Online Communication and Sustainability Reporting: The Managerial Issues

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ABSTRACT

The use of online communication to disclose sustainability efforts is becoming widespread especially in the technological advancement era. It involves communicating any sustainability related information via the internet, particularly on websites. There are managerial issues associated with the initiative use of online communication for sustainability reporting, even though it brings many benefits to companies in terms of increased transparency, reputation, trust, information accuracy, faster information dissemination and many more. In addition to this, the level of sustainability reporting via online communication is found to be low, which means that this communication method is not well utilized. Therefore, this study aims to uncover the opinions of managers towards using online communication to report sustainability efforts and the managerial issues associated to it. As sustainability reporting is common among public listed companies, 10 semi-structured interviews were conducted with managers of various backgrounds from these companies. The results revealed that the fostering of sustainability reporting via online communication was viewed as a positive effort from the perspective of respondents; however, there were some managerial issues. These issues are categorized as leader's confidence, personal constraints and external factors. Most reporting and disclosure studies focus on performance metrics and other data driven factors, whereas this study took a different leap in focusing on managers, who are also the corporate players. Hence this study provides a new insight on online communication, focusing on how organizational leaders can have an impact on the setting of sustainability reporting and the dilemmas they are facing.

Keywords: *Corporate social responsibility (CSR), dilemma, managerial issue, online communication, sustainability reporting*

INTRODUCTION

Businesses worldwide are embracing the concept of sustainability by reporting on their social and environmental engagements as well as their economic activities (Hind et al., 2009). This is particularly important when stakeholders especially investors and financial communities constantly review organization's sustainability reporting for potential investments. Clearly, it is the managers' job to maintain a good standard of reporting in pursuance of promoting effective delivery of information thus acquiring and securing good investment for their companies.

Sustainability reporting (also called Corporate Social Responsibility (CSR) reporting) covers various elements of an organization as it entails the disclosure of sustainability-related information including economic, environmental, social and governance performance to

stakeholders (Global Reporting Initiative [GRI], 2015). The internet is the latest communication tool and most companies have implemented online reporting for sustainability issues (Isenmann et al., 2007). With the internet capabilities, one can transcend borders and have access to encyclopedias, television stations, newspaper articles, the latest music videos and movie trailers, all at one stop (Musa & Md. Salleh, 2008). Hence, companies are adopting this online communication method to disseminate sustainability efforts. Moreover, the advantage of online reporting overcomes the limitations of paper-based communication thus influencing the style and amount of reporting (Isenmann et al., 2007). Since the internet is now the prime vehicle through which organizations can build relationships with stakeholders, the sustainability reporting is conveyed through the online communication channel especially corporate websites. These may be manifested by disclosing recycling and conservation projects on corporate websites or symbolizing socially responsible attributes with statements essentially the use of organic or chemical-free ingredients, in such a way to lead awareness among consumers of the fact that the goods they are purchasing have been produced in a sustainable manner.

Sustainability reporting via online communication has emerged as a voluntary practice by many large companies worldwide. Some have termed such reporting method as "CSR website reporting" (Chapple & Moon, 2005), "social responsibility disclosure on the internet" (Branco & Rodrigues, 2006), "CSR online reporting" (Rolland & Bazzoni, 2009) and "online sustainability disclosure" (Amran, 2012). Despite the various terms, all authors have referred to the same notion which is communicating any sustainability related information online via the internet, particularly on websites.

Despite the advantages of sustainability reporting via online communication, many companies in the developing countries are not leveraging the internet application in their reporting and information disclosure practices. In Malaysia for instance, most companies are not utilizing the existing internet facilities to their full advantage as it was discovered that the level of online sustainability reporting in Malaysia is still low (Che Hassan et al., 2012; Rahim, 2016). As a result, the use of the internet for disclosing sustainability information has not been fully materialized. This also suggests that there is little improvement in online sustainability reporting in Malaysia. Taking this aspect into consideration, it is vital for organizations to take corrective measures in order to utilize the online communication for success.

Better reporting mechanism such as using the online communication can only be accomplished if it is perceived important by company leaders or the managers (Baele, 2012). The role of leaders is imperative in providing sufficient information disclosure to interested parties, which could be transferred better through online communication and therefore helps stakeholder makes better investment decisions (Rahim, 2016). This practice also promotes effective relationship maintenance strategies between organizations and the public, more importantly the public are able to help organizations to achieve their goals (Mariesta et al., 2016). However, much of the literature on sustainability reporting are focusing on justifying sustainability efforts in economic terms and the various activities associated with it (Basu & Palazzo, 2008; Margolis & Walsh, 2003), but none on leaders or managerial aspects.

This study has responded to this gap by answering the following questions: 1) how do managers of the Malaysian public listed companies view the practice of using online communication for sustainability reporting? And 2) what are the managerial issues involved?. Since everything is online now, it is timely and significant to address this issue especially in the

context of developing countries such as Malaysia. The internet has plugged into industries and will soon inform how everything operates. Emerging markets have begun to execute plans to implement good corporate governance systems to fulfill the required disclosure and transparency needs through changes in the internet (Elsayed, 2010). Malaysia as an emerging market is not losing out on this opportunity. As a developing country, Malaysia has seen an increase in the number of internet users since the millennium. This has continued to grow resulting in 69.6% internet penetration rate which exceeded the world average of 49.6% and Asia's average of 45.2% as at March 2017 (Internet World Stats, 2017). The Malaysian public has access to the Internet not only at home and the workplace, but also at cyber cafes (Musa & Md. Salleh, 2008). This pattern depicts that more than half of the Malaysian population are utilizing and have access to the internet capabilities; hence, the possibility of information discovery and disclosure through the online communication is very high. The internet penetration rate growth has created opportunities for all, and attracted the interest of not only Malaysian businesses but also companies worldwide to have online presence as part of their business strategy. For example, the retail industry such as Zalora and Lazada have seen such changes when retailers reach out to a wider market and sell more products both locally in Malaysia and also abroad. Thus, companies should take advantage of this opportunity by reporting their sustainability efforts through online communication channels to attract the attention of their stakeholders.

This study employed the agency theory to understand the importance of using online communication for sustainability reporting and the managerial aspects related to it. It is recognized that managers act as agents and work for the owners of companies but, conflicts could exist. Healy and Palepu (2001) mentioned that information asymmetry occurs in a situation in which management (the agents) have the competitive advantage of information within the company over that of the owners (principals). In this regard, agency costs will increase because management seeks to enhance their own interests instead of those of their shareholders. As a result, the responsibility and accountability of managers are questioned, to ensure that any corporate actions and corporate information are shared to the respective stakeholders so as to ensure information symmetry. Companies disclose more to reduce the agency cost thus managers increase the level of reporting to convince shareholders, and in fulfilling stakeholders demand for more corporate information disclosure (Al-Htaybat, 2005). Consistent to this notion, managers of Malaysian public listed companies viewed the adoption of online communication for sustainability reporting as a positive effort but there were some managerial issues in terms of leader's confidence, personal constraints and external factors which need to be overcome.

This paper is organized into several sections. The subsequent section reviews the literature on sustainability reporting via online communication and related studies. The next section details out the methodology. This is then followed by results and discussion section. The last section will deliver some concluding remarks.

LITERATURE REVIEW

This section evaluates key studies on the subjects of sustainability reporting and the application of online communication for sustainability reporting. These includes Chapple and Moon (2005), Branco and Rodrigues (2006), Moreno and Capriotti (2009), Rolland and Bazzoni (2009), Elsayed

(2010), Hassan (2010), Homayoun and Abdul Rahman (2010), Lakatos et al. (2012), Amran (2012), Che Hassan et al. (2012) and Rahim (2016). Prior studies such as Said et al. (2009) and Sobhani et al. (2011) are among those who have examined both sustainability reporting using the conventional method as well as the online communication channel. Most studies reviewed the online communication through websites as the main channel for sustainability reporting.

The importance of sustainability reporting in Malaysia has triggered government intervention, as the former Prime Minister declared by the former Prime Minister in his 2006 budget speech that all public listed companies are required to disclose their sustainability/CSR activities to their stakeholders (Said et al., 2009). Starting from the financial year ending 31 December 2007, all public listed companies in Malaysia are required to disclose their sustainability activities in their annual reports. However, there is a lack of attention given to online reporting whereby the government has made mandatory for all public listed companies to disclose sustainability information in the annual reports, while disclosure on the internet is only voluntary (Rahim, 2016).

Branco and Rodrigues (2006) have studied the reporting of sustainability efforts by Portuguese banks to see whether the Portuguese banks used their websites as a medium to disclose CSR information. They have found that Portuguese banks attributed more emphasis on annual reports than on online reporting. Sobhani et al. (2011) has studied the status of sustainability reporting in the annual reports and corporate websites of the banking industry in Bangladesh. They have discovered that the annual report surpassed the corporate websites in the disclosure of all categories of sustainability reporting practices. This is due to the fact that annual report is considered an official and audited document of a company. The credibility and the accuracy of the information contained in the annual report would be highly reliable than the ones published on the website itself (De Villiers & Van Staden, 2011).

Previous studies have offered explanations on why companies adopted sustainability reporting via online communication. The reporting was in fact has been the most widely empirically studied, particularly in analyzing the determinants of online reporting and disclosure. Researchers who have studied this include Ghazali (2007), Said et al. (2009), Saleh (2009), Rolland and Bazzoni (2009), Aribi (2009), Elsayed (2010), Hassan (2010), Homayoun and Abdul Rahman (2010), Rouf (2011), Che Hassan et al. (2012) and Haji (2013). The determinants of sustainability reporting via online communication can be categorized into two main factors; corporate governance mechanisms and firm characteristics. In terms of firm characteristics, prior studies have investigated industry type/sector, liquidity, leverage, profitability, firm size and many more. Corporate governance attributes include board size, board independence, duality, audit committee, managerial ownership, foreign ownership and government ownership; all of which have been extensively explored.

Other factors such as organizational culture, awareness and change in local and global business practices have also been investigated as determinants of sustainability reporting via the online communication. As an example, Mahmood et al. (2017) has discovered that lack of awareness, lack of implementation, lack of training and skills, lack of regulation, governmental supports and sustainability infrastructure are the reasons why Pakistani companies are not reporting on sustainability practices. Elsayed (2010) has raised the issue of awareness as the key determinant of using the online communication as a medium to disseminate corporate information by Egyptian listed companies. Rolland and Bazzoni (2009) have discovered that the

significant rise in the use of corporate websites for the reporting of sustainability efforts via online communication was in respond to changing local and global societal expectations concerning business practices. Nevertheless, none of these studies looked into perspectives of managers and their dilemmas in using the online method to report sustainability issues.

Studies have proven the above factors are significantly associated with the level of sustainability reporting, but most of the factors that have already been studied so far are accounting, financial and economic related variables. Limited studies have yet to examine leadership elements such as leaders or managers' opinions and the dilemmas facing them. This is supported by Adams (2002) who has claimed that sustainability reporting has primarily been concerned with the impact of corporate characteristics or general contextual factors. Therefore, it is argued that the leadership elements should be examined as it would extend the knowledge in various areas including sustainability, communication and leadership studies.

Prior studies have also examined the practice of using online communication for sustainability reporting in different countries. There has been substantial advancement in online reporting method in the developed countries including United States, United Kingdom, Continental Europe and Australia. Among the European countries, studies were conducted in Portugal (Branco & Rodrigues, 2006), in Spain (Moreno & Capriotti, 2009), in Switzerland (Stiller & Daub, 2007), Finland (Lakatos et al., 2012) and in the United Kingdom (Hassan, 2010). In the Middle East, researches have been done in Bahrain (Aribi, 2009) and Egypt (Elsayed, 2010). Prior studies were also conducted among the Asian countries, such as Malaysia (Amran, 2012; Ghazali, 2007; Haji, 2013; Homayoun & Abdul Rahman, 2010; Said et al., 2009) and Bangladesh (Belal, 2001; Rouf, 2011; Sobhani et al., 2011). However, little progress has been seen in other regions, especially among developing countries such as Malaysia, Thailand and Singapore (Che Hassan et al., 2012).

Some comparative studies were also conducted. Chapple and Moon (2005) have investigated sustainability reporting via online communication in seven Asian countries which include India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, and Thailand, whereas Tang, Gallagher and Bie (2015) have examined the leading corporations' practices of sustainability reporting via online communication in the United States and China. Both studies found that online reporting practice varies considerably among countries. Nonetheless, studies on sustainability reporting using the online communication among the emerging markets and developing countries are still scarce; thus, similarly, such studies in Malaysia are also limited.

Related studies in Malaysia
In Malaysia, researchers have documented varying sustainability reporting practices by firms both within a particular country and across countries over time (Haniffa & Cooke, 2002). A review of previous studies showed that there are a growing number of studies that focus on comprehensive reporting in developed countries however studies in developing countries such as Malaysia are still scarce.

Prior studies on sustainability reporting development in Malaysia indicated that it is in the emerging stage. Empirical studies have demonstrated an increasingly current trend of sustainability reporting in Malaysia (Esa & Ghazali, 2012; Haji, 2013; Haniffa & Cooke, 2005). However, using online communication for sustainability reporting in Malaysia is still in its

infancy level with low incidences of reporting and the disclosures are mainly descriptive in nature (Said et al., 2009; Amran, 2012; Che Hassan et al., 2012; Rahim, 2016).

Amran (2012) has supported that Malaysian companies are involved in sustainability reporting because of pressure from the government. Government interventions may generate pressures for companies to disclose additional information because the government is a body that is trusted by the public (Said et al., 2009). The influence on foreign business partners was also seen as a contributory factor for engaging in sustainability reporting (Saleh, 2009). Other possible reasons why sustainability reporting in Malaysia is still low are the lack of legislation on online sustainability reporting and the perception of companies that they will not receive any benefit from the investor or the community (Teoh & Thong, 1984). Thus, it is necessary to find what other factors have led to the low level of sustainability reporting and what other factors that may contribute to it.

The factors influencing the level of sustainability reporting in the Malaysian context mainly comprised firm characteristics and corporate governance components which are considered economic, financial and accounting related antecedents. Nonetheless, other factors such as leadership components are often overlooked. The roles of leaders in sustainability reporting practices via the online communication have rarely been investigated. Most studies or analyses concentrated on performance metrics, but failed to include the key players themselves, the managers. Instead of looking at data consisting of numbers and figures, this study took a different leap by examining the managers, to uncover their opinions towards using online communication for sustainability reporting and the dilemmas they faced to implement such a reporting method.

METHODOLOGY

A qualitative approach is appropriate in this study because the objective was to probe into leader's opinions and views on the subject matter. A quantitative design would not have been appropriate for this study because the purpose of quantitative research is to describe trends and explain relationships among variables rather than in-depth analysis through exploring and understanding a central phenomenon (Creswell, 2014). This study employed audio recorded interviews to collect responses to open-ended questions derived from the interview guide.

The concept of sampling in a qualitative study is different than quantitative methods. The objective is to purposefully select specific subject to examine in order to gain deeper understandings of defined issues (Creswell, 2014). The respondents in this study needed to be decision-makers or who are generally in the managerial positions as well as to having knowledge about company's sustainability reporting practices. They were purposely selected from Malaysian public listed companies as sustainability reporting is common among the listed companies. The interviews were scheduled by personal contacts, followed-up by direct mail invitations to potential respondents. 20 feedbacks were received and were then contacted via emails to enquire about their willingness to participate in this study. 10 managers were willing to be interviewed whereas the rest declined. The respondents came from various backgrounds as described in Table 1. The identities of the respondents were concealed for confidentiality and anonymity reasons. Half of the respondents were from the Public Relation departments (including Communication and Media departments). Public Relation departments usually play

an important role towards sustainability of an organization (Mariesta et al., 2017). This gives some credibility to the results of the interviews.

Table 1: The list of respondents

Respondent (R)	Job position	Tenure (years)
R1	Head, Regional Branch Operations	20
R2	Assistant Manager, Corporate Communication Division	15
R3	Manager, Management Information System Support Unit	12
R4	Manager, Communications	10
R5	Assistant Manager, Public Relation, Media and CSR	10
R6	Manager, Human Capital Management	9
R7	Manager, Partnership Development	8
R8	Assistant Head, Public Relation and Media	6
R9	Manager, Human Capital Development	5
R10	Assistant Head, Corporate Communication	5

Interviews were conducted via telephone or Skype, whichever method that was preferred and agreed by both parties. Although participants were given choices on the mode of interview, seven of the participants opted for the telephone interview as according to them the telephone is more user-friendly and convenient compared to Skype, where three chose to be interviewed via Skype. The interviews were conducted between May and August 2016 and consumed on average one hour. The interviews were conducted in English seeing that it is the corporate language in all of the corporate entities in Malaysia although the national language is Malay Language. The interviews began with some general questions followed by an exploration of specific themes. An interview guide was developed which contained a list of topics followed by some questions that needed to be covered during the interviews. It was developed based on previous studies and the present researcher's own input.

In analyzing the interviews, thematic analysis was carried out using NVivo. The first stage of the interview analysis involved familiarization with the data, during which the recorded interviews were transcribed word by word. This procedure was repeated for the second time to ensure that the transcripts corresponded with the recorded interviews. All the written notes taken during the interviews were also referred to at this stage. The interview transcripts were examined for emerging keywords and phrases related to the research questions. These keywords are codes, which enabled the formulation of themes for the study (Creswell, 2014).

The themes emerged from the analysis of the interviews will be discussed in the following section. It is also important to highlight that excerpts from the interview transcripts included in this study have maintained the original "Malaysian English", which refers to the English language used by Malaysians in their daily communication; therefore, no corrections

have been made in terms of grammar or syntax. This practice is consisted with Abdullah (2011) in ensuring that the original meanings of the interviews were maintained.

RESULTS AND DISCUSSION

In responding to the first research question - how do managers of the Malaysian public listed companies view the practice of using online communication for sustainability reporting? Three themes emerged from the interviews: positive effort, accessibility and low usage.

Positive effort

After conducting the interviews and analyzing them, it was found that the managers of Malaysian companies viewed the fostering of online communication for sustainability reporting as a positive effort to stakeholder engagement. This demonstrates the companies' commitment to accountability and responsibility to their stakeholders. This is in line with the agency theory which is concerned with business owners including the shareholders and investors are putting their trusts in managers to run their business on their behalf. As a result, companies disclose more to reduce the agency problem hence reducing the agency cost (Aly et al., 2010). Thus managers increase their reporting to convince shareholders, and to fulfil stakeholders' demand for more corporate information disclosure (Al-Htaybat, 2005). In the digital world, manager's motivations to transfer disclosure from a printed version to an online version stems from benefits associated with the internet such as cost efficiency, accessibility, availability and make more room for disclosure (Al-Htaybat, 2005). This scenario was clearly seen among the Malaysian companies, where they have already started to use the online communication particularly through corporate websites to disseminate sustainability related information for example CSR information. Most managers highlighted the importance of sustainability itself to the company and its stakeholders. In addition, sustainability efforts were manifested in the form of CSR activities such as specific programs for youths and community programs for the less fortunate of which these were then updated on their websites.

> For most companies this sustainability initiative is important, especially
> public listed because we are embracing CSR with specific programme. I think
> for us sustainability is CSR, more like giving back to the society because we
> are working in the market which involves all levels of society. But for our
> company, we specifically focus on youths (R2).

All respondents were of the opinion that there is a need for sustainability reporting, both for the company and the stakeholders. Even the employees were kept updated on sustainability initiatives through internal online communication, especially through emails.

> For us, we are always updated on this [sustainability reporting]. The
> company always communicate sustainability information via email. And, we
> are always aware and always open to join any activities. We are always
> informed of sustainability initiatives by the company (R3).

Accessibility
Since nearly everything is done via the online communication, the respondents observed that it is relevant and important to use the online method to report sustainability issues. The managers thought that it is a useful initiative to share information and to reach out to their stakeholders, in any possible ways. Not only to reach all levels of people and to share various kinds of information, the use of the online communication for sustainability reporting is also significant for creating transparency. These were reflected as follows:

> Super relevant and very important in today's day and age. Everyone is online and it is also the best way to reach the maximum number of people. Without online sustainability reporting, it would be very difficult to get hold of a company's activity and focus. And, the public or customers or clients should always be kept fully informed with all activities of the company as transparent as possible so as to ensure informed decision is made at all times (R4).

The Malaysian managers also stated that sustainability reporting is part of their company's operations and represents a strategic move to ensure responsible business for sustainable returns. Making connections with the stakeholders, such as with members of the public, customers, clients and even competitors have direct and indirect impact on their businesses. Apart from generating profit, companies are able to provide back to their stakeholders through stakeholder engagement. Utilizing online communication for sustainability reporting is seen as a strategic move that requires deliberate actions in order to gain a strategic advantage as explained by these managers:

> Business revolves around providing solutions to people, to stakeholder. From product, to financial investments, they hugely rely on individuals and other companies buying, investing which allow an organization, a company to generate profit. Therefore, companies generate profit largely by engaging customers or clients, and being able to provide back to the society at large becomes a strategic move in ensuring responsible business for sustainable returns (RI).

> The only way a company can forward itself as part and parcel of the socio economic picture of nation or of the country is by making that connection to the public who are also their customer. I think the stakeholders would have a direct and indirect impact to their business, definitely sustainability is something the company must consider and focus on because its part and parcel of the business (R10).

Low usage
Although most companies in Malaysia have practiced this online initiative, their disclosures were limited depicting only brief sustainability reporting on their websites. Most of the reporting was based on company's press and media releases in which the objective was to keep

the stakeholders informed of the activities that they have carried out. Similarly, special archives containing information such as previous sustainability activities, news and pictures were embedded via the online communication. Other sustainability reporting highlighted on companies' websites were mostly on current activities and on-going programs; sometimes it was done only when needed. Surprisingly, this finding is similar with the usage of webcasting, an online communication tool, which is still relatively low among users in Malaysia (Musa & Md. Salleh, 2008). This could depict that Malaysian companies in general are not ready to fully embark on the online capabilities although the internet penetration rate is constantly increasing in Malaysia. These were expressed by the respondents as follows:

> Most of our major CSR events are uploaded on the website. We highlight our sustainability activities on the website in addition to our corporate events in order to keep our shareholders and stakeholders updated of our current and on-going programs (R5).

> The latest sustainability reporting on the website is still low compared to the actual reporting for each activity because it only includes media release and also based on big events only. The CSR reporting on the website is good, because we can share information with the public, especially the shareholders and the communities. However, to use online reporting needs to be improved (R4).

There were mixed opinions when managers were asked about their usage of online communication for sustainability reporting. Generally, the usage was still low as similar to previous studies (Che Hassan et al., 2012; Rahim, 2016). This finding also echoes Mariesta et al. (2016) who observed that companies are not interactive enough with using the new media as online communication tool. New media, particularly company's websites can serve as a communication tool to establish good relationship with stakeholders. This unfortunately is not being fully utilized among public listed companies in Malaysia. They indeed advocated that the use of corporate websites to convey sustainability information should be upgraded.

> The use of the internet for reporting should be improved. Our company posts information on the website about sustainability, especially about our latest project, but I think the use is still not much (R8).

Managerial Issues
In answering the second research question, the interview findings uncovered several managerial issues faced by the managers of these Malaysian companies in implementing sustainability reporting via the online method which have been categorized into three themes: leader's confidence, personal constraints and external factors.

Leader's confidence
It has been discovered from the interviews that it was not difficult to provide information on the internet, particularly on websites. All managers claimed that it is easy to upload sustainability information on the website, as it does not involve any complex processes. This is due to factors

such as the availability of an administrator to manage the website and the availability of information that have already been developed online.

> Very easy to disclose sustainability activities on the website because it is stated in the company's SOP (Standard Operating Procedure). There is also an administrator assigned to specifically manage the website (R3).

> It is easy, mainly because a lot of the information are already put together online, and the online media platforms will continue to complement the formal Annual Report (R6).

Nevertheless, it can be established that the managers are "too confident" as they regarded the initiative as being "easy". As a result, they failed to realize that the existing sustainability reporting is sufficient as revealed in the interviews and previous studies. These managers might not need sustainability reporting via the online communication because they have confidence in thinking that everything is going to work out fine (Rahim, 2016).

Landier and Thesmar (2003) have used the term "optimism" rather than "confidence". Due to managers' optimism, managers might ignore certain elements which are trivial to the company's success, such as online reporting, as they focus on the big picture and overlook some details which they have perceived as not important. According to Landier and Thesmar (2003), optimism may increase effort, but it is bad for decision makings as the manager's underweights certain action, which might also be valuable to the company. This pattern was also discovered among a number of the respondents from well-known global companies as expressed below:

> We are a global company. We are well-known for our CSR [sustainability] activities. One - community projects and outreach including healthcare initiatives. Two - education and training of the communities where the company operates locally and globally. Three - sound environmental management practices through conservation and biodiversity of the environment. Forth - going beyond the conventional corporate sponsorship of activities in the area of arts and culture, by establishing an art gallery, a concert hall, a philharmonic orchestra and a performing arts group. Fifth - extensive involvement in sponsorships across different sports. We don't do much really, as we are already famous for being a responsible company. We don't need to do much, people know us (R9).

> Our existing track record on CSR – philanthropic activities sort of summed up the whole idea of sustainability. We were able to get away with some hick-ups due to our good track record, we were able to manage things due to our big name, but at the same time we have to be very careful. So with or without this reporting method, online or not, we are doing fine (R4).

The high level of optimism has led to over-confidence in which there is a strong support that managers have overestimated their own skills relative to others and, as a result, are too optimistic about the outcomes of their decisions (Malmendier & Tate, 2005). Over-confident

managers tend to overestimate the expected returns to their corporate decisions thus overestimating the probability of a project's success. As a result, companies which are run by optimists tend to grow less, die sooner and be less profitable, which is viewed as a confirmation that optimism does not always gives high return but high risk (Landier & Thesmar, 2003). In the context of this study, the level of optimism becomes a managerial issue as high optimistic (over-confident) managers might not realize the importance of using the online communication for sustainability reporting as they thought that they are already good enough. In fact, they have actually underestimated the potential benefits of this reporting method, where they might lose out on this opportunity. This was expressed as follows:

> There is a flash dialog box flashing up at our website, for external viewers and at our portal, for interval viewers like the staffs. We use the portal on daily basis including the internal reporting. Apart from that, we have special archives for the previous sustainability activities containing pictures and news. I think this is good enough (R7).

Personal constraints

Some of the motivation to disclose sustainability information online was reputation building and corporate image, i.e., the beliefs that people generally hold about a company. As such, Malaysian companies would expect people to have favorable opinions towards them. It was discovered from the interviews that there were personal constraints such as heavy workloads which might demoralize managers from reporting. The respondents argued that they might not be able to cope with the system due to their workloads. In this regard, one of the managers stated that:

> It [sustainability reporting via online communication] builds a positive reputation and the recognition from our stakeholders, yes it does motivate us to do it. But I think the constraints lie within us, within the workload that we are given. I would say the constraints not really motivating you, would be our internal resources, not coping with the kind of cycle you need to generate the report and also the internal capabilities of actually being able to have a report (R5).

Another personal constraint can also be related to personal recognition issue. It occurs when a leader indicates that he or she values individual efforts of employees and rewards the achievement of outcomes consistently through praise and acknowledgment (Rafferty & Griffin, 2004). Personal recognition should encourage employees to perform their tasks better as they feel valued and appreciated by others especially by their superiors. When people received recognition for their work, they would eventually feel an increased sense of investment in the organization, thus leading to a greater ability to move forward (Rafferty & Griffin, 2004). However, when the only rewards that are available for the managers are verbal encouragement or rewards of a personal nature, this may result in employee's frustration (Rafferty & Griffin, 2006). This was the case among the Malaysian managers, whereby in the context of using online communication for sustainability reporting, some respondents felt disheartened to utilize the reporting initiative, which led to less reporting. This was because they were not receiving the

"right" award for their hard work such as recognitions, in terms of bonuses or other incentives. The respondents felt discouraged to disclose information online, as they were not given enough encouragement. This was mentioned by one of the respondents:

> You have to do extra work, prepare the content, news, articles, and the boss will have to approve it before you post it online. But, sometimes the credit does not go to you, who have put in the extra effort in bringing something out to the public, it's not fair. The boss praises you for your hard work, but you are not getting anything extra out of it anyway, like incentives or wages, and sometimes it's outside your job scope, so we normally do basic reporting (R1).

In addition to increased workloads and personal recognition issue, the respondents felt that they are not compensated fairly. As a consequence, only minimal online reporting will be carried out. Furthermore, using online communication for sustainability reporting is considered as a secondary task and may be perceived as not important. Unlike other organizational agendas, such as sales and marketing, quality assurance, production and procurement are seen as core business processes whereas the online reporting is seen as supplementary activities.

> It [using online communication for sustainability reporting] is not our main concern as a business. The concern is our responsibility to the shareholders and board of directors, and bringing in sales and revenues (R7).

External factors
Bass (1990) has stated that leaders are selected to fulfill the fate of the organization and are highly constrained by organizational and external factors. A leader's actions are highly limited by external factors. Even though leaders such as the managers are able to react to contingencies, to facilitate the adjustment of the organization and to alter the environment to some limit, they have no control over many factors that affect organizational performance and they typically have control over few or limited resources (Bass, 1990). In the context of the use of online communication to disseminate sustainability information, Kozowski and Kania (2013) have claimed that apart from the challenge within the organization itself, external challenges such as difficult market conditions, tougher competition and growing customer requirements, would create the problem to utilize online capabilities. As well as without effective leadership, it is difficult to uphold any reporting initiatives and it would also be difficult for any sustainability efforts to take place (Rahim, 2016). Other than that, resource shortages, lack of communication and inappropriate skill base, inappropriate tools of IT capabilities or mismatching of core values between the stated strategy and operational management may also contribute to the success of sustainability efforts (Hind et al., 2009). The respondents stated as follows:

> We try to cope with the changes, it's difficult to fulfill all the demand – boss, shareholders, and customers. The system is running 24/7, but sometimes there are break-downs which slow down the process (R2).

> During the economic downturn, we didn't have enough resources to do CSR activities and man power to carry out the activities. Because of this, not much to be reported at times. We were concentrating on financial reporting, this is more important (R6).

It was shown from the interviews that limited resources are seen as an external factor, which is beyond the managerial control having affected company's mission towards utilizing the online communication for sustainability reporting. Limited funding for CSR activities has been mentioned as affecting the level of online reporting. In the of limited resources, as consistent with the SMEs in Pakistan, the lack of sustainability reporting was in consequence of the perceived benefit is far less than the perceived cost, in which shareholders are of the opinion that the cost for sustainability reporting is more than the benefits (Mahmood et al., 2017).

This may also be attributed to the capacity of being a developing country such as Bangladesh, where lack of statutory requirements, the presence of very few organized social groups and less social awareness, an under-developed corporate culture and the relatively new stock market have led to low level of reporting (Belal, 2001). Tang et al. (2014) has also discovered that leading companies in the developed countries demonstrate a higher level of sustainability reporting through website communication, than companies in the developing countries. Similarly, all these evidences echo the phenomenon in Malaysia as a developing country, where the shareholders are not supportive to give funding for sustainability reporting, instead financial activities are given more emphasis, especially when the economy is unstable.

Culture is also seen an external factor which is beyond the control of the managers. Managers were in a dilemma on deciding on the content and context of the reporting so as to be sensitive and respectful of other races and religion. Haniffa and Cooke (2002) have argued that sustainability reporting might be associated to a manager's race and religion. They both conducted a study in Malaysia and discovered that there is a contradiction in their proposed hypothesis with the actual results. This was due to the fact that most Malay directors are bound by Islamic ethics and values. Although Malay directors would be more secretive, they disclose more transparency due to their religious belief. Thus, it is possible to conclude that cultural factors may be an important element in using online communication for sustainability reporting among the Malaysian companies, as the majority of the population in Malaysia is the Malays. This has been captured from one of the interviews as follows:

> The use of online communication for sustainability reporting needs to be improved accordingly to the overall CSR activities. It seems to be seasonal, as you will notice that more news are uploaded during festive seasons. For example, you can see during fasting month, there are so many news on charity work with the orphanage and "buka puasa" events (R4).

Recommendations

Nonetheless, the findings in this study are subject to a few limitations that need to be considered. This study uncovers manager's views towards sustainability reporting via online communication and the managerial issues related to it. It has been discovered from the interview results that the managers viewed such a reporting method to be a positive effort and that they supported the initiative. An interesting topic would be to find out whether leader's

views actually leads to using the online communication to disseminate sustainability related information. This is because opinions and views might not necessarily indicate the actual scenario as it is contextual in nature and yet to be manifested into actual actions. Quantitative research method could be used to examine this issue further.

In adopting the online reporting method, the managers were in a dilemma and these were associated to several issues. However, the interview findings were based upon individual respondent's knowledge and understanding of the subject in question. There could be other factors that should be considered in inducing the sustainability reporting via online communication practices, but might not have been mentioned by these respondents such as lack of IT knowledge and skills, unavailability of IT-savvy leaders as well as shareholders attributes. It is recommended for future researchers to dig into these factors deeper which would provide a better insight in understanding sustainability reporting via online communication.

In addition to this, the managerial issues discovered through this study warrant further investigation through a quantitative method. It would be interesting to ascertain these qualitative findings via empirical evidence. It is also suggested for future studies to look into views from top management and owners of companies. This reflects the agency theory which states that the managers are agents who run the business for the owners whilst the owners are the principals. It would be interesting to obtain views from the owners such as shareholders and look at another perspective in the agent-principal relationship. Views from opinion leaders would be an added value as according to Saad et al. (2017) the role of opinion leaders to spread innovation is very important. Sustainability reporting via online communication can be seen as an innovation. Opinion leaders themselves are a medium to introduce a particular innovation to the public effectively (Saad et al., 2017). Therefore, future studies could also investigate their roles with regards to using the online communication for sustainability reporting.

CONCLUSION

The importance of sustainability reporting through online communication supports the notion of the agency theory. Better information disclosure could be achieved through sustainability reporting via the online communication, in order to reduce gaps between the company owner and their agents. This has been reflected in this paper which highlights manager's positive outlook towards sustainability reporting via online communication although there were several managerial issues. This paper has discussed the literature to gain an understanding of the elements of leaders (managers) in online communication for sustainability reporting. As such, this paper emphasizes on the multidisciplinary nature of the topic, by combining insights from the leader's perspective, communication and sustainability reporting literatures.

A key practical implication of this study is that managers need to take actions to overcome the dilemmas that they are facing, which may distort the development of the use of online communication for sustainability reporting in the future. This is critical as companies nowadays are bombarded by increasing demands from stakeholders for better transparency through more information disclosure. The managers are responsible to fulfill this demand through better reporting mechanism including adopting sustainability reporting via online communication. It would also be useful to adopt best practices from developed countries and

successful companies. Last but not least, it is important to highlight that using the online communication for sustainability reporting is voluntary and not mandatory in Malaysia. This may also be one of the reasons why companies hesitate to employ it as part of their business processes and part of their sustainability strategies. Policy makers such as Bursa Malaysia, the Malaysian stock exchange and governmental bodies should set new reporting regulations for companies to encourage them to use online communication for sustainability reporting.

BIODATA

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