have a significant impact on the completeness and feasibility of the inquiry. Both primary and secondary sources may be used to get information. Primary data are the results of the researcher's own first-hand observations and interviews, while secondary data is information gathered from existing sources. Secondary data is employed in this study, where annual reports are acquired and reviewed throughout the research process.

The annual reports of companies are readily accessible and may be obtained from the websites of Bursa Malaysia as well as the websites of the companies themselves. In order to get the information required on the research's independent variables, the annual reports that were obtained range from 2010 to 2016. In addition, publications and journals are researched by using the Internet, e-databases owned by Universiti Tunku Abdul Rahman such as Emerald Management eJournals Collection, SAGE Journals, and EBSCOhost, and Google Scholar. Utilising secondary data sources requires quite a bit of effort investment but results in significant financial savings when collecting information.

3.5 Techniques of Data Analysis

Data analysis is an essential element of research since improper data analysis results in wrong reports, which in turn leads to incorrect and poor decision-making. Therefore, it is critical to choose an appropriate data analysis approach that will ensure we acquire reliable and helpful results from our data.

In this study, the techniques of data analysis are to test all the information and to analyse the primary data that collected by researcher which using descriptive analysis and Ordinary Least Squares (OLS) regression.

4. Recommendation

There are a few different ways that this research might be further upon. A favorable brand image may be created with the assistance of board diversity and inclusion within CSR, which also contributes to the development of an improved reputation and productive commercial connections. A company has the ability to establish and continue to foster good and interesting partnerships if it has in place and actively maintains a well-developed programme for CSR.

Apart from that, diversity on boards does not only encompass factors such as size, age, gender, independence, and tenure. According to the recommendations made in MCCG 2021, the researcher of the future may choose to take into consideration other aspects of board diversity including their abilities, experiences, functional competence, cultural backgrounds, and nationalities. It is essential for businesses to have the understanding that having a diverse board of directors is influential and strong in bringing about improved CSR performance [32].

Besides, the researcher who comes after them may decide to include other control variables into the study in addition to company size and board size. Other examples of control variables that have been utilized in previous study include things like the kind of industry, the age of the company, leverage, the risks the organization faces, and the opportunities it has for development. It's possible that these control factors will provide different findings, possibly even ones that are more favorable regarding board diversity and CSR performance.

The researcher of the future can also investigate the external elements that have an effect on CSR performance, such as socioeconomic, legal or ethical, political, or technical aspects. It is possible that the researchers will be able to create a better result by including the external elements in their analysis of the association between board diversity and CSR success. In conclusion, the prospective researchers need to be allotted a sufficient amount of time to carry out the study in order to guarantee a complete comprehension of the subject matter.

5. Conclusion

As a result, it suggests that CSR and total board diversity have a roughly favorable association. The results are consistent with the stakeholder theory and with the notion that more diverse boards are better at keeping tabs on social responsibility performance than less varied boards. There was shown to be a positive and substantial association between the CSR and the board diversity variables of board gender, board independence, board size, and board age. This demonstrates that a business would perform better in terms of corporate social responsibility if its board of directors was more diversified.

Our research advances knowledge of the function of board diversity in monitoring managerial performance. In addition, board diversity promotes the effectiveness of intercultural interactions. Additionally, it encourages the board's capacity to offer a better perspective on CSR based on variations in board gender, age, size, independence, and tenure. The diversity of the board might offer a unique perspective on the disclosure of CSR information.

Furthermore, a board's long-term viability and the development of beneficial relationships with the community and environment depend on its members having a diverse variety of skills and knowledge. Considering this, the firms will gain from the scenario by having a better public image thanks to their dedication and other chances that might help them develop and advance. Overall, this study makes the case that well managed diversity aids in the creation of boards that serve to safeguard the interests of all stakeholders. In addition to contributing to the study of board diversity and CSR reporting practices in the Malaysian context, this study will offer unique perspectives.

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