CORPORATE GOVERNANCE, CORPORATE SOCIAL RESPONSIBILITY REPORTING AND FIRM PERFORMANCE IN ASEAN-4 COUNTRIES

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FACULTY OF BUSINESS AND ACCOUNTANCY
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ABSTRACT

The growing interest of association between corporate governance (CG) and firm performance has been apparent with most of the research focus on the direct relationship between them. Paying attention to corporate social responsibility reporting (CSRR) from the perspective of developed and developing countries cause some ambiguity about the direct relationship of CG-firm performance. The reason might be due to the indirect effect of CSRR on this association. This study advances the previous research by considering the mediating role of CSRR through investigating CG mechanisms association namely CEO duality, board diversity, and institutional ownership with firm performance in four ASEAN countries; Malaysia, Indonesia, Singapore, and the Philippines. Due to the probably different influence of CSRR for CG-firm performance in each of these four ASEAN countries, the current research also contributes a literature through investigating moderating effect of the country for the mediating role of CSRR in the CG-firm performance association. To achieve these, the researcher conducts a pooled data sample based on 264 ASEAN firms. The examination of the longitudinal data involves firms using GRI (global reporting initiatives), as CSR international initiatives, for their CSR reporting during 2011 to 2013. Results from SEM analysis through SPSS AMOS 21 show only institutional ownership as CG dimensions that affects firm performance. Total CG, deriving of summed up CG mechanisms, also has a positive effect on firm performance. In addition, the findings of path data analysis show that the existence of CEO and chairman as the same person and also total CG increases CSRR. It is also found that CSRR has a direct positive effect on short-term firm performance and direct negative influence on long-term firm performance. The presence of CSRR as a mediator indicates that there is no effect of CSRR as a mediator for CG dimensions and financial performance. However, there is a mediation effect of CSRR, when total CG is taken as one variable with firm performance link. Moreover, According to the findings of multi group analysis in explaining the moderating effect of the country on the relationship between CG mechanisms and firm performance with CSRR as a mediator, there is a significant difference with the presence of country variable as a moderator for the mediation effects of these countries. Findings from this study may serve as guidance for authorities in enhancing the existing regulation and enforcement on corporate governance, CSRR. The findings could also be beneficial for multinational companies working in developing countries to further conceptualize the importance of CSRR insights when looking into corporate governance determinants in relation to firm performance. Overall, the current research contributes to the extended legitimacy and institutional theories by using new institutional theory in the context of Asian countries that possesses different legitimation and religions in applying corporate governance and CSRR unlike that of the western developed countries.

Keywords: corporate governance, CSRR, GRI, firm performance, ASEAN

ABSTRAK

Kepentingan hubungan di antara tadbir urus korporat (CG) dan prestasi firma semakin jelas dengan kebanyakan fokus penyelidikan adalah terhadap hubungan langsung di antara mereka. Dengan memberi perhatian kepada pelaporan tanggungjawab sosial korporat (CSRR) dari perspektif negara maju dan membangun menyebabkan kekaburan tentang hubungan langsung prestasi firma CG. Sebabnya mungkin disebabkan oleh kesan tidak langsung CSRR mengenai persatuan ini. Kajian ini memajukan kajian terdahulu dengan mempertimbangkan perantaraan peranan CSRR melalui penyiasatan persatuan mekanisme CG iaitu duality CEO, kepelbagaian lembaga, dan pemilikan institusi dengan prestasi firma di empat negara ASEAN; Malaysia, Indonesia, Singapura, dan Filipina. Oleh kerana pengaruh CSRR yang mungkin berlainan untuk prestasi firma CG di setiap empat negara ASEAN, penyelidikan semasa ini juga menyumbang kesusasteraan melalui penyiasatan kesan pengadunan negara untuk perantaraan peranan CSRR dalam persatuan prestasi firma CG. Untuk mencapai matlamat ini, penyelidik menjalankan sampel data yang dikumpulkan berdasarkan 264 firma ASEAN. Pemeriksaan data membujur melibatkan firma yang menggunakan GRI (inisiatif pelaporan global), sebagai inisiatif antarabangsa CSR, untuk laporan CSR mereka pada tahun 2011 hingga 2013. Keputusan dari analisis SEM melalui SPSS AMOS 21 menunjukkan hanya pemilikan institusi sahaja yang merupakan dimensi CG yang mempengaruhi prestasi firma. Jumlah CG, yang diperolehi merangkumi mekanisme CG, juga mempunyai kesan positif terhadap prestasi firma. Di samping itu, penemuan analisa data laluan menunjukkan bahawa kewujudan CEO dan pengerusi sebagai orang yang sama dan juga jumlah CG meningkatkan CSRR. Ia juga mendapati CSRR mempunyai kesan positif langsung terhadap prestasi firma jangka pendek dan pengaruh negatif langsung terhadap prestasi firma jangka panjang. Kehadiran CSRR sebagai pengantara menunjukkan bahawa tiada kesan CSRR sebagai pengantara untuk dimensi CG dan prestasi kewangan. Walau bagaimanapun, terdapat

kesan pengantaraan CSRR, apabila jumlah CG diambil sebagai satu pemboleh ubah dengan pautan prestasi firma. Selain itu, menurut penemuan analisis multi kumpulan dalam menjelaskan kesan penyederhanaan negara mengenai hubungan antara mekanisme CG dan prestasi firma dengan CSRR sebagai mediator, terdapat perbezaan yang signifikan dengan kehadiran pembolehubah negara sebagai moderator untuk pengantaraan kesan dari negara-negara ini. Penemuan dari kajian ini boleh menjadi panduan kepada pihak berkuasa dalam meningkatkan peraturan dan penguatkuasaan tadbir urus korporat, CSRR yang sedia ada. Penemuan ini juga boleh memberi manfaat kepada syarikat-syarikat multinasional yang bekerja di negara-negara membangun untuk mengonsepkan lagi pentingnya pandangan CSRR apabila melihat penentu tadbir urus korporat berhubung prestasi firma. Secara keseluruhan, penyelidikan ini menyumbang kepada teori legitimasi dan institusi dengan menggunakan teori institusi baru dalam konteks negara-negara Asean yang mempunyai legitimasi dan agama yang berbeza dalam menerapkan tadbir urus korporat dan CSRR tidak seperti negara-negara maju barat.

Kata kunci: tadbir urus korporat, CSRR, GRI, prestasi firma, ASEAN

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LIST OF SYMBOLS AND ABBREVIATIONS

CSR	:	Corporate social responsibility
CSRR	:	Corporate social responsibility reporting
CG	:	Corporate governance
ASEAN	:	Association of Southeast Asian Nations
GRI	:	Global reporting initiative
SEM	:	Structural equation modelling
CFA		Confirmatory factor analysis
GFI		Goodness of fit
RMSEA		Root means square error
CFI		Comparative fit index
AVE		Average variance extracted

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CHAPTER 1: INTRODUCTION

1.1 Background

Recent corporate embarrassments and disappointments incited organizations to deliberate on corporate governance (CG), accountability, trust, and ethics (Marsiglia and Falautano, 2005; Rao and Tilt, 2016), and they are reflected in expanded examinations relating to moral administration ponders (Alshareef and Sandhu, 2015). Because of the way that issues related with CG still cannot seem to be unraveled and the space for its change is predominant (Shleifer and Vishny, 1997). CG is considered fundamental in terms of how it can and should deal with the whole accountability matters. The nature of corporate governance could be dealt with its financial and legitimate perspectives and its perfection benefits most international or multinational organization (Shleifer and Vishny, 1997).

CG has comprehensively speculated as either a measurement of or supplement to corporate social responsibility (CSR) (Jamali et al., 2008, Elkington, 2006). Better-governed companies are more prone to take part in CSR as a trustworthy method for flagging their CG quality (Brown et al., 2011; Babbie, 2015). The CG-CSR nexus turns out to be more particular when the more general origination of CG is considered, which requires substance, truthfulness, and responsibility to investors, as well as the duty to all stakeholders.

Managing the relationships among stakeholders is crucial for corporations' success because of the associations between different stakeholder groups such as employees, customers, in addition to the community, influence firm profitability regardless of ownership rights of stakeholders (Hill and Jones, 1992). It is CG responsibility to build and bring trust which can be achieved by refining CG mechanism through presenting assurance of financial reporting to different stakeholders and decreasing managerial self-interest in protecting shareholders interest.

CSR is an extension of association's drive to advance towards feasible corporate administration. Guaranteeing company's sustainability through perfect business advances responsibility and truthfulness (Hess and Winner, 2007). It is described as a piece of corporate administration mainly when there is a need to recognize corporate objectives and social objectives. Friedman (2007) describes CSR as the way to direct the business as per investors' wants, which for the most part will be to making a profit as could be expected under the circumstances while fitting in with the vital standards of society, both of these as characterized in law and embodied in ethical custom. However, CSR, corporate sustainability, corporate citizenship Triple Bottom Line are synonymous with the growing attempt to look for the significance connected with ethical business (Carroll, 2000). Carroll (1999) suggested that CSR is conducted to increase profit for companies which follows what the law states and make ethical and cultural support. The term CSR in the current research, however, usually refers to actions of corporations as to their inside and outside stakeholders and the environment go past what is lawfully expected of a firm (McWilliams et al., 2006).

Over the years, the notion of transparency and accountability in environmental and sustainability performance prompted organizations to disclose their CSR. Corporate Social Responsibility Reporting (CSRR) is set as a strategy for improving CSR through communication with stakeholders with regards to corporations environmental, social, economic performance, and management to even prohibit corruption (Siddiquee, 2010). The most common way of CSRR is to disclose the information in the annual report and this is considered to be a crucial mode in communicating with the stakeholders in comparison to publishing in media (Li et al., 2011). Besides, CSRR which is used in the current research, there are other definitions for CSRR such as corporate social disclosure (CSD), corporate social performance reporting (CSPR), corporate social accounting

(CSA), corporate social accounting disclosure (CSAD), and corporate social responsibility disclosure (CSRD).

CSRR has assumed a huge part in business, in improving corporate transparency, responsibility, creating a corporate picture and giving valuable data to venture basic leadership (Gray et al., 2001; Friedman and Miles, 2001; Lourenco et al. 2012, Saeidi, et al., 2015). The reporting has become a routine with regards to measuring and uncovering inside and outer stakeholders for firm execution with the point of sustainable improvement (GRI, 2016). Initially social reporting started in developed countries such as US, UK and Europe (Epstein and Freedman, 1994; Lessem, 1977), followed by its practice in developing countries such as India (Singh and Ahuja, 1983) while in the Association of Southeast Asian Nations (ASEAN), the majority of prior researches in the field of CSRR were conducted in Malaysia and Singapore (Teoh and Thong, 1984; Tsang, 1998; Thompson and Zakaria, 2004).

The global economic crisis has notably increased the significance of a number of developing markets in Asia among western associations for propelling their worldwide power and reducing operational costs among others. The CSRR motivation in developing nations are distinctive (Baughn et al., 2007, Saleh Zulkifli and Muhamad, 2011), thus requiring special attention to establish CSRR. In this regard, it has been reported that there has been an increase of CSRR usage in terms of the number of organizations publishing such report in ASEAN (Belal and Momin, 2009).

As far as CSR international initiatives are concerned, Global Reporting Initiative (GRI) is to a great extent has been recognized as the most dependable structure for uncovering reasonable data on CSR and sustainability matter (Brown et al., 2009; Kaye, 2011; KPMG, 2008; Nikolaeva and Bicho, 2011; Wilburn and Wilburn, 2013), and it has an international network of organizational stakeholders, infact; an assortment of coinciding, non-money related revealing structures, rules, standards among others are getting to be plainly muddled (Dingwerth, 2007). GRI is launched to overcome the problems, and normally GRI's dealings involve multi-stakeholder arrangement. The intentional revealing rules have been produced through exchanges with partners at gatherings held in Asia, Europe and the U.S. and GRI has built up the main measures or rules for CSR announcement (KPMG, 2011). As indicated by Adams et al. (2014), GRI sustainability reporting guidelines have been predominantly used for CSR reporting's and there is an expanding pattern of reception towards GRI rules in the business division. Since the global compact has been started and strengthened by the United Nation, it can possibly gather an agreement from all nations globally to examine GRI as a prevailing structure. The GRI is a non-profit organization whose main objective is to promote economic, environmental and social sustainability (GRI, 2013). GRI index consists of six key performance scopes, and they are Economic (EC), Environment (EN), Human Rights (HR), Labor (LA), Society (SO), and Product Responsibility (PR). With ASEAN countries, four countries are chosen because GRI exists in the following organizations; Amplios Consultants, CSR Asia and Singapore Compact for CSR in Singapore; Counterpoint Consulting and (OWW) Consulting in Malaysia; Bali International Consulting Group, Konsortium Pengembangan Masyarakat Madani and National Center for Sustainability Reporting (NCSR) in Indonesia and Philippine Institute of Certified Public Accountants (PICPA) in Philippine (Williams, 2010). Malaysia has set up a CSR framework in 2006 and has made CSR reporting mandatory for listed companies in the same year. The framework is developed mostly by Malaysian government (Malaysia, 2007; Williams, 2010). In Indonesia, two laws have been passed in 2007, one requiring companies in the natural resources industry to invest in CSR, and the other making CSRR mandatory. Indonesia's approaches in CSR are more balanced with the government-private sector and civil society-led initiatives (Williams, 2010; Waagstein, 2011). In 2005, about Singapore, the National Tripartite Initiative (NTI) set up a compact on CSR in 2005. The NTI comprises the National Trade Unions Congress (NTUC), the Singapore Business Federation (SBF), the Singapore National Employers Federation (SNEF) and the Ministry of Manpower. It appears that the government, the private sector, and trade unions in Singapore are involved (Ong, 2008; Williams, 2010). In the Philippine, in 2007, the board of investment stated that registered companies are entitled to a six-year tax holiday should they implement CSR program, and in view of this benefit, businesses organizations are leading the way (Williams, 2010).

The GRI reporting framework contains sections on a general and specific substance that has been agreed by a broad assortment of partners the world. This system which incorporates detailing rules empowers more prominent hierarchical truthfulness and responsibility and in this way, partners' trust in associations can be developed (GRI, 2013, 2016). Various associations, of all sizes and divisions, utilize GRI's system to comprehend and impart their supportability performance (GRI, 2013, 2016). The use of GRI guidelines is continually growing as a criterion for comparison of CSR reporting by ranking reports and publishing it in companies' sustainability reports (Roca and Searcy, 2012).

CG is another aspect which is related to CSRR in that the reporting is important with regards to firm performance which can be value enhancing the firm in terms of profitability (Tarquinio and Rossi, 2017), value destroying (Wright and Ferris, 1997) or value irrelevant (Teoh and Thong, 1984; Mcwilliams and Siegel, 2006, Aras et al., 2010). CG and CSRR emphasize on the importance of reaching long-term performance that will help to promote a business continued existence and acceptance. With the presence of CG, companies can enhance business ethics, transparency, and accountability in their business dealings. However, a number of researchers believe that CSRR and CG are independent and unrelated to accountability models, whose guidelines, reporting standards, oversight mechanisms have evolved separately (Jamali et al., 2008; Trong Tuan, 2012; Jizi, et al., 2014). Within ASEAN, as an example, following the 1997 Asian financial crisis, the Malaysian Institute of CG in the year 2000, presented a code in which a board ought to get data that is not simply budgetary arranged but it includes other execution pointers such as consumer loyalty and item benefit quality. This prerequisite could be required to put some weight on the administration of organizations to participate in more socially dependable exercises and thus exposure in yearly reports. The attention of CG, including the ownership structure of the board of directors present in a firm, is crucial since top management oversees information reporting in their annual reports (Gibbins et al., 1990). Board of directors is one of the important internal mechanism of CG influence on firm performance (Nahar, 2004). When CEO is also chairman of the board, responsibility for chairing the board of director meetings lies with the CEO, which may held multiple times per year or as stipulated by corporate governance code of the country the corporation registered. CEO as Chairman is also responsible for setting agendas that will be discussed among the board members, reviewing the minutes and ratifying the same in the Board. CEO is authorized to do the processes of recruiting, retrenching, terminating and compensating top management. In addition, CEO can increase the decision making power if he is acting as a chairman of the board too, but decisions made maybe pro management but not in the interest of shareholders (Nahar, 2004). Regarding the extent of disclosures, CEO duality of ASEAN countries plays crucial roles in shaping firms' policy and practices toward board characteristics which is using for board leadership structure (Roy, 2016).

The board of directors is not only defenders of shareholders' interests but also address the need of diverse stakeholders (Ayuso and Argona, 2009; Mallin et al., 2012). One of the most significant governance issues, which are currently faced by managers, directors and shareholders of the modern business world is diversity of boards (Carter et al., 2003). Board diversity broadly refers to various characteristics that may be present among directors that can influence decision-making (Van Knippenberg et al., 2004, Yeh and Trejos, 2015). In particular, non-national and gender are topical issues of concern worldwide and have attracted the attention of ASEAN countries. Existing literature does not find the consistent result of the relationship between board diversity and firm performance (Levine, 2005; García-Meca et al., 2015). Board diversity has effective role on CSRR, therefore, different ideas and researches have started to examine the relationship between them (Post et al., 2011; Ibrahim and Angelidis, 1995; Hafsi and Turgut, 2013). Moreover; Linck et al. (2008) also suggest that board leadership is an important determinant of board structure. CEO duality as a board leadership has unclear relationship with firm performance (Oshry et al., 2010; Desender, 2009). In fact, dual leadership emphasizes the unparalleled firm-specific information of CEOs and firms' ability to quickly respond to changing environments due to unified leadership (Adams et al., 2014).

Boards of directors, however, may not be a sufficiently effective mechanism to ensure corporate transparency and the self-monitoring of firm behavior (Ayuso and Argona, 2009; Mallin et al., 2012). Consequently, external monitoring by institutional investors who own blocks of the firm has become increasingly important. Agency theories argue that pressures from external investors, such as institutional investors, are necessary to motivate managers to maximize firm performance instead of pursuing their own managerial objectives (eg. Grossman and Hart; 1980; Chen, 2014). There are different findings for significancy of the relationship between large institutional investors and profitability (Chen, 2014).

On the whole, board of director's characteristics and ownership structure are important components of CG which many studies examined the relationship between CG and CSR (eg. Bartkus et al. 2002; Uzun et al., 2004; Barako and Brown, 2008; Dam and Scholtens, 2012; Yang and Zhao, 2014), the link between CG and firm performance (eg. Carlin and

Mayer, 2000; Krivogorsky, 2006; Cheng, 2008; Zubaidah, 2009; Adams et al., 2014; Chen, 2014; García-Meca et al., 2015). These important elements of CG have increased attention of researchers for social responsibility and firm value because of their increasing role in corporate accountability and transparency to the stakeholders.

In ASEAN, the primary point of the announcement is to hasten financial development, social advance, and social improvements in the locale alongside regarding principles of law in the relationship among nations (Chapple and Moon, 2005). As per a workshop composed in January 2007 in Jakarta on good corporate and social responsibility in advancing ASEAN's local Integration, the greater part of the member were a government official and best corporate administrators from ASEAN nations. This indicates ASEAN foundation initial attempt to be more involved in CG and CSR along with corporate value. It is worth highlighting that the main aim of ASEAN region is to accelerate economic growth, social progress, and cultural developments as well as to respect rules of law. Overall it can be implied that emphasizing in these aspects pave the way for CSRR in ASEAN and at the same time the circumstances lead to continuous attempts to guide CG, CSR, and firm performance. In addition, considerable advancement in the improvement of these three principles indicates the link between them which is important to compete and develop in the global market.

1.2 Problem Statement

Irresponsible business and economic activities create harmful risks to the overall running of both developed and developing societies. These areas of risks have stimulated interest in such diverse disciplines as marketing, management, finance and sociology that led to different conceptualization, measurement, and interpretations of concepts. It also motivates scholars and practitioners paying attention to CG, CSRR and corporate performance due to the growth of market competition (Ntim and Soobaroyen, 2013; Giannarakis et al., 2014).

Most prior studies investigate the direct association between only two factors, such as CG and CSRR (e.g. Jizi et al., 2014), CG and corporate performance (e.g. Jameson et al., 2014), CSRR and corporate performance (e.g. Martinez-Conesa et al., 2017). In fact, CSRR, CG, and firm performance have gained much attention in different research areas, however typically in isolation. Past research generally ignores examining whether the key attributes of top managerial staff has an effect on the detailing of CSR-related issues and firm execution in one single research. As the top managerial staff is in charge of the improvement of feasible business methodologies and the supervision of the dependable utilization of firms' advantage, it is the board which takes the crucial choice in connection to a firm CSR approaches, and it has an impact on firm execution. Institutional proprietorship is additionally prone to progressively request that organizations unveil their CSR exercises and firm execution (Mahoney and Roberst, 2007; Waddock and Graves, 1994; Cornett, et al., 2007). Institutional investors have control over standard hazard return streamlining, individual and social esteems which require data to be given with respect to whether the offer possession is affected by organizations that have CSR exercises.

Furthermore, less focus has been given to assess the underlying process of performance improvement through their combined effect. Inconsistency in the result of direct relationship between CG and firm performance (Ntim and Soobaroyen, 2013) might be due to the effect of intervening variable such as CSRR on this association. There are few studies that investigate inter-relationship between the three areas of CSR, CG, and corporate performance without accounting for the potential mediating role of CSRR in the relationship between CG and corporate performance, which could result in some degree of inconsistency in the reported results (Ntim and Soobaroyen, 2013).

In 2008, ASEAN leaders asserted the importance of promoting CSRR by including it as part of its strategic objectives (Ahmad et al., 2012). However, this aspect of study on how this region responds to CSRR is still limited (Chappell and Moon, 2005). In view of this situation, due to the differences in terms of culture and language in these areas, the number of corporates involved in CSRR in ASEAN is unsatisfactory. In addition, as culture and languages are different in this area, the absence of CSRR is unbecoming. Nevertheless, the fact that the practice of CSR in a few ASEAN countries such as Malaysia and Indonesia are mandatory, it is practical to use GRI as an international framework to report CSR (Ahmad et al., 2012; Haniffa and Hudaib, 2006), and to realize greater reliability and accuracy in form of disclosing CSR information. Moreover, GRI guidelines on responsibility reporting is a portion of a firm's communication that can be implemented in order to diminish information asymmetry between investors and managers (Schadewitz and Niskala, 2010). In other words, GRI can produce a more precise market valuation of a firm, hence in the case of the current study, it is apparent that using GRI as a framework for ASEAN countries to determine their responsibility reports is a viable research.

A good CG has been found to lead to CSR extension (Jamali et al., 2008), however, there is a gap in the literature to identify whether a good CG has an effect on CSRR and corporate performance concurrently. Meanwhile, the way in which whether CSRR influences CG and corporate performance should be considered. Therefore, establishing CSRR as a mediator in the relationship between CG and corporate performance is pertinent, and this idea and proposition seem to be neglected in previous research works. Over the last decade and a half, the ASEAN region has enjoyed a sustained period of rapid economic growth and financial stability. In addition, ASEAN is the area with different culture, population size and its aim is to accelerate economic growth, social progress and cultural development, to promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region, and to maintain close and beneficial cooperation with existing international and regional organisations with similar aims and purposes, and explore all avenues for even closer cooperation among themselves in this area (Kintanar, 1985; Rao-Nicholson et al., 2016). Indonesia, Singapore, Malaysia and Philippines are all founding states of ASEAN (Acharya, 2000). However, aside from this formal association and geographic proximity, they are very disparate nations. Indonesia and Malaysia are predominantly Muslim countries with multiple ethno-linguistic communities. While the most of people in Philippines are Roman Catholic. Most Singaporeans identify as ethnically Chinese, but the state promotes explicitly multi-ethnic policies; with ethnic groups being conceived in ethno-religious terms as much as or more so than ethno-linguistic groups. Both Indonesia and Malaysia are relatively large nation-states. Singapore, on the other hand, is a small ‘‘city-state’’ with a population of only a few million. In the past thirty years, Singapore has become a financial and business hub in the global economy and relatively wealthy in comparison to its immediate neighbors. Malaysia, Indonesia, and the Philippines are usually described as ‘‘developing’’ economies; based on their role as production and manufacturing sites in the global economy (Thompson et al., 2007).

In order to increase finanacial development of ASEAN as one region, each of the countries in this region should be promoted separately, thus, it is worthy to determine the effect, role, and strength of country as a moderating variable of mediating effect of CSRR in CG-firm performance link to make a comparison and see differences between the ASEAN countries.

Overall, the present study attempts to rectify the gap of literature by investigating the inter-relationship between CG, CSRR and firm performance which might highlight the role of CG mechanism on CSRR and firm performance, mediating role of CSRR in the association between CG and firm performance, and moderating role of the country in these ASEAN countries. Moreover, this research aims to provide some meaningful insights into the general understanding of CG mechanisms, CSRR, and firm performance.

1.3 Research Objectives and Questions

The purpose of the current study is to examine the direct influence of CG mechanism namely institutional ownership, board diversity, and CEO duality on CSRR and firm performance, and direct influence of CSRR and firm performance in ASEAN region. The study also aims to investigate the mediating role of CSRR in the link between CG and firm performance from the perspectives of ASEAN countries. In addition, the aim is also to identify the role of the country as a moderated mediation of CSRR in the relationship between CG and firm performance. It is foreseen that in finding the interrelationship between the different mechanism of CG, CSRR and firm performance, the study is able to provide companies with valid information about the position of CSRR in their companies. In the context of companies in the ASEAN region, the details of the research objectives are as follows:

1. To investigate the impact of CG on firm performance.
2. To investigate the influence of CG on the CSRR.
3. To investigate the effect of CSRR on the firm performance.
4. To investigate the effect of CSRR as a mediator in the relationship between CG-firm performance.
5. To investigate the effect of the country as a moderator on mediation effect of CSRR in the relationship between CG and firm performance

Overall, the research questions of the current study are as follows:

1. Does CG impact on the firm performance?

2. Does CG have an influence on the CSRR?
3. Does CSRR affect firm performance?
4. Does CSRR play as a mediator in the relationship between CG and firm performances?
5. Does country play as a moderator on mediation effect of CSRR in the relationship between CG and firm performance?

1.4 Research Method

Following the research questions, the research method contains critical reviewing of the current literature, elaboration of the research method, data analyzing, and finally interpreting the results of the research. The sample of the study is 264 firm-years from all industries in ASEAN by using GRI G3 guideline from 2011 to 2013. Quantitative method is conducted to obtain data from a secondary source in measuring all variables. Furthermore, to test the hypothesis, the current research uses multivariate path diagram analyses by employing the structural equation modeling (SEM) through AMOS version 21 software. Testing the mediator is done through bootstrapping method path diagram analysis of SEM (Nevitt and Hancock, 2001; Arbuckle, 2010). Testing moderator through multi-group path diagram analysis and bootstrapping method is performed to compare the effect of mediation in every country in the relationship between independent variables and the dependent variable (Arbuckle, 2010).

1.5 Research Motivations and Contributions

In order to be successful in the global marketplace, good CG can be established as the obligation in order to build a condition that can be defined as sustainable along with companies' practices in balancing of stakeholder priorities. Jamali et al. (2008) argued that the aim of CG has evolved from pure profit-making model to social responsibility model. CSR is an extension of firm's effort to advance towards feasible corporate governance. The inter-relationship between CG and CSRR is obvious that it is for the higher necessity of ethical business, accountability, and transparency to stakeholders (Cooper and Owen, 2007; Aras and Crowther, 2008). Well-designed CG systems can align the incentives of managers with those of shareholders and promote CSRR through social and environmental initiatives (Jensen and Mecking, 1976; Adam and Zutshi, 2004). Also if good CG is linked to superior performance and poor governance to weak performance, it naturally creates strong incentives for shareholders and companies to insist on high standards. Strong CG can affect firm performance in two different ways. First, good CG might leading to high share price multiples as investors anticipate that lesser cash flows will be diverted and a higher fraction of the firm's profits will come back to them as a return in the form of dividends. Second, good CG may leading to lower costs of capital which reduces shareholders' monitoring and auditing costs (Roy, 2016).

Due to the important role of board characteristics in performing and monitoring the role of shareholders interest and firm value, various studies have worked on the link between board characteristics namely, board diversity, CEO duality, and CSRR in addition to firm performance. However, the results have been inconsistent in both developed and developing countries (Haniffa and Cooke, 2005; Spitzeck, 2009; Hall et al., 2014; Jizi et al., 2014). In many previous types of research, the significance of board committee is neglected. With regards to the authority of institutional shareholders in controlling managers, their own rights have been exploited and this issue should be focused more on regulators' functions in overseeing the situation. This argument stimulated many researchers to study the relationship between institutional ownership and firm performance, also institutional ownership and CSRR. However, previous researches on this issue are still premature to provide any definite conclusions.

Using international standards and framework for CSRR for ASEAN region is one of the motivations of this study due to different aspects, cultures, and language of nations in this area. To do so, GRI framework is applied.

1.5.1 Theoretical Contribution

The current study contributes to the literature on CSRR, CG mechanism and firm performance in three distinct ways.

1. According to new institutional theory (institutional and legitimacy theories) role of CSRR is postulated as a mediator to provide additional information about how or why CG mechanism affects firm performance in ASEAN region from 2011 to 2013. Based on this theory, discoveries of CSRR in each of four ASEAN countries is one of a kind and particular to institutional foundation of the countries. Many studies on CSRR` and firm performance have been done from an Asian perspective, however, there is a lack in consistency of the results (Haniffa and Hudaib, 2006; Chen et al., 2014). This relationship will be examined based on GRI guideline G3 to add knowledge to the literature and improve legitimacy by analyzing and ranking six dimensions of institutional standards as Economic, Environment, Human Rights, Labor, Society, and Product Responsibility in each company of those ASEAN countries.

2. The analyses of four different ASEAN countries enable comparisons on CSRR as well as the effectiveness of CG mechanisms be performed in a wider scope. Effect of culture in the CSRR depends on new institutional theory. In cross-cultural settings, CSRR in each of ASEAN countries is unique and specific to their institutional backgrounds. In fact, it has been argued in the literature that more research attention needs to be paid to whether CSRR has the same value across Asian countries (Boonchai and Beeton, 2016).

3. Numerous of studies on CSRR have been done in Asian countries (e.g. Thompson and Zakaria, 2004; Said et al., 2009; Zainal, 2014). However, studies of CSRR based on global framework has been neglected. Therefore, a full investigation of how CG

mechanism impact firms using social reporting of GRI in ASEAN by using GRI framework, annual report, Thomson Reuters database during the 2011-2013 period is required. The period of 2011 to 2013 is chosen because the blueprint for the ASEAN Socio-Cultural community adopted by the ASEAN Leaders in 2008 is established to promote CSR by including it as part of its strategic objectives. The outline calls for activities that will guarantee that corporate social obligation is consolidated in the corporate plan and contributes towards economic advancement in the ASEAN region (Secretariat, 2016).

1.5.2 Practical Contribution

This study has crucial practical implication for regulators, policymakers, practitioners and government in other countries that are currently pursuing CG and CSR policy reforms. It might also be a good motivation to join CG with CSR when better-governed corporations are more socially responsible.

From the viewpoint of CSRR advocates, understanding the limitations and worries of directors is truly critical. These worries of directors in regard to CSRR can cause firms to make empowering conditions for higher CSRR. For instance, if supervisors trust they are not ready to embrace CSR announcing in light of the fact that they fear a stock value slide, backers of CSR could focus on institutional proprietors rather and influence them that it is in their own particular best enthusiasm to be more proactive. By focusing on these proprietors, promoters would expel an imperative CSR limitation. On the other hand, if supervisors provide signs to investors about the long haul advantages of corporate social responsibilities, they may be in a position to advance such investments.

In addition, efforts at enhancing boardroom practices, accounting transparency and reporting for shareholders should be followed with attempts at addressing the concerns of stakeholders such as employees, customers, and committees of environment and ethics.

This research helps ASEAN countries to know how much CG influence socially responsible matters in organizations which may lead to increase or decrease in financial performance for their decisions and activities. In fact, it is an empirical evidence to help managers to decide whether or not investigating the effect of insider and outsider CG on firm execution is useful.

Finally, the aftereffect of this examination is relied upon to increase the value of the individuals who put resources into the ASEAN firms by getting exact data about the recorded organizations which may help them in making decisions.

1.6 Organization of the Study

The current research is classified into three different processes namely literature review, data collection, analyzing, discussion of findings, and conclusion. In order to be more specified the process of the study is organized into seven chapters as follows:

Chapter 1: Introduction

This chapter provides an overview of the research. It contains an introduction, detailing the research problem, research questions, research objectives, and research method. Moreover, it explains the contribution of the study towards literature, practice, and policies on this subject.

Chapter 2: Literature Review

Chapter two reviews the different meanings of CSR from different authors; it also contains prior research on CSR in both developed and developing countries. It also focuses on different theories of CSR, reviews CSR reporting, and then shifts to the measurement of firm performance and its previous relationship with CSR. This chapter reviews definition of CG, followed by a discussion of its theories and structure as well as its relationship with firm performance and CSR.

Chapter 3: Framework and Hypothesis Development

This chapter outlines the research framework and elaborates the relevant hypothesis development for the purpose of the current study. Overall, the current study is based on new institutional and agency theory.

Chapter 4: Research Design and Methodology

This chapter starts with reporting the data gathering, and sample selection process for the study. Also, it explains the measurement of dependent, independent, mediator, and moderator and control variables. It also proposes pre-testing for the violation of assumptions through multicollinearity and fitness model. Discussion on hypotheses testing begins with the description of SEM path analysis, bootstrapping and multigroup analysis.

Chapter 5: Data Analysis

This chapter presents the empirical results of all of the fourteen (14) models of the currents study. Through hypothesis testing, it explains the relationship between independent variables and dependent variable with the presence of mediator and moderator.

Chapter 6: Discussion

This chapter provides discussions of the results of the current study as presented in chapter five.

Chapter 7: Conclusion

Finally, this chapter concludes the thesis by summarizing the key research findings and highlighting important points pertaining to the contributions and implications of the research. It is followed by an outline of the limitations of the research, recommendations, suggestions, and conclusions for future researchers.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to CSRR, CG, firm performance and their relationships. It begins with definitions of CSR in section 22. In section 2.3, discussion on CSRR is explained, followed by elaboration about CSR regulations in section 2.4. Next, a specific discussion of CSRR and GRI is presented in section 2.5, then prior research of CSR in developed and developing countries are presented in section 2.6, followed by an explanation of CSR theories in section 2.7. The chapter continues with a review of relationships between CSR and firm performance in sections 2.8. Next, in sections 2.9, and 2.10, definitions for CG, followed by CG theories in section 2.11 are presented. Finally, reviews on CG structure is discussed in section 2.12 followed by highlights on the relationships between CG and firm performance, and CG and CSRR in sections 2.13 and 2.14 respectively.

Knowledge about the evolution of CSR is considered essential before discussing its definitions. In 1977, Eberstadt investigated business in society and its changes from ancient Greece until the recent time and observe that there were plenty of hucksters in filling the needs for trading. The public usually had negative perceptions towards those traders, hence the situation became an instance where attention to wealth creation emerged. After 1960 there was an increase in the awareness of people about social responsibilities to the extent that CSR appears to an important issue for many companies. The objectives of companies are to preserve competitive advantages in the worldwide market and for this purpose, a majority of organizations prefer to use CSR as a business strategy. Corporate cooperation is based on making profit or goodwill and ethics. It is described as a hidden strategy and advertising in which contributions are motivated more by making a profit. Hogner (1982) conducted a research on U.S. steel companies and analyzed social performance via annual reports during eight decades through statistical methods. They contended that social responsibility would help companies to reduce their cost and provide some useful information for users. According to Panwar et al. (2006) who examined corporate responsibility on forest products in the U.S. in the 1990s with a stakeholder approach, they observed that there was an increase about the concern towards society and the environment during those times. The instances of revolution and awareness led business to reshape its social orientation and environmental well-being.

2.2 Definitions of Corporate Social Responsibility (CSR)

There are various definitions about CSR. A fundamental issue in defining CSR is that there is no unique unanimous description about its' definitions (Votaw, 1972). One problem in defining CSR is that it has different name in different occasions, decades, and organizations such as, corporate social responsiveness, corporate social performance, spiritual capitalism, sustainable development, global citizenship, corporate citizenship, and value-driven business, as well as triple bottom line or TBL (economic prosperity, environmental quality social justice). Wood (1991) aligned a renewed and reformulated model for the conception of corporate social performance. The author posited that corporate social performance is a structure of principles about organizations, institutions, and issue management. Its outcome is represented as a pivotal impact on social responsibilities, programs, policies. Another description of CSR is about the actions of companies mostly with regards to profit-making and the subsequences of those actions of organizations to the wider society (Mahon, 2002). The author studied the use of corporate reputation strategy, stakeholder, and social issues to design a model of reputation. In principal CSR can also be referred as companies' responsibilities in representing social contract by obeying the rules and regulations of government and social contract with internal and external stakeholders (Bowd et al., 2006). In addition, it is apparent that CSR is used as a business strategy in order to raise the firm's environmental aspects, workplace, community involvement and its labor relations record. It is commonly described that CSR is a complex issue because of its wide range of measures, marketplace and different type of stakeholders who act as the main part of organization legitimacy. It requires higher than usual in terms of the levels of information processed by analysts in which capital markets decrease its uniqueness in the strategy choices of organizations. However, CSR is described as a function which will prosper over time and include its making profits as well as produce goods and services (Mahon, 2002).

A standard such as ISO 26000on the definition of CSR, being the ultimate product of a global stakeholder discourse, outlines ways to make a solid appeal for the arrival of ethical quality in the CSR in its weaknesses, particularly regarding CG matter (Moratis, 2016). As a consequence, and it seems to be inevitable, CSR has different definitions to different stakeholders as well as to different organizations and companies. It depends on their expectations; for instance, to shareholders, it invariably means maximizing their profits while to governments it may mean obeying rules and regulations and to consumers, CSR might mean high-quality products and philanthropic activities. Despite the variety of CSR definitions in various researchers, Dahlsrud (2008) stated that the most important dimensions of CSR are social and environmental dimensions. However, Moura-Leite and Padgett (2011) argued that economic, ethical and stakeholder dimensions are as important as others. In the current study and based on previous researchers, corporate social performance is described as in controlling, measuring and reporting of the environment and social impact of organizations and business institutions.

2.3 Corporate Social Responsibility Reporting (CSRR)

Corporate social responsibility reporting is part of the seven CSR practices comprising the followings; defining quantifiable objectives, partner engagement, manageability issues mapping, supportability management systems (SMS), lifecycle evaluation, maintainability/CSR detailing, and maintainability bring. Corporate social responsibility revealing has been supported as a procedure for its improvement while detailing is speaking with stakeholders about a company's monetary, natural and social administration performance. At the point when it is well executed, revealing should address how CSR patterns influence a firm and, thus, how the association of the operations influence society, in the sense CSRR can exhibit the inspiration of an organization (Gray et al., 1996; Hess, 2007).

Aribi and Gao (2010) examined CSR disclosure between Islamic and conventional financial institutions in Gulf region by using content analysis of twenty-one (21) annual reports. They discovered critical contrasts in the level and degree of the exposure between ordinary Islamic money related organizations as a result of the subjects related to Shari'a supervisory board reports, the Zakah charity donation, free interest loan in Islamic financial institutions. In another study, Williams and Pei (1999) studied the CSRR by Listed Companies on their websites: in Malaysia, Singapore, Australia, and Hong Kong. They found that culture, politics and civil systems are the important components in disclosure. Newson and Deegan, (2002) researched on global expectations and their association with corporate social disclosure practices in Australia, Singapore, South Korea in non-profit organizations. The results indicated that country of origin and industry of operation appear to significantly impact on disclosure reporting practices. Cho et al., (2015) studied on CSR disclosure to know whether recent CSRR differs from the one applied in the 1970s which examined if as argued within the more recent CSR-themed studies, the disclosure is valued by market participants. The authors found that the extent of CSRR expends significantly with respect to both social and environmental provision. Moreover, they believe that relationship of legitimacy factors and CSRR does not vary over the two periods of time. Overall it is apparent that the characteristics and definitions of CSRR are different among various countries (Gray, 2006). It worth noting again that in the current study adopts CSRR as the mode to examine CSR.

2.4 CSRR Regulation

Globally CSRR has been established as an intentional movement however, there have been claims on the deficiency and insufficiency of such reporting. Deegan and Rankin (1996), and Adams (2008) report that the absence of objectivity of CSRR prompted its inability to meet partner requests (Detienne and Lewis, 2005) While Kathyayini et al. (2012) expressed that the inspiration to create CSRR is low without pertinent enactment.

Some nations have begun to present the obligatory prerequisite of CSR-related data; for instance UK, US, the Netherlands, Denmark, New Zealand, Australia have established enactments to determine firms to report their CSR exercises in light of the view that necessary and lawfully necessary implementation of instrument improves the nature of CSRR (Ioannou and Serafeim, 2014). Mandatory CSRR have advantages which may mostly resolve the issues identified with an assorted variety of detailing hence providing a more prominent level of assurance with regards to deliberate activities (Waagstein, 2011). To ensure a successful implementation of the control, Waagstein (2011) contended for a situation of an itemized authorization component following the direction.

Fallan and Fallan (2009) studied on voluntarism versus regulation of CSRR in Norwegian firm from 1987 to 2005, to investigate the improvement of ecological exposure within times of voluntarism and amid periods with the change of statutory prerequisites. They examine the impacts of the statutory changes with regards to voluntarism whether organizations would meet the heterogeneous necessities of their partners with no legislative directions. No compelling reason for statutory controls for organizations to adjust their ecological revelation to the requests from their partners and honest to goodness their reality towards society.

In contrast, Crawford and Williams (2010) believed that CSRR regulation is needed to improve a higher quality of the reporting by companies. The authors examined a sample of firms from banking sectors in France and the U.S.A, and they concluded that French firms provide a higher level of CSRR quality compared to the U.S.A which practiced self-regulation of CSRR. Moreover, Mio et al. (2015) studied management by objectives and CSRR to examine the relationship between remuneration for the achievement of objectives and sustainability, the amount of attention that was listed in Italy for years of 2011 and 2012. The results revealed that there was an inconsistency between the information provided in voluntary and obligatory reports. There was a discrepancy between the levels of information provided in those reports and the evaluation of the information by an external assessor. Overall, evidence from the extant CSRR literature has documented mixed findings on the impact of regulation on the levels of CSRR disclosed by firms. In the context of ASEAN region, Indonesia, Philippines, Malaysia, Singapore have different implementations for voluntary or mandatory of CSRR which are discussed in the following sections.

In Indonesia, CSRR is mandatory since the Indonesian Capital Market Supervisory Agency has introduced a new rule, which made it compulsory for public companies to release annual reports which must contain, amongst others economic disclosures, a depiction of the exercises and uses related with corporate social duty towards society and environment (ACCA, 2010). In Malaysia, The Malaysian government announced new CSR disclosure requirements for public companies in the 2006 and 2007. In 2006, the disclosure of CSR activities was pronounced, while in 2007 a disclosure of workforce was compelled in terms of Statistics by race and gender (ACCA, 2010). Bursa Malaysia introduced a framework for CSRR and required companies to publish their CSR activities in their annual report from 2006 onwards (Bursa Malaysia, 2007).

The Philippines is the only country in ASEAN region where labor disclosure scores exceed economic disclosures consistently. This is reflective of the findings by Maximiano (2005), which showed greater involvement in managing workplace has been a concern amongst business executives. In addition, Philippines adopts a more principles-based approach to CSR regulation. The CSR Act of 2009 requires companies to consider the interests of society by assuming liability for the effect of their exercises on stakeholders, including shareholders, employees, customers, communities and the environment (CSR Asia, 2010; ACCA, 2010). However, the Philippine Securities and Exchange Commission does not have listing rules relating to CSR.

Singapore exhibits the weakest disclosure trends amongst the “Big 5” ASEAN countries. One possible explanation for this is the lack of enforcement by institutions. Tan (2011) highlighted the fact that unlike Malaysia or Indonesia, which enacted CSR legislation, the Singapore government has adopted a more laissez-faire approach, with its priority set on making Singapore a more business-friendly instead. The government follows the rationality that imposing CSR through legislation inflicts costs and burdens on companies, which may be better resolved by voluntary action and consensus building (Ong, 2008). In addition, it has been reported that Singapore’s low CSRR performance is due to the lack of public pressure for accountability (Thompson, 2004).

2.5 CSRR Guide and GRI

To ensure a sensible, just, and balanced headway, it is essential that business division plays an important role. Intentionally, a business can simply flourish when the frameworks in which they work are sound. Worldwide, it appears that there is a need for businesses to turn towards international multi-stakeholder processes (IMP) as a method for recognizing the key issues for a specific area, and additionally, conceivable arrangements including in matters pertaining to CSR and CSRR. The current notoriety and development of IMPs are attached in their capacity to address issues of a worldwide sort more promptly than organizations or other partner gatherings may have the capacity to do separately. As a result of the unpredictability of worldwide store network, the comparing CSR issues which can emerge, the guide is set which is essentially expected as a preface to a portion of the current CSR instruments approaches which are currently being utilized (Hohnen and Potts, 2007; Revathy, 2012; Moratis, 2016). As far as the organization for economic co-operation and development (OECD) guidelines for multinational enterprises is concerned, various developments have taken place including the followings; the international labor organization (ILO) tripartite declaration of principles concerning multinational enterprises social policy core labor standards; the UN global compact principles; the global reporting initiative (GRI) sustainability reporting guidelines; the international organization for standardization (ISO) measures; the accountability aa1000 series; the social accountability international SA8000 standard.

By 2002, GRI has turned into the pioneer among willful overall execution announcing the program in CSRR (GRI, 2010, 2016). It gives a structure of the societal ecological issues that should be uncovered in corporate reports, and it is viewed as the most significant establishment with regards to CSR revelation (Moneva et al., 2006). The mission of GRI is to guarantee the accepted procedures of detailing monetary, social and natural parts of hierarchical practices for administrative or non-legislative substances and to furnish them with general rules about corporate social obligation (GRI, 2002). The principle aim of GRI announcing is to convey organizations nearer to the general public through the truthfulness of reports (GRI, 2002). The advancement of the GRI's rules on manageability detailing is a huge advance in helping firms to accomplish more precise estimation and correspondence of supportability issues to financial specialists and different partners. As far as CSRR is concerned GRI rules are utilized as an information hotspot for their CSR divulgence.

There are four conceivable sorts of conduct including Novice, Cautious, Chattering and Leading as indicated by Fernez et al. (2014) which inspected the measurement of CSRR through GRI from 2008 to 2010. The creators demonstrated that organizations recorded in the share trading system reveal more corporate social obligation data than private ones however with less validity.

GRI was established in 1997 mutually by the Coalition for Environmentally Responsible Economies and the United Nations Environmental Program. The objective of the activity is to build up a worldwide announcing structure for the feasible revealing of sustainability reporting (Clarkson et al., 2008). Generally, the GRI is a non-profit organization whose main objective is to “promote economic, environmental and social sustainability” (GRI, 2010, 2016). The first index was released in 2000 which was then revised in 2002 and referred as G2, again revised in 2006 and it is referred as G3, and in 2011 as G3.1, while the latest version (G4) was developed in May 2013 at the Global Conference on Sustainability and Reporting (GRI, 2013a). A GRI-based report should cover a list of topics grouped into four major sections: Vision and Strategy; Profile; Governance Structure and Performance Indicators. Since GRI has been initiated and supported by the United Nation, it has the potential to gather a consensus from all countries globally and it has been used as the dominant framework in various research. Six key execution domains of GRI index comprises Environment (EN), Economic (EC), Labor (LA), Human Rights (HR), Society (SO), and Product Responsibility (PR). Global reporting initiative has an international network of organizational stakeholders which constitutes a framework that incorporates reporting guidelines empowering more noteworthy for organizational accountability and transparency enabling companies to form stakeholders’ trust in organizations (Clarkson et al., 2008). Lodhia (2012) mentioned that the GRI provides a consistent, uniform approach for CSR reporting whereas it is the sole universally accepted standards for CSRR. It is grounded in international conventions and it has evolved constantly with new development and changes in global issues. Based on the above discussions, the current study utilizes GRI standards as a benchmark for CSRR.

2.6 Prior Studies on CSRR

2.6.1 Studies of CSRR in Western Countries

The infrastructure of social responsibility appeared in the 1930s in which Dodd (1931) explained this area over the role of managers and stakeholders' expectations about the environment and social areas by describing for whom corporate managers are to become trustees (Elson and Goossen,2017).

Carroll (1999) illustrated the history of the evolution of CSR from the 1950s to the '90s and the author asserted that the concept of CSR was value-driven and became more specific, but the main framework of CSR remain unchanged. Moreover, it was identified that CSR had a vivid future because it seized the major concerns of organizations and society. In industrial countries social responsibility is an important issue for the public, because of this, organizations have been developed increasingly in this area.

In Australia, Trotman (1979) aligned a survey about social disclosure among companies and examined different variables such as risk, size, management decision and social constraints on social responsibility disclosure and it was found that size of the firm was a significant factor. Ford and Mclaughlin (1984) examined through a survey attitude and perception of people on social responsibility between business school deans and corporate chief executives. They used a variety of general models and social framework to find out the relationship between business and society. Results showed that deans were more interested in corporate powers and social responsibilities and the research notified stakeholders as a key role of CSR. They explained that stakeholders as a group of people who had a significant influence on corporations and CSR.

Gray et al. (1995) examined corporate social reporting in U.K firms using annual reports of companies for thirteen years (13) years beginning 1979. They applied stakeholder theory and legitimacy theory for their model to retest the relationship between classical political economy and corporate social disclosure. The authors contended that corporate social reporting in the U.K firms was dependent on firms' size, moreover; CSR activities moved from marginal to mainstream activities and developed an exposure as an opportunity for improvement. Hackston and Milne (1996) measured some determinants of social disclosure in New Zealand such as the size of companies, companies' age, committees, profitability, industry, and country of ownership in fifty (50) companies listed on the New Zealand stock exchange in 1992. They used corporate social disclosure (CSD) as a dependent variable and company size as an independent variable via using descriptive statistics. They provided a benchmark to assess (CSD). They recognized that size and industry were directly related to disclosure, whereas profitability was indirectly related to the disclosure in most countries. Country ownership, the age of the company, and the social committee were found to have the relationship with CSD. In addition, CSD was at least based on human resource, environment, and community. De Villiers and Alexander (2014) studied CSRR structures through a comparison of the disclosures in two countries namely Australia and South Africa with different social issues by comparing the annual reports on the websites of CSRR for fifteen (15) Australian and fifteen (15) South African mining companies in 2007. By using legitimacy theory, they made a conclusion that there is no difference in terms of the reporting in twenty-nine (29) companies. Patten and Zhao (2014) examined CSRR in retailing companies of U.S.A in 2012 by using content analysis and adopted the legitimacy theory. They concluded that stand-alone CSRR by the retail companies appears to positively influence perceptions of company reputation, and may be leading to the increase of appeal to socially responsible investors.

A good company should be powerful in the competitive market and it appears that one of the ways to garner a competitive advantage is to adopt CSR. Corporations use CSR to be successful in the competitive markets rather than force to adopt it due to regulations. Keeler (2002) identified in his model that people, ethics, and environments are the important factors in building CSR and it is shown that companies applied CSR to gain benefits and increased their efficiency, while most directors argued that they adopted CSR voluntarily and not governed by law.

2.6.2 Studies of CSRR in ASEAN Countries

In the emerging markets, CSR movement is considerably different compared to developed countries. Kemp (2001) studied CSR in Indonesia of large businesses in oil and mining industry. A method using codes of conducts modes containing civil society and transnational corporations' attitudes towards CSR was utilized. It was found that in developing countries some barriers of institutions exist while standards and appeals system which gave life to western countries, were almost weak. Chapple and Moon (2005) conducted their study in 2002 on CSR in seven Asian countries; India, South Korea, Thailand, Malaysia, Singapore, the Philippines, and Indonesia examining 50 companies of each country and applying coding and CSR modes. The research discovers that CSR movement and infiltration was apparent in parts of Asian countries and there was no single pattern and homogeneity among these countries for a number of reasons. Firstly, Asian countries still have lower internet users, although internet use has been increasing over the years. This issue is pertinent because companies' websites play an important role in businesses. Secondly, CSR in developing countries could be enhanced by globalization where foreign investment has an influence on corporate responsibility in the companies. Chambers et al. (2003) conducted a research on the websites of seven (7) Asian countries about the disclosure of CSR and they found that globalization has positive association and relationship with CSR. Thirdly, CSR varies due to stages of development and impact of the economy on the countries. They also related CSR to CG of each country for the reason that every country has different culture and policies although in some instances companies did not necessarily use policies and practices for CSR. Although the strategic value of CSR in emerging countries was moving slowly, at the present time due to fast developing regions and economies of the countries, CSR is being assimilated rather fast and easily. In any case, there is a link between CSRR and Asian economics, politics, and society (Baughn and McIntosh, 2007).

One of the first studies which examined in ASEAN countries such as Malaysia in regard to CSR was done by Teoh and Thong (1984) from the standpoint of a developing country. They surveyed chief executive officers in approximately 100 companies in Malaysia to analyze four-point response scales on CSR on aspects pertaining to human resources, product service to consumers, community involvement and physical environment. It was found that social duty fell behind corporate social exercises, and additionally, corporate size and the national beginning of corporate possession were essential in identifying with CSR. From the perspectives of chiefs' executive officers towards CSR in ASEAN countries, Abdul and Ibrahim (2002) spread overview to administrators and officials in various areas of industry in Malaysia. It was comprehended that officials and administrators in Malaysian organizations had inspirational conduct towards CSR while the level of mindfulness had risen over the years. At the same time, government consideration had expanded for social obligations and tax cut although however social obligation in Malaysia in early 2000 was still in its earliest stages because of less legislation (Thompson and Zakaria, 2004). Since non-governmental organizations have been paying more attention to issues such as among others health problems, pollution, product safety, and drug abuse, the government has given more attention in order to prohibit these issues. It appears that at the present time, CSR for governmental and non-governmental organizations has become a significant issue.

In terms of ASEAN countries, there is need to increase a better level of CSRR, especially in family-based firms with more efforts from the regulatory authorities. According to stakeholder theory, despite the implementation of the mandatory CSRR, the different influence of the different types of shareholders remains (Zainal, 2014). The Asian Sustainability Rating notes that CSRR by public listed companies has risen, involving players in a social obligation venture as financial specialist's basic leadership process (Thornley et al., 2011). Since CSR is a core strategic function in an enterprise, there are many studies in the area of CSR and CSRR in ASEAN which argue that social responsibility culture among business enterprises tends to have robust religious and philosophical roots which can make a profitable or competitive business climates that have been increasing (Baughn and McIntosh, 2007; Chambers et al. (2003). In addition, Kim and Moon (2015) compared CSRR in developing with developed countries in two themes namely research knowledge and ethical norms. They suggested that CSRR is growing in East Asia in comparison with western based on quantitative research. Also, international CSRR usage, such as the United Nations Global Compact, the adoption of the ISO26000 SR Guideline by Asian companies, the growing list of Asian, particularly Japanese and Korean companies, on the FTSE4Good Index and Global Reporting Initiative Guidelines, has been promoted. Regional or National dedicated CSR organizations such as Singapore Compact other constituents of ASEAN CSRR remain rare, and most Asian national organizations for CSRR are connected with wider business associations (for example, Indonesia Business Links; International Chamber of Commerce Malaysia; League of Corporate Foundations (Philippines); Vietnam Chamber of Commerce and Industry; Union of Myanmar Federation of Chambers of Commerce Industry; Business Institute for Sustainable Development. In contrast, there are significant and dedicated CSRR organizations in the West, such as CSRR Europe, Business in the Community (United Kingdom), and Business for Social Responsibility (United States).

2.7 CSRR Theories

Generally, the theoretical expansion of CSRR started in 1980s (Mathews, 1997) and over the years different theories have been discussed on the concept of social responsibility. Many studies also discuss the absence of specific theory in CSRR field which led to difficulty in arriving at a comprehensive conclusion (eg. Ullmann, 1985; Gray et al., 1995; Parker, 2005; Chang et al., 2017). In fact it is generally reported that there is no particular theory to explain CSR activities within organizations. Some scholars such as Gray et al. (1995) examined corporate social and environmental reporting (CSER), by conducting a longitudinal study of UK disclosure and related CSR. The following sections discuss some related theories for the current research:

(1) Agency theory

Gray et al. (1995) asserted agency theory considers that managers behave to maximize their own interest and they are expected to run profit along with the social norms in order to avoid social conflict which those social conflicts can threaten their long-term profitability. In this regard management wealth as a major concern in this theory is described as function of changes in share prices and cash bonuses. Trotman and Bradley (1981) showed the associations between social responsibility disclosure and features of organization in Australia for companies based on agency theory. They detailed that there was an expanding pattern between organizations' exposure on data of social duty and additionally they contended that organizations deliberately uncovered corporate social obligation keeping in mind the end goal to diminish office costs. Notwithstanding, limitations made by the corporations aggressively influence firm performance (Watt and Zimmerman, 1990).

(2) Legitimacy Theory

Lindblom (1994) defined legitimacy theory as a generalized perception or assumption which exists when an entity value system is compliant with the value system of larger socially constructed system where the entity is a part. It can be discussed from two different perspectives: institutional legitimacy and organizational legitimacy. Institutional legitimacy, which is related to classical political economy, and concentrated on how organizational structure as a whole system has garnered acceptance by society. Organizational legitimacy is also known as strategic or instrumental legitimacy, which deals with the process by which a firm tries to gain approval or avoidance of sanction from groups in society in order to safeguard their continued existence (Grey et al., 1995; Tilling and Tilit, 2010). The process of searching institutional legitimacy is related directly to institutional theory (Chen and Roberts, 2010). Grey et al. (1996) asserted that legitimacy theory is important and can offer crucial explanations of CSR practice while Deegan and Gordon (1996) in their study of environmental disclosure by Australian companies utilize legitimacy theory to justify the positive relationship between CSRR and environmental group membership.

Legitimacy theory is highly related to the concept of social contract (Cormier and Gordan, 2001) which means a contract between a firm and society. Although this theory is related to social contract notion, it tends to ignore accountability and transparency concepts (Parker, 2005). Therefore, legitimacy theory viewed CSRR as a tool of firms to maintain, establish or restore legitimacy in the society (Makela and Nasi, 2010), however changing activities without communication could mean that such changes to the public is insufficient (Deegan, 2002). Legitimacy theory has been widely used to clarify CSRR (Campbell et al., 2003; Pérez et al., 2017). However it has been reported that there are mixed findings on the application of legitimacy theory and CSRR. Legitimizing behavior of each company causes different strategy that leads to incompatible results for each organization. Cormier and Gordon (2001) presented social environmental reporting strategies for small sample of three (3) companies in Canada over a sample period of 1985-1996 by using efficiency measures and measurement related to propriety and information costs. The author asserted that size and ownership status have an impact on legitimacy which led to the influence on social and environmental disclosure. In contrast, a decline in the levels of CSRR can be observed as a legitimacy theory (De Villiers and Van Staden, 2006; Tilling and Tilt, 2010). As indicated by De Villiers and van Staden (2006), legitimacy theory is appropriate in advocating extension and support as well as decrease of CSRR levels. Reasons for the decrease in CSRR is reported in view of authenticity hypothesis and due to societal concerns which diminish or vanish it is seen that the exposure is pointless due to the legitimation exertion. Working and Tilt (2010) added that information to a negative relationship between intentional CSRR and distinctive measures of partner assets can be considered as the quantity of media articles and government direction. Their investigation depended on an asset-based measurement of legitimacy theory which asserted a decreasing CSRR as a legitimacy procedure.

(3) Institutional Theory

This theory assumes that firm's decisions to accept ideas are based on both efficiency goals and institutional environment in which the company is placed (DiMaggio and Powell, 1983). The institutional environment comprises government agencies, trade and industry associations, educational institutions, labor organizations, multinational corporations (MNCs), customers and suppliers. Moreover, it is about the conformity of firms in establishing institutional norms in order to gain legitimacy. The institutional theory relies on social expectations which regulate the organizational CSR practice as part of their socially responsible activities (Tuttle and Dillard, 2007; Galbreath, 2013).

The studies focusing on the institutional aspects have considered three pillars of institutions namely normative, cognitive and regulative elements. Prior research shows that organizations that follow a strong governance practice in their board processes tend to pursue socially responsible business practices that enhance their financial performance (Farooque et al., 2007). According to this theory, firms use CSRR to ensure the legitimacy of their organizations. They might emulate the strategies of competitors to be a winner in the international market, whereas strategy of differentiation is common for these kinds of firms (Garriga and Mele, 2004), also the perception of society and long-term survival is important for these firms. Campbell (2007) used institutional theory to explain the motivations of firms to engage in CSRR. The author found a mediation link for basic economic conditions and CSRR through various institutional conditions like public and private regulations and many independent corporations which control associate behaviors among organizations themselves. In this concept, Zulkifli and Amran (2006) tried to examine the application of institutional theory in explaining the variation of CSRR in Malaysia based on several interviews conducted with the sample firms' personnel. According to the authors, although there is a professional's lack of understanding and awareness of CSR conception and social and environmental accounting, CSR practices in Malaysia is in the positive conditions. In fact, there is a contract between perceptions and realities for CSR conception.

Blasco and Zolner (2010) examined CSR in Mexico and France exploring the role of normative institutions. They argued that irrespective of similar institutional disorders in Mexico as well as France, the interaction of people and companies combined with the historical position associated with the organization and its particular connection with culture makes very diverse deliveries related to CSR in every nation.

In addition, Brammer et al. (2012) studied CSRR with institutional theory in the perspective of private governance. The authors believed that institutional theory is the best to describe the boundaries between society and business in different ways, which enhances human's perspective about CSRR within a higher institutional field of CG. They also reported that institutional theory alerts researchers to the reality of shaping corporate agency by being dominant institutional of the business system. The effectiveness of self-regulation or industrial regulation might be influenced by stakeholders monitoring (Campbell, 2007; Delgado-Márquez et al., 2017). In fact, the monitoring of firm performance is an important factor to enhance the probability of acting firms with socially responsible behaviors (Mitchell et al., 1997).

The institutional theory relies on social expectations, which regulate the organizational CSR practice as part of social and environmental compliance to gain legitimacy which, in turn, has been linked with the governance process. The recent CSRR literature argues that environmental, social and governance (ESG) practices are interlinked, and firm's performance is positively related to ESG practices (Kiernan, 2007; Galbreath, 2013). Most literature about stakeholder theory focuses on four issues; 1) describing who the stakeholders are and what the firm is, 2) explaining stakeholders' legitimate rights over firms activities, 3) advocating structure, attitude, and practices that contain stakeholder management, 4) discovering the link between profitability and stakeholder's management (Donaldson and Peterson, 1995). Despite the four issues, the theory is not alone well suited to CSRR since it neglects the question of how stakeholders impinge upon specific politics, culture, the like that form institutional environment that establishes proper set of incentives for firms to act in a social manner (Kunapatarawong and Martínez-Ros,2013). Hence institutional theory fill the gap by exploring how institutional conditions through stakeholder management affect CSR behavior that firms must adhere (Campell, 2007).

(4) New institutionalism theory

While the idea of institution has been characterized in various ways (DiMaggio and Powell, 1983, Scott, 2005), new institutionalism is a theory that focusses on building up a sociological perspective of foundations, for example, instruction, law, governmental issues, religion, work, and the way they influence society. It establishes outside of the normal perspectives of financial matters by clarifying why and how organizations rise positively inside a given setting, for example, this theory can facilitate and the imposition of business practices and innovations in organizations.

One of the institutional perspectives considered that how establishments form the behavior of operators, for instance: individuals, associations, governments (DiMaggio and Powell, 1983; Judge et al., 2008). Financial organizations concentrate on deciding the thought processes in individuals from society (e.g., people, partnerships, and countries) in taking part in the development of its monetary exercises (Judge et al., 2008). Such organizations can be formal (e.g., laws and directions) or casual (e.g., standards and traditions). In this manner, institutional theory from a monetary stance can be directly connected to the thought of financial effectiveness (Aguilera and Cuervo-Cazurra, 2004; Zattoni and Cuomo, 2008) or instrumentality (Aguilera et al., 2007) in that it recommends that societal individuals basically tend to look to lift their self-interests by vying for assets. Interestingly, sociologists consider organizations as being something other than effective methods for delivering merchandise and ventures, yet in addition to social and social frameworks with some esteem representative (Meyer and Rowan, 1977).

The new institutionalism theory proposed by Scott (2005) places overwhelming attention on the examination of societal (worldwide) establishments and administration structures. At the highest point of Scott's model are societal and worldwide foundations, in that given a situation, what is thought to be conceivable, satisfactory, real models and lists of social conduct are authoritatively proposed and informally passed (Judge et al., 2008). Administration structures possess the center level of Scott's model, comprising hierarchical fields (e.g., enterprises that work in comparative ventures, as reflected in the closeness of merchandise and ventures offered) and associations themselves. As enterprises are different and unpredictable in terms of culture, capacity, and structure, the hierarchical level of examination is similarly critical as it has the ability to influence and be influenced by, the authoritative fields and the general institutional setting. At the base of Scott's institutional model are on-screen characters, comprising people and gatherings. Drawing from DiMaggio and Powell's (1983) regulative (i.e., the nearness of organizations that can drive performing artists to adjust to acknowledged guidelines), psychological (i.e., the ability to duplicate the conduct of other social on-screen characters), and standardizing (i.e., expected and acknowledged social conduct) ideas of foundations. Scott (2005) proposes that these institutional weights can influence the powers of dispersion of institutional standards and practices while concocting better approaches for working on the improvement of new institutional practices (Judge et al., 2008; Jennings and Hoffman, 2016). Along these lines, a noteworthy hidden presumption inside an overall new-institutional point of view is that the on-screen characters are going after assets, as well as looking for extreme authenticity and social acknowledgment. Ultimately, the performing artists at the three levels exchange to make likenesses in structure, institutional isomorphism inside institutional settings. New institutionalism theory has been effectively utilized in foreseeing the dissemination or burden of various corporate practices at the national level, for example, the appropriation of good CG rehearses (Yoshikawa et al., 2010; Zattoni and Cuomo, 2008), worldwide bookkeeping measures and CG authenticity (Judge et al., 2008).

The choice of theory depends on the objectives, scope and variables involved in a CSRR study (Chen & Roberts, 2010). Perhaps, greater efforts could be undertaken to extend the existing theories of CSRR, taking into consideration the appropriateness of the theories with the context of studies conducted. For example, the existing theories used to explain the CSRR disclosed in the context of ASEAN countries might be different from the theories applied in the developed countries. This study uses new institutional theory which consist of both legitimacy and institutional theory for explaining CSRR relationship with CG and firm performance. Based on this theory, from the perspective of organizations, rules and laws have connected to countries.

2.8 Relationship of CSRR and Financial Performance

There are various researches particularly in western countries that have been analyzed the connection between CSRR and firm performance since it is one of the principal range of study and research on social responsibility. The relationships of CSRR and firm performance have been examined and a blend of findings have been established; positive, negative, impartial, complementary or no relationship. Nevertheless, the connection between firm performance and CSR apparently have been examined to produce either positive or negative relationship.

- *Positive Relationship*

Moskowitz (1972) did one of the first studies in this area in the U.S in different sectors of industry. Stock performance was used in measuring profitability and reputation of companies as well as measuring social responsibility via using statistics without applying qualified analysis. The relationship between CSR and stock performance is found positive. The author asserted that firms dealt with corporate social responsibility activities, they gained reputation because of engaging in morale and ethics, thus, their quantity of products increased, that thing led a company in a list of top companies which improved skill senior managers of those companies in order to overcome explicit costs, in that situation explicit cost, would be lesser than implicit cost that meant powerful positive relationship between social and Financial Performance.

Shane and Spicer (1983) analyzed the response of market in controlling air pollution of an environmental factor as a measure of social responsibility in eight studies of U.S. council on economic priorities via statistical analysis method. They followed their research by using pollution control from annual reports as a tool for CSR, and future cash flows for market evaluations. It was reported that the price movement moved along with CSR performance and revealed that implementing cash flow for pollution controlling is suitable.

In addition, in another research Scholtens (2008) investigated the link between CSR and financial performance. He used a sample of 289 different types of industries in the U.S. and analyzed it across 15 years. The method utilized was lagged OLS, descriptive statistics, and Granger causation. The research was about the impact of KLD data in eight categories of CSR for market-value of firms and risk. It was understood that stakeholders' profitability depends on the changes of market value and financial risk. And the finding explains the positive interaction between environmental and social performance with financial performance.

Rettab et al. (2009) conducted a study in Dubai about comparing social responsibility activities and economic performance of firms. They collected data for social responsibility through a survey with a sample of 280 companies and financial performance was measured through return on the asset as well as return on investment and growth while types of industry and firm size were selected for controlling variables. The findings were consistent with some researchers in that there is a positive link between CSR and firm performance. Alafi and Hasoneh, (2012) examined CSRR, customer satisfaction and financial performance relationships in Jordan. They used a single approach design through a questionnaire to a sample of 203 housing banks in Jordan. They reported that the banks were more socially responsible financial institutions and a significant positive relationship between the CSR services and financial performance was found. Moreover, the researchers found that customer satisfaction mediated the relationship between the CSR services and firm performance. Saeidi et al., (2015) examined to test the link between CSRR and firm performance in Iran. The authors examined the mediating role of customer reputation, satisfaction and competitive advantages in 205 manufacturing firms through stakeholder theory and SEM approach. The positive effect of CSR on firm performance is due to the positive effect CSR has on competitive advantage, reputation, and customer satisfaction.

- *Negative Relationship*

It was reported that fewer studies establish a negative affiliation between CSR and firm value. Vance (1975) measured the relationship of financial performance with social responsibility by adapting Markowitz's social responsibility rating and stock return rating with 14 companies for a sample period of three years in the U.S. and the research utilized t-test statistical method. The results illustrated that performance of stock return was worse than NYSE composite index and indicated a negative link between Markowitz's social responsibility and changes in stock price performance. In addition, Wright and Ferris (1997) examined the influence of divestment on firm performance of South African business units in South Africa. In their study, divestment announcement was the CSR factor and stock return was firm profitability factor through applying capital asset pricing model (CAPM). The finding illustrated that there was a negative relationship between those two elements. This statement argued that noneconomic pressure might have more impact on business strategy than firm-value.

Friedman (2007) researched on social responsibility reporting in business in the U.S.A to find out whether it could enhance profitability or not. Extra costs of corporate social responsibility activities came from the idea which managers had a responsibility indeed of stakeholders when they dealt with social and environmental projects, they couldn't gain profit and revenue for stakeholders. He named corporate social responsibility as a "subversive doctrine", which ruined income for stakeholders, moreover; he mentioned working with social projects not only built competitive advantage but also made it paler.

Van der Laan et al. (2008) examined social and financial performance by applying in stakeholder theory. They used KLD for rating social responsibility and return on assets for rating profitability. Although they found a reciprocal relationship, their sum up conclusion explained the more negative impact of CSR on firm performance than positive ones.

- *Complex Relationship:*

To determine the effect of CSRR on financial performance, Alexander and Buchholz (1978) used Markowitz's social responsibility criteria in rating CSR and market-based stock return for profitability. They applied their analysis in a sample of 47 companies in the U.S over a period of 1970-1974 by performing Jensen method which utilized regression model based on CAPM (capital asset pricing model) and a survey was conducted. The authors asserted that there is no important relationship between social responsibility and stock return.

Seifert et al. (2004) explained CSRR and firm financial performance in the presence of slack resources (cash flows). They used corporate philanthropy from fortune database and changes of stock price for financial performance with control variables of slack resources, industry size, asset size, risk, leverage, and R&D, with a sample of 157 firms selected from fortune database in 1998. They applied their study through descriptive statistics and SEM through AMOS. The results explained that cash flow was a good means to measure firms' cash donations to charity, however, no effect of charitable rating on financial performance was found.

Aupperle et al. (1985) compared CSR and profitability as well as rating CSRR by mail survey and questionnaires to determine CEO's attitude toward society and social co additional expenses of corporate social duty exercises originated from the thought which supervisors had obligation indeed of partners, when they managed social and ecological tasks, they couldn't pick up benefit and income for partners. The corporate social obligation was referred as a "subversive precept", which destroyed pay for partners, additionally; he specified working with social activities manufactured upper hand, as well as made it paler. They performed their test by N-factor and principal components factor analysis with a varimax rotation. The authors stated no particular association between CSRR and firm performance. They also argued performing social responsibility and activities put a firm in a location with some costs that made financial position of company deprived and unfavorable. Moreover, Clacher and Hagendorff (2012) who based their study on a sample of 241 firms from FTSE4 Good index over the period July 2001 to March 2008 of firms in the UK, studied on CSR and stakeholders' values. They attempted to appraise securities exchange response to a firm being named socially mindful. This is an essential trial of whether financial specialists see the endeavor of socially mindful exercises by firms as an esteem expanding or esteem diminishing activity by the administration. No solid confirmation was proposed on positive market response and subsequently, no solid proof was found that the declaration of consideration in the FTSE4Good record makes esteem. In the context of developing country, Aras et al. (2010) investigated this link in Turkish companies by applying annual reports of 40 companies and ranking social responsibility through establishing number coding of the sentences related to CSR in annual reports and content analysis method. They introduced no significant affiliation between economic performance and social responsibility reporting.

2.9 CG Perspective

CG is characterized as the framework by which organizations are coordinated and controlled (Cadbury, 2000). The control part of corporate governance encloses the thoughts of consistency, responsibility, and truthfulness (MacMillan et al., 2004), and how supervisors apply their capacities with consistency along with the current laws and directions as well as sets of principles (Cadbury, 2000). The author proposed that CG manages the esteem making of the investors by adequately using the advantages of a firm. Monks and Minow (2001) characterized corporate governance as the instrument by which the directorate enhances the estimation of the investors by controlling the activities of managers, CEO and different partners in a firm. Governance in this manner sets the character for the association, depicting how control is applied and how choices are established. Great CG as the revelation of monetary data can be practiced to diminish the structure of capital cost (Al-Matari et al., 2014).

In view of Organization for Economic Cooperation and Development (OCED, 2001), CG frameworks are characterized by some essential standards expressed as follows:

1. Assurance of investors' rights which entails their security and keeping up with a financial specialist with certainty and consistently and at the same time guaranteeing the nonstop inflow of required capital. 2. Impartial treatment of investors which entails the unbiased treatment of all value speculators, including minority investors. 3. Assurance of partners' rights which entails the expert thought and adjustment of the interests of all partners, including representatives, clients, accomplices, and the neighborhood group. 4. Exact exposure of data that entails a precise and appropriate declaration of clear,

predictable, and practically identical data either in a state of great as well as appalling circumstances. 5. Determining the exercise of board obligations in that their decisions ought to be absolutely free from political elements and at the same time board individuals should practice their duties tirelessly and autonomously.

2.10 Economic Theory and CG Essential

The economic theory recommends that a firm is a connection of agreements among the distinctive gatherings that the requirement for governance system for corporate governance arises because of the closeness of fragmented contracts in the budgetary markets. This need is heightened by different factors, for example, externalities, and immature foundations. Inadequate contracts among various gatherings in the association, for example, providers, chiefs, investors and different partners influence the estimation of a firm in a negative way (Aghion and Bolton, 1992; Nam and Nam, 2004).

The right system of contracting among the distinctive gatherings in a market can diminish the organization cost, subsequently expanding the incentive to investors (Denis, 2016). There is a more prominent requirement to finish contracts in creating markets as a result of the inadequacy of the corporate law. These standards help the corporate administration to rotate around an arrangement of all-inclusive qualities, including guaranteeing responsibility to investors and different partners and enabling components to control administrative conduct (Wright and Feriss, 1997). This is to guarantee that detailing frameworks are organized such that great governance is encouraged which prompts upgrading of responsibility and corporate performance (Ma et al., 2017). The main worries of CG are that the target of organization directors regularly struggle with those of the investors who claim as the organization (Jensen, 2003). Additionally, it is vital to know the enthusiasm of investors, the more extensive point of view of corporate governance incorporated a commitment for firms to address the necessities of assorted partners (Ayuso et al., 2009; Solomon, 2010). Normally CG presents an arrangement of interior and outside instruments that initiate self-intrigued specialists to boost the estimation of the lasting income of the association for the benefit of the principals which empower firms to release their responsibility to all partners and work in a social dependable way (Solomon, 2010).

However, the failures of CG lead scholars to further investigate this particular field from a wide range of academic works. As a result, researchers and practitioners have provided a large number of valuable insights into many aspects of CG, and have different definitions of CG from diverse theoretical perspectives. From conventional governance conceptual perspectives, some scholars demonstrated that the emphasis on CG is the efficacy of the various mechanisms available to protect shareholders from the self-interested whims of executives, and agree that good CG should explore the complementarities of institutional arrangements to reduce total agency costs (Shleifer and Vishny, 1997; Gillan and Starks, 2000).

The significance of CG might be valued by taking a gender at the key corporate performers. Cohen et al. (2010) suggested that CG on-screen characters, (for example, administration, the BOD, the audit committee and the auditors) assume a vital part in guaranteeing the nature of financial reporting and financial performance.

In summary, CG has attracted lots of attention from scholars and practitioners in a wide array of areas that include accounting, finance, management, economic and social science. Therefore, as some scholars indicate (Hambrick et al., 2008; Al-Matari et al., 2014), the useful insights about CG must have a broader scope, encompassing such complex matters as multiple stakeholder, board dynamics, managerial values, motives, and national system.

2.11 CG Theories

1) Agency Theory

Agency theory remains the dominant theory of CG, primarily developed and conducted by Alchian and Demsetz (1972), and Jensen and Meckling (1976). In particular, contrasted and established financial matters, the theory considers the organization as a gainful capacity and composed operation through the trade exchanges in the market, explains the establishment of the firm through a continuously arranged contract among a gathering of people whose points are to inflate their own utility (Learmount, 2002). Therefore, agency theory gives unique insights into information systems, uncertainty outcomes, incentives and risk (Eisenhardt, 1989) which are highly predominant in the theoretical understanding of CG.

Modern organizations are characterized by the principal-agent relationship, a separation between the ownership and the control of companies. Shareholders or owners who are the principal have given companies resources to managers in this case the agent to manage their business with the direction of maximizing their wealth. The principal-agent relationship creates agency problems because of competing interests and information asymmetry between the two parties (Jensen and Meckling, 1976; Syawaluddin et al., 2016). Therefore, many control mechanisms such as independent board members, audit committee, and external auditor have been introduced to monitor and control the behavior of agents.

Agency theory also suggests that a greater number of independent board of directors' can more effectively monitor a company (Nicholson and Kiel, 2007; Barka and Legendre, 2017). Along these lines, the organization will bring about less agency cost and more noteworthy returns to investors. Epstein and Freedman (1994) focused on top managerial staffs' needs to redesign an execution since a few executives do not have the required abilities and information to maintain the organization and push through industrial changes. Cheng's (2008) shows that board measure is adversely connected with the fluctuation of the month to month stock returns, annual accounting return on resources, Tobin's Q, accounting accruals, exceptional things, expert gauge error, R&D spending, level of R&D consumptions and the recurrence of procurement and rebuilding exercises. With a specific end goal to clarify the basic purposes behind this negative relationship, the hypothesis sets the possibility of authoritative brain research. This thought suggests that as the span of the gathering builds, correspondence and coordination issues expands (Jensen, 2003). Accordingly, as Lipton and Lorsch (1992) expressed, both the motivations and capacities of the gathering to control administration diminish (Cheng et al., 2008). Furthermore, Davidson and Rowe (2004) characterized the normally expected linking between a subordinate autonomous piece of the board and firm performance as the more noteworthy independency of board individuals would prompt better firm profitability choices, accordingly better financial performance. Defond and Jiambalvo (1991) examined the rate and conditions of bookkeeping mistakes and, they identified less modifying mistakes in earlier reports. Additionally, a few examinations, for example, Kim (2005) contended that expansive size inspectors are related with a lower frequency of winning administration. It is asserted that extensive firms size is more moderate in revealing since they have more motivations to decrease prosecution misfortune keeping in mind the end goal to keep up their expert disrepute and freedom that are more hostile to be monetarily subject to a private customer (DeFond et al., 2002).

In Sahin et al.s' (2011) Turkish organizations, the impact of board commitee on CSRR and firm performance is inspected and recorded openly. An example of distributed corporate governance consistency report is was gathered and recorded through the Istanbul Stock Exchange (ISE) in 2007 where substance and the calculated district was utilized. They found that when enabled individuals are available on the board, duality may exist in the Turkish administrative documents, and in this way they discovered concrete help from the agency theory approach. Revealed CEO duality prompt more awful financial performance. In 2013, Siagian et al. led an examination on corporate governance, revealing quality, and firm an incentive in 125 Indonesian firms in light of agency theory, and they found a positive connection between CG-firm performance. They asserted that agency theory expresses that managers do not generally act to the greatest advantage of the investors. More truthfulness may moderate a portion of the organization issues observed by the organizations. Investors will be more educated and data hole between the investors and the managers can be diminished and speculators will prompt a higher firm value.

2) Institutional Theory

Institutional theory concerns on how associations collaborate with their institutional environment and how organizational practices reflect social expectations. Researchers have characterized different ideas and settings of foundations and organization. Meyer and Rowan (1977) consider on establishments from the point of view of formal hierarchical structures. They contend that formal hierarchical structures, for example, approaches, projects, procedures, and callings are impressions of supported institutional guidelines that consider capacity as myths and services in which associations join to pick up legitimacy, assets, and stability in upgrading survival prospects. The institutional hypothesis is utilized as a part of evaluating and administering research to better comprehend stylized and representative part of the board and review panel. One ramification of institutional theory hold in understanding corporate governance that in times of questionable and indeterminate condition the load up and review council may set the board and audit committee. For example, one stately part of board counsel is it's formal entrusting to contract and fire individuals. A symbolic part is the redefinition of the review customer as the board panel as opposed to the administration of an organization (Cohen et al., 2004).

In another examination, Kalbers and Fogarty (1993) considered a review panel adequacy. It is proposed that regarding hierarchical power, formal, composed specialist combined with noticeable help from top administration assume the most imperative parts in review council control as it is identified with adequacy. The energy of review board of trustees relies more upon their communication with others in the institutional condition. The institutional theory proposes that there is a tendency to pull in homogenous people into organizations (McCahery et al., 2016). The suggestion for CG is that the board members may originate from comparative foundations and along these lines be less disposed to provoke each other or the administration. Examinations ought to consider the significance of social culture and environment on the act and utilization of bookkeeping practices to justify and look after legitimacy. Basically, institutional hypothesis persists in how administration components satisfy ceremonial parts in that the connections among the different on-screen characters inside the corporate administration variety takes place (Cohen et al., 2010).

3) Legitimacy theory

The legitimacy perspective asserts that organizations continually seek to legitimate their operations through social and environmentally friendly actions. The notion of legitimacy theory derives from the social contract that offers an organization the license to operate within society. A number of previous studies (Roberts 1992; Brandenburg et al., 2014) have investigated the nature of CSR activities where legitimacy pressure was found to be an important factor for CSR practices. It has been argued that organizations accept social and environmental compliance to gain legitimacy which, in turn, has been linked with the governance process. Recent CSR literature argues that environmental, social and governance (ESG) practices are interlinked, and firm's performance is positively related to ESG practices (Kiernan, 2007; Galbreath, 2013). In addition, a successful and great CG cannot be clarified by one theory however it is best to consolidate a variety of theories, addressing not only the social relationships but also underlining the guidelines and enactment encompassing great administration improvement towards corporate administration. It has been demonstrated that even with strict directions, there have been encroachments in CG. Henceforth it is significant that an all-encompassing acknowledgment is driven over the corporate world that would realize an alternate point of view towards CG. It is critical to return to CG in the light of the merging of these speculations and with a new point, which has a comprehensive view and joining subjectivity from the viewpoint of social science.

2.12 CG Structure

The separation of ownership and control prompts potential conflicts of interest situations amongst investors and manager. CG structure acts as a system accessible to shield investors from the self-enthusiasm of officials and guarantees arrangement of the premiums of chiefs with those of shareholders (Berle and Means, 1932). Besides, the proprietorship structure and the board structure are considered as the focal control components for checking the conduct of administrators which have at present been the critical talked about issues in corporate governance.

Chen et al. (2016) demonstrated that there are diverse sorts of possession structure and board structure crosswise over firms on the grounds that corporate administration structures are endogenously dictated in terms of professional career between the checking expenses and advantages of viable observing for various firms. Corporate ownership structures and boards of directors have been listed as two important elements of corporate governance that are very influential in determining firms' decision for corporate reporting

(Eisenhardt, 1989, Chen, 2015). According to Oshry et al. (2010), boards of directors have become the centre of the policy debate concerning governance reform and the focus of considerable academic research following the corporate scandals and collapses cases, as well as the on-going concerns about corporate governance around the world. Boards of directors have played a significant role in monitoring management's performance and judgment, and deciding the information to be disclosed in various reporting media, for example corporate annual reports, websites and newsletters.

However, restricting the view of corporate governance to the monitoring role played by the board of directors may potentially undervalue the role that corporate governance can play, since all major stakeholders in the governance framework including internal (e.g. board of directors) and external (e.g. shareholders, regulators) of the firms are important participants in the corporate governance process (Cohen et al., 2004). Cohen et al. (2004) suggested that the interrelationship between the actors and mechanisms within the corporate governance framework is important for firms to achieve effective governance and, subsequently, improve their financial reporting quality. Corporate ownership structure refers to patterns of share ownership in a firm, while board of directors, being the most important internal governance mechanism in firms, serves a variety of functions that include monitoring of management and providing resources and strategic directions for firms. Each of these mechanisms is explained separately in section 2.12.1 and 2.12.2.

Corporate governance has become an important agenda in the ASEAN countries, particularly after the Asian financial crisis of 1997/1998. According to Cheung and Chan (2004), firms that practise good corporate governance not only enhance the development of local equity market, but also raise the confidence of foreign investors in the Asian capital market to a higher level. Some scholars have discovered that the positive focus of proprietorship affects firm performance on the grounds that the concentrated ownership can counter the agency problem in countries with a low level of financial specialist assurance (Shan and Gong, 2017).

Corporate governance practices in ASEAN countries might differ from each other (Cheung and Chan, 2004). This is due to the difference in culture, ownership structure between ASEAN countries. As an example of ASEAN countries, Malaysia has its own code of corporate governance, known as the Malaysian Code on Corporate Governance (MCCG) (Cheung and Chan, 2004). However, this code is remarkably similar to that adopted by Western developed countries, such as the US and the UK. Perhaps, in the future, a more specific code of corporate governance could be published that takes into consideration the difference in institutional context between developed and developing countries.

2.12.1 Ownership Structure

Corporate ownership structure refers to examples of share ownership in a firm. It concerns one of the critical administration instrument utilized by firms to limit the conflict of interests amongst investors and the administration of the firm (Jensen and Meckling, 1976). A well-outlined ownership structure is a vital way to deal with the impact of the working environment which enhances a company's esteem. Some scholars have discovered that the positive focus of proprietorship affects firm performance on the grounds that the concentrated ownership can counter the agency problem in nations with a low level of financial specialist assurance (Shan and Gong, 2017). The conflicting circumstances that are found in the western countries are not quite the same as that observed by firms in the Asian countries (Claessens and Fan, 2002). Most accessible research on CG comes from the U.S. where diffused corporate proprietorship structure is normal, the conflicting circumstance happens between the outside investors and directors of a firm (Shleifer and Vishny, 1997). Interestingly, in ASEAN countries, where proprietorship focus is common, the organization issue emerges because of the contentions between the controlling proprietors and minority (Claessens and Fan, 2002) which shows the important influence of ownership structure of firms in these nations.

2.12.2 Board Structure

Board of directors is the most crucial inner governance system in the firm (Daily et al., 2003). The board is relied upon to satisfy a mixture of capacities that incorporate an observation of administration to alleviate agency cost and in addition giving assets and vital headings to firm survival and achievement. Keeping in mind the end goal to release their obligations successfully, the documents need to procure certain attributes, which can be ordered into a few classes, for example, statistic, skills, and qualities of identity (Ingley and Van Der Walt, 2003). Following the CG change around the world, there have been broad discussions over the qualities of good governance and how to grow more powerful boards. The essential issue of investigations of board structure is responsibility for carrying out company's activities in such a way that would benefit steadily shareholders in the long term. The board is responsible for evaluating the appropriatness of strategies and approaches taken by management in translating corporate goals. One of the important responsibilities of boards of directors is to audit current or future administrative activities of the person fulfilling the role of CEO. Since the person occupying the president of board of directors' position should carry out important auditing and monitoringactivities, CEO duality as a leadership structure is an important issue of corporate governance (Cheng and Courtenay, 2006; Carter et al., 2003). Another issue currently facing the managers, directors, and shareholders of the modern corporation is the gender, racial, and cultural composition of the board of directors. Board diversity represents a significant CG mechanism in order to realize efficient management and monitoring within companies (Larcker and Tayan, 2011). These two issues of corporate governance namely CEO duality and board diversity should be well in a place of a firm to have a soundful corporate governance and hence management could be properly monitorded (Cheng and Courtenay, 2006; Carter et al., 2003).

2.12.2.1 CEO Duality

The heart of corporate governance is the boards of director after the shareholders have delegated authority to the board to oversee and also control decision made by the managements. Furthermore, the CEOs in an organization have varying degrees of influence over the board. According to Larcker and Tayan (2011), there is some evidence that indicates when there are increasing influences over the board, the CEOs pay also increases.

Different cultures among ASEAN countries siginify the impotance of board leadership among board characteristics. Board leadership is described by a dummy variable if the CEO is the same person of the chair of the board or not as CEO duality. Cheng and Courtenay (2006) concluded that CEO duality is not associated with the extent of voluntary disclosure across listed companies in Singapore. Dual leadership emphasizes the unparalleled firm-specific information of CEOs and firms' ability to quickly respond to changing environments due to unified leadership (Brickley et al., 1997; Larcker and Tayan, 2011). The 2010 Dodd–Frank Act required the Securities and Exchange Commission (SEC) to issue rules mandating that listed firms disclose the reasoning behind their board leadership structures, therefore; U.S. firms appear to have modified their decisions regarding CEO duality (Yang and Zhao, 2014). Proponents of duality argue that duality should lead to higher firm performance as it permits clear cut leadership for purposes of strategy formulation and implementation (Brickley et al., 1988).

2.12.2.2 Board Diversity

One of the most significant governance issue, which is currently faced by managers, directors and shareholders of the modern business world, is board diversity (Carter et al., 2003), therefore, it has attracted the attention of many countries including ASEAN region for firms' decision makings as one of the important characterists of boards (Van der Walt & Ingley, 2003). The diversity of the board is usually heterogeneous and encompasses infinite number of dimensions, including age, sex, nationality, foreigners, religion, and education.

Due to the importance of the multivariate nature of corporate social responsibility reporting (CSRR) in boards, the combination of different diversity characteristics has recently been investigated (Hafsi and Turgut, 2013). Gender debatably remains one of the most long-sting and discussed elements of board structure among other diversity factors faced by managers to make value creation in businesses (Mahadeo et al., 2012), as it improves problem solving by making available increased number of options (Campbell , 2007). A series of competitive benefits has been explained for a firm which considers employing women on the board of directors (Zelechowski and Bilimoria, 2004). The Presence of both men and women in corporations' board increases the quality of decision-making and contributes to increase board competence. Literatures on gender differences suggests that there are no common contrasts in competence between ladies and men, however, there are some differences in terms of behavior and abilities in a few circumstances (Yukl et al., 2002). Similarly, the role of women on boards is receiving increasing attention in South East Asian Nations (ASEAN) countries (Williams, 2015). As a case in point, in Singapore professional-based organizations like BoardAgender have been appointed raise and comfort the advancement of women into board and senior management positions (Tan, 2015). In addition, gender diversity prompts positive and creative discussions. Recommendations pertaining to good governance emphasizes the importance of attributes other than independence required from board members.

While attention is increasingly paid to ethnic or gender diversity as a topic of active policymaking in many countries, non-national, or foreigner diversity reflects the demand for international competencies in universal market. These differences in leadership styles may have important implications for board effectiveness (Nielsen and Huse, 2010). ASEAN countries with the aim of economic growth increasingly follow international guidelines to be particular in a global market (Williams, 2010).

2.13 Relationship between CG and Firm Performance

The debate on the relationship between CG structure and firm performance indicates that previous studies often made great inferential rises from input variables such as board composition to output variables such as firm performance, and overlooked the importance of CG process which presumably built the link between inputs and outputs, and directly affects the effectiveness of CG structure. Therefore, in order to comprehensively understand the effect of CG structure on firm performance, scholars suggest that a focus should be made on the impact of the CG process on the relationship between CG structure and firm performance (McConnell and Qi, 2016). Bona-Sanchez et al. (2011) presumed that CG instruments may help enhance organization financial performance and market value and mitigate financial risk in publicly listed companies. The shortcoming of CG framework prompts to the conflict of interests and opportunistic actions by managers which is inconsistent with agency theory (Chen, 2015), conversly; when CG adjusts the interests between the principal and the agent, it might result in better performance of firms. Agency theory does not cover CG completely; it gives careful consideration to the likelihood that monetary esteems included by the customary components, (such as controlling shareholders ownership concentration) of a society can efficient in resource allocation.

The results of the relationship between CG and firm performance are not consistent because of different conclusions made by different researchers. Black and Kim (2012) considered the connection between board structure and company performance in light of American organizations in 1991, and found that, in spite of the fact that an organization with poor execution tends to choose more independent directors, more autonomous executives on corporate boards would not enhance the CG and an enhanced execution cannot be prompted. Consequently, the discoveries on the connection between the board creation and firm execution are blended. Dahya et al. (2009) found that companies splitting combined CEO/chairman positions did not show any absolute improvement in performance compared with various peer-group benchmarks. Briefly, previous studies have not reached a consensus on whether or not a firm should adopt the CEO duality in the boardroom. Shleifer and Vishny (1997) clarified that concentrated ownership in the firm can alleviate free-rider issues where the possession has been scattered on the grounds that the little proprietors may not focus on observing the execution of the administration in a corporate with a substantial number of minority investors. Holderness (2005) showed that concentrated ownership has no huge effect on firm performance since expansive investors have a sufficiently substantial stake to make utilization of assets to propel their interests to the detriment of other minority investors; that is, concentrated proprietorship may exchange assets out of organizations for the advantage of controlling investors. Yang and Zhao (2014) inspected CEO duality and firm performance in Canada and the US in the year 1989. Duality firms have been reasoned to outflank non-duality firms when their focus on the surroundings change. The contrast of the execution is bigger for firms with higher data expenses and better corporate administration. They similarly underlined the advantages of CEO duality in sparing data expenses and settling on fast choices.

2.14 Relationship between CG and CSRR

Although the corporate governance and CSRR have independently established themselves less consideration has been paid in setting up a connection between these two. Since CSRR is affected by the decisions, thought processes and estimations of the individuals who are associated with planning and making choices in the associations, thought of CG components, specifically, ownership structure and board composition could be imperative determinants (Haniffa and Cooke 2005). Institutional theory suggests that CG systems are embraced to gain legitimacy (Hamilton and Biggart, 1988). Likewise, CSRR writing recommends that the need to alleviate worry over dangers to organizational legitimacy has to a great extent gone about as an intense main impetus for such declarations (Chen et al. 2008; Deegan et al. 2002; Rahaman et al., 2004). In this way, a solid connection amongst CSRR and corporate administration systems can be conceived. Institutional theory suggests that corporate governance components are embraced to gain legitimacy (Hamilton and Biggart, 1988). Also , CSRR recommends that the need to ease worry over dangers to authoritative legitimacy has been a strong main impetus for such disclosures (Chen et al. 2008). Khan et al. (2013) found CG qualities assume a fundamental role in ensuring organizational legitimacy through CSRR.

According to prior literature, the results of the relationship between CG and CSRR can be either positive, negative or mixed relationship. Rahim's (2014) argued that the relationship between CSRR and governance is reciprocal and organization's governance practices enhance social and environmentally responsible business operations. Different types of corporate ownership structure have different impacts on corporate reporting practices. Oh et al. (2011) in their study in Korea asserted that different ownership led to different CSRR. The authors used a sample of 118 large firms in 2006 and investigated through regression method. They reported a significant positive relationship between CSRR and ownership by institutions and foreign investors. In contrast, shareholding by top managers is negatively associated with firm's CSR rating while outside director ownership is not significant. A number of studies have documented the influence of corporate ownership structure on voluntary reporting practices especially in the Asian context, including Eng and Mak (2003) in Singapore, Chau and Gray (2010) in Hong Kong, and Haniffa and Cooke (2002) in Malaysia. Johnson and Greening (1999) researched on the effect of CG and institutional ownership type on CSRR. The authors suggested that outside director representation was positively related to CSRR, also top management equity was positively related to the product quality dimension but unrelated to the people dimension of CSRR. Kilic et al. (2015) considered the effect of ownership and board structure on CSRR in Turkish banks. They reasoned that there is a critical constructive outcome of size, board composition, ownership diffusion, and board diversity on the CSR revelation. Coffey and Wang (1998) examined on board diversity and administrative control as indicators of corporate social execution. They found that board diversity and administrative control are identified with social responsibility. Board diversity is articulated to by the level of inside to outside chiefs and level of ladies executives, while administrative control is articulated to by the level of aggregate offers possessed by inside board individuals. Michelon and Parbonetti (2012) managed the impact of board attributes that go past the restricted and conventional parts of the board on the level of sustainability disclosure. They conducted a research on the influence of board gender composition on CSRR in 22 countries included in KPMG report through regression. They stated positive link between gender composition and CSRR. Rao et al. (2016) examined the link between CG attributes and environmental reporting in Australia through regression method. The authors claimed that independent director, institutional ownership, and women directors have a positive association with CSRR. Eng and Mak (2003) investigated on board composition and voluntary disclosure in 158 Singaporean companies from different industries in the time period of 1991-1995 through regression.

They concluded that Board Independence and Board share ownership had a negative relationship with CSRR in Singapore. However, Cheng and Courtenay (2006) who conducted a study on board attributes and level of voluntary disclosure of 115 Singaporean companies from different industries in the fiscal year 2000 through regression method did not find significant link between board size, and CEO duality with CSRR, in addition, they found negative relationship between board Independence and CSRR.

2.15 Summary

CG assumes a critical part in deciding the levels of corporate reporting. Following the more extensive point of view of CG that investigates the security of premiums of the two stakeholders and different shareholders, firms are relied upon to consider the social and environmental implications of their business exercises alongside their target to boost benefit. Both inner and outer segments of CG are imperative to advance more noteworthy CSRR.

According to the theoretical bases of CSR, this section introduced CSR, CSRR in various studies. Analysts have indicated CSRR as a pointer of CSR improvement, which has become an exhausted thought from the two scholastics and corporate divisions taking after its centrality in demonstrating firms' truthfulness and responsibility to stakeholders. The involvement of CSRR for companies in ASEAN countries is different in terms of socio-economic and cultural perspective. As an international framework for measuring CSRR, the use of GRI guidelines has been discussed in this chapter. In addition, this chapter presents the conception of CG, related theories, characteristics of the ownership structure, and board of directors which has been emphasized that they play important roles in CG. Overall, evidence from the extant literature stated the mixed finding on the influence of CG mechanism on CSRR, depending on the country and time of the study.

Therefore, this current research attempts to study the impact of board of directors, institutional ownership on CSRR, as well as firm performance. It can be expressed that there is an unpredictable relationship between governance structure and firm performance in an examination of the aftereffects demonstrated in the past studies. It is observed that there is a need to test the mediation effect of CG and firm performance. Therefore because of the link between CG-CSRR which have been done in previous studies, the current research has yet to examine the role of CSRR as a mediator in the link between CG-firm performance due to the important effects of CSRR in CG and firm performance to see how and why CSRR affect the CG-firm performance relationship. The next chapter presents a conceptual framework that includes models for ASEAN countries, and hypotheses building to test the relationship between independent variables including CEO duality, gender and foreigner diversity, and institutional ownership and dependent variable ROA and Tobin's Q with the presence of CSRR as a mediator and country as a moderator in addition to control variables containing firm risk, firm size, leverage, R&D, CEO age, sales growth.

CHAPTER 3: FRAMEWORK AND HYPOTHESIS DEVELOPMENT

3.1 Introduction

This chapter starts with research model used in the current study in section 3.2, followed by a discussion on the theoretical framework, presented in section 3.3. Next, a detailed explanation of the hypothesis development is prepared for the current study in section 3.4. Finally, section 3.5 summarize the chapter.

3.2 Research Model

The current research examines the association between corporate governance mechanisms (CG), corporate social responsibility reporting (CSRR) and firm performance in ASEAN countries. With reference to the extant literature of CG, CSRR and firm performance as reviewed in the previous chapter, the links between the variables of interest in the current research are illustrated in a research model which is presented in Figure 3.1.

Four variables are used to represent CG mechanism namely, CEO duality, gender diversity and foreigner diversity which are internal CG, and institutional ownership as an external CG. CSRR is measured through CSRR quality from GRI guideline. In addition, the country is used as a moderator to see different of the model between different ASEAN countries. Several firm-specific characteristics are also included in the current study as control variables namely firm size, CEO age, R&D expenditure, sales growth, risk, and leverage.

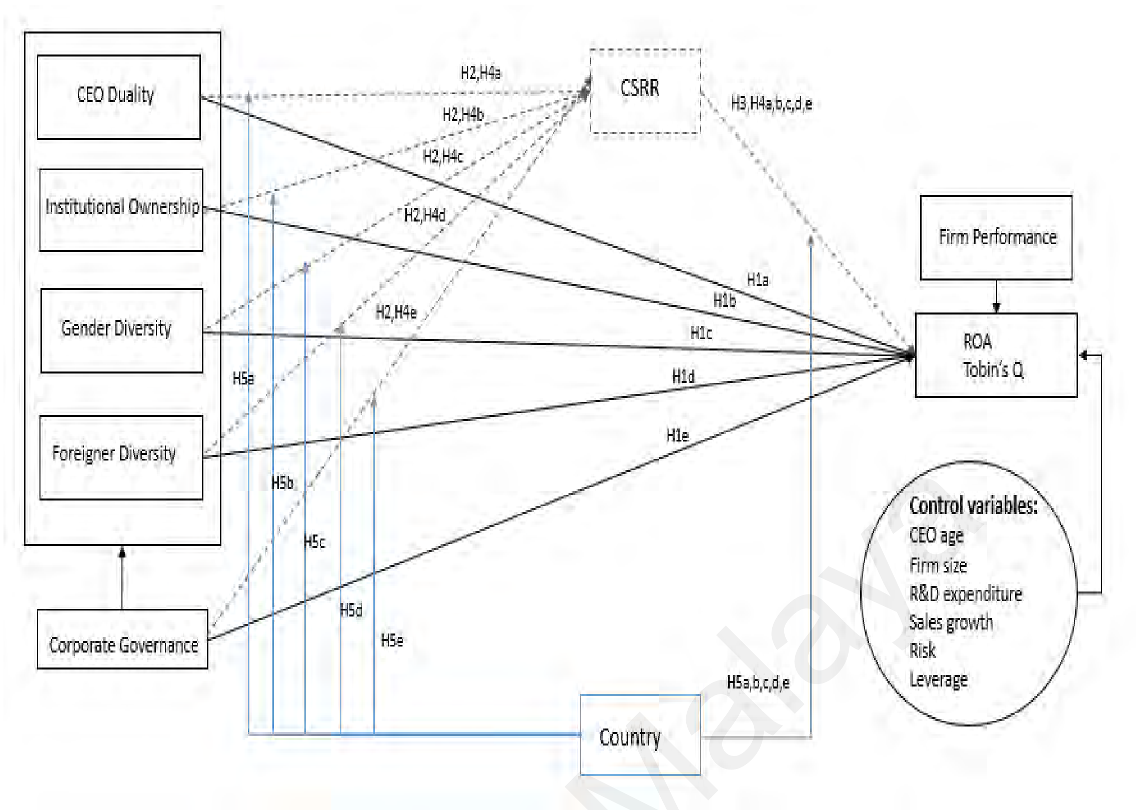

Figure 3-1: Research Model of the Current Study

Note:

Independent variables: CEO duality, institutional ownership, gender diversity, foreigner diversity, CSRR

Dependent variables: firm performance (ROA, Tobin's Q)

Mediating variable: CSRR

Moderator Variable: country

Control variables: CEO age, firm size, R&D expenditure, sales growth, risk, leverage

3.3 Theoretical Framework to Develop Hypothesis

There have been number of theories employed to investigate the motivations for CSRR and CG. The present study uses a new institutional theory which consists of legitimacy and institutional theories and agency theory, detailed explanations of these theories are included in the previous chapter sections 2.7 and 2.11.

3.3.1 CG and Firm Performance Theories

Underpinning the relationship between corporate governance mechanisms namely CEO duality, gender diversity, foreigner diversity and institutional ownership, and firm performance is both agency theory and institutional theory. Firstly, Jensen and Meckling (1976) propose a theory of the firm (Agency Theory) in view of conflict of interests between investors, organization directors, and obligation holders. They indicate that the presence of office costs which emerge inferable from the contentions either amongst managers and shareholders (agency cost of equity) or amongst shareholders and debt holders (agency cost of debt). Financial markets catch these agency costs as an esteem misfortune to investor or agency problem. In addition, the agency theory contends that agency relationship exists when shareholders (principals) employ managers (agents) as the leaders of the companies. The organization issues emerge in light of the fact that managers won't exclusively act to augment the investors' riches; they may secure their own advantages or look for the objective of boosting organizations' development rather than income while deciding. To decrease agency problems, the requirement for the presence of CG is applied to firms' conditions due to the agency problems brought about by the separation of the shareholders and managers (Desender, 2009). When it neglects to implement the agreement between capital suppliers and managers, there must be different components to guarantee the efficiency of capital allocation in the economy. The significant concentration of corporate governance systems is to outline powerful corporate control to guarantee administrators act to the greatest advantage of shareholders. In any case, agency theory does not cover CG completely; it gave careful consideration to the likelihood that monetary esteems included by the customary components, (such as controlling shareholders ownership concentration) of a society can efficient in resource allocation. Combining the agency theory with institution theory establishes a foundation that redefines the model of corporate governance (Al Mamun, Yasser et al., 2013).

There are numerous underlying foundations of the institutional theory, however, the important supporters of the improvement of the institutional theory are DiMaggio and Powell (1983). The advocates of institutional theory place that managers look for the help and support of a wide gathering of stakeholders in legitimizing their actions. Internal and external stakeholders exert pressure on firm's leaders by assessing its congruity and adherence to existing standards and laws and their own value systems. Therefore, firms gain legitimacy when its goals and activities confirm and adhere to stakeholders' goals and expectations (Puffer and McCarthy, 2011; Surroca et al., 2013). The authorization of the standards and controls decidedly influence the corporate performance (Al Mamun et al., 2013).

The accentuation of agency theory is on the administration morals; while the accentuation of institutional theory is on the development of a social culture of firm life. CG, for the most part, relies upon the expansive conditions inside which business pioneers carry on; these incorporate the authoritative condition, for example, the shareholders' assurance laws, and implementation and consistency capacities (Adegbite, 2012). The concentration of agency theory is the administration and standards for partners' assurance; while the concentration of institutional theory is the tenets and directions for checking and controlling firms, and implementation of these guidelines and directions (Al Mamun et al., 2013). Bona-Sanchez et al. (2011) presumed that CG instruments may help enhance organization financial performance and market value and mitigate financial risk in publicly listed companies. Inconsistency with agency theory, the shortcoming of CG framework prompts to the conflict of interests and opportunistic actions by managers, while sound CG adjusts the interests between the principal and the agent, which may result in better performance of firms. Subsequently, it is hypothesized strong CG framework may positively influence both corporate performance and market esteem.

3.3.2 CSRR and Firm Performance Theories

This examination perceives the significance of institutional hypothesis in the connection amongst CSRR and firm performance. Institutional theory is by all accounts a critical part to investigate how the limits amongst business and society are developed in various ways which build our comprehension of the viability of CSR inside the more extensive institutional field of financial governance. Recently, worldwide business considers having seen a precarious ascent in adjusting the institutional theory to understanding the way multinational organizations (MNCs) deal with their operations all around (Jackson and Parsa, 2009). This enthusiasm of utilizing institutional theory echoes some of the essential advantages to the investigation of CSR. Rather than seeing CSR purely as a realm of voluntary action, institutional theory suggests seeking to place CSR explicitly within a wider field of economic governance characterized by different modes, including the market, state regulation and beyond. In particular, a significant number of the most fascination improvements in CSRR today many of the most interesting developments in CSRR today play themselves out in a social space of private, however collective types of self-regulation.

Considerable researchers which have connected institutional theory to the investigation of CSR are keen on understanding cross-national varieties of CSR practices (Blasco and Zolner, 2010). They reveal insight into the exceptional comprehension of

CSRR as a management concept in the first place. Also, a comprehension of social responsibility of business in various areas and nations is dependent upon the institutional system of business (Doh and Guay, 2006; Deakin and Whittaker, 2007).

Part of why CSRR research has gained interest and momentum over the last decade has to do with the dynamics in which the concept and its applications have changed recently. This relates, foremost, to the way CSRR (and its proportional names, for example, supportability, corporate citizenship, business morals, and so on.) has changed through impersonation and adjustment by partnerships outside the Anglo-American arrangement of free enterprise (Campbell, 2007).

In ASEAN setting, CSRR in obligatory in Malaysia and Indonesia, be that as it may, it is deliberate in Singapore and the Philippines. In view of various organizations, rules, laws which have connected in these nations and areas, the institutional hypothesis is appropriate to give an imposing focal point to comprehension and clarifying how and why CSR accept diverse structures in various nations. It additionally gives experiences into why this idea is currently a vital part of business hones in about each real nation universally (e.g. Visser and Tolhurst, 2010).

3.3.3 CG and CSRR Theories

The current study applies new-institutional theory (containing both institutional and legitimacy theories) for the connection between corporate governance and CSRR. Legitimacy theory is one of the most cited theories in social and environmental reporting studies which is is based on the notion of a 'social contract', that constrains the activities of an institution within the boundaries set by the society (Gray et al., 1996). Basically, the company will gain support from the stakeholders and continue in existence in so far as its activities give benefits, or if nothing else are not hurtful to society. As per this theory, associations demonstrate that they are seen as working inside the limits and standards of their individual social orders, that is, they attempt to illustrate that such efforts are seen by external stakeholders as being real.

An organization through its top management seeks between organizational actions and the values of its general and relevant publics (Dowling and Pfeffer, 1975; Lindblom, 1994) or its stakeholders, since inability to fit in with basic, regular standards of worthiness can estimate firms' legitimacy and at last its survival (DiMaggio and Powell, 1983; Scott, 2005). Legitimacy theory, therefore, implies that it is the top management of an organization which is capable to perceive legitimacy gap and carry out necessary social practices and discloses that accordingly to stakeholders to guarantee accountability.

Khan et al. (2013) contemplated on CG and CSRR in Bangladeshi organizations. They utilized legitimacy theoretical system to understand the degree of CG qualities like ownership, foreigner ownership, board independence, CEO duality and nearness of audit committee impact authoritative reaction to different stakeholder gatherings. The authors found that in spite of the fact that CSRR by and large have a negative relationship with managerial ownership, such relationship becomes significant and positive for export-oriented industries. They additionally expressed that CG qualities assume a fundamental role in ensuring organizational legitimacy through CSRR.

Institutional theory suggests that corporate governance components are embraced to gain legitimacy (Hamilton and Biggart, 1988). Furthermore, CSRR writing recommends that the need to ease worry over dangers to authoritative legitimacy has been a strong main impetus for such disclosures (Chen et al. 2008). For this reason, a solid connection amongst CSRR and CG systems is present.

3.3.4 CG, CSRR, and Firm Performance Theories

In CSRR research, scholars have applied many theories. Gray et al. (1995) argue that it is not possible to explore CSRR by using a single theory. Therefore to investigate the mediating role of CSRR on the CG and firm performance relationship, the present study applies the new institutionalism theory which is combining legitimacy and institutional theories. This hypothesis acknowledged that financial convictions, standards, and practices are related with various parts of society, for example, instruction, law, legislative issues, religion, and work (Judge et al., 2008). Institutional theory recommends that CG components are at times embraced to gain legitimacy (Hamilton and Biggart, 1988). Likewise, prior research in CSRR proposes that the need to relieve worry over dangers to organizational legitimacy has been a strong main thrust for such disclosures (Chen et al., 2008). Along these lines, a solid connection amongst CSRR and CG components can be visualized. The institutional theory also views the idea of monetary instrumentality that it proposes societal individuals fundamentally tend to maximize their self-interests by competing for resources (Aguilera et al., 2007, Zattoni and Cuomo, 2008). Conversely, the sociological approach to institutional theory recommends that people, gatherings, and enterprises not only compete for economic resources but also seek social approval for the right to exist social legitimacy (Zattoni and Cuomo, 2008). In this regard, legitimation is viewed as a relational motive since it signifies how companies are concerned about the way their activities are seen by others (Aguilera et al., 2007).

As indicated by Scott (2005), following CSR practices through CSRR disclosure can improve corporate legitimacy since new institutionalism theory affirms that a disclosure could a means of accomplishing legitimacy by acknowledging institutional standards, principles, traditions, and practices into corporate operations. In addition to seek legitimacy for their operations, economic organizations, have a major objective of enhancing efficiency in order to maximize corporate performance (Devinney, 2009).

From an instrumental point of view, new institutionalism theory proposes that conformance to institutional powers can be an instrumental endeavor at going after basic assets, which can upgrade corporate performance. Besides, expanded responsibility regarding CSR builds productivity and upgrades corporate performance by reducing agency costs through a reduction in information asymmetry among financial stakeholders (Rhodes, 2010). In short the summary of theories of the current study is presented in Table 3.1.

Table 3-1: Summary of Theories

Relationship	Theory
CG-FP	Agency theory & institutional theory
CSRR-FP	New Institutional theory
CG-CSRR	New institutional theory
Mediation of CSRR in CG-FP	New institutional theory
Moderated mediation effect of country for CSRR in CG-FP	New institutional theory

Note:

CG =corporate governance, FP=firm performance, CSRR= corporate social responsibility reporting

3.4 Hypothesis Development

The current study focuses on the relationship between CG mechanism, CSRR, and firm performance. Specifically, the present research examines the influence of CEO duality, gender diversity, foreigner diversity and institutional ownership on CSRR and also firm performance. In addition, the current study includes an investigation of the mediating effect of CSRR on the association between CG and firm performance. Therefore, the present study examines the impact of CSRR on firm performance as well. In order to make a multi-group comparison of ASEAN countries, country is used to as a moderator in determining how CSRR affects CG and firm performance in these countries. This study contains twenty one (21) hypotheses in total in order to match the research objectives. The first section develops five hypotheses for CG determinants and firm performance. The subsequent section constructs five hypotheses for CG determinants and CSRR, followed by the next section which proposes a hypothesis on CSRR and firm performance relationship. Moreover, it is followed by five hypotheses on the mediation effect of CSRR between CG and firm performance. The last section is allocated to the hypothesis of moderator mediation effect of the country for the relationship between CG and firm performance.

3.4.1 Hypothesis on the Relationship between CEO Duality and Firm Performance

CEO duality is an internal mechanism of CG in which the Chief Executive Officer (CEO) of the organization is not the same person who holds the post of Chairman of the Board (COB). When there is no separation, the CEO also serves as chairman. This structure is also known as the one-tier board system. The most crucial argument for CEO duality refers to agency theory which, as agents of shareholders, do not all the time act for best interests of shareholders. It can decrease the effectiveness of monitoring activities (Desender, 2009). Moreover, it is always questioned in companies with CEO duality about monitoring management (Fauziah et al., 2009) which emphasizes on the CEOs' role on Board's decision. This situation provides CEOs with the opportunity to have a dominant influence on the board's decisions. There is evidence that the link between CEO duality and firm performance is mixed. One possible reason for this is that the studies employ a different measure of firm performance. A number of empirical studies have documented the influence of CEO duality on several firm outcomes (Yang and Zhao, 2014; Kiel and Nicholson, 2003; Desender, 2009).

Tian and Lau (2001) examined board composition, leadership structure, and performance by using Anglo-American corporate governance model with using agency theory. In China, a CEO should be changed into a limited liability shareholding company before it can issue shares to the public and concluded the positive association between CEO duality and firm performance. Similarly, Yang and Zhao (2014) who studied CEO duality and firm performance found that post exchange progression duality firms beat non-duality firms. The creators inferred that CEO duality is useful to firm execution at whatever point rivalry heightens.

However, some studies implied that duality has a negative impact on firm performance which is consistent with agency theory. Kaymak and Bektas (2008) found that CEO duality in the 27 Turkish banks in the sample year of 2001 to 2004 had a negative impact on bank performance. In addition, Coles et al. (2001), who tested the relationship of governance mechanisms to performance, revealed that CEO duality had a negative link to firm performance. They measured firm performance through MVA and EVA by using both primary and secondary data in large US firms.

Conversely, some different investigations did not watch a connection between CEO duality and firm performance. In Malaysia, Nahar (2004) explored board independence and CEO duality on budgetary execution depending on financial proportions ROA, ROE, EPS, and profit margin. He used companies listed on Malaysian Stock Exchange from 1994- 1996 and discovered that neither board independence nor CEO duality had any significant relationship with firm performance. The results suggested that neither board independence nor CEO duality had a relationship with firm performance. It is not theoretically obvious whether dual or separate leadership is more beneficial to firm performance. Therefore, the efficacy of CEO duality is an empirical question. Similarly, Dahya et al. (2009) found that companies separating CEO positions did not show any improvements in performance compared with various peer-group benchmarks. In fact, they test whether firm performance improved after the separation. They failed to find any performance improvement. Iyengar and Zampelli (2009) studied CEO duality and firm performance with S&P1500 firms during 1995–2003 with long-run market performance and short-run market performance. They found no evidence that firms purposefully choose duality structures to optimize firm performance.

A survey was conducted by Goodwin and Seow (2000) in Singapore about CEO duality and firm value. The results revealed that issue of separation of the board chairman with the CEO was not viewed as a critical point in the CG structure, therefore no significant link with firm performance. In another study, Baliga et al. (1996) studied CEO duality and firm performance in US companies based on agency theory for both long-term and short-term performance. They found that the market was indifferent to changes in the leadership structure, there was neither significant effects on operation nor long-term firm performance.

The development of the hypothesis on the association between CEO duality and firm performance in the current study is grounded in the findings dictated by (Tian and Lau, 2001; Desender, 2009; Yang and Zhao, 2014, therefore the current study hypothesizes:

H1a: *There is a positive relationship between CEO duality and firm performance.*

3.4.2 Hypothesis on the Relationship between Institutional Ownership and Firm Performance

Institutional shareholders are external CG mechanism which are willing to exploit their ownership rights to control managers to behave in the best interest of the shareholders. Therefore their ownership share has been increased in firms which should focus more on regulators. From a legitimation point of view, institutional proprietors have money related, learning and data favorable circumstances over little investors, hence, they have more influence on incorporate choice. The exact CG literature offers no unequivocal response to the expenses and advantages of institutional structure. A few researchers found a positive relationship with firm performance (Lin and Fu, 2017), others a negative affiliation (Balsmeier and Czarnitzki, 2017), and still others a non-significant relationship (Morck et al, 1988). Theoretically compelling arguments can be outfitted for every finding. Non-significant effects of institutional ownership, Bhattacharya, and Graham (2009) studied institutional ownership and firm performance in Finland during the period of 1993 to 2000 with a system approach. Three-stage least squares estimation technique is used to solve for the systems, the authors found a significant difference relating to firm performances and equity ownership between the two classes of an institutional investor, therefore there is no relationship between institutional investor and firm performance in their research.

In regard to positive effects of institutional ownership, Joh (2003) examined ownership structure and conflicts of interest among shareholders. Under a poor CG system relationship with firm performance before the crisis. The author used 5829 Korean firms during the period of 1993–1997. Firm performance is measured through Tobin's Q and market share by using regression. The paper published firms with low ownership concentration show low firm profitability. In fact, there is a link between institutional ownership and firm performance.

Likewise, Cornett et al. (2007) distinguished the critical connection between a company's working income returns and both the percent of institutional stock possession and the quantity of institutional investors. They additionally demonstrated institutional speculatorswith potential business joins with the organizations in which they contribute are bargained as screens of the firm. The creators utilized example of S&P 100 firms the period 1993 through 2000 with utilizing ROA and Tobin's Q for firm execution by means of multivariate relapse. They utilized organization theory by guaranteeing that autonomous executives seem to adjust the interests of directors and investors, in this way decreasing office clashes. Han and Suk (1998) examined the effects of ownership structure on firm value in 5500 firms of COMPUSTAT with those firms using SIC codes from1988 to 1992 through the asset price listing model. The authors used stock return for firm performance which concluded insider ownership hurt corporate performance, whereas institutional ownership was active in monitoring management and increased stock return. They also suggested when management equity ownership increased, their interests coincided more closely with those of outside shareholders which resoled agency problems.

In an underdeveloped market, as is often the case in Asia, institutional investors must choose the option to acknowledge their part as firm screens, which they can just exercise successfully by concentrating their valuable possessions. Concentrated ownership gives them both all the more intense impetuses to wind up plainly associated with governance, and a way to impact chiefs by methods for coordinate access techniques and the danger of utilizing their concentrated voting rights (Hess, 2007). Institutional investors would thus be able to empower or even force the corporate initiative to work to their greatest advantage. Moreover, they can likewise utilize their immense assets and earlier information to upgrade organizational and management abilities when it is required which can help firms during an emergency to acquire a true blue offer of benefits (Carney and Gedajlovic, 2001).Therefore, the current study extends prior works that relate the positive institutional ownership with firm performance. The current study hypothesizes:

H1b: *There is a positive relationship between institutional ownership and firm performance.*

3.4.3 Hypothesis on the Relationship between Board Diversity and Firm Performance

Among board characteristics, board diversity has turned into a noteworthy issue inside CG. The issues apply to the scholarly capabilities, specialized mastery, applicable industry information, encounter, nationality, age, race and sex of the board individuals (IOD, 2009). Prior literature, especially those tested the board's diversity role, have documented the importance of that such as age, gender, nationality to a board of directors. According to Lehman and Dufrene (2008) existence of non-national in board of directors reflecting the demands for international competencies.

Among all diversity factors, sexual orientation ostensibly stays a standout amongst the most long-sting and discussed components of board composition (Mahadeo et al., 2012). Moreover, as per Carter et al. (2003), gender stays a standout amongst the most significant governance issues looked by managers, directors and investors, shareholders of the modern business world. Zelechowski and Bilimoria (2004) clarified a progression of aggressive advantages for a firm which considers utilizing ladies on the top managerial staff. These authors found that ladies have a more top to bottom information of the buyer consumer market and customers, as well as women being not only innovative. Be that as it may, ladies are generally rare in the higher classes of firms, regardless of whether as leaders or directors. For instance, in US ladies hold around 16.6 % of the board situates in the Fortune 500 organizations and seat 4.2% of the sheets in 2012 (Catalyst, 2013).

Institutional theory features standardizing parts of the setting in which associations work. Yang and Konrad (2011) expressed that receiving structures that fit in with institutional prerequisites, associations exhibit their adjustment to social standards and in this manner collect legitimacy for their operations. Yang and Konrad (2011) alluded to three sorts of organizations; to be specific regulative, normative and cognitive. Legal and regulatory institutions; normative includes social and professional norms, and cognitive includes ethics and culture. Three sorts of weight are portrayed, in particular coercive, regularizing and mimetic. Coercive weights happen because of societal desires and bury association relationship; regulating from professionalization; and mimetic from vagueness in the earth. Nielsen and Nielsen (2013) utilized institutional theory to clarify cognitive diversity within boards relates to the societal context of different countries and cultures.

There are a developing number of studies researching the connection between board diversity and company performance. Such examinations have been directed with regards to developed countries, for example, the USA (Carter et al., 2003), the Netherlands (Marinova et al., 2010). On another hand, such issues with regards to creating economies are still once in a while tended to (Ararat et al., 2010; Marimuthu, 2008; Darmadi, 2011), which utilize the information of Turkey, Malaysia, and Indonesia, individually. Ethnicity or nationality and culture stays to be seldom watched when measuring board diversity in the instances of a developing business sector (Darmadi, 2011). Additionally, ethnicity is related to firms' financial performance mostly comes from the studies of developed economies (Marinova et al., 2010). In any case, the current discoveries demonstrate that measuring board diversity as far as nationality and culture are of essential importance when endeavoring to watch its consequences for the performance of a company.

From one perspective, a diverse board in terms of culture may cause cross-cultural communication problems and interpersonal conflicts as found by Lehman and Dufrene (2008). Likewise, a board which has foreign representatives creates potential benefits for the company. Oxelheim and Roy (2003) found that a diverse board makes potential competitive advantages for the firm in terms of an international network, sense of duty to shareholders and improved managerial abilities gender diversity may add firm performance since it upgrades critical thinking by bringing more choices; diversity may support imagination and development (Miller and Del Carmen Triana 2009; Galia and Zenou, 2012); likewise, it demonstrates the managements' will to meet aspirations of customers and employees (Grosvold et al., 2007).

From another view, Tajfel, (1978) discovered a negative relationship between firm diversity and performance. This is supported by Salim (2011) who found a negative connection between gender diversity and firm performance expanding on recorded firms on the Indonesia Stock Exchange, where ROA and in addition market-based performance measure Tobin's Q were used as performance variables. Notwithstanding, the author, additionally asserted that negative relationship does not really imply that ladies in board wreck shareholders' value. In any case, in view of tests from Denmark and Netherlands, Joana et al. (2010) asserted that a diverse board in the organization will help bring the worldwide economy back on track during the economic recession because of their risk-averse attitude. The study detailed no connection between ladies' representations in top corporate positions and firm performance.

Another examination was led in Germany by Jesmin et al., (2012). The examination revealed that gender diversity decent variety at first negatively influences firm execution and in resulting years when the extent of ladies expanded in boardroom, it is related to higher firm performance. These authors propose that a more gender diverse board arrangement will just upgrade execution if decent diversity is adequately large. This could be expected to get the endorsement of choice taken by female board members to impart their insights in the board's meetings.

Advocates of gender diversity asserted that ladies and men affect distinctive errands at various degree among numerous assignments; thus no overall performance differences can be detected between firms' higher and lower performance of women members in the board (Nielsen and Huse, 2010).

In order to support no definite relationship between board diversity and firm performance Protasovs, (2015) examined this study in ASEAN countries. The author picked top 100 organizations of the area for a long time from 2009 to 2013 which failed to demonstrate a critical connection between board diversity and firm performance. The author claimed the insignificant association was due to the corporate governance policies in ASEAN countries which were tailored and adjusted towards international practices and remained a weak point of the region as stated by Chuanrommanee and Swierczek (2007) and Taghizadeh (2013). However, the current study identifies two essential characteristics of board diversity to test speculation (gender and foreigner) in ASEAN to test with firm performance. It is expected to be a significant relationship between gender diversity and firm performance, foreigner diversity, and firm performance, because of CG adjustment to international practices and different cultures of ASEAN countries which may cause different results (Miller and Del Carmen Triana 2009; Galia and Zenou, 2012). Therefore the current study hypothesizes:

H1c: *There is a positive relationship between gender diversity and firm performance.*

H1d: *There is a positive relationship between foreigner diversity and firm performance.*

3.4.4 Hypothesis on the Relationship between Total CG and Firm Performance

Institutional theory suggests that there is a tendency to attract homogenous individuals into institutions (Tuttle and Dillard, 2007). The implication for CG is that the board members might come from similar backgrounds and thus be less inclined to challenge each other or the management. Because of different institutional situations in different places (such as Malaysia, Singapore, US, UK), researches reach to positive, negative or mix results between CG and firm performance (Carlin and Mayer, 2000. Jameson et al., 2014). Because CG indicators are substitution or complement, it is unlikely a single characteristic can measure the overall quality of a firm's CG in our study. Therefore, a composite measure would do better (Brown et al., 2011; Babbie, 2015). Total CG in this study is sum of CEO duality, gender diversity, foreigner diversity and institutional ownership which might have different results on firm performance.

H1e: *There is a positive relationship between Total CG and firm performance.*

3.4.5 Hypothesis on the Relationship between CEO Duality and CSRR

CEO duality can be seen both as a sign or an instrument of managerial power. CEOs are more likely to be appointed as chairs of the boards of directors if they have a successful track record or if they control a large proportion of the firm's shares (Oshry et al., 2010). In addition, as chairs of boards of directors have the ability to set the board's agenda and influence the information provided to the other board CEOs who also act as chairs can hide crucial information more easily from other, in particular non-executive, (Haniffa and Cooke, 2002; Krishnan and Visvanathan, 2009). Being chair may likewise empower CEOs to impact board arrangements in their favors (Haniffa and Cooke, 2002). Non-executive directors may probably acknowledge management decisions against their better judgment since they attempt to maintain a strategic distance from encounters with capable CEOs, for instance, to hold their places on the board (Dey et al., 2011). The empirical research proposes that boards of directors' attention to monitoring are negatively affected by CEO duality (Tuggle et al. 2010), as is the level of voluntary disclosure (Chau and Gray, 2010). De Villiers et al. (2011) investigated the link between top 100 US companies for corporate environmental performance and CG characteristics namely board size, institutional investors, and proportion of independent directors, and

CEO duality, which reported positive, negative relationship between variables respectively. Similarly, the empirical research by Ho and Wong (2001) found no association between CEO duality and CSRR. The authors used questionnaire from 98 CEOs and 92 analysts in Hong Kong. They used weighted relative disclosure index for measuring voluntary disclosure.

However, in Singapore, Cheng and Courtenay (2006) studied on 115 Singaporean companies for the topic of board composition, regulatory regime and voluntary disclosure in the year 2000, for 115 firms. They asserted there is no prevalence of empirical evidence to suggest a relation between CEO duality and CSRR. The authors found that there is no significant link between CEO duality and CSRR.

In contrast, Said et al. (2009) examined the association of CSRR and CG characteristics in 150 Malaysian public listed companies for the year ended 2006. They used content analysis for CSRR items from annual report and companies' websites. The authors utilized hierarchical regression analysis to test the relationship between the CSRR index and the independent variables contain independence, duality, audit committee, ten largest shareholders, managerial ownership, foreign ownership and government ownership after statistically controlling the effects of a firm's size and the profitability of the companies. The authors expected to find a negative relationship between CEO duality and CSRR in their study, however, they reported a positive link between variables. In addition, in the US, Jizi et al. (2014) investigated on the effect of the board on the quality of CSRR in 107 US banks for the period of 2009-2011, through regression, based on agency theory. They reported a positive link between CEO duality and CSRR of banks. In terms of CEO duality, with the CEO duality offer greater power to a person, which enable him to make decisions that do not maximize the shareholder's wealth and will help improved monitoring quality and reduce benefits from withholding information that may consequently result in enhancing the quality of reporting. Therefore, it is hypothesized

H2a: *There is a positive relationship between CEO duality and CSRR.*

3.4.6 Hypothesis on the Relationship between Institutional Ownership and CSRR

Institutional shareholders have for some time been at the forefront of promoting the rapid proliferation of codes at the cutting edge of advancing the quick multiplication of codes of good CG/CSRR (Aguilera et al., 2006). Institutional proprietors are powerful in corporate decision making, including choice on investment, official arrangement, and disclosure (Oh et al., 2011). Especially, on account of their generous ownership stakes which they can't without much of a stretch offer, institutional shareholders have the additional motivating force to screen revelations. Accordingly, large institutional shareholders can lobby corporate performances to engage in increased disclosure including CSR ones.

Many individual and social investors and several institutional funds from foreign countries have integrated socially responsible principles into their policies of investment. Thus, Boutin-Dufresne and Savaria (2004) asserted most investors, given the choice between two investment opportunities with identical risk-adjusted prospects, will more likely invest in companies that contribute to increase the average of CSR level. Utilizing their power and information, institutional investors have a tendency to be more effectively engaged with firms' decisions than non-institutional investors (Brickley et al., 1988). Additionally, because institutional owners often own significant percentages of the firm's stock and cannot easily sell their shares, they are likely to be more attentive to the firm's strategic decisions than other shareholders.

As for association's choices on social ventures, the legitimacy theory recommends that the impact of institutional ownership on CSRR ought to be certain (Gray et al., 1996). Since the association will pick up help from the stakeholders and proceed in presence in so far as its exercises give benefits, or if nothing else are not destructive to society. An additional rationale explaining why institutional investors might support CSR participation comes from the arguments presented by Siegel and Vitaliano (2007). According to their reasoning, institutional investors such as pension funds, insurance companies, banks, and securities firms offer credence services characterized by significant information asymmetry between the institutional investor and its clients. Investing in socially responsible businesses and maintaining the CSR ratings of the firms is one way for the institutional investor to signal to its potential clients that this institutional investor is reliable and responsible, and thereby to differentiate its services.

CSRR is frequently translated widely to take in different levels of positive, negative and neutral activities of a company and may result in mix findings with different activities such as institutional shareholders. For example, Dam and Scholten (2012) studied whether ownership type matter for CSRR. They use firm-level data for more than 600 European firms from 16 countries and 35 industries for 2005. They found that institutional ownership has no effect on CSRR. Moreover, Ntim and Soobaroyen, (2013) who researched on CG and performance in socially responsible corporations in Africa in the time period of 2002 to 2009 for 291 non-financial firms listed on the Johannesburg Stock Exchange, found no relationship between institutional shareholding and CSRR.

However, Barnea and Rubin (2010), who examined CSRR as a conflict between shareholders, suggested a negative association between institutional ownership and CSRR. They used a unique data set that categorizes the largest 3000 U.S. corporations as either socially responsible (SR) or socially irresponsible (SI).

Contrary to the results of above researchers, Oh et al. (2011) who investigated the effect of ownership structure on CSRR by using a sample of 118 large Korean firms in year 2006, found positive relationship between institutional ownership and CSRR by breaking down ownership into different groups of shareholders: institutional, managerial, and foreign ownership. Moreover, Jo and Harjoto (2012) studied the causal effect of CG on CSR. The authors used KLD index which contains large sample of 12527 firm-year (2952 firms) observations, including both CSR and no-CSR firms during the 1993–2004 period in the US. They concluded that the lag of CG variables positively affects firms' CSR engagement, after controlling for various firm characteristics. Freeman's (1984) stated that organizations should utilize CSR as an augmentation of successful CG systems to determine clashes amongst administrators and non-contributing investors. Correspondingly, Donaldson and Preston (1995) depict an instrumental angle out of clear, instrumental, regularizing partner ideas. Institutional possession can be relied upon to affect decidedly on CSRR hence, the hypothesis is as below:

H2b: *There is a positive relationship between institutional ownership and CSRR.*

3.4.7 Hypothesis on the Relationship between Board Diversity and CSRR

Diversity, in general, is heterogeneity among board members and has an infinite number of dimensions ranging from age, sex, nationality, foreigners, religion, and instruction (Van Knippenberg et al., 2004). Because of the significance of the multivariate idea of CSRR, the mix of board diversity qualities has as of late been examined (Ibrahim and Angelidis, 1995; Hafsi and Turgut, 2013). Board diversity is a significant issue among board characteristics of CG. Generally, it has a variety of categories such as age, foreigners, education, and gender among board members (Van Knippenberg et al., 2004). It also promotes both creativity and innovation (Miller and del Carmen Triana, 2009; Galia and Zenou, 2012) and demonstrates the management's willingness to serve the wishes of their employees and customers (Grosvold et al., 2007). Gender debatably remains one of the most long-sting and discussed elements of board structure among other diversity factors (Mahadeo et al., 2012) faced by managers, directors and shareholders of the modern business world (Carter et al., 2003) to make esteem creation in organizations, as it enhances critical thinking by making accessible expanded number of alternatives (Campbell, 2007). A series of competitive benefits (Zelechowski and Bilimoria, 2004) has been explained for a firm which considers employing women on the board of directors. The presence of both men and women in corporations' board increases the quality of decision-making and contributes to increased board competence. The literature on gender differences suggests that there are no common contrasts in competence between ladies and men, however, there are some differences in terms of behavior and abilities in a few circumstances (Yukl et al., 2002). Similarly, the role of women on boards is receiving increasing attention in ASEAN countries (Williams, 2010). As a case in point, in Singapore professional-based organizations like BoardAgender have been appointed raise and comfort the advancement of women into the board and senior management positions (Tan, 2015). Furthermore, gender diversity assorted variety prompts positive and inventive exchanges. Proposals relating to great administration accentuates the significance of traits other than freedom required from board members.

While attention is increasingly paid to ethnic or gender diversity as a topic of active policymaking in many countries, non-national, or foreigner diversity reflects the demand for international competencies in universal market. These differences in leadership styles may have important implications for board effectiveness (Nielsen and Huse, 2010). The contribution of women on boards of directors: Going beyond the surface, CG with the aim of economic growth increasingly follows international guidelines to be particular in a global market (Williams, 2010, Ahmad et al., 2012). Because of the significance of board diversity variety attributes in CSRR, as of late, many types of research have engaged in testing the integration of them (Salvioni et al., 2016; Ibrahim and Angelidis, 1995; Hafsi and Turgut, 2013).

CSRR is an extension of firm's effort to move towards effective board diversity. Ensuring firm's sustainability through perfect business practices promotes accountability and transparency (Salvioni et al., 2016). Better-governed firms are more likely to engage in CSRR as a credible way of signaling their CG especially their diversity qualites (Dienes and Velte, 2016). CSRR is not only important for governance, but also for corporate performance (Rossi and Tarquinio, 2017), which is vital reaching long-term value that will help to promote a business continued acceptance and existence.

An investigation by Braun (2010) focused on one part of CSRR (Environmental responsibility) found that ladies had more grounded natural mentalities sense of duty regarding a green business enterprise program than guys, recommending that ladies business people might be more occupied with green issues than male business visionaries. Also, Seto- Pamies (2015) examined on the connection between ladies directors and CSRR for 100 organizations in 2005 in various nations. They inferred that lady had a positive connection with CSRR exercises. This appears ladies directors will probably impact issues identified with partners/CSR. While surveying the impact of board individuals' sex on corporate social responsiveness introduction, Ibrahim and Angelidis (1991) found that not at all like men, ladies directors are less worried about financial execution and rather more worried about optional parts of corporate duty.

In the US, Post et al., (2011) did a quantitative research on environmental reporting and board composition by regression method. The authors confirmed foreigner diversity had a positive link, gender diversity had a positive association with CSRR, while the age of directors was not significant with environmental reporting. Haniffa and Cooke (2005) found that Malay dominated boards are positively related to CSRR where a majority of respondents identified ethnicity background of board members as a determinant of CSRR in Malaysia. In addition to the government's favored ethnic group, boards had feminine cultural values of the Malays which is considered to be partly the reason for such a positive relationship.

However, the consequences of connection amongst CSRR and board diversity is likewise blended. In spite of the positive connection amongst CSRR and board diversity portrayed over, some different analysts, for instance, Said et al. (2009) who did the examination on CG attributes and CSRR in Malaysian organizations through quantitative regression, detailed no significant connection between gender diversity and CSRR. This additionally affirmed by Prado-Lorenzo and GarciaSanchez, (2010) which did their exploration about the role of the board in dispersing ozone-harming substance data divulgence, attested not a significant link between board assorted variety and CSR exposure. The empirical literature is, for the most part, contended positive connection between board diversity (foreigner and gender), and CSRR (Haniffa Cooke, 2005; Braun, 2010; Seto- Pamies, 2015). This study formulated two aspects of board diversity namely gender and foreigner with CSRR. Hence, the following hypotheses are presented below:

H2c: *There is a positive relationship between gender diversity and CSRR.*

H2d: *There is a positive relationship between foreigner diversity and CSRR.*

3.4.8 Hypothesis on the Relationship between Total CG and CSRR

CG is a fundamental column for an honest to goodness and manageable CSR introduction and that the authority, CG is progressively supplemented in creating nations by due respect for deliberate CSRR. To lessen the agency problems, the requirement for the presence of CG is gone to firms' conditions due to the office issues caused by the division of the investors and directors. When it neglects to authorize the agreement between capital suppliers and administrators, there must be different components to guarantee the productivity of capital distribution in the economy. Great CG prompts CSR exercises (Jamali et al. 2008), in this respects, a few examinations characterize CSR as external CG (Hess, 2007; Ruangviset et al, 2014). Some different investigations trust that CSRR and CG are autonomous and random responsibility models, whose rules, revealing norms, oversight systems have advanced independently (Bhimani and Soonawalla, 2005). In this way, there are many looks into on the connection amongst CG and CSRR with various conclusions (Jamali et al., 2008; Said et al., 2009; Ruangviset et al., 2014).

While more studies are examining synergies and interrelationships between CSRR and CG from various aspects of governance mechanisms (Jamali et al., 2008; Rahim, 2014; Rao et al., 2016), limited research has focused on the impact of CSRR dimensions on governance practices. For instance, Ho (2005) notes that CG consists of board oversight, leadership, social and environmental responsibilities. CSRR is considered to be an integral part of CG systems. Ho's (2005) argument provides evidence that CSRR is related to accountability in ensuring good CG within an organization. The impact of CSRR on CG is further illustrated by Rahim (2014), where the author argued that synergies between CSRR and CG provide access to the market through cost savings, productivity, innovations, as well as broader social benefits, such as education and community development. The findings of Rahim (2014) are consistent with Jo and Harjoto (2011) who reported on CSR's influence on CG and argued that CSR activities that deal with internal social and environmental matters also influences the external governance of the organization. This study argues that organizations will adopt CSRR to ensure socially and environmentally responsible business practices which eventually facilitate good governance. This leads to the below hypothesis:

H2e: *There is a positive relationship between total CG and CSRR.*

3.4.8.1 Hypothesis on the Relationship between CSRR and Firm Performance

According to prior studies, some results show a negative link between CSRR and firm performance. For example, Van der Laan et al. (2008) examined social and financial performance. They performed their analysis from 1997 to 2002 in U.S companies through statistical analysis method. They used KLD for rating social responsibility and return on assets for rating profitability. Although they found a reciprocal relationship, their sum up conclusion explained the more negative impact of CSR on firm performance than positive ones. Furthermore, Wright and Ferris (1997) examined the influence of divestment on firm performance of South African business units in South Africa. The researchers organized this study with the sample of 116 divestments which came from reports of companies for 6 years.

In this paper, divestment announcement was the CSR factor and stock return was firm profitability factor through applying capital asset pricing model (CAPM). The finding illustrated there was a negative relationship between those two elements. While there are some studies show a neutral or no relationship such as Aras et al. (2010) who investigated this link in Turkish companies by applying annual reports of 40 companies from 2005 to 2007 with applying regression analysis method, ranking social responsibility through coding to number of the sentences related to CSR in annual reports and content analysis method. They introduced no significant affiliation between economic performance and social responsibility.

Similarly, Mcwilliams and Siegel (2000) compared social responsibility with firm performance, using regression method to estimate the effects for 524 companies which were selected from Domini 400 social index (DSI 400) from 1991 to 1996 in the U.S. Rating of social responsibility was through KLD database for financial performance through accounting–based. The authors found R&D had a positive impact on both corporate social responsibility and firm performance. The result from this study explained the affiliation of social responsibility and economic performance was a mixed result. Van der Laan et al. (2008) explained the relationship between social responsibility and financial performance was reciprocal. This study concluded that organizations reputations for good social responsibility were based on public stakeholders; also, relationships between them depended on the nature of the relationship between stakeholders and firms. However, most of the prior studies found a positive relationship between CSRR and firm performance. Freeman (1984) examined stakeholder approach to strategic management and showed stakeholder management needed to put on in strategic management. They found strategic management illustrated prominent features of stakeholders. In short, they noticed the importance of stakeholders which made a positive conclusion in the relationship between social and financial performance. Based on stakeholders views and their reaction to corporate social responsibility activities, the stronger the perceptions of stakeholders, the stronger association between social performance and financial performance, furthermore; the more firm tries to satisfy its stakeholders, the stronger perception of stakeholder about profitability and social activities.

In the US, Ullmann (1985) made an examination of social performance, CSRR and economic performance via survey method. He explained the neutral relationship of CSR and firm performance with equilibrium in the market, which the costs and the profits of socially responsible conduct would compensate each other. Moreover, he argued that mixed results came from weakness in methods of different studies, with intervening of different variables.

One study in developing country is conducted by Rettab et al. (2009) about comparing social responsibility activities and economic performance of firms. The authors collected data for social responsibility through a survey with a sample of 280 companies in Dubai.

The analysis had done through multiple regression analysis methods. Their results consistency with some researchers who believed there was a positive link between corporate social responsibility and firm performance (McGuire et al., 1988; Waddock and Graves, 1997; Saeidi et al., 2015).

There are many differences in the results of the studies. The methodology of this body of work varies widely among different studies. According to Salzmann et al. (2005) quantitative analyses in this area are based on three different methodologies: portfolio analysis, which compare the performance of constructed model portfolios with a benchmark index, event studies, which assess the impact of good or bad environmental or social incidents on companies share price; multivariate analysis, which examine associations between different measures of CSR and firm performance, also control for the influence of some potential moderating factors. As Jackson and Parsa (2009) stated that the relationship between CSR and firm performance is further complicated by the fact that there is a lack of consensus in the measurement methodologies and tools used to evaluate the link between CSRR and firm performance.

Besides, Darus et al. (2014) made their exploration on CSRR in culturally diverse settings. They utilized with the institutional structures of associations; along these lines impact their CSRR framework. Perceptions on 403 yearly reports, corporate sites, and CSR remain solitary reports of 203 organizations in China, Malaysia, India and the UK bolster the contention. The outcomes demonstrate that in China, both the quality and amount of CSR divulgence increment essentially with the presence of CSR and board committee, where the way of life is one of cooperation, as opposed to independency. The paper additionally showed that administration possessed organizations in Malaysia give CSRR of a quality higher than non-government claimed organizations. A comparable relationship does not make a difference to organizations in different nations. The creators' discoveries portrayed the impact of culture on the CSRR show. Besides, they discovered CSRR in every nation is one of a kind and particular to the institutional foundation of the nations. The discoveries affirm institutional theory by showing that CSRR is standardized.

This study adjusts the viewpoint of positive connection amongst CSRR and firm performance with utilizing of institutional theory which proposes a positive connection between them in light of fulfilling the premiums of different partner gatherings can bring about enhanced efficiency, developing piece of the pie and improved notoriety which is upheld by many investigations, for example, (Freeman, 1984; Ullmann, 1985; Darus et al., 2014). Based on this statement the proposed hypothesis is written below:

H3: *There is a positive relationship between CSRR and firm performance.*

3.4.9 Hypothesis on CSRR as a Mediator

All around composed CG frameworks can adjust directors' impetuses to those of investors. As per Zattoni and Cuomo (2008), the sociological way to deal with institutional theory proposes that people, gatherings, and organizations go after monetary assets, as well as look for social endorsement for the privilege to exist social legitimacy. An expanded sense of duty regarding CSR builds effectiveness and upgrades corporate budgetary performance by decreasing organization costs through a diminishment in data asymmetry among money related stakeholders (Rhodes, 2010).

Freeman (1984) keeps up that managers must comprehend the organizations' justification, the hierarchical procedure used to oversee associations with partners, the arrangement of exchanges that happens among the associations and their partners. Wood (1991) clarifies that, at the individual level, directors are obliged to practice carefulness toward socially dependable results inside each space of CSR. Subsequently, given the developing significance of new institutional theory in late CSR literature, the present examination utilize new institutional theory which is consolidated of legitimacy and institutional speculations, to decide the relationship among CSR, CG, and firm performance. In the present study, it has been argued that CG mechanisms may affect firm performance which is discussed in section 3.4.1 to 3.4.4 forecasts directly. Also, the CG mechanisms have an impact on CSRR directly in section 3.4.5 to section 3.4.8. It has been further argued that CSRR has a positive impact on firm performance in section 3.4.9. It might also be affected indirectly by firm performance. Hence, the current study predicts that CSRR has a mediating effect on the impact of CG mechanism and firm performance, therefore the indirect effect of CSRR on CG is proposed in hypothesis H4a to H4e. The list of sub-hypotheses are as below based on a new institutional theory which contains institutional and legitimacy theories:

H4a: *CSRR mediates the relationship between CEO duality and firm performance.*

H4b: *CSRR mediates the relationship between institutional ownership and firm performance.*

H4c: *CSRR mediates the relationship between gender diversity and firm performance.*

H4d: *CSRR mediates the relationship between foreigner diversity and firm performance.*

H4e: *CSRR mediates the relationship between total CG and firm performance.*

3.4.10 Hypothesis on Country as a Moderator

Although generally, we expect that CSRR mediates the relationship between corporate governance and CSRR through new institutional theory in ASEAN region namely Malaysia, Indonesia, Singapore and The Philippines, it is important to know the effect of this mediation relationship in each of four countries in ASEAN. Ioannou et al. (2014) found that cultural traits play a significant role in explaining CSRR variation across firms. Similarly, from the view of consumer perspectives to corporate responsibility, various researches suggested cultural differences across countries (Szőcs et al., 2016). Culture may be represented by perceptions of loyalty to an ethnic group in which the group is a collection of people who share patterns of normative behaviour and embrace notions of kinship and common origin, however mythical (Harowitz, 1985). It is important to acknowledge that values may differ between groups even within a nation especially when various groups choose to maintain their ethnic identity. ASEAN is a region with multiracial culture. Institutional theory assumes divergence in cultural values within the nation which results in different social structures within which organizations operate and which facilitate or constrain organizational activity (Scott, 2005). Institutional influences may affect the behavior of firms in the form of rules, laws, and sanctions, but also in the form of shared conceptions of social reality (McGuinness & Demirbag, 2012). Accordingly, a large body of international business and management research has distinguished formal from informal institutions (Hearn, 2015). Formal institutions consist of rules and organized structures to guide human and organizational action, such as laws and regulations, whereas informal institutions relate to the normative and cultural-cognitive pressures that guide social behavior (Scott, 2005). Accordingly, in international business and management research, culture is frequently considered an informal institutional element (Peng et al., 2014).

According to Gelfand et al. (2004) the effect of culture in the CSRR model depended on institutional theory in cross-cultural settings is based onbia valuing the needs of a group or a community over the individual. Collectivist cultures, expect people to identify with and work well in groups which protect them in exchange for loyalty and compliance, while in individualist cultures, individual uniqueness and self-determination is valued

(Gorodnichenko and Roland, 2012). CSRR in each country is unique and specific to the institutional background of that countries. Therefore it is important to see the effect of different cultures on CSRR which is a mediator of CG-firm performance relationship. Hypotheses H5a to H5e are formulated below:

H5a: *Country moderates the mediation effect of CSRR in the relationship between CEO duality and firm performance.*

H5b: *Country moderates the mediation effect of CSRR in the relationship between institutional ownership and firm performance.*

H5c: *Country moderates the mediation effect of CSRR in the relationship between gender diversity and firm performance.*

H5d: *Country moderates the mediation effect of CSRR in the relationship between foreigner diversity and firm performance.*

H5e: *Country moderates the mediation effect of CSRR in the relationship between total CG and firm performance.*

3.5 Summary

This chapter reviews the extent of the relationship between CG and firm performance, CG and CSRR, CSRR and firm performance, as well as mediation effect of CSRR and moderated mediation effect of the country through new-institutional theory (combines of legitimacy, institutional theories) and agency theory. A theoretical framework and a number of hypothesis statements have been constructed for the analysis of the relationship between all variables.

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

4.1 Introduction

This chapter presents a detailed explanation of the research design and methodology adopted in this study. Section 4.2 explains the research paradigm employed for this research. Section 4.3 then focuses on the sample selection involved in this thesis. Then, section 4.4 outlines the measurements of all variables including independent, dependent, mediator and moderator variables. Another section which is 4.5, discusses model specification for variables. Next, data cleaning procedure is discuseed in section 4.6 followed by validity and reliability discussion in section 4.7. Moreover, section 4.8 presents estimation method of the relationship between variables. Finally, section 4.9 presents the summary of this chapter.

4.2 Research Paradigm

Quantitative research approach methods are employed within the positivist research paradigm or mainstream paradigm, and qualitative research method is employed within the interpretive paradigm (Cavana et al., 2001). There are some alternative methodology for using quantitative studied such as postpositivism (also called postempiricism) which is a metatheoretical stance that critiques and amends positivism (Alexander and Alexander, 1995). While positivists emphasize independence between the researcher and the researched object, postpositivists accept that theories, background, knowledge and values of the researcher can influence what is observed (Alexander and Alexander, 1995). While positivists emphasize quantitative methods, postpositivists consider both quantitative and qualitative methods to be valid approaches (Moore, 2013). The current study utilized positivist paradigm because the mainstream paradigm tries to find rational explanations to solve problems using the scientific method. Because the underlying philosophical perspective of the mainstream research relies on quantitative data and scientific research approach, it is also known as a positivist paradigm (Baker, 2011). But methodologically, if we are to take seriously the ideational aspects of institutions, we need to move, however slightly, away from strictly positivist research and incorporate interpretivist methods that pay serious attention to the subjective ways in which actors experience institutions (Zilber, 2002). The positivist research involves hypothesis testing that enables researchers to explain and predict a specific situation in the social world by searching for patterns and relationships.

4.3 Data Collection

The current research uses ASEAN countries to study which is a significant area for research since it represents a region where the countries vary in terms of languages, regulatory framework, level of development, population size, standards of living religious affiliation, legal environment, and level of trade (Chappell and Moon, 2005). Its purpose is to accelerate economic growth, social progress and cultural development in this area, and also to improve regional peace and stability through stable respect for justice and the rule of law in the relationship among countries in the region. In 2008, ASEAN Leaders asserts importance to promote corporate social responsibility by including it as part of its strategic objectives. It is important to see how it may influence the level of adaption and disclosure of CSR. In addition, companies reporting their CSR activities based on GRI G3 guideline in GRI database are selected as a sample for ASEAN countries, as the latest guideline available for all companies reports for these countries. The period of the current study is 2011-2013. This period is chosen because the guideline used by companies in this time span was G3 (GRI, 2016). In addition the Blueprint for the ASEAN Socio-Cultural Community received by the ASEAN Leaders in 2008 to advance corporate social duty by including it as a feature of its key destinations. The Blueprint calls for activities to guarantee that corporate social duty is consolidated in the corporate motivation and contributes towards reasonable advancement in the ASEAN region.

When arranging research that use SEM, the sample size is an essential thought to hold up under as a primary concern (Jackson, 2003). While the system does not utilize singular perception, sample size assumes a critical part in the estimation and translation of SEM comes about (Hair et al, 2006). There is universal agreement among researchers that larger samples provide more stable parameter estimates, however, there is no agreement as to what constitutes an adequately large sample size (Raykov and Marcoulides, 2000).

In that capacity, the question of sample size is a deceptively difficult one to answer (Jackson, 2003). Both Darlington and Smulders (2001) and Kline (2005) considered sample sizes under 100 to be untenable in SEM. Likewise, Hoyle (1995) prescribed a sample size of 100-200, Kelloway (1998) suggested 200 perceptions. In an empirical investigation of the impact of sample size on the stability component patterns, Guadagnoli and Velicer (1988) concluded that sample size of 150 observations should be sufficient to obtain an accurate solution. Hutcheson and Sofronion (1999) recommend between 150 and 300 cases, with 150 recommended when there are few highly correlated variables. The sample size of this study is 264 firm-years which falls within these recommendations. Hair et al (2006) caution that sample size is not a clear-cut rule of thumb and sample size may need to be increased if the model suffers from specification error or departures from normality. One may also consider the estimation process chosen, the most common method, ML (Maximum Likelihood) requires a minimum sample size of 100-150, when the sample increases above 400-500 the method becomes too sensitive and almost any difference is detected, as a result almost all goodness of fit tests indicate poor fit (Hair et al., 2006).

Initially to reduce survivorship bias, the sample contains all firms from all industries of four countries which have used GRI guidelines for their CSRR in sustainability reports and annual reports. 447 firms from all industry sectors namely 102 firms from Malaysia, 123 firms from Singapore, 150 firms from Indonesia, and 72 firms from the Philippines reported their CSRR activities in GRI report list database. However, some firms which reported their CSR activities were not listed in the stock exchange and data stream, therefore the number of firms which are used based on their GRI reports, stock exchange and data stream decreased to 264 firm-years in the current study specifically 69 firms from Malaysia, 57 firms from Singapore, 90 firms from Indonesia, and 48 firms from the Philippines. Because of having financial data, CG data from annual reports and CSRR data from GRI, this study uses those firms that have GRI reports, being in a stock exchange and data stream simultaneously. The list of sample firms used in the current study is provided in Appendix A. Table 4.1 summarizes the detailed sampling procedures.

Table 4-1: Sampling Procedure

Sampling Procedures	No. of Firms	No. of Firms in Each Country
Firm-years that are positioned in GRI database from 2011 to 2013	447	102 Malaysia 123 Singapore 150 Indonesia 72 Philippines
Firm-years after matching with stock exchange data stream (Final Sample)	264	69 Malaysia 57 Singapore 90 Indonesia 48 Philippines

Table 4.2 indicates the sample description of companies based on countries. According to the table, the highest percentage is for Indonesia with 34%, followed by Malaysia with 26%, the lowest percentage is for the Philippines with 18%.

Table 4-2: Sample Description of Countries

Country	No.	Percent
Malaysia	69	26.1
Singapore	57	21.6
Indonesia	90	34.1
Philippines	48	18.2
Total	264	100

Table 4.3 presents the distribution of sample firms according to the industry sectors. Industries are chosen 2-Digit SIC (Standards Industrial Classification) codes which are categorized into 11 main sectors of industries. The sample 264 firm-years were analyzed over the three-year period from 2011 to 2013. Majority of firms included in the current study is represented by the finance, insurance and real estate industry (28.4 percent) and transportation and public utilities (18.2 percent), while the least sample of firms come from public administration, wholesale and retail trade.

Table 4-3: Sample Description of Industries

Industry	No. of firms	Percent
Agriculture, Foresty, & Fishing	9	3.4
Mining	27	10.2
Construction	12	4.5
Manufacturing	45	17.0
Transportation & Public Utilities	48	18.2
Wholesale Trade	6	2.3
Retail Trade	6	2.3
Finance, Insurance & real estate	75	28.4
Services	33	12.5
Public Administration	3	1.1
Total	264	100

The current study includes firms with a wide type of industries. This is based on the view of GRI guideline which reports CSR for all firms regardless of types of industries. The inclusion of the wide range of industries in this research enables the researcher to make a better conclusion about findings of CSRR in ASEAN countries across different industries. The dataset used in the current study includes a three-year- period of data (2011 to 2013). This period is chosen because the guideline used by companies in this time span was G3, and the latest available for all companies GRI data in ASEAN countries is G3. In comparison with several CSRR types of research that focused on few industries such as financial and non-financial, sample of the current study includes all types of industries based on SIC codes. Othman et al. (2011) inspected organizations in some touchy ventures, characterized under the delicate business, firms in the modern item, property, and manor enterprises are more presented to high danger of negatively affecting the earth.

By examining the CSRR for the implementation of GRI (G3) guideline from 2011 to 2013 in ASEAN region, the current study may capture the trend of CSRR during mandatory and voluntary periods for different countries, for example, CSRR is mandatory in Malaysia and Indonesia but it is voluntary in Singapore and the Philippines.

4.4 Measurement of Research Variables

This segment characterizes every factor utilized as a part of the present examination. By and large, there are five classes of factors utilized free (CEO duality, institutional ownership, gender diversity, foreigner diversity, total CG); moderating (country); mediating (CSRR); control (CEO age, firm size, R&D expenditure, sales growth, risk, leverage); and dependent (firm performance (ROA, Tobin’s Q)). Table 4.4 presents a rundown of the estimation of the applicable factors utilized as a part of the present investigation. Discussion on the measurement of the independent variables, moderator, mediator, control and the dependent variable is provided in section 4.4.1 to 4.4.5.

Table 4-4: Measurement of Variables

Variables	Acronym	Definitions	Reference
Dependent variable			
Return On Asset	ROA	Net income before tax and interests divided by total assets.	(Van Del Laan et al., 2008)
Tobin's Q	TQ	The book value of assets minus book value of equity plus the market value of equity divided by book value of assets.	(Rossi Jr, 2009)
Independent variables			
CEO Duality	DUAL	Binary codes, taking value of 1 if it is presented in annual report, taking value of 0 if it is not presented in annual report	(Abor and Fiador, 2013)
Institutional Ownership	OWN	Percentage of stakes held by the largest shareholders	(Berrone et al., 2010)
Gender Diversity	GEN	Percentage of females in the board of directors to total number of board of directors	(Barako and Brown, 2008)
Foreigner Diversity	FOREIGN	Percentage of foreigners on the board of directors to total number of board of directors	(Barako and Brown, 2008)
Total Corporate Governance	CG	Composite measure of CEO duality, institutional ownership, gender foreigner diversity	(Gompers et al., 2003)
Control variables			
CEO age	AGE	Age of companies' CEO	(Hambrick et al., 2008)
Risk of Company	RISK	Long-term debt divided by total assets.	(Waddock and Graves, 1997)
Leverage	LEV	Total debts to total assets.	(Waddock and Graves, 1997)
Research and Development	R&D	Research and Development expenditure divided by total assets.	(Jo and Harjoto, 2012)
Firm Size	SIZE	Natural logarithm of annual sales	(Waddock and Graves, 1997)
Sales growth	GROWTH	Percentage of current year's sales minus previous year's sales to previous sales	(Judge et al., 2008)
Mediator variables			
Corporate Social Responsibility Reporting	CSRR	Content analysis of annual reports based on GRI application level	(Brown et al., 2009; Sierra et al., 2013)
Moderator variables			
Country	COUNT	Taking the value of 1 for Malaysia, 2 for Singapore, 3 for Indonesia, 4 for the Philippines.	(Jeffrey et al., 2004)

4.4.1 Measurement of Independent Variables

CG mechanism is involved as independent variables in the present study. Three of which namely CEO duality, gender diversity, foreigner diversity represent the internal CG mechanism and institutional ownership shows external CG mechanism. The CEO duality idea is utilized as a part of deciding if CEO and Chairman Parts are performed by various people. In the event that CEO and director capacities are performed by the same individual, at that point there is a CEO Chairman duality. Chief duality is measured by binary codes, taking an estimation of 1 on the off chance that it is exhibited in yearly report, taking an estimation of 0 if is it not introduced in the yearly report.

Gender diversity represents the number of women on the board of directors, which is calculated through the number of women in the board divided by a total number of board members. Foreigner diversity is related to a number of a foreigner in the board of directors which is measured through the number of foreigners divided by total number of board members. Institutional ownership is an external mechanism of CG which is measured through the proportion of stakes held by the largest shareholder (Gomez et al., 2003), and total CG in this study is composite measures of CEO duality, institutional ownership, and gender and foreigner diversity. Meaning that giving a value of 0 to 1 for CEO duality, institutional ownership, gender, and foreigner. total CG can have maximum value of 4, and minimum value of 0. The aim of doing that for total CG in this study is to consider CG as only one variable to examine mediator (CSRR) and moderator (country).

4.4.2 Measurement of Mediator Variable (CSRR)

CSRR as proxy of CSR is utilized as an independent variable and mediator in the flow investigate. There are two techniques to measure CSRR in the annual reports, quantity of CSRR and quality of CSRR.

- *Quantity of CSRR*

It refers to the volume, amount or extent of CSRR (Joseph and Taplin, 2011; Hooks and Van Staden, 2011). Previous studies documented a number of different method in order to measure the quantity of CSRR such as pages (Gray et al., 1995a; Pratten and Machaut, 2009); lines(Trotman and Bradley, 1981); sentences(De Villiers and van Staden, 2011), and words(Deegan and Rankin, 1996; Haniffa and Cooke, 2006, Othman et al., 2011).

Using of work for the quantity of CSRR tends to complicate reliability, as the word alone is meaningless without referring to the sentences and its context. Therefore, Milne and Adler (1999) concluded that using of sentences is the more reliable basis for both measurement and coding. According to the authors, coding refers to the process of recognizing a sentence as a CSR-related sentence or not, whereas measurement includes the process of counting the code sentence the form of CSR-related sentence.

- *Quality of CSRR*

It refers to the quality of reporting made on a particular CSRR item listed in a CSRR index (Joseph and Taplin, 2011). It also captures the variety of CSRR disclosed by firms (Haniffa and Cooke, 2005). This measurement is based on a CSRR index which contains the process of recognizing the presence of CSR-related information through both dichotomous (Haniffa and Cooke, 2005), and weighted scoring methods (Hughes et al., 2001; Hooks and Van Staden, 2011). Based on the above discussion, one way to analyze CSR activities is through content analysis of annual reports. The present study uses content analysis for CSR through CSRR index based on the GRI guidelines. Moreover, using content analysis on annual report is consistent with previous literature (e.g. Gray et al., 1995; Ullmann, 1985; De Villiers and Alex, 2014).

Under dichotomous scoring technique, scientists apply an equivalent weight or underweighted scoring strategy in distinguishing the nearness of CSR-related data unveiled by firms. The utilization of un-weighted scoring technique is less difficult and less dubious contrasted and the weighted scoring strategy (Freedman and Jaggi, 2005). The impediment of the dichotomous scoring technique lies in its failure to the levels of accentuation given to a specific CSRR's.

Following that, few specialists have endeavored to refine unweight scoring technique by allotting scores for the CSRR thing unveiled, for example; (Al-Tuwaijri et al., 2004) and between 0 and 4 (Hooks and Van Staden, 2011). This strategy is known as the weighted scoring technique, depending on this technique, a higher score given for a specific CSRR thing demonstrates the more significant level of quality set by firms on that CSRR thing in connection to other CSRR things (Freedman and Jaggi, 2005). A higher score for a particular CSRR thing likewise indicates better nature of CSRR uncovered by firms. The current study utilized the weight scoring method to look at the quality of CSRR disclosed by firms in ASEAN countries. The decision to choose the weight scoring method is grounded upon the advantages of this method that mentioned above and GRI guideline.

GRI guidelines are for voluntary use by organizations for reporting on the economic, environmental and social dimensions of their activities, products, and services (GRI, 2002). In spite of the fact that there are pundits for utilizing GRI rule (Skouloudis et al., 2009), its comparability and the conceptual approach used makes the GRI database extensible when used for research (Brown et al., 2009; Sierra et al., 2013). The GRI discharged the primary list in 2000, which was consequently modified in 2002 (G2), 2006 (G3), 2011 (G3.1), and the most recent variant (G4) in May 2013 at the Global Conference on Sustainability Reporting (GRI, 2016). Data collection for the current study refers to companies that issue CSRR registered in the GRI between 2011 and 2013, during this period, the guidelines used by companies were G3 and G3.1. CSR index in the present study is estimated by the weighted scoring method. This method is used because of its ability to indicate the level of emphasis given to a particular CSRR through G3. The value of CSRR used in present research is based on content analysis of annual report standards. The present study uses global responsible initiative (GRI) guideline for CSRR content analysis.

GRI groups' reports as application level A, B, or C, contingent upon the specific arrangement of rules' exposures and the quantity of pointers utilized by the announcing association. Application levels speak to the degree to which the rules have been utilized as a part of an association's report by distinguishing what set and what number of revelations have been tended to. Application level C is usually used by an organization submitting its first report. It does not require disclosures on management approach but does require reporting on at least ten performance indicators with at least one indicator from economic, social, and environmental. For level B, the organization must meet level C requirements, plus report on at least ten more performance indicators with at least one from labor, society, and product responsibility, plus address the Management Approach Disclosures for each indicator category, and sector supplements if applicable. These disclosures describe the management approach to each category of performance indicators that must include goals and performance plus organization-wide policy that define the organization's overall commitment to each of the categories (GRI, 2013). For level A, the organization must address each performance G3 indicator plus sector supplement indicators, if applicable, although an explanation of why an indicator cannot be reported on is acceptable (GRI, 2013). Each application level is scored between 1 and 3 points, following the structure and rationale of previous scoring systems. For application-level C point 1, application level B point 2, and for application level A point 3 is applied.

There are four Profile disclosures: Profile 1 is strategy and analysis, Profile 2 is the organizational profile, Profile 3 is report parameters, Profile 4 is governance. Point 1 does not require as much sustained research, planning, or results, for the profiles as do points 2, 3 and 4. For example, for Profile 1, strategy and analysis, point 1 requires only a statement from the most senior decision-maker of the organization (e.g. CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy, if any, but other points require that plus a description of key impacts, risks, opportunities (GRI, 2013). Point 1, 2, and 3 are scored based on the extension of their description. The base content in such a case is set in four general categories of environmental and social performance namely, environment, labor practices, human rights, and product responsibility. However, a list of sustainability indicators derived from GRI G3 is presented in Appendix B.

4.4.3 Measurement of Control Variables

Statistical predictions may regularly be enhanced by the utilization of more than one independent factor (Van Staden, 1998). There are some different factors that can influence the connection between CG and firm performance, in this manner these factors ought to be controlled in the examination. Six control variables included in the research model.

- Firm size

Firm size is established as an important factor to affect firm performance, for instance, Miceli et al. (1991) indicated that there is a positive relationship between firm size and firm performance. Different studies use different variables to measure size; number of employees for size of firm (Mohamed and Janggu, 2006), total assets, total sales and number of employees (Waddock and Graves, 1997), natural logarithm of the number of employer (Van der Laan et al., 2008) as well as natural logarithm of annual sales (Inoue and Lee, 2011; Mueller, 1987; Galbreath 2013). The current research uses the natural log of firm assets to measure firm size (Waddock and Graves, 1997) due to the fact that firms that are larger, older, with higher returns on assets may have more resource available to invest in stakeholder welfare, therefore, may have higher firm performance.

- Risk

Risk of the company is used to control the relationship between social behaviors and profitability (Waddock and Graves, 1997). There are some investigations which contended risk has a key role in controlling the relationship with firm performance, because increase in the debt level of company decrease business risk based on principles of agents reasoning. Waddock and Graves (1997) depicted risk as long-term debt to total assets, contended risk level was essential since the expanded resistance of administration about hazard which prompted exercises to manufacture or crush condition, reusing or squander lessening, and maintaining a strategic distance from air contamination. Aras et al. (2010) utilized hazard as a control variable, as a proportion of obligation to add up to resources. A few scientists utilized hazard as a control variable with applying on beta (McGuire et al., 1988; Galbreath, 2013). Roberts (1992) applied systematic risk in his study and contended that companies with a low level of systematic risk were more powerful in commitment and disclosure of social responsibility activities. Measuring risk in this study is conducted by long-term debt divided by total assets (Waddock and Graves, 1997). The reason to choose risk through measuring long-term debts is due to the fact that higher debt causes higher risk and may affect the degree of alignment between managers' incentives and shareholders' interests.

- Leverage

Leverage is portrayed as the ability of organizations to face financial obligations which is critical which it controls the difference in firm capital structure (Inoue and Lee, 2011). Although leverage impacts capital structure, the relationship with firm profitability is ambiguous. Since there are tax shields in relation to payments, the impact will be positive. If leverage causes rising in the payment of bankruptcy cost, the relationship will be negative, so many literatures used leverage as a control variable for the cooperation of corporate social behaviors and firm profitability. Inoue and Lee (2011) used leverage as total debts divided by total assets; Rossi (2009) defined leverage in their study as total debts divided by total equity. Van der Laan et al. (2008) used leverage as total debts to total equity and argued if a firm had more debts, receiving a return of investors might not increase, and then return on equity would decrease. Leverage is described as the ability of companies to face financial obligations which is important since it controls the difference in firm capital structure and be defined as total debts to equity It is because high indebtedness may lead to significant financial limitations and that influences firm performance negatively (Waddock and Graves, 1997).

- Sales Growth

There are some investigations which asserted sales growth has a key role in controlling the relationship between firm performance and corporate governance in different ways of descriptions. According to Black et al. (2015), sales growth is calculated through geometric average sales growth rate during the past fiscal years, if fiscal year changes, only keeping years which cover full 12 months. Following the literature (Linck et al., 2008), sales growth is commonly used as a proxy for information asymmetry/monitoring costs. The current study defines sales growth as a percentage of current year's sales minus previous year's sale to previous year's sales since firms that are larger, older, with higher returns on assets or sales growth may have more resource available to invest in stakeholder welfare; (Judge et al., 2008).

- Research and Development (R&D)

This factor is used in many studies in order to control effectiveness of innovation and reputation in firms. Research and development is a form of capital investing. Technical capital is related to increasing knowledge about innovative products. Therefore, research and development are related to firm performance (McWilliams and Siegel, 2000). There are different findings on the relationship between R&D and CSRR. Most researchers argued that there was a positive association between R&D and CSRR. They argued that companies with high activity in corporate social behaviors had high quality in their products and high reputation, consequently they had high innovation (Aras et al., 2010; McWilliams and Siegel, 2000). Aras et al. (2010) used R&D intensity as a control variable by dividing research and development expenditure to net sales. McWilliams and Siegel (2000) used a rated of organizations level investment for measuring research and development as a control variable. R&D is described as research and development expenditure divided by net sales or revenues. R&D development is a percentage of research and development expenditure/expense to total assets (Jo and Harjoto, 2012). A reasonable argument can be made for its association with stakeholder welfare and finally firm performance. firms with higher R&D, advertising, or capital expenditures might rely more on reputation and human capital and invest more in stakeholder welfare; insider ownership and governance strength may affect the degree of alignment between managers' incentives and shareholders' interests as well as stakeholders' bargaining power, which might also affect firm performance.

- CEO's Age

CEO age has been shown to be significant in determining CEO power, which is an important predictor of a CEO's owning responsibility for strategic change, especially in a high discretion environment (Finkelstein and Hambrick, 1990; Hambrick et al., 1993). The relationship between age and firm profitability is depended on firm size. In fact, there can be a positive link among younger CEOs in small firms and a negative relation among older CEOs in large firms. Gibbons and Murphy (1992) argued that when a CEO is about to retirenment age, firms should reinforce the incentive compensation contracts to offset the decline of career concerns. Indeed, younger CEOs have more wealth concerns and demonstrate better performance in comparison with older CEOs, therefore along with CEO aging process, firm performance declines which is calculated through age of companies' CEO (Hambrick et al., 1993).

4.4.4 Measurement of Moderator (Country)

James and Brett (1984) instituted the term moderated mediation models which endeavor to clarify both how and when a given impact happens. Formally, moderated mediation happens when the quality of a backhanded impact relies upon the level of some factor, or at the end of the day when intervention relations are dependent upon the level of a moderator. In this term, the country is considered as a directed intervention variable to think about nations contrasts in the connection between CG mechanism and firm execution within the sight of CSRR as an interceding variable. The country is a categorical variable, consequently the estimation of this variable depends on four ASEAN countries by assigning a number to every country starts from 1 and end with 4, particularly; 1 for Malaysia, 2 for Singapore, 3 for Indonesia, and 4 for the Philippines.

4.4.5 Measurement of Dependent Variables

There is no broad concurrence on the estimation of financial performance (Cochran and Wood, 1984). Be that as it may, most estimations of financial performance address two classes to be specific accounting based and market-based estimations. The two measures concentrate on various components of CG, and CSRR. The accounting based measures feature the organization's recorded estimation of accounting profitability. This technique can be one-sided because of the distinctions in the accounting system and managerial control (Scholtens, 2008). Market-based measures are less powerless against accounting system and managerial manipulation since they allude to financial specialist's assessments and desires of CG and CSRR. In any case, advertise based measures have a few restrictions, for example, it won't speaking to reasonable evaluation from financial specialists, when information is asymmetric.

Despite the fact that there is still a difference on the estimation, the flow explore utilizes two distinct measures, ROA (return on assets) and Tobin's Q. To start with return on assets (ROA) is a short-run benefit and accounting estimation which is a generally utilized instrument of firm execution. In exhibit contemplate, return on assets (ROA) is utilized which is portrayed as net income before interests and taxes divided by total assets as an accounting base measurement (Van der Laan et al., 2008). Return on assets knows managemeonmycnt proficiency in utilizing resources with a specific end goal to make winning and increment it. Second, Tobin's Q is a long-run benefit and market base estimation a few scientists utilized firm execution on long keep running by measurements of CSR (Rossi Jr, 2009) which reflects unstructured and unpredictable firm execution superior to ROA (García-Meca et al., 2015). In this exploration, Tobin's Q is utilized as an intermediary between firms' an incentive on long-run, which is depicted as firms' fairly estimated worth to book estimation of benefits, while advertise estimation of firm is portrays as (book value of assets) – (book value of equity) + (market value of equity).

Tobin's Q ratio contends the joined market estimation of the considerable number of associations on the share trading system ought to be around equivalent to their replacement costs.

4.5 Model Specification for CG, CSRR and Firm Performance

After the conceptual framework is constructed and the hypotheses are presented, the next step is to construct the models for hypothesis testing procedures. Five multiple regression models are used to depict the direct relationship between variables. In addition, because mediation or an indirect effect is said to occur when the causal effect of an independent variable (X) on a dependent variable (Y) is transmitted by a mediator (M) (Preacher et.al., 2007), In other words, X directly affects Y indirectly affects Y through, indirect regression relationship is constructed to show the mediation role in two models. Lastly, two models are performed to examine the strength of the country as moderator to see the effect of mediation role of CSRR in the association between CG and firm performance for each of four sample countries. Summary of all models is presented in Table 4.5.

Table 4-5: Summary of Models

Research Models									
	Model1	Model2	Model 3	Model4	Model5	Model6	Model7	Model8	Model 9
IV	1.Ceo duality, 2.ownership 3.Gender diversity, 4.foreigner diversity	Total CG	1.Ceo duality, 2.ownership 3.Gender diversity, 4.foreigner diversity	Total CG	CSRR	1.Ceo duality, 2 ownership, 3.Gender diversity, 4.foreigner diversity	Total CG	1.Ceo duality, 2ownership, 3.Gender diversity, 4.foreigner diversity	Total CG
DV	FP	FP	CSRR	CSRR	FP	FP	FP	FP	FP
Controls	1.risk 2.R&D 3. firm size 4. Leverage 5. sales growth 6. CEO age	1.risk 2.R&D 3. firm size 4. Leverage 5. sales growth 6. CEO age	1.risk 2.R&D 3. firm size 4. Leverage 5. sales growth 6. CEO age	1.risk 2.R&D 3. firm size 4. Leverage 5. sales growth 6. CEO age	1.risk 2.R&D 3. firm size 4. Leverage 5. sales growth 6. CEO age	1.risk 2.R&D 3. firm size 4. Leverage 5. sales growth 6. CEO age	1.risk 2.R&D 3. firm size 4. Leverage 5. sales growth 6. CEO age	1.risk 2.R&D 3. firm size 4. Leverage 5. sales growth 6. CEO age	1.risk 2.R&D 3. firm size 4. Leverage 5. sales growth 6. CEO age
Mediator (CSRR)	no	no	no	no	no	yes	yes	yes	yes
Moderator (Country)	no	no	no	no	no	no	no	yes	yes

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. FP= firm performance which contains both ROA and Tobin's Q, total CG= total corporate governance.

4.5.1 Model 1(Relationship between CG Mechanism and Firm Performance)

In this Model, a multiple regression is constructed to test the link between CG mechanism and firm performance. Two alternatives dependent variable are used as measures short-term and long-term firm performance, therefore in this study model1a is examined for ROA and model1b is examined for Tobin's Q. Four independent variables as determinants of internal and external CG and six control variables are used to estimate the following regression equation model, Table 4.6 depicts the measurement of variable for Model1.

$$FP = \beta 0 + \beta 1DUALjt + \beta 2OWNjt + \beta 3GENjt + \beta 4FOREIGNjt + \beta 5AGEjt$$
$$+ \beta 6RISKjt + \beta 7LEVjt + \beta 8R\&Djt + \beta 10GROWTHjt + \varepsilon jt \quad (1)$$

Table 4-6: Measurement of Model 1

Variable	Measurement
FP	two alternatives of firm performance presented by ROA and Tobin's Q
DUAl	binary codes, taking the value of 1 if it is presented in the annual report, taking the value of 0 if it is not presented in the annual report of company j at period t
OWN	the proportion of stakes held by the largest of company j at period t
GEN	number of females on the board of directors to total number of board of directors of company j at period t
FOREIGN	number of foreigners in the board of directors to the total number of board of directors of company j at period t
AGE	age of companies' CEO of company j at period t
RISK	long-term debt divided by total assets of company j at period t
LEV	total debts to total assets of company j at period t
R&D	research and development expenditure divided by total assets of company j at period t
SIZE	natural logarithm of the annual sales Natural logarithm of annual sales of company j at period t
GROWTH	percentage of current year's sales minus previous year's sales to previous sales of company j at period t
Ɛjt	the error term

4.5.2 Model 2(Relationship between Total CG and Firm Performance)

This Model is constructed to examine the link between CG and firm performance. Two alternatives dependent variable are used as measures short-term and long-term firm performance, therefore; in this study, Model2a is examined for ROA and model2b is examined for Tobin's Q. One independent variable as a composite of CG mechanism and six control variables are used to estimate the following regression equation model, Table 4.7 depicts the measurement of the variable for Model2.

$$FP = \beta 0 + \beta 1CGjt + \beta 2AGEjt + \beta 3RISKjt + \beta 4LEVjt + \beta 5R\&Djt + \beta 6SIZEjt + \beta 7GROWTHjt + \varepsilon jt \qquad (2)$$

Table 4-7: Measurement of Model 2

Variable	Measurement
FP	two alternatives of firm performance presented by ROA and Tobin's Q
CG	a composite measure of CEO duality, institutional ownership, gender foreigner diversity of company j at period t
AGE	age of companies' CEO of company j at period t
jt	long-term debt divided by total assets of company j at period t
LEV	total debts to total assets of company j at period t
R&D	research and development expenditure divided by total assets of company j at period t
SIZE	natural logarithm of the annual sales Natural logarithm of annual sales of company j at period t
GROWTH	percentage of current year's sales minus previous year's sales to previous sales of company j at period t
Ɛjt	the error term

4.5.3 Model 3(Relationship between CG Mechanism and CSRR)

This Model is constructed to examine the link between CG mechanism and CSRR. One dependent variable, four independent variables, and six control variables are used to estimate the following regression equation model, Table 4.8 depicts the measurement of the variable for Model3.

$$CSRR = \beta 0 + \beta 1DUALjt + \beta 2OWNjt + \beta 3GENjt + \beta 4FOREIGNjt + \beta 5AGEjt + \beta 6RISKjt + \beta 7LEVjt + \beta 8R\&DJT + \beta 9SIZEjt + \beta 10GROWTHjt + \varepsilon jt \quad (1)$$

Table 4-8: Measurement of Model 3

Variable	Measurement
CSRR	content analysis of annual reports based on GRI application level of company j at period t
DUAl	binary codes, taking the value of 1 if it is presented in the annual report, taking the value of 0 if it is not presented in the annual report of company j at period t
OWN	the proportion of stakes held by the largest of company j at period t
GEN	number of females on the board of directors to total number of board of directors of company j at period t
FOREIGN	number of foreigners on the board of directors to the total number of board of directors of company j at period t
AGE	age of companies' CEO of company j at period t
RISK	long-term debt divided by total assets of company j at period t
LEV	total debts to total assets of company j at period t
R&D	research and development expenditure divided by total assets of company j at period t
SIZE	natural logarithm of the annual sales Natural logarithm of annual sales of company j at period t
GROWTH	percentage of current year's sales minus previous year's sales to previous sales of company j at period t
Ɛjt	the error term

4.5.4 Model 4(Relationship between Total CG and CSRR)

This Model is constructed to examine the link between total CG and CSRR. One dependent variable, one independent variable as a composite of CG mechanism and six control variables are used to estimate the following regression equation model:

$$CSRR = \beta 0 + \beta 1CGjt + \beta 2AGRjt + \beta 3RISKjt + \beta 4LEVjt + \beta 5R\&Djt + \beta 6SIZEjt + \beta 7GROWTHjt + \varepsilon jt \quad (1)$$

Table 4-9: Measurement of Model 4

Variable	Measurement
CSRR	content analysis of annual reports based on GRI application level of company j at period t
CG	a composite measure of CEO duality, institutional ownership, gender foreigner diversity of company j at period t
AGE	age of companies' CEO of company j at period t
RISK	long-term debt divided by total assets of company j at period t
LEV	total debts to total assets of company j at period t
R&D	research and development expenditure divided by total assets of company j at period t
SIZE	natural logarithm of the annual sales Natural logarithm of annual sales of company j at period t
GROWTH	percentage of current year's sales minus previous year's sales to previous sales of company j at period t
Ɛjt	the error term

4.5.5 Model 5 (Relationship CSRR and Firm Performance)

This Model is constructed to examine the link between CSRR and firm performance. Two alternatives dependent variable are used as measures short-term and long-term firm performance. Therefore in this study model5a is examined for ROA and model5b is examined for Tobin's Q. One independent variable and six control variables are used to estimate the following regression equation model:

$$FP = \beta 0 + \beta 1CSRRjt + \beta 2AGEjt + \beta 3RISKjt + \beta 4LEVjt + \beta 5R\&Djt + \beta 6SIZEjt + \beta 7GROWTHjt + \varepsilon jt \qquad (1)$$

Table 4-10: Measurement of Model 5

Variable	Measurement
FP	two alternatives of firm performance presented by ROA and Tobin's Q
CSRR	content analysis of annual reports based on GRI application level of company j at period t
AGE	age of companies' CEO of company j at period t
RISK	long-term debt divided by total assets of company j at period t
LEV	total debts to total assets of company j at period t
R&D	research and development expenditure divided by total assets of company j at period t
SIZE	natural logarithm of the annual sales Natural logarithm of annual sales of company j at period t
GROWTH	percentage of current year's sales minus previous year's sales to previous sales of company j at period t
Ɛjt	the error term

4.5.6 Model 6 (Relationship between CG Mechanism and Firm Performance with Mediator of CSRR)

This Model is constructed to examine the link between CG mechanism and firm performance through path analysis and SEM for mediation analysis of CSRR. Figure 4.1 shows a path diagram for the causal relationships between the four independent variables (X1, X2, X3, X4) as CG mechanism (Xi), the dependent variable (Yi) and CSRR (Zi). Two alternatives dependent variable are used as measures short-term and long-term firm performance and six control variables are used to estimate the structural equation model. Therefore in this study Model6a is examined for ROA and Model6b is examined for Tobin's Q. The SEM for this mediation Model for the ith subject ($1 \leq I \leq n$) is given by:

$$zi = \beta 0 + \beta xzxi + \varepsilon zi \quad (1)$$

$$yi = \gamma 0 + \gamma zyzi + \gamma xyxi + \varepsilon yi \quad (2)$$

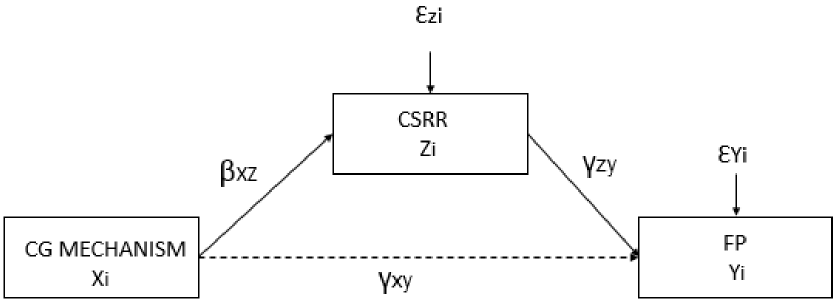

Figure 4-1: Pathway of Mediation Process for Model 6

Multivariate ordinariness is accepted for the blunder terms; this is a fundamental basic state of the meaning of immediate, circuitous and adds up to impacts. Note that the two basic conditions are connected together and derivation about them is concurrent, not at all like two autonomous models relapse conditions.

The immediate impact is the pathway from the exogenous variable to the result while controlling for the middle person. Consequently, in our way graph, γxy is an indirect effect. Indirect effect depicts the pathway from the exogenous variable to the result through the middle person. This way is spoken to through the result of βxz and γzy. At last, the total effect is the entirety of the direct and indirect impacts of the exogenous variable on the result, γxy + βxzγzy. Therefore:

CSRR is a dependent variable and explained by CEO duality, and control variables.

$$
\begin{aligned}
CSRRjt = \beta 0 + \beta DUALjt \times CSRRjtDUALjt + \beta AGEjt \times CSRRjtAGEjt + \beta RISKjtjt \\
\times CSRRjtRISKjt + \beta LEVjt \times CSRRjtLEVjt + \beta R\&Djt \\
\times CSRRjtR\&Djt + \beta SIZEjt \times CSRRjtSIZEjt + \beta GROWTHjt \\
\times CSRRjtGROWTHjt + \varepsilon CSRRjt \qquad (1)
\end{aligned}
$$

FP is a dependent variable and explained by CSRR equation explained above, CEO duality, and control variables.

$$FPjt = \gamma 0 + \gamma CSRRjt \times FPjtCSRRjt + \gamma DUALjt \times FPjtDUALjt + \gamma AGEjt \times FPjtAAGEjt + \gamma RISKjt \times FPjtRISKjt + \gamma LEVjt + FPjtLEVjt + \gamma R\&Djt \times FPjtR\&Djt + \gamma SIZEjt \times FPjtSIZEjt + \gamma GROWTHjt \times FPjtGROWTHjt + \varepsilon FPjt \quad (2)$$

CSRR is a dependent variable and explained by institutional ownership, and control variables.

$$CSRRjt = \beta 0 + \beta OWNjt \times CSRRjtOWNjt + \beta AGEjt \times CSRRjtAGEjt + \beta RISKjtjt \times CSRRjtRISKjt + \beta LEVjt \times CSRRjtLEVjt + \beta R\&Djt \times CSRRjtR\&Djt + \beta SIZEjt \times CSRRjtSIZEjt + \beta GROWTHjt \times CSRRjtGROWTHjt + \varepsilon CSRRjt \quad (3)$$

FP is a dependent variable and explained by CSRR equation explained above, institutional owenership, and control variables.

$$FPjt = \gamma 0 + \gamma CSRRjt \times FPjtCSRRjt + \gamma OWNjt \times FPjtOWNjt + \gamma AGEjt \times FPjtAAGEjt + \gamma RISKjt \times FPjtRISKjt + \gamma LEVjt + FPjtLEVjt + \gamma R\&Djt \times FPjtR\&Djt + \gamma SIZEjt \times FPjtSIZEjt + \gamma GROWTHjt \times FPjtGROWTHjt + \varepsilon FPjt \quad (4)$$

CSRR is a dependent variable and explained by gender diversity, and control variables.

$$CSRRjt = \beta 0 + \beta GENjt \times CSRRjtGENjt + \beta AGEjt \times CSRRjtAGEjt + \beta RISKjtjt \times CSRRjtRISKjt + \beta LEVjt \times CSRRjtLEVjt + \beta R\&Djt \times CSRRjtR\&Djt + \beta SIZEjt \times CSRRjtSIZEjt + \beta GROWTHjt \times CSRRjtGROWTHjt + \varepsilon CSRRjt \quad (5)$$

FP is a dependent variable and explained by CSRR equation explained above, gender diversity, and control variables.

$$FPjt = \gamma 0 + \gamma CSRRjt \times FPjtCSRRjt + \gamma GENjt \times FPjtGENjt + \gamma AGEjt \times FPjtAAGEjt + \gamma RISKjt \times FPjtRISKjt + \gamma LEVjt + FPjtLEVjt + \gamma R\&Djt \times FPjtR\&Djt + \gamma SIZEjt \times FPjtSIZEjt + \gamma GROWTHjt \times FPjtGROWTHjt + \varepsilon FPjt \quad (6)$$

CSRR is a dependent variable and explained by foreinger diversity, and control variables.

$$CSRRjt = \beta 0 + \beta FOREIGNjt \times CSRRjtFOREIGNjt + \beta AGEjt \times CSRRjtAGEjt + \beta RISKjtjt \times CSRRjtRISKjt + \beta LEVjt \times CSRRjtLEVjt + \beta R\&Djt \times CSRRjtR\&Djt + \beta SIZEjt \times CSRRjtSIZEjt + \beta GROWTHjt \times CSRRjtGROWTHjt + \varepsilon CSRRjt \quad (7)$$

FP is a dependent variable and explained by CSRR equation explained above, foreigner diversity, and control variables.

$$FPjt = \gamma 0 + \gamma CSRRjt \times FPjtCSRRjt + \gamma FOREIGNjt \times FPjtFOREIGNjt + \gamma AGEjt \times FPjtAAGEjt + \gamma RISKjt \times FPjtRISKjt + \gamma LEVjt + FPjtLEVjt + \gamma R\&Djt \times FPjtR\&Djt + \gamma SIZEjt \times FPjtSIZEjt + \gamma GROWTHjt \times FPjtGROWTHjt + \varepsilon FPjt \quad (8)$$

Table 4-11: Measurement of Model 6-9

Variable	Measurement
CSRR	content analysis of annual reports based on GRI application level of company j at period t
FP	two alternatives of firm performance presented by ROA and Tobin's Q
DUAl	binary codes, taking the value of 1 if it is presented in the annual report, taking the value of 0 if it is not presented in the annual report of company j at period t
OWN	the proportion of stakes held by the largest of company j at period t
GEN	number of females on the board of directors to total number of board of directors of company j at period t
FOREIGN	number of foreigners on the board of directors to the total number of board of directors of company j at period t
CG	a composite measure of CEO duality, institutional ownership, gender foreigner diversity of company j at period t
AGE	age of companies' CEO of company j at period t
RISK	long-term debt divided by total assets of company j at period t
LEV	total debts to total assets of company j at period t
R&D	research and development expenditure divided by total assets of company j at period t
SIZE	natural logarithm of the annual sales Natural logarithm of annual sales of company j at period t
GROWTH	percentage of current year's sales minus previous year's sales to previous sales of company j at period t
Ɛjt	the error term

4.5.7 Model 7(Relationship between Total CG and Firm Performance with Mediator of CSRR)

This Model is constructed to examine the link between total CG and firm performance through path analysis and SEM for mediation analysis of CSRR. Figure 4.2 shows a path diagram for the causal relationships between one independent variable (Xi), dependent variable (Yi) and CSRR (Zi). Two alternatives dependent variable are used as measures short-term and long-term firm performance and six control variables are used to estimate the structural equation Model. Therefore in this study Model7a is examined for ROA and model7b is examined for Tobin's Q. The SEM for this mediation Model for the ith subject ($1 \leq I \leq n$) is given by:

$$zi = \beta xzxi + \varepsilon zi \qquad (1)$$

$$yi = \gamma 0 + \gamma zyzi + \gamma xyxi + \varepsilon yi \qquad (2)$$

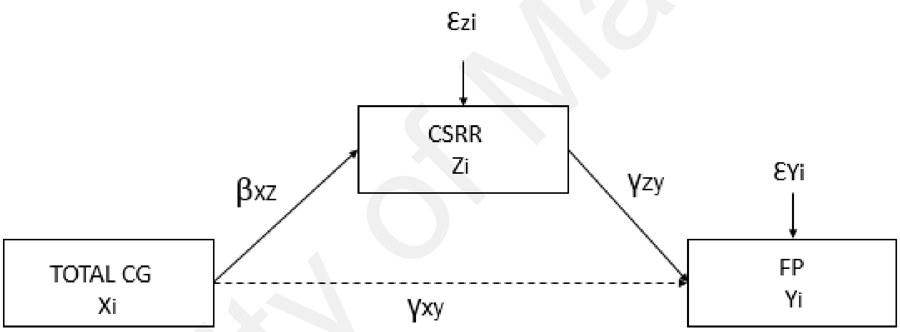

Figure 4-2: Pathway of Mediation Process for Model 7

We expect the error terms (εzi, εyi) are uncorrelated, a vital presumption for causal derivation in performing mediation investigation. We likewise expect multivariate normalities for the error terms; this is a fundamental hidden state of the meaning of immediate, roundabout and aggregate impacts. Note that structural equations are connected together and deduction about them is synchronous.

The direct effect is the pathway from the exogenous variable to the result while controlling for the mediator. Along these lines, in our way graph γxy is the indirect effect the indirect effect depicts the pathway from the exogenous variable to the result through the middle person. This way is spoken to through the result of βxz and γzy. At last, the total effect is the entirety of the direct and indirect impacts of the exogenous variable on the result, γxy + βxzγzy. Therefore:

CSRR is a dependent variable and explanied by total CG, and control variables.

$$CSRRjt = \beta 0 + \beta CGjt \times CSRRjtCGjt + \beta AGEjt \times CSRRjtAGEjt + \beta RISKjtjt \\ \times CSRRjtRISKjt + \beta LEVjt \times CSRRjtLEVjt + \beta R\&Djt \\ \times CSRRjtR\&Djt + \beta SIZEjt \times CSRRjtSIZEjt + \beta GROWTHjt \\ \times CSRRjtGROWTHjt + \varepsilon CSRRjt \qquad (1)$$

FP is a dependent variable and explained by CSRR equation explained above, total CG, and control variables.

$$FPjt = \gamma 0 + \gamma CSRRjt \times FPjtCSRRjt + \gamma CGjt \times FPjtCGjt + \gamma AGEjt \times FPjtAAGEjt \\ + \gamma RISKjt \times FPjtRISKjt + \gamma LEVjt + FPjtLEVjt + \gamma R\&Djt \\ \times FPjtR\&Djt + \gamma SIZEjt \times FPjtSIZEjt + \gamma GROWTHjt \\ \times FPjtGROWTHjt + \varepsilon FPjt \qquad (2)$$

4.5.8 Model 8(Relationship between CG Mechanism and Firm Performance with Mediator of CSRR and Moderator of Country)

Whenever CG (Xi) is multicategorical (due to nations), these impacts can't be evaluated utilizing conditions (1) and (2), on the grounds that there can be no single β or γ0 that represents to Xi's impact on Zi or Yi. The trouble comes from the way that keeping in mind the end goal to completely speak to the impact of a clear-cut variable with k fundamentally unrelated classifications on some reliant variable. Missing the capacity to show Z and Y utilizing conditions (1) and (2), specialists intrigued by inspecting intercession of the impact of a multicategorical X frequently turn to totaling gatherings or disposing of information to deliver a dichotomous X and afterward applying conditions (1) and (2). This is neither perfect nor required. In what tails, we verbalize a general straight demonstrating way to deal with assessing the immediate and backhanded impacts when X is multicategorical where k is the quantity of gatherings. Along these lines, the Model is constituted four all out in light of four inspecting countries of ASEAN.

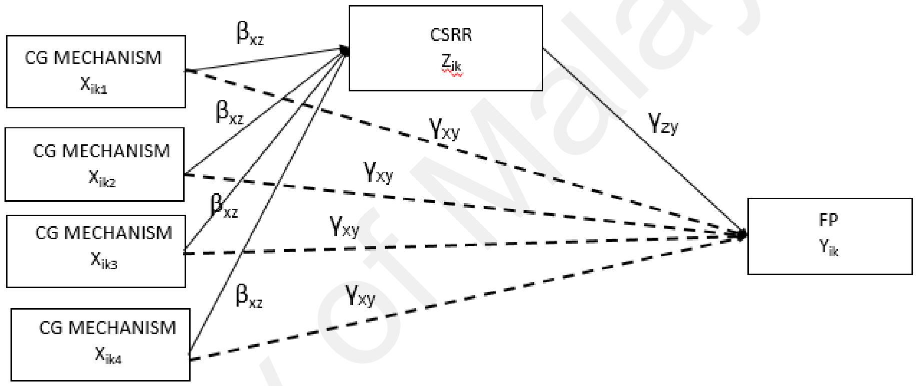

Figure 4-3: Mediation Model 8

This Model is constructed to examine the link between CG mechanism and firm performance through path analysis and SEM for mediation analysis of CSRR with moderated mediation role of the country as a categorical variable. Figure 4.3 shows a path diagram for the causal relationships between independent variables (Xik), dependent variable (Yik) and CSRR (Zik). Two alternatives dependent variable are used as measures short-term and long-term firm performance and six control variables are used to estimate the structural equation model. Therefore in this study Model8a is examined for ROA and Model8b is examined for Tobin's Q. The SEM for this mediation Model for the ith subject ($1 \leq I \leq n$) is given by:

$zik = \beta xzxik + \varepsilon zik \quad (1)$

$vik = \gamma 0 + \gamma zyzik + \gamma xyxik + \varepsilon yo \quad (2)$

We accept the error terms (εzi, εyi) are uncorrelated, an essential supposition for causal surmising in performing intervention investigation. We likewise accept multivariate normality for the error terms; this is an essential basic state of the meaning direct, indirect and total effect. Note that the two structural equations are connected together and deduction for them is concurrent, dissimilar to two independent standards regression equation.

The direct effect is the pathway from the exogenous variable to the result while controlling for the arbiter. Consequently, in our way outline γxy is the direct effect. The indirect effect portrays the pathway from the exogenous variable to the result through the go-between. This way is spoken to through the result of βxz and γzy. At long last, the total effect is the total of the direct and indirect effects of the exogenous variable on the result, γxy + βxzγzy. Therefore for each of four countries, the model condition is appeared as beneath:

CSRR is a dependent variable and explained by CEO duality, and control variables.

$$\begin{aligned} CSRRjt = {} & \beta 0 + \beta DUALjt \times CSRRjtDUALjt + \beta AGEjt \times CSRRjtAGEjt + \beta RISKjtjt \\ & \times CSRRjtRISKjt + \beta LEVjt \times CSRRjtLEVjt + \beta R\&Djt \\ & \times CSRRjtR\&Djt + \beta SIZEjt \times CSRRjtSIZEjt + \beta GROWTHjt \\ & \times CSRRjtGROWTHjt + \varepsilon CSRRjt \quad (1) \end{aligned}$$

FP is a dependent variable and explained by CSRR equation explained above, CEO duality, and control variables.

$$FPjt = \gamma 0 + \gamma CSRRjt \times FPjtCSRRjt + \gamma DUALjt \times FPjtDUALjt + \gamma AGEjt \times FPjtAAGEjt + \gamma RISKjt \times FPjtRISKjt + \gamma LEVjt + FPjtLEVjt + \gamma R\&Djt \times FPjtR\&Djt + \gamma SIZEjt \times FPjtSIZEjt + \gamma GROWTHjt \times FPjtGROWTHjt + \varepsilon FPjt \qquad (2)$$

CSRR is a dependent variable and explained by institutional ownership, and control variables.

$$CSRRjt = \beta 0 + \beta OWNjt \times CSRRjtOWNjt + \beta AGEjt \times CSRRjtAGEjt + \beta RISKjtjt \times CSRRjtRISKjt + \beta LEVjt \times CSRRjtLEVjt + \beta R\&Djt \times CSRRjtR\&Djt + \beta SIZEjt \times CSRRjtSIZEjt + \beta GROWTHjt \times CSRRjtGROWTHjt + \varepsilon CSRRjt \qquad (3)$$

FP is a dependent variable and explained by CSRR equation explained above, institutional ownership, and control variables.

$$FPjt = \gamma 0 + \gamma CSRRjt \times FPjtCSRRjt + \gamma OWNjt \times FPjtOWNjt + \gamma AGEjt \times FPjtAAGEjt + \gamma RISKjt \times FPjtRISKjt + \gamma LEVjt + FPjtLEVjt + \gamma R\&Djt \times FPjtR\&Djt + \gamma SIZEjt \times FPjtSIZEjt + \gamma GROWTHjt \times FPjtGROWTHjt + \varepsilon FPjt \qquad (4)$$

CSRR is a dependent variable and explaned by gender diversity, and control variables.

$$CSRRjt = \beta 0 + \beta GENjt \times CSRRjtGENjt + \beta AGEjt \times CSRRjtAGEjt + \beta RISKjtjt \times CSRRjtRISKjt + \beta LEVjt \times CSRRjtLEVjt + \beta R\&Djt \times CSRRjtR\&Djt + \beta SIZEjt \times CSRRjtSIZEjt + \beta GROWTHjt \times CSRRjtGROWTHjt + \varepsilon CSRRjt \quad (5)$$

FP is a dependent variable and explained by CSRR equation explained above, gender diversity, and control variables.

$$FPjt = \gamma 0 + \gamma CSRRjt \times FPjtCSRRjt + \gamma GENjt \times FPjtGENjt + \gamma AGEjt \times FPjtAAGEjt + \gamma RISKjt \times FPjtRISKjt + \gamma LEVjt + FPjtLEVjt + \gamma R\&Djt \times FPjtR\&Djt + \gamma SIZEjt \times FPjtSIZEjt + \gamma GROWTHjt \times FPjtGROWTHjt + \varepsilon FPjt \quad (6)$$

CSRR is a dependent variable and explained by foreigner diversity, and control variables.

$$CSRRjt = \beta 0 + \beta FOREIGNjt \times CSRRjtFOREIGNjt + \beta AGEjt \times CSRRjtAGEjt + \beta RISKjtjt \times CSRRjtRISKjt + \beta LEVjt \times CSRRjtLEVjt + \beta R\&Djt \times CSRRjtR\&Djt + \beta SIZEjt \times CSRRjtSIZEjt + \beta GROWTHjt \times CSRRjtGROWTHjt + \varepsilon CSRRjt \quad (7)$$

FP is a dependent variable and explained by CSRR equation explained above, foreigner diversity, and control variables.

$$FPjt = \gamma 0 + \gamma CSRRjt \times FPjtCSRRjt + \gamma FOREIGNjt \times FPjtFOREIGNjt + \gamma AGEjt \times FPjtAAGEjt + \gamma RISKjt \times FPjtRISKjt + \gamma LEVjt + FPjtLEVjt + \gamma R\&Djt \times FPjtR\&Djt + \gamma SIZEjt \times FPjtSIZEjt + \gamma GROWTHjt \times FPjtGROWTHjt + \varepsilon FPjt \quad (8)$$

4.5.9 Model 9(Relationship between Total CG and Firm Performance with Mediator of CSRR and Moderator of Country)

At the point when Total CG(X5) is multicategorical (in view of countries), these impacts can't be assessed utilizing conditions (1) and (2), in light of the fact that there can be no single β or γ0 that represents to Xi's impact on Z5 or Y5. The trouble comes from the way that to completely speak to the impact of a straight out factor with k totally unrelated classes on some needy variable (regardless of whether Z or Y in Figure 1), Absent the capacity to demonstrate Z and Y utilizing conditions (1) and (2), scientists inspired by looking at intervention of the impact of a multicategorical X regularly depend on accumulating gatherings or disposing of information to deliver a dichotomous X and afterward applying conditions (1) and (2). This is neither perfect nor required.

In what follows, we articulate a general linear modeling approach to estimating the direct and indirect effects when X is multicategorical where k is the number of groups. Therefore the Model is constituted four categorical because of four sampling countries, because of two alternative measurements for firm performance, Model9a and Model 9b are defined.

Figure 4.4: Mediation Model in path diagram form corresponding to a Model with a multicategorical independent variable with k categories.

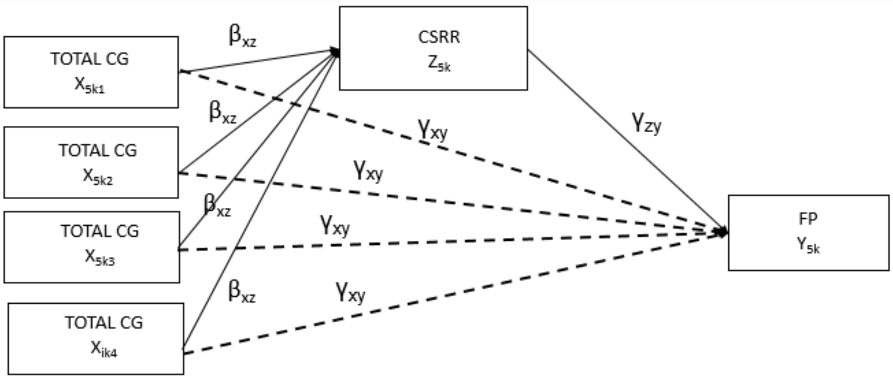

Figure 4-4: Mediation Model 9

This model is constructed to examine the link between total CG and firm performance through path analysis and SEM for mediation analysis of CSRR with moderated mediation role of the country as a categorical variable. Figure 4.4 shows a path diagram for the causal relationships between independent variables (X5k), dependent variable (Y5k) and CSRR (Z5k). Two alternatives dependent variable are used as measures short-term and long-term firm performance and six control variables are used to estimate the structural equation model. The SEM for this mediation Model for its subject (1 ≤ I ≤ n) is given by:

$$Z5k = \beta 0 + \beta xzx5k + \varepsilon z5k \quad (1)$$

$$Y5k = \gamma 0 + \gamma zyz5k + \gamma xyx5k + \varepsilon y5 \quad (2)$$

We accept the error terms (εzi, εyi) are uncorrelated, an essential supposition for causal surmising in performing intervention investigation. We likewise accept multivariate normality for the error terms; this is an essential basic state of the meaning direct, indirect and total effect. Note that the two structural equations are connected together and deduction for them is concurrent, dissimilar to two independent standards regression equation.

The direct effect is the pathway from the exogenous variable to the result while controlling for the arbiter. Consequently, in our way outline γxy is the direct effect. The indirect effect portrays the pathway from the exogenous variable to the result through the go-between. This way is spoken to through the result of βxz and γzy. At long last, the total effect is the total of the direct and indirect effects of the exogenous variable on the result, γxy + βxzγzy. Therefore for each of four countries, the Model equation is shown as below:

CSRR is a dependent variable and explained by total CG, and control variables.

$$
\begin{aligned}
CSRRjt = \beta 0 + \beta CGjt \times CSRRjtCGjt + \beta AGEjt \times CSRRjtAGEjt + \beta RISKjtjt \\
\times CSRRjtRISKjt + \beta LEVjt \times CSRRjtLEVjt + \beta R\&Djt \\
\times CSRRjtR\&Djt + \beta SIZEjt \times CSRRjtSIZEjt + \beta GROWTHjt \\
\times CSRRjtGROWTHjt + \varepsilon CSRRjt \qquad (1)
\end{aligned}
$$

FP is a dependent variable and explained by CSRR equation explained above, total CG, and control variables.

$$
\begin{aligned}
FPjt = \gamma 0 + \gamma CSRRjt \times FPjtCSRRjt + \gamma CGjt \times FPjtCGjt + \gamma AGEjt \times FPjtAAGEjt \\
+ \gamma RISKjt \times FPjtRISKjt + \gamma LEVjt + FPjtLEVjt + \gamma R\&Djt \\
\times FPjtR\&Djt + \gamma SIZEjt \times FPjtSIZEjt + \gamma GROWTHjt \\
\times FPjtGROWTHjt + \varepsilon FPjt \qquad (2)
\end{aligned}
$$

4.6 Preliminary Check Analysis

Before analysis, whole variables were pre-analyzed for the precision of data entry for all 264 firm-years in a period of 2011 to 2013. From this procedure, outliers, that can skew the regression results and distort regression line, were recognized and replaced by the mean value of each variable through case wise diagnostics in the regression analysis. Also, Data are screened for missing data, unengaged responses, outliers, kurtosis, skewness and Shapiro-wilk. Moreover, as pre-assummtions for testing hypotheses in SEM, all models should be measured to determine fitness of them.

4.7 Measurement of Models

SEM has some assumptions before start doing the analysis. The Model should be fitted. The fitness of Model is tested through confirmatory factor analysis (CFA), validity and reliability. Therefore, in SEM analysis for multicollinearity, usually checking is made through CFA, validity and reliability.

4.7.1 Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis (CFA) is an uncommon type of factor analysis, most normally utilized as a part of social research. It is the broadened examination of Exploratory Factor Analysis (EFA) and used to test whether measures of develop steadily with an analyst's comprehension of the idea of that build (or factor). Accordingly, the goal of confirmatory factor analysis is to test whether the information fits a theorized estimation demonstrate. Demonstrate fit measures could then be acquired to survey how well the proposed display caught the covariance between every one of the things or measures in the model (Zainudin, 2012). Every excess thing exists in an idle develop will be either evacuated or compelled.

CFA is a specific instance of SEM. This factual technique permits (expects) scientists to speculate a specific model or factor structure that they accept underlies the factors measured in the examination. CFA will then gauge the estimation of the parameters that tie the factors together (design/structure coefficients), hence finishing the depiction of the model, and will give files that evaluate the nature of the fit between the model and the information. The significant target in CFA is deciding whether the connections between the factors in the guessed demonstrate take the connections between the factors in the watched informational collection. All the more formally: the examination decides the degree to which the proposed covariance coordinates the watched covariance.

CFA was connected by the five stages one: model specification, two: model identification, three: model estimation, four: model evaluation, five: model respecification) to evaluate the develop legitimacy of the Model. Develop legitimacy alludes to how much a measure really evaluates the hypothetical build it should survey and is frequently evaluated through CFA. Proof of build legitimacy is accomplished if the Model is a solid match for the information.

Absolute Fit Measures: How well the correlation/covariance of the hypothesized Model fits correlation/covariance of the actual or observed data.

χ^2: Chi-square test (Adequate for a model with relatively small cases, 75 to 200. For more cases usually will be statistically significant).

Relative fit measures are also known as a comparison with baseline measures idealize fit. (*CFI:* Comparative fit index).

GFI: Goodness-of-fit index: Similar to multiple regression. It is the proportion of variance in the sample correlation/covariance accounted for by the predicted model. Zero: no fit ≤ GFI ≤One: Perfect fit.

RMSEA: The root means square error of approximation: a measure of the average size of the residuals between actual covariance and the proposed model covariance. The smaller RMSEA is the better.

4.7.2 Discriminant Validity

Discriminant validity is how much scores on a test do not correlate with scores from different tests that are not intended to survey a similar build. Correlation coefficients between measures of a construct and measures of theoretically extraordinary develops are normally given as proof of discriminant validity. In the event that the correlation coefficient is high (>0.85), at that point, the discriminant legitimacy is considered as frail, contingent upon the hypothetical relationship and the greatness of the coefficient. Then again, if the correlation coefficient is low to direct, this exhibits the measure has discriminant validity. Be that as it may, this limit may futile if the connection matrix and square root average variance extracted (AVE) don't meet the necessity particularly amid the usage of the second request construct CFA. This strategy is typically very prohibitive and hard to deal with (Kim et al., 2008).The formula of AVE for construct ξj is defined as follows:

$$AVE\xi_j = \frac{\sum_{k=1}^{K_j} \lambda_{jk}^2}{\left(\sum_{k=1}^{K_j} \lambda_{jk}^2\right) + \Theta_{jk}}$$

Where:

Kj is the number of indicators of construct ξj

λjk is factor loading

Θjk is the error of variance of the k^{th} indicator (k=1,……Kj) of construct ξj

$$\Theta_{j_k} = \sum_{k=1}^{K_j} 1 - \lambda_{j_k}^2$$

4.7.3 Convergent Validity

How much numerous techniques for measuring a factor give similar outcomes is called convergent validity (Churchill, 1979). Wixom and Watson (2001) expressed that the adequate estimation of convergent validity is 0.5 for all loadings of the things, and Kim et al. (2005) included that all things should load to just a single factor with an eigenvalue >1.

4.7.4 Reliability Analysis

Reliability is a marker of convergent validity which is kind of investigation (Chu and Murrmann, 2006). With a specific end goal to examine the unwavering quality of the six components and measure the inward consistency of each factor, Cronbach's α coefficient was utilized (Fornell and Larcker, 1981). As can be seen from the consequences of the present investigation, the estimations of Cronbach's α surpass the base 0.6 score (Nunnally, 1978).

4.8 Estimation Method of the Relationship between CG, CSRR and Firm Performance

The analysis of relationships between CG and firm performance, CG and CSRR, and CSRR and firm performance in this study involve regression multivariate path diagram analysis which are used for testing the hypotheses by employing the structural equation modeling (SEM). The testing of mediator is held through bootstrapping method path diagram analysis of SEM (Nevitt, and Hancock, 2001; Arbuckle, 2010). In addition, the testing of moderator is held through multi-group path diagram analysis and bootstrapping method to compare the effect of mediation in every country in the relationship between independent and dependent variables (Arbuckle, 2010).

4.8.1 Path Diagram Analysis with SEM

Structural Equation Modeling (SEM) is a factual method for all the while breaking down the connections among numerous IVs and DVs by building and testing diverse models of the information. There are different projects for leading SEM including EQS, AMOS, and LISREL. As a type of different relapse concentrating on causality, way graph investigation can be seen as an uncommon instance of basic condition displaying (SEM) – one in which just single markers are utilized for each of the factors in the causal model. Way investigation is utilized to depict the coordinated conditions among an arrangement of factors and can be directed as a various leveled (consecutive) numerous regression analysis, concentrating on connections of different watched factors and breaking down of regression equation at the same time. Path analysis has been replaced in many cases by a more sophisticated technology in SEM. The path diagram shows the linkage between specific measured variables and their associated constructs, along with the relationship between constructs.

4.8.2 Mediation

Mediation model encourages the scientist to analyze how X influences Y. Thus, before testing intercession, we have to guarantee that the impact of X on Y without considering M (Figure 4.5) is huge. As it were, if there is no connection amongst X and Y, asking how X influences Y is inane.

$$Y = i + cX + eX \quad (1)$$

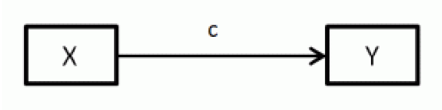

Figure 4-5: Total Effect

Simple mediation model is shown in Figure 4.5 and as it can be seen, the effect of X on Y is through two distinct paths, direct (X→Y) and indirect (X→M→Y). Indeed, X causally influence M and Y, M causally influencing Y.

$$M = i1 + aX + eM \quad (1)$$

$$Y = i2 + c'X + bM + eY \quad (2)$$

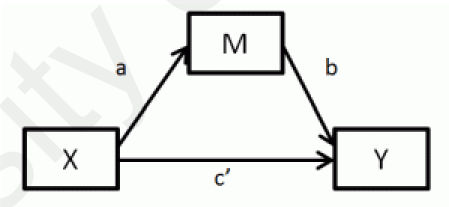

Figure 4-6: Mediation Model

Where: i1 and i2 are regression intercepts; eM and eY are errors in the estimation of M and Y respectively. a, b, c' are regression coefficients as shown in Figure 4.6. There are some ways to test the mediation, each of these ways are described below:

1. *The Causal Steps Approach (Baron and Kenny)*

Check the direct relationship between X and Y, if c is significant, go to step 2:

$Y = i1 + cX + eY \quad (1)$

Step2: Check the path from X to M, if c is significant, go to step 3:

$M = i2 + aX + \cdots \ldots eM \quad (2)$

Step3: Check the effect of M on Y, controlling for X. If b is significant, then go to the last step.

$Y = i3 + c'X + bM \ldots . eY \quad (3)$

Step4: c' from step 3 will be compared with c from the first step.

step4.a: If c' is closer to zero and significantly different from zero, M partially mediates the effect of X on Y

step4.b: However, if c' is not significantly different from zero, M fully mediates the effect of X on Y.

Although (Baron and Kenny, 1986) approach is the very popular approach, serious problems, Hayes (2015) elaborates four of them as follows:

1) The Causal Steps Approach just tests X→M and M→Y independently, it doesn't give any factual test to inspect the indirect effect (ab) is altogether not quite the same as zero.

2) To assert M is a mediator, we have to dismiss three invalid theories (c'=0, a=0, b=0). As each test has its own particular Type I and Type II errors, leading more speculation tests expands the analyst's oversights in supporting a claim. Subsequently, the causal advances strategy by testing three speculations winds up noticeably one of the slightest capable methodologies in intervention tests (e.g., MacKinnon et al., 2007; Hayes and

Scharkow, 2013; Preacher and Selig, 2012; Williams and MacKinnon, 2008). Subsequently, the analyst ought to limit the quantity of inferential tests to help a claim.

3) Examining the direct relationship without considering mediator is the initial step of the causal advances approach and in the event that it isn't essentially the same as zero, the entire system will stop. In any case, once in a while, there is more than one middle person amongst X and Y, they may have inverse impacts. For instance, if in the accompanying model, the greatness of the impact of X on Y through M1 and M2 are practically same yet positive and negative individually. Subsequently, the total effect will be zero and the impact of X on Y won't be significant.

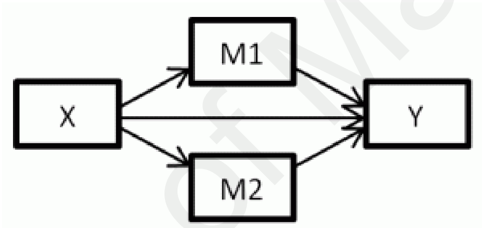

Figure 4-7: Mediation Model

Or, on the other hand in a simple intervention, perhaps there are two gatherings, male and female, while the impact of X on Y through middle person for a male is certain, the mediation effect for a female is antagonistic. On the off chance that the greatness of these two impacts is practically same, the aggregate impact won't be altogether not the same as zero and the method will stop in the initial step which is analyzing the impact of X on Y.

4) As the causal advances technique doesn't give any statistical test to look at the indirect effect, scientists' approach will be absolutely qualitative. Thus, for instance, they can't look at the indirect effect of two unique mediators as far as their size. Decision tree

developed by Mathieu and Taylor (2006) can improve our understanding of Baron and Kenny approach:

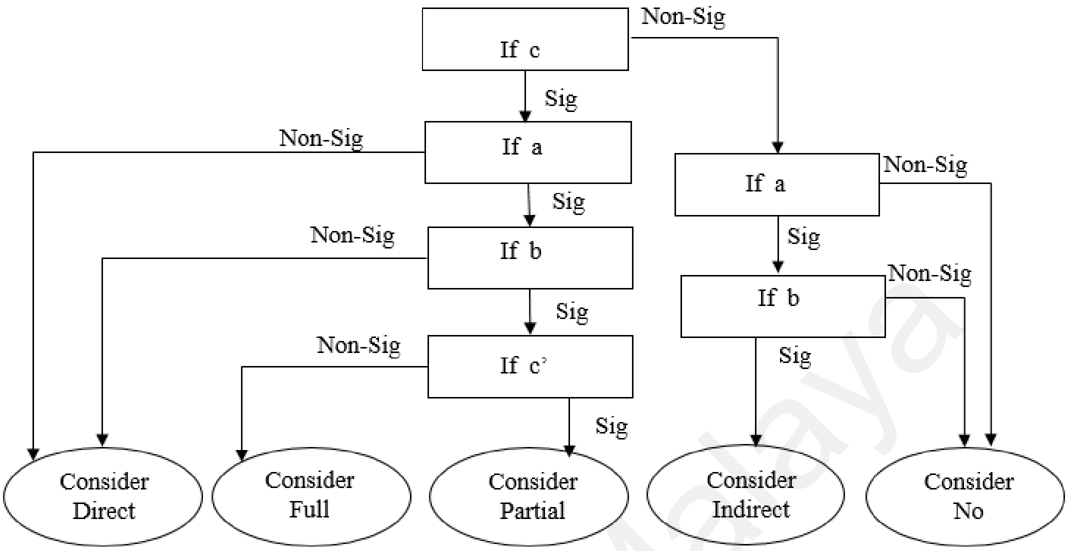

Figure 4-8: Mathieu and Taylor Mediation Model

2. *The Normal Theory Approach (Sobel Test)*

In Sobel test, by estimating of the standard error of ab, the p-value and interval estimate of ab can be derived and the indirect effect can be examined with only one test. So, the null hypothesis of indirect effect will by "ab" is significantly different from zero. The important assumption for this test is normality of ab distribution.

$$se_{ab} = \sqrt{a^2 se_b^2 + b^2 se_a^2}$$

One of the benefits of the normal theory approach is that in the event that you don't have the information, you can evaluate standard error of ab with t-statistics of ab. Nonetheless, the normal theory approach has two impediments: First, as said, typical circulation of examining conveyance of abdominal muscle is one of its suppositions, second, it is one of the least power tests and certainty interims are less precise in correlation with Bootstrap strategy (Hayes, 2015). Thus, to accomplish more solid outcomes, Bootstrap and strategy are prescribed for testing intervention.

3. Bootstrapping Approach

This approach covers confinements of past methodologies. It's a resampling technique. Creating and sampling distribution to evaluate standard errors, make the confidence intervals. On account of its exactness for figuring certainty interims for intervention impact when the mediation impact is nonzero, it's critical for mediation investigation to affirm the mediation impact. As a guide to non-ordinary information, the presumption of SEM is the information has a multivariate normal distribution, yet numerous experimental investigations fizzled. The resampling method has more precise Type I error rates and power than single specimen technique that accept an ordinary appropriation. There are a few advantages of utilizing bootstrapping technique:

1) As far as SEM approach, if the factors have estimation mistakes, the importance of the intervention impact is probably going to be disparaged. – Using SEM can manage the estimation blunder issue.

2) It enables scientists to survey the strength of parameter gauges .

3) It can be connected when the suppositions of extensive specimen measure and multivariate normality may not hold. – Needs at any rate moderate sample sizes

4.8.3 Multigroup Analysis

In order to test the effect of countries and compare the results of countries for the mediation impact of CSRR on the relationship between CG and firm performance, bootstrapping and multigroup path diagram analysis SEM through AMOS are used.

AMOS allows a researcher to look at numerous examples over a similar estimation instrument or different populace gatherings (e.g., guys versus females, or nations). The general methodology is to test measurement invariance between the unconstrained models for all gatherings joined, at that point for a model with compelled (parameters are obliged to be equivalent between the gatherings). In the event that the chi-square distinction measurement isn't critical between the first and obliged models, at that point we infer that the model has measurement invariance over gatherings (Lowry and Gaskin, 2014).

4.9 Summary

Research design and methodology are discussed in this chapter. In this study, secondary data and content analysis are used as an approach to research. The initial observation consists of 447 firms from all industry sectors in all four countries. However, some firms which reported their CSR activities are not listed in the stock exchange and data stream, therefore the number of firms decreased to 264 firm-years in these ASEAN countries for the period of 2011 to 2013. The research-design utilized in this study is an expansion of the methods and procedures for data collection, analysis, and reporting. This study uses SEM, path diagram analysis which contains regression equations, multigroup analysis to examine the direct relationship between variables, mediation relationship and moderated mediation relationship.

CHAPTER 5: DATA ANALYSIS

5.1 Introduction

This chapter reports on the data analysis which is divided into three main sections, namely, CSRR content analysis, feasibility testing, hypothesis testing. The chapter starts with feasibility testing as SEM assumptions in section 5.2, which has been organized as descriptive statistical analysis of data disclosed in ASEAN countries over a three-year period from 2011 to 2013. After that, section 5.3 elaborates the results generated from correlation analysis. Later fitness Model is tested in section 5.4 for the assumption of feasibility testing.

Results of the hypothesis testing which are developed for the purpose of the current study are demonstrated in section 5.5. The current study examines the associations between CEO duality and firm performance (H1a), institutional ownership and firm performance (H1b), gender diversity and firm performance (H1c), foreigner diversity and firm performance (H1d), total CG and firm performance (H1e). In addition, the current study investigates the relationship between CEO duality and CSRR (H2a), institutional ownership and CSRR (H2b), gender diversity and CSRR (H2c), foreigner diversity and CSRR (H2d), CSRR and firm performance (H3). Moreover. The mediation effect of CSRR on the association between CEO duality and firm performance, institutional ownership firm performance, gender diversity and firm performance, foreigner diversity and firm performance, total CG, and firm performance are tested in H4a, H4b, H4c, H4d, H4e respectively. Also, moderating effect of country on the mediation effect of CSRR for the association between CEO duality and firm performance, institutional ownership and firm performance, gender diversity and firm performance, foreigner diversity and firm performance, total CG and firm performance are investigated as listed: H5a, H5b, H5c, H5d, H5e in order. Finally, section 5.6 offers a brief chapter summary.

5.2 Feasibility Testing

Structural Equation Modelling (SEM) can be viewed as a more powerful alternative to multiple regression and factor analysis (Fassinger, 1987) which needs some vital assumptions called feasibility testing that it is essential before testing hypothesis.

5.2.1 Descriptive Analysis of CSRR Based on Countries

Descriptive analysis of CSRR presented in the current study is based on the information gathered from the content analysis procedure from GRI. This descriptive analysis presents the number of value points based on quality content analysis of CSRR during the period of 2011-2013 for four ASEAN countries in Table 51. The levels of CSRR refer to point level of GRI. The mean value is the most commonly used measure central tendency. The two countries, Malaysia and Indonesia have a mean value less than overall sample, while Singapore and the Philippines have a mean value above overall sample. The results show that during 2011 to 2013, Singaporean companies have the highest point level (level 3) with the quantity of 19 CSRR from GRI in comparison with others. In addition, the point 3 has the lowest number of usage among all industries and countries, although the highest point level of usage is allocated to level 2, still improvement is needed. This means that the extension of companies' description was needed to be improved during 2011-2013. They should address each performance G3 indicator in addition to sector supplement indicators, if applicable, although an explanation of why an indicator cannot be reported on is acceptable (GRI, 2013).

Table 5-1: Descriptive Statistics of CSRR Based on Countries

Country	N	Mean	CSR level1	CSR level2	CSR level 3	Std. Dev	Min	Max
Malaysia	69	1.5797	40	18	11	.75549	1.00	3.00
Singapore	57	2.2105	7	31	19	.64744	1.00	3.00
Indonesia	90	1.8222	31	44	15	.69634	1.00	3.00
Philippines	48	1.9362	10	30	8	.60449	1.00	3.00
Total	264	1.8631	88	123	53	.71801	1.00	3.00

5.2.2 Descriptive Analysis of CSRR Based on Industrial Sectors

The descriptive statistic results based on the industrial sector are reported in Table 5.2. There are 11 sectors based on SIC codes. Six sectors namely agriculture, transportation and public utilities, wholesale trade, retail trade, finance insurance, public administration have a mean value above the overall sample. The four sectors, mining, construction, manufacturing, services have a mean value less than overall sample. Findings indicate that there are six industry groups that have been disclosing CSRR more frequently than others. Table 5.2 also shows that seven sectors namely, mining, construction, manufacturing, transportation and public utilities, retail trade, finance and insurance, and services meet the minimum and maximum value of CSRR score. However, agriculture, forestry, finishing, and wholesale trade meet the minimum of point level 2, also public administration only meet point level 3. The means that public administration has an extensive description of CSRR with GRI guideline G3.

In addition, the highest number of involvement Company in CSRR is allocated to finance, insurance and real estate industry followed by transportation, manufacturing industries which are the three highest number of disclosure industries. According to Cooke et al. (1990), manufacturing companies pay more attention to social responsibilities than other sectors of industry.

Table 5-2: Descriptive Statistics of CSRR Based on Industries

Industry	N	Mean	Std. Deviation	Minimum	Maximum
Agriculture, Forestry, and Fishing	9	2.1818	.40452	2.00	3.00
Mining	27	1.6667	.81650	1.00	3.00
Construction	12	1.5000	.90453	1.00	3.00
Manufacturing	45	1.8222	.53466	1.00	3.00
Transportation & Public Utilities	48	1.8958	.66010	1.00	3.00
Wholesale Trade	6	2.5000	.54772	2.00	3.00
Retail Trade	6	2.0000	1.09545	1.00	3.00
Finance, Insurance and real estate	75	1.8947	.70387	1.00	3.00
Services	33	1.7188	.81258	1.00	3.00
Public Administration	3	3.0000	.00000	3.00	3.00
Total	264	1.8631	.71801	1.00	3.00

5.2.3 Descriptive Analysis of CG Mechanism Based on Countries

Descriptive analysis of institutional ownership, gender vidersity and foriegner diversity are presented in Table 5-3. The mean value is the most commonly used measure central tendency. Institutional ownership has the highest mean value of 0.686 among other countries. However in terms of gender diversity Malaysia has the highest gender diversity with the mean value of 0.242 and Singapore has the highest foreigner diversity with the mean value of 0.346. CEO dulaity is a dummy variable, therefore frequency of this indipendent variable based on countries is presented in Table 5-. Majority of firms in these four counties not reported CEO duality in their annual reports, as a case in point, none of Indonesian firms reported CEO duality in their annual reports. Thefore it is concluded CEO and director capacities are performed by different people in those ASEAN countries.

Table 5-3: Descriptive Statistics of CG Mechanism Based on Countries

Independent Variables	Country	N	Mean	Std. Dev
Institutional Ownership	Malaysia	69	0.438	0.165
	Singapore	57	0.367	0.192
	Indonesia	90	0.686	0.221
	Philippines	48	0.508	0.178
Gender Diversity	Malaysia	69	0.243	0.123
	Singapore	57	0.132	0.175
	Indonesia	90	0.078	0.126
	Philippines	48	0.082	0.189
Foreigner Diversity	Malaysia	69	0.212	0.253
	Singapore	57	0.346	0.328
	Indonesia	90	0.208	0.198
	Philippines	48	0.235	0.145

Table 5-4: Descriptive Statistics of CEO Duality Based on Countries

	Country	Duality		Total
		.00	1.00	
	Malaysia	49	20	69
	Singapore	35	22	57
	Indonesia	90	00	90
	Philippines	25	23	48
Total		199	65	264

5.2.4 Descriptive Statistical Analysis of Variables

This section presents the descriptive statistics employing mean values of non-dummy variable used in this study for all 264 companies in Malaysia, Indonesia, Singapore and the Philippines, covering the period of 2011 to 2013. Results for mean values of each variable are presented in Table 5.5 In relation to dependent variables, return on assets (ROA) is a measurement of financial performance in accounting base; this sample has the minimum of -0.16 percent and a maximum of 0.41 percent, with the mean of 0.0973.

Tobin's Q (TQ) as another measurement of financial performance has the minimum of 0.45 percent, maximum of 9.77 and mean of 3.7061 percentages.

In relation to the independent variables, the mean value of ownership is the highest among corporate governance dimensions, in other words, the proportion of stakes held by the largest stakeholders having an interesting percentage. In contrast, the least mean value is allocated to gender diversity while gender diversity has the lowest mean value which means that a number of females on the board are few on average. Risk of the company as a control variable has the minimum of 0 percentages, maximum of 104 percent and the mean of 8.92. Size of the company has the minimum of 7.28, maximum of 16.39, and the mean of 12.3264. Leverage of firm has the minimum percentage of 0, maximum percentage of 206.54, mean of 23.74. Lastly, R&D intensity has the minimum of 0, maximum of 29.64 percent, and mean of 0.1825 percent. This means that the highest mean value is allocated to CEO age following to leverage. Contrary to these variables, sales growth has the lowest mean value among control variables.

The current research utilizes three methods for normality distributed tests, in particular, skewness and kurtosis and Shapiro-wilk values. Skewness is a measure of the asymmetry of a distribution. The normal distribution is symmetric, has a skewness estimation of zero. A distribution with a significant positive skewness has a long right tail and a distribution with a significant negative skewness has a long left tail, though, kurtosis measures the peak or flatness of the distribution series. For a normal distribution, the estimation of the kurtosis statistic is zero (Gujarati, 2003).

In view of Table 5.5, the majority of variables are normally distributed due to the reason that the values for Skewness and kurtosis between -2 and +2 are considered acceptable in order to prove normal univariate distribution (George and Mallery, 2010). However, R&D variable and sales growth variable might not normally distribute as it has the highest deviation with a kurtosis 3.93 and 3.35 in order. Most of the variables have a positive value of kurtosis indicating that the distribution of the mean value is more peaked rather than a normal distribution. Greene (2008) and Gujarati (2003) suggested that the statistical value for skewness and kurtosis should not more than the critical value, 3. Nevertheless, Kline (1998) recommended that skew and kurtosis values not exceeding 3 and 10 respectively are acceptable in assessing normality. Thus it may be concluded that all of the mean values for variables are normally distributed. Further more, Shapiro-Wilk test is a way to tell if a random sample comes from a normal distribution and it is used to test the null hypothesis for normal distribution. When p-value is higher than 0.05, data are normally distributed (Shapiro and Wilk, 1965). According to the Table 5.5, all independent variables are normally distributed where p-values are higher than 0.05.

Table 5-5: Descriptive Statistics of Variables

	Number	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis	Shapiro Wilk (Sig)
Dependent Variable								
ROA	264	-.16	.41	.0973	.08705	.921	1.446	0.122
Tobin's Q	264	.45	9.77	3.7061	2.04196	.853	.329	0.236
Independent variables								
CEO duality	264	.00	1.00	-------	.39314	1.589	.527	0.056
ownership	264	.02	1.00	.4778	.19731	-.048	.096	0.329
gender	264	.00	0.500	.1013	.10983	1.173	1.360	0.067
foreigner	264	.00	0.71	.2179	.18419	.479	-.776	0.672
Total CG	264	.00	4.00	--------	.95550	.097	-.296	0.321
Control variables								
CEO age	264	1.58	1.68	1.7279	.04925	-.282	.178	0.049
SIZE	264	.26	1.05	.8750	.10998	-.734	2.615	0.063
Leverage	264	-.06	1.86	1.3450	.32645	-1.159	2.013	0.051
R&D	264	.01	0.01	.0008	.00164	2.205	3.913	0.053
Risk	264	0.00	.64	.2103	.13785	.521	-.156	0.432
Sales growth	264	-0.25	0.99	.1618	.19656	1.535	3.347	0.123
Mediator								
CSRR level	264	1.00	3.00	--------	.71801	.209	-1.040	0.214
Moderator								
Country	264	1.00	4.00	--------	1.06419	-.045	-1.251	0.354

5.3 Correlation Analysis

Correlation analysis measures the relationship between two variables (Hair et al., 2006). Table 5.6 presents the correlation analysis of the current research variables based on the Pearson product moment correlation. The correlation coefficient (r) provides a numerical summary of the direction and the strength of the linear relationship between two variables. It ranges between +1 and -1, which indicates the positive and negative relationship. In general, two variables are said to be correlated if changes in one variable are associated with changes in the other variable (Hair et al., 2006). Results shown in Table 5.6 indicates that correlation coefficient r, between independent variables ranges between -0.014 (Duality * Ownership) and 0.196 (Ownership * Foreigner). This range falls within the acceptable level of correlation as suggested by Gujarati (2003), which is less than 0.8.

While institutional ownership (Ownership) has no correlation with gender diversity (Gender), it has the positive correlation with foreigner diversity, which suggests that the higher level of institutional ownership in the firm states the higher number of foreigners in the board.

The correlation between the independent variables and the dependent variables ranges between -0.004 (foreigner* Tobin's Q) and 0.222 (ROA*ownership). Among independent variables, only institutional ownership (Ownership) is significantly related to both dependent variables used in the current study (with a p-value of 0.01), foreigner diversity (foreigner) has the positive correlation with ROA with a p-value of 0.05. The finding suggests that firms with the higher level of institutions and foreigners emphasis on the higher firm performance.

Table 5-6: Pearson Correlation Coefficent

Variables a	Ownership	Age	Gender	Foreigner	Size	R&D	Growth	Leverage	Risk	Tobin's Q	ROA
Ownership	1										
Age	-0.029	1									
Gender	0.032	0.000	1								
Foreigner	0.150**	-.204**	.066	1							
Size	.213**	0.025	-.145*	-.091	1						
R&D	-.046	-.107	.071	-0.015	-.083	1					
Growth	.091	.020	.044	-0.114	0.021	0.033	1				
Leverage	-0.062	-0.003	-0.221**	-0.076	-0.085	-0.062	-0.023	1			
Risk	-0.074	-0.082	-0.036	0.089	-0.186**	0.089	0.095	0.184**	1		
Tobin's Q	0.200**	0.126*	-0.056	-0.004	0.298**	-0.015	0.071	-0.040	0.019	1	
ROA	0.222**	-0.135*	-0.029	0.123*	0.190**	-0.072	0.018	-0.058	-0.101	0.041	1

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. Ownership = institutional ownership, gender=gender diversity, foreigner= foreigner diversity, size= size of the firm. Growth= sales growth

5.4 Confirmatory Factor Analysis (CFA)

Confirmatory factor analyses are conducted using AMOS software to evaluate the validity of the key variables. First, fitness is testes for all models of the current study in section 5.4.1, the validity and reliability are examined in section 5.4.2.

5.4.1 Fitness of Model Testing

Evaluating whether a specified model fits the data is one of the most important steps of SEM as it determines whether the model being tested should be accepted or rejected. Model fit refers to the extent to which a hypothesized model is consistent with the data (Diamantopoulos and Siguaw, 2000).Unlike numerous statistical procedures that have a single, most powerful fit index (F test in ANOVA) in SEM there is an increasingly large number of model fit indices (Schumacker and Lomax, 2004), determining the tests that best suit the model is a matter of the researcher's discretion. As such, there is a possibility that researchers report only those fit measures which fall within the acceptable range, for example, those that support their proposed model (Smith and Blumstein, 2008). It must also be remembered that model fit indices provide no guarantee that a model is useful, fit indices actually provide information on models lack fit and in no way reflect the extent to which the model is plausible (Diamantopoulos and Siguaw, 2000). The application of model testing and pre assumption for fitness analysis of the current study requires the data used to meet all criteria. According to Arbuckle (2010), AMOS is used to identify the proposed model meets the criteria of good structural equation models which are discussed in section 4.7, and listed in Table 5.7. The goodness of fit indices confirms a good fit between the data and underlying models 1 to 9. Measurement, fitness and path analysis for each model presented in section 5.4.1.1 to 5.4.1.9.

Table 5-7: Pre-assumptions of SEM

Assumption of SEM	Accepted value
χ2 (chi square statistic) value of ChiSq / DF	≤ 2.0 or 3.0
P-value	≥ 0.05
df (degrees of freedom)	positive
GFI(goodness of fit index)	≥ 0.90
CFI(comparative fit index)	≥ 0.90
RMSEA root mean square error of approximation)	≤ 0.08

5.4.1.1 Measurement Model of CG Mechanism and Firm Performance

The statistical hypotheses H1a to H1d developed in section 3.4 specifically addressed the first research question: (does CG impact on the firm performance). The measurement model of CG mechanism and firm performance model1 (model 1a, model1b) is specified in Figure 5.1 and Figure 5.2. There are 36 degrees of freedom. The chi-square = 38.068, GFI = 0.975, CFI = 0.979, ratio Chisq/df= 1.057, The RMSEA index is acceptably low at 0.015. All suggested the model is plausible. Evidence suggested that the model1 had adequate overall goodness-of-fit. The goodness of fit indices confirms a good fit between the data and underlying model.

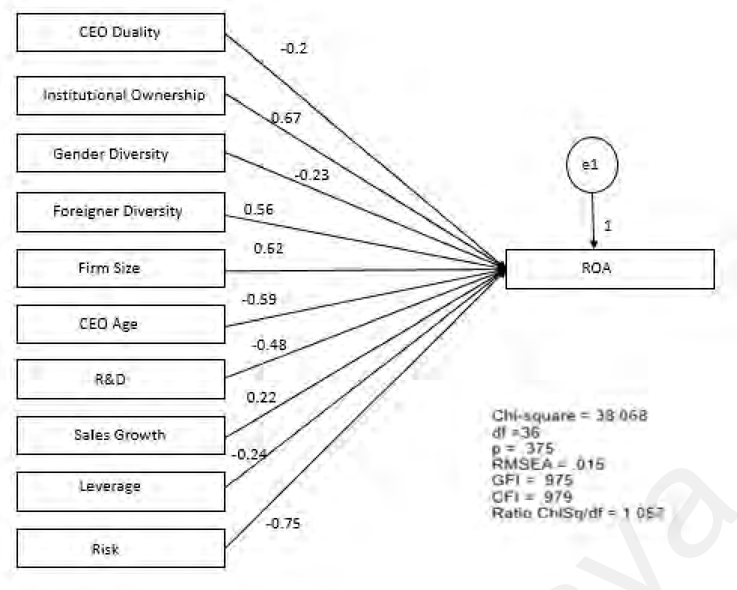

Figure 5-1: Measurement of Model 1a

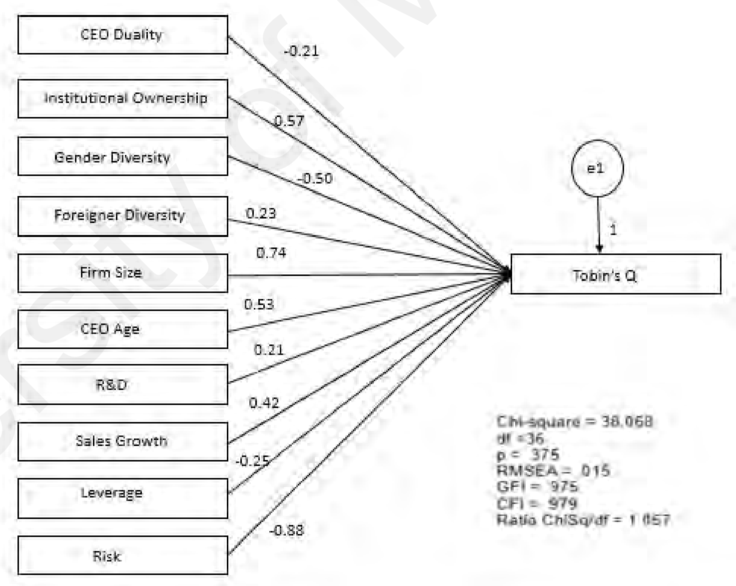

Figure 5-2: Measurement of Model 1b

5.4.1.2 Measurement Model of Total CG and Firm Performance

The statistical hypothesis H1e developed in section 3.4 specifically addressed the first research question: (Does CG impact on the firm performance?). Model 2a and 2b, specified in Figure 5.3 and 5.4, show the parameters that resulted from the SEM analysis of relationships between regulation and financial performance. There are 18 degrees of freedom the chi-square = 20.60, GFI = 0.981, CFI = 0.936, and the RMSEA index is acceptably low at 0. 023. All suggested the model is plausible. There was thus evidence to suggest that Model 2(2a, 2b) had the adequate overall goodness of fit.

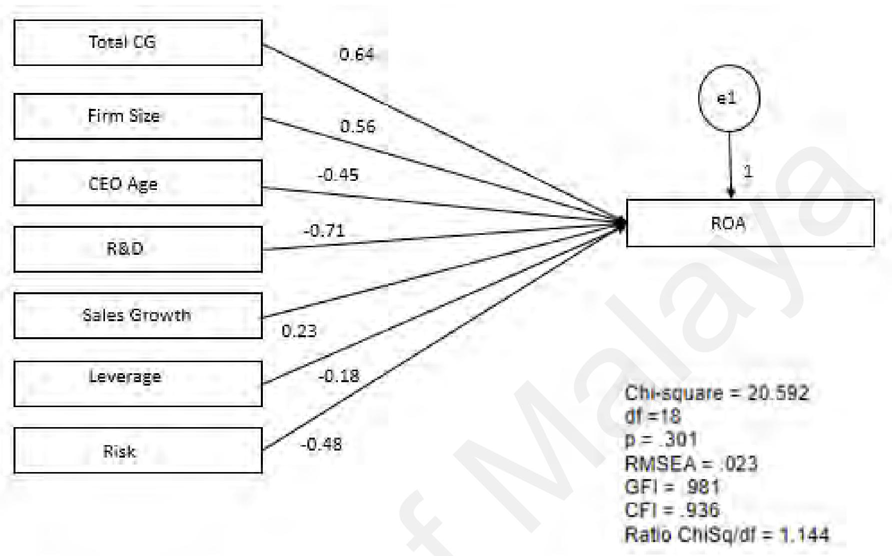

Figure 5-3: Measurement of Model 2a

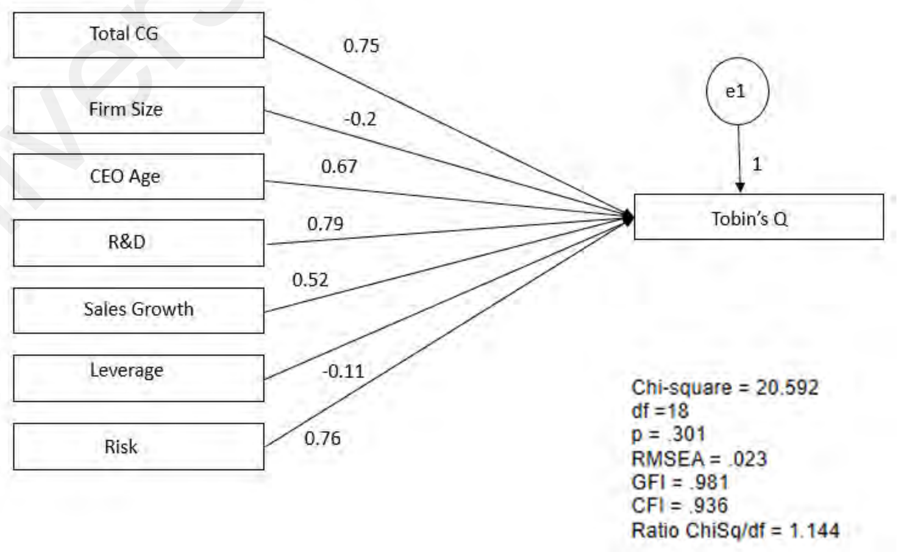

Figure 5-4: Measurement of Model 2b

5.4.1.3 Measurement Model of CG Mechanism and CSRR

The measurement model of CG mechanism and CSRR model3 is specified in Fig. 5.5 which is related to statistical hypothesis H2a to H2d developed in section 3.4 specifically addressed research question two: Does CG have an influence on the CSRR?. There are 37 degrees of freedom. The chi-square = 42.814, GFI = 0.973, CFI = 0.957, ratio Chisq/df= 1.157, the RMSEA index is acceptably low at 0.015. All suggested the model is plausible. Evidence suggested that the model1 had adequate overall goodness-of-fit. The goodness of fit indices confirms a good fit between the data and underlying model.

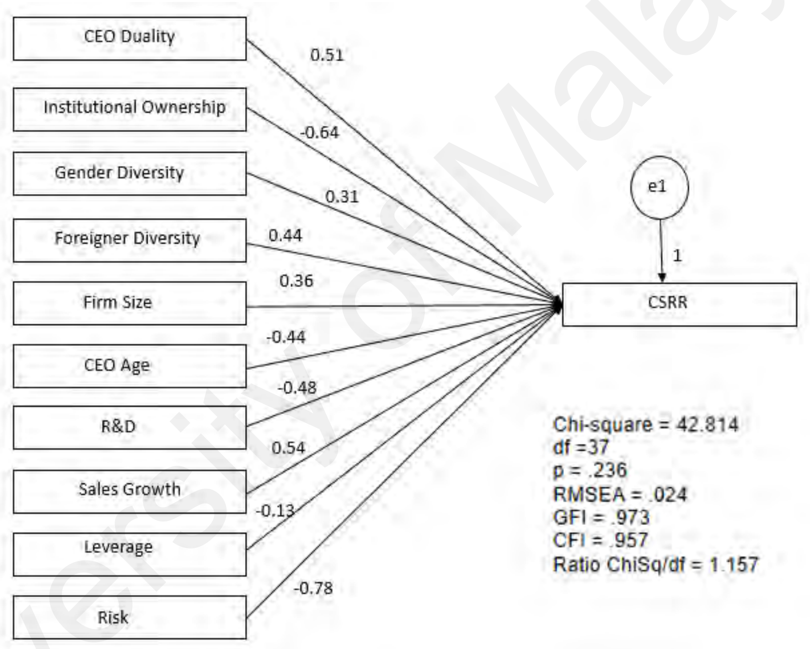

Figure 5-5: Measurement of Model 3

5.4.1.4 Measurement Model of Total CG and CSRR

The statistical hypothesis H2e developed in section 3.4 specifically addressed research question two: (Does CG impact on the CSRR?). Model 4, specified in Figure 5.6 shows the parameters that resulted from the SEM analysis of relationships between total CG and CSRR. There are 18 degrees of freedom. The chi-square = 20.60, GFI = 0.981, CFI = 0.936, and the RMSEA index is acceptably low at 0. 023. All suggested the model is plausible. There was thus evidence to suggest that Model 4 had the adequate overall goodness of fit.

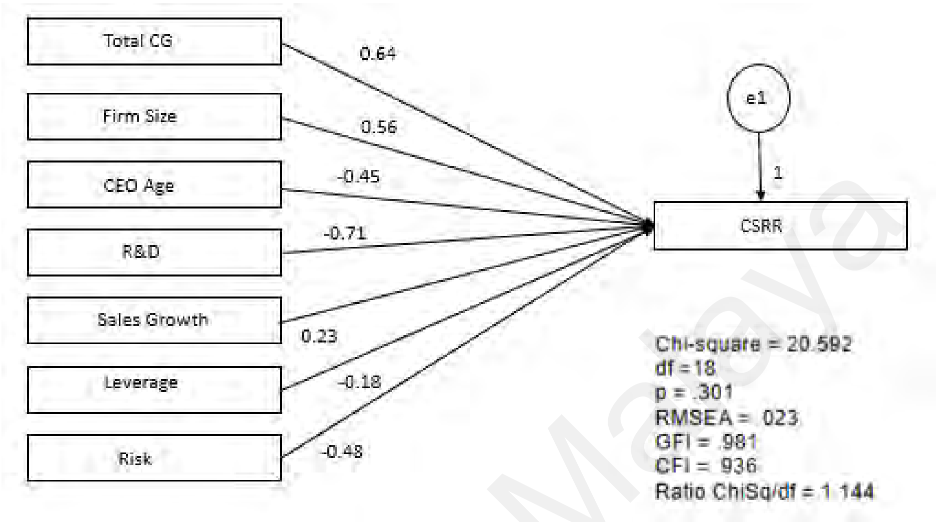

Figure 5-6: Measurement of Model 4

5.4.1.5 Measurement Model of CSRR and Firm Performance

The goodness of fit indices usually represent indexes ranging from zero to one, with zero indicating a complete lack of fit one indicating perfect fit (Mulaik et al., 1989). The statistical hypothesis H3 developed in section 3.4 specifically addressed research question three: (Does CSRR affect firm performance?). To do so, the measurement model of CSRR and firm performance Model 5 (5a, 5b) are specified in Figure. 5.7, and 5.8. There are 18 degrees of freedom. The chi-square = 19.605, GFI = 0.982, CFI = 0.953, ratio Chisq/df= 1.089, and the RMSEA index is acceptably low at 0.018. All suggested the model is plausible.

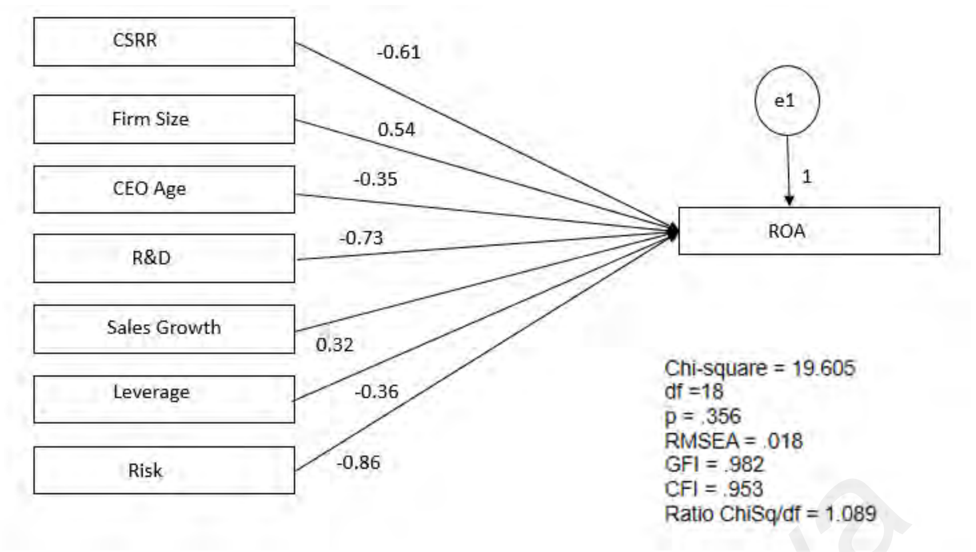

Figure 5-7: Measurement of Model 5a

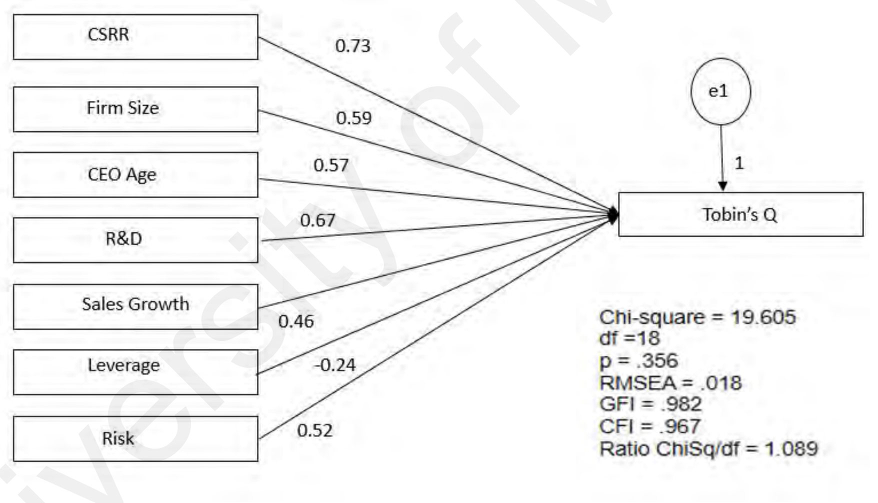

Figure 5-8: Measurement of Model 5b

5.4.1.6 Measurement Model 0f CG Mechanism and Firm Performance and CSRR Mediating Role

Figure 5.9 and 5.10 show the measurement model of mediation effect of CG mechanism firm performance with CSRR in Model6(6a,6b) to answer the statistical hypothesis H4a to H4d developed in section 3.4 specifically addressed research question four: (Does CSRR play as a mediator in the relationship between CG and firm performances?). There are 37 degrees of freedom. The chi-square = 42.814 GFI = 0.975, CFI = 0.964, ratio Chisq/df= 1.157, the RMSEA index is acceptably low at 0.024. All suggested the model is satisfactory.

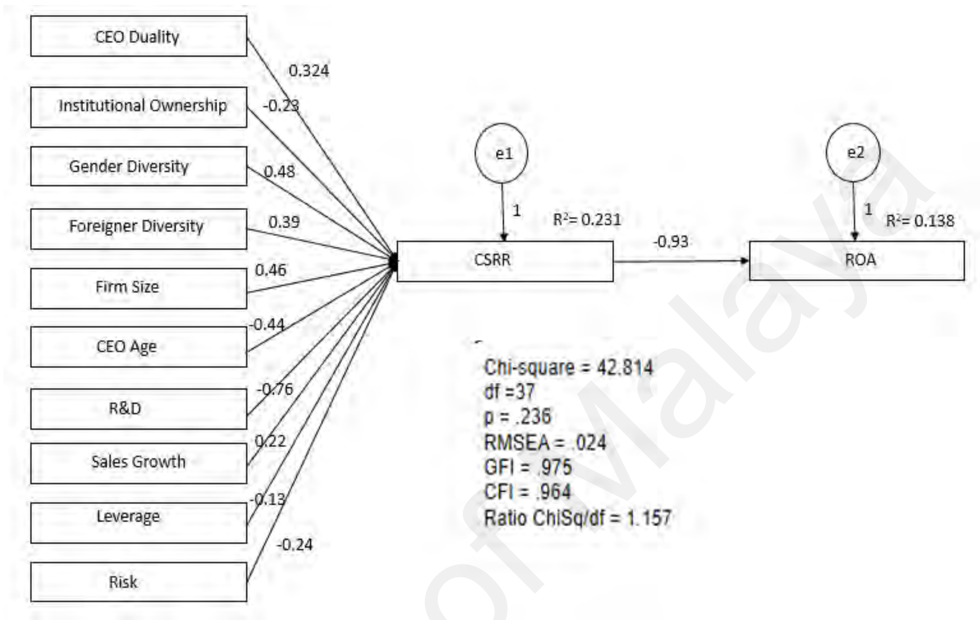

Figure 5-9: Measurement of Model 6a

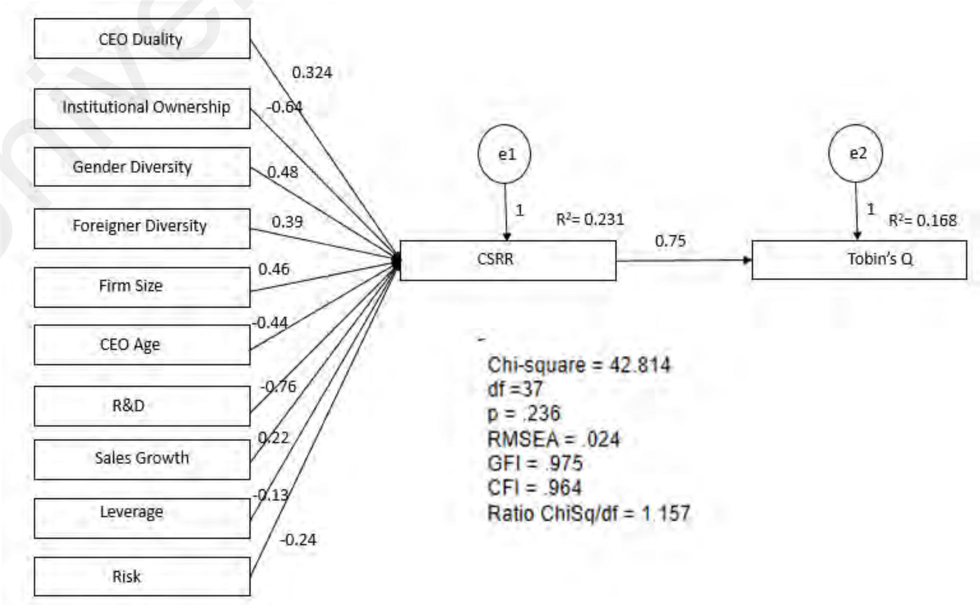

Figure 5-10: Measurement of Model 6b

5.4.1.7 Measurement model of Total CG and firm performance and CSRR Mediating Role

The statistical hypothesis H4e developed in section 3.5 specifically addressed research question four: (Does CSRR play as a mediator in the relationship between CG and firm performances?). Model 7a, 7b, specified in Figure 5.11 and 5.12 show the parameters that resulted from the SEM analysis of mediation effect through CRR between total CG and firm performance. There are 10 degrees of freedom. The chi-square = 11.672, GFI = 0.964, CFI = 0.960, and the RMSEA index is acceptably low at 0. 050. There was thus evidence to suggest that Model 7 had the adequate overall goodness of fit.

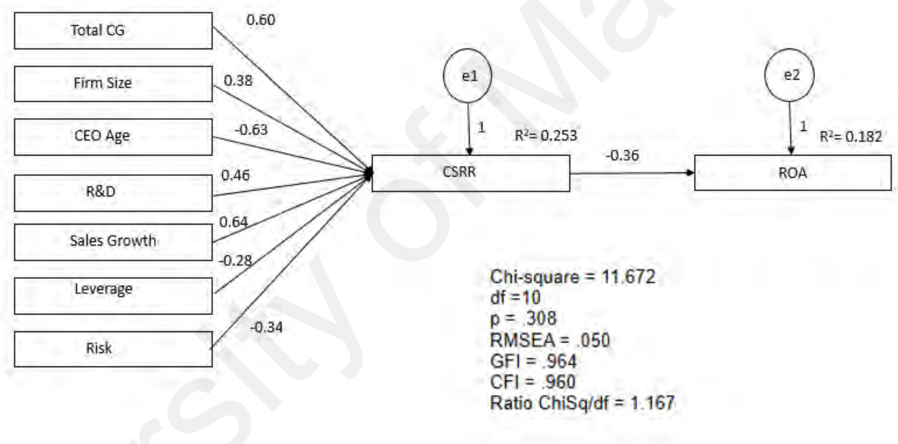

Figure 5-11: Measurement of Model 7a

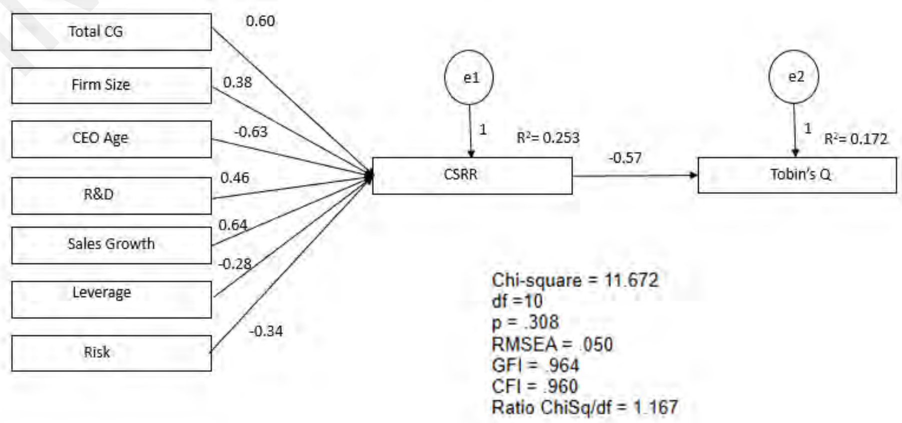

Figure 5-12: Measurement of Model 7b

5.4.1.8 Measurement Model of CG Mechanism, Firm Performance, CSRR Mediating Role with Moderating Role of Country

Figure 5.13 to Figure 5.20 represent the measurement model of moderation effect (country) on mediation role of CG mechanism and firm performance with CSRR in Model 8 (8a, 8b) to all four countries (Malaysia, Indonesia, Singapore and the Philippines) from 2011 to 2013, in answering hypothesis H5a to H5d developed in section 3.4 and addressing the fifth research question: (Does country play as a moderator of mediation effect of CSRR in the relationship between CG -firm performance?). There are 64 degrees of freedom. The chi-square = 77.269 GFI = 0.954, CFI = 0.967, ratio Chisq/df= 1.207 The RMSEA index is acceptably low at 0.028. All suggested the model is fitness is good.

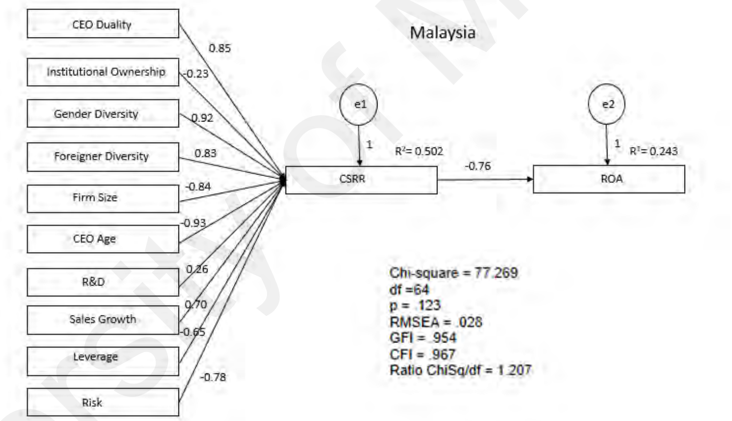

Figure 5-13: Measurement of Model 8a (Malaysia)

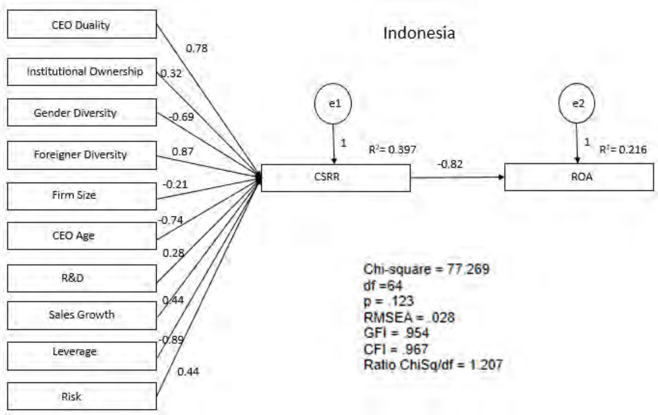

Figure 5-14: Measurement of Model 8a (Indonesia)

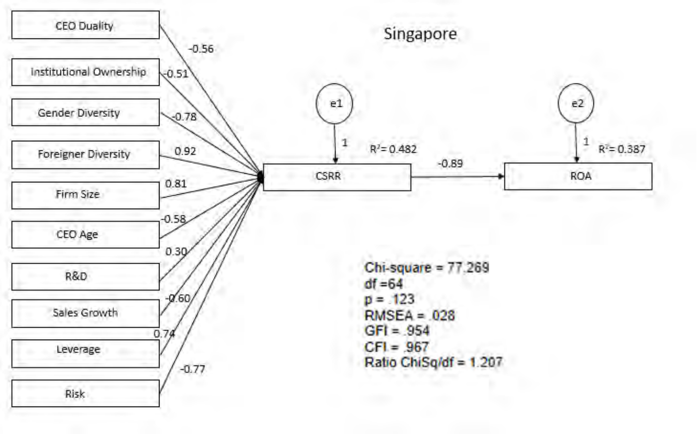

Figure 5-15: Measurement of Model 8a (Singapore)

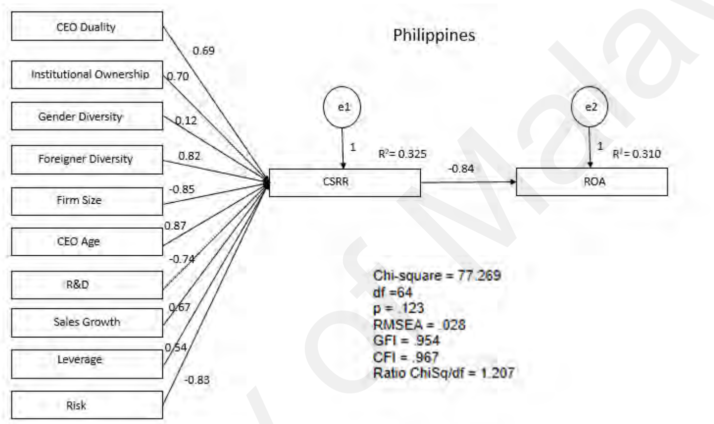

Figure 5-16: Measurement of Model8a (Philippines)

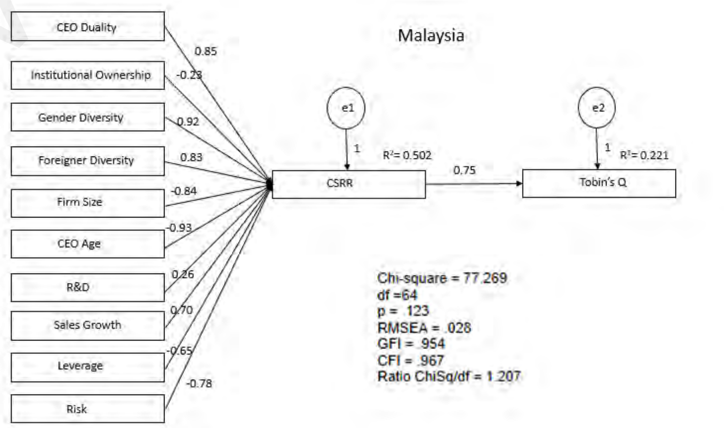

Figure 5-17: Measurement of Model 8b (Malaysia)

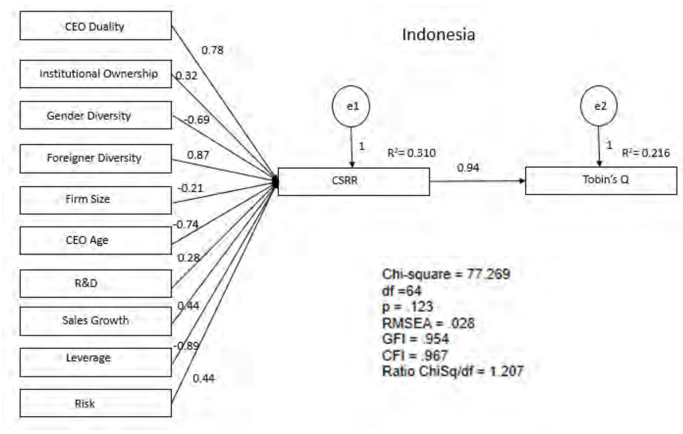

Figure 5-18: Measurement for Model 8b (Indonesia)

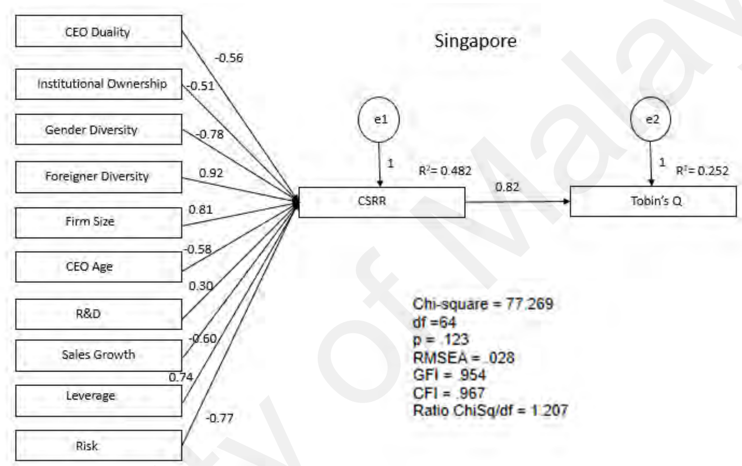

Figure 5-19: Measurement of Model 8b (Singapore)

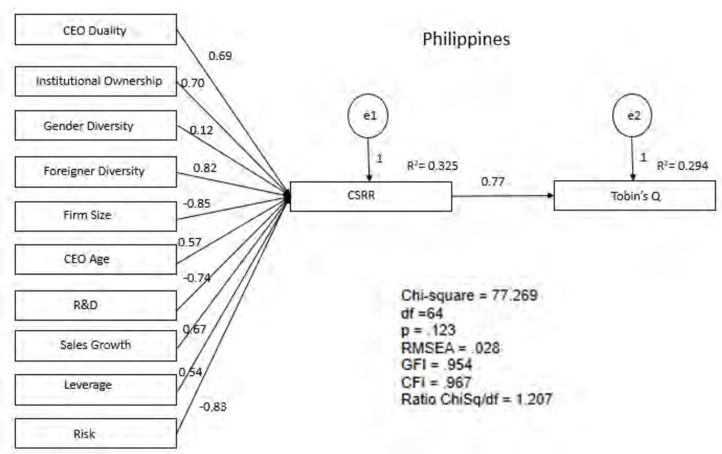

Figure 5-20: Measurement of Model 8b (Philippines)

5.4.1.9 Measurement Model of Total CG, Firm Performance, CSRR Mediating Role with Moderating Role of Country

Figure 5.21 to Figure 5.28 show the measurement model of moderation effect (country) on mediation role of CG mechanism and firm performance with CSRR in Model9 (9a,9b) to all four countries namely Malaysia, Indonesia, Singapore and the Philippines from 2011 to 2013, in order to answer the statistical hypothesis H5e developed in section 3.4 specifically addressed research question five: (Does country play as a moderator of mediation effect of CSRR in the relationship between CG -firm performance?). There are 88 degrees of freedom. The chi-square = 121.351 GFI = 0.909, CFI = 0.773, ratio Chisq/df= 1.379, the RMSEA index is acceptably low at 0.038. A score of .9 or higher indicates good fit (Kelloway, 1998). However, values of .7 or higher are considered acceptable (Hu and Bentler, 1999). This fit index has been reported by many previous structural equation modeling studies (Young-Ybarra and Wiersema, 1999; Hoskisson et al, 2002), particularly in the area of CSR (Johnson and Greening, 1999). Therefore all suggested the model is satisfactory.

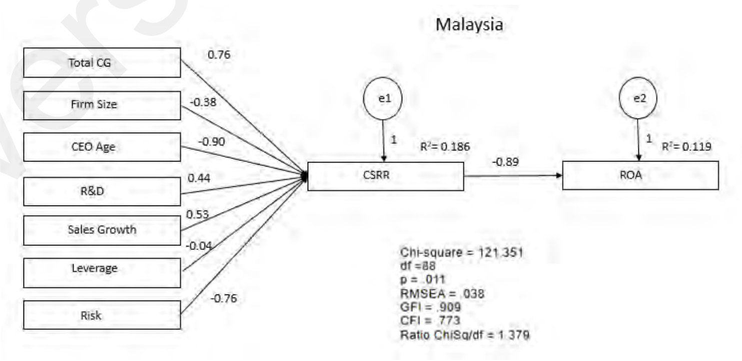

Figure 5-21: Measurement of Model 9a (Malaysia)

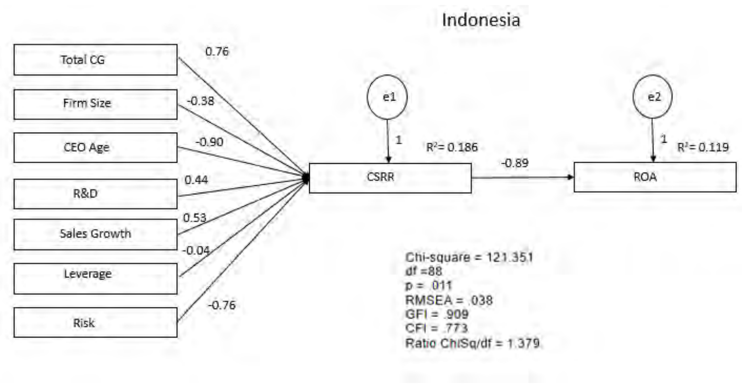

Figure 5-22: Measurement of Model 9a (Indonesia)

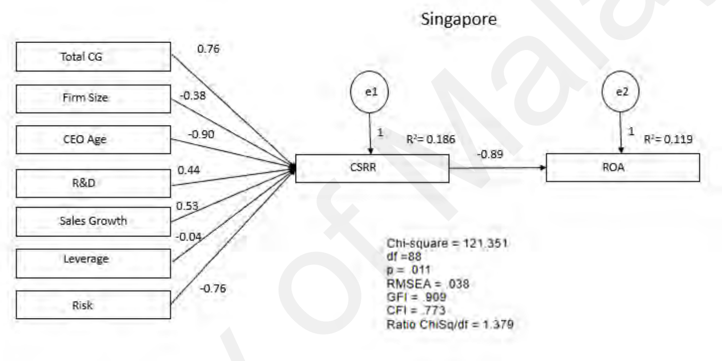

Figure 5-23: Measurement of Model 9a (Singapore)

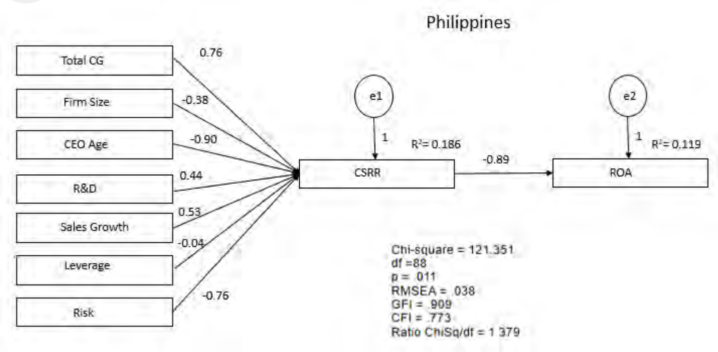

Figure 5-24: Measurement of Model 9a (Philippines)

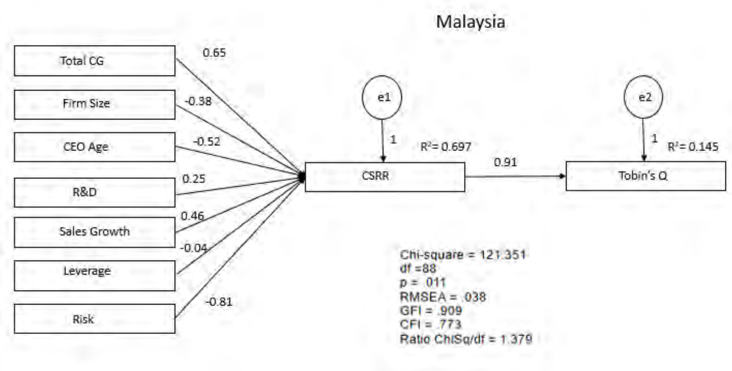

Figure 5-25: Measurement of Model 9b (Malaysia)

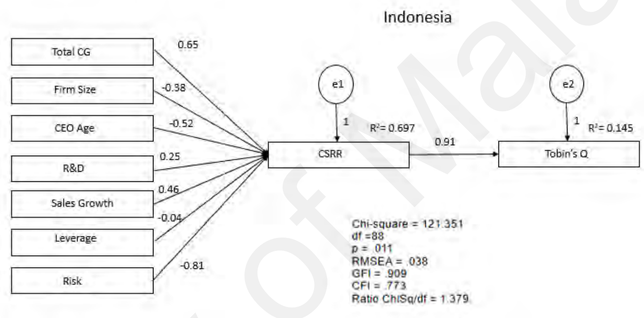

Figure 5-26: Measurement of Model 9b (Indonesia)

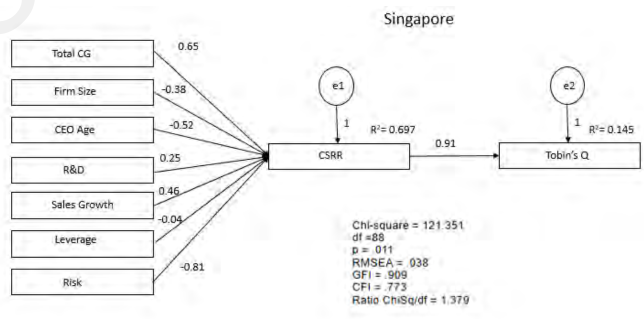

Figure 5-27: Measurement of Model 9b (Singapore)

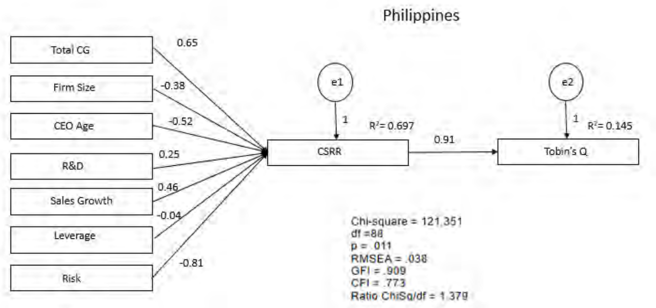

Figure 5-28: Measurement of Model 9b (Philippines)

In summary, the goodness of fit indices for all 9 models confirms a good fit between the data and underlying model. RChisq/df, GFI, and CFI all suggested models are plausible. The RMSEA index is acceptably low therefore all models are fitted and quite satisfactory. Table 5.8 shows the results of the fitness of models. Based on the 264 firm-years observations gathered over a three-year period from 2011 to 2013.

Table 5-8: Summary of Models' Fitness

		Research Models								
Goodness of Fit Index	**Cut off value**	**M 1**	**M2**	**M3**	**M4**	**M5**	**M6**	**M7**	**M8**	**M9**
df	positive	36	18	36	18	19	19	37	18	37
P-Value	≥ 0,05	0.375	0.301	0.375	0.301	0.229	0.229	0.236	0.301	0.236
RMSEA	≤ 0,08	0.015	0.023	0.015	0.023	0.050	0.050	0.024	0.023	0.024
GFI	≥ 0,90	0.975	0.981	0.975	0.981	0.941	0.941	0.975	0.983	0.975
CFI	≥ 0,90	0.979	0.936	0.979	0.936	0.908	0.908	0.966	0.964	0.966
RChisq/df	≤ 2,00	1.057	1.144	1.057	1.144	1.22	1.22	1.157	1.144	1.157
Total Result	good	good	good	good	good	good	good	good	good	good

5.4.2 Reliability and validity

It is absolutely necessary to establish and test the validity and reliability when doing a confirmatory factor analysis (CFA). If factors do not demonstrate adequate validity and reliability, moving on to test a causal model is useless. The details of this Section are explained in section 4.7.

5.4.2.1 Discriminant Validity

Discriminant validity is the degree to which a construct genuinely particular from other constructs. There is a discriminant validity if Average Variance Extracted (AVE) is more than Maximum Shared Squared Variance (MSV) and Average Shared Squared Variance (ASV), MSV<AVE, ASV<AVE.

Discriminant validity is inspected for constructs. All path assess were critical at the 1% level, loadings between measured factors and factors are for the most part more significant than 0.5. Construct Reliability (CR) is additionally higher than AVE which demonstrates Indicators stacked fundamentally on their theorized construct, showing sufficient levels of discriminant validity (Bagozzi and Phillips, 1982; Barki and Hartwick, 2001).

5.4.2.2 Convergent Validity

The things that are indicators of a particular construct should scope or offer a high variance in like manner. All factor loadings ought to be measurably critical. Average Variance Extracted (AVE) ought to be higher than 0.5, and Construct Reliability (CR) ought to be higher than Average Variance Extracted (AVE), AVE>0.5, CR>AVE.

5.4.2.3 Reliability

Reliability is a marker of convergent validity which alludes to the inside consistency of the variables (Chu and Murrmann, 2006). We have reliability if Construct Reliability (CR) is higher than 0.7. All way gauges are huge and CR is higher than 0.7.

For each model wellness, reliability and validity and hypothesis testing are exhibited in beneath segments, accordingly; unwavering quality for all develops are affirmed, Table 5.9 presents the points of interest of validity and reliability for all constructs.

Table 5-9: Results of Validity and Reliability

Convergent Validity		Discriminant Validity		Reliability	
CR>0.7		MSV<AVE		α>0.7	
CR>AVE		ASV<AVE		CR>0.7	
	Cronbach's α	CR	AVE	MSV	ASV
Institutional Ownership	0.765	0.787	0.654	0.513	0.360
CEO Duality	0.888	0.898	0.746	0.350	0.23
Gender Diversity	0.876	0.798	0.663	0.547	0.187
Foreigner Diversity	0.918	0.941	0.763	0.723	0.342
Total CG	0.940	0.964	0.950	0.713	0.294
ROA	0.787	0.663	0.646	0.234	0.155
Tobin's Q	0.814	0.826	0.720	0.654	0.379
CSRR	0.898	0.847	0.734	0.679	0.329

5.5 Hypothesis Testing Results

Several hypotheses are developed to fulfill the objectives of the current study. An in-depth discussion of the hypothesis developed is provided in section 3.4 of this thesis. As highlighted previously in Chapter 4, SEM method with path analysis for multigroup regression, bootstrapping, and multi-group analysis is used to test the relevant hypothesis according to models in Section 5.5.1 to 5.5.8 for the purpose of the current study.

5.5.1 CG Mechanism and Firm Performance

The current study conducted path analysis multiple regression to describe the directed dependencies among a set of variables by adding control variables, independent variables (CG mechanism) and dependent variable. As can be seen, by two measurement models, Model 1(1a, 1b) are fitted. Table 5.10 reports the results of Model 1a which ROA is a dependent variable and CEO duality, institutional ownership, gender diversity and foreigner diversity as independent variables in addition to firm size, firm risk, leverage, R&D, sales growth and CEO's age as control variables for 264 firm-years in period of 2011 to 2013 for the ASEAN region. The results depict that only institutional ownership has p-value under 0.05 which means there is a significant relationship between ownership and ROA. As stated previously in section 3.4.2, Hypothesis1b predicted there is a positive relationship between institutional ownership and firm performance, Therefore H1b is supported confirming that institutional shareholders can stimulate or even coerce corporate leadership to work in their interest to enhance managerial and organizational capabilities in obtaining a legitimate share of profits (Carney and Gedajlovic, 2001; Weidenbaum and Hughes, 1996).

Hypothesis 1a, 1c, and 1d are rejected (p-value>0.05), these results can confirm Iyengar and Zampelli (2009) and Dahya et al.,(2009) which stated no evidence that firms purposefully choose duality structures to optimize firm performance. In addition, Protasovs (2015) examined their research in ASEAN countries failed to indicate a significant relationship between board diversity and firm financial performance. They asserted that this inconsequential affiliation was on the grounds that CG approaches in ASEAN nations which were custom-made and balanced towards universal practices and still remain a feeble purpose of the area as expressed by Chuanrommanee and Swierczek (2007), and Taghizadeh (2013).

Furthermore, T-values which are used to determine whether a particular parameter is significantly different from zero in the population with the amount between -1.96 and +1.96, indicate that the corresponding parameter is not significantly different from zero (at 5% significance level). This also confirms the acceptance of hypothesis in this section.

The R Squared value shows the amount of variance in the dependent variable accounted for by the independent variable(s) in the equation which in this study is 13.5 percent. Plenty of previous empirical researchers in the area of profitability with the presence of CG reported R-square in the range of 10% to 20% even below 10%, yet concluded convincing results (McWilliams and Siegel, 2000; Rettab, et al., 2009). Nau (2005) contended that there was no specific R-square value for well fitted regression. In terms of control variables; firm size and CEO age p-values are below 0.05; which indicate there is a relationship between each of them and ROA. ROA is affected by -0.228 of CEO age, 0.243 of firm size and -0.106 of leverage. Equation (1) shows the results of regression in model 1a which provides support for hypothesis1a to 1d.

$$ROA = \beta 0 + 0.67OWNjt - 0.59AGEjt + 0.62SIZEjt + \varepsilon jt \qquad (1)$$

Table 5-10: Path Analysis for Model 1a with ROA

Hypothesis	Description of Path	Path Coefficient	T-Value	P-Value	Conclusion
H1a	CEO duality→ROA	0.21	0.3	0.976	Rejected
H1b	Ownership [a]→ROA	0.67	3.59	0.010*	Supported
H1c	Gender [b]→ROA	-0.23	-0.58	0.700	Rejected
H1d	Foreigner [c]→ROA	0.56	1.65	0.158	Rejected
Control variables	**Description of Path**	**Path Coefficient**	**T-Value**	**P-Value**	**Conclusion**
CEO age	CEO age→ROA	-0.59	-2.63	0.031*	Sig
Leverage	Leverage→ROA	-0.24	-0.39	0.695	No Sig
Sales Growth	growth→ROA	0.22	0.38	0.704	No Sig
R&D	R&D→ROA	-0.48	-1.12	0.310	No Sig
Firm Size	Size→ROA	0.62	2.27	0.023*	Sig
Firm Risk	Risk→ROA	-0.75	-1.84	0.214	No Sig
R Square 0.135					
F Change 0.002*					
Model Fit: Chi Square = 38.068 (df = 36), RMSEA = .0150, GFI = .975, CFI = .979 Ratio Chisq/df=1.057					

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. a institutional ownership, b gender diversity, c foreigner diversity.* p<0.005

Table 5.11 reports the results of Model 1b which Tobin's Q is a dependent variable and CEO duality, institutional ownership, gender diversity and foreigner diversity as independent variables in addition to firm size, firm risk, leverage, R&D, sales growth and CEO age as control variables for 264 firm-years during period of 2011 to 2013 in ASEAN countries. The results shown in this Table indicate that Tobin's Q as an indicator of financial performance can result from only institutional ownership with a path coefficient of 0.57, also CEO age with a path coefficient of 0.53 and firm size with a path coefficient of 0.74 as control variables. According to agency theory, some asserts that block holder's incentive and capacity to monitor management mitigates principal-agent problems associated with dispersed ownership (Davis et al., 1997).

Hypothesis H1a, H1c, H1d are rejected. According to Dahya et al., 2009; Iyengar and Zampelli, 2009), it is not theoretically obvious whether dual or separate leadership is more beneficial to firm performance; also, it is insignificant relationship between gender diversity and firm performance, foreigner diversity, firm performance, because of CG adjustment to international practices different cultures of ASEAN countries (Chuanrommanee and Swierczek, 2007). T-values which are used to determine whether a particular parameter is significantly different from zero in the population with the amount between -1.96 and +1.96, confirms the acceptance of H1b with the amount of 2.39, also H1a, H1c, and H1d with amount between -1.96 and +1.96 which indicate there is no relationship between independent and dependent variables.

The R Squared value shows the amount of variance in the dependent variable accounted for by the independent variable(s) in the equation; in Model 1a, 1b is 13.8 percent stated 13.8 percent of firm performance can be explained by institutional ownership. Plenty of previous empirical researchers in the area of profitability with the presence of CG reported R-square in the range of 10% to 20% even below 10%, yet concluded convincing results (McWilliams and Siegel, 2000; Rettab, et al., 2009). Nau (2005) contended that there was no specific R-square value for well fitted regression. Equation (2) shows the results of regression in model 1a which provides support for hypothesis1a to 1d.

$$Tobin'sQ = \beta 0 + 0.57OWNjt + 0.53AGEjt + 0.74SIZEjt + \varepsilon jt \qquad (2)$$

Table 5-11: Path Analysis for Model 1b with Tobin's Q

Hypothesis	Description of Path	Path Coefficient	T-Value	P-Value	Conclusion
H1a	CEO duality→Tobin's Q	-0.21	-0.79	0.944	Rejected
H1b	Ownership [a]→Tobin's Q	0.57	2.39	0.017*	Supported
H1c	Gender [b]→Tobin's Q	-0.50	-0.455	0.649	Rejected
H1d	Foreigner [c]→Tobin's Q	0.23	0.638	0.742	Rejected
Control variables	**Description of Path**	**Path Coefficient**	**T-Value**	**P-Value**	**Conclusion**
CEO age	CEO age→Tobin's Q	0.53	2.98	0.022*	Sig
Leverage	Leverage→Tobin's Q	-0.25	-0.422	0.673	No Sig
Sales Growth	growth→Tobin's Q	0.42	0.733	0.434	No Sig
R&D	R&D→Tobin's Q	0.21	0.358	0.720	No Sig
Firm Size	Size→Tobin's Q	0.74	4.467	0.002*	Sig
Firm Risk	Risk→Tobin's Q	-0.88	-1.442	0.134	No Sig
R Square 0.138					
F Change 0.000*					
Model Fit: Chi Square = 38.068 (df = 36), RMSEA = .0150, GFI = .975, CFI = .979 RatioChisq/df=1.057					

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. a institutional ownership, b gender diversity,

c foreigner diversity.* p<0.005

To sum up, the results suggest that the marketing-based and accounting-based measures of financial performance (Tobin' Q and ROA) are not able to establish any relationships with CEO duality, gender and foreigner diversity. Tobin's Q indicates growth opportunities of the company and should capture the value of intangible assets. Whereas, ROA expresses operational performance. It shows that the stock market performance and efficiency of managements of a firm is not related with those CG indicators (Gugnani, 2013).

5.5.2 Total CG and Firm Performance

This section presents the hypothesis testing result (H1e) of the relationship between total CG and firm performance through Model 2a with ROA and 2b with Tobin's Q. Table 5.12 shows the results of hypotheses testing using path analysis regression for model2a with ROA as a dependent variable. H1e is verified which total CG has a positive direct relationship with a path coefficient of 0.64. In addition, the outcome of T-value is shown that there is a significant difference with zero (2.136) which also confirms H1e.

R-square indicates the percentage of variation independent variable explained by the variation in the independent variable. In this model, R-square is 12% which states that ROA can be explained by this amount through total CG.Furthermore, two control variables, namely CEO age negatively and firm size are positively related to ROA in this Model. Equation (3) reports the regression results of Model 2a which supports hypothesis H1e.

$$ROA = \beta 0 + 0.642 TOTAL\ CGjt - 0.45 AGEjt + 0.56 SIZEjt + \varepsilon jt \qquad (3)$$

Table 5-12: Path Analysis for Model 2a with ROA

Hypothesis	Description of Path	Path Coefficient	T-Value	P-Value	Conclusion
H1e	Total CG [a]→ROA	0.642	2.136	0.033*	Supported
Control variables	**Description of Path**	**Path Coefficient**	**T-Value**	**P-Value**	**Conclusion**
CEO age	CEO age→ROA	-0.451	-2.187	0.029*	Sig
Leverage	Leverage→ROA	-0.18	-0.307	0.759	No Sig
Sales Growth	growth→ROA	0.23	0.397	0.691	No Sig
R&D	R&D→ROA	-0.71	-1.205	0.228	No Sig
Firm Size	Size→ROA	0.56	3.022	0.003*	Sig
Firm Risk	Risk→ROA	-0.48	-1.239	0.215	No Sig
R Square 0.118					
F Change 0.002*					
Model Fit: Chi Square = 20.592 (df = 18), RMSEA = .023, GFI = .981, CFI = .936 RatioChisq/df=1.144.					

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. a Total corporate governance.* p<0.005

Table 5.13 presents the results of regression for Model 2b. As previously predicted in H1e there is a relationship between total CG and Tobin's Q (P-value< 0.05 with a path coefficient of 0.52). Being T-value with the amount of 2.123 states that there is significantly different from zero in the population with the amount between -1.96 and +1.96, which confirms the acceptance of hypothesis H1e in this Model. These results are consistent with the latest study by Jameson et al. (2014), which reveal that CG is significantly positively related to firm performance. Among control variables CEO age and firm size positively related to Tobin's Q with the path coefficient of 0.67 and 0.65 respectively. Moreover, R-square is 0.132 which reports 13.2 percent of Tobin's Q is explained by total CG. Nau (2005) argued a regression could be well fitted with low R-square between 10 percent and 20 percent, even with R-square below 5 percent when using the large sample in the study. Equation (4) shows such result in regression analysis, which provides support for Hypothesis H1e.

$$Tobin'sQ = \beta 0 + 0.52\, TOTAL\ CGjt + 0.67AGEjt + 0.54SIZEjt + \varepsilon jt \qquad (4)$$

To sum up, Tobin's Q indicates growth opportunities of the company and should capture the value of intangible assets, whereas, ROA expresses operational performance. The results suggest that the marketing-based and accounting-based measures of financial performance (Tobin' Q and ROA) are able to establish relationship with total CG.

Table 5-13: Path Analysis for Model 2b with Tobin's Q

Hypothesis	Description of Path	Path Coefficient	T-Value	P-Value	Conclusion
H1e	Total CG [a]→Tobin's Q	0.52	2.123	0.034*	Supported
Control variables	**Description of Path**	**Path Coefficient**	**T-Value**	**P-Value**	**Conclusion**
CEO age	CEO age→Tobin's Q	0.67	2.501	0.012*	Sig
Leverage	Leverage→Tobin's Q	-0.11	-0.202	0.840	No Sig
Sales Growth	growth→Tobin's Q	0.52	0.878	0.380	No Sig
R&D	R&D→Tobin's Q	0.79	0.212	0.832	No Sig
Firm Size	Size→Tobin's Q	0.65	5.435	0.001*	Sig
Firm Risk	Risk→Tobin's Q	0.76	1.374	0.170	No Sig
R Square 0.132					
F Change 0.000*					
Model Fit: Chi Square = 20.592 (df = 18), RMSEA = .023, GFI = .981, CFI = .936 Ratio Chisq/df=1.144.					

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. a Total corporate governance.* p<0.005

5.5.3 CG and CSRR

This section presents the hypothesis testing results of the relationship between CG mechanism and total CG with CSRR in Model 3 and 4. Table 5.14 shows hypothesis testing results using regression path analysis for H2a to H2d in Model3. From hypothesis prediction in this section only H2a with P-value<0.05, path coefficient of 0.51, H2d with P-value<0.05 and path coefficient 0.44 are supported. Among control variables, sales growth positively related to CSRR with a path coefficient of 0.54 and firm risk negatively related to CSRR with a path coefficient of 0.78. T-value confirms the hypothesis acceptance and rejection which H2a and H2d have the amount outside -1.96 and +1.96 showing there is a significant difference with amount zero. The correlation analysis using R-square describes the proportion of the variation in CSRR as the dependent variable explained by CG mechanism along with other explanatory variables in which the overall estimation is satisfactory. This means that at least 14.2 percent of the variation in CSRR is explained by CG mechanism. According to Nau (2005), a regression could be well fit with low R-square between 10 percent and 20 percent even with R-square below 5 percent in a large sample of the study. It can be concluded that hypothesis is partially accepted and reported in Equation (5) as below:

$$CSRR = \beta 0 + 0.51DUALjt + 0.44FOREIGNjt - 0.78RISKjt + 0.54GROWTHjt + \varepsilon jt \qquad (5)$$

Table 5-14: Path Analysis for Model 3 with CSRR

Hypothesis	Description of Path	Path Coefficient	T-Value	P-Value	Conclusion
H2a	CEO duality→CSRR [a]	0.51	5.958	0.001*	Supported
H2b	Ownership [b]→CSRR	-0.64	-1.228	0.220	Rejected
H2c	Gender [c]→CSRR	0.31	1.554	0.110	Rejected
H2d	Foreigner [d]→CSRR	0.44	6.027	0.001*	Supported
Control variables	**Description of Path**	**Path Coefficient**	**T-Value**	**P-Value**	**Conclusion**
CEO age	CEO age→CSRR	-0.44	-0.215	0.071	No Sig
Leverage	Leverage→CSRR	-0.13	-0.228	0.817	No Sig
Sales Growth	growth→CSRR	0.54	2.241	0.043	Sig
R&D	R&D→CSRR	-0.20	-0.37	0.890	No Sig
Firm Size	Size→CSRR	0.36	0.336	0.715	No Sig
Firm Risk	Risk→CSRR	-0.78	-2.605	0.010	Sig
R Square 0.142					
F Change 0.000*					
Model Fit: Chi Square = 42.814 (df = 37), RMSEA = .024, GFI = .973, CFI = .957 Ratio Chisq/df=1.157.					

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005.

Table 5.15 explains the results of hypothesis testing for Model 4 by using regression path analysis. With regards to Hypothesis H2e, it is supported where the P-value <0.05 and path coefficient is 0.54. T-value also supports H2e with the amount of 4.007 reporting there is significantly different with zero. R-square indicates the percentage of variation independent variable explained by the variation in the independent variable, therefore 13.2 percent of CSRR is explained by total CG. Nau (2005) argued a regression could be well fitted with low R-square between 10 percent and 20 percent even with R-square below 5 percent in quantitative large sample data. In terms of control variables, CEO age with a path coefficient of 0.35 and firm size with a path coefficient of 0.71 are negatively associated with CSRR. Other control variables have no relationship with CSRR. Equation (6) reports the supported result of hypothesis H2e for Model 4.

$$CSRR = \beta 0 + 0.51 TOTAL\ CGjt - 0.35 AGEjt - 0.78 RISKjt - 0.71 SIZEjt + \varepsilon jt \qquad (6)$$

Table 5-15: Path Analysis for Model 4 with CSRR

Hypothesis	Description of Path	Path Coefficient	T-Value	P-Value	Conclusion
H2e	Total CG [a]→CSRR [b]	0.54	4.007	0.001*	Supported
Control variables	**Description of Path**	**Path Coefficient**	**T-Value**	**P-Value**	**Conclusion**
CEO age	CEO age→CSRR	-0.35	-0.935	0.045	Sig
Leverage	Leverage→CSRR	-0.05	-0.160	0.837	No Sig
Sales Growth	growth→CSRR	0.46	0.860	0.390	No Sig
R&D	R&D→CSRR	0.73	0.221	0.825	No Sig
Firm Size	Size→CSRR	-0.71	-.796	0.026	Sig
Firm Risk	Risk→CSRR	-0.61	-2.114	0.059	No Sig
R Square 0.132					
F Change 0.002*					
Model Fit: Chi Square = 20.592 (df = 18), RMSEA = .023, GFI = .981, CFI = .936 RatioChisq/df=1.144.					

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. a Total corporate governance, b corporate social responsibility reporting.* p<0.005

5.5.4 CSRR and Firm Performance

This section presents the hypotheses testing on the relationship between CSRR and firm performance. A similar procedure as previously stated is done through regression path analysis. The results are shown in Table 5.16 and 5.17 for Model 5a and 5b respectively. According to Table 5.16, H3 is supported. As predicted before, there is a significant relationship with P-value<0.05, however the path coefficient -0.61 resulting negativity association of CSRR with ROA.

According to amount depicted by T-value (-2.114), there is a significant difference with zero, supporting H3. According to control variables CEO age with a negative path coefficient of 0.35, firm size with a positive path coefficient of 0.54, and firm risk with a negative path coefficient of 0.86 are significantly in relation to ROA. The R-square indicate that 13.2 percent of ROA is explained by CSRR. Nau (2005) argued a regression could be well fitted with low R-square between 10 percent and 20 percent even with R-square below 5 percent. Moreover, past studies also reported low R-square in their study about the relationship between CSR and firm performance (McWilliams and Siegel, 2000; Rettab et al., 2009). Equation (7) shows regression analysis results which supports H3.

$$ROA = \beta 0 - 0.61 CSRRjt - 0.35 AGEjt - 0.86 RISKjt + 0.54 SIZEjt + \varepsilon jt \qquad (7)$$

Table 5-16: Path Analysis for Model 5a with ROA

Hypothesis	**Description of Path**	**Path Coefficient**	**T-Value**	**P-Value**	**Conclusion**
H3	CSRR [a]→ROA	-0.61	-2.114	0.035*	Supported
Control variables	**Description of Path**	**Path Coefficient**	**T-Value**	**P-Value**	**Conclusion**
CEO age	CEO age→ROA	-0.35	-2.798	0.005*	Sig
Leverage	Leverage→ROA	-0.36	-0.604	0.547	No Sig
Sales Growth	growth→ROA	0.32	0.543	0.587	No Sig
R&D	R&D→ROA	-0.73	-1.164	0.244	No Sig
Firm Size	Size→ROA	0.54	2.762	0.008*	Sig
Firm Risk	Risk→ROA	-0.86	-1.407	0.049*	Sig
R Square 0.132					
F Change 0.002*					
Model Fit: Chi Square = 19.605 (df = 18), RMSEA = .018, GFI = .982, CFI = .953 Ratio Chisq/df=1.089.					

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. a corporate social responsibility reporting.* p<0.005

Tables 5.17 presents the path analysis regression for Model 5b. The dataset reveals that H3 is also supported by this model as predicted with a p-value below 0.05 and path coefficient (beta) 0.73. Similar to previous Models, T-value also supports H3 with the amount of 2.465. Results of control variables show a significant and positive association between CEO age and Tobin's Q, firm size and Tobin's Q with a path coefficient of 0.57 and 0.59 in order.

The R-square is 13.2 percent showing explanation amount of Tobin's Q by CSRR. The findings are consistent with previous studies with low R-square reported in their results (McWilliams and Siegel, 2000; Rettab et al., 2009). In sum, both long-term and short-term firm performance are in relation with CSRR.Equation (8) shows regression analysis results which support H3.

$$Tobin'sQ = \beta 0 + 0.73CSRRjt + 0.57AGEjt + 0.594SIZEjt + \varepsilon jt \qquad (8)$$

Table 5-17: Path Analysis for Model 5b with Tobin's Q

Hypothesis	**Description Of Path**	**Path Coefficient**	**T-Value**	**P-Value**	**Conclusion**
H3	CSRR [a]→Tobin's Q	0.73	2.465	0.014*	Supported
Control variables	**Description of Path**	**Path Coefficient**	**T-Value**	**P-Value**	**Conclusion**
CEO age	CEO age→Tobin's Q	0.57	2.416	0.016*	Sig
Leverage	Leverage→Tobin's Q	-0.24	-0.416	0.677	No Sig
Sales Growth	growth→Tobin's Q	0.46	0.775	0.438	No Sig
R&D	R&D→Tobin's Q	0.67	0.188	0.851	No Sig
Firm Size	Size→Tobin's Q	0.59	5.495	0.001*	Sig
Firm Risk	Risk→Tobin's Q	0.52	1.705	0.088	No Sig
R Square 0.132					
F Change 0.002*					
Model Fit: Chi Square = 19.605 (df = 18), RMSEA = .018, GFI = .982, CFI = .967 RatioChisq/df=1.089.					

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. a corporate social responsibility reporting.* p<0.005

The results of Table 5-16 and 5-17 suggest that both accounting-based and marketing-based measures of financial performance (ROA and Tobin' Q) are able to establish relationship with CSRR.

5.5.5 CG Mechanism, Firm Performance and CSRR

The current section presents the results of path analysis and SEM for mediation through bootstrapping to report the link between CG mechanism, firm performance and CSRR as a mediator. Table 5.18 depicts the results of hypothesis testing H4a to H4d for Model 6a, and Table 5.19 presents the results of hypothesis testing H4a to H4d for Model 6b. In both models, the following variables namely CEO duality, gender diversity and foreigner diversity have indirect effect with ROA, Tobin's Q, however; all hypothesis are rejected which indicate there is no effect of mediator (CSRR) in the relationship between CG mechanism and ROA, CG mechanism with Tobin's Q. In terms of control variables, sales growth has an indirect effect on firm performance, both CEO's age and firm size have a direct effect, the other control variables with firm performan

Table 5-18: Path Analysis for Model 6a with ROA

CG mechanism (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description Of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H4a	CEO duality→ROA	0.14	0.970	-0.64	0.004*	0.677	0.221	Indirect	Rejected
H4b	Ownership [b]→ROA	0.29	0.009*	0.23	0.194	0.25	0.010*	Direct	Rejected
H4c	Gender [c]→ROA	-0.53	0.70	-0.48	0.029*	-0.37	0.962	Indirect	Rejected
H4d	Foreigner [d]→ROA	0.87	0.158	0.66	0.005*	0.91	0.068	Indirect	Rejected
Cont.Var	**Description Of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ROA	-0.53	0.031*	0.44	0.864	-0.56	0.035*	Direct	
Leverage	Leverage→ROA	-0.24	0.695	0.13	0.702	0.228	0.761	No	
Sales Growth	growth→ROA	0.21	0.701	0.22	0.018*	0.44	0.445	Indirect	
R&D	R&D→ROA	-0.59	0.310	0.76	0.987	-0.61	0.890	No	
Firm Size	Size→ROA	0.26	0.023*	-0.46	0.263	0.336	0.715	Direct	
Firm Risk	Risk→ROA	-0.75	0.214	0.00	0.08	-0.82	0.135	No	
R Square (ROA)	**0.138**								
R Square (CSRR)	**0.231**								
F Change	**0.00**								
Model Fit: Chi Square = 42.814 (df = 37), RMSEA = .024, GFI = .975, CFI = .964 Ratio Chisq/df=1.157.									

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. a corporate social responsibility reporting institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-19: Path Analysis for Model 6b with Tobin's Q

CG mechanism (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H4a	CEO duality→Tobin's Q	-0.04	0.944	0.68	0.015*	-0.23	0.268	Indirect	Rejected
H4b	Ownership [b]→Tobin's Q	0.29	0.016*	-0.23	0.275	0.31	0.020*	Direct	Rejected
H4c	Gender [c]→Tobin's Q	-0.27	0.64	0.58	0.038*	-0.43	0.432	Indirect	Rejected
H4d	Foreigner [d]→Tobin;s Q	0.17	0.773	0.69	0.008*	-0.42	0.756	Indirect	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→Tobin's Q	0.23	0.022*	-0.85	0.915	0.26	0.010*	Direct	
Leverage	Leverage→Tobin's Q	-0.25	0.695	-0.14	0.702	-0.27	0.561	No	
Sales Growth	growth→Tobin's Q	0.14	0.701	0.45	0.025*	0.24	0.445	Indirect	
R&D	R&D→Tobin's Q	0.21	0.720	-0.47	0.975	0.21	0.763	No	
Firm Size	Size→Tobin's Q	0.27	0.001*	0.14	0.292	0.336	0.018*	Direct	
Firm Risk	Risk→Tobin's Q	0.44	0.134	0.00	0.0	-0.88	0.066	No	
R Square (Tobin's Q)	**0.161**								
R Square (CSRR)	**0.231**								
F Change	**0.00**								
Model Fit: Chi Square = 42.814 (df = 37), RMSEA = .024, GFI = .975, CFI = .964 Ratio Chisq/df=1.157.									

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. a corporate social responsibility reporting institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

5.5.6 Total CG, Firm Performance and CSRR

Findings of the relationship between total CG and firm performance with the presence of CSRR as a mediator are reported in Table 5.20 and Table 5.21. Direct, total and indirect effects of total CG, firm performance and CSRR are observed. For both Models 7a and 7b CSRR has a mediating effect on the relationship between total CG and firm performance. This is consistent with H4e CSRR has a mediating effect on the impact of total CG and firm performance. Table 5.20 presents the results of H4e with ROA. According to Mathieu and Taylor (2006) there is a partial mediation because of significance of total effect (without mediator) with path coefficient of 0.28, indirect effect with path coefficient of -0.40 and direct effect (with mediator) with path coefficient of 0.32 which has been increased meaning that one standard deviation scaling up of the total CG will increase the ROA by 0.04 standard deviations.

Table 5.21 reports the hypothesis analysis H4e with Tobin's Q which is consistent with previous literature (Mathieu and Taylor, 2006). There is a partial mediation since total effect, indirect, and direct effects are significant with a path coefficient of 0.54, 0.34, and 0.64 in order. There is an increase in the amount of path coefficient of direct effect (with a mediator) in comparison with total effect (without a mediator) meaning that one standard deviation scaling up of the total CG will increase the Tobin's Q by 0.10 standard deviations. Except for CEO's age and firm size in both models that have direct effect firm performance, none of the control variables have a significant relationship with firm performance and CSRR. Considering the goodness of fit the value of R-square CSRR is 0.253 percent which means 25.3 of CSRR is explained by total CG, R-square of Tobin's Q is 0.182 percent which means 18.2 percent of Tobin's Q can be explained by CSRR total CG. Thus, it can be concluded that there does appear to be an association between dependent variable, mediator and independent variabl

Table 5-20: Path Analysis for Model 7a with ROA

Total CG (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H4e	Total CG→ROA	0.28	0.033	-0.40	0.009*	0.32	0.033*	Partial mediation	Supported
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ROA	-0.33	0.029*	0.24	0.322	-0.34	0.012*	Direct	
Leverage	Leverage→ROA	-0.18	0.759	-0.09	0.810	-0.17	0.910	No	
Sales Growth	growth→ROA	0.23	0.691	-0.18	0.218	0.32	0.438	No	
R&D	R&D→ROA	-0.71	0.228	-0.27	0.676	-0.69	0.225	No	
Firm Size	Size→ROA	0.18	0.003*	0.17	0.292	0.11	0.029*	Direct	
Firm Risk	Risk→ROA	-0.75	0.25	0.00	0.95	-0.88	0.194	No	
R Square (ROA)	**0.182**								
R Square (CSRR)	**0.253**								
F Change	**0.00**								
Model Fit: Chi Square = 11.672 (df = 10), RMSEA = .050, GFI = .964, CFI = .960 Ratio Chisq/df=1.167.									

Notes:

Sample data is 264 firm- years of ASEAN region from 2011 to 2013. * p<0.005

Table 5-21: Path Analysis for Model 7b with Tobin's Q

Total CG (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H4e	Total CG→Tobin's Q	0.54	0.034	0.34	0.019*	0.64	0.05*	Partial mediation	Supported
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→Tobin's Q	0.34	0.012*	-0.31	0.269	0.35	0.015*	Direct	
Leverage	Leverage→Tobin's Q	-0.12	0.840	0.06	0.720	-0.13	0.710	No	
Sales Growth	growth→Tobin's Q	0.51	0.380	0.16	0.246	0.442	0.500	No	
R&D	R&D→Tobin's Q	0.51	0.832	0.16	0.648	0.44	0.898	No	
Firm Size	Size→Tobin's Q	0.318	0.001*	-0.18	0.136	0.326	0.015*	Direct	
Firm Risk	Risk→Tobin's Q	0.82	0.17	-0.15	-0.045	0.96	0.142	No	
R Square (ROA)	**0.172**								
R Square (CSRR)	**0.253**								
F Change	**0.00**								
Model Fit: Chi Square = 11.672 (df = 10), RMSEA = .050, GFI = .964, CFI = .960 Ratio Chisq/df=1.167.									

Notes:

Sample data is 264 firm-years of ASEAN region from 2011 to 2013. * p<0.0

5.5.7 CG Mechanism, Firm Performance, CSRR, and Country

To test the moderating effect of the country in the mediation relationship of CSRR for CG mechanism and firm performance, bootstrapping and multigroup path diagram analysis SEM through AMOS are used. Tables 5.22, 5.23, 5.24, 5.25, 5.27, 5.28, 5.29, 5.30 are presented the tested Model of 8a and 8b. The hypothesis in relation to moderating effect of the country is tested by comparing path coefficients between groups in Table 5.26 and Table 5.31 by using bootstrapping of mediation in each country.

Table 5.22 shows the hypothesis results of H5a to H5d for 64 firms in Malaysia. Considering the goodness of fit the coefficient value of R-square CSRR is 50.2 which states 50.2 percent of CSRR in explained by CG mechanism in Malaysia, R-square for ROA is 0.243 meaning 24.3 percent of ROA in Malaysian firms are explained by CSRR and CG mechanism. As predicted for the hypothesis in this section, only H5d is accepted which direct and total indirect effects of CG mechanism, firm performance and CSRR are significant, therefore; there is a partial mediation (Mathieu and Taylor, 2006). There is an increase in the amount of path coefficient of direct effect (with a mediator) in comparison with total effect (without a mediator) meaning that one standard deviation scaling up of the total CG will increase the ROA by 0.05 standard deviations.However gender diversity has an only indirect effect, CEO duality and foreigner diversity have no mediation effect which results in rejection of H5a, H5b, H5c. Table 5.23 indicates the result of Model 8a for Indonesia. As can be seen, CEO duality and institutional ownership have partial mediation effect because total, direct, and indirect effects are significant. In other words, CSRR partially mediates CEO duality in firm performance (β= 0.38, $p < 0.05$) in support of H5a, partially mediates institutional ownership in firm performance ((β= 0.30, $p < 0.05$). R-square of CSRR is 0.216 stating CSRR can be explained by 22 percent though total CG. The R-square of ROA is 39.7 percent meaning ROA can be explained by this percentage through CSRR and CG mechanism.

The results of the structural Model 8a for 57 firms of Singapore, detailing the path coefficients and regression are presented in Table 5.23. There is a significant partial mediation of institutional ownership and ROA in 57 Singaporean firms which results in a significant relationship of total effect with a path coefficient of 0.40, indirect effect with a path coefficient of 0.10 and direct effect with a path coefficient of 0.90. This increase in the amount of path coefficient of direct effect (with a mediator) in comparison with total effect (without a mediator) meaning that presence of mediator (CSRR) is important and causes standard deviation increment indirect effect, therefore as predicted, H5b is supported. However, there is no mediation relationship between three other independent variables and ROA resulting a rejection for H5a, H5c, H5d. There is only a negative direct effect of CEO duality and ROA without mediation relationship with a path coefficient of -0.25, the negative indirect effect of gender diversity with ROA stating the relationship between gender diversity and CSRR with a path coefficient of -0.84.

Table 5.25 presents the results of mediation analysis for 48 firms in the Philippines from 2011 to 2013. Although the fitness model is satisfactory, none of the hypothesis is accepted. In terms of the control variable, only leverage has a direct effect with ROA (path coefficient of -0.47, P-value<0.05), and firm risk has indirect effect with ROA (path coefficient of 0.11, P-value<0.05).

Moreover, path coefficient of Malaysia and Indonesia are the highest (0.26) for CEO duality and ROA among the other two countries, whereas Singapore has the highest path coefficient for institutional ownership, and Malaysia has the highest path coefficient of foreigner diversity and Tobin's Q. In addition, path coffenicent of gender diversity and ROA has the highet amount in Singapore.

In conclusion, as predicted for H5a, H5b, H5d for multi-group analysis between ASEAN region, the country has a moderated mediation role because of difference in results of moderator between countries, therefore they are accepted. In contrast, the country as a moderator is similar for effect of CSRR in the relationship between gender diversity and ROA, thus; H5b is rejected. The summary of results is presented in Table 5.26. Based on this table it can be concluded for those countries (Malaysia, Indonesia) which use mandatory CSRR, CSRR have more mediation effects.

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Table 5-22: Path Analysis for Model 8a with ROA (Malaysia)

CG mechanism (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5a	CEO duality→ROA	0.26	0.410	-0.43	0.259	0.77	0.373	No	Rejected
H5b	Ownership [b]→ROA	0.35	0.304	0.03	0.975	0.71	0.455	No	Rejected
H5c	Gender [c]→ROA	-0.50	0.59	-0.42	0.019*	-0.19	0.939	Indirect	Rejected
H5d	Foreigner [d]→ROA	0.54	0.011*	0.21	0.013*	0.44	0.016*	Partial mediation	Supported
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ROA	0.70	0.810	0.20	0.280	-0.71	0.566	No	
Leverage	Leverage→ROA	0.04	0.895	0.26	0.289	-0.09	0.961	No	
Sales Growth	growth→ROA	0.06	0.919	-0.32	0.238	0.44	0.415	No	
R&D	R&D→ROA	0.66	0.921	-0.09	0.762	0.11	0.867	No	
Firm Size	Size→ROA	-0.82	0.758	-0.09	0.157	-0.43	0.768	No	
Firm Risk	Risk→ROA	-0.08	0.898	0.18	0.762	-0.27	0.867	No	
R Square (ROA)	**0.243**								
R Square (CSRR)	**0.502**								
F Change	**0.00**								
Model Fit: Chi Square = 77.269 (df = 64), RMSEA = .028, GFI = .954, CFI = .967 Ratio Chisq/df=1.207.									

Notes:

Sample data is 69 firms of Malaysia from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-23: Path Analysis for Model 8a with ROA (Indonesia)

CG mechanism (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5a	CEO duality→ROA	0.26	0.022*	-0.14	0.015*	0.38	0.006*	Partial mediation	Supported
H5b	Ownership [b]→ROA	0.29	0.004*	-0.09	0.016*	0.30	0.026*	Partial mediation	Supported
H5c	Gender [c]→ROA	-0.40	0.68	0.12	0.51	-0.50	0.744	No	Rejected
H5d	Foreigner [d]→ROA	0.12	0.267	-0.04	0.115	0.16	0.118	No	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ROA	-0.45	0.012*	0.20	0.280	-0.61	0.016*	Direct	
Leverage	Leverage→ROA	0.04	0.895	0.26	0.289	-0.09	0.961	No	
Sales Growth	growth→ROA	0.25	0.005*	-0.13	0.238	0.26	0.021*	Direct	
R&D	R&D→ROA	-0.19	0.023*	-0.09	0.762	-0.26	0.032*	No	
Firm Size	Size→ROA	0.26	0.305	0.13	0.356	0.24	0.016*	No	
Firm Risk	Risk→ROA	-0.27	0.018	-0.01	0.740	-0.26	0.05	Direct	
R Square (ROA)	**0.397**								
R Square (CSRR)	**0.216**								
F Change	**0.00**								
Model Fit: Chi Square = 77.269 (df = 64), RMSEA = .028, GFI = .954, CFI = .967 Ratio Chisq/df=1.207.									

Notes: Sample data is 90 firms of Indonesia from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-24: Path Analysis for Model 8a with ROA (Singapore)

CG mechanism (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficeint**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5a	CEO duality→ROA	-0.25	0.026*	0.16	0.573	-0.32	0.012*	Direct	Rejected
H5b	Ownership [b]→ROA	0.40	0.034	0.10	0.035	0.90	0.043	Partial mediation	Supported
H5c	Gender [c]→ROA	-0.19	0.115	-0.16	0.248	-0.50	0.21	No	Rejected
H5d	Foreigner [d]→ROA	-0.13	0.820	-0.84	0.038*	0.16	0.840	Indirect	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ROA	0.39	0.01*	0.12	0.251	-0.25	0.04*	Direct	
Leverage	Leverage→ROA	0.08	0.467	-0.10	0.043	0.16	0.157	Indirect	
Sales Growth	growth→ROA	-0.03	0.987	0.13	0.365	-0.16	0.897	Not	
R&D	R&D→ROA	0.66	0.538	-0.06	0.362	0.73	0.585	No	
Firm Size	Size→ROA	-0.39	0.035*	-0.18	0.356	0.52	0.048*	Direct	
Firm Risk	Risk→ROA	-0.12	0.315	-0.04	0.087	-0.16	0.785	No	
R Square (ROA)	**0.387**								
R Square (CSRR)	**0.482**								
F Change	**0.00**								
Model Fit: Chi Square = 77.269 (df = 64), RMSEA = .028, GFI = .954, CFI = .967 Ratio Chisq/df=1.207.									

Notes: Sample data is 57 firms of Singapore from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-25: Path Analysis for Model 8a with ROA (Philippines)

CG mechanism (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficeint**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5a	CEO duality→ROA	-0.28	0.053	-0.14	0.064	-0.23	0.183	No	Rejected
H5b	Ownership [b]→ROA	0.13	0.940	-0.12	0.472	0.25	0.912	No	Rejected
H5c	Gender [c]→ROA	-0.45	0.566	-0.07	0.953	-0.35	0.51	No	Rejected
H5d	Foreigner [d]→ROA	-0.34	0.820	-0.87	0.045*	0.65	0.543	Indirect	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ROA	0.45	0.333	-0.12	0.221	-0.54	0.412	No	
Leverage	Leverage→ROA	-0.47	0.036*	-0.15	0.339	-0.46	0.041*	Direct	
Sales Growth	growth→ROA	-0.64	0.649	-0.47	0.081	-0.17	0.980	Not	
R&D	R&D→ROA	-0.77	0.538	0.38	0.160	0.85	0.398	No	
Firm Size	Size→ROA	-0.69	0.158	0.14	0.256	0.51	0.809	No	
Firm Risk	Risk→ROA	0.16	0.261	0.11	0.048	0.09	0.739	Indirect	
R Square (ROA)	**0.310**								
R Square (CSRR)	**0.325**								
F Change	**0.00**								
Model Fit: Chi Square = 77.269 (df = 64), RMSEA = .028, GFI = .954, CFI = .967 Ratio Chisq/df=1.207.									

Notes:

Sample data is 48 firms of Philippines from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-26: Summary of Hypothesis Result for Model 8a

Hypo.	Malaysia	Indonesia	Singapore	Philippines	Conclusion
H5a	Rejected	Supported(Partial Mediation)	Rejected	Rejected	There is a difference with moderator(accepted)
H5b	Rejected	Supported(Partial Mediation)	Supported(Partial Mediation)	Rejected	There is a difference with moderator(accepted)
H5c	Rejected	Rejected	Rejected	Rejected	There is no difference with moderator(rejected)
H5d	Supported(Partial Mediation)	Rejected	Rejected	Rejected	There is a difference with moderator(accepted)

The results of the bootstrapping structural model, detailing the path coefficients of 69 Malaysian companies between 2011 and 2013 for Model 8b is presented in Table 5.27. As it pertains to hypothesis 5b, it is supported. There is a partial mediation with both the direct path with mediation and the indirect path being significant (path coefficient = -.10, P-value < .05, path coefficient = 0.43, P-value < .05). For other three independent variables namely CEO duality, gender diversity, foreigner diversity no mediation relationship observed, therefore, H5a, H5c, H5d are rejected. Among control variables, firm size (path coefficient=-0.92, P-value<0.05) and firm risk (path coefficient=0.48, P-value<0.05) has an only direct relationship with Tobin's Q without the presence of CSRR. R-square of CSRR is 0.502 explaining 50.2 percent of CSRR are explained by independent variables, R-square Tobin's Q is 0.221 resulting 22 percent of Tobin's Q is explained by CSRR and independent variables.

Table 5.28 reporting the hypothesis testing results of H5a to H5d for 90 Indonesian firms during period 2011 to 2013. Among predicted hypothesis, H5a is supported by partial mediation relationship of both the direct path with mediation and the indirect path being significant (path coefficient = 0.97, P-value < .05, path coefficient = 0.72, P-value < .05). In addition, H5c is accepted, the reason is partial mediation relationship of gender diversity with Tobin's Q with CSRR as a mediator, therefore both the direct path with mediation and the indirect path are significant (path coefficient = -0.12, P-value < .05, path coefficient = 0.24, P-value < .05). The impact of control variables is evaluated by estimating path coefficients bootstrapping. The result infers that CEO age has a partial mediation relationship with Tobin's Q and CSRR as a mediator. The result also reveals that leverage has an indirect effect and firm size has direct effect. R-square of CSRR is 0.216 explaining 22 percent of CSRR are explained by independent variables, R-square Tobin's Q is 0.310 resulting 31 percent of Tobin's Q is explained by CSRR and independent variables.

The results of hypothesis testing H5a to H5d of 57 Singaporean firms during period 2011 to 2013 are shown in Table 5.29. As mentioned previously, a serial mediation analysis conducted with bootstrap methods (Hayes, 2015). The total effect (c) of the institutional ownership on Tobin's Q, removing the effect of the mediator (path coefficient= -0.11, P-value<0.05), the total direct effect (c') (path coefficient= -0.11, P-value<0.05), the total indirect effect (path coefficient= -0.02, P-value<0.05) are significant, thus, H5b is supported as partial mediation. In addition, H5d as predicted is supported with full mediation relationship of foreigner diversity with Tobin's Q as the total effect (c) of the foreigner diversity on Tobin's Q, removing the effect of the mediator (path coefficient= 0.44, P-value<0.05), the total indirect effect (path coefficient= 0.15, P-value<0.05) are significant, however, the total direct effect (c') (path coefficient= 0.53, P-value>0.05), is not significant. There is no mediation effect of CEO duality and gender diversity with Tobin's Q, therefore H5a and H5c are rejected. From control variable points of view, only firm size has the direct relationship with Tobin's Q having R-square of CSRR with the amount of 0.216, resulting that 22 percent of CSRR is explained by independent variables, R-square Tobin's Q with the amount of 0.310 concluding 31 percent of Tobin's Q is explained by CSRR and independent variables.

The same mediation analysis for testing H5a to H5d is conducted for 48 Philippian firms in years between 2011 and 2013. Based on findings in Table 5.30, none of the hypothesis in this section is accepted since there is no mediation relationship. From control variables leverage and firm size have a significant direct relationship with a path coefficient of 0.24 and -0.49 respectively, also firm risk has an only indirect relationship with a path coefficient of 0.31.

Further more, path coefficient of Malaysia for CEO duality and Tobin's Q is the highest amount (0.93) among the other three countries, where as Indonesia has the highest path coefficient for institutional ownership and gender diversity and Singapore has the highest path coefficient for foreigner diversity and Tobin's Q.

Table 5-27: Path Analysis for Model 8b with Tobin's Q (Malaysia)

CG mechanism (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5a	CEO duality→Tobin's Q	0.93	0.442	0.19	0.957	0.30	0.630	No	Rejected
H5b	Ownership [b]→Tobin's Q	0.345	0.010*	-0.10	0.013*	0.43	0.007*	Partial mediation	Supported
H5c	Gender [c]→Tobin's Q	-0.35	0.576	0.11	0.771	0.34	0.632	No	Rejected
H5d	Foreigner [d]→Tobin's Q	-0.29	0.116	0.15	0.885	-0.25	0.119	No	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→Tobin's Q	0.81	0.530	-0.07	0.436	-0.41	0.513	No	
Leverage	Leverage→Tobin's Q	-0.61	0.543	0.08	0.765	-0.86	0.865	No	
Sales Growth	growth→Tobin's Q	0.27	0.876	0.21	0.643	0.25	0.765	No	
R&D	R&D→Tobin's Q	0.10	0.334	0.09	0.712	0.10	0.352	No	
Firm Size	Size→Tobin's Q	-0.92	0.021*	-0.09	0.673	-0.53	0.024*	Direct	
Firm Risk	Risk→Tobin's Q	0.48	0.001*	-0.04	0.762	0.49	0.026*	Direct	
R Square (Tobin's Q)	**0.221**								
R Square (CSRR)	**0.502**								
F Change	**0.00**								
Model Fit: Chi Square = 77.269 (df = 64), RMSEA = .028, GFI = .954, CFI = .967 Ratio Chisq/df=1.207.									

Notes:

Sample data is 69 firms of Malaysia from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-28: Path Analysis for Model 8b with Tobin's Q (Indonesia)

CG mechanism (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5a	CEO duality→Tobin's Q	0.25	0.031*	0.97	0.016*	0.72	0.006*	Partial mediation	Supported
H5b	Ownership [b]→Tobin's Q	0.39	0.032*	0.08	0.584	0.38	0.028*	Direct	Rejected
H5c	Gender [c]→Tobin's Q	0.27	0.025*	-0.12	0.045*	0.24	0.032*	Partial mediation	Supported
H5d	Foreigner [d]→Tobin's Q	-0.31	0.004	0.04	0.117	-0.35	0.018*	Direct	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→Tobin's Q	0.25	0.004*	-0.45	0.028*	0.35	0.021*	Partial mediation	
Leverage	Leverage→Tobin's Q	-0.71	0.252	-0.45	0.049*	-0.49	0.321	Indirect	
Sales Growth	growth→ Tobin's Q	-0.62	0.468	-0.42	0.543	-0.45	0.621	No	
R&D	R&D→ Tobin's Q	0.12	0.876	0.07	0.762	0.09	0.965	No	
Firm Size	Size→ Tobin's Q	0.29	0.018*	-0.14	0.264	0.27	0.022*	Direct	
Firm Risk	Risk→ Tobin's Q	0.15	0.212	0.08	0.716	-0.14	0.132	No	
R Square(Tobin's Q)	**0.310**								
R Square (CSRR)	**0.216**								
F Change	**0.00**								
Model Fit: Chi Square = 77.269 (df = 64), RMSEA = .028, GFI = .954, CFI = .967 Ratio Chisq/df=1.207.									

Notes: Sample data is 90 firms of Indonesia from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-29: Path Analysis for Model 8b with Tobin's Q (Singapore)

CG mechanism (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5a	CEO duality→ Tobin's Q	-0.31	0.034*	-0.07	0.573	-0.31	0.031*	Direct	Rejected
H5b	Ownership [b]→ Tobin's Q	-0.11	0.043*	-0.02	0.034*	-0.11	0.076	Partial mediation	Supported
H5c	Gender [c]→ Tobin's Q	-0.21	0.115	-0.06	0.448	-0.18	0.180	No	Rejected
H5d	Foreigner [d]→ Tobin's Q	0.44	0.03*	0.15	0.044*	0.53	0.074	Full mediation	Supported
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ Tobin's Q	-0.35	0.057	0.03	0.628	0.70	0.613	No	
Leverage	Leverage→ Tobin's Q	0.74	0.554	0.19	0.698	0.55	0.443	No	
Sales Growth	growth→ Tobin's Q	-0.08	0.948	-0.03	0.421	-0.06	0.943	No	
R&D	R&D→ Tobin's Q	0.32	0.779	-0.10	0.558	0.7331	0.877	No	
Firm Size	Size→ Tobin's Q	0.27	0.031*	-0.02	0.418	-0.27	0.029*	Direct	
Firm Risk	Risk→ Tobin's Q	0.12	0.432	-0.07	0.467	-0.11	0.604	No	
R Square(Tobin's Q)	**0.252**								
R Square (CSRR)	**0.482**								
F Change	**0.00**								
Model Fit: Chi Square = 77.269 (df = 64), RMSEA = .028, GFI = .954, CFI = .967 Ratio Chisq/df=1.207.									

Notes: Sample data is 57 firms of Singapore from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-30: Path Analysis for Model 8b with Tobin's Q (Philippines)

CG mechanism (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficeint**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5a	CEO duality→Tobin's Q	-0.25	0.101	0.15	0.263	-0.26	0.319	No	Rejected
H5b	Ownership [b]→Tobin's Q	0.27	0.136	0.06	0.954	0.25	0.156	No	Rejected
H5c	Gender [c]→Tobin's Q	-0.11	0.489	0.01	0.953	-0.12	0.518	No	Rejected
H5d	Foreigner [d]→Tobin's Q	0.17	0.847	0.29	0.049*	0.12	0.843	Indirect	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ Tobin's Q	-0.25	0.117	0.11	0.858	-0.26	0.087	No	
Leverage	Leverage→ Tobin's Q	0.24	0.049*	0.06	0.861	0.24	0.048*	Direct	
Sales Growth	growth→ Tobin's Q	-0.84	0.559	0.12	0.386	-0.91	0.340	Not	
R&D	R&D→ Tobin's Q	-0.35	0.738	-0.10	0.432	0.24	0.898	No	
Firm Size	Size→ Tobin's Q	-0.49	0.004*	0.09	0.357	-0.51	0.006*	Direct	
Firm Risk	Risk→ Tobin's Q	0.31	0.447	-0.23	0.045*	0.34	0.537	Indirect	
R Square(Tobin's Q)	**0.294**								
R Square (CSRR)	**0.325**								
F Change	**0.00**								
Model Fit: Chi Square = 77.269 (df = 64), RMSEA = .028, GFI = .954, CFI = .967 Ratio Chisq/df=1.207.									

Notes:

Sample data is 48 firms of Philippines from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

In conclusion, as predicted for H5a, H5b, H5c, and H5d for multi-group analysis between ASEAN countries, the country has a moderated mediation role because of difference in results of moderator between countries, therefore all hypothesis is accepted. The summary of results is presented in Table 5.31. Based on this table it can be concluded for those countries (Malaysia, Indonesia) which use mandatory CSRR, CSRR have more mediation effects.

Table 5-31: Summary of Hypothesis Results for Model 8b

Hypo.	Malaysia	Indonesia	Singapore	Philippines	Conclusion
H5a	Rejected	Supported(Partial Mediation)	Rejected	Rejected	There is a difference with moderator(accepted)
H5b	Supported(Partial Mediation)	Supported(Partial Mediation)	Supported(Partial Mediation)	Rejected	There is a difference with moderator(accepted)
H5c	Rejected	Supported(Partial Mediation)	Rejected	Rejected	There is a difference with moderator(accepted)
H5d	Rejected	Rejected	Supported(Full Mediation)	Rejected	There is a difference with moderator(accepted)

Therefore, H5a, H5b, and H5d for models 8a and 8b (using ROA and Tobin's Q for firm performance) are accepted. There is a significant difference with country as a moderator for mediation effect of CSRR in the relationship between CG mechanism, and short-term and long term firm performance of ASEAN countries. However there is a different redult for H5c between model 8a (with ROA) and model 8b (with Tobin's Q). ROA expresses operational performance, while Tobin's Q growth opportunities of the company which capture the value of intangibles assets. This result suggests that country cannot moderate mediation effect of CSRR for the relationship of gender diversity and ROA as an accounting-based measure of firm performance.

5.5.8 Total CG, Firm Performance, CSRR, and Country

In order to test whether the country moderates the relationship between total CG and firm performance with mediation effect of CSRR, as mentioned previously, multi-group analysis of a mediation was conducted with bootstrap method (Hayes, 2015). All significances and path coefficient for four countries of ASEAN with a firm performance for Model 9a are illustrated in Table 5.32 to Table 5.35 indicating whether the country can show significant differences at a moderate level in the relationship between total CG and ROA with CSRR mediation effect. Table 5.36 to Table 5.39 showing if the country can moderate the association of total CG and Tobin's Q with CSRR mediation effect for Model 9b.

The R-square for all four Tables (Table 5.32 to 5.35) is similar whereas CSRR with the amount of 0.19, resulting in that 19 percent of CSRR is explained by total CG, and R-square ROA with the amount of 0.2 concluding 20 percent of ROA is explained by CSRR and total CG. Similarly, R-square for all four Table from 5.36 to 5.39 is the same. 70 percent of CSRR is explained by total CG, and 15 percent of Tobin's Q results from CSRR and total CG.

In Malaysia, as suggested H5e is accepted because of partial mediation of total CG and ROA as presented in Table 5.32 with the significant total effect (c) removing the effect of the mediator (path coefficient= 0.27, P-value<0.05), the total direct effect(c') and (path coefficient= 0.38, P-value<0.05), and total indirect effect (path coefficient= -0.17, P-value<0.05). Similarly in Indonesia, the total effect (c) removing the effect of the mediator (path coefficient= 0.37, P-value<0.05), the total direct effect (c') and (path coefficient= 0.38, P-value<0.05), and the total indirect effect (path coefficient= -0.25, P-value<0.05) are significant resulting of acceptance for H5e with partial mediation which is stated in Table 5.33. Sales growth, firm size, and firm risk have a significant direct relationship with a path coefficient of 0.22, 0.25, -0.27 in order in terms of the control variable. In addition, in the Philippines, the same result is reported for H5e with partial mediation with the sign of total effect, direct effect and indirect effect with a path coefficient of -0.23, -0.18, -0.43 respectively in Table 5.35. One control variable namely, leverage has a negative direct relationship and another control variable, namely firm risk has a positive indirect relationship. However, in Singapore, there is no mediation effect, therefore H5e is rejected as presented in Table 5.34.

Table 5.36 presents the estimation results using the country as a moderator for total CG and Tobin's Q for firm performance for Malaysia. There is no mediation effect, therefore H5e is rejected. Similarly, there is no significant effect of moderator in the relationship of total CG and Tobin's Q with CSRR as a mediator which resulted in the rejection of H5e reported in Tables 5.38 and 5.39 accordingly. In contrast, Indonesia with the significant total effect (c) removing the effect of the mediator (path coefficient= 0.19, P-value<0.05), the total direct effect (c') (path coefficient= 0.20, P-value<0.05), and the total indirect effect (path coefficient= 0.59, P-value<0.05) has a partial mediation supports H5e which is presented in Table 5.37.

Table 5.40 presents a brief summary of the results of the hypothesis testing for H5e indicating support for moderator effect of the country in the indirect influence of total CG and firm performance (ROA and Tobin's Q) through causally linked of mediator CSRR. ROA expresses operational performance, while Tobin's Q growth opportunities of the company. There is a significant difference with country as a moderator for mediation effect of CSRR in the relationship between total CG, and short-term and long term firm performance of ASEAN countries.According to Mathieu and Taylor, (2006), there is a partial mediation when total direct and indirect effects are significant. Also, there is a full mediation when total effect and indirect effects are the significant but direct effect is not significant. There is no mediation effect when total and direct effects are non-significant.

Table 5-32: Path Analysis for Model 9a with ROA (Malaysia)

Total CG (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficient**	**P.Value**	**P. Coefficient**	**P.Value**	**Relationship**	**Conclusion**
H5e	Total CG [a]→ROA	0.373	0.002*	-0.254	0.035*	0.382	0.005*	Partial mediation	Supported
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ROA	-0.15	0.166	0.11	0.712	-0.16	0.186	No	
Leverage	Leverage→ROA	0.59	0.617	0.16	0.716	0.49	0.661	No	
Sales Growth	growth→ROA	-0.79	0.419	-0.08	0.648	-0.75	0.415	No	
R&D	R&D→ROA	0.12	0.971	-0.03	0.865	0.13	0.967	No	
Firm Size	Size→ROA	-0.54	0.534	-0.09	0.737	-0.53	0.568	No	
Firm Risk	Risk→ROA	-0.28	0.643	0.02	0.543	-0.29	0.542	No	
R Square (ROA)	**0.119**								
R Square (CSRR)	**0.186**								
F Change	**0.00**								
Model Fit: Chi Square = 121.351(df = 88), RMSEA = .038, GFI = .909, CFI = .773 Ratio Chisq/df=1.379.									

Notes:

Sample data is 69 firms of Malaysia from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-33: Path Analysis for Model 9a with ROA (Indonesia)

Total CG (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficeint**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5e	Total CG [a]→ROA	0.27	0.033*	-0.17	0.027*	0.38	0.013*	Partial mediation	Supported
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ROA	-0.20	0.465	0.14	0.431	-0.13	0.367	No	
Leverage	Leverage→ROA	0.14	0.119	0.25	0.154	0.11	0.132	No	
Sales Growth	growth→ROA	0.22	0.033*	0.03	0.338	0.21	0.021*	Direct	
R&D	R&D→ROA	-0.19	0.177	-0.04	0.661	-0.19	0.165	No	
Firm Size	Size→ROA	0.25	0.014*	0.28	0.132	0.22	0.010*	Direct	
Firm Risk	Risk→ROA	-0.27	0.028*	-0.13	0.321	-0.26	0.032*	Direct	
R Square (ROA)	**0.119**								
R Square (CSRR)	**0.186**								
F Change	**0.00**								
Model Fit: Chi Square = 121.351(df = 88), RMSEA = .038, GFI = .909, CFI = .773 Ratio Chisq/df=1.379.									

Notes: Sample data is 90 firms of Indonesia from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-34: Path Analysis for Model 9a with ROA (Singapore)

Total CG (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5e	Total CG [a]→ROA	0.14	0.135	0.03	0.349	0.13	0.209	No	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ROA	-0.13	0.424	0.03	0.200	-0.13	0.320	No	
Leverage	Leverage→ROA	-0.08	0.946	0.28	0.472	0.20	0.976	No	
Sales Growth	growth→ROA	0.10	0.201	0.04	0.421	0.10	0.212	No	
R&D	R&D→ROA	0.11	0.888	-0.04	0.443	0.14	0.841	No	
Firm Size	Size→ROA	0.56	0.013*	0.08	0.211	0.57	0.014*	Direct	
Firm Risk	Risk→ROA	-0.45	0.732	0.24	0.052	-0.54	0.721	No	
R Square (ROA)	**0.119**								
R Square (CSRR)	**0.186**								
F Change	**0.00**								
Model Fit: Chi Square = 121.351(df = 88), RMSEA = .038, GFI = .909, CFI = .773 Ratio Chisq/df=1.379.									

Notes: Sample data is 57 firms of Singapore from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-35: Path Analysis for Model 9a with ROA (Philippines)

Total CG (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficient**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5e	Total CG [a]→ROA	-0.23	0.043	-0.48	0.044	-0.18	0.034	Partial mediation	Supported
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ROA	-0.22	0.670	0.06	0.740	-0.21	0.630	No	
Leverage	Leverage→ROA	-0.27	0.005*	-0.31	0.339	-0.2	0.005*	Direct	
Sales Growth	growth→ROA	-0.51	0.549	-0.28	0.321	-0.21	0.780	Not	
R&D	R&D→ROA	-0.75	0.421	0.41	0.454	-0.83	0.380	No	
Firm Size	Size→ROA	0.94	0.379	0.30	0471	0.80	0.320	No	
Firm Risk	Risk→ROA	0.83	0.332	0.92	0.038*	0.68	0.686	Indirect	
R Square (ROA)	**0.119**								
R Square (CSRR)	**0.186**								
F Change	**0.00**								
Model Fit: Chi Square = 121.351(df = 88), RMSEA = .038, GFI = .909, CFI = .773 Ratio Chisq/df=1.379.									

Notes:

Sample data is 48 firms of Philippines from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-36: Path Analysis for Model 9b with Tobin's Q (Malaysia)

Total CG (X) → CSRR(M) → Firm performance (Y)									
		Total effect		**Indirect effect(mediator)**		**Direct effect**			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficeint**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5e	Total CG [a]→Tobin's Q	0.19	0.030*	-0.19	0.557	0.21	0.033*	Direct	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→Tobin's Q	0.59	0.606	-0.11	0.436	0.16	0.741	No	
Leverage	Leverage→Tobin's Q	0.10	0.909	0.08	0.749	-0.09	0.937	No	
Sales Growth	growth→Tobin's Q	0.63	0.584	0.09	0.475	0.71	0.577	No	
R&D	R&D→Tobin's Q	0.10	0.349	0.09	0.684	0.10	0.320	No	
Firm Size	Size→Tobin's Q	0.19	0.137	-0.09	0.503	0.19	0.235	No	
Firm Risk	Risk→Tobin's Q	0.35	0.043*	0.06	0.223	0.33	0.026*	Direct	
R Square (Tobin's Q)	**0.145**								
R Square (CSRR)	**0.697**								
F Change	**0.00**								
Model Fit: Chi Square = 121.351(df = 88), RMSEA = .038, GFI = .909, CFI = .773 Ratio Chisq/df=1.379.									

Notes:

Sample data is 69 firms of Malaysia from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-37: Path Analysis for Model 9bwith Tobin's Q (Indonesia)

Total CG (X) → CSRR(M) → Firm performance (Y)									
		Total effect		**Indirect effect(mediator)**		**Direct effect**			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficeint**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5e	Total CG [a]→Tobin's Q	0.19	0.009	0.59	0.005*	0.20	0.006*	Partial mediation	Supported
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→Tobin's Q	0.25	0.017	-0.15	0.231	0.27	0.019*	Direct	
Leverage	Leverage→Tobin's Q	-0.84	0.453	-0.27	0.173	-0.57	0.452	No	
Sales Growth	growth→ Tobin's Q	0.10	0.271	-0.02	0.985	0.10	0.277	No	
R&D	R&D→ Tobin's Q	0.51	0.376	0.07	0.740	0.46	0.365	No	
Firm Size	Size→ Tobin's Q	0.29	0.161	-0.14	0.049*	0.27	0.171	Indirect	
Firm Risk	Risk→ Tobin's Q	-0.21	0.851	0.28	0.216	-0.29	0.643	No	
R Square(Tobin's Q)	**0.145**								
R Square (CSRR)	**0.697**								
F Change	**0.00**								
Model Fit: Chi Square = 121.351(df = 88), RMSEA = .038, GFI = .909, CFI = .773 Ratio Chisq/df=1.379.									

Notes: Sample data is 90 firms of Indonesia from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-38: Path Analysis for Model 9b with Tobin's Q (Singapore)

Total CG (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficeint**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5e	Total CG [a]→ Tobin's Q	-0.18	0.146	-0.13	0.620	-0.17	0.179	No	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ Tobin's Q	-0.55	0.677	-0.16	0.501	-0.39	0.953	No	
Leverage	Leverage→ Tobin's Q	-0.53	0.607	0.93	0.017	-0.14	0.205	Indirect	
Sales Growth	growth→ Tobin's Q	-0.16	0.912	-0.19	0.488	0.03	0.769	No	
R&D	R&D→ Tobin's Q	0.07	0.956	-0.11	0.558	0.09	0.903	No	
Firm Size	Size→ Tobin's Q	0.13	0.045	-0.11	0.295	-0.15	0.028*	Direct	
Firm Risk	Risk→ Tobin's Q	-0.57	0.654	-0.44	0.045	-0.13	0.732	Indirect	
R Square(Tobin's Q)	**0.145**								
R Square (CSRR)	**0.697**								
F Change	**0.00**								
Model Fit: Chi Square = 121.351(df = 88), RMSEA = .038, GFI = .909, CFI = .773 Ratio Chisq/df=1.379.									

Notes: Sample data is 57 firms of Singapore from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-39: Path Analysis for Model 9b with Tobin's Q (Philippines)

Total CG (X) → CSRR(M) → Firm performance (Y)									
		Total effect		Indirect effect(mediator)		Direct effect			
Hypothesis	**Description of Path**	**P.Coefficient**	**P.Value**	**P. Coefficeint**	**P.Value**	**P. Coefficent**	**P.Value**	**Relationship**	**Conclusion**
H5e	Total CG [a]→Tobin's Q	-0.25	0.101	0.15	0.263	-0.26	0.319	No	Rejected
Cont.Var	**Description of Path**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**P.Coefficient**	**P.Value**	**Relationship**	**Conclusion**
CEO age	CEO age→ Tobin's Q	-0.55	0.677	-0.16	0.501	-0.39	0.955	No	
Leverage	Leverage→ Tobin's Q	0.28	0.112	0.12	0.941	0.29	0.201	No	
Sales Growth	growth→ Tobin's Q	-0.84	0.5329	0.15	0.776	-0.81	0.540	Not	
R&D	R&D→ Tobin's Q	-0.35	0.548	-0.10	0.859	0.24	0.817	No	
Firm Size	Size→ Tobin's Q	0.46	0.113	-0.35	0.585	0.53	0.119	No	
Firm Risk	Risk→ Tobin's Q	0.80	0.547	-0.12	0.843	0.85	0.732	No	
R Square(Tobin's Q)	**0.145**								
R Square (CSRR)	**0.697**								
F Change	**0.00**								
Model Fit: Chi Square = 121.351(df = 88), RMSEA = .038, GFI = .909, CFI = .773 Ratio Chisq/df=1.379.									

Notes:

Sample data is 48 firms of Philippines from 2011 to 2013. a corporate social responsibility reporting b institutional ownership, c gender diversity, d foreigner diversity.* p<0.005

Table 5-40: Summary of Hypothesis Results for Model 9a and 9b

Hypo.	Dep. variable	Malaysia	Indonesia	Singapore	Philippines	Conclusion
H5e	ROA	Supported (Partial Mediation)	Supported (Partial Mediation)	Rejected	Supported (Partial Mediation)	There is a difference between moderator (acceptance)
H5e	Tobin's Q	Rejected	Supported (Partial Mediation)	Rejected	Rejected	There is a difference between moderator (acceptance)

5.6 Summary

This chapter presented the analysis of CG mechanism and total CG and their relationship with firm performance directly, indirectly though CSRR presence as a mediator, also showed the effects of the country as a moderated mediation of CSRR for the link between CG and firm performance in ASEAN region during the period from 2011 to 2013.

Results of the content analysis based on GRI database showed that CSRR level in Singapore had the highest mean value, in contrast, in Malaysia, had the lowest mean value. Analyzing CSRR based on an industry level, finance and manufacturing industries had the highest CSRR in ASEAN region. Findings in this section revealed that for Models 1 to 9 in addition to confirming of reliability, validity, the goodness of fit indices accepted a good fit between the data and underlying model. In general, results of the estimation analysis found a significant association of ownership and total CG with firm performance, therefore H1b and H1e are accepted. Meanwhile, CEO duality, foreigner diversity and total CG had a direct relationship with CSRR which is supporting for H2a, H2d, H2e. The findings also confirmed previous literature related to CSRR and firm performance. Furthermore, results supported H4e with the presence of CSRR as a mediator and indirect effect of total CG and firm performance. Lastly, except for H5c, the findings concluded country had a moderated mediation effect on the relationship between CG and firm performance.

CHAPTER 6: DISCUSSION

6.1 Introduction

This Chapter provides the results and discussion of the present research deriving from the empirical data analysis which is organized as follows: Section 6.2 discusses results of content analysis of CSRR, section 6.3 discusses the results of the hypothesis on the relationship between CG and firm performance of the companies in the four ASEAN countries, all hypothesis are listed in Table 6.1. Section 6.4 reports the results of hypothesis for the link between CG and CSRR followed by the discussion on the results of CSRR and firm performance in Section 6.5. Section 6.6 discusses the results of the hypothesis of the mediating effect of CSRR on the relationship between CG and firm performance. Section 6.7 discusses the moderator effect of the country in ASEAN region on the mediation effect of CSRR on the link between CG and firm performance. This Chapter ends with a brief summary in section 6.8.

Table 6-1: Summary of Research Hypothesis

Hypothesis	
H1a	There is a positive relationship between CEO duality and firm performance
H1b	There is a positive relationship between institutional ownership and firm performance
H1c	There is a positive relationship between gender diversity and firm performance
H1d	There is a positive relationship between foreigner diversity and firm performance
H1e	There is a positive relationship between total CG and firm performance
H2a	There is a positive relationship between CEO duality and CSRR
H2b	There is a positive relationship between institutional ownership and CSRR
H2c	There is a positive relationship between gender diversity and CSRR
Hypothesis	
H2d	There is a positive relationship between foreigner diversity and CSRR
H2e	There is a positive relationship between total CG and CSRR

H3	There is a positive relationship between CSRR and firm performance
H4a	CSRR mediates the relationship between CEO duality and firm performance
H4b	CSRR mediates the relationship between institutional ownership and firm performance
H4c	CSRR mediates the relationship between gender diversity and firm performance
H4d	CSRR mediates the relationship between foreigner diversity and firm performance
H4e	CSRR mediates the relationship between total CG and firm performance
H5a	Country moderates the mediation effect of CSRR in the relationship between CEO duality and firm performance
H5b	Country moderates the mediation effect of CSRR in the relationship between institutional ownership and firm performance
H5c	Country moderates the mediation effect of CSRR in the relationship between gender diversity and firm performance
H5d	Country moderates the mediation effect of CSRR in the relationship between foreigner diversity and firm performance
H5e	Country moderates the mediation effect of CSRR in the relationship between total CG and firm performance

6.2 Content Analysis of CSRR

This research uses pooled data over a three-year period from 2011 to 2013. Therefore, within this period it is uncovered that the investment of every one of the four countries organizations inclusion in CSRR exercises and reporting based on GRI is on the rise in terms of the amount of disclosure by its upgrading to a higher level of qualification from level C to level B and from level B to level A. In level A, the organization must address each performance as in G3 indicator plus sector supplement indicators, if applicable, although an explanation of why an indicator cannot be reported is acceptable (GRI, 2013, 2016). Based on the results, the highest level used by these countries are level B, followed by level C. However, the number of companies in ASEAN countries in reporting CSR based on GRI is limited, hence this result suggests that CSRR in ASEAN countries is still in an emerging period with respect to disclosure of GRI reporting. In terms of having competitive advantages in the global market, Asian countries are being more interested to use GRI as a global framework for CSRR (Chuanrommanee and Swierczek, 2007) which is the most recognized initiative and provides the transparency of reporting framework with the main intention of bringing companies closer to the society through the transparency of reports (GRI, 2013, 2016). It is apparent that there is a need to discover the distinctive approaches to help organizations in mindfulness level improvement, as well as on the best way to end up noticeably and effectively engaged with CSR exercises and reporting. Indonesia is the highest in terms of disclosing CSRR based on GRI reports compared to other countries. The second highest country that discloses CSRR country is Malaysia, followed by Singapore and Philippines. According to industrial categories, finance, insurance, and real estate industry has the highest number of CSRR based on GRI with the mean score of 1.9, followed by transportation and public utilities at 1.88, and manufacturing at level1.82. Manufacturing companies pay more attention to social responsibilities than other sectors of industry (Cooke et al., 1990).

6.3 CG and Firm Performance

In this section and pertaining to the hypotheses H1a to H1e, only institutional ownership increases financial performance through causing an increase in return on assets as shown in ROA, Table 5.10(path analysis for model 1a with ROA) and a decrease in Tobin's Q for financial performance as shown in Table 5.11 (path analysis for model 1b with Tobin's Q). Although these findings are contrary to studies such as Bhattacharya and Graham (2009) that did not find significant relationship between board size and financial performance the results have generally yielded support for agency and institutional theory-based research of corporate boards (Cheng et al., 2008) in that the focus of agency theory is on the management and principles for stakeholders' protection;

while the concentration of institutional theory is the tenets and directions for observing and controlling firms as well as the implementation of these principles and directions (Al Mamun et al., 2013); therefore H1b is supported. Next, assuming all determinants of CG as a one variable has positive effect of both ROA and Tobin's Q in acceptance of H1e as shown in Table 5.12 (path analysis for model 2a with ROA) and Table 5.13 (path analysis for model 2b with Tobin's Q), this result provides support for agency theory (Donaldson, 1990), in which insiders and managers act as good stewards in managing corporate assets.

Relating to the financial crisis in 1997/1998 and 2008 many Asian countries including Malaysia, Singapore, Philippines, and Indonesia were affected badly which changed the landscape of their CG. Differences in developmental stages and types of CG of the sample firms in part explain the differences in the results for ASEAN region which cause poor governance system as there is no relationship between CEO duality, gender diversity, foreigner diversity and firm performance that reject H1a, H1c, H1d. In developing markets or less created economies, business bunches are better ready to utilize constrained assets, through inner capital markets and intragroup exchanging, to defeat showcase defects. As the economy builds up, the potential advantages of defeating these market imperfections diminish while the cost of organization issues and incompatible circumstances between controlling investors in the administrative structure of the firm seems, by all accounts, to be excessive for minority shareholders in ASEAN firms. Nahar (2004) studied board composition among Malaysian listed companies in 2004 and the finding of the study resulted with no relationship between leadership and firm performance which suggested that board were generally dominated by outside directors hence it was independent of management.

With respect to H1e regarding total CG and firm performance, regression analysis is presented in Table 5.12 and Table 5.13. Total CG in this study is some of CEO duality, gender diversity, foreigner diversity and institutional ownership which might have different results on firm performance. The implication for CG is that the board members may come from similar backgrounds and thus be less inclined to challenge each other or the management. Because of different institutional situations in the different region such as Malaysia, Singapore, US, and the UK) researchers reach either positive, negative or mix results between CG and firm performance (Carlin and Mayer, 2000. Jameson et al., 2014). Considering ASEAN as one region, total CG has a positive effect on short-term and long-term firm performance in which increasing of total CG causes an increase of firm performance.

6.4 CG and CSRR

With respect to H2a as shown in Table 5.14(path analysis for model 3 with CSRR), an important finding of this section is that existence of CEO and chairman as the same person increases CSRR. This is consistent with Said et al. (2009) who have done their study in the Malaysian companies but in contrast to Tuggle et al. (2010) who argued that boards of directors' attention to monitoring are negatively affected by CEO duality. According to new-institutional theory, CG properties assume an indispensable part in guaranteeing hierarchical legitimacy through CSR disclosures (Cheng et al. 2008). In addition, an organization through its leadership structure seeks agreement between organizational actions and value of its general publics. Therefore, a solid connection amongst CSRR and CEO duality can be visualized. Moreover, with regards to board diversity, H2d is supported as shown in Table 5.14. The present study found that the larger the number of foreigners in the board of director the greater disclosure of CSRR in ASEAN countries. This is consistent with Post et al. (2011) in the US confirming that foreigner diversity had a positive link with environmental reporting. However, the results show an insignificant with gender diversity and CSRR suggesting that female directors are not significant with CSRR. This indicates that female may have some overall impact on disclosure levels, but the impact is not strong and not related to the specific area which can be a reason for the rejection of H2c. It is worth noting that the majority of CEOs in the sample are male. It appears that more in-depth research on female board members is needed to unpack these findings. Large companies make more social disclosures for reasons of accountability and visibility as outlined in legitimacy theory (Cormier and Gordon, 2001)

Considering all determinants of CG as one variable, in accepting H2e as shown in Table 5.15 (path analysis for model 4 with CSRR), total CG has a positive effect on CSRR. Corporate governance in large companies make more social disclosures for reasons of accountability and visibility as outlined in legitimacy theory (Cormier and Gordon, 2001). Hence suggesting that CG mechanisms have a noteworthy positive impact on the levels of CSRR in ASEAN countries. This is perhaps due to the legitimization impacts of such instruments and also this is steady with various earlier investigations (for example Chau and Gray 2010 and Filatotchev and Nakajima, 2014). CG, specifically the inside governance structure is probably going to assume a crucial part to diminish legitimacy hole through ecological and social exposures. However, it is consistent with a few recent studies (for example Haniffa and Cooke, 2005) which have shown insignificant results.

6.5 CSRR and Firm Performance

Overall, sample resulted in a significant association between all CSRR and firm performance variables have been found including when broken down to ROA and Tobin's Q for dependent variables as shown in Table 5.16 (path analysis for model 5a with ROA) and Table 5.17 (path analysis for model 5b with Tobin's Q). One of the findings of this section is that CSRR has a negative significant impact on ROA as shown in Table 5.16. This indicates that CSRR led to lower rates of ROA implying that CSR led to a worse financial performance in terms of ROA which partially support the expectations in H3.

However, CSRR has positive impact on Tobin's Q (Table 5.17) and this result can be justified by the new institutional theory which proposes a positive connection between them in view of fulfilling the premiums of different stakeholder gatherings that can bring about enhanced profitability and develop market share (see for example Freeman, 1984; Ullmann, 1985; Marano et al., 2015; Verbeke and Tung, 2013). This study also supports the opinion that the profitable companies may have extra resources to report and improve their CSRR; in the meantime, CSR publicity and improvement can potentially bring in significant competitive advantage for these companies and thus complement the economic goals of them.

6.6 CG, Firm Performance, and CSRR

With respect to H4a to H4d as shown in Table 5.18 (path analysis for Model 6a with ROA), and Table 5.19 (path analysis for model 6b with Tobin's Q), CEO duality, gender, and foreigner diversity have an indirect effect on firm performance, whereas institutional ownership has a direct effect with firm performance. However, there is no effect of CSRR as a mediator for CG mechanism and financial performance, therefore H4a to H4d are rejected. In this regard, legitimacy theory argues that failure to legitimize within the community where firms operate might risk their operation in a particular society. Considering all CG mechanism as one variable which is total CG, H4e predicts that CSRR as a mediator between total CG-firm performance as shown in Table 5.20 (path analysis for model 7a with ROA) and Table 5.21 (path analysis for model 7b with Tobin's Q). The findings suggest that CSRR has partial mediation effect which indirectly increases total CG-firm performance. This implies that through CSR activities firms could ensure good governance for its long-term sustainability and existence. Based on the findings, although both CG and CSRR could enhance firm performance, once the effects of CSRR are accounted for, the direct effects of CG on firm performance diminish considerable. Although this result may be due to the fact that this research is conducted in ASEAN, a region which countries are paying attention to economic growth where CSRR might crucially be important to firm performance. Hence CSRR is a tool for the legitimization of CSR activities based on studies in developing countries by Azizul and Deegan (2008). From a new-institutional theory perspective, which is based on the notion of social contracts, organizations are ethically responsible to meet societal expectations where they operate, while CSRR influences CG to satisfy the stakeholders and also contributes to a firm's financial performance. Overall, these discoveries are to a great extent steady with the forecasts of our summed up new-institutional theory, which underscores the proficiency and legitimation impacts of CSRR. This dualism of proficiency/legitimation portrayal likewise reflected in Aguilera et al (2007) conceptualization of authoritative level motivation processes (i.e., instrumental, moral, and social) for CSR rehearses.

6.7 CG, Firm performance, CSRR, and Country

Differences in developmental stages of the sample firms in ASEAN countries explain the differences in the results. Breaking down to the results of countries for two types of firm performance as in ROA, and Tobin's Q), in Malaysia, there is a partial mediation effect of CSRR for foreigner diversity and ROA, stating that presence of CSRR is important for foreigner diversity to influence on short-run firm performance (Table 5.22 (path analysis for Model 8a with ROA for Malaysia)), hence H5d is accepted. According to Haniffa and Cooke (2005), Malay overwhelmed boards are emphatically identified with corporate social disclosure (CSD) where a greater part of respondents recognized ethnicity foundation of board members as a determinant of CSD in Malaysia. In addition, from Table 5.27 (path analysis for Model 8b with Tobin's Q for Malaysia), results of Malaysian companies report that CSRR partially mediates the association between institutional ownership and Tobin's Q. In other words, institutional ownership has both direct and indirect effects on Tobin's Q. The direct effect is not mediated, whereas the indirect effect is transmitted through CSRR, therefore H5b is supported. This result confirms Oh et al., (2011) who investigated the effect of ownership structure on CSRR by using a sample of 118 large Korean firms which positive relationship between institutional ownership and CSRR was found. In addition, rating by breaking down ownership into different groups of shareholders: institutional, managerial, foreign ownership. With respect to organization's decisions on social investments, the legitimacy theory, (Gray et al., 1996) suggested the effect of institutional ownership on CSR should be positive.

According to the results for Indonesia, as shown in Table 5.23 (path analysis for model 8a with ROA for Indonesia), CSRR partially mediated the relationship between CEO duality and ROA as a support for H5a. The presence of CSRR in the CG can cause more power for CEOs in Indonesia to end up plainly more fruitful and to expand their compensation or residency prospects. This is to appease individual good concerns, or to decrease the supervision and control applied by finance or goods markets, the board of directors or controllers (Bear et al., 2010). In addition, institutional ownership and ROA are mediated though CSRR and as mentioned earlier, acceptance of H5b can confirm legitimacy theory for organization's decisions on social investments.

In addition, the results of Indonesia in Table 5.28 (path analysis for model 8b with Tobin's Q for Indonesia) shows that CSRR has also partial mediation effect on CEO duality -Tobin's Q. therefore it can be concluded that CEO duality has both direct and indirect effects on both long term and short term firm performance. The direct effect is not mediated, whereas the indirect effect is transmitted through CSRR, therefore H5b is again supported for Indonesia. With respect to H5c, gender diversity and Tobin's Q are partially mediated by CSRR. This can show the importance of CSRR for females in board director to indirectly increase long-term firm performance in Indonesia. These results also highlight participative decision-making styles, brought by the women to the board as the key reasons for corporate responsibility strength ratings (Bear et al. 2010).

In Singapore from Table 5.24(path analysis for model 8a with ROA for Singapore) and Table 5.29 (path analysis for model 8b with Tobin's Q for Singapore), it can be concluded that CSRR partially mediates institutional ownership-firm performance. Findings of this research are consistent with other studies that indicate that there is a relationship between institutional ownership and CSRR, and institutional ownership and firm performance (Gray et al., 1996; Davidson et al., 2004). In accordance to H5d as shown in Table 5.29, foreigner diversity and Tobin's Q in Singapore is fully mediated through CSRR. With complete mediation, the total effect of foreigner diversity on Tobin's Q is transmitted through CSRR. Thus, foreigner diversity has no direct effect on Tobin's Q; rather, its entire effect is indirect. It is clear that CSRR is important for foreigner board of directors to increase firm profitability in Singapore which confirms with Haniffa and Cooke (2005).

With regards to the Philippines' firms for H5a to H5d as shown in Table 5.25 (path analysis for Model 8a with ROA for the Philippines) and Table 5.30 (path analysis for Model 8b with Tobin's Q for the Philippines), all hypothesis are rejected. This means that CSRR has no mediation effect on CG determinants and firm performance relationship. In fact, among CG determinants, only foreigner diversity has indirect effect with CSRR. An indirect effect is calculated by multiplying the paths that constitute the effect. The magnitude of the indirect effect indicates the amount of mediation through the relevant mediator variable (Baron and Kenny, 1986).

To test the multi-group analysis and considering country as a moderator variable, after analysis results for each country for H5a to H5d, Table 5.26 (summary of hypothesis results for Model 8a) and Table 5.31 (summary of hypothesis results for Model 8b) indicate that country does show significant differences at a moderate level in the relationship between CEO duality, institutional ownership, and foreigner diversity with short-term and long-term financial performance. In fact, there is a significant difference with CSRR for these variables with firm performance. However, based on Table 5.26, there is no significant effect of moderator for mediation effect of CSRR with gender diversity and ROA in these four ASEAN countries namely Singapore, Malaysia, Indonesia, and Philippines. Moreover, it can be concluded for those countries (Malaysia, Indonesia) which use mandatory CSRR, CSRR have more mediation effects.

In contrast, there is a significant influence of country as a moderator for mediation effect of CSRR with gender diversity and Tobin's Q as shown in Table 5.31. Culture can create gender stereotypes and influences the process of assigning different roles to men and women. This might influence the eventual perception and acceptance of people towards women in the top of the business environment in their sustainability decision makings which finally leads to stock market performance. Thus, all hypothesis are accepted except for H5c in Table 5.26 which is related to multi-group analysis for gender diversity- firm performance and CSRR as a mediator. Therefore it is concluded that cultural traits play a significant role in explaining CSRR variation across firms in Malaysia, Indonesia, Singaporeore, and the Phillipines based on new-institutional theory which assumes social structures within these organizations operate and facilitate or constrain their organizational activity.

The present study also tested the results of total CG and firm performance for each of four countries in ASEAN namely Indonesia, Malaysia, Singapore, and the Philippines. In particular, in Malaysia, as shown in Table 5.32 (finding from SEM for Model 9a with ROA for Malaysia), it can be concluded that H5e is supported because of partially mediation of CSRR for total CG and ROA association, however H5e is rejected for CSRR mediation on total CG and Tobin's Q as shown in Table 5.36 (finding from SEM for Model 9b with Tobin's Q for Malaysia).

The present study shows that total CG and firm performance in Indonesia is partially mediated by both ROA and Tobin's Q as presented in Tables 5.33 (finding from SEM for Model 9a with ROA for Indonesia , and 5.34 (finding from SEM for Model 9b with Tobin's Q for Indonesia). Total CG exhibits better levels of CSRR which in turn is associated with higher level of firm performance. According to Mathieu and Taylor (2006), and Baron and Kenny (1986), with partial mediation, an independent variable has both direct and indirect effects on a dependent variable. The direct effect is not mediated, whereas the indirect effect is transmitted through one or more mediator variables, therefore, H5e is supported for Indonesian companies.

In contrast, from Table 5.34(finding from SEM for Model 9a with ROA for Singapore) and Table 5.38 (finding from SEM for Model 9b with Tobin's Q for Singapore), it is clear that there is no mediation effect of CSRR for total CG and firm performance in Singaporean companies. This might be because of the voluntary disclosure situation of CSR in Singaporean companies. One reason for this is that the government does not have any desire to hamper business exercises by expanding business costs. Instead, it favors an of consensus building with awards for good corporate behavior and voluntary guidelines to help companies get there. The overwhelming nearness of the governance in all parts of society can possibly make the government the key performing player in forming the CSR agenda that can urge organizations to execute what it considers the most critical angles. Lastly, in the Philippines, H5e is supported based on Table 5.35 (finding from SEM for Model 9a with ROA for the Philippines) with ROA as a dependent variable. There is direct and total effect on total CG and firm performance. The indirect effect is transmitted through CSRR, therefore, there is a partial mediation effect of CSRR to impact total CG and ROA. However, H5e is rejected based on Table 5.39 (finding from SEM for Model 9b with Tobin's Q for the Philippines) indicating no mediation effect on total CG and Tobin's Q. this might be due to the fact that CSRR is still voluntary in the Philippines, however, companies are interested to use CSR in their reports which can be a progress towards mandatory reporting through regulation (Baughn and McIntosh, 2007; Zainal, 2014). Therefore, based on results of the current study, still, there is no impact of mediator in the long-term performance of Philippine companies.

Additionally, the present study tested multi-group analysis by the moderating effect of the country on the relationship between total CG and firm performance with CSRR as a mediator as shown in Table 5.40 (summary of hypothesis results for Model 9a and 9b). The result suggested that country is an important moderating variable for the relationship between total CG and ROA, as well as for the link between total CG and Tobin's Q. In other words, the findings supported that there is a significant difference with the presence of country variable as a moderator for the mediation effects of Malaysia, Indonesia, Singapore, and the Philippines. Culture within country influences on several corporate decisions that are related to CSRR and firm performance, therefore it is essential to have knowledge about culture of these four ASEAN countries since each national culture is the behavioral norm and traditional beliefs of the majority of companies in that country and differs from another country (Chang and Lin, 2015). Moreover, Indonesia (a country using mandatory CSRR) has shown the most impressive affect of mediator of CSRR on CG-firm performance association while Singapore has shown the lowest moderation effect of CSRR on CG-firm performance relationship.

6.8 Summary

Data analysis over a three-year period reveals that the involvement of companies in the ASEAN countries specifically Indonesia, Malaysia, Singapore, Philippines, CSRR based on GRI is increasing in terms of the amount of disclosure by upgrading to higher level of qualification from level C to level B and from level B to level A. Nevertheless, the growing level of involvement and disclosure of CSR activities is still limited to general information and qualitative statements. Therefore, the result suggests that CSRR in the specific ASEAN countries is still in an emerging period with respect to disclosure of GRI reporting. Indonesia discloses the highest CSRR based on GRI reports compared to other countries. The second highest disclosed CSRR country is Malaysia, followed by Singapore and Philippines. The findings of this study also found that among industries, finance, insurance, and real estate industry has the highest number of CSRR based on GRI followed by transportation and public utilities, and manufacturing.

CHAPTER 7: CONCLUSION

7.1 Introduction

This Chapter comprises five sections. Section 7.2 explains key findings of the current study. Section 7.3 explains the contribution of the study to knowledge, followed by implications for practice in section 7.4. The limitations of the study and recommendations for future research are discussed in section 7.5 and section 7.6 summarizes the current study.

7.2 Key Research Findings

This section encapsulates key findings of the current study while detailed discussion on the content analysis of CSRR, fitness tests, and findings of the hypothesis have been explained in previous chapters five and six. As presented the research is empirically conducted sample firm years of 264 companies from four ASEAN countries being Malaysia, Indonesia, Singapore, and the Philippines, during the period of 2011 to 2013 based on GRI G3 database has been gathered.

Previous empirical studies surrounding the impact of CSRR on firm performance and CG indicate that most researchers used the index or rating for a CSR measurement as explained in chapter two. It can be asserted that empirical studies on this issue are still limited. In ASEAN which represents as a region where the countries vary in terms of languages, regulatory framework, level of development, population size, standard of living, religious affiliation, as well as legal environment, there is a need for international activities of CSR in which GRI is one of the best choices for CSRR for region as it is the most trustworthy framework for disclosing sustainable information (Moneva et al., 2006; Brown et al., 2009; Kaye, 2011; Lodhia, 2012). Some researchers argued that CSRR is another way to know with certainty about the involvement of a company in CSR practices. Therefore, studying CSRR based on GRI is used as the instrument and proxy for the measurement of CSR practices by ASEAN region. Better-governed firms are more likely to engage in CSRR as a credible way of signaling their corporate governance (Dienes and Velte, 2016). CSRR is not only important for governance, but also for corporate performance (Rossi and Tarquinio, 2017), which is vital reaching long-term value that will help to promote a business continued acceptance and existence. Due to the differences in terms of culture and language in ASEAN countries, the number of corporates involved in CSRR in ASEAN is unsatisfactory. In addition, as English is not prevalent in some of this area, the absence of CSRR is unbecoming. Nevertheless, the fact that the practice of CSR in a few ASEAN countries such as Malaysia and Indonesia are mandatory, it is pertinent to use GRI as an international framework to report CSR (Ahmad et al., 2012; Haniffa and Cooke, 2002) and to realize greater reliability and accuracy in form of disclosing CSR information.

Results of descriptive statistics based on country sector analysis reveal that although Indonesia and Malaysia have the highest number of CSRR based on GRI in their companies, these two countries, have a mean value less than the overall sample, while Singapore and the Philippines have a mean value above the overall sample. In addition, nineteen (19) Singaporean companies have CSRR with the highest point level which is level 3 of GRI disclosure in comparison with others. Results of descriptive statistics based on industry sector analysis using SIC code reveal that most industries are found to have a common high tendency to report their CSR based on GRI database. The three industries with the highest number of disclosure in GRI for CSRR are finance, transportation, and manufacturing industries. This is in contrast with the other industries especially in public administration which has the least amount of disclosure of CSR based on GRI. The following sections outline the discussions as already presented in the previous chapters with regards to companies in four ASEAN countries, based on the following research objectives

(1) To investigate the impact of CG on firm performance.

(2) To investigate the influence of CG on the CSRR.

(3) To investigate the effect of CSRR on the firm performance

(4) To investigate the effect of CSRR as a mediator in the relationship between CG and firm performance

(5) To investigate the effect of the country as a moderator of mediation effect of CSRR in the relationship between CG and firm performance, CG and CSRR, CG and firm performance, as well as CSRR and firm performance.

This section reviews the discoveries acquired, alongside a far-reaching dialog on the investigation.

a. The first objective of this study is to identify the impact of CG on firm performance. The multiple regression of the path analysis for the period of 2011 to 2013 as conducted describe the direct relationship between CG and firm performance. By utilizing two measurement models for firm performance which is ROA, and Tobin's Q, it is found that only institutional ownership as CG dimensions increases ROA and decreases Tobin's Q in ASEAN region. These findings support the results of previous studies asserting that the focus of agency theory is the management and principles for stakeholders' protection; while the focus of institutional theory is the rules and regulations for monitoring and controlling firms (Cheng et al., 2008). The results of this study show that only institutional ownership has direct association with firm performance, other CG dimensions which are CEO duality, gender and foreigner diversity do not have direct relationship with firm performance, and this is consistent with Chuanrommanee and Swierczek (2007) who claim that this insignificant association in ASEAN countries still remain a weak point for CG to adjust with international practices. Total CG has a positive effect on short-term (ROA) and long-term (Tobin's Q) firm performance which increases total CG and this causes an increase in firm performance. This result provides support for agency theory as opposed to stewardship theory (Donaldson, 1990), in which insiders and managers act as good stewards in managing corporate assets.

b. The second objective of this study is to find the influence of CG on CSRR. The findings of path data analysis show that existence of CEO and chairman as the same person increases CSRR. This is consistent with Said et al. (2009) who have done their study in Malaysian companies. In addition, the study found that the larger number of foreigners in the board of director, the greater the disclosure of CSRR in ASEAN countries. This is consistent with Post et al. (2011) in the US, who confirmed foreigner diversity had a positive link with environmental reporting. Two other CG dimensions; institutional ownership and gender do not have an influence on CSRR for ASEAN region, hence this indicates that female may have some overall impact on disclosure levels, but the impact kind of disclosure. Although institutional ownership does have a significant influence on firm performance, it does not present a significant impact on CSRR in the ASEAN region. Considering all determinants of CG as one variable, total CG has a positive effect on CSRR in the ASEAN countries. This might be due to the legitimization effects of corporations (such as Chau and Gray 2010; Filatotchev and Nakajima, 2014).

c. The third objective of the present study is to examine CSRR on firm performance. In this context, CSRR from GRI guideline is used as a tool and proxy to demonstrate company practices in CSR in ASEAN region. There is a general acknowledgment that the organization's social mindful practices are identified with finance-related execution. Referring to Waddock and Graves (1997), social dependable practices can upgrade an organization's sure notoriety among its clients. This permits organizations an opportunity to utilize gifted staff and also broaden business associations. Moreover, socially responsible practices help in bringing down negative social episode dangers which could harm an organization's notoriety and result in high cost of data and legitimate activity. Aftereffects of this investigation uncover that CSRR has a negative huge effect on ROA, in any case, it positively affects Tobin's Q as a long-term financial performance. This affirm the view that CSRR is identified with a progression of tripled primary concern benefits in particular financial, social and ecological advantage when firms participate in reporting their CSR exercises.

d. The fourth objective is to investigate the effect of CSRR as a mediator to see how it affects the relationship between CG and firm performance. It was found that there is no effect of CSRR as a mediator for CG dimensions and financial performance. According to legitimacy theory, failure to legitimize within the community where firms operate might risk their operation in a particular society. There is a mediation effect of CSRR, when taking total CG as one variable with firm performance link. This indicates that firms achieve a high level of firm performance through total CG by partial mediation effect of CSRR. Thus, CSRR is a tool for the legitimization of CSR activities based on studies in developing countries as identified by Azizul and Deegan (2008).

e. The fifth objective of this study is to examine the effect of the country as a moderator of mediation effect of CSRR in the relationship between CG and firm performance.

According to country categorization, the study finds different results among CSRR mediation effect with CG and the association of firm performance. In Malaysia, partial mediation effect of CSRR for foreigner diversity and ROA exists which confirms that the presence of CSRR is important for foreigner diversity to influence on short-run firm performance. Similarly, CSRR partially mediates the association between institutional ownership and Tobin's Q. With respect to organization's decisions on social investments, the legitimacy theory (Gray et al., 1996) suggests the effect of institutional ownership on CSR should be positive.

In Indonesia, CSRR partially mediated the relationship between CEO duality and both short-term and long-term firm performance. The presence of CSRR in the CG can cause more power for CEOs in Indonesia to wind up noticeably in building their compensation or residency prospects, and to appease individual good concerns, or to lessen the supervision and control applied by financial or goods markets, as well as the board of directors or regulators (Bear et al., 2010). Moreover, the relationship of institutional ownership with ROA is partially mediated, similar to the link between gender diversity and Tobin's Q which shows that the importance of CSRR for females in board director indirectly increase long-term firm performance in Indonesia. In Singapore, while CSRR partially mediates institutional ownership-firm performance, foreigner diversity and Tobin's Q is fully mediated through CSRR. It is clear that CSRR is important for foreigner board of directors to increase firm profitability in Singapore which confirms with Haniffa and Cooke (2005). However, in the Philippines, all hypothesis are rejected implying that CSRR has no mediation effect on CG determinants and firm performance relationship pertaining to the companies' practices in the country.

Based on multi-group analysis by the moderating effect of the country on the relationship between CG mechanism and firm performance with CSRR as a mediator, the country does show significant differences at a moderate level in the relationship between CEO duality, institutional ownership, and foreigner diversity with short-term and long-term financial performance. In fact, there is a significant difference with CSRR for these variables with firm performance. However, the country cannot moderate the mediation impact of CSRR on gender diversity and ROA in these four ASEAN countries.

Considering CG dimensions as only one variable which is total CG with categorizations of countries, in Malaysia, CSRR partially mediates total CG and ROA association, but not total CG and Tobin's Q link. Total CG and firm performance in Indonesia partially is mediated by both ROA and Tobin's. In contrast, there is no mediation effect of CSRR for total CG and firm performance in Singaporean companies. This might be because of the fact that the disclosure of CSR in Singaporean companies is still voluntary. The government does not want to hamper business activities by increasing business costs. In the Philippines firms, there is a partial mediation effect of CSRR to impact total CG and ROA link. CSRR is still voluntary in the Philippine, however, companies are interested to use CSR in their reports (CSR Asia, 2010; Williams, 2010).

According to the findings in multi-group analysis in explaining the moderating effect of the country on the relationship between total CG and firm performance with CSRR as a mediator, the country is an important moderating variable for the relationship between total CG and ROA, as well as for the link between total CG and Tobin's Q. The findings support that there is a significant difference with the presence of country variable as a moderator for the mediation effects of these countries.

Finance, insurance, and real estate industry have the highest number of CSRR based on GRI, followed by transportation and public utilities, manufacturing industries. In addition, the results suggest that there is a directional association between CG and firm performance. Only institutional ownership increases financial performance by causing an increase in ROA, and a decrease in Tobin's Q as a financial performance. Considering ASEAN as one region, total CG has a positive effect on short-term and long-term firm performance in that increasing of total CG causes an increase of firm performance. The findings also suggest that a strong relationship between CSRR and CEO duality can be envisaged. Considering all determinants of CG as one variable, total CG has a positive effect on CSRR in acceptance of H2e as well. Furthermore, the results conclude a directional association between CSRR and firm performance, while CSRR has a negative significant impact on ROA, the link between CSRR and Tobin's Q shows the higher CSRR that leads to a better Tobin's Q.

A partial mediation relationship exists between total CG and firm performance through CSRR. In analyzing the indirect association of CG determinants and firm performance through CSRR as a mediator, it is found that there are no significant results. In addition, multi-group analysis through country variable as a moderator for CG-firm performance with CSRR mediation impact show mixed findings. The country does show significant differences at a moderate level in the relationship between CEO duality, institutional ownership, and foreigner diversity with short-term and long-term financial performance. In fact, there is a significant difference with CSRR for these variables with firm performance. However, there is no significant effect of moderator for mediation effect of CSRR with gender diversity and ROA in these four ASEAN countries. Finally, considering total CG as an independent variable, country is an important moderating variable for the relationship between total CG and ROA, and total CG and Tobin's Q, which means the mediation influence of CSRR for total CG and ROA, and total CG and Tobin's Q relationships in countries namely Malaysia, Singapore, Indonesia, and the Philippines are comparable with different results, therefore it is clear to see the role and strength of country as a moderator in these two relationships.

7.3 Contribution to Knowledge

The whole current study provides valuable knowledge to all the different stakeholders as to whether CSRR based on GRI in ASEAN companies have any mediation effect on the relationship between CG and firm performance. It is noted that CSRR, especially through international framework, can be compensated with better workers, improved customer satisfaction, enhances company reputation, and easier access to financial markets. Involvement in CSR activities and reporting might also prevent injurious legislation. Previous studies claim that CSRR can improve firm performance, CG, as well as attract more investors (Mahoney and Roberts, 2007; Post et al., 2011; Waddock and Graves, 1997; Khan et al., 2013; Jizi et al., 2014). This implies that studies pertaining to CSRR, and CG can contribute to various aspects that will benefit businesses as well as the nations that are involved especially that the study tackles the issues of firms' performance.

This study has influenced an essential contribution to the literature through the advancement of the measurement scale of CSR. The idea is to a great degree hard to gauge (McGehee et al, 2009) due mostly to the absence of international acknowledged definition (Morimoto et al, 2005). In reference to the literature, for instance, Lepoutre and Heene (2006) characterize CSRR exercises through GRI which is considered to be a worldwide detailing activities and the most dependable global structure for CSR announcing.

The current study is an effort to examine the relationship between CSRR, CG and firm performance in ASEAN countries. Numerous studies about the link between the above variables have been conducted in the emerging market (e.g. Haniffa and Cooke, 2005; Nahar, 2004; Said et al., 2009; Azizul and Deegan, 2008; Rahim's, 2014; Cahaya et al., 2015). However, examining the associations between CSRR, CG, and firm performance in the ASEAN context are scant. Peterson (2004) and Carroll (2000) argue that literature has moved away from measuring a correlation between a measure of CSRR and a measure of financial performance, therefore, by using CSRR from those companies using GRI guideline, this study provides an empirical study on the relationship between CSRR, CG, and firm performance, specifically when, the number of ASEAN companies using GRI codes for CSRR is very limited.

By depending on a summed up new-institutional theory which underscores the legitimation and efficiency impacts of CSRR, this examination has grasped new approach not just to see the connection between CSRR and financial performance, CG and firm execution, CSRR, and CG, in addition, the study makes an effort to establish the relationship on the intervention impact of CSRR in the connection between CG and firm exhibitions in ASEAN region. Referring to Fombrun et al (2000), a straightforward connection between these two variables namely CG and firm performance is not proper in light of the fact that CSR impacts the primary concern that interacts between them. Doh and Guay (2006) contend that the instrument through which financial performance is upgraded by CSRR is not surely known, a point which was made before by Jawahar and McLaughlin (2001). The current study suggests that CSRR play a role in enhancing CG by contributing to the firm's performance.

At the same time, the current study provides an empirical research on moderator effect of the country on mediation effect of CSRR to CG-firm performance association in ASEAN region. This observational testing has a few contentions exhibited as takes after: based on dividing ASEAN among four countries, each countries results are different with one another. The country has a moderating role for CSRR which has a mediating role in CG determinants and firm performance relationship expect for gender diversity and ROA, in fact, gender diversity relationship with firm performance with mediating role of CSRR is similar among all four countries.

Similarly, the country has a moderating effect on CSRR mediation role of total association between CG and firm performance. ASEAN is a district with various societies, diverse controls, and dialects which aspire to advance in the worldwide market, hence this investigation demonstrates that nation has noteworthy moderator impact around the nations. Indonesia (a country using mandatory CSRR) has shown the most impressive affect of mediator of CSRR on CG-firm performance association while Singapore has shown the lowest moderation effect of CSRR on CG-firm performance relationship.

A review of current literature featured that employees fascination, inspiration and maintenance (Waddock et al, 2002; Turban and Greening, 1997), customer fascination and loyalty (Williams, 2010; Dawkins and Lewis, 2003), improved notoriety (Othman and Hemdi, 2013) and less demanding access to capital (Roberts et al, 2002; Waddock and Graves, 1997). AMOS represents the most ordinarily utilized computer bundle for SEM (Shook et al., 2004) which has been utilized in the current research to test the direct, mediation and moderation relationship among variables through multi-group path diagram analysis and bootstrapping method considering that several CSRR types of research only focus on few industries such as financial and non-financial, while the sample of the current study includes from all types of industries based on SIC codes, implies that valuable findings from more comprehensive data might be beneficial to a lot more businesses.

7.4 Implications

This empirical study which reveals direct, mediation, and moderation relationship among CSRR, CG, firm performance, and the country as a variable, indicates that it has several implications for companies, managers, investors, and policy-makers in the ASEAN countries. First, it is important for policy implications, as the results indicate the specific CG mechanisms that are either effective or ineffective on its effects on firm performance, and CSRR in the ASEAN region. There is a limited empirical evidence regarding the relationship between CSR, CG, and firm performance. Many scholars argue that the relationship between CG and firm performance is still debatable because empirical evidence shows mixed results (Liu et al., 2014). This study finds that there are some other intervening variables such as CSRR which plays a mediating role in the relationship between CG and firm performance. Second, the discoveries of this investigation show that CSR has suggestions for a company's governance system. Good CG upgrades inward control frameworks that supports direct financial performance. Jamali et al. (2008) attest that great CG settle the interests of all insiders and outsiders boards and it upgrades the activities of a firm which leads increases of share value.

Third, while firms in ASEAN countries that are seriously contending with different players in the commercial center should utilize CSR as an essential device for expanding the effect of promoting on performance, organizations in less focused markets may rather need to confine their CSR efforts (Galbreath, 2013). The findings also suggest that managers need to understand the benefits of CSRR and its impact on firm performance. Thus, organizations should conceptualize and practice CSRR in conjunction with CG determinants which mutually facilitate firms' performance.

Fifth, multinational organizations working in creating nations will profit by these discoveries to additionally conceptualize critical CSRR bits of knowledge when investigating CG mechanism in connection with firm performance. This will help to have a positive social and money performance in the society. Overall, the outcomes of the current study demonstrate that directors ought to perceive that the viability of putting resources into CSRR is subject which is important and needs to be focused. Thus, governments ought to adjust their CSR activities with the business conditions of their specific firms.

7.5 Limitations

Findings of the current study are subject to some limitations. A potential limitation of the sample selection which includes two hundred and sixty-four (264) firm-years in ASEAN is that the conclusions derived from the current study cannot be generalized to other samples and time periods or other countries. This is because various conclusions might be revealed when different samples and time periods are selected in other studies (Hackston and Milne, 1996). Additionally, there is most likely that an expansion of the information for ensuing years may change these outcomes. In addition, using GRI guideline as an international framework for sustainability reporting make another limitation about small population sample of the study. Not many companies used GRI for their CSRR which as can be considered only 264 firm-yeras in ASEAN is selected because of the fact that GRI is not available for many firms. It is important to take into account a longer period in order to validate the results. The results might not be generalized because the sample is based on 3 years (2011 to 2013), due to the fact that the current study utilizes G3 GRI guideline, in which case before and after this period, GRI introduced rather different guidelines. Matching companies for using similar guideline limit the sampling of the companies for the current study.

As a limitation, Ghazali (2007) suggested that revelation in annual reports ought not to be viewed as a total measure of corporate association in social activities. Since an organization may have different channels of conveying its social commitments, for example, through organization bulletins, sites, and daily papers, an open door emerges for future research on CSR to think about numerous channels of corporate correspondence. The investigation only centered on the reporters' viewpoint. Along these lines, an exploration road could investigate the partners' apparent significance of each particular GRI execution pointer. It would then be possible to investigate if there is a hole between the revealed execution markers and the desires of partners.

7.6 Recommendations for Future Research

The current study could be extended in the following areas. For instance, given the small-scale nature of the current research of three-year period of analysis, the current study relies on GRI guideline reported on sustainability reports and also annual report. Perhaps choosing similarities between guidelines can make the time period of the study larger and hence may reach a wider conclusion. As another option to the single equation regression analysis through SEM performed in the flow ponder, future research may consider the utilization of two-stage least square (2SLS) relapse display (Gul and Leung, 2004) to address the endogeneity issues related to the relationship analyzed in the momentum contemplate. Moreover, researchers by exploring the concept of CSRR and corporate governance from a new-institutional theory perspective and ask whether mimetic and normative pressures encourage firms to follow others in their industry in allocating higher expenditures to CSRR. Furthremore, comparing multi-group analysis of CSRR can be examined in developed countries and make a comparison with the larger Asian countries which can add some conclusion to the findings of the current research.

7.7 Summary

The current study demonstrates an increasing trend of CG and firm performance disclosed by CSRR mediating role in ASEAN countries over the year 2011 to 2013. Different mechanisms of CG seem to have a different impact on firm performance. While only institutional ownership as CG dimensions increases, ROA decreases Tobin's Q in ASEAN region, and total CG has a positive effect on short-term (ROA) and long-term (Tobin's Q) firm performance which increasing of total CG causes increasing of firm performance. In addition to CEO duality which increases CSRR, total CG enhances CSRR in ASEAN countries during the mentioned time period. A negative association is shown between CSRR and ROA, whereas, a positive relationship is shown between CSRR and Tobin's Q. CSRR is considered as an effective mediator for total CG and firm performance. According to country categorization, the study finds different results among

CSRR mediation effect with CG-firm performance association. To sum up, findings of the current study imply the effectiveness and ineffectiveness of CSRR as a mediator in promoting CG and firm performance link.

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