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INSTITUTIONAL INVESTORS AND CONSERVATIVE SUSTAINABILITY REPORTING: EVIDENCE FROM MALAYSIA

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Abstract:

Institutional investors are known to be effective external governance mechanisms that may influence sustainability reporting practices through their monitoring. However, the extent to which institutional investors improve sustainability reporting quality (SRQ) remains inconclusive. This study places particular attention to the heterogeneous effects of public (PBL_{ii}), private (PRV_{ii}), and foreign (FGN_{ii}) institutional investors on SRQ among 77 large non-financial companies with a market capitalisation exceeding RM2 billion listed on Bursa Malaysia as of 31 December 2015. The sample was selected because they were the first cohort subjected to the Bursa Malaysia mandatory sustainability disclosure requirement. Data were collected during the period of 2021 to 2023, when the sampled firms had accumulated at least five years of sustainability reporting experience, resulting in 231 firm-year observations. This study adopts a quantitative research approach. Data were analysed using fixed-effects panel data regression, with Driscoll-Kraay standard errors. The SRQ was measured using an SRQ index (SRQI) which were developed based on the Bursa Malaysia Sustainability Reporting Guide and Toolkits published in 2022. The findings revealed a significant and negative association between TOTAL_{ii} with SRQ. PBL_{ii} is positively associated with SRQ, however the relationship is insignificant. Negative and significant relationship is consistently observed across PRV_{ii}, and FGN_{ii}, suggesting the tendency towards more conservative sustainability reporting. These findings suggest that institutional investors are not

homogenous group of investors and vary in the incentives to monitor. Some types of institutional investors are associated with a more cautious approach to sustainability reporting. This study contributes to the sustainability reporting and corporate governance literature by providing new evidence on the role of institutional investor heterogeneity in shaping sustainability reporting practices within an emerging market context.

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Institutional Investors, Sustainability, Sustainability Reporting Quality, Conservative Disclosure, Greenhushing



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Introduction

The investment paradigm has currently shifted where investors nowadays are putting greater concern on how businesses manage their economic, environmental and social (ESG) impacts from corporate activities (Alessa et al., 2024; ASEAN CSR Network, 2018; PwC, 2022). This situation has created demand for sustainability reports. In response to this, businesses are under growing pressure to communicate their sustainability information to shareholders through reliable, transparent and credible reporting (Yuliandhari, Asalam, et al., 2022; Yuliandhari, Murti, et al., 2022).

Institutional investors are among various governance mechanisms that may influence corporate outcomes through their monitoring and oversight functions (Strampelli & Balp, 2023; Velte, 2024). However, empirical evidence provided conflicting conclusions regarding institutional investors' effectiveness as corporate monitors. Numerous studies suggest that institutional investors improve firm performance (Masry, 2016; Sakawa & Watanabel, 2020), strengthen corporate governance (Ahmad et al., 2011; Effiezal Aswadi Abdul Wahab et al., 2008; Potharla et al., 2021), and enhance sustainability practices and disclosures (Bae et al., 2018; Kordsachia et al., 2022; Li et al., 2021; Velte, 2023). Opposingly, other studies report that institutional investors are not effective monitors (Correa-Garcia et al., 2020; Oh et al., 2011). This inconsistency has been attributed to the heterogeneous nature of institutional investors. Different type of institutional investors has different objectives, incentives and influence on business outcomes (Coffee, 1991; Jones et al., 1993).

From the perspective of corporate sustainability, the existing literature remains concentrated in a limited number of settings and outcomes. A systematic review by Velte (2023) shows that more than half of the studies published between 2017 and 2021 were conducted in the United

States and primarily focused on sustainability performance, while only around one-quarter investigated sustainability disclosures as the outcome. Relatively, little is known whether institutional investors are able to influence the quality of sustainability reporting, particularly in emerging market contexts like Malaysia.

Literature Review

Sustainability Reporting Quality

As there is increasing expectations for businesses to deliver information about its economic, environmental, and social impacts from their business activities, SRQ has gained the attention of multiple stakeholders. Corporation are obligated to offer high-quality sustainability report which provides meaningful information to help stakeholders make informed decisions (Permatasari et al., 2020; Yuliandhari, Asalam, et al., 2022).

Various approaches have been used by researchers to measure the quality of sustainability disclosure. Some researchers opt for qualitative characteristics, such as balance, clarity, accuracy, timeliness, reliability, and comparability (Permatasari et al., 2020; Sebrina et al., 2023) to measure the reporting quality. This approach is beyond merely fulfilling the reporting requirements and focuses on how information disclosed are meaningful to the stakeholders in making decisions. Others adopted indices by assessing whether predefined sustainability items are disclosed. This method commonly applies the multi-point scoring systems (Setiawan et al., 2023; Yuliandhari, Asalam, et al., 2022). Some other studies refined these indices by assigning different weights to qualitative and quantitative disclosures, recognising that quantitative information is generally more reliable, objective, verifiable, and decision-useful than narrative statements (Elaigwu, 2020; Elaigwu et al., 2024; Herawaty et al., 2021). Nevertheless, (Michelon et al., 2015) argue that reporting quality cannot be adequately represented by disclosure scores or reporting volume alone. Instead, high-quality sustainability reporting depends on the extent to which disclosures are accurate, meaningful, and useful for stakeholders' decision-making.

Some other researchers relied on proxy measures such as report length, page counts, word counts (Herawaty et al., 2021), external assurance (Herawaty et al., 2021; Rezaee & Tuo, 2019) and compliance with sustainability reporting frameworks to measure the quality of sustainability information. However, there are shortcomings when using these proxies. For instance, relying on disclosure quantity may overestimate reporting quality because there is the tendency that firms increase the amount of disclosed information without necessarily demonstrating adequate depth, completeness, and reliability of the information. Helfaya et al., (2019) in their study found that both, preparers and users of sustainability reports voted completeness, accuracy, and reliability as the most important attributes of high-quality sustainability reporting. In their study, they found that the volume of disclosure is not as important as comprehensiveness of the information and meaningfulness of the sustainability metrics. These findings highlight the view that SRQ should not be evaluated merely based on the extent of disclosure but to be evaluated based on whether the disclosures are capable of supporting stakeholders' decision-making. For this reason, recent literature recommends taking into consideration both the quantity and quality of disclosures when making SRQ assessments.

Organisational characteristics and governance factors can influence the quality of sustainability reports. Company age (Yuliandhari, Asalam, et al., 2022), firm size (Setiawan et al., 2023), board size (Ben-Amar & McIlkenny, 2015; Setiawan et al., 2023), board independence (Ben-Amar & McIlkenny, 2015; Octavio & Setiawan, 2024), female board representation (García-Sánchez et al., 2019; Nadeem et al., 2020), directors' experience (Setiawan et al., 2023) and shareholder engagement (Yuliandhari, Asalam, et al., 2022), have been associated with sustainability reporting quality. However, the associations differ across institutional and regulatory environments, suggesting that country-specific governance systems, reporting frameworks, and regulatory expectations can also shape how sustainability is governed.

Taken together, the literature demonstrates that sustainability reporting quality is a multidimensional construct that should not be assessed only by the quantity of disclosed information. High-quality sustainability reporting requires disclosures that are comprehensive, balanced, accurate, reliable, and aligned with recognised reporting frameworks. Consequently, selecting an appropriate measurement framework is fundamental to sustainability reporting research, as different approaches capture different dimensions of reporting quality and may lead to different empirical conclusions.

Institutional Investors

Institutional investors are organisations that act as intermediaries to manage substantial financial resources on behalf of their beneficiaries (Malaysia Code on Institutional Investors (MCII), 2024). Examples of institutional investors are pension funds, insurance companies, mutual funds, trust funds, banks, foundations, and nominee companies (Markham, 2006). Significant ownership stakes and voting rights they own provide them with the advantage of monitoring the corporate management (Maznorbalia et al., 2023; Qian, 2023). As large and sophisticated shareholders, institutional investors have the resources, expertise, and privilege to access the management and to influence corporate decision-making. Moreover, their fiduciary responsibility to large number of beneficiaries holds them the responsibility to safeguard long-term shareholder value through their active monitoring and oversight function (Klettner, 2021; Velte, 2024).

From the perspective of Agency Theory, institutional investors are expected to encourage firms to disclose more reliable and decision-useful information to the stakeholders. They are also believed to be able to help reduce information asymmetry between managers and shareholders by enhancing disclosure transparency. Consequently, institutional investors are viewed as important drivers to as high-quality sustainability disclosures.

Empirical evidence generally supports the monitoring role of institutional investors. Studies have witnessed the association between institutional ownership and better firm performance (Masry, 2016; Sakawa & Watanabel, 2020), stronger corporate governance (Ahmad et al., 2011; Effiezal Aswadi Abdul Wahab et al., 2008; Potharla et al., 2021), and improved sustainability practices and disclosures (Bae et al., 2018; Kordsachia et al., 2022; Li et al., 2021; Velte, 2023).

However, some other studies found opposing evidence and argued that not all institutional investors play role as good corporate monitors. Some institutional investors prioritise liquidity and short-term financial returns, making them less willing to actively engage with corporate

management (Coffee, 1991; Correa-Garcia et al., 2020; Jones et al., 1993; Oh et al., 2011). These conflicting findings suggest that institutional investors are not homogenous and are not uniform in influencing corporate outcomes. They differ in their investment objectives, monitoring incentives, resources, investment horizons, business relationships with portfolio companies, and institutional environments (Aggarwal et al., 2011; Ashrafi & Muhammad, 2013; Azmi et al., 2021; Hong & Linh, 2023; Velte, 2023, 2024).

These findings suggest that institutional investor should not be regarded as a homogeneous group of investors. Studies have attempted to classify institutional investors into several categories, including pressure-sensitive and pressure-insensitive investors, long-term and short-term investors, domestic and foreign investors, and public and private institutional investors. These studies generally suggest that differences in institutional characteristics influence monitoring effectiveness and corporate sustainability outcomes, but the evidence remains mixed and inconclusive (Ahmad et al., 2011; Bushee, 1998; Chang et al., 2021; García-Sánchez et al., 2020; Garel & Petit-Romec, 2021; Hu et al., 2018; Liu et al., 2014).

Despite the growing literature on institutional investors' heterogeneity, research examining its influence on sustainability reporting quality remains limited. Most existing studies have predominantly focused on sustainability performance, and the quality of sustainability reports have relatively received little attention by researchers. Moreover, evidence comparing different categories of institutional investors remains scarce, particularly in emerging economies such as Malaysia. Addressing this gap, the present study examines the relationship between total institutional ownership and sustainability reporting quality before further classifying institutional investors into public, private, and foreign institutional investors to understand their monitoring effects on SRQ.

Research Objectives

This study developed two research objectives, which are:

1. To examine the relationship between total institutional investor ownership and sustainability reporting quality among large Malaysian publicly listed companies.
2. To examine the relationships of public, private, and foreign institutional investor ownership with sustainability reporting quality among large Malaysian publicly listed companies.

Methodology

Sample Selection And Data Collection

This study uses a panel dataset comprising 77 non-financial Main Market companies and 231 firm-year observations from 2021 to 2023. These companies were selected as they exceeded the RM2 billion market-capitalisation threshold on 31 December 2015 and were therefore subject to the first phase of mandatory sustainability reporting from 31 December 2016. Financial institutions, including banks, insurance companies, securities firms, unit trust companies, and closed-end funds, were excluded during the sample selection as they operate under different regulatory frameworks and reporting requirements. These companies remained subject to sustainability disclosure requirements in subsequent reporting periods, regardless of changes in their market capitalisation. Having the first to start the sustainability statement, these

firms are expected to have greater experience and maturity in disclosing their sustainability information, compared to other listed issuers. The 2021 to 2023 period was selected to observe changes in sustainability reporting before and immediately after the implementation of the Bursa Malaysia Sustainability Reporting Guide and Toolkits (Revised 2022).

Secondary data were collected from multiple publicly available sources, including annual reports, integrated reports, standalone sustainability reports, corporate governance reports, and Thomson Reuters DataStream. Sustainability reporting quality was assessed through content analysis of the sustainability statements. Information on institutional ownership was manually collected from the 30 largest shareholders section in the annual report, while firm-level financial data were obtained from annual reports and supplemented with data from Thomson Reuters DataStream.

Measurement of Sustainability Reporting Quality

Sustainability reporting quality (SRQ) is measured using a Sustainability Reporting Quality Index (SRQI) specifically developed for the Malaysian reporting context. The index is based on the Bursa Malaysia Sustainability Reporting Guide and Toolkits (Revised 2022). This index was designed to evaluate both the extent and quality of sustainability disclosures. It assesses three key dimensions of reporting quality which are disclosure extent, disclosure depth (whether its qualitative or quantitative data and the length of the information), and compliance with Bursa Malaysia's sustainability reporting requirements.

The SRQI comprises seven sections covering sustainability governance, reporting scope and basis, materiality assessment, management approach, performance targets, performance data tables, and external assurance. Sections A to C and E to G assess the extent of disclosure using a dichotomous scoring approach, where a score of one is awarded if the disclosure is present and zero otherwise.

To capture the quality of disclosures, Section D assesses the reporting of common sustainability matters as recommended by Bursa Malaysia. With modification to the method of scoring by Jamil et al., 2021. A five-point scoring scale is employed to distinguish different levels of disclosure quality. Jamil et al. (2021) adopted a six-point scale, but in this study, a five-point scale is deemed sufficient to differentiate narrative and quantitative disclosures. The scoring scale is presented in Table 1.

Table 1: Sustainability Reporting Quality Index (SRQI) Scale

Score	4-point scale
0	No disclosure
1	Brief qualitative disclosure (1 to 5 sentences)
2	Detailed qualitative disclosure (more than 5 sentences)

-
- | | |
|---|---|
| 3 | Quantitative disclosure with a brief description (1 to 5 sentences) |
| 4 | Quantitative disclosure with detailed explanation (more than 5 sentences) |
-

The overall SRQ score is obtained by summing the scores across all index items. A higher total score reflects better sustainability reporting quality, indicating that the report is more comprehensive, informative, and aligned with Bursa Malaysia's reporting expectations.

Variables

The dependent variable in this study is sustainability reporting quality (SRQ), measured using the Sustainability Reporting Quality Index (SRQI).

The primary independent variable is institutional ownership (TOTAL_II), measured as the percentage shares held by all types of institutional investors over total shares issued. To examine whether different types of institutional investors distinctively influence sustainability reporting quality, institutional ownership is further disaggregated into three groups which are public institutional ownership (PBL_II), private institutional ownership (PRV_II), and foreign institutional ownership (FGN_II). Public institutional ownership is measured as the percentage of shares held by public institutional investors over total shares issued, private institutional ownership is measured as the percentage of shares held by private institutional investors over total shares issued, and foreign institutional ownership is measured as the percentage of shares held by foreign institutional investors over total shares issued by the firms.

Four control variables are included in the analysis to account for factors that may influence SRQ. Firm profitability (ROA) is measured as net income divided by total assets. Firm size (SIZE) is proxied by the natural logarithm of total assets. Firm age (AGE) is measured as the number of years since the incorporation of the companies, meanwhile financial leverage (LEV) is measured by the total long-term debt over total assets.

Reliability Of The Content Analysis

In attempt to validate the reliability of the content analysis, an inter-rater reliability assessment was conducted. Two independent external raters were appointed to evaluate the index and the scoring system. The level of agreement between the raters was subsequently assessed to determine the consistency and reliability of the scores, thereby enhancing the credibility of the measurement procedure.

Result And Discussion**Table 2: Descriptive Statistics For All Variables**

	Observations (n)	Mean (%)	Minimum (%)	Maximum (%)	Standard Deviation (%)
SRQ					
TOTALSRQ	231	71.706	20	94	15.127
TOTALA	231	5.814	2	6	0.695
TOTALB	231	2.290	0	3	0.696
TOTALC	231	8.147	0	11	1.838
TOTALD	231	49.887	8	64	11.777
TOTALE	231	2.900	0	5	1.743
TOTALF	231	0.654	0	2	0.910
TOTALG	231	2.013	0	6	2.585
Institutional investors					
TOTAL_ii	231	27.987	0.000	84.430	20.323
PBL_ii	231	19.443	0.000	76.720	19.365
PRV_ii	231	4.312	0.000	17.250	3.329
FGN_ii	231	4.232	0.000	19.710	3.339
Control variables					
ROA	231	0.058	-0.568	0.801	0.116
SIZE	231	6.963	5.788	8.313	0.539
LEV	231	0.494	0.078	1.503	0.221
AGE	231	44.446	9	138	26.216

Notes: TOTALSRO is the cumulative score for total A,B,C,D,E,F, and G
TOTALA, TOTALB, TOTALC, TOTALD, TOTALE, TOTALF, TOTALG are the
TOTAL_ii is the percentage of shareholdings by public, private and foreign
PBL_ii is the percentage of shareholdings by public institutional investors
PRV_ii is the percentage of shareholdings by private institutional investors
FGN_ii is the percentage of shareholdings by foreign institutional investors
ROA is net income over total assets
SIZE is the log of total assets

LEV is the long-term debt over total assets

AGE is the number of years of business operation since inception

Descriptive Statistics for Sustainability Reporting Quality

Table 2 presents the descriptive statistics for SRQ. The average SRQ score is 71.706, indicating that large companies listed in the Bursa Malaysia main market generally exhibit a relatively acceptable standard of sustainability reporting. Nevertheless, the standard deviation of 15.127 with minimum value of 20 and maximum value of 94, suggests that reporting quality varies considerably across sampled firms.

The wide dispersion in SRQ scores suggests that the quality of sustainability reporting remains uneven, even among large, listed companies. These differences may be attributable to variations in industry characteristics, stakeholder expectations, organisational resources, and firm-specific priorities. Companies operating in sectors exposed to greater environmental or social scrutiny are prone to provide more comprehensive sustainability information as they normally are scrutinized more by the stakeholders. By contrast, firms with financial difficulties or organisational restructuring may allocate fewer resources to sustainability reporting, resulting in lower-quality disclosures.

Overall, the descriptive evidence indicates that although large Malaysian listed companies generally demonstrate a satisfactory level of sustainability reporting quality, there is still room for improvement. There is also a need to understand the role of external governance mechanism, particularly the role of institutional investors that may influence sustainability reporting quality.

Descriptive Statistics for Institutional Investors

Table 2 reports the descriptive statistics for all variables, including institutional ownership. On average, total institutional ownership (TOTAL_II) accounts for 28.00% from total shares issued by the companies, with a standard deviation of 20.32%. For some companies, there are no shareholding by institutional investors (0.00%) and the highest percentage of ownership by institutional investors is 84.40%. High standard deviations indicate substantial variation in ownership structures across the sampled firms. While some companies have a high concentration of institutional ownership, others have little or no institutional investors holding stakes in the companies.

Among the three categories of institutional investors, public institutional investors (PBL_II) represent the highest stake with an average shareholding of 19.44% (SD = 19.37), followed by private institutional investors (PRV_II) at 4.31% (SD = 3.33) and foreign institutional investors (FGN_II) at 4.23% (SD = 3.39). Public institutional ownership also shows the highest dispersion, ranging from 0.00% to 76.72%, suggesting significant differences in shareholdings by public institutional investment across firms. In comparison, private and foreign institutional ownership display lower average shareholdings and smaller ranges, although both vary noticeably across the sample.

From the descriptive statistics, it can be observed that public institutional investors are the dominant institutional shareholders in Malaysian listed companies, whereas private and foreign institutional investors generally hold relatively smaller equity stakes. The observed variation across all three ownership categories suggests that firms differ substantially in their equity patterns, suggesting the necessity to conduct research that investigates whether different types of institutional investors influence sustainability reporting quality in distinct ways.

Descriptive statistics for the Control Variables

Table 2 also presents the descriptive statistics for the control variables included in the analysis. Overall, the results reveal substantial variation in financial characteristics and organisational profiles.

Profitability, measured by return on assets (ROA), has a mean value of 0.058, with values ranging from -0.568 to 0.801. The wide range reflects considerable differences in financial performance, with some firms reporting strong profits while others experienced losses during the study period. Firm size, measured by the natural logarithm of total assets, varies from 5.788 to 8.313, suggesting a notable differences in organisational scale exist even among large, listed companies.

Leverage (LEV) measured by long term debt over total assets also exhibits substantial variation, indicating that firms adopt different financing strategies and levels of debt dependence. Likewise, firm age (AGE) ranges from 9 to more than 100 years, reflecting differences in organisational maturity, operating experience, and corporate development.

The observed variation across the control variables supports their inclusion in the regression analysis, as these firm-specific characteristics may influence sustainability reporting quality and should therefore be controlled for in the empirical models.

Result from Panel Data Analysis

Total institutional investors and SRQ

Table 3: Regression Analysis Result For Total Institutional Investors (TOTAL_ii) And SRQ

Variables	Coefficient	p-value
TOTAL_ii	-0.200	0.017 **
ROA	8.560	0.143
SIZE	11.441	0.137
LEV	-12.040	0.001***
AGE	9.826	0.009***
Prob > F	0.016**	
R-squared	0.554	
Max lag / (n)	1/ (231)	

Notes: The symbol ***, **, * represent sig value $p < 0.001$, $p < 0.005$, and $p < 0.10$

TOTAL_{ii} is the cumulative percentage of public institutional investors (PBL_{ii}), private institutional investors (PRV_{ii}), and foreign institutional investors (FGN_{ii}).

ROA is the net income over total assets.

SIZE is the log of total assets

LEV is the long-term debt over total assets

Referring to Table 3, the model is statistically significant ($\text{Prob} > F = 0.016$) and the R^2 of 0.554 means that 55.4% of SRQ is explained by the variables included in the model.

The analysis between total institutional investors (TOTAL_{ii}) and SRQ shows a significant negative association ($\beta = -0.200$, $p = 0.017$). This result challenges the conventional assumption that institutional investors enhance corporate transparency. Instead, the finding suggests that institutional investors may encourage more selective sustainability disclosure to limit potentially reputational risk. Such behaviour may be consistent with greenhushing, whereby firms limit or understate their sustainability-related communications to minimise potential criticism and market backlash (Cruz, 2026).

The negative relationship may also suggest that institutional investors obtain sustainability-related information through private communication with the management. Therefore, there is less need for them to pressure firms to provide sustainability information publicly. Given this, negative SRQ does not necessarily imply that institutional investors are ineffective monitors. Instead, their monitoring effect may not be observable by the public.

Among the control variables, leverage has a significant negative relationship with SRQ ($\beta = -12.040$, $p = 0.001$). Past studies have argued that firms experiencing higher financial obligations tend to focus more on restructuring their financial condition rather than to focus on sustainability matters. They may allocate more of their resources towards financial and business restructuring, leaving less resources available for sustainability matters.

Firm age, in contrast, has a significant positive relationship with SRQ ($\beta = 9.826$, $p = 0.009$). Older firms may possess more established reporting procedures, stronger internal control systems, greater organisational experience, and more developed stakeholder relationships. Their accumulated experience and greater exposure to public scrutiny may therefore enable them to produce higher-quality sustainability reports.

Profitability is positively associated with SRQ, but the relationship is statistically insignificant ($\beta = 8.560$, $p = 0.143$). Similarly, firm size records a positive but insignificant coefficient ($\beta = 11.441$, $p = 0.137$). Thus, the evidence does not establish that changes in profitability or firm size systematically influence SRQ after accounting for firm-specific effects and the other variables included in the model.

*Institutional Investors Heterogeneity And SRQ***Table 4: Regression Analysis Result For Public (PBL_Ii), Private (PRV_Ii) And Foreign (FGN_Ii) Institutional Investors And SRQ**

Variables	Coefficient	p-value
PBL_i	0.0290	0.832
PRV_i	-0.552	0.094*
FGN_i	-0.480	0.091*
ROA	8.257	0.149
SIZE	12.846	0.135
LEV	-10.567	0.011**
AGE	9.924	0.009***
Prob > F	0.0155**	
R-squared	0.5591	
Max lag / (n)	1/ (231)	

Referring to Table 4, the model is statistically significant (Prob > F = 0.0155), while the R^2 of 0.5591 indicates that approximately 55.9% of the variation in SRQ is explained by other variables included in the model.

Public institutional investors show positive association with sustainability reporting quality. However, the relationship is insignificant ($\beta = 0.0290$, $p = 0.832$). The positive coefficient is consistent with the expectation that public institutional investors encourage greater sustainability disclosure. However, their influence on sustainability reporting quality is limited and insignificant.

In Malaysia, many public institutional investors, are established not only to generate financial returns but also to support national economic and policy objectives (Ahmad 2008, Hadi 2012, Hadi 2025). These institutions are frequently used by the government as policy instruments to promote strategic national agendas, including sustainable development and responsible corporate practices. Consequently, they may be expected to encourage investee companies to strengthen their sustainability initiatives and reporting.

Nevertheless, the insignificant relationship indicates that this policy-oriented role has no significant impact in improving SRQ. The possible justification is that public institutional investors often hold several objectives simultaneously. Apart from responsible to monitor and enhance financial performance, they must also play role in promoting broader socio-economic and developmental responsibilities. As a result, sustainability reporting may not always receive the same level of monitoring as financial performance or long-term corporate stability. Moreover, most public institutional investors are long-term investor. To protect the long-term relationship with portfolio firms, public institutional investors may favour collaborative engagement rather than confrontational pressures. Thus, they may prefer direct dialog and private access to information from the investee companies, resulting in less obvious public disclosure.

Next, a negative and significant relationship were found between private institutional investors and SRQ ($\beta = -0.552$, $p = 0.094$). However, relationship is marginally significant at only at 10% level. This finding suggests that when extensive reporting could expose portfolio firms to reputational, regulatory, or market risks, private institutional investors may favour selective sustainability disclosure. However, the influence is weak.

Similar to private institutional investors, foreign institutional ownership also has a negative relationship with SRQ ($\beta = -0.480$, $p = 0.091$). Although foreign investors are often expected to bring in strong governance and disclosure practices, their geographical distance may limit their engagement with portfolio firms. It is also possible that not all foreign institutional investors originate from countries with strong sustainability norms. Monitoring from institutional investors from these countries on sustainability reporting may not be strong enough to exert influence on the SRQ of investee firms. Since this study does not investigate further on the origin country of foreign institutional investors, therefore there is a need for future research to investigate on this matter further.

Among the control variables, leverage has a significant negative relationship with SRQ ($\beta = -10.567$, $p = 0.011$). Researchers argue that highly leveraged firms may allocate more resources to business and financial restructuring, then to sustainability matters. Firm age has a significant positive relationship with SRQ ($\beta = 9.924$, $p = 0.009$), suggesting that older firms may benefit from more established reporting systems, accumulated organisational experience, and greater exposure to stakeholder scrutiny. ROA and firm size are positive but statistically insignificant.

Conclusion

Total institutional investors are negative and significantly associated with SRQ. The negative association between total institutional investors and SRQ is contributed by the negative relationship between private and foreign institutional investors. Public institutional investors are positively associated with the SRQ, however is insignificant and therefore does not offset the negative relationship between total institutional investors and SRQ.

The negative and significant association between private and foreign institutional investors with SRQ may suggest that higher ownership by private and foreign institutional investors is associated with lower SRQ, potentially reflecting differences in monitoring priorities and reporting incentives. These investors may influence the firms to limit information disclosure to limit the risk of being scrutinized and reputational damage. The strategy to limit disclosure can be explain by greenhushing practice, whereby firms communicate less about their sustainability matters to reduce the risks. However, the regression results alone cannot establish whether firms engage in greenhushing, selective disclosure, or greenwashing. These practices represent possible explanations that require additional evidence regarding the content and motivations underlying corporate disclosure decisions.

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