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Effect of Board and Firm Characteristics on Corporate Donation Practices Among Public Listed Firms: A Malaysian Evidence

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ABSTRACT

This study examines corporate donation practices among the public listed firms in Malaysia. Specifically, this study examines the effect of board and firm characteristics on corporate donation practices among the public listed firms in Malaysia. This study focuses on three board characteristics namely, education level, gender composition and functional track which were derived from the Upper Echelons theory. This study also focuses on three firm characteristics namely, firm size, profitability and leverage which were derived from the Agency and Stakeholder theory. Using logistic regression analysis on 300 public listed firms in Bursa Malaysia, this study shows no significant relationship between board characteristics and corporate donation practices among the public listed firms in Malaysia. However, this study shows that out of the three firm characteristics examined, firm size does influence the public listed firms in Malaysia to do corporate donation. The findings in this study provides further understanding on the effect of board and firm characteristics on corporate donation practices.

Keywords: Corporate donation, board characteristics, firm characteristics, public listed firms, Malaysia.

1. INTRODUCTION

Corporate philanthropic is not uncommon among firms irrespective of the industries. Although corporate philanthropic is a form of Corporate Social Responsibility (CSR), it is often regarded by firms as the least important activity, thus placing it last in the hierarchy of activities (O'Neil, Saunders, & McCarthy, 1989). According to Carroll (1991), philanthropic responsibility is ranked last after legal and ethical responsibility since firms often considered this activity less desirable and voluntary in nature (Brammer & Millington, 2005). This is because firms are economic institutions and to them, the most important CSR is one related to the economic-related activities. From the CSR perspective, corporate donation may not be in the financial interest of firms (Brammer & Millington, 2005). However, there are firms that have dedicated their ample resources to support the social welfare and enhance the stakeholders' relationship. Such dedication is a way for the firms to show a sign of humanity to the society. However, what motivating the firms to do corporate donation remains unclear.

Studies have shown that firms do corporate donation due to either internal factor or external factor (Wang, Choi and Li, 2008). These studies suggested that internal factor plays the main role in influencing firms to do corporate donations. Internal factors such as board of directors and their characteristics may affect the strategic decision of their firm (Hambrick & Mason, 1984). Arguably, the board of directors and their characteristics can be factors influencing corporate donation since decisions often come from them. Of consequence, Alshareef and Sandhu (2015) has called for a study to examine the effect of board characteristics to examine this issue. In addition, acknowledging that firms performance actually lies on the ability of the board of directors to make decision provides a gap in the accounting literature that requires further explanations (Alshareef & Sandhu, 2015).

Studies have also suggested that firms do corporate donation due to financial advantage. Firm characteristics such as high profitability and low influence may influence their decisions to do corporate donation. In addition, firm size may also leads firms to do corporate donations (Ali, Ibrahim, Mohammad, Zain & Alwi, 2009). However, Zhou, Pan and Wang (2015) argued that there are firms that would still do corporate donation regardless whether they are performing well or otherwise. Among the reasons include building customers' consciences and desires, green wash firms' image by covering up negative impacts with positive images of CSR, avoiding regulation such as reporting to the Inland Revenue department as a business expense (Troy, 1980; Diamond & Kashyap, 1997; White & Bartolomeo, 1982). Typically, firms that involve in corporate donation believe that this activity impacts their reputation and consequently, their survival depends largely on perception of their stakeholders and to the public at large.

This study aims to examine the effect of board and firm characteristics on corporate donation practices among the public listed firms in Malaysia. The findings in this study fill the gap in the literature on the link between board and firm characteristics and corporate donation practices. The remainder of this paper is structured as follows. Section II provides the literature review. Then, Section III provides explanation on the research design used in this study. Section IV presents the results and the last section, Section V summarises and concludes this study.

2. LITERATURE REVIEW

A. Corporate Donation

Corporation donation has been a subject of interest among the researchers in the accounting literature. Fry, Keim and Meiners (1982, p.95) defined corporate donation as 'a transfer, of a charitable nature, of corporate resources to recipients below market prices'. Panasiouk (2003) provided further explanation on what constitute corporate donation. She noted three observations. The first observation defined corporate donation as resources provided to the needy which does not necessarily follow the ultimate goal of the donor to promote human welfare. The second observation is the donation in the form of personal gift by the owners and management of the firms does not constitute corporate donation as the gifts do not belong to the firms. The third observation of corporate donation includes conventional gifts in the form of cash and financial assets, transfers of goods and services and employee time spent on volunteering the charity. In this study, corporate donation is a gift in terms of monetary value and in-kind given by firms to social and charitable causes.

According to Bennett (1998), corporate donation is different from commercial sponsorship as it has to do with donation made without expectation of direct commercial reward. It is voluntary in nature that is neither demanded nor expected (Buchholtz, Amason & Rutherford, 1999). In addition, corporate donation is not always related to profit or ethical culture of the firms (McAlister & Ferrel, 2002). On the other hand, sponsorship comprises of money and in-kind gifts in response for recognition and appreciation with a certain cause or event. Firms that do corporate donation share the same opinion that they share an economic responsibility to support and raise cultural and social well-being of the society in which they operate (Diamond & Kashyap, 1997).

A group of studies in the accounting literature has examined corporate donation practices. These studies focused on the factors influencing corporate donation practices. These studies identified the factors that influence the firms to do corporate donation include short term returns (Fry et. al., 1982; Soley, 1995), long term returns (Navarro, 1988; Altman, 2001), returns from influencing future experts (Panasiouk, 2003) and status competition among the firms (Useem, 1984; Galaskiewicz, 1989). For example: Schwartz (1968) and Embley (1993) found that one of the major reasons of corporate donation is marketing while other studies have concluded that corporate donation is the same as advertising (Levy & Shatto, 1978; Fry et. al., 1982; Navarro, 1988; Altman, 2001). However, these studies have mainly focused on the factors to corporate donation practices from the external factor perspective, leaving examination on the internal factor to corporate donation practices largely unexplored. This study focuses on the internal factor namely, board and firm characteristics and their effects on corporate donation practices.

B. Board Characteristics and Corporate Donation

Some literature defined board characteristics as the skills, knowledge, background and experience that highlights the differences between board effectiveness and firm performance (Hambrick & Mason, 1984; Wiersema & Bantel, 1993; Thomas & Simerly, 1995; Hermann, 2002). These characteristics can ensure that the board of directors is making the right decisions for their firm. According to Demb and Neubauer (1992), higher skills and knowledge of the board can bring more attention, involvement and commitment to the firm goals derived from the extent of understanding about the firm and the industry. Furthermore, the decision for performance of CSR and to what extent of the engagement is decided by the board which subsequently affect (He, Chen & Chiang, 2015). Evidently, the decision made by them reflects their characteristics. This study focuses on three characteristics of the board namely, education level, gender composition and functional track to examine the effect of board characteristics on corporate donation.

C. Board's Education Level

Board's education level refers to the directors' level of knowledge and skills. A group of studies have examined the link between board's education level and firm performance. Most of these studies provided evidence that board's education level influences firm performance. That is, more information, ideas and resources exist when the members in a board have different perspectives (Daily & Dalton, 2003). For example: Hambrick and Mason (1984) stated that there is positive relationship between the board's formal education level and firm innovation. The amount of education that the board possess affects their cognitive models and strategic decisions (Hitt & Tyler, 1991). According to Cox and Blake (1991) and Westphal and Milton (2000), the board's education level is vital to offer distinctive opinions and innovative CSR ideas to the firm. Alshareef and Sandhu (2015) stated that directors with high education level provide rational and strategic decision-making on CSR integrations. Arguably, board's education level influence corporate donation practices in their firm. Therefore, the following research hypothesis is developed:

H1: There is a significant relationship between board's education level and corporate donation practices in public listed firms.

D. Gender Composition

B Previous studies have shown that female directors are normally more responsive to crisis circumstances and are more likely to involve in giving donation compared to male directors (William, 2003; Marquis & Lee, 2013). For example: Ibrahim and Angelidis (1994) found that female directors possess stronger orientation towards discretionary elements of corporate responsibility as compared to the male directors. However, Jia and Zhang (2012) found that female directors do not assist in corporate donation process. Gender categorisation tendencies may lead to amplify gender salience besides perceiving a lack of association with the group's stereotype (Abrams, Thomas & Hogg, 2011). Therefore, this following research hypothesis is developed:

H2: There is a significant relationship between board's gender composition and corporate donation practices in public listed firms.

E. Functional Track

B Functional track represents the board's main professional orientations inclusive of their implicit causal models, internal and external network and vocabularies (Hambrick & Mason, 1984). Hambrick and Mason noted that a board with different histories of functional tracks would have different knowledge, attitudes and perspectives. For example: Alshareef and Sandhu (2015) found that a board that has different functional tracks would ensure that the firm would continue in its CSR activities. They found that board with different functional tracks provides a variety point of views and ideas that could enhance the interactive discussion between them. Therefore, the following research hypothesis is developed:

H3: There is a significant relationship between board's functional track and corporate donation practices in public listed firms.

F. Firm Characteristics and Corporate Donation

Some literature defined firm characteristics as financial and non-financial characteristics such as leverage, liquidity, size, age and diversification influence firms' financial performance and growth (Kaguri, 2012). According to Golan, Krissoff, Kuchler, Nelson, Price and Kelvin (2003), firm's resources and objective as firm characteristics that influence firm performance. Studies that have examined firm characteristics have provided mixed findings on the effect of firm characteristics on firm performance. This study focuses on three characteristics of a firm namely, firm size, profitability and leverage in examining the effect of firm characteristics of corporate donation practices.

G. Firm Size

Studies have suggested that firms are likely participate in CSR-related activities as they developed and progressed (Johnson & Greening, 1999). That is, firms are likely to participate in CSR activities when they must have resources. Helland and Smith (2006) stated that larger firms contribute bigger amount of donation. On the other hand, smaller firms that often face scarce of resources would restrain them from participating in CSR activities. Similarly, Amato and Amato (2012) found that firm size influences level of corporate donation. However, Stanwick and Stanwick (1998) argued that firm size has an opposite effect on CSR activities. Seifert, Morris and Bartkus (2004) on the other hand, found no correlation between firm size and corporate philanthropy. Therefore, the following research hypothesis is developed:

H4: There is a significant relationship between firm size and corporate donation practices in public listed firms.

H. Profitability

Studies have also examined the link between profitability and corporate donation practices. These studies suggested that profitable firms have its own advantages compared to less profitable firms such as raising its own capital on the best available terms. Firms that have greater profitability are expected to have higher level of corporate donation. According to Buchholz and Alexander (1978), there is a positive relationship between profitability and CSR. However, there are also firms that engaged in CSR regardless of their financial performance (Zhou et. al., 2015). Therefore, the following research hypothesis is developed:

H5: There is a significant relationship between profitability and corporate donation practices in public listed firms.

I. Leverage

A group of studies has examined the link between firm leverage and corporate donation practices (Mcguire, Sundgrem & Schneeweis, 1988; Brammer & Millington, 2004; Levi et. al., 2008; Ali et. al., 2009).The results of these studies are mixed. According to Adams and Hardwick (1998), corporate donation is associated with the capital structure as well as leverage of the firm. Brown, Helland and Smith (2006) proposed that firms with high debt-to-value ratios would contribute a smaller amount of cash to charities. On the other hand, Ali et. al., (2009) found a negative relationship between firm leverage and the level of corporate donation. Similarly, Mcguire et. al., (1988) stated that leverage has a negative relationship with CSR. Therefore, the following research hypothesis is developed:

H6: There is a significant relationship between leverage and corporate donation practices in public listed firms. Functional Track.

3. RESEARCH DESIGN

A. Sample Selection

The focus of this study is on the public listed firms in the Main Board of Bursa Malaysia for the year 2014. The sample comprises of firms that have year-end between January 1 and December 31. This period has its own advantage as it presents the latest information about the firms. In 2014, there were many events or tragedies that occur in Malaysia such as the massive flood in East Coast of Peninsular, the loss of MH 370 flight and others. The list of public listed firms in the Main Board was obtained. Until November 2015, there were 811 public listed firms in Malaysia. As suggested by Bougie and Sekaran (2013) with the given population, the appropriate sample size would be 300. Thus, 2014 financial reports of 300 firms are randomly selected. The sample selection excludes the finance industry such as insurance, securities, banks and close-end funds because of its features and business activities that are being regulated under different regulations from the other industries.

B. Research Instrument and Data Collection

This study utilises the content analysis to achieve the objectives of this study. This study used content analysis on the annual reports of the public listed firms using DataStream system as the source of information. The annual reports are the foremost sources of information that can be used to forecast firm performance, which are useful to the stakeholders in making their decision (Beretta & Bozzolan, 2008). Information for financial disclosure was extracted from the financial statement in the annual report such as the information on the board of directors such as gender, level of education and functional track. In addition, the Data Stream system was used to search data on firm size, firm profitability and firm leverage. The data obtained from Data Stream was then cross checked with the annual reports to confirm on data similarity and thus, data reliability.

C. Variable Measurements

(i) **Board Characteristics:** Board characteristic is one of the independent variables in this study. In this study, there are three independent variables related to board characteristics namely, gender, education level and functional track.

- *Education Level:* Education refers to the highest education level of the board of directors in a firm. It indicates the board's knowledge, skill base and cognitive orientation. The education level of the board is measured using a 4-point scale: 1 = high school, 2 = bachelor's degree, 3 = master degree, 4 = doctoral degree and 5 = others. The classifications of education level has also been applied in previous studies (Balta, Woods & Dickson, 2010; Kipkirong & Federico, 2014).
- *Gender Composition:* Gender composition refers to the composition of male and female directors in a board. A number of studies has measured diversity or variety in a board using Herfindahl Index (Pegels, Song & Yang, 2000; Kipkirong & Federico, 2014). In this study, gender composition is measured by calculating the percentage of male representative in the board of a firm (Marquis & Lee, 2013).

- *Functional Track:* Functional track is the area that the board of directors has spent throughout the years. The board's functional track is distinguished between output function and throughput function in the experiential background of the board of a firm. Directors that spent their years working in the output function are marketing, merchandising, sales, entrepreneurship, research and development, public or client engagement and industry specific expertise. On the other hand, directors that spent their years working in throughput function are productions or operations, finance and accounting, engineering, bureaucratic, internal organisational role and widely based expertise. The variable is dichotomised into value of 1 if the board is from an output function and 0 if otherwise. The variable is also recoded with a value of 2 if the board is from throughput function and 0 if otherwise.

(ii) **Firm Characteristics:** Firm characteristic is the second independent variable in this study. In this study, there are three independent variables related to firm characteristics namely, size, profitability and leverage.

- *Firm Size:* Previous studies have measured firm size using the total value of assets (Adams & Hardwick, 1998). In this study, firm size is measured based on the firm's sales as the amount of the sales can be easily obtained in the annual reports. Since the amount of sales is different between firms, the value of sales is expressed in natural log (ln). This is to decrease and reduce the effect of extreme values and heteroscedasticity of firm size variable. Consequently, this study employs the natural log value of sales. The measurement used is similar to previous studies such as Marquis and Lee (2013) and Melo (2012).

- *Profitability:* Most studies have measured profitability of a firm by employing the net profit before interest and taxation to turnover ratio (Adams & Hardwick, 1998; Waddock & Graves, 1997). However, in this study, the profit after tax is used to measure the firm's profitability. This method is chosen due to data availability.

- *Leverage:* Previous studies have measured leverage by using the total liabilities divided by total assets as per prior study (Ali et. al., 2009; Brammer & Millington, 2004; Levi et. al., 2008). Hence, this study follows the same measurement for leverage.

(iii) **Corporate Donation:** Corporate donation is the dependent variable in this study. In this study, firms are examined on they do or do not do corporate donation. If a firm has made corporate donation, then it is coded as 1. On the other hand, if the firm has not made any donation or sponsorship, then the firm is coded as 0. This type of measurement is in line with Ali et. al., (2009).

D. Data Analyses

This study uses the Logistic regression to analyse the data collection from the annual reports of the public listed firms. Logistic regression is a regression method employed as the dependent variable. The dependent variable is in the form of a dichotomous and categorical. Since the dependent variable is dichotomous, it becomes a constraint for the linear regression analysis. Hence, the use of logistic regression is more convenient compared to discriminant analysis, an analysis that combines of categorical and numerical variables.

In this study, the dependent variable is corporate donation. The possibility of a firm in making corporate donation is obtained from a dichotomous measurement. If the firm is performing corporate donation, this variable takes a value of 1 and 0 if otherwise. Thus, the model to be expected in this study is expressed as follows:

$$DONi = \beta 0 + \beta 1EDUi + \beta 2GENi + \beta 3FUNCi + \beta 4InSIZEi + \beta 5PROFi + \beta 6LEVi + \varepsilon$$

where:

DON is a dummy variable taking the value 1 if the firm is performing corporate donation, if not coded as 0,

EDUi is education

GENi is gender composition

FUNCi is functional track

InSIZEi is measured by the natural log of net sales,

PROFi is the profitability,

LEVi is the total debt/total assets, and

εi is the error term

4. RESULTS AND DISCUSSION

A. Effect of Board Characteristics and Firm Characteristics on Corporate Donation Practices

Table 1 presents the result of logistic regression in this study. Logistic regression was performed to predict the effect of two types of characteristics namely, board characteristics and firm characteristics on the likelihood of firms making donation. The model consists of six independent variables namely education, gender composition and functional track, firm size, profitability and leverage.

Table 1
Model Logistic Regression

Variables	*Coefficient (β)*	*Std. Error*	*Sig*	*Odds Ratio*
EDU	–.711	1.042	.495	.491
GEN	–1.006	1.268	.428	.366
FUNC	1.377	.813	.091	3.961
lnSIZE	.497	.100	.000**	1.645
PROF	.000	.000	.855	1.000
LEV	–.665	.719	.355	.514
Model Chi-square	44.791 (df 6 and significance at *p* value < 0.01)			
Model Cox and Snell R Square	.139			
Model Nagelkerke R Square	.199			
Hosmer and Lemeshow Test (Chi-square)	4.420 (df 8 and significance at *p* value < .817)			

**significant at 0.01 level.

The results in this study show that there is no relationship between education and gender composition on corporate donation practices. Such results indicate that the firms would donate regardless of the level of education as well as gender composition of the board. The findings of this study contradicts with Alshareef and Sandhu (2015) and Marquis and Lee (2013) respectively. Table 1 shows that there is positive relationship between functional track and corporate donation but is not significant. This result indicates that firms provide corporate donation regardless of the functional track of the board. The later finding is opposes with Alshareef and Sandhu (2015) Hence, H1, H2 and H3 are rejected.

The logistic regression analysis shows that firm size has a positive relationship with corporate donation practices among the public listed firms. From the analysis, the results demonstrate that there is a significant positive relationship between both variables ($\beta = .497$, $p < 0.001$). The later finding is consistent with Adams and Hardwick (1998), Ali et. al., (2009) and Brammer and Millington (2005). The finding of this study indicates that firm size is a significant predictor of corporate donation as the large firms are regularly associated with greater amount of resources. Therefore, H4 is accepted.

Table 1 also presents the result for profitability, PROF and leverage, LEV which denote the firm characteristics. The result for profitability shows a positive relationship but is not significant. This finding indicates that firms that donate would continue to donate regardless whether they are making profit or facing losses. The finding in this study is consistent with previous studies such as Zhou et. al., (2015) that found firms still donate regardless of their financial performance. On the other hand, the result for leverage contradicts with the anticipation of agency theory as it does not conform to the hypothesis proposed in this study. The result for leverage in this study is consistent with Ali et. al., (2009) and Mcguire et. al., (1988) that found a negative relationship between leverage and the level of corporate donation as well as CSR respectively. Therefore, H5 and H6 are rejected.

Additionally, the Omnibus test of model indicates the full model consist of all independent variables as statistically significant. Table 1 presents the chi-square statistics, $x2$ (df = 6, N = 300) as 44.79 with a significant p-value at .001 which is below than .05. According to Pallant (2007), the model is significant. In addition, it also indicates that the model is able to make a distinction between firms that have donated or have not donated. Subsequently, denoting to Hosmer and Lemeshow test results, the value of chi square is 4.42 with a significant p-value level of .82. The value is greater than .05. Therefore, signifies that the logistic regression model used in this study fits the data (Pallant, 2007).

The summary of the model comprises of Cox and Snell R square and Nagelkerke R square was also examined. Cox and Snell R square and Nagelkerke R square are Pseudo R square show the proportion of variation in the dependent variable as described by the independent variables. The model is much better when the value is closer to one (Pallant, 2007). The results show that the values for Cox and Snell R square in this study is .139 while Nagelkerke R square is .199. From the results, both values are not closer to one. Thus, designating that the model is good.

As presented in Table 1, only independent variable made a distinctive statistically significant to the model, which is firm size. Firm size is the strongest independent variable that shows corporate donation is influenced by the size of the firm with an odd ratio of 1.65. Such results indicate that firms that have made donation are expected to donate again 2 times more compared to those firms that have not make any donation, controlling for all other characteristics in the model.

B. Prediction Model of Corporate Donation Practices

Table 2 presents the prediction model of the logistic regression. The results show that the model classifies 71.3 percent of the samples correctly. The current model classifies the sample correctly into 95.8 percent of samples which is for firms that donate and 29.1 percent of samples for firms that do not donate. Table 2 of prediction model signifies that when only constant is included, the model is 71.3 percent correctly classify the firms that make donation. Conversely, when the predictor variables were included in the model, further improvement was made and classified the model to 76.7 percent. As a result, the model has a reasonable goodness of fit. Low percentage of not making donation may be due to the small firm size. Hence, the model employed in this study can be regarded as fit to be used in distinguishing between firms that make donation or do not make donation.

Table 2
Prediction model

Observed		*Predicted*		
		Donation		*Percentage Correct*
		Not donate	*Donate*	
Donation	Not donate	0	86	.0
	Donate	0	214	100.0
Overall Percentage				71.3

Prediction model (a)

Observed		*Predicted*		
		Donation		*Percentage Correct*
		Not donate	*Donate*	
Donation	Not donate	25	61	29.1
	Donate	9	205	95.8
Overall Percentage				76.7

5. SUMMARY AND CONCLUSION

The study examines the effect of board and firm characteristics on corporate donation practices among the public listed firms. The dependent variable in this study is corporate donation whilst the independent variables in this study are the board characteristics and firm characteristics. Board characteristics consist of education level, gender composition and functional track which were derived from the Upper Echelons theory. On the other hand, firm characteristics consist of firm size, profitability and leverage which were derived from the Agency and Stakeholder theory. Logistic Regression analysis was performed on 300 firms in Malaysia that were listed on the Main Board of Bursa Malaysia for the year ended 2014.

For board characteristics, this study shows that education level, gender composition and functional track of the directors in the board do not influence corporate donation practices. Such finding is unique for a country such as Malaysia. Such finding is consistent with Abrams, Thomas and Hogg (2011) but in contrast to Jia and Zhang (2012) and Alshareef and Sandhu (2015). The deficiency in board's dominancy on corporate donation can be attributed to the sample used in this study where all directors have equal participation in making decisions for corporate to do donation. For firm characteristics, this study provides empirical evidence that there is a significantly positive relationship between firm size and corporate donation practices. Such finding is consistent with the findings found in previous studies (Helland & Smith, 2006; Amato & Amato, 2012). However, the results show that profitability and leverage do not influence corporate donation (Ali et. al., 2009; Zhou et. al., 2015)

The findings in this study indicate firm size influences the firms to do corporate donation. This is not surprising since large firms have more resources compared to smaller firms. They are more likely to be able to give and be more generous in providing corporate donation. Large firms are also expected to contribute more by the society. In addition, large firms have multi-products and are geographically dispersed. In order to sustain in the market, the firms need to have a better relationship with their stakeholders. Donation can be one of the tools for the firms to maintain their relationships with the various types of stakeholders. As stated by Saiia, Carroll and Buchholtz (2003), positive corporate image and reputation are required when the customer base grows and the operation of the firms is geographically dispersed. Roberts (1992) and Watts and Zimmerman (1978) also claimed that large firms could participate in charity contribution to enhance the external perceptions towards the firms, inspire external decision makers and decrease the risk of regulatory activities that would possibly limit the managerial discretion and reduce the firms' value.

There are some limitations in this study. First, the sample used in this study involved only the public listed firms listed on the Main Board in Malaysia. It would be more interesting to do a comparative study between other countries. Furthermore, the results obtained in this study was conducted based on a cross sectional study that is limited to one year. The results of this study were based on the annual reports 2014. Hence, the findings in this study cannot be generalised. It would be more conclusive if future study can gather data for a longer period so the explanatory results can be further enhanced. In addition, the information disclosure in the annual reports became the boundary to obtain an adequate amount of information. There are some annual reports that have limited amount of information on the board of directors. This situation has caused the information on certain variables cannot be obtained. Other than that, the information on corporate donation in the annual reports was hardly obtainable. Only few firms have presented the information related to donation. It is recommended that the data collection method should not be limited to the annual reports. Future research may use other mediums apart from the annual reports such as media and firm's website for data collection method.

In sum, this study contributes to the literature there is yet a study that has examines board characteristics and corporate donation in Malaysia. The findings in this study provides further understanding on the effect of board and firm characteristics on corporate donation.

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