

CSR DISCLOSURE: A COMPARISON OF FRAUDULENT AND NON-FRAUDULENT COMPANIES

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ABSTRACT

The much publicised corporate fraud such as Enron Corporation, Satyam Computer, and Xerox to name a few; and many similar cases in Malaysia such as Transmile Group Bhd, Megan Media Holdings Bhd, Talam Corporation Bhd. and Polymate Holdings Bhd., prompt many organisation to quest for effective tools in deterring fraud. An organization, be it profit-making or non-profit making would establish measures to deter fraud as setting up deterrence mechanism is far less than the cost of fraud itself. The current research attempts to identify the differences in corporate social responsibility disclosure between fraudulent and non-fraudulent companies. The CSR disclosure can be considered as fraud deterrence measure as it deemed to create positive work environment (Zimbelman and Albrecht, 2009). Thirty fraudulent companies and 30 non-fraudulent companies in year 2008 and 2009 were selected as sample for purpose of this research. The findings indicate that there is significant difference in number of sentences of disclosures between fraudulent companies and non-fraudulent companies, in both years. In addition, the regression analysis shows that all predictors i.e. number of sentences, number of pictures and location of CSR disclosure; have significant influence on fraudulent companies, as compared to non-fraudulent companies.