INSTITUTIONAL ENVIRONMENT, CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: A COMPARATIVE STUDY OF SOUTHEAST ASIAN COUNTRIES

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ABSTRACT

Southeast Asia is the rising star of the global market, however, contrary to its impressive economic achievements, many countries in the region have suffered diverse social problems because of economic growth. Given that a key mechanism to hold businesses accountable is their disclosure practices, this study is looking to expand the understanding of the influences of institutional environment and corporate governance on Corporate Social Responsibility Disclosure (CSRD) in six Southeast Asian countries: Thailand, Singapore, Malaysia, Indonesia, Philippines and Vietnam. A multi-theoretical framework, including institutional theory, agency theory, stakeholder theory and legitimacy theory, was applied. For the purpose of this study, 2013 annual reports of 30 largest companies in the stock exchanges of the six countries were collected. The final sample consists of 171 companies.

Firstly, empirical findings of CSRD levels across the countries showed that Thailand has the highest level of disclosure, followed by Indonesia, Malaysia, Singapore, Philippines and finally Vietnam. There were significant differences between the extent of CSRD of the two countries with highest disclosure (Thailand and Indonesia) and the lowest disclosure group (Philippines and Vietnam). The findings are interesting in a sense that the levels of CSRD do not reflect the stages of economic development, and therefore, the differences in CSRD levels could be attributable to the impact of other institutional factors.

Secondly, in relation to internal determinants and based on the existing literature and the context of Southeast Asia, six corporate governance practices were identified to examine the impact of corporate governance on CSRD. The results of OLS regression supported the negative impact of block ownership and the positive impact of board size as well as the presence of CSR committee on CSRD. Contrary to the theoretical and empirical expectations, board gender diversity was found to have significantly negative relationship with CSRD, and board independence had no impact on CSRD. These differences could be explained by the context of the study where the presentation of women on board is very low and independent directors might not be wholly independent.

Thirdly, in order to examine the impact of the institutional environment on CSRD in a comprehensive way, institutional theory, the Scott's institutional framework (1995) and existing literature are used to identify relevant institutional factors that potentially influence CSRD. The effect of six institutional factors representing the three pillars, regulative (legal origin and mandatory disclosure), cultural-cognitive (uncertainty avoidance and masculinity cultural dimensions), and normative (the adoption

of GRI standard and membership of CSR-related associations), were evaluated in this study. The empirical results indicate that mandatory disclosure, uncertainty avoidance dimension and the adoption of GRI standard have positive impact on CSRD, while the masculinity dimension has negative relationship with CSRD. The findings imply that institutional environment influences CSRD through all the three pillars with some institutional factors have greater impact than others.

The study, therefore, has contributed empirically to the existing literature by providing deeper insights into CSRD levels in Southeast Asia, identifying the effectiveness of corporate governance practices in emerging economies and the Asian context, particularly in relation to CSRD, including further examination of the role of diverse external determinants on CSRD. Theoretically, the study is one of a few that have attempted to quantify institutional environment into measurable institutional factors. These factors, hence, could be re-used in future research to advance understanding on the role of institutional environment in shaping a country's CSRD practice.

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DEDICATION

I wish to dedicate this thesis to my beloved family and
my partner, Lammy Jones for their love and endless support

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LIST OF ABBREVIATIONS

ASEAN: Association of Southeast Asian Nations

CD: Community involvement Disclosure

CDI: Community-involvement Disclosure Index

CEO: Chief Executive Officer

CG: Corporate Governance

CSR: Corporate Social Responsibility

CSRD: Corporate Social Responsibility Disclosure

ED: Environmental Disclosure

EDI: Environmental Disclosure Index

FDI: Foreign Direct Investment

FTSE: Financial Times Stock Exchange

GDP: Gross Domestic Product

GLCs: Government-Linked Companies

GRI: Global Reporting Initiative

HoSE: Hochiminh Stock Exchange

HR: Human Resources

HRD: Human Resources Disclosure

HRDI: Human Resources Disclosure Index

IDX: Indonesia Stock Exchange

NGO: Non-Governmental Organisation

OLS: Ordinary Least Squares

PCD: Products and Consumers Disclosure

PCDI: Products and Consumers Disclosure Index

PDC: Product and Consumer Disclosure

PLCs: Public Listed Companies

PSE: Philippines Stock Exchange

SET: Stock Exchange of Thailand

SGX: Singapore Exchange

VIF: Variance Inflation Factors

UNGC: United Nation Global Compact

CHAPTER 1: INTRODUCTION AND BACKGROUND

1.1 Overview

The chapter offers an overview of the thesis. It begins with background information on concepts of Corporate Social Responsibility (CSR) and Corporate Social Responsibility Disclosure (CSRD), followed by a brief discussion of relevant literature. Based on the review of previous literature, empirical and theoretical gaps are identified, from which motivations for conducting this research are presented. The chapter then displays the scope of this study, research aims, research questions and research objectives. The context of Southeast Asia and each of the six examined countries is also provided. Finally, a summary of the research's findings and contributions concludes the chapter along with the presentation of the thesis's structure.

1.2 Background

The concept of CSR has grown significantly over the decades with the idea that businesses have responsibilities to society beyond that of making profit (Caroll and Shabana, 2010). According to the World Business Council for Sustainable Development (1998, p.3), CSR is defined as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". The concept of CSR was driven by the idea that corporations can have a positive and powerful influence on social change, in addition to reaping potential benefits that corporations can receive from implementing CSR (Du, Bhattacharya and Sen, 2010). Weber (2008) identified five potential benefits firms could gain from engaging in CSR activities. Firstly, CSR could have positive effects on their image and reputation (see Arendt and Brettel, 2010; Dutot, Galvez and Versailles, 2016) which in turn influences company competitiveness (see Gray and Balmer, 1998). CSR also has a positive impact on employee motivation, retention and recruitment, as employees tend to be more motivated when working in a stimulated environment (Pedersen, 2015) or participating in CSR activities. Equally, CSR programs and activities can make firms more attractive to potential employees (Weber, 2008). The third potential benefit for firms is cost savings. The study of Epstein and Roy (2001) argued that by implementing a sustainability strategy or developing positive relationships with certain stakeholders, such as regulators, can help firms with efficiency, save time and improve access to capital. Moreover, previous studies provided evidence that CSR could lead to an increase in revenue through higher sales and market share, which tend to be achieved indirectly through respectable brand image. Finally, through involvement in CSR activities, firms can reduce and manage certain risks stemming from negative press, boycotts or customers (Weber, 2008).

Major corporate ethical disasters have led to an increase in CSR awareness and to a variety of stakeholders demanding firms to be accountable for their social and ecological impact as well as their supply chains, in addition to their financial performance (Vehkapera, 2004). As a result, some firms have responded to this increased attention by demonstrating their accountability for and managing their sustainability footprint (Belal and Momin, 2009). At the same time, companies have gradually tried to communicate their efforts to incorporate CSR into diverse aspects of their business (Vehkapera, 2004). Consequently, communicating CSR activities has become a prominent issue in the business world (Waller and Lanis, 2009). Despite being discussed by many scholars (Golob and Bartlett, 2007; Gray, Javad, Power and Sinclair, 2001; Mathew, 1984;), the definition and scope of CSR reporting remains diverse and utilising multiple terminologies, such as social and environmental disclosure (CSRD), sustainability reporting, sustainability disclosure, social accounting, stakeholder dialogue reporting, or social auditing (Gray, 2002; Parker, 1986). For instance, Gray *et al.* (2001, p.329) specifically defined social and environmental disclosure "as comprising information relating to a corporation's activities, aspirations and public image with regards to environmental, community, employee and consumer issues". Another definition of Mathews (1984, p.204) simply considered CSR reporting as "voluntary disclosure of information, both qualitative and quantitative, made by organisations to inform or influence a range of audiences". Despite the inconsistency in terminologies and the lack of agreement on the definition of CSR reporting, most definitions have mentioned it as a way for firms to communicate their CSR activities to diverse stakeholders (see Golob and Barlett, 2007; Gray, Owen and Maunders, 1987; Perez, 2015). In this study, to avoid confusion, CSR reporting is used to mention CSR-related information reported by companies through diverse channels, such as annual reports, standalone reports, booklet, etc., while CSRD is specifically used to address information disclosed only through annual reports.

1.3 Justifications and Motivations of the study

The development of CSR reporting literature in recent decades has resulted in an increase of CSRD studies (see Amran and Devi, 2008; El-Halaby and Hussainey, 2015; Hamid, 2004; Hossain, Islam and Andrew, 2006; Naser and Hassan, 2013). Most of these studies, however, tend to focus on the context of Anglo-Saxon and Western European countries (Fifka, 2013; Prieto-Carron, Lund-

Thomsen, Chan, Muro and Bhushan, 2006; van der Laan Smith, Adhikari and Tondkar, 2005). The context of developing, or less developed countries, therefore, has received limited attention (Beddewela and Herzig, 2013; Belal, Cooper and Roberts, 2013; Gao, 2011). According to Kisenyi and Gray (1998), while researchers have focused on learning more about CSRD in English speaking and European countries, little is understood about this practice in post-colonial, smaller and, or, emerging countries. Consequently, learning more about these countries opens the region to 'the jaded palates of Western scholars' (Kisenyi and Gray, 1998, p.16). As a result, the first empirical gap demonstrated through the review of previous literature is the need for more CSRD studies conducted within the context of smaller and, or, developing countries that have had limited attention. With the expectation of filling this gap, the current study looks at the extent of CSRD in the context of six Southeast Asian countries, including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Arising from the empirical gap, the choice of six Southeast Asian countries would be appropriate as most of CSRD studies in this region have concentrated solely on Malaysia. Therefore, the study will provide insight into the CSRD practices of less focused countries such as Thailand, Singapore, Philippines and Vietnam.

Furthermore, the choice of Southeast Asian countries stems from the practical need for further development of CSRD practice in these countries. Despite many achievements in terms of economy, less developed smaller countries have struggled with pallet of social problems, including, but not limited to human rights violations, social exploitation, climate change, and poverty (Belal *et al.*, 2013). Additionally, various social and environmental issues have pressured some Asian countries to develop CSR strategies with the need to maintain companies' credibility through improving their CSRD (Calderon, 2011). As a result, it is important to garner greater understanding of the current levels of CSRD in these countries and factors influencing their CSRD practices, as this information could form foundations for solutions that motivate firms' involvement in CSRD. Moreover, Southeast Asia provides an ideal context to examine the effect of country-level factors, considering the importance of the 'context specificity' on CSR content development and subsequent implementation has been discussed in the literature (see Prieto-Carron *et al.,* 2006). Particularly, the context of Southeast Asia is captivating due to its diversity. Contrary to the expectation that countries in the same region would share some similarities in institutional contexts, the institutional environments of countries in the region remain heterogeneous and diverse (Hoskisson *et al.*, 2000). Additionally, with the diversity in institutional environments across the six countries (Hoskinsson, Eden, Lau and Wright, 2000), the role of corporations and the level of CSR and CSRD practices also differ (Adams, Hill and Roberts, 1998). A cross-national study of CSRD across the region will not only provide interesting comparisons but also define whether economic development influences firms' CSRD in annual reports. The cross-national comparison also allows countries with low levels of CSRD to learn from experiences of those with better practices and improve their own institutional environments.

In terms of CSRD determinants, various determinants have been identified and examined (see Amran and Devi, 2008; Jizi, Salama, Dixon and Stratling, 2014; Naser and Hassan, 2013). Following the classification of Fifka (2013), CSRD determinants can be divided into two main categories, internal determinants and external determinants. Regarding internal determinants, the majority of CSRD studies have strongly focused on organisational characteristics, such as firm size (e.g. Rahman, Zain and Al-Haj, 2011; Naser and Hassan, 2013), industry (e.g. Amran and Devi, 2008; Gao, Heravi and Xiao, 2005), and profitability (e.g. Esa and Ghazali, 2010; Sharif and Rashid, 2014), leaving the impact of other important internal factors such as corporate governance with limited attention. The effect of corporate governance on CSRD, however, cannot be ignored as CSRD is the result of choices, motives and values of people who are responsible for formulating and making decisions within organisations (Khan, Muttakin and Siddiqui, 2013a). Therefore, corporate governance mechanisms, such as ownership structure, board composition and board structure, are integral elements of CSRD (Gibbins, Richardson and Waterhouse, 1990; Khan *et al.*, 2013a). According to Mahadeo, Hanuman and Soobaroyen (2011b), future CSRD studies should pay more attention to the influence of specific characteristics of emerging economies such as ownership concentration and corporate governance implementation on corporate CSRD, especially in larger cross-country context. Examining the impact of corporate governance on CSRD in the context of emerging countries is important for several reasons. Firstly, owing to the differences in ownership structure, and institutional environment as well as assumptions from well-established governance models, the adaptation and evolvement of corporate governance in developing countries is unclear (Mahadeo and Soobaroyen, 2016). Emerging countries have increasingly adopted the Western-oriented model of corporate governance as a response to the pressures from international agencies despite the debatable suitability of these mechanisms in the emerging context (Soobaroyen and Mahadeo, 2012; Uddin and Choudhurry, 2008). With distinct characteristics developed from traditional societal norms, such as corruption, family dominance and political interference (Khan *et al.*, 2013a), traditional agency problems may not be applicable in this context (Cheung, Tan, Ahn and Zhang, 2010). As a result, given the still maturing capital market and weak institutional environments in developing nations (Muttakin and Subramaniam, 2015), the effectiveness of corporate governance models from developed countries in these contexts has been questioned (Khan *et al.*, 2013a) and the influence of corporate governance practices might also differ. Therefore, the second empirical gap based on the existing literature is the lack of CSRD studies researching the impact of corporate governance in the context of emerging countries. In response to the second empirical gap, this study examines the impact of various corporate governance practices on CSRD in the context of six Southeast Asian countries, five of which, according to the classification of International Monetary Fund (IMF) (2017) are emerging economies. Moreover, Asian business systems are characterised with concentrated ownership and family control (Millar, Eldomiaty, Choi and Hilton, 2005; Welford, 2007). With these two characteristics, these Southeast Asian countries provide an interesting context to examine the effectiveness of corporate governance practices adopted from developed countries in shaping CSRD practice in emerging economies.

Additionally, according to a review conducted by Fifka (2013), many CSRD studies have solely looked at the internal determinants without considering the impact of external determinants. Only a few recent studies have attempted to examine the effect of one or two external determinants together with other internal factors (see Anas, Rashid and Annuar, 2015; Chakroun and Matoussi, 2012; Othman, Darus and Arshad, 2011). Despite the lack of attention to the impact of the external environment on CSRD, the role of the institutional environment cannot be underestimated as the concept of CSR and CSR practices (including CSRD) strongly depend on national culture and are institution bound (Campbell, 2007). Due to the differences in political, legal, social, economic and environmental conditions, every country tends to report its own CSR information to diverse stakeholders differently (Gunawan and Hermawan, 2012). Several studies have only addressed one or two elements of the institutional environment (see Haniffa and Cooke, 2005; Mio and Verturelli, 2013; Othman *et al.*, 2011), therefore limiting the ability to examine the effect of institutional environment from diverse aspects. This argument leads to the third empirical gap identified in this study which is the lack of CSRD studies examining the impact of external determinants in a comprehensive way. To purposefully respond to this empirical gap, in terms of external determinants, this study seeks to identify systematically relevant institutional factors that potentially influence the level of CSRD based on institutional theory and Scott's institutional framework (1995), as well as examine the impact of such factors on CSRD. Compared to other theories, such as stakeholder theory, legitimacy theory, and political economy theory, institutional theory has not been widely used in CSRD literature until recently (e.g. Amran and Devi, 2008; Othman *et al.*, 2011). However, the use of institutional theory as the theoretical framework to examine the effect of institutional factors on CSRD is considered appropriate as the theory not only provides an insight into the impact of institutional environment on organisational behaviour (Oliver, 1991) but also complements both stakeholder and legitimacy theories in providing an understanding of organisations' response to social and institutional pressures as well as their expectations to maintain legitimacy (Deegan and Unerman, 2006). Based on the literature review, very few studies have attempted to quantitively consider the role of institutional pressures in defining CSRD, by using institutional theory and Scott's institutional framework (1995). The only study found in the literature that takes this approach is a recent paper of Garcia-Sanchez, Cuadrado-Ballesteros and Frias-Aceituno (2016) in which diverse factors, such as culture systems, legal and ownership characteristics, were identified to examine the impact of normative and coercive forces on the extent to which firms from different countries adopt GRI indicators in their CSR reports. This particular research, therefore, contributes theoretically to the existing literature by a providing a different way of quantifying institutional pressures by using all of the three pillars (regulative, normative and cultural-cognitive); and examining the impact of such pressures on CSRD through the identified institutional factors.

Another theoretical gap that has been highlighted by previous literature (see Belal and Momin, 2009; Ali, Frynas and Mahmood, 2017) is the under theorised problem of CSRD research in emerging economies. As most of the examined countries are emerging markets, the study hopes to overcome this criticism by developing the research based on appropriate theoretical frameworks. The study examines the impact of both internal determinants (corporate governance practices) and external determinants (institutional factors) on CSRD. According to Haider (2010), the choice of theories should be based on the factors that influence corporate decision to participate in CSRD. Therefore, two separate theoretical frameworks are developed for internal and external factors. As justified above, the use of institutional theory is considered well-suited for identifying the impact of institutional factors. In terms of corporate governance, a multi-theoretical framework, including agency theory, stakeholder theory and legitimacy theory, is used. Agency theory has been applied in many studies related to voluntary disclosure to explain the role of diverse corporate governance practices (see Jensen and Meckling, 1976, Michelon and Parbonetti, 2012), as the theory provides a strong framework to link disclosure practice to corporate governance and considered to be appropriate for an organisation's behaviour topics related to information asymmetry (Barako, Hancock and Izan, 2006). However, as the study targets CSRD, which is based on the broader view of stakeholders, the use of agency theory on its own to examine the effect of CG on CSRD is inadequate as the theory overlooks other types of stakeholders (Freeman, 2010). Therefore, to overcome this issue, following the suggestion of Eisenhardt (1989), agency theory is used in combination with other complementary theories to capture greater complexity of organisations. As a result, stakeholder theory and legitimacy theory, the two theories that have been dominant in many CSRD studies (see Anas *et al.*, 2015; Chan, Watson and Woodliff, 2014; Tan, Benni and Liani, 2016), are also applied. The multi-theoretical framework of agency theory, stakeholder theory and legitimacy theory not only allows the argument for the effect of corporate governance on voluntary disclosure like CSRD to be developed but also explains corporations' involvement in CSRD.

In conclusion, three empirical gaps and two theoretical gaps have been identified. More specifically, justifications and motivations of the current study have been discussed to address each of these gaps. In the next section, the scope of the study will be explained in detail.

1.4 Scope of Study

The study examines the impact of corporate governance and institutional factors on CSRD. CSRD in this study is defined as 'the process of communicating firms' social and environmental performance, either mandatory or voluntary, to diverse stakeholders regarding activities in areas of environment, employees, consumers, products and community involvement, through the use of annual reports'. CSRD in this study is examined under four categories adopted from Branco and Rodrigues (2008), environmental disclosure, human resources disclosure, consumers and products disclosure and finally community-involvement disclosure. Despite the inconsistency in the literature regarding the classification of CSRD, the classification of CSRD into the four previously mentioned categories is considered appropriate for this study as all four areas have been the key categories of CSRD and mentioned in most classifications (see Anas *et al.*, 2015; Gray *et al.*, 1995; Jizi *et al.*, 2016; Mirfazli, 2008; Sobhani, Amran and Zainuddin, 2009).

Moreover, the categories and items mentioned in Branco and Rodrigues (2008) articulate similar information with what has been used in other instruments to examine CSR reporting and CSRD amongst Southeast Asian countries (see Chapple and Moon, 2005; Mirfazli, 2008; Newson and Deegan, 2002; Nguyen *et al.*, 2015; Ratanajongkol, Davey and Low, 2006; Tsang, 1998). Consequently, the use of this CSRD instrument can be considered appropriate for the context of this study. Finally, the CSRD instrument of Branco and Rodrigues (2008) was developed based on other well-established CSRD instruments, for instance, Adams *et al.*, (1998), Gray *et al.*, (1995a; 1995b), Hackston and Milne, (1996), Williams and Pei, (1999), and Purushothaman, Tower, Hancock and Taplin, (2000). The two earliest established CSRD instruments are from the work of Ernst and Ernst (1978), and, Guthrie and Mathews (1985). Based on these original works, CSRD instruments have been adopted and developed through Gray *et al.* (1995b), Hackston and Milne (1996), Williams and Pei (1999) and Adams *et al.* (1998). By adopting these CSRD instruments to build theirs, Branco and Rodrigues's instrument (2008) can be considered an updated version of the CSRD instruments developed in previous studies. Although the instrument of Branco and Rodrigues (2008) has not been used in the context of Southeast Asia, the older versions of this instrument have been widely applied in studies related to this context (see Ahmad, Sulaiman and Siswantoro, 2003; Gunawan, Djajadikerta and Smith, 2009; Michell Williams and Pei, 1999; Ratanajongkol *et al.*, 2006). Therefore, the use of Branco and Rodrigues (2008) as a more updated CSRD instrument is considered appropriate.

In this study, CSRD in annual reports is examined exclusively. Despite some criticism for using annual reports alone in CSRD studies (see Neimark, 1992; Roberts, 1992; Unerman, 2000), the use of annual reports to examine CSRD in the six countries is considered appropriate for this study due to the following reasons. Firstly, companies could publish competing types of documents related to their CSR activities, however, there is no specific guidance on how many documents should be reviewed to achieve a complete picture of CSR information. In addition, it is also impossible to identify all corporate communication on CSR information, especially for large firms (Gray, Kouhy and Lavers, 1995b). As companies communicate their CSR information differently, applying the same set of documents on all companies could create an incomplete data set, increase bias, and reduce the inconsistency of the results (Gray *et al.*, 1995b). Especially in the case of cross-national study, the differences in CSR communication among firms are more diverse due to the differences in institutional environment. In the case of the six examined countries, the annual reports were often published twice, an English version and a native language version. Other types of non-annual reports documents tend to be published in the native language which would be pose significant difficulties when sourcing and analysing data. Another justification is that annual reports possess a high degree of credibility that are not associated with other corporate communication media (Neu, Warsame and Pedwell, 1998). Therefore, according to Alnajjar (2000) and Haider (2010), annual reports are the main channel for disclosing CSR practices to stakeholders and are the dominant source of information used by stakeholder groups with interests in a firms' CSR (Deegan and Rankin, 1997). Subsequently, consistent with previous studies conducted on Southeast Asia countries (see Amran and Devi, 2008; Hamid, 2004; Suteja, Gunardi and Mirawati, 2016; Suttipun and Stanton, 2012), annual reports are used to analyse the level of CSRD. With regards to the location of disclosure, each annual report was analysed manually as a whole without identifying any specific location as there is no persuasive argument to justify why only a specific location should be preferred when examining CSRD (Gray *et al.*, 1995b). Moreover, according to the study of Utama (2011) on CSRD in Indonesia, due to the lack of globally accepted standards or guidance, firms can report CSR activities in annual reports in whatever format they want. Hence, to avoid losing the richness of information, all the sections of annual reports are reviewed.

The Southeast Asia region includes eleven countries, Brunei, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar (formerly known as Burma), Philippines, Singapore, Thailand and Vietnam. For the purpose of this study, however, only six countries are chosen to be examined, including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. The main reason for selecting these six countries is to ensure the availability of data and sufficient sample size for each of the countries. Whilst these six countries are considered as the main and most dynamic economies in Southeast Asia with sufficient stock exchange markets, countries such as East Tomor, Brunei and Myanmar, did not have a national stock exchange at the time of data collection. The other countries, Cambodia and Laos, had only two and three listed companies respectively at the data collection time, which is not a sufficient sample size to conduct statistical analysis. Furthermore, as the stock exchanges in these countries are only at the infant stage, without the need to attract and communicate with foreign investors, not all the firms in these countries have an English version of their annual reports, which is important for the process of data collection and analysis. Finally, due to the low level of economic development in some of these countries, CSR or CSRD is not the priority concern of companies. Hence, the use of these countries could result in the incompleteness of the data set. After these careful considerations, only data from the six countries, including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam, was collected in this study.

The objects of this study are large listed corporations. The sample selection is based on the FTSE (Financial Time Stock Exchange) ASEAN all-stars index's methodology (FTSE, 2015) in which 30 largest companies are chosen from each stock exchange market to reflect the breadth and depth of the ASEAN economy. The selection of only large corporations is justified by the public pressure and elevated level of publicity. Large listed companies consistently publish their annual reports and tend to disclose more CSRD information than small and medium companies (Gray *et al.*, 1995b). Moreover, across the countries, large listed firms tend to have English versions of their annual reports rather than written solely in their native languages. Therefore, the use of large listed firms helps to ensure the completeness of the data set and sufficient CSRD from each of the countries. Additionally, a large volume of CSRD studies have similarly used large firm samples, therefore increasing the potential for comparability of results with previous literature (Branco and Rodrigues, 2007).

1.5 Research Aims, Objectives and Questions

The study aims to examine the levels and types of CSRD across the six Southeast Asian countries and identify the impact of internal (corporate governance mechanisms) and external factors (institutional environment) on CSRD. In order to achieve these research aims, the following research objectives have been formulated:

1) To identify and compare the levels of CSRD across the six countries
2) To identify and examine the effect of relevant corporate governance practices on the level of CSRD in the context of Southeast Asian countries
3) To identify and examine the effect of relevant institutional factors on the level of CSRD in the context of these countries

To achieve the mentioned research objectives, the research questions have been developed as follows:

Research Question1:

- To what extent do companies in each of the six Southeast Asia disclose their CSR information in annual reports and what type of CSR information (categories) is the most disclosed?

Research Question 2:

- What are the differences, if any, among the levels of CSRD across the six Southeast Asian countries?

Research Question 3:

- What are the important corporate governance determinants of CSRD and to what extent do these corporate governance practices influence the level of CSRD in Southeast Asia?

Research Question 4:

- What are the important institutional determinants of CSRD and to what extent do these institutional factors influence the level of CSRD in Southeast Asia?

1.6 Research Settings – Southeast Asia

1.6.1 Southeast Asia – General Context

Compared to other regional descriptions, the term Southeast Asia does not have a long or resonant history. The term was firstly used during World War II, and the region is now more politically understood to be ASEAN (Association of Southeast Asian Nations) which is the sole inter-governmental body of the region. ASEAN includes ten full member states, Brunei, Burma (also named Myanmar), Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam (Lunn and Thompson, 2011). Southeast Asia is home to over 600 million people, making up 9% of the global population. One of the key characteristics of Southeast Asia is its cultural and geographical diversity, which encompasses a variety history, languages, governments and traditions (PricewaterhouseCoopers [PwC], 2012). Significantly, countries in the region appear to be at various stages of economic development. For instance, while Myanmar and Cambodia are classified in the group of 35 low-income countries by World Bank, Singapore is third in the world in terms of GDP (Gross Domestic Product) per capita. Between these extremes are Malaysia, which is expected to be at high-income status within the next decade, and Indonesia and Vietnam, where there is a rapid increase of living standards but likely to remain in the middle-income group for the near future (Lunn and Thompson, 2011).

The region is also diverse in terms of religion, history, geography and ethnicity. According to SarDesai (2012), there are four predominant religions in the region, namely Buddhism, Christianity, Islam and Hinduism. Islam is the main religion in Indonesia, Malaysia and Brunei, Buddhism is common in various forms in Vietnam, Thailand, Burma/ Myanmar, Singapore, Cambodia, and Laos; Christianity is dominant in Philippines. Along with the diversity of ethnic groups, there are many different languages in the region (Stubbs, 2009). This unique characteristic of diversity in Southeast Asia has led to many geographers considering the region's distinctiveness being its common diversity rather than unity, which brings in the perception that Southeast Asia's regional identity is attributed to its external incoherence, rather than internal coherence (Rigg, 1991). ASEAN, it could be argued, has also used this variety to form and promote its regionalism internally among the different countries (Sutherland, 2005).

Southeast Asia is also one of the most dynamic regions in terms of economic development (Sundarasen, 2015). Many countries in the region have followed similar paths of development, moving from inward-looking agricultural economies to outward-looking, market-oriented industrialised economies, which has resulted in openness in trade and capital flow (Lunn and Thompson, 2011). To encourage FDI (Foreign Direct Investment) flow into the region, several ASEAN countries have conducted domestic reforms by opening sectors that were previously closed for foreign investment, such as financial services and telecommunications (KPMG, 2016). Whilst there has been greater progress in liberalisation, de-regulation and a reduction in impediments to business operations (PwC, 2012), a significant factor that has contributed to the growth of Southeast Asia is the attractive labour cost which is sought by multi-national enterprises and local companies (Odulukwe, 2011). This competitive advantage is considered as the region's greatest asset for the foreseeable future (PwC, 2012).

1.6.2 Indonesia

Indonesia is the largest economy in Southeast Asia (World Bank, 2016a). The country was a former colony of the Netherlands and gained its independence in 1945. Indonesia has become the world's third most populous democracy and a diverse archipelago nation with more than 300 ethnic groups (World Bank, 2016a; PwC, 2012). The country consists of 18,000 islands of which only 6,000 are inhabited, including large islands such as Java, Sumatera, Kalimantan, Sulawasi and Papua, as well as popular tourist destinations like Bali, Lombok and Komodo. The capital is Jakarta with a substantial proportion of the population living on Java and Bali (Lunn and Thompson, 2011).

Due to the historical influence of the Dutch colonial administration which lasted 350 years, Indonesia follows civil law system with influences from customary laws (Central Intelligence Agency [C.I.A], 2017a), Islamic law and other Western laws. Judicial power is carried out by the Supreme Court and judicial institutions under it (general courts, religious courts, military courts, administrative courts, and constitutional court) (Santosa, 2009). The country's main religion is Islam which is makes up approximately 89% of the population (C.I.A, 2017b). Other religions, such as Protestantism, Catholicism, Hinduism, Buddhism and Confucianism, have also been recognised by the government

(PwC, 2012). In terms of languages, there are over 450 languages in the country with two main language groups, Austronesian and Papuan. The national language is Indonesian, a variant of Malay.

As the largest economy in the region, Indonesia has a consistent growth of 5% or better since 1998. The country's gross national income per capita has increased from $560 in the year of 2000 to $3,374 in 2015. Today, Indonesia is the world's 10th largest economy based on purchasing power parity and the only country in Southeast Asia which is a member of the G20. According to the recent report of Organisation for Economic Co-operation and Development (OECD, 2016), Indonesia's growth continues to be higher than that of most other countries. The increase in demand, mostly by household consumption, has been recorded as a result of healthy labour market outcomes and strong wage gains. The country has also made impressive strides in reducing its poverty rate to more than half since 1999 to 11.2% in 2015, (World Bank, 2016a) which could also be attributed to Indonesia's economic openness (Agusalim, 2017). Despite this impressive achievement, a more liberal trade relationship has meant that the country has suffered from major deforestation since 1950 and is also the world's 3rd largest greenhouse gas emitter (Lunn and Thompson, 2011; Oktavilia and Firmansyah, 2016).

1.6.3 Malaysia

Malaysia is a former British colony which became independence in 1957. The country is divided into two non-contiguous regions by the South China Sea, the Malaysian Peninsular region bordering Thailand and the Malaysia-Borneo region bordering Indonesia and Brunei (Airriess, 2000; PwC, 2012). The country has a diverse range of ethnic groups consisting of Malay (50.1%), Chinese (22.6%), indigenous (11.8%) and Indian (6.7%), providing an array of spoken languages that include Bahasa Malaysia (official language), English, Tamil, Thai and Chinese (Cantonese, Mandarin, Hokkein etc.) (C.I.A, 2017b).

Malaysia follows the common law system (Kouwenberg, Salomons and Thontirawong, 2014), however, its legal system is also influenced by other law practices, such as Islamic law, customary law, and judicial review of legislative acts (C.I.A, 2017b). Malaysia's politics is centred on a strong-state parliamentary democracy that could be characterised as autocratic due to the longevity and influence of the ruling party, Barisan Nasional (Slater, 2012). The country is characterised by a Federal system, where thirteen states absolve some powers such as defence, economic and education to the centralised government. Malaysia is also characterised by a constitutional monarchy which safeguard specific traditions and customs.

Figure 1: Map of Southeast Asia

With Malaysia's richness in natural resources, the country has been long dependent on agriculture and primary commodities. Over the past 20 years, however, Malaysia has made substantial progress and moved from exporting commodities to manufacturing and exporting in capital-intensive, high-technology and knowledge-based industries (Airriess, 2000). As a result it is now an open and industrialised market economy. The role of government in directing economic activity has declined but is still significant. In terms of economic growth, the country has been one of the best in the region due to the impressive economic records after independence (Lunn and Thompson, 2011). Malaysia was listed as one of the 13 countries with the recorded growth of 7% per year for 25 years or more. The country now is classified as upper-middle income economy with a significant middle class of consumers. Malaysia is also one of the founding members of the WTO and continues to be active in multilateral liberalisation, as well as regional and bilateral cooperation (PwC, 2012). The country aims to become a high income country by 2020 (OECD, 2016).

Together with these economic achievements, the Malaysian government has also been successful in reducing poverty with the decrease of $2 per day poverty rate from 12% in 1984 to 2% in 2009 (Lunn and Thompson, 2011) and continues to reduce income inequality substantially (Hooi, Nguyen and Su, 2013). Disparities, however, still exist, especially between rural and urban households, and between different ethnic groups. For instance, although the difference has been reduced since independence, Chinese and Indian-origin households continue to have a higher income than the indigenous population. The government has subsequently attempted to reduce these gaps, through actions such as allowing indigenous people to have preferential access to universities and government jobs, increasing the involvement of the corporate sector, and transferring state assets to these groups (Lunn and Thompson, 2011). The government has to some extent been successful in preventing ethnic conflict and maintaining social stability despite inequalities between the different ethnic groups (Segawa, 2017).

1.6.4 Philippines

The Philippines is an archipelago of 7,107 islands located off the south eastern coast of mainland Asia. The country was colonized by Spain for over 300 years before it was ceded to America in 1898, and only in 1846 did the country gain its independence (PwC, 2012). Luzon and Mindanao, the two largest islands, together with 9 other largest islands, make up 92% of the country's total land mass. The country is densely populated, second to Singapore in the region. The indigenous people of Philippines, Filipinos, have the highest population while the Chinese population is around 1%. Between these two groups, Filipinos of mixed race form a large proportion of the country's elite, which widely use English for communication despite the country's official national language being Tagalog (Lunn and Thompson, 2011). In terms of religion, the majority of the population are Catholic and subsequently, this has had a significant effect on the culture of the country. Other religions that have been recognised in the country include Islam, Evangelical, and Iglesia ni Kristo (C.I.A, 2017c).

The Philippines is a democratic republic. The country follows a presidential form of Government adopted from the United States in which national and local elections are frequently held in freedom and fairness. There are three branches in the government, the Executive, Legislative and Judicial branches. Mirroring the US system, the president heads the executive branch, and a bicameral Congress comprise the Legislative branch. The members of the House of Representatives are elected by district and Senators are elected at large. The Judiciary functions on a system of courts led by the Chief Justice along with 14 Associate Justices (PwC, 2012). Philippines' legal system is influenced by the civil law origin (Kouwenberg *et al.*, 2014).

Similar with most countries in Southeast Asia, Philippines' economic system is open and market-oriented, however, the government still regulates the pricing mechanism in a few sectors to protect consumers. Philippines is an emerging economy which has transited from agriculture-based one to services and manufacturing based (Roy and Chatterjee, 2013). Although the economy retains a large agricultural sector, services have become more dominant (PwC, 2012). Projections indicate that the economic growth of Philippines will tend to be limited by low domestic savings and investment rates in future. The country has also failed to translate economic growth into poverty reduction and education improvements, especially compared with Indonesia and Malaysia (Lunn and Thompson, 2011). Despite the strong economic performance from 1997, the severe $1.25 per day poverty rate around 23% has remained unchanged since 1997. The main reason for the country's struggle in poverty reduction is the poor administration of public expensive on social programmes.

1.6.5 Singapore

Singapore is a small city-state island located to the south of peninsular Malaysia and is one of the world's most densely populated areas (Lunn and Thompson, 2011). The country's total land mass is around 710 square kilometres, making it the smallest country in Southeast Asia and one of the smallest in the world (PwC, 2012). Singapore's population is made up by three main groups, Chinese (77%), Malay (14%), and Indian (8%). The country has four official languages, Chinese, English, Malay and Tamil (Lunn and Thompson, 2011).

The rapid growth of the country is highly attributed to the stable and competent ruling government, a system of which is highly coveted throughout the World (Ho, 2016). The political system concentrates on democracy, with a parliamentary system of government in which an elected President is the Head of State. The Singapore Parliament has a single house and its member is elected every five years through a general election. The political scene of Singapore is, however, dominated by the People's Action Party (PAP) which has won 13 successive elections since 1959, and similar to Malaysia, has lead the country's governing practices to be labelled autocratic (Morgenbesser, 2016; PwC, 2012). Singapore's legal system follows the English common law (C.I.A, 2017d).

Singapore is the only developed country in Southeast Asia region (Roy and Chatterjee, 2013). Although the country does not have an advantage in natural resources, Singapore is strategically located on the sea route from the Indian Ocean to the South China Sea, with a strong and highly globalised economy specialising in trade, electronics and financial services. The country has impressively moved from third world to first world status since its independence in 1965, considering its similar starting point with other countries in the region and lack of natural resources. Although the country has historically not been completely urban, it has not felt the burden and struggles of a large agricultural sector (Peebles and Wilson, 2002). With the GDP per capita at $59,000 in 2011, the country became the third-highest in the world in terms of living standards, only behind Luxembourg and Qatar. The average wage, however, is relatively low compared to other high-income countries (Lunn and Thompson, 2011).

1.6.6 Thailand

Thailand, previously named Siam, is the only country in the region that has never been formally colonised. The country is located at the centre of Southeast Asia and borders Myanmar, Laos, Cambodia and Malaysia (Lunn and Thompson, 2011). Due to its historical development, Thailand's population, compared with other countries, is relatively homogeneous, with more than 85% of the population speaking Thai and sharing a similar culture. Apart from the language of the central Thai population that was used in government and taught at school, there are several smaller groups speaking other languages such as the Shan, Lue and Phutai (Zebioli, 2009). The majority of the population live in rural areas surrounding rice-growing areas of central north-eastern and northern regions. The urban population (31.6% of the total population), mostly contained in the Bangkok area, is growing substantially. The main religion, in which more than approximately 95% of Thai people follow is Buddhism. Spirit worship and animism are also widely practiced. Aside from Buddhism, the government also allows religious diversity and other regions to co-exist (Zebioli, 2009), such as Islam (4.9%) and Christianity (1.2%) (C.I.A, 2017e)

The Kingdom of Thailand has been under monarchical rule since the 13th century. The political system, therefore, is a constitutional monarchy with the King as the head of state and an elected prime minister as the head of government (PwC, 2012). Different from other countries with a monarchy, the King has substantial power over the legislative process and law. Moreover, the King is held in high esteem by all Thais, regardless of their political views and affiliation. Despite this popularity, the country's civil politics has become intense and volatile, with multiple coups in the last eighty years (PwC, 2012). Thailand's legal system is influenced by the common law (Kouwenberg *et al.*, 2014).

Thailand is the second-largest economy in Southeast Asia, second to Indonesia. International trade and foreign capital has also helped to transform the country from a traditional agricultural economy to an upper middle-income industrial exporter (Lunn and Thompson, 2011). Like Malaysia and Vietnam, Thailand is an export-dependent country (Zebioli, 2009), focusing on major manufacturing industries (such as textiles, electronics and auto components), agricultural commodities and seafood. Tourism and other services are also vital for the economy. Although manufacturing for exports will still be the largest component of Thai economy, due to the growing middle class there has been an acceleration to a more consumer driven economy (PwC, 2012).

Due to economic development, Thailand's poverty rate has been reduced significantly from 67% in 1986 to 11% in 2014. Poverty and inequality, however, remain huge challenges considering falling economic growth, a drop in agricultural prices and increasing droughts (World Bank, 2016e). Over 80% of poor people live in rural areas, only adding to the unequal distribution of wealth in Thailand when compared with many countries in East Asia (World Bank, 2016e).

1.6.7 Vietnam

Vietnam covers the total area of 331,210 square kilometres and borders the Gulf of Thailand, Gulf of Tonkin, South China Sea, Cambodia, China and Laos (C.I.A, 2017f). The country was divided into two following French colonial rule, with North Vietnam following Communism and South Vietnam allied to the United States. When the socialists of North Vietnam won the war again the US in 1975, the country became independent. The capital of Vietnam is Hanoi, however, Ho Chi Minh City, formerly named Saigon, is the largest city. In 2015, Vietnam was ranked the 14^{th} in terms of population with more than 90 million people (World Bank, 2016f). The south is more urbanised and contains a large population, however, 70% of the total population still lives in rural areas (Lunn and Thompson, 2011). The country has high diversity with 54 ethnic groups recognised by the government with largest percentage of the population, the Kinh (Viet) people (85.7%). Regarding languages, the country uses Vietnamese as the official language. The use of English has also been favoured as the second language, and similarly other languages are spoken such as French, Chinese, Khmer as well as mountainous area languages.

The country's official name is the Socialist Republic of Vietnam. As a socialist country, Vietnam has only one political party, the Communist Party of Vietnam which has led the country since its reunification in 1975 (PwC, 2012). The National Party Congress is held every five years to define the country's orientation and strategies for social and economic development. The highest law-making body is the National Assembly. The country follows the European-style civil law system (C.I.A, 2017f). The Head of State representing Vietnam in domestic and foreign affairs is the President, while the Prime Minister is the leader of the government and responsible for its operations. With the consistency of a one-party political system, Vietnam's political landscape is known for being stable (PwC, 2012).

In terms of economic development, with the launch of the Doi Moi (economic renovation) reforms in 1980s to move from a centralised planned economy to a globally integrated socialist-orientated market economy, the country has become an example of development success. In less than a generation, the country has moved from being one of the poorest countries in the world to a middle-income economy. Vietnam's GDP per capita growth, with the average of 6.4% in the 2000s, is one of the fastest in the world. With impressive economic growth, the country has achieved rapid reduction in poverty and an improvement in social outcomes. The number of people living in extreme poverty has decreased from 50% in early 1990s to 3% in 2012 (World Bank, 2016f). Vietnamese people are also better educated and have higher life expectancy compared with most countries with similar incomes, however, the fast economic growth has had a negative influence on the environment over the past 25 years, causing water and air pollution, as well as dramatic depletion of natural resources. Consequently, the country was ranked in the top five countries most affected by climate change (World Bank, 2016f).

The section has provided an overview of the Southeast Asia region in general and the six examined countries in particular. Table 1, below, presents further information and figures such as key social and economic indicators of these six countries. The indicators demonstrate the diversity across the six countries. In terms of socio demography, several indicators in relation to land area, population, life expectancy, literacy rate and unemployment rate, are presented. The ASEAN region has population of nearly 650 million people and a land area of 4.5 million square kilometres, with one extreme being Singapore with the population of over 5 million people and 0.7 million square kilometres in land area. As a result of its small territory, Singapore has a very high level of population density despite the low population. The average of population density across the ASEAN member states is approximately 141 people per square kilometres. Apart from the extremely high density of Singapore, Philippines also has a higher than average level of density. The percentage of population growth in ASEAN is relatively low with 1.3%. Among the six countries, the population growth rate is ranging from the lowest in the case of Thailand (0.3%) to the highest of Philippines (1.6%). All of the countries, however, have the population growth rate less than 2%. According to Hock and Teng (2014), the populations of all ASEAN state members are expected to become aged by 2050, six of which, including Indonesia, Malaysia, Myanmar, Singapore, Thailand and Vietnam by 2025. On the other hand, life expectancy has increased throughout the years with variations among the countries. The average life expectancy in ASEAN is nearly 71 years. There exists large variations in life expectancy across the six countries with most of the countries, except for the case of Philippines (70.4 years), having the same or higher life expectancy than the average. Singapore, as expected from a developed country, has the highest life expentacy (82.9 years), while Malaysia and Thailand follow with 74.8 and 74.3 years respectively. The life expectancy is relatively comparable with each country's level of economic development. Regarding poverty indicators, the poverty levels among ASEAN countries based on the national poverty lines ranges from 0.6% to 25.6% with six state members have at least 10% of the populations living in poverty (ASEAN, 2017a). Among the six presented countries, Philippines has very high proportion of population living below the national poverty line (22%), followed by the cases of Thailand (14%) and Indonesia (11%). In total, across all the member nations, within ASEAN 14% of the population lives under the national poverty lines. Despite the different minimum standards of poverty, ASEAN state members have made substantive progress in reducing poverty, particularly extreme poverty, over the past fifteen years.

One of the more pronounced features amongst many ASEAN countires is the rural-urban divide in relation to weath distribution. The urban population varies across the countries. While Vietnam only has 34% of the population living in urban areas, this percentage is higher in the other countries, particularly Thailand (75%) or Indonesia (54%). Singapore, as a city-state, undoubtedly has a 100% urban population. Poverty in these countries is highly relevant in rural areas than urban areas. For instance, in Vietnam, the rural poverty rate is four times higher than the urban poverty rate (ASEAN, 2017a). Despite the relatively high percentage of poverty in some of the countries, adult literacy rates are very high in the region. The unemployement rates also vary across the countries. While Thailand has only 1% unemployement rate, the percentage of unemployment is higher in Indonesia (5.6%) and Philippines (5.5%).

In realtion to economic indicators, ASEAN is one of the fastest growing economic regions in the world. In 2016, the total GDP in the region was approximately 2.6 trillion US$. The region's GDP makes up 6.2% of the World's GDP. The percentage has significantly increased from 3.4% in 1967 (ASEAN, 2017b). Indonesia is the largest economy in ASEAN with the total GDP of 931 million US dollars. GDP of the other countries ranges from 198 million US dollars (Vietnam) to 407 million US dollars (Thailand). Among the six countries, Philippines, Vietnam and Indonesia have high GDP growth rate with the percentages of 6.9%, 6.2% and 5.0% respectively. The countries also have moderate levels of inflation, with the exception of Singapore. Singapore's inflation deflated 0.5% at the end of 2016. The total FDI inflows in the region was approximately 98 billion US dollars. Although the FDI flows remained at the high level in 2016, flows have declined by 20%, in congruence with the general decline in FDI flows worldwide and in flows to developing countries (ASEAN, 2017b). The level of FDI inflows to ASEAN, however, is still much higher than in any other regional association in the developing world. The region is accountable for over 20% of all the FDI stock in developing economies; and its FDI inflows make up 8% of the global inward FDI. The inflows in the region has been diversed to many industries with the focus on manufacturing and services sectors. Among the six countries, in 2016, Singapore had significantly higher total FDI inflows (53,912 million US dollars) than the other five countries, despite the decline of 13.7% compared to the previous year. In relation to the rates of growth of FDI inflows, Philippines has very high percentage of growth (40.7%), demonstrating the attractiveness of this market for foreign investment. In contrast, the FDI inflows have significantly decreased in the case of Indonesia and Thailand in 2016 by 78.8% and 68.2% respectively. The following table also presents the total trade in goods and services in ASEAN and across the six countries specifically.

Table 1: Selected socio-economic indicators

Indicators	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam	ASEAN
Socio Demography							
Land area (Sqkm)	1,913,578.7	331,388.0	300,000	719.2	513,119.5	331,230.8	4,500,000
Population, total (in thousand)	258,705	31,633.5	103,242.9	5,607.3	67,454.7	92,695.1	634,500
Population growth (annual %) (2015)	1.2	1.4	1.6	1.2	0.3	1.1	1.3
Population density (persons per sqkm)	135.2	95.5	344.1	7,796.6	131.5	279.9	141.3
Life expectancy (years)	70.9	74.8	70.4	82.9	74.3	73.4	70.9
Urban population (%)	54.0	75.0	44.0	100.0	52.0	34.0	49.0
Proportion of population below national poverty line (%)	11.0	1.0	22.0	n.a	14.0	7.0	14.0
Adult Literacy rate (%)	95.9	94.9	96.5	97.0	96.1	95.0	94.9
Unemployment rate (%)	5.6	3.4	5.5	3.0	1.0	2.1	1.0-6.9
Economy							
GDP (current million US$)	931,216.2	299,632.2	311,452.5	296,977.4	407,048.0	198,196.3	2,559,462.7
GDP growth (annual %)	5.0	4.2	6.9	2.0	3.2	6.2	4.8
Inflation rate (%)	3.0	2.1	1.8	(0.5)	0.2	2.7	n.a
Total FDI inflows (US$mn)	3,520.8	11,328.8	7,933.1	53,912.2	2,553.2	12,600.0	98,042.5
Rate of growth of FDI inflows (%)	(78.8)	11.3	40.7	(13.7)	(68.2)	6.8	(18.6)
Total trade in goods (US$m)	280,839.0	357,806.6	142,248.0	629,992.6	409,994.2	351,038.5	2,236,343.3
Total services trade (US$m)	53,999.5	75,143.2	55,590.0	305,233.0	108,023.0	28,705.0	643,407.8

Notes: All statistics are in the year 2016 unless otherwise stated

Source: ASEAN

1.7 Methodology

With the purpose of examining the causal relationship between independent variables (institutional factors and corporate governance practices) and the dependent variable (CSRD) that were established in the literature review based on the theoretical frameworks, a deductive approach with quantitative strategy is the appropriate methodology for this study (Bryman, 2016; Bryman and Bell, 2011; Gray, 2014). Data for this study was collected mostly from annual reports. Information that could not be collected in annual reports, such as membership of CSR-related associations, or participation in GRI reporting standard, were collected from relevant websites. The level of CSRD was identified based on information provided in annual reports in which content analysis technique is used. The use of content analysis is an appropriate data collection method for this study due to the following justifications. Firstly, according to Babbie (2013), content analysis technique is well-suited for study of communication in which CSRD is a form of corporate communication. Content analysis has been traditionally used to collect data in CSRD studies (see Gray *et al.*, 2001; Hackston and Milne, 1996; Haniffa and Cooke, 2005; Mirfazli, 2008; Othman *et al.*, 2011; Tan *et al.*, 2016; Trotman and Bradley, 1981). As a result, consistent with previous literature, this study also applies content analysis to determine the level of CSRD. The use of this data collection technique also arises from the practical approach that data accessibility is restricted in this study due to the limited ability to travel across all the six countries.

The content analysis template is adapted from the study of Branco and Rodrigues (2008). The template with its classification of CSRD into four main categories, environmental disclosure, human resources disclosure, consumers and products disclosure and community involvement disclosure, as explained previously, is appropriate to examine CSRD in Southeast Asia context. Moreover, the template also has a high level of credibility as it was developed based on previous well-established studies, however, the only drawback of the template is that it only provides general information regarding categories and subcategories which may cause confusion during the analysis process. The detailed description for each item in the template (Appendix 2) is developed based on pilot examination of 18 annual reports as well as previous studies to ensure the detail guidance address all the relevant CSRD of firms in the six countries.

After obtaining all the relevant data, the data analysis process was conducted as follows. Firstly, all data went through the data examination process to identify any potential problem with the data, such as errors, missing data, or outliers. With the two main aims of the research; comparing levels across the region and identifying the impact of determinants on CSRD, two main analysis techniques, ANOVA and multiple regressions, are applied respectively. ANOVA data analysis with post-hoc tests is used to identify differences between the levels of CSRD across the six countries, while multiple regressions are run to identify the effect of external and internal factors on CSRD. These two techniques have been widely applied in previous CSRD studies (see Adams *et al.*, 1998; Hamid, 2004; Hossain *et al.*, 2006; Naser, Al-Hussaini, Al-Kwari and Nuseibeh, 2006). All the relevant assumptions to the two analysis techniques were also carefully examined and additional analyses are conducted to ensure the consistency and robustness of the empirical findings.

1.8 Research Findings and Contributions

Based on the review of current literature and the gaps identified in section 1.2, the data from 171 companies in the six Southeast Asian countries was collected and analysed to answer the research questions addressed in section 1.4. The findings of this study provide multiple empirical and theoretical contributions.

Firstly, the study has identified the levels of CSRD in six Southeast Asian countries, including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Therefore, in response to the gap that majority of CSRD determinants studies conducted in Southeast Asia have strongly focused on a few countries, such as Indonesia and Malaysia (table 3), the study provided a better understanding of CSRD across the region, as individual countries were only studied in a limited manner in previous research. Moreover, due to the lack of comparative studies in the region, the study has attempted to provide an empirical contribution examining whether there are any differences in the level of CSRD across the six countries. The findings concluded that the two countries with the highest level of CSRD are Thailand and Indonesia, while the Philippines and Vietnam were found to have the lowest CSRD. Between these two extremes are Singapore and Malaysia. The finding is interesting in the sense that the level of CSRD does not reflect a country's economic development stage, thereby attributing these differences in the level of CSRD to other institutional factors.

Secondly, in response to the lack of studies considering the impact of external determinants on CSRD, the study has examined the role of institutional factors. The study also contributes theoretically to the growing literature emphasising the role of the institutional environment in shaping firms' CSR practices (see Brammer, Jackson and Matten, 2012; Campbell, 2007; Cormier, Magnan and van Velthoven, 2005; Lee, 2011; Marquis, Glynn and Davis, 2007) and by identifying relevant institutional factors influencing CSRD based on the institutions' framework of Scott (1995). Consequently, the study is one of few studies that has attempted to quantify relevant institutional factors and examine the impact of these factors on CSRD. The impact of the external institutional environment was examined through different institutional pillars, including regulative, cultural-cognitive and normative. Based on the institutional theory, Scott's framework (1995) and existing literature, the two institutional factors, legal origin and mandatory disclosure, are identified to present the impact of regulative pillars, Hofstede's (2005) uncertainty avoidance and masculinity cultural dimensions representing cultural-cognitive pillar, and finally, the adoption of GRI standard and membership of CSR-related associations representing the effect of normative pillar. The empirical findings showed that mandatory disclosure, the two cultural dimensions and the adoption of GRI standard have significant impact on the level of CSRD in the context of the six countries. While mandatory disclosure, GRI reporting standard and uncertainty avoidance have a positive impact on CSRD, the effect of the masculinity dimension was found to be negative. Amongst the four significant institutional factors, mandatory disclosure representative of the regulative pillar is the strongest indicator of CSRD, followed by the two cultural dimensions representing cultural-cognitive pillar, and finally, the adoption of GRI standard of normative pillar. Similar with the observation of Muthuri and Gilbert (2011), the results imply that institutional environment influences the level of CSRD through all three pillars with certain institutional factors having more impact than others. Moreover, the strongest effect of mandatory disclosure among all the institutional factors found in this study supports the statement of Campbell (2006) that corporations tend to act more responsibly if there are strong and well-enforced regulations supporting such behaviour.

Thirdly, as discussed in section 1.2, there is a need for more studies examining the impact of corporate governance on CSRD in Southeast Asia. The findings of this study, therefore, contribute to the limited literature considering the effect of corporate governance on CSRD in this context. As expected, the findings provide some different points of view on this matter compared with previous studies (e.g. Barako and Brown, 2008; Htay, Rashid, Adnan and Meera, 2012; Jizi *et al.*, 2014). Four corporate governance factors were found to have a significant impact on CSRD, including board size, board gender diversity, block ownership and the presence of CSR committee. Board size and the presence of CSR committee have a positive effect while the impact of board gender diversity and block ownership was found to be negative. The impact of block ownership and the presence of CSR committee is consistent with previous literature (Khan, Chand and Patel, 2013b; Michelon and Parbonetti, 2012; Ntim and Soobaroyen, 2013; Reverte, 2009), however, the negative effect of female directors and the positive effect of larger board size are not common findings in other studies (see Barako and Brown, 2008; Frias-Aceituno, Rodriguez-Ariza and Garcia-Sanchez, 2013a). The finding showed that in contrast to the opinions that larger board size tends to be ineffective (Van den Berghe and Levrau, 2004), large boards are a customary practice amongst firms in these countries. The role of female directors in this context is also different. Female directors are often associated with a caring nature and are expected to pressure managers into engaging more with CSR practices (Ntim and Soobaroyen, 2013). The negative effect of female directors found in this study, however, could be the result of the lack of board independence caused from the extremely low proportion of female directors on board (Amran, Periasamy and Zulkafli, 2014b). Moreover, opposite to the traditional conclusion that independent directors would motivate increased firm involvement in CSRD (see Barako and Brown, 2008; Htay *et al.*, 2012; Jizi *et al.*, 2014), the percentage of independent directors has almost no effect, a cause of high block ownership (Chen and Nowland, 2010), as well as management's limited CSR awareness, and knowledge in some of the countries (Binh, 2016; Chapple and Moon, 2005; Nguyen *et al.*, 2015)

The findings of this study, in general, have also provided some practical contributions. Identification of levels of CSRD across the six countries in Southeast Asia allows each country to compare the level of its firms' CSRD with the others and learn from the experience of the countries with constructive practices. Moreover, the study also provides evidence of the diverse impact of some corporate governance practices in the regional context. The findings, therefore, allow researchers, governments and other institutions to review the role of corporate governance in this context and open opportunities for further development. In terms of the institutional environment, the findings highlight the integral role of government in motivating firms to participate in CSRD. The findings also support the effectiveness of GRI reporting standard in guiding firms to improve their CSRD. Finally, results of this study encourage CSR-related associations to review their activities and play a constructive role in encouraging their members to take part in CSRD.

1.9 Thesis Structure

As presented at Figure 1.2, the chapter is divided into seven chapters. A brief content of each chapter is provided as follows:

Chapter One begins with background information on the concepts of CSR and CSRD, followed by a brief discussion of relevant literature. Based on the review of previous literature, empirical and theoretical gaps are identified, from which motivations for conducting this research are presented. The chapter continues with the scope of this study, research aims, research questions and research objectives. A brief context of Southeast Asia and each of the six examined countries is also provided. The chapter concludes with a summary of the research findings and contributions as well as the presentation of the thesis's structure.

Chapter Two provides definitions of CSR reporting and CSRD. The scope and categories of CSRD (environmental disclosure, human resources disclosure, consumers and products disclosure and community involvement disclosure) form a detailed discussion. The chapter then presents empirical studies regarding determinants of CSRD, from which the gaps and limitations are identified. Additionally, the chapter provides essential information to develop CSRD instrument and locate this research within contemporary literature.

Chapter Three focuses on the discussion of theoretical framework, a review of literature on the impact of corporate governance and institutional factors on CSRD and hypotheses development. The chapter starts with a session on theoretical framework in which relevant theories are identified and discussed in relation to CSR and CSRD studies then moves to justify the choice of multi-theoretical framework, a combination of legitimacy theory, stakeholder theory, institutional theory and agency theory. Based on the discussion of theoretical framework, relevant internal determinants (corporate governance) and external determinants (institutional factors) are identified, and relevant hypotheses are developed. The hypotheses development session, hence, is divided into two main sub-sections. The first sub-section focuses on the impact of corporate governance mechanisms on CSRD. The sub-section begins with a brief discussion on corporate governance definition, followed by an overview of corporate governance development and legal frameworks, together with comparisons of key practices across the six countries. The sub-section then provides a literature review on the relationship between corporate governance and CSRD. Six relevant corporate governance practices (board size, board independence, board gender diversity, CEO duality, block ownership and the presence of CSR committee) on CSRD are formed on the discussion of relevant literature and theories. In the second sub-section, the impact of institutional environment on CSRD is the main focus. The second sub-section starts with an overview of CSR and CSRD development across the six countries, followed by a discussion of the relationship between institutional environment and CSRD to highlight the need for studies looking at the role of institutional environment in shaping firms' CSRD practice. Based on the Scott's framework, six institutional factors, including legal origin, mandatory disclosure, uncertainty avoidance, masculinity, GRI standard and CSR-related associations, are identified to examine the effect of three institutional pillar, regulative, cultural-cognitive and normative on CSRD. Hypotheses on the effect of these institutional factors on CSRD are then developed based on the theoretical framework and previous studies.

Chapter Four summarises the research methodology. The chapter begins with a discussion on research philosophy. Justification for using quantitative research method and content analysis data collection is provided. The chapter, then, continues with the discussion of research population, sampling type and an overview of the study's subjects. Next, the measurements of the dependent, independent and control variables are presented with the support of previous literature. Finally, the types of data analysis techniques are mentioned based on the nature of each research question.

Chapter Five is the first chapter of data analysis. The chapter provides descriptive statistics for all the dependent, independent and control variables. The statistics of the dependent variable, CSRDI are first presented and then discussed across three levels of analysis, country level, industry level and category level. Next, the descriptive statistics of the independent variables are divided into two main sub-sections for internal determinants (corporate governance variables) and external determinants (institutional variables), followed up by a discussion of these statistics across the six countries based on previous literature and the study context. Finally, the descriptive statistics of all the control variables are addressed.

Chapter Six (Part 1) aims to provide an answer for the research question regarding whether the levels of CSRD are different across the examined countries using the ANOVA data analysis technique. The chapter starts with testing ANOVA's assumptions (absence of outliers, normality of sampling distribution of means, homoscedasticity and independence of errors). As all the assumptions are not seriously violated, ANOVA analysis and the Kruskal-Wallis test are performed with the conclusion that there is a significant difference between CSRD levels across the six countries. The presentation of post-hoc tests follows to identify the specific groups of countries with the significant difference. The chapter concludes with a brief discussion of the findings.

Chapter Six (Part 2) presents the empirical findings regarding the impact of corporate governance practices on CSRD. The chapter starts with the assumptions testing for OLS regression model (1) which includes CSRDI (the dependent variable), corporate governance variables (the independent variables) and control variables. Upon the satisfaction of all the assumptions, the empirical results of the regression model are presented to examine the impact of each independent and control variables on CSRD. The section then continues with the use of alternative models to inspect the level of robustness and sensitivity of the results. The results from the original model and sensitivity analyses all confirm the significant impact of board size, board gender diversity, block ownership and the presence of CSR committee on CSRD. Finally, a review and discussion of the results in relation to previous studies will be provided at the end of the section.

Chapter Six (Part 3) presents the empirical findings regarding the effect of institutional factors on CSRD. Firstly, similar with the previous section, OLS assumptions are examined, followed by the performance of OLS regression model to achieve the empirical results for both independent and control variables. The robustness and sensitivity of the results are then examined by the use of several alternative model. The results from the original model and sensitivity analyses provide consistent findings with the four significant independent variables, mandatory reporting, uncertainty avoidance, masculinity and GRI reporting standard. Finally, a discussion of empirical findings based on previous studies concludes the chapter.

Chapter Seven is the concluding chapter of the thesis. The chapter firstly re-addresses the research questions and discusses how the findings in this study answer each of these. The chapter then provides arguments for theoretical, empirical and practical contributions of the research. The limitations of the study are also addressed. The chapter concludes with recommendations for future research in the field of CSRD determinants.

1.10 Chapter Summary

Chapter One has provided background information about the concepts of CSR and CSRD. Relevant literature in the field of CSRD determinants was also discussed to identify empirical and theoretical gaps, from which motivations of conducting this study are based on. In the chapter, the scope of the study, research aims, objectives and questions were addressed. Moreover, the chapter presented a brief context information of Southeast Asia in general and each of the six examined countries. Finally, the chapter concludes with a summary of research findings and contributions as well as the organisation of the thesis.

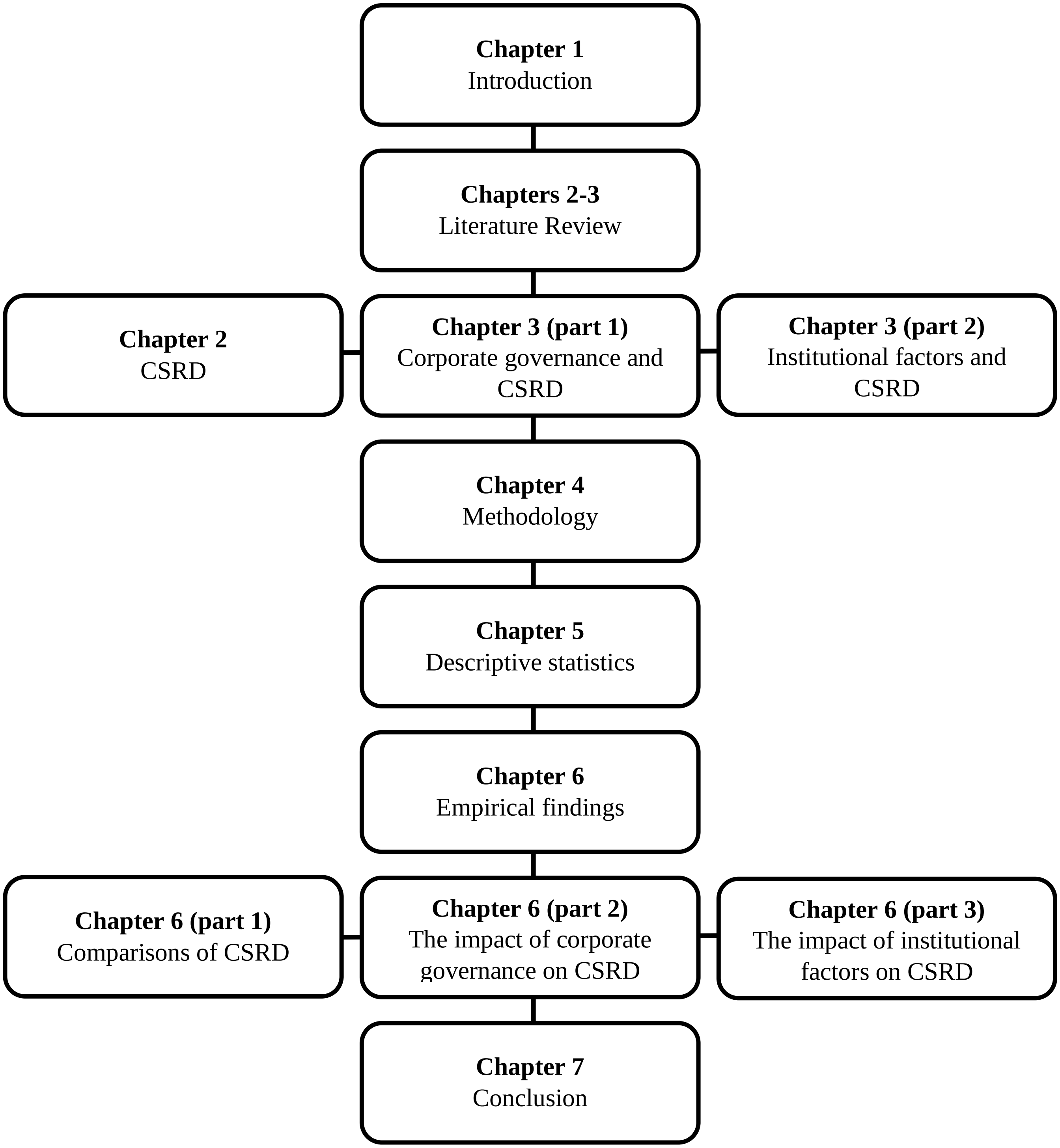

Figure 2: Structure of the thesis

CHAPTER 2: CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE

2.1 Overview

The main objectives of this chapter are to provide an overview of the current literature regarding determinants of CSRD and identify specific gaps that highlight the contributions of this study. The chapter starts by examining definitions including an attempt to differentiate between CSR reporting and CSRD, then followed by a review of previous literature on the scope and categories of CSRD. Consequently, an appropriate CSRD instrument is selected from a previous study. A detailed description of each category then follows to provide a defined understanding of included information for individual categories. The next section presents a review of previous studies regarding CSRD determinants. The chapter concludes with a discussion of relevant gaps in the literature and how this research fits in with contemporary literature.

2.2 CSR reporting and CSRD

The origin of corporate social and environmental reporting is largely associated with the dawn of the modern corporation (Buhr, 2007). Its notion was developed from the social theory view in which the corporation owe a duty to their respective society (Reynolds and Yuthas, 2008). The earliest trend of CSR reporting started with the use of annual reports to manage public opinion and satisfy stakeholders (Neu *et al.* 1998; Patten, 1992). The development of CSR reporting began with employee reporting, and then moved toward more diverse types such as social reporting, environment reporting, triple bottom line reporting and ideally sustainability reporting (Bhur, 2007). CSR reporting began to receive increased attention in the early 1990s for numerous reasons, including greater public awareness, pressure from stakeholders, and social concerns over negative business conduct (Tschopp and Nastanski, 2014). With the growing importance of key stakeholders and the recognition of broader duties of accountability with non-financial expectations from stakeholders, the role of CSR reporting as a mechanism to address these duties has become integral (Gray, Owen and Adams, 1996). Aligned with the pertinence of CSR reporting, this phenomenon has become prominent as a research topic. Many academics, therefore, have attempted to define CSR reporting which results in various definitions evidenced in contemporary literature. Some examples of these definitions are presented as follows:

"CSR reporting is a key tool for communication with stakeholders about an organisation's CSR activities." (Golob and Bartlett, 2007, p.1)

"Voluntary disclosure of information, both qualitative and quantitative, made by organisations to inform or influence a range of audiences." (Mathews, 1984, p.204)

"Social and environmental disclosure can typically be thought of as comprising information relating to a corporation's activities, aspirations and public image with regard to environmental, community, employee and consumer issues." (Gray *et al.*, 2001, p.329)

"Corporate social disclosure can be defined as the provision of financial and non-financial information relating to an organization's interaction with its physical and social environment, as stated in annual report or separate social reports."

(Hackston and Milne, 1996, p.78).

Through these definitions, CSR reporting is frequently agreed as a way through which organisations communicate information regarding their CSR activities with diverse stakeholders. Even though there is no commonly accepted definition for CSR reporting, the definition of Gray *et al.* (1987) has been extensively used to define CSR reporting:

"The process of communicating the social and environmental effects of organisations' economic actions to particular groups within society and to society at large" (Gray *et al.*, 1987, p.ix)

Aligned with other definitions, CSR reporting is considered an extension of organisations' accountability that goes beyond the traditional financial account for shareholders (Gray *et al.*, 1996) and becomes accountable for their social performance. Through these definitions, it is also noticeable that the concept of CSR reporting has been discussed using various labels. Previous literature recorded the interchangeable use of terminologies in CSR reporting studies, such as social and/or environmental disclosure (CSRD), sustainability reporting, sustainability disclosure, social accounting, stakeholder dialogue reporting, and social auditing (Gray, 2002; Parker, 1986). Without any clear differentiation, the interchangeable use of these terminologies cause confusion as these terms could be used to indicate different meanings. Therefore, in order to maintain consistency and avoid confusion, for the purpose of this study, the term CSR disclosure (CSRD) is used to address corporations' communication regarding environmental and social issues to stakeholders specifically in annual reports, while CSR reporting is the general term for reporting CSR information through wider forms and diverse channels, such as website, stand-alone reports, integrated reports, booklets, etc. (see Gray *et al.*, 1996, Zeghal and Ahmed, 1990). Definitions of CSR reporting and CSRD, therefore, are developed for the purpose of this study as follows:

> "CSR reporting is defined as mechanism in which firms report social and environmental information, either mandatory or voluntary, regarding issues of environment, employees, consumers and products, and community activities to diverse range of stakeholders through different channels, such as annual reports, websites, stand-alone reports, booklets, etc."

> "CSRD is the process of communicating firms' social and environmental performance, either mandatory or voluntary, to diverse stakeholders regarding activities in areas of environment, employees, consumers and products and community, through the use of annual reports"

Among these definitions, the two types of disclosure, mandatory disclosure and voluntary disclosure, have been taken into consideration. According to Mirfazli (2008), mandatory disclosure and voluntary disclosure can defined as follows:

> "Disclosure could be mandatory; it is a compulsory for an information disclosure conducted by company based on certain rule or standard. Disclosure could also be voluntary; it is information disclosure overweigh minimum requirement from the rules"

(Mirfazli, 2008, p.278)

Although the issues of mandatory and voluntary disclosure have rarely been mentioned when defining CSR reporting, some authors, such as Mathews (1984), gave more attention to voluntary disclosure with the emphasis on CSRD as a voluntary disclosure of information to inform and influence wide range of audiences. Throughout the past decade, however, mandatory disclosure has become a trend with a growing number of countries applying mandatory disclosure for CSR information, such as India, Argentina, Denmark, France, Indonesia, Malaysia, etc. (Malan, 2013). Requirements for mandatory CSRD can be released under the forms of national laws, regulations or listing requirements. Therefore, aligned with the suggestion of Woodward (1997), both types of disclosure are included in the definitions.

Despite the differentiation between CSR reporting and CSRD, this study focuses solely on CSRD which is the extent of CSR information disclosed in annual reports. The use of annual reports as the sole examined document type for this thesis is based on the following reasons. Firstly, annual reports have been used extensively as one of the key documents to examine corporation's communication on social issues due to their accessibility, credibility and completeness (Kuasirikun and Sherer, 2004; Tilt, 1994). The nature of annual reports requires each company to have one annual report for each year studied. Therefore, the number of data for each company would be equal and consistent for the whole data set. In contrast, regarding non-annual report data, different companies would publish diverse types of documents. As a result, it is not possible to apply the same set of data for all companies as doing so would create bias in the sample, reduce the consistency of the results and not ensure the completeness of the data set (Gray, Kouhy and Lavers, 1995a).

Moreover, the practice of using the same set of data for all companies to examine the level of CSRD is particularly difficult in the case of this comparative study. With the sample of firms from across six countries, the level of document diversity across the sample would be high due to the differences in the national legal environments as well as regulations from different stock exchanges. As a result, annual reports alone would be a reasonable choice. In addition, annual reports are considered as the main source of information for diverse groups of stakeholders if they are interested in a company's attitude on social and environmental issues, due to their widespread distribution (Campbell, Moore and Shrives, 2006; Deegan and Rankin, 1997). Finally, according to Naser *et al.* (2006), in developing countries, aside from annual reports, other means of corporate disclosure are not widely used and most of the CSRD information is more likely located within annual reports. Therefore, the use of other reporting channels for analysis might result practical difficulties (Naser *et al.*, 2006). In the context of this study, most of the examined countries, except for Singapore, are classified as developing economies based on the classification of IMF (IMF, 2017). As a result, the choice of annual reports as the sole documents to examine the level of CSRD is reasonable. Considering these arguments, this study only focuses on CSRD in annual reports rather than CSR reporting in general.

2.3 The Scope and Categories of CSRD

Previous literature has attempted to classify CSRD into multiple categories, for instance some scholars use four categories (Anas *et al.*, 2015; Branco and Rodrigues, 2008; Gray *et al.*, 1995a; Haniffa and Cooke, 2005; Jizi *et al.*, 2014; Muttakin and Subramaniam, 2015; Ponnu and Maurice, 2009; Said, Zainuddin and Haron, 2009), others, five (Ahmad *et al.*, 2003; Esa and Ghazali, 2012; Hackston and Milne, 1996; Sobhani *et al.*, 2009; Trotman and Bradley, 1981), and some with six or more (Chan *et al.*, 2014; Gao *et al.*, 2005; Guthrie and Parker, 1990; Ratanajongkol *et al.*, 2006). No standard format of categories exists ensuing that depending on the requirements of each company and their stakeholders, the categories used by one company often differ from another (Mirfazli, 2008). Although different scholars classify CSRD categories differently, the primary areas for CSRD are consistently related to environment, energy, employees/human resources, consumers, products and community (see Chan *et al.*, 2014; Gao *et al.*, 2005; Gray *et al.*, 1995a; Hackston and Milne, 1996). The energy category is occasionally included in environmental disclosure as a sub-category (see Anas *et al.*, 2015; Branco and Rodrigues, 2008; Haniffa and Cooke, 2005; Jizi *et al.*, 2016).

Table 2 provides an overview of the scope and categories of CSRD that have been used in previous literature. CSRD checklists from 28 papers have been reviewed to identify the appropriate checklist used for this study. The review showed that aligned with the definition developed in this study, CSRD checklists of previous studies address the needs and expectations of four main stakeholders, including human resource (or the issue of workplace), environment and energy, consumers and products (or the issue of marketplace) and finally community (see Ahmad *et al.*, 2003; Anas *et al.*, 2015; Branco and Rodrigues, 2008; Gray *et al.*, 1995a; Jizi *et al.*, 2014; Kilic *et al.*, 2014; Muttakin and Subramaniam, 2015; Othman *et al.*, 2011; Ponne and Maurice, 2009). Besides these main stakeholders, some other studies have attempted to incorporate alternative types of information in CSRD, such as value-added information (Esa and Ghazali, 2012; Khan *et al.*, 2013a), general disclosure (Chan *et al.*, 2014; Sobhani *et al.*, 2009), fair business practices (Chan *et al.*, 2014; Gao *et al.*, 2005; Xiao *et al.*, 2005), finance and investment (Lestari, 2013), or shareholder responsibility (Wang *et al.*, 2013). Following previous CSRD studies conducted in the Southeast Asia region (Ahmad *et al.*, 2003; Anas *et al.*, 2015; Mirfazli, 2008; Othman *et al.*, 2011; Ratanajongkol *et al.*, 2006; Said *et al.*, 2009) and ensuring the consistency between the developed

CSRD definition and the measurement of disclosure, the study only focuses on information disclosure that targets the four main stakeholders of CSRD, including environment, human resources, consumers and community. Aside from the differences in classifying disclosure categories, the numbers of disclosure items in previous studies are also diverse, ranging from 15 items (Ahmad *et al.*, 2010) to 70 items (Nurhayati *et al.*, 2016). Some studies have attempted to classify and measure CSRD using more detail disclosure items than others. Such difference could be the result of each study's nature. The studies that have used more detail CSRD checklists with very high number of disclosure items tend to focus on a specific country context (see Anas *et al.*, 2015; Gray *et al.*, 1995a; Khan, 2010; Nurhayati *et al.*, 2016) or industry context (see Jizi *et al.*, 2014; Kilic *et al.*, 2016). The items in such studies, therefore, tend to be more specific. For instance, in the study of Kilic *et al.* (2016) examining the online CSRD in the banking industry of Turkey, the checklist included some specific items that are only applicable for the industry, such as 'environmental investment policies' or 'environmental considerations in lending policies'. Similarly, in the checklist of Gray *et al.* (1995a), the items were divided into mandatory disclosure and voluntary disclosure, in which mandatory disclosure identified certain items that focused on the context of UK, for instance, charity donations, employment of disabled, employees consultation, and employee share ownership.

After the review and careful consideration of different CSRD checklists in the contemporary literature, the CSRD checklist of Branco and Rodrigues (2008) is selected to be the guidance for measuring CSRD in this study due to several reasons. First of all, Branco and Rodrigues (2008)'s CSRD instrument includes the four disclosure categories, environmental disclosure (ED), human resources disclosure (HRD), product and consumer disclosure (PCD) and community involvement disclosure (CD), in which the ED also mentions information related to energy disclosure. These four categories with 30 disclosure items, therefore, cover all key aspects of CSRD that have been addressed in most CSRD studies (see Gao *et al.*, 2005; Jizi *et al.*, 2016; Sobhani *et al.*, 2009), including studies conducted within the context of Southeast Asia (see Anas *et al.*, 2015; Chapple and Moon, 2005; Mirfazli, 2008; Ratanajongkol *et al.*, 2006). The checklist has also been used in a number of CSRD studies conducted in the context of the region (see Saleh *et al.*, 2011; Hassan *et al.*, 2012), which demonstrates the appropriateness of the checklist in measuring CSRD in the context of Southeast Asia. Secondly, the CSRD instrument was developed based on previous well-established CSRD instruments, such as Adams *et al.*, (1998); Gray *et al.*, (1995b), Hackston and

Milne, (1996); Williams and Pei, (1999); and Purushothaman *et al.*, (2000). Most of these instruments, as justified in Chapter 1, were developed based on the previous ones; therefore, the contemporary instrument of Branco and Rodrigues (2008) can be considered as an updated version of these well-established instruments. Additionally, the CSRD checklist have included a sufficient number of CSRD items which cover the relevant CSRD practices in detail, compared to some other studies in the field (see Ahmad *et al.*, 2010; Esa and Ghazali, 2012; Khan *et al.*, 2013a; Sobhani *et al.*, 2009; Wang *et al.*, 2013). Simultaneously, unlike a number of studies (see Jizi *et al.*, 2014; Khan, 2010; Kilic *et al.*, 2016; Nurhayati *et al.*, 2016), the checklist has not provided detail information in relation to practices that are only relevant to a specific context or industry. This feature of the checklist has allowed it to be applicable to different study contexts and industries, which is important for this cross-national study. Finally, the 30 sub-categories provide general guidance for examining CSRD but at the same time allow the flexibility of adopting sub-categories to the context of this study through the development of a detailed code book explaining each of the sub-categories (Appendix 2). This process will be explained further in Chapter 4. Therefore, with the above arguments, this CSRD instrument is considered appropriate for the study.

Table 2: A summary of previously used disclosure indexes

Study	Context	Number of items	Categories
Gray *et al.* (1995a)	UK	24	Mandatory disclosure (8 items), voluntary disclosure – human resource (9 items), environment (3 items), community (3 items), customer (1 item).
Hackston and Milne (1996)	New Zealand	20	Environment (3 items), energy, employee health and safety, employee other (9 items), products (3 items), community involvement, others (2 items).
Trotman and Bradley (1981)	Australia	34	Environment (10 items), energy (5 items), human resources (5 items), products (3 items), community involvement (5 items), other (6 items)
Ahmad *et al.* (2003)	Malaysia	24	Environment (9 items), energy, human resources (9 items), products and consumers (4 items), community involvement.
Branco and Rodrigues (2008)	Portugal	30	Environment (11 items), human resource (9 items), products and consumers (5 items), community involvement (5 items)
Jizi *et al.* (2014)	US	31	Community involvement (6 items), environment (4 items), employees (13 items), products and services quality (8 items)
Muttakin and Subramaniam (2015)	India	17	Community involvement (3 items), environmental (5 items), employee (7 items), product and service (2 items)
Ponnu and Maurice (2009)	Kenya	-	Environment, community involvement, product and consumer, human resource.
Said *et al.* (2009)	Malaysia	-	Environment, human resource, energy, community involvement and products
Esa and Ghazali (2012)	Malaysia	21	Human resource (10 items), value-added information (1 item), environment (1 item), community involvement (3 items), product or service information (6 items)
Sobhani *et al.* (2009)	Bangladesh	30	Human resource (6 items), consumer/ product (6 items), community (6 items), environment (6 items), general (6 items)
Chan *et al.* (2014)	Australia	32	General (2 items), environment (7 items), energy (5 items), human resources (6 items), products (4 items), community (6 items), fair business practices (2 items).
Gao *et al.* (2005)	Hong Kong	36	Environment (8 items), energy (4 items), health and safety (6 items), human resources (7 items), community involvement (4 items), fair business practices (7 items)
Guthrie and Parker (1989)	US	-	Environment, energy, human resources, products, community involvement, others
Ratanajongkol *et al.* (2006)	Thailand	-	Environment, energy, products, community, human resources, others.
Mirfazli (2008)	Indonesia	29	Labour (14 items), consumers (3 items), society (8 items), environment (4 items).
Anas *et al.* (2015)	Malaysia	17	Environment (4 items), community (5 items), workplace (4 items), marketplace (4 items)

Othman *et al.* (2011)	Malaysia	40	Community (10 items), environment (10 items), workplace (10 items), marketplace (10 items)
Lestari (2013)	Indonesia	38	Finance and investment (6 items), products and services (3 items), employees (10 items), society (11 items), environment (3 items), corporate governance (5 items)
Xiao *et al.* (2005)	Hong Kong and UK	36	Environment (8 items), energy (4 items), health and safety (6 items), human resource (7 items), community involvement (4 items), fair business practices (7 items)
Ahmad *et al.* (2010)	Bangladesh	15	Environmental (5 items), human resource (5 items), community involvement (5 items)
Khan (2010)	Bangladesh	59	Contribution to health sector (13 items), contribution to education sector (10 items), activities for natural disaster (5 items), other donations (8 items), employees (12 items), environment (5 items), products/ services (6 items)
Khan *et al.* (2013a)	Bangladesh	20	Community involvement (3 items), environmental (1 item), employee (9 items), product and service (6 items), value-added information (1 item)
Wang *et al.* (2013)	China	20	Shareholder (3 items), employee (5 items), customers and products (3 items), environment/ energy (4 items), community (3 items), others (2 items)
Bhattacharyya (2014)	Australia	35	Social disclosure indicators: employee (7 items), diversity, opportunity and human rights (3 items), customers and communities (3 items), integrity and ethics (4 items) Environmental disclosure indicators: general (5 items), energy, water and materials (5 items), pollution and waste management (4 items), others (4 items)
Kilic *et al.* (2014)	Turkey	52	Environment (13 items), energy (9 items), human resource (12 items), products and customers (7 items), community involvement (11 items)
Majeed *et al.* (2015)	Pakistan	40	Contribution to health sector (6 items), contribution to education sector (8 items), activities for natural disaster (4 items), other donations (5 items), employees (8 items), environment (4 items), products/ services (5 items)
Nurhayati *et al.* (2016)	India	70	Labour practices and decent work (14 items), human rights (9 items), society (8 items), product responsibility (9 items), environment (30 items)

2.3.1 Environmental Disclosure (ED)

Environmental disclosure (ED) refers to any disclosed information related to the impact of organisational process or operation on the natural environment (Campbell, 2004). Therefore, ED can be a strong indicator of corporate environmental commitment, and an organisations' willingness to improve environmental performance (Perry and Sheng, 1999) in addition to enhancing reputation (Buzby and Falk, 1979). This type of disclosure in annual reports was initially a simple description of a firm's environmental aspects (Harte and Owen, 1991) while negative effects, such as environmental damage or potential liability was rarely mentioned (Othman and Ameer, 2010).

The sub-categories of ED have been developed over the last few decades by scholars (see Anas *et al.*, 2015; Chan *et al.*, 2014; Esa and Ghazali, 2012; Hackston and Milne, 1996; Jizi *et al.*, 2014). There are multiple variations regarding what should be included in ED. For instance, the study of Anas *et al.* (2015) on CSRD of Malaysian listed companies has developed the sub-categories of ED based on CSR framework of Bursa Malaysia, the national stock exchange of Malaysia. Key issues, such as energy efficiency, emissions reduction, biofuels, and the need to protect flora and fauna, were addressed (Anas *et al.*, 2015). Jizi *et al.*'s (2014) study, however, on CSRD in American banks defined sub-categories of ED differently, including environmental policies and concerns, systems for environmental management, environmental projects and energy saving performance. Another study of Chan *et al.* (2014) on CSRD of Australian firms proposed more detailed sub-categories for environmental disclosure with seven key issues, research and studies on environmental impact, disclosure of environmental incidents, non-compliance or fines, environmental performance and climate change strategies, pollution and gas emission controls, the use and recycling of waste materials, waste management, land reclamation and planting trees, and sustainability (the use of renewable energy, resources, recycled materials, etc.).

Adopting the CSRD instrument of Branco and Rodrigues (2008), the ED category in this study includes the following eleven sub-categories: environmental policies and expression of environmental concerns, environmental management systems and audit, pollution from business conduct, pollution created from the use of company's products, prevention or repair of environmental damage, natural resources conservation and recycling, sustainability awareness, environmental aesthetics, energy conservation, products' energy efficiency, and discussion of environmental laws and regulations, as indicated in Appendix 1. These 11 sub-categories address diverse topics of ED mentioned in previous CSRD studies (see Gao *et al.*, 2005; Jizi *et al.*, 2014; Sobhani *et al.*, 2009). Moreover, the checklist can also be considered more exhaustive in comparison with majority of these studies due to the high number of ED items addressed.

2.3.2 Human Resources Disclosure (HRD)

Employees, as arguably the most valuable resource of an organisation, has meant that human resource disclosure has become increasingly important (Wickramasinghe and Fonseka, 2012). Companies rely on their human resources to improve efficiency and effectiveness to achieve competitive advantage (Nielsen, Bukh, Mouritsen, Rosenkrands and Gormsen, 2006; de Pablos, 2003). Various terminology in relation to human resources have been used in the literature, such as 'human capital', 'employees', or 'human assets' (Absar, 2016; Khan and Khan, 2010; Wickramasinghe and Fonseka, 2012).

The pressures for firms to disclose human resources information come from the emergence of better informed consumers and the need for policies to retain workforce (Khan and Khan, 2010). Human resources information could provide firms with considerable benefits such as highlighting more effective resources allocation, identification of gaps in skills and abilities (Guthrie, 2001), as well as assisting provision of more complete information for stockholders and potential investors (Flamholtz and Main, 1999; Royal, 2005). The concept of HRD has been researched under the broad concepts of CSRD (see Chan *et al.*, 2014; Esa and Ghazali, 2012; Sobhani *et al.*, 2009). According to the American Accounting Association (1973, p.169), HR Accounting, in which HRD is included, is defined as "the process of identifying and measuring data about human resources and communicating this information to interested parties".

Many studies have looked at the level of HRD as a category of CSRD (see Absar, 2014; Subbarao and Zeghal, 1997). Past CSRD studies have categorised HRD into several different sub-categories. For instance, in the study of Gao *et al.* (2005) regarding the level of CSRD of Hong Kong firms, HRD was examined under seven sub-categories, such as employee development programs, pay and benefits, employee loan, share ownership scheme, pension scheme, sport and recreation and other disclosure. On the other hand, nine sub-categories related to employee information were identified in the study of Khan *et al.* (2013a) conducted in Bangladesh, with information about number of employees, employees' relations, welfare, education, training and development, profit sharing, remuneration, health and safety, and child labour. There has been no standard measure of human resources information in annual reports. With the same justification for ED, sub-categories of HRD is adopted from the instrument of Branco and Rodrigues (2008). HRD is assessed through nine items, including issues related to health and safety, employment of minorities or women, HR profiles, employee remuneration, employee share ownership schemes, employee assistance/ benefits, employee training, employee morale and industrial relations (Appendix 1). The nine sub-categories addressed all the key relevant issues related to HRD in CSRD studies (see Esa and Ghazali, 2012; Gao *et al.*, 2005; Khan *et al.*, 2013a).

2.3.3 Products and Consumers Disclosure (PCD)

Unlike the popular disclosure themes such as environmental disclosure or human resources disclosure, products and consumers disclosure (PCD) has only been discussed and examined together with other categories as a part of CSRD (see Anas *et al.*, 2015; Branco and Rodgriez, 2008; Sobhani *et al.*, 2009). In some studies, only the product disclosure aspect is mentioned, without considering consumer related information disclosure (see Esa and Ghazali, 2012; Chan *et al.*, 2014; Jizi *et al.*, 2016; Muttakin and Subramaniam, 2015; Saleh, 2009). For instance, the studies of Muttakin and Subramaniam (2015) and Saleh (2009) examining the level of CSRD amongst Indian and Malaysian listed companies respectively addressed four main categories of CSRD, including community involvement, environmental, employee information, as well as product and service information. Product disclosure category often includes some key information, such as product development, product quality, product safety, and improved recycling ability of products (Muttakin and Subramaniam, 2015; Saleh, 2009; Trotman and Bradley, 1981). According to Pratten and Mashat (2009), previous studies suggested that firms tended to ignore their consumers.

Despite the lack of attention, consumers are a sensitive stakeholder group to a company's corporate social performance (Pivato, Misani and Tencati, 2008), and therefore should be addressed in firms' communication. Some studies, such as Ahmad *et al.* (2003), Branco and Rodrigues (2008), have attempted to combine disclosure information about consumers to products disclosure categories due to the relevance of information, constituting the category of PCD. Information regarding consumers in annual reports can be classified into the following sub-categories, consumer information (Ahmad *et al.*, 2003), consumer safety practices disclosure, consumer satisfaction and complaints, and provision for disabled, aged, and difficult-to-reach consumers (Branco and Rodrigues, 2008). As this particular study is looking at the CSRD in cross-countries context, due to the differences in disclosure practices across the countries, it is important to have sub-categories that cover diverse aspects of CSRD. Consequently, rather than being restricted to products disclosure only, the use of the PCD category with the incorporation of consumer-related information is more appropriate. The PCD category of Branco and Rodrigues (2008) is applied with five sub-categories, product safety, product quality, consumer safety practices disclosure and provision for disadvantaged consumers (Appendix 1).

2.3.4 Community-involvement Disclosure (CD)

The vital role of corporate community involvement began as a topic of discussion from the mid-20th century after the World War II (Yekini, Yekini, Adelopo and Andrikopoulos, 2015). According to Tallon (2010), corporate community involvement was one of key strategies for social and economic regeneration by many governments in response to the consequences of the war, such as homelessness, poverty and unemployment. Businesses, as a result, were encouraged to participate in community development to increase industrial and economic growth (Moon and Muthuri, 2006), resulting in the move from philanthropic activities to actual involvement in community development and social rebuilding (Bush, Grayson, Jordan and Nelson, 2008).

Community involvement disclosure (CD) in annual reports can be defined as disclosure of corporations' involvement in social initiatives of the communities where they operate (Moon and Muthuri, 2006). According to Patten (1995), CD includes:

> "disclosures related to community activities, health-related activities, donation of cash, products and employee services to education or arts or other community activity disclosure". (Patten, 1995, p.280)

Rather than emphasising any specific stakeholder group, the scope of CD demonstrates a wider range of concerns towards general interests of society (Campbell *et al.*, 2006). Different from ED and HRD, despite the importance of community as a broadly conceived stakeholder group (Clarkson, 1995), CD has received limited attention from previous studies (Soobaroyen and Mahadeo, 2016), resulting in a limited understanding of the motives, longitudinal or cross-sectional behaviour of this category (Campbell *et al.*, 2006). Most studies have only addressed CD as a part of CSRD (see Chan et al, 2014; Gao *et al.*, 2005; Hackston and Milne, 1996). Even so, community themes have been consistently reported as one of the most disclosed categories across countries (Hackston and Milne, 1996; Holder-Webb, Cohen, Nath and Wood, 2009). According to Holder-Webb *et al.* (2009), the elevated level of community-related disclosure might reflect firms' attempt to appear legitimate to the society.

For the purpose of examining CD, diverse classifications of sub-categories have been developed in previous studies (Anas *et al.*, 2015; Esa and Ghazali, 2012; Gao *et al.*, 2005; Gray *et al.*, 1995; Hackston and Milne, 1996; Sobhani *et al.*, 2009). Despite the high variation of areas that should be put under CD, some key sub-categories, such as charitable donations, local development, sponsorship for education, community's activities, sport activities, art and culture, have been consistently mentioned (Anas *et al.*, 2015; Esa and Ghazali, 2012; Gao *et al.*, 2005; Jizi *et al.*, 2016; Sobhani *et al.*, 2009), emphasising their importance in measuring the category. As previously justified, with the use of CSRD instrument of Branco and Rodrigues (2008), the level of CD is examined under five sub-categories, charitable donations and activities, support for education, support for arts and culture, support for public health, and sponsoring sporting or recreational projects, which covers all the key sub-categories mentioned above (Appendix 1).

2.4 Determinants of CSRD

With the rising attention of CSR reporting in general and CSRD in particular throughout recent decades, and due to its voluntary nature, CSRD literature has extensively focused on the reasons why companies disclose CSR information (de Villiers and Alexander, 2014). As a result, research has attempted to investigate the nature, patterns (e.g. Buhr and Freedman, 2001) and determinants of CSRD (e.g. Chakroun and Matsoussi, 2012; Cowen, Ferreri and Parker, 1987; El-Halaby and Hussainey, 2015; Ghazali, 2007). Diverse number of determinants, such as firm size (see Esa and Ghazali, 2012; Mio and Venturelli, 2013; Rahman *et al.*, 2011), profitability (see Anas *et al.*, 2015; Cowen *et al.*, 1987; El-Halaby and Hussainey, 2015), industry (see Chan *et al.*, 2014; Naser and

Hassan, 2013; Parsa and Kouhy, 2008), media exposure (see Branco and Rodgriez, 2008), etc., have been considered in the literature. Adopting the classification of Fifka (2013), CSRD determinants can be divided into two main categories, external determinants and internal determinants. In order to have a more focused review of studies on determinants of CSRD in annual reports, a systematic literature review was conducted by using the University of Huddersfield Library's search engine, Summon, and Google Scholar. The literature review covers only empirical studies in English language scholarly and peer reviewed journals from January, 2005 to May, 2017. The choice of journal articles stems from the suggestion of Belal and Momin (2009) that this published source provides the most updated and authoritative information of the field. Furthermore, empirical studies would allow a more focused examination on factors and determinants influencing CSRD. Different combinations of key words, as presented in figure 3, were used to identify relevant studies. In order to emphasise the current trends and identify the gaps in the contemporary literature, following the systematic review technique of Fifka (2013), ables 3 and 4 provide a summary of these studies with information about authors, year of publication, examined countries, used theories, determinants (external/internal) and sample size. The studies were grouped based on their context. While table 3 presents only studies conducted in Southeast Asia, table 4 provides a summary of empirical studies in other contexts. Although there are different ways of categorising CSRD literature, such as chronologically (Mathews, 1997), the choice of categorising literature based on the study context would enable the ability to indicate and unearth studies conducted in Southeast Asia specifically with the main purpose of capturing significant trends, developments and gaps in the literature from the perspective of these countries.

Internal determinants have been a strong focus within most reviewed studies. Only a handful of studies have examined the effect of external determinants, such as media exposure (e.g, Branco and Rodrigues, 2008; Tan *et al.*, 2016), regulatory environment (e.g. Chakroun and Matsoussi, 2012; Othman *et al.*, 2011) or culture (e.g. Haniffa and Cooke, 2005), on CSRD. Among all the internal determinants, firm size, profitability, and industry are the most examined factors. The only determinant that is found to have consistent positive impact on CSRD is firm size (e.g. Rahman *et al.*, 2011; Naser and Hassan, 2013). Findings are also consistent in concluding significant differences in CSRD across different industries (e.g. Amran and Devi, 2008; Gao *et al.*, 2005). Results of other determinants, however, such as profitability (e.g Esa and Ghazali, 2012; Sharif and Rashid, 2014), leverage (e.g Chan *et al.*, 2014; Jizi *et al.*, 2014), or government ownership (Haji, 2013; Naser and Hassan, 2013), remain diverse.

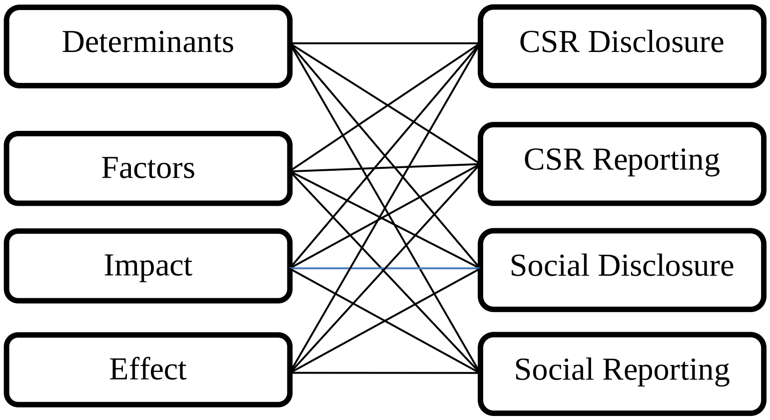

Figure 3: Combinations of search key words

Table 3: Studies of CSRD determinants in Southeast Asia

Author/s	Year	Country/ies examined	Theories used	External determinants	Internal determinants	Sample size
Haniffa and Cooke	2005	Malaysia	Legitimacy theory	Culture (*)	Non-executive directors (+) CEO duality (+) Foreign ownership (0) Size (+) Profitability (+) Gearing (0) Listing status (+) Industry (*)	Annual reports of 139 companies with two years observations, 1996 and 2002
Amran and Devi	2008	Malaysia	Institutional theory	-	Government ownership (+) Dependence on government contract (+) Foreign ownership (0) Foreign business associate (0) Firm size (+) Profitability (0) Industry (+0)	2002 and 2003 annual reports of 584 firms
Othman, Thani and Ghani	2009	Malaysia	-	-	Firm Size (*) Profitability (*) Board Composition (*) Industry (0)	Annual reports from 2004 to 2006 of 56 listed companies
Rahman *et al.*	2011	Malaysia	-	-	Size (+) Age (0) Profitability (0) Leverage (0)	Annual reports from 2005 to 2006 of 44 listed government-linked companies
Othman *et al.*	2011	Malaysia	Institutional theory	Regulatory environment (+)	Government ownership (+) Percentage of family members (-)	2007 annual reports of 117 listed firms

Esa and Ghazali	2012	Malaysia	-	-	Size (0) Board size (+) Profitability (0) Independent directors (0) Leverage (0)	Annual reports of 27 government-linked companies in two years, 2005 and 2007
Suttipun and Stanton	2012	Thailand	Legitimacy theory	Country of origin (0)	Firm size (+) Industry (0) Government ownership (0) Profitability (0)	2007 annual reports of 75 listed companies
Lestari	2013	Indonesia	Agency theory	-	Firm Size (+) Profitability (+) Firm Age (0) Independent directors (0)	2010-2011 annual reports of 18 Syariah banks
Anas *et al.*	2015	Malaysia	Stakeholder theory and Legitimacy theory	Award on CSR (+)	Profitability (0) Size (0) Industry (0)	2008 annual reports of 60 listed companies
Tan *et al.*	2016	Indonesia	Stakeholder theory Legitimacy theory	Media exposure (+)	Firm size (+) Industry sensitivity (+)	Annual reports of 53 listed firms
Suteja *et al.*	2016	Indonesia	-	-	Profitability (+)	Annual reports from 2010 to 2014 of 15 listed banks

Notes: (0) indicates insignificant relationship; (-) and (+) indicate significantly negative and significantly positive repectively; (*) indicates significant relationship without clear direction.

Table 4: Summary of studies regarding determinants of CSRD in other countries

Author/s	Year	Countries examined	Theories used	External determinants	Internal determinants	Sample size
Gao *et al.*	2005	Hong Kong	-	-	Size (+) Industry (+0-)	154 annual reports from 1993 to 1997 of 33 listed companies
Xiao, Gao and Cheung	2005	Hong Kong and UK	Accounting theory, legitimacy theory and stakeholder theory	Social and economic development (*)	-	334 annual reports of 69 listed companies over the period of 1993-1997
Naser, Al-Hussani, Al-Kwari and Nuseibeh	2006	Qatar	Multi-theoretical framework	-	Firm size (+) Leverage (+) Corporate growth (+) Governmental ownership (0) Individual share (0) Divident (0) Major shareholders (0)	Annual reports of 21 companies listed on Doha Stock Exchange
Branco and Rodrigues	2008	Portuguese	Legitimacy theory Resource based perspective	Media exposure (+)	International experience (0) Leverage (0) Profitability (0) Size (+) Environmental sensitivity (0) Consumer proximity (0)	2003 annual reports of 49 companies
Prado-Lorenzo, Gallego-Alvarez and Garcia-Sanchez	2009	Spain	Stakeholder theory	-	Financial institutions' ownership (0) Dominant shareholder (0) Dispersed ownership (0) Firm size (*)	Annual reports of 116 non-financial firms.

Ahmad, Ahmed and Saha	2010	Bangladesh	Legitimacy theory	-	Firm size (+) Firm age (-) Profitability (-) ROE (+)	2008 annual reports of 20 banks listed on the Dhaka Stock Exchange
Khan	2010	Bangladesh	Legitimacy theory	-	Non-executive directors (+) Foreign directors (+) Women directors (0) Firm size (+) Profitability (+) Gearing (0)	2007-2008 annual reports of 30 private commercial banks on the Dhaka Stock Exchange.
Naser and Hassan	2013	Abu-Dhabi	-	-	Profitability (0) Leverage (0) Industry (0) Audit firm (0) Location of headquarter (0) Government ownership (0) Firm size (+)	2011 annual reports of 60 listed companies
Khan *et al.*	2013a	Bangladesh	Legitimacy theory	-	Managerial ownership (-) Public ownership (+) Foreign ownership (+) Board independence (+) CEO duality (0) Audit committee (+)	Annual reports from 2005 to 2009 of 116 companies, resulting the total 580 firm years observations
Mio and Verturelli	2013	Italy and UK	-	Common law (+)	Size (0)	50 listed companies
Wang, Song and Yao	2013	China	Legitimacy theory and political cost perspective	-	Firm size (+) Media exposure (+) Environmental sensitivity (+) Block ownership (+) Institutional shareholding (+)	2008 and 2009 annual reports of 851 and 856 listed firms respectively.

Bhattacharyya	2014	Australia	Resource-based theory Institutional theory Legitimacy theory	-	Firm size (+) Profitability (-) Audit firm size (0) Industry (*) Firm age (0)	2006-2007 annual reports of 47 listed companies
Muttakin and Khan	2014	Bangladesh	Legitimacy theory	-	Firm size (+) Export orientation (+) Family ownership (-) Industry (*)	Annual reports from 2005 to 2009 of 135 manufacturing companies listed on the Dhaka Stock Exchange, making up the total of 580 year observations.
Bukair and Rahman	2015a	5 Gulf Cooperation Council Countries	Legitimacy theory	-	Board size (0) CEO duality (0) Board composition (0)	2008 annual reports of 53 Islamic banks
El-Halaby and Hussainey	2015	25 countries	-	Accounting standards (+)	Auditor type (+) Size (+) Age (0) Risk ratio (0) Leverage (0) Public ownership (0) Profitability (0)	138 Islamic banks
Kilic, Kuzey and Uyar	2015	Turkey	Legitimacy theory and stakeholder theory	-	Firm size (+) Board size (0) Board diversity (+) Ownership diffusion (+) Board independence (+)	Annual reports of 25 banks over the period of 2008-2012

Majeed, Aziz and Saleem	2015	Pakistan	Legitimacy theory Social and political cost theory	-	Board size (+) Board independence (0) Foreign directors (0) Firm size (+) Female directors (-) Block ownership (+) Institutional ownership (+) Profitability (0)	Annual reports from 2007 to 2011 of 100 listed companies on the Karachi Stock Exchange.
Razak	2015	Saudi Arabia	Legitimacy theory and stakeholder theory	-	Firm size (+) Profitability (+) Leverage (0) Consumer proximity (0) Environmental sensitivity (0)	2013 annual reports of 166 companies listed on the Tadawul Stock Exchange.
Nurhayati, Taylor and Tower	2016	India	Legitimacy theory	International awards (+) International brands (+)		Annual reports from 2010 to 2012 of textile and apparel Indian firms, resulting the total observation of 285.
Dyluch and Krasodomska	2017	Poland	Legitimacy theory	-	Firm size (+) Profitability (0) Board size (0) Female directors (0) Leverage (0) Industry environmental sensitivity (+) Internationalisation (+)	Annual reports of 60 listed companies
Lu, Rozakm, Toppinen, D'Amato and Wen	2017	China	Stakeholder theory	-	Firm size (*) Profitability (0) Equity concentration (*) Leverage (0)	209 annual reports published by 42 companies for the period of 2011-2015

Notes: (0) indicates insignificant relationship; (-) and (+) indicate significantly negative and significantly positive repectively; (*) indicates significant relationship without clear direction.

2.5 Empirical Research Gaps

Firstly, regarding research contexts, previous review papers have concluded that the main attention of the current CSRD literature lies within the context of Anglo-Saxon and Western European countries (Fifka, 2013; Van der Laan Smith *et al.*, 2005). Considering the differences in the market place and the impossibility of 'one size fits all' approach to the concept of CSR, an Asian perspective is needed to obtain advancements in social change and environmental sustainability (Fukukawa, 2009). With differences in national CSR contexts and challenges together with diverse CSR norms and practices of Asian business systems, further research in this context could provide a deeper understanding of the effect of such contextual factors on CSR practices on both firm and national levels (Chapple and Moon, 2005). Applying this suggestion to CSRD studies, based on the review (table 3 and table 4), there has been a growing number of studies regarding determinants of CSRD conducted in Asia in recent years (e.g. Lestari, 2013; Suteja *et al.*, 2016; Suttipun and Staton, 2012). Specifically, in Southeast Asia (table 3), majority of the studies were conducted in the recent decade, however, the review of studies related to CSRD determinants has uncovered an imbalance in terms of research context. Seven out of eleven listed studies in table 3 were conducted in the context of Malaysia, three studies in the context of Indonesia, and only one study in Thailand. Other research contexts in Southeast Asia, such as Philippines, Singapore and Vietnam, have not received sufficient attention. Moreover, a single country study rather than a comparative approach has been a more dominant choice. Comparative studies in this area are increasingly necessary, considering that country of origin has been identified as one of the key factors influencing organisations' CSRD (Van der Laan Smith *et al.*, 2005). The significance of country of origin comes from pressures of diverse institutional groups, such as the government, industry associations, pressure groups or professional accounting (Neu *et al.*, 1998). Therefore, a comparative study of CSRD in the six Southeast Asian countries not only provides insights on CSRD practice in the region, especially in the countries that have received less attention in the literature, but also allows us to examine whether institutional environment and economic development have any influence on CSRD.

Another empirical gap was also found in terms of internal determinants. The review of CSRD studies (tables 3 and 4) demonstrates the extensive focus of current literature on the impact of corporate characteristics, such as firm size (see Anas *et al.*, 2015; Esa and Ghazali, 2012; Rahman *et al.*, 2011), profitability (see Anas *et al.*, 2015; El-Halaby and Hussainey, 2015), or industry (see Chan *et al.*, 2014; Naser and Hassan, 2013). However, there has been a growing number of studies considering the role of corporate governance practices in defining the extent of CSRD (see Amran and Devi, 2008; Khan *et al.*, 2013a; Kilic *et al.*, 2015; Othman *et al.*, 2011), signalling the importance of such practices as determinants of CSRD. Most studies observing the relationship between corporate governance and CSRD have been conducted in a single country context with the focus on some key practices, such as board size (e.g. Jizi *et al.*, 2014), board independence (e.g. Esa and Ghazali, 2012; Khan *et al.*, 2013), CEO duality (e.g. Haniffa and Cooke, 2005) and government ownership (e.g. Amran and Devi, 2008). In the context of Southeast Asian countries, the impact of CG on CSRD has only been examined intensively in the context of Malaysia (table 3), very few studies have looked at this relationship in the context of other countries, such as Thailand or Indonesia. For instance, one of the oldest studies looking at CG practices as determinants of CSRD is the study of Haniffa and Cooke (2005) conducted in Malaysia, in which three CG practices, including non-executive directors, CEO duality and foreign ownership, were examined. However, only the effect of non-executive directors was significant.

In a recent study of Haji (2013), more CG practices have been examined, including director ownership, government ownership, board size, board independence, board meeting and block ownership, in which director ownership was concluded to have a significantly negative impact of CSRD while government ownership and board size were found positively significant. The findings of board independence, board meeting and block ownership were insignificant. In the context of Indonesia, the only study found in the review that examined the impact of a CG factor on CSRD is the study of Lestari (2013). The study looked at the relationship between independent directors and CSRD concluded that the percentage of independent directors on board does not significantly influence CSRD. The impact of CG on CSRD, therefore, has not been sufficiently examined in the context of other Southeast Asian countries, other than Malaysia. As justified in Chapter 1, section 1.2, corporate governance practices can be important determinants of CSRD as CSRD is the result of choices, motives and values of corporation's managers (Khan *et al.*, 2013a). Moreover, according to existing literature (Millar *et al.*, 2005; Welford, 2007), CG practices in Southeast Asia share some common characteristics such as corruption, family dominance, and high concentrated ownership that could result in some differences in CG practices' impact, compared with what have been known in the context of developed countries (Khan *et al.*, 2013a). As a result, such impact on CSRD is worthy of investigation. Therefore, with the purpose of responding to the lack of studies on the relationship between CG and CSRD in the context of the diverse Southeast Asia region, this study examines the impact of six CG practices, including board size, board independence, board gender diversity, CEO duality, block ownership and the presence of CSR committee, on the extent of CSRD in the context of the six Southeast Asian countries. The study, therefore, not only uncovers more of CG mechanisms in these countries, but also provides greater diversity of CG practices to allow better examination of the impact of such practices on CSRD.

Additionally, according to the review, there have been few studies looking at the effect of external factors (e.g. Anas *et al.*, 2015; El-Halaby and Hussainey, 2015; Haniffa and Cooke, 2005; Mio and Verturelli, 2013; Othman *et al.*, 2011). Within these studies, only one or two external determinants were considered together with several internal determinants. For instance, in the study of Mio and Verturelli (2013) that examined CSRD in listed firms from Italy and UK, the effect of legal law origin (common/civil law system) on CSRD was considered with the result that firms from UK, as a common law country, disclosed higher CSR information than their counterparts from Italy following the civil law system. Different from the study of Mio and Verturelli (2013), Haniffa and Cooke (2005) examined the impact of culture and other internal determinants (such as non-executive directors, CEO duality, foreign ownership, size, etc.) on CSRD, in which they found that the ethnic group (Malay or Chinese) that top managers belong to had a significant impact on the extent a company in Malaysia disclosed CSR information in annual reports. Furthermore, the study of Anas *et al.* (2015) looked at the role of external environment from a different aspect through defining the influence of CSR award on a firm's CSRD practice; and concluded that achieving an award for good CSR practices motivated firms to have better CSRD practices.

Generally, the review of CSRD studies on external determinants showed that external determinants have not received sufficient attention in literature, and that the role of external determinants on CSRD had been examined in a fragmented manner rather than from a broad base of aspects. These findings, therefore, are in conjunction with the review of Fifka (2013) who has argued that the lack of attention on external determinants in previous literature is due to the difficulty in quantifying these determinants. The role of external determinants, particularly institutional environment, cannot be overlooked as the concept of CSR and CSR practices (including CSRD) are strongly dependent on the national culture and institutions that corporations are bound (Campbell, 2007;

Lee, 2011; Marquis *et al.*, 2007). According to Gunawan and Hermawan (2012), due to differences in institutional environments, every country has different way of communicating their CSR information to diverse stakeholders. Despite the importance of institutional factors in shaping CSRD practice, these factors have been taken for granted and considered as background conditions, which leads to insufficient attention and a narrow understanding of CSRD as a strategic behaviour. Therefore, to address this gap related to external determinants in the literature, the study also attempts to investigate the impact of institutional environment on CSRD from various aspects by identifying relevant institutional factors based on institutional theory and the Scott's institutional framework (1995), as well as quantifying these factors to examine their impact on firms' CSRD practice.

In conclusion, responding to the mentioned empirical gaps, the research focuses on investigating the impact of corporate governance practices (as internal determinants) and institutional factors (as external determinants) on CSRD in the context of six Southeast Asian countries, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. The study, therefore, provides better insights of CSRD practices in the main economies of Southeast Asia, allows the effect of corporate governance practices to be further examined in consideration of the region's characteristics of family control and concentrated ownership, as well as identify the role of institutional environment in shaping the countries' CSRD practice.

2.6 Chapter Summary

The chapter provided an overview of CSRD regarding its definition, scope and categories, followed by a detailed discussion about information provided in each category. The chapter also presented a review of studies about determinants of CSRD. Based on the review, gaps and limitations of the current literature were identified and connected to the rationales and contributions of this study. In the next chapter, the literature review continues with discussion about the impact of external and internal determinants of CSRD and the development of relevant hypotheses.

CHAPTER 3: THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

3.1 Overview

Chapter Three focuses on a review of literature surrounding the impact of corporate governance and institutional factors on CSRD, theoretical frameworks and hypotheses development. The chapter starts with a session on theoretical framework in which relevant theories are identified and discussed in relation to CSR and CSRD studies. The session reflects on how the theories overlap and can be integrated. The session then moves to discuss the choice of multi-theoretical framework, with the combination of legitimacy theory, institutional theory, stakeholder theory and agency theory, and provides the justification for such choice. With the foundation of the theoretical framework, the next session focuses on the hypotheses development. The hypotheses development session is divided into two main sub-section, for internal determinants (corporate governance mechanisms) and external determinants (institutional environment).

The sub-section 3.3.1 for internal determinants begins with a discussion on the concept and definition of corporate governance. A detailed background, context, and comparisons of corporate governance practices across the six countries are then provided. The section continues with a literature review of the relationship between corporate governance and CSRD. With consideration of the context of each chosen Southeast Asian countries as well as previous literature, six corporate governance practices, including board independence, board diversity, board size, CEO duality, block ownership and the presence of CSR committee, are selected. Relevant hypotheses are then developed to test the impact of these mechanisms on CSRD.

The second sub-section 3.3.2 focuses on the impact of diverse institutional factors on CSRD. The section begins with a discussion on the development of CSR and CSRD across the six countries, followed by a literature review on the relationship between institutional environment and CSRD as well as the need for research on the impact of institutional environment on CSRD using Scott's institutional framework (1995). Scott's institutional framework (1995) with its three pillars, regulative, cultural-cognitive and normative, is then used to identify relevant institutional factors in the environment that potentially influence the extent of CSRD. Six factors, including legal origin, mandatory disclosure, culture dimensions (uncertainty avoidance and masculinity), GRI standard and CSR-related associations, representing the three pillars, are identified with relevant developed hypotheses. Finally, a summary of the chapter is provided.

3.2 Theoretical framework

3.2.1 Review of relevant theories

Based on the literature review presented on table 3 and table 4 (Chapter 2, session 2.4), different theories have been used to examine the effect of several determinants on CSRD practice. For the purpose of identifying the appropriate theoretical framework, the section provides a summary of perspectives of several theories in social and environmental accounting research field and presents the justifications for the use of multi-theoretical framework as well as the focus on certain perspectives than the others.

A number of studies in CSR as well as social and environmental accounting fields have attempted to review the key theoretical perspectives and their application in the research fields (see Chen and Roberts, 2010; Frynas and Yamahaki, 2016). For instance, in the paper of Chen and Roberts (2010), theoretical perspectives of relevant theories in the social and environmental accounting research, including legitimacy theory, institutional theory, resource dependence theory and stakeholder theory, were addressed with the notion that legitimacy theory is served as an overarching concept to examine the relationship and overlapping aspects between and among other theories. Different from the idea of Chen and Roberts (2010), a recent paper of Frynas and Yamahaki (2016) classified the theories based on external or internal drivers of CSR in which legitimacy theory, institutional theory, stakeholder theory and resource dependent theory were argued to be appropriate for studies examining external drivers while agency theory and resource based view were appropriate for studies looking at internal drivers. Following these review papers and the literature review presented in table 3 and table 4 (chapter 2, session 2.4), the widely adopted and key theories in the field of social and environmental accounting research (including CSRD), such as legitimacy theory, institutional theory, stakeholder theory and resource dependent theory, are discussed to provide an overview of these theories and examine which theories are appropriate for the purpose of this study. Apart from these key theories, agency theory is also considered due to its suitability in examining internal drivers, especially corporate governance which will be justified later in this section.

Legitimacy Theory

As presented in the literature review, section 2.4, legitimacy theory is the most widely-used theories among studies examining CSRD determinants. According to Chen and Roberts (2010), legitimacy theory functions as an overarching concept that allows scholars to observe the relationships among other theories such as institutional theory, stakeholder theory and resource dependent theory. The theory introduces the concept of legitimacy, which underpins other theoretical perspectives (Michelon *et al.*, 2016). Legitimacy is defined by Lindblom (1994, p.2) as 'a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is part'. Legitimacy theory, hence, relies on the notion of 'social contract' in which organisations' actions and activities are limited within society's systems of norms, values, beliefs and definitions (Khan *et al.*, 2013a). Corporations' activities are considered appropriate and desirable when complying with these boundaries (Gray *et al.*, 1995a). Individuals, groups and corporations in society, therefore, not only try to maximise their self-interests by competing for economic resources, but also seek social approval (Ntim and Soobroyen, 2013). Legitimacy theory, nevertheless, does not specifically address what should be done to align the actions with the value system of society in order to achieve legitimacy (Chen and Roberts, 2010).

Legitimacy perspective is considered appropriate for examining the practice of CSRD as legitimacy is one of the motivations for management to adopt CSRD (Guthrie and Parker, 1989). In another word, CSRD practice has been referred to as a tool to establish or maintain legitimacy (Lindblom, 1994; Patten, 2005). CSRD has been undertaken by management to communicate with diverse stakeholders and convince them that the organisation has fulfilled its expectations (Khan, 2010). Failure to comply with these institutional norms can create a 'legitimacy gap' (Sethi, 1979) and threaten a firm's survival (DiMaggio and Powell, 1983). When there is an existence of a 'legitimacy gap', organisations seek to harmonise their values with society's (O'Dwyer, 2002). Dowling and Pfeffer (1975) propose different strategies or modes that help organisations to enhance their legitimacy. These strategies have highlighted the role of information disclosure to gain, repair and maintain legitimacy (Haniffa and Cooke, 2005; Qu and Leung, 2006). According to Chan *et al.* (2014), to influence external parties, any remedial strategies implemented by the management must be accompanied by disclosure. This, therefore, emphasises the importance and powerful role of CSRD in annual reports (Chan *et al.,* 2014). As a result, legitimacy theory potentially provides a useful theoretical framework to evaluate the practice of CSRD.

Institutional Theory

The new institutional theory was developed in 1970s when scholars began to recognise that the social relationships in which organisations are embedded, has a stronger influence on organisations than objective tasks (Palmer, Biggart and Dick, 2013). Distinct from other organisations-environments research focusing on resource environments of organisations, proponents of new institutional theory mainly concentrate on norms and mandates, such as laws, regulations, cultural pressures, social comparison processes or belief systems (Meyer and Rowan, 1991; Powell and DiMaggio, 1983). The theory, together with other lines of thoughts, emphasises the interdependent relationship between organisations and environments.

Particularly, the field of new institutional economics concentrates on the interaction between institutions and firms (Hoskisson *et al.*, 2000). The concept of institutions has been discussed widely by many scholars (Hoskinsson *et al.*, 2000; North, 1990; Palmer *et al.*, 2013). Palmer *et al.* (2013) perceived institution as a stable, resilient and hence relatively enduring way of organising human activities. In a simpler way, many other authors (Scott, 1995; North, 1990; Djelic, 2010) defined institutions as formal and informal rules, understandings, norms, and regulations that limit and enable behaviour. According to Scott (1995), institutions consist of regulative, normative and cultural-cognitive elements, together with activities and resources, provide stability and meaning to social life. Despite diverse definitions, all institutions present two main characteristics. Institutions are relatively permanent since it is impossible to imagine them ever being different or not existing at some point. Furthermore, institutions possess a taken-for-granted nature in that they are rarely questioned on appropriateness or efficiency (Meyer and Rowan, 1977). According to the theory, social structures in which organisations are embedded comprise of multiple institutions that significantly influence firms' decision making (Ioannou and Serafeim, 2012, Scott, 1995; Peng and Heath, 1996) by exerting their pressures and expectations through institutional constituents, such as the government, interest groups, public opinions or professions (Baughn, Bodie and McIntosh, 2007).

One of the central concepts of institutional theory is legitimacy. The theory reflects the institutional legitimacy view where evolving over time, the concepts of instutition and instituationalisation now concentrate on granting social acceptance than establishing social reality (Chen and Roberts, 2010). The concept of legitimacy has been considered as the most fundamental attribute of the new institutional theory (Palmer *et al.*, 2008). Despite the overlapping between legitimacy theory and institutional theory, unlike legitimacy theory which does not specify how firms could meet social expectation and receive social support, institutional theory concentrates more on the process of obtaining legitimacy and enhancing survival prospects through conforming with social institutions (Chen and Roberts, 2010; Michelon *et al.*, 2016). As a result, institutionalists such as Weber (1978) and Parsons (1960) view legitimacy as the extent to which an organisation follows social laws, norms and values. With the development of new institutionalism in 1970s, early scholars, like Meyer and Rowan (1977), presented the legitimacy concept through institutional perspective by indicating that survival enhancing outcomes result not only from being efficient but by confirming to the institutional environment. Legitimacy is essential for companies to achieve social worthiness (Oliver, 1991), attract employees and consumers, and ensure a steady cash flow (Pfeffer and Salancik, 2003). In contrast, legitimacy can also be defined by negative consequences. Failure to comply with institutional norms can lead to an organisations' activities to be questioned (Deephouse and Suchman, 2008), creating a 'legitimacy gap' (Sethi, 1979) and threatens a firms' survival (DiMaggio and Powell, 1983). Legitimacy, therefore, is considered as an intangible asset or operational resource that must be maintained in order to ensure support from society (Mahadeo *et al.*, 2011b).

Additionally, a significant advantage of institutional theory is that it considers CSR as a societial institution of its own accord and as a mode of governance that is interlinked within the wide scope of economic governance and societal systems (Brammer *et al.*, 2012; Frynas and Yamahaki, 2016). As a result, from a comparative perspective, institutional theory provides explanations for the differences in CSR nature in consideration of firms' local context (Matten and Moon, 2008; Jamali and Neville, 2011). Due to this advantage, the theory has been mentioned in the review paper of Fryas and Yamahaki (2016) as an appropriate theoretical perspective to examine external drivers of CSR practices. Specifically, a number of CSRD studies have used institutional theory to examine the practice in the wider societal context such as Amran and Devi (2008); Othman *et al.* (2011); and Bhattacharyya (2014).

Resource Dependent Theory

Resource dependent theory, presenting the strategic legitimacy view in social and environmental accounting, emphasises on the will of an organisation to pursue strategies that maintain a supply of the resources that are integral to its survival (Pfeffer and Salancik, 2003). The theory was argued to be suitable for examining the relationships between organisations with different institutions and actors (Ingram and Simons, 1995; Julian, Ofori-Dankwa and Justis, 2008; Frynas and Yamahaki, 2016). As a result, researchers adopting this theoretical perspective view legitimacy as any other resources that are vital for firms to survive and pursue their goals (Pfeffer and Salancik, 2003).

The theory, as a result, is different from legitimacy theory in the way that rather than stressing on the importance of avoiding any threat to an organisation's legitimacy, the resource dependence theory focuses more on the impact of legitimacy as an essential resource for an organisation (Chen and Roberts, 2010). The resource dependent theory was first mentioned by Pfeffer and Salancik (1978) in which the scholars explored how specific external environments and constraints shape an organisation response. The book identified three central themes, the social context mattered, the ontological view of resource dependence theorists and the focus on power instead of economic efficiency (Pfeffer and Salancik, 1978). While the first theme focuses on analysing the pressures and constraints of environmental situations in which firms are located to enable greater understanding of organisations' decisions and behaviours, the second and the third themes concentrate more on organisations' strategic choices to obtain vital resources, either by internal changes, political actions, modifying the environment or building close relationships with other organisations with essential resources (Chen and Roberts, 2010). Based on the resource dependent theorists' view, the condition of an environment is not solely to be accepted, but rather is is an outcome of interactions between multiple actors and organisations seeking their own interests (Chen and Roberts, 2010). The theory, hence, also presents a crucial difference from the institutional theory. While the institutional theory emphasises on institutionalised organisations in general, the resource dependent theory allows organisations to be critical, powerful and proactive entities to make strategic decisions (Frynas and Yamahaki, 2016; Chen and Roberts, 2010). Unlike the previously-mentioned theories, the resource dependence theory, as mentioned in the literature review, has only been addressed in a few CSRD-determinants studies. In these studies, (Bhattacharyya, 2014; Branco and Rodrigues, 2008; Hasseldine, Salama and Toms, 2005), CSRD is perceived as a practice to help organisations enhance their reputation which in turn enables them to achieve certain economic benefits, such as improved financial outcomes, attracting better employees or increasing employees' motivations and morale.

Stakeholder Theory

Another relevant theory in the field of social and environmental accounting is the widely adopted stakeholder theory. In line with the other theories, stakeholder theory also focuses on the relationship between organisations and their environment (Gray *et al.*, 1995, 1996; Bhattacharyya, 2014). The concept of stakeholder was defined by Freeman (1984) as any individual or group who can influence or be influenced by the achievement of firms' objectives. The theory views corporate actions as responses of organisations to pressures from diverse stakeholders, as a result of power dependence or legitimacy claim (Frynas and Yamahaki, 2016). From this perspective, the value systems of stakeholder groups, rather than the society as a whole, determine whether the actions or objectives of organisations are legitimate. As a result, the theory overlaps with the legitimacy theory in this aspect. However, while the legitimacy theory only stresses on the importance of complying with society's expectations in general, stakeholder theory has explicitly indicated that society consists of several stakeholders with different and conflicting expectations of firms (Chen and Roberts, 2010).

Stakeholder theory has been a dominant theory in CSR literature as CSR activities surpass companies' profit making purpose and influence more diverse groups of stakeholders (Anas *et al.*, 2015) which is aligned with the stakeholder perspective that a company's objectives should go beyond its responsibility to shareholders and address the demands of several groups of stakeholders who are interested in the company (Lawrence and Weber, 2011; Tan *et al.*, 2016). According to Clarkson (1995), it would be difficult for an organisation to survive without the support of its key stakeholders. As a result, with the dependence of corporations on stakeholders for resources, stakeholders achieve more power over corporations' behaviour and their demands will be responded to if a firms' success is dependant of the resource that group controls (Chan *et al.*, 2014).

The stakeholder theory can be and has been used in a number of ways in the literature. According to Donaldson and Preson (1985), stakeholder theory can be applied on the basis of three aspects, descriptive/ empirical, instrumental and normative. In relation to CSR studies, the descriptive scope of stakeholder theory emphasises the views of people participating in the mission/ objectives forming process of an organisation and its actions with regard to different stakeholders. The approach, hence, provides interesting insights that firms are socially constructed and behave in congruence with shared perceptions (Brickson, 2007). This approach has been used together with the instrumental and normative stakeholder theory. Instrumental stakeholder theorists view CSR as a strategic tool that a corporation uses to achieve economic objectives while normative stakeholder theory focuses on the ethical aspects that connect business and society to promote moral obligations of organisations towards stakeholders (Brickson, 2007; Garriga and Mele, 2004).

Despite all of the arguments regarding the importance of all stakeholders and firms' responsibilities to diverse stakeholder groups, due to the limited resources and bounded rationality, firms tend to give priority to certain stakeholders based on instrumental and/or normative considerations, such as managerial discretion, specific inclinations or their assessment of stakeholders in relation to power, urgency and legitimacy (Mitchell *et al.*, 1997; Jamali, 2008). This understanding is particularly beneficial in examining CSRD practice in firms, as they tend to direct their attention and focus on disclosing information for specific stakeholder groups. Stakeholder theory, as a result, has been applied widely to explain firms' motivations in involving in and disclosing CSR information (see Barako and Brown, 2008; Chan *et al.*, 2014; Anas *et al.*, 2015; Tan *et al.*, 2016; Janggu *et al.*, 2007). The practice of CSRD is linked to the aspects of communication and compromise in stakeholder perspective. The willingness to communicate and compromise is emphasised in stakeholder theory as the essential solution to stakeholders' approval and support (Freeman, 1984). Compromising, as the central concept of communication, provide a clear understanding of what organisations should give up to achieve stakeholder support, which explains the reasons why corporations voluntarily involve in certain social activities (Chen and Roberts, 2010).

Agency Theory

The final theory addressed in this review section is the agency theory. Different from the above theories, agency theory is not perceived as one of the key theories in social and environmental accounting field, according to Chen and Roberts (2010). However, the theory has been used in a number of CSRD studies, mostly to explain the effect of a firm's characteristics or internal practices such as corporate governance on CSRD (see Janggu, Joseph and Madi, 2007; Lestari, 2013; Haji, 2013; Jizi *et al.*, 2014). The theory was also mentioned in the recent paper of Frynas and Yamahaki (2016) as a useful theoretical perspective to examine internal drivers of CSR practices, including CSRD. As the main objectives of this study is to examine the impact of both external and internal determinants on CSRD, agency theory should also be considered. The theory focuses on the relationship between principals and agents, in which principals (shareholders) delegate decision-making authority to agents (managers) to perform business tasks (Mallin, 2013). The theory addresses the agency problem that arises when there are conflicts of interests between agents and principals or when the principals are unable to monitor effectively the conduct of agents (Jensen and Meckling, 1976; Eisenhardt, 1985). The agency problem can be overcome or reduced by the use of different CG mechanisms (Akhtaruddin *et al.*, 2009). In relation to CSR, one of the earliest reference of agency theory in CSR studies is the work of Friedman (1962) in which CSR was argued to be a self-serving behaviour of agents to obtain social and environmental objectives, which reduces profit and ultimately damages the principals' interests. This argument has been continuously utilised by recent studies to investigate the conflicts of interests between agents and principals in regards to the pursuit of environmental and social goals (Frynas and Yamahaki, 2016). One of the major criticism of agency theory, especially in relation to CSR studies is the overly focus of the theory on the agents and principals relationship, which has overlooked other types of stakeholders (Freeman, 2010). The theory's focus on monetary or wealth considerations limits its relevance to the scope of CSR (Cormier et al, 2005). Thus, according to Eisenhardt (1989), to overcome these criticisms, agency theory should be used with a combination of other complementary theories to capture greater complexity of organisations.

3.2.2 Justification for the multi-theoretical framework

Following the suggestion of Cormier *et al.* (2005) and Tagesson *et al.* (2009) that CSRD as a complex subject cannot be explained by a single theory, this study adopts the multi-theoretical framework approach. According to Gray *et al.* (1995a), theories should be applied as complementary rather than competitive while explaining an empirical phenomenon. Despite sharing some similarities, the mentioned theories are fundamentally different. As a result, these alternative theories concentrate on distinct perspectives of the CSRD; and hence should not be perceived as competing perspectives, but as multiple ways of analysing and observing organisational decisions regarding to the disclosure of information to the public (Reverte, 2009). The use of multi-theoretical framework, therefore, would provide a more comprehensive explanation to the CSRD practice.

Furthermore, the main objectives of this study are to identify the impact of external determinants (institutional factors) and internal determinants (corporate governance practices) on CSRD. As the study acknowledges the two major influences on firms' CSRD practice in Southeast Asian countries, those related to the institutional context in which firms are embedded, and those related to companies' internal governance, the adopted theoretical framework should incorporate both of these influences and allows the effect of both external and internal determinants to be elaborated. Following the suggestion of Haider (2010) that the choice of theories should be based on the factors that influence corporate decision to participate in CSRD, the study adopts four main theoretical perspectives, including institutional theory, legitimacy theory, stakeholder theory and agency theory. While the study does not pay major attention to the resource dependent theory, it is not to say that the theory does not have any contributing values in explaining CSRD. Since the resource dependence theory perceives the environment as an outcome of organisations interactions stemming from seeking their own interests, this perspective is more appropriate for studies investigating organisations' strategic response to external constraints (Chen and Roberts, 2010). This study, however, only focus on how factors from external and internal environments put pressure on firms to adopt CSRD practice. As a result, in this consideration, the use of the other theories is more appropriate.

For the purpose of examine the impact of institutional environment on CSRD, institutional perspective can be considered as the rational approach and a useful framework in examining how national contexts influencing CSR practice (Matten and Moon, 2008; Campbell, 2005) as the theory allows the motives of managers, shareholders and key stakeholders to be explored and compared within their respective contexts. Moreover, the theory brings inter-dependencies between and interactions among stakeholders into the analysis, which is vital to understanding CSR, given its societal orientation (Matten and Moon, 2008). Particularly, the use of institutional theory to provide an argument for supporting transparency and disclosure practices has received increasing attention (Matten and Moon 2008; Brammer *et al.*, 2012; Frias-Aceituno, Rodriguez-Ariza and Garcia-Sanchez, 2013b). With differences in political, legal, social, economic and environmental conditions, every country has multiple ways to respond to these conditions and report its own CSR information to diverse stakeholders (Gunawan and Hermawan, 2012). Institutional theory, therefore, has been used in recent CSR reporting studies to explain motivations behind firms' involvement in CSR reporting (De Grobois, 2016; Tudor-tiron and Dragu, 2014; Amran and Haniffa, 2011; Frias-Aceituno *et al.*, 2013; Muttakin and Subramaniam, 2015). From this perspective, CSR reporting plays an important role in maintaining legitimacy and managing corporate reputation (Clarke and Gibson-Sweet, 1999).

Despite the growing attention of institutional theory in CSR reporting studies, the use of this theory to explain firms' CSRD in annual reports is limited to only a few studies, notably Amran and Devi (2008), Othman *et al.* (2011), and Pedersen, Neergaard, Pedersen and Gwozdz (2013). As most studies regarding determinants of CSRD in annual reports have predominantly focused on economic and internal variables, the use of other theories, such as agency theory, stakeholder theory, legitimacy theory are more appropriate to explain the relationships between these variables and CSRD. With the purpose of examining the role of institutional factors on CSRD, institutional theory is considered suitable for this study for the following reasons. Firstly, distinctive from other theories, institutional theory provides an insight that helps to explain the influence of institutional environments on organisational behaviours (Oliver, 1991), which reflect the aim of the study, to examine the impact of institutional factors on CSRD. Secondly, as the study intends to investigate the role of institutional environment from diverse aspects, rather than just regulatory, institutional theory is a useful perspective as the theory focuses on not only formal rules, but also informal rules, norms and routines that influence organisations' behaviour (Pedersen *et al.*, 2013). Finally, the theory complements both stakeholder and legitimacy theories to provide an understanding of organisations' response to social and institutional pressures. As well as their expectations to maintain legitimacy (Deegan and Unerman, 2006), its application to CSRD studies is relevant, considering CSRD is the method that organisations use to appear legitimate to the society (Ntim and Soobaroyen, 2013) through communicating with stakeholders and convincing them that organisations have fulfilled their expectations (Khan, 2010).

In terms of internal determinants, corporate governance practices, a combination of agency theory, stakeholder theory and legitimacy theory, as suggested by Khan *et al.* (2013) are adopted as the key theoretical perspectives to explain the effect of such practices on CSRD. While the relationship between corporate governance and CSRD is a trending topic in the literature, the impact of corporate governance attributes on financial and voluntary disclosure has had a longer tradition within the literature (see Akhtaruddin *et al.*, 2009; Cerbioni and Parbonetti, 2007; Eng and Mak, 2003; Frias-Aceituno *et al.*, 2013; Ho and Wong, 2001; Haniffa and Cooke, 2002). Empirical findings in the literature have proven constantly, over time and countries, that corporate voluntary disclosure is influenced by diverse corporate governance elements (see Cheng and Courtenay, 2006; Eng and Mak, 2003; Haniffa and Cooke, 2002; Ho and Wong, 2001; Huafang and Jianguo, 2007; Said *et al.*, 2009). In the majority of these studies, agency theory has been widely used to explain the impact of corporate governance on information disclosure (Jensen and Meckling, 1976, Michelon and Parbonetti, 2012). The agency theoretical framework provides a strong framework that links disclosure practices to corporate governance (Barako *et al.*, 2006). In order to ensure the accountability of managers, disclosure practice is necessary to reduce managers' opportunistic behaviour and the intention to withhold information (Ho and Wong, 2001). Good and effective corporate governance systems play an important role in motivating managers to be more transparent, productive and put effort into fulfilling tasks from owners (Said *et al.*, 2009). As a result, an effective corporate governance system is necessary to supervise and monitor managers' actions and reduce information asymmetry. The use of agency theory, therefore, is considered appropriate for organisation behaviour topics that are related to information asymmetry.

Although CSRD, as a form of disclosure, seems to be an excellent opportunity to apply agency theory (Barako *et al.*, 2006), as explained in the previous section, the use of this theory on its own to explain the relationship between corporate governance and CSRD would not be appropriate due to its overly focus on the agents and principals relationship. Therefore, the theory is used in combination with legitimacy theory and stakeholder theory to enable discussion on firms' motivations in adopting CSRD practice as well as disclosing information for specific stakeholder groups. The two theories have also been used widely in the literature to examine the impact of corporate governance on CSRD.

3.3 Hypotheses development

3.3.1 Internal determinants – Corporate Governance practices

The main aims of this session are to discuss the literature review on the relationship between corporate governance and CSRD as well as develop relevant hypotheses for the study. The session starts with a brief discussion on corporate governance definition, followed by an overview of corporate governance development and the legal frameworks of corporate governance across the six countries. Comparisons of some key corporate governance mechanisms are also presented. The session then continues with a summary of literature review on the relationship between corporate governance and CSRD. Based on the literature review and the study context, six important corporate governance mechanisms, including board size, board independence, board gender diversity, CEO duality, block ownership and the presence of CSR committee, are selected to examine the effect of corporate governance on CSRD in this study. Finally, relevant hypotheses are developed based on previous studies and the theoretical framework.

3.3.1.1 Corporate Governance

The 2008 global financial crisis and contemporary corporate scandals have developed an intensive interest in corporate governance (CG) research. The crisis was the result of a variety of weaknesses in regulatory and CG practices (Daniel, Cieslewicz and Pourjalali, 2012), therefore, the need to promote good CG practices globally has received great attention from regulators and academic scholars (Millar *et al.*, 2005). With an increasing number of studies in the area, definitions of CG remain diverse. Over the past two decades, many definitions have been mentioned in scholarly literature as there is no commonly accepted definition (Balc, Ilies, Cioban and Cuza, 2013). CG as a discipline is relatively new. Definitions of CG tend to fall between narrow and broad views (Solomon, 2010). The narrow view approach to CG is limited to the relationship between a company and its shareholders (Solomon, 2010). The narrow view reflects the traditional finance paradigm that is expressed in agency theory. An example of such definition is that of Sir Adrian Cadbury mentioned in the earliest corporate governance report, in December 1992:

> "Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The

> shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place."
>
> (Cadbury report, 1992, p.15)

The definition focuses on governance structures, practices and processes with the explanation that boards of directors in listed companies are responsible for the CG of such companies, while shareholders' role is to appoint directors and auditors to ensure governance structures are in place. Adapted from agency theory, in this perspective, shareholder interest appears to be the core of CG. As a result, the definition concentrates on the development of CG as a response to agency problems that arise when the ownership is separated from the control. As directors (agents) manage firms on behalf of owners (principles), directors could abuse their power for their own interests, rather than owners' interests (Mallin, 2016). Therefore, corporate governance was introduced to ensure that directors (agents) act upon the interests of companies' owners (Rossouw, Watt and Malan, 2002). Some other examples of this perspective are presented as follows:

> "Corporate governance deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment"
>
> (Shleifer and Vishny, 1997, p.737)

> "Corporate governance as the set of mechanisms – both institutional and market-based – that induce the self-interested controllers of a company (those that make decisions regarding how the company will be operated) to make decisions that maximize the value of the company to its owners (the suppliers of capital)."
>
> (Denis and Mcconnell, 2003; p.1-2)

The two definitions above emphasise that the sole purpose of business is to make money for its owners. They argued that shareholders are more likely to lose their investment if companies run into trouble, while other stakeholders, such as employees, customers, or suppliers, are affected less. Shareholders, as providers of finance, therefore, bear the residual risks (Goergen, 2012). CG mechanisms, as a result, are established to help assure shareholders that managers will act according to shareholders' interests. This perspective, as a result, is straightforward agency theory as it focuses on how shareholders ensure managers create revenue and pursue shareholder profits (Shleifer and Vishny, 1997).

In contrast to the agency perspective, Goergen (2012) states that the legal status of shareholders does not justify corporations' focus on their value maximisation. In line with this argument, Ireland (1999, p.56) addressed that rather than being the private property of shareholders, corporations should be seen as common property as they are "the product of the collective labour of many generations". These perceptions align with the stakeholder approach, in which CG can be viewed as an amalgamation of relationships, not only between the company and its shareholders, but additionally with employees, customers, suppliers and others (Solomon, 2010). This approach has received growing attention in recent years and is considered as the broad approach to CG. Some examples of CG definitions inclusive of this stakeholder perspective are presented as follows:

> "Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined." (OECD, 2004; p.11)

Sir Adrian Cadbury has also adapted this approach in this recent definition mentioned in 'Global Corporate Governance Forum', World Bank 2000:

> "Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations, and society."
>
> (Cadbury, 2000, p.vi)

Such perspectives have meant that CG has become a broader, more lucid concept. The definition not only includes various stakeholders involved with companies, such as shareholders, managers, consumers, employees, and suppliers, but also outsider stakeholders (e.g. local, national and international societies) whose interests could be influenced by their activities (Tricker, 2012). This perspective poses many intriguing philosophical issues regarding the relationships between individuals, the state and enterprises (Tricker, 2012).

Despite the differences in terms of perspectives, according to Solomon (2010), in general, the definitions of CG in the literature share several characteristics, with accountability being one.

While narrow approach definitions focus on accountability to shareholders, the broader perspective supports the extensive level of accountability, not only to shareholders but also other stakeholders. However, Solomon (2010, p.6) argued that "theoretical frameworks based exclusively on shareholder accountability are not necessarily inconsistent with theoretical frameworks which champion stakeholder accountability". Arguably, companies can only satisfy shareholders' interests by being accountable for other stakeholders as firms with stakeholder orientation, in a long term, are more successful and prosperous.

There are different CG models reflecting these two main perspectives. Previous studies have indicated that CG models incorporate country and legal origin. While the shareholder model is common amongst Anglo-American countries, the stakeholder governance structure tends to be used in Europe and Asia (Mallin, 2016, p.22; Aguilera, 2005, p.S41; Kamal, 2010, p.206-207). The Anglo-American model exists in the US and the UK with maximisation of shareholders' property as the main concern. The model is characterised by fragmented ownership and well-developed financial markets (Kamal, 2010). The second model, the Continental Europe system, is commonly found in Japan and Continental European countries with Germany as a clear representative (Fannon, 2006). The system allows stakeholders to be members of a company's board (a supervisor board) (Fannon, 2006) with the major goal of counteracting the abuse of executive power in shareholding models (Letza, Kirkbride, Sun and Smallman, 2008). Unlike the other perspective, the stakeholder corporate governance structure aims to maximise the business's wider value (Letza *et al.*, 2008). Besides allowing stakeholders more opportunity, this type of model also recognises and values major shareholders including banks as integral providers of capital (Kamal, 2010).

Thus far, an overview of CG definitions, competing perspectives and several global models have been presented. In the next section, to have a developed understanding of CG in the six Southeast Asian countries, a detailed overview of CG development and CG legal framework in each of the countries will be discussed. Comparisons of numerous key CG characteristics will also be analysed in detail.

3.3.1.2 Corporate Governance Development in Southeast Asian Countries

CG practices amongst Southeast Asian countries share some common characteristics with other Asian markets. With distinct factors giving rise to CG in addition to structural characteristics of developing countries, such as under-developed capital markets and government involvement, models of CG in these countries differs from developed economies (Rabelo and Vasconcelos, 2002). The level of CG development and CG legal frameworks across the region also present some differences. For instance, based on the review of CG performance in the six countries conducted by Asian Development Bank (ADB, 2014) in 2013, the top three countries with high mean scores in relation to CG performance are Thailand (75.39), Malaysia (71.69) and Singapore (71.68). The lowest three are the Philippines (57.99), Indonesia (54.55) and finally Vietnam (33.87). The mean scores demonstrate disparities across the three groups, between the top three performers (Thailand, Malaysia and Singapore), the middle ones (Indonesia and Philippines) and the lowest one (Vietnam). The mean scores of the 2013 report presented an increase of 19% compared with its predecessor in 2012 (ADB, 2014), however, the ranking order is slightly distinct in the reports of Asian Corporate Governance Association (ACGA, 2016). The reports of ACGA rank the CG performance of eleven Asian countries, including five countries included in this study with Vietnam being the exception. In their 2014 report, Singapore ranked first, Thailand and Malaysia ranked fourth, and the Philippines and Indonesia ranked tenth. In 2016, the ranks of Thailand, Malaysia and Indonesia dropped to the positions of fifth, sixth and eleventh respectively. The differences between the two assessments, of ADB and ACGA, could be attributed to the differences in terms of methodology, sample size and collected data. While the assessment of ADB focuses on CG performance at company level, the CG ranking of ACGA was conducted based on the legal framework of the countries. Generally, however, the assessments present differences across the six countries regarding CG legal framework as well as CG performance.

In order to garner an overview of CG in the region in general and in each of the countries in particular, the following sub-sections will present the legal framework of CG in each of the six countries with a detailed summary in table 5 and table 6. Table 6 highlights in detail key CG regulations relevant to the study. Comparisons of the legal framework and CG performance of these countries are also provided at the end of the section.

Indonesia

The development of CG in Indonesia arose from the 1998 financial crisis in East Asia, which had a huge impact on the country's economic development. Harmful CG practices were deemed to be the main cause of the crisis. Issues such as transparency, board practices, disclosure and protection of minority shareholders were badly implemented in many Public Listed Companies (PLCs). As a result, after the crisis, public and private sectors, including the Indonesia Capital Market and Financial Institution Supervisory Authority (BAPEPAM-LK), National Committee on Governance Policy, and the Bank of Indonesia, have all attempted to strengthen the CG framework in the country through the release of various regulations and guidelines. The primary law covers diverse CG issues in Indonesia is the Limited Liability Company Law (No.40 of 2007). The Law addresses general regulations from the establishment, management and governance of a company and fiscal issues, to shareholders' rights and meetings, and major actions. Aside law No.40, the CG of listed companies also follows the Capital Market Law No.8 of 1995 which provides general guidance, supervision and regulation of the Capital Market to protect the interests of investors and the public to ensure the Market is fair and efficient. Issues mentioned in the Capital Market Law include the protection of minorities, protection against market manipulation, fraud, insider trading, conflicts of interests and the governance of professional advisors. Moreover, regulations released by the Financial Services Authority (also called Otoritas Jasa Keuanga OJK) and listed requirements of the Indonesia Stock Exchange (IDX) also contribute to the development of a CG legal framework for listed companies in Indonesia. Besides all of these regulations and rules, specific sectors, such as insurance, multi-finance and banking, have their own laws and regulations with detailed compliance requirements and guidance on good CG. Although each governmental agency has a duty to participate in implementing CG, the laws and regulations have not been fully implemented. For instance, in the case of the Company Law, there is lack of government regulation supplementing and guiding the processes and procedures. Moreover, in practice, the overlapping laws and regulations have led to confusion, uncertainties and ambiguities for firms when implementing good CG. Other non-statutory sources for CG include the Code on Good Corporate Governance issued by the National Committee for Governance (KNKG) and the Corporate Governance Manual issued by the Financial Services Authority (FSA). The Indonesia Code on Good Corporate Governance is not legally-binding and is applied by companies on a voluntary basis.

Malaysia

Following the downturn of Malaysia's economy in 1997, the High Level Committee on Corporate Governance was established in 1998. The Corporate Governance Code was reported by the

Committee in 2000 and adopted by the Kuala Lumpur Stock Exchange in 2002 in which all listed companies are required to follow the code on a 'comply or explain' basis. Since then, the Code has been revised three times, in 2007, 2012 and 2016 to improve CG practices. The new Code has adopted a revised approach with the focus on conduct and outcomes of CG practices to motivate progression. Besides changes in the Code, the Malaysian government has also attempted to improve the legal and regulatory framework through altering the Company Act 1965, revising legal frameworks for securities markets and listing requirements, as well as adding additional guidance on CG for government-linked companies (GLCs) and financial institutions.

The key laws regulating the capital markets include the Capital Markets and Services Act 2007 and the Securities Commission Act 1993. In addition to the Malaysia Stock Exchange (Bursa Malaysia), the supervision of the Securities Commission also plays a role of regulators through its listing requirements which cover a diverse set of CG requirements for listed companies. Moreover, there are also other governmental agencies, such as the Putrajaya Committee and the Bank Negara Malaysia, which are responsible for supervising CG practices and issuing guidance of CG for government-linked companies and financial institutions. In terms of auditing, the Malaysian Institute of Accountants, as the legally established professional institution, is responsible for auditing standards and practices as well as certifications. Authorities with enforcement power on CG in Malaysia include the Companies Commission, the Securities Commission, Bursa Malaysia, and Bank Negara Malaysia. Each of these agencies has concise areas of authority and precise enforcement frameworks (World Bank, 2012). In the case of overlap, these bodies often cooperate. Firms and conglomerates in the investment and financial sectors are under the jurisdiction of all four authorities.

Philippines

The key governmental agency that retains overall jurisdiction, control and supervision on domestic companies is the Philippines Securities and Exchange Commission (SEC). The SEC also oversees the activities of the Philippine Stock Exchange (PSE) to ensure it functions as a self-regulatory organisation in conjunction with SEC's rules and the Securities Regulation Code. The PSE governs all listed companies. Aside from the SEC and the PSE, the Bangko Sentral ng Philipnas (BSP) and the Office of the Insurance Commission (IC) also play supporting roles. Each of these bodies is responsible for a distinct financial market sector and has the authority to issue its own circular memoranda, implementing rules and regulations if there is no conflict with existing law. For example, while the BSP supervises and regulates companies in the financial and banking sectors, the IC is accountable for charitable trusts, mutual benefit associations, and insurance companies. The two important pieces of legislation under the control of SEC is the Securities Regulation Code and the Corporation Code of the Philippines, in which the Corporation Code (Batasang Pambansa 68) is the main legal document that governs all stock and non-stock corporations from their establishment to dissolution, with regards to several key CG aspects such as board of directors, stockholders and records.

As with many other countries, the Code of Corporate Governance plays a vital role in regulating companies' CG practices in Philippines. Under the Memorandum Circular No. 2, Series of 2002, the Code of Corporate Governance and the Manual of Corporate Governance were issued with the main purpose of providing guidance for firms to formulate their governance rules and practices. The Code of Corporate Governance has been revised twice, firstly in 2009 (under the SEC memorandum Circular No. 6, Series of 2009) and recently in 2016. In response to the criticism of overregulation, the new code adopts a 'comply or explain' approach. With this approach, companies are not required to comply with the Code but they must identify the areas of compliance and non-compliance as well as explain the reasons for non-compliance. The Code allows company's board greater flexibility. According to SEC's rule, all the listed companies are required to submit the new Manual on Corporate Governance prior to the 1st of June 2017. Besides the SEC, PSE, BSP and IC as the key bodies, other institutions, such as the Institute of Corporate Directors (ICD) or the Institute of Certified Public Accountants, are also active in promoting good governance practices. For instance, with support from the SEC and the PSE, the ICD developed and institutionalised the Corporate Governance Scorecard for public listed companies. The scorecard was initially voluntary for listed companies, however, since 2009, according to the SEC Memorandum Circular No. 12, the scorecard has been mandatory and includes specific penalties classified under the Circular No.5, Series of 2009 for non-compliance.

Table 5: Summary of the CG's legal frameworks in the six countries

Country	Corporate Governance Frameworks	Key issues
Indonesia	The Limited Liability Company Law No.40 of 2007	Key issues: Establishment of a new company, capital issues, management and governance of a company (annual report, profit and dividends, CSR, shareholders meetings, board of directors, board of commissioners, and cross shareholdings), the use of profit, liquidation, merge and acquisition, and expiry of company
	The Capital Market Law No.8 of 1995	Key issues: Governance of professional advisers and offerings, insider trading, minority protection, fraud and conflict-of-interest transactions, reporting and disclosing information.
	The Financial Services Authority regulations	Includes regulations on reporting and CG for companies operating in banking, insurance and financial services. For example: The regulation on monthly report of non-bank financial services institutions and the Regulation 73/POJK.05/2016 on Good Corporate Governance for Insurance Companies (Regulation 73)
	The Code on Good Corporate Governance	Main areas: Code of conduct, business ethics, shareholders, stakeholders, board of directors, board of commissioners, CG principles (transparency, accountability, responsibility, independence and fairness) and good CG practices.
	The Corporate Governance Manual	The manual provides general guidance for good CG practices mentioned as follows: board of commissioners, board of directors, board committees, auditing, shareholder rights, corporate secretary, general meeting of shareholders, and information disclosure.
	Listing requirements	Includes general provisions for listing, procedure of listing and reporting obligations.
	Code of Conduct (IDX) (2011)	Key areas: company's relationships with shareholders and stakeholders, documentation and reporting, protection of data and information systems, insider trading, honesty, bribery, awards, and compliance to laws and regulations.

Malaysia	The Code of Corporate Governance (2016)	Include four principles regarding board leadership and effectiveness, financial and corporate reporting, managing risks and create value, and relationship with shareholders, on 'comply or explain' approach.
	The Company Act (2016) replaced the old Act (1965) effective from 31st, January, 2017	Relevant CG issues regulated in the law include: substantial shareholdings, board of directors, financial statements and report, meetings and auditing.
	The Capital Markets and Services Act (2007)	Regulates securities and derivatives markets, capital markets services, compensation fund, market misconduct and prohibited conduct, issues of securities, take over and mergers, provisions for listed corporations (CEO and directors' respnsibilities, prohibited conduct of directors, information submission, auditor's duties, false and misleading statements, whistle-blowing protection), disclosure information, and civil actions.
	The Securities Commission Act (1993) last amended in 2015	Regulates the securities commission
	Bursa Malaysia's listing requirements	Provides detail principles of CG regarding: board of directors, audit committee, external auditors, CG disclosure, and internal audit
Philippines	The Corporation Code (Batas Pambansa Bilang 68)	The Code governs the establishment and operation of both stock and non-stock corporations in Philippines, including some CG issues such as board of directors, meetings, stock and stockholders, corporate books and records.
	The Securities Regulation Code (Republic Act No. 8799)	Governs the Securities and Exchange Commission, shareholders protection, fraud, manipulation and insider trading, responsibilities and oversight of self-regulatory organisations, acquisition and transfer of securities, settlement of transition, margin and credit.
	The Code of Corporate Governance (2016)	Addresses principles of five CG areas: the board's governance responsibilities, disclosure and transparency, internal control and risk management, relationship with shareholders, and duties to shareholders.
	PSE's listing and disclosure rules	Mentions general requirement of listing securities, disclosed information, listing rules and requirements for specific industries, public ownership, etc.

Singapore	The Companies Act (Chapter 50)	Key regulated issues: constitution of companies, shares, debentures and charges, management and administration (includes regulations on directors and officers, meetings and proceedings), accounts and audit, winding up, regulations for specific type of companies (includes investment companies and foreign companies), and general provisions (enforcement, offences and miscellaneous).
	The Securities and Future Act of 2001 (Chapter 289)	Key regulated areas: establishment of markets, regulations of approved exchanges, regulations of recognised market operators, trade repositories, regulation of licensed foreign trade repositories, clearing facilities, holders of capital markets services licence and representatives, books, consumer assets and audit, conduct of business, disclosure of interests (including disclosure by directors and CEO, disclosure by substantial shareholders, and disclosure by corporation), securities industry council and take-over offers, supervision and investigation, prohibited conducts, attributed liability, offer of investment, appeals and miscellaneous.
	SGX's listing requirements	The rulebooks contain general and detail requirements for listing, such as shareholding spread and distribution, quantitative criteria, profit test, financial position and liquidity, directors and management, etc.
	The Code of Corporate Governance (2012)	Key issues: Board matters (Board's conduct of affairs, board composition and guidance, chairman and CEO, board membership, board performance, access to information), remuneration (remuneration policies, disclosure of remuneration), accountability and audit, shareholder rights and responsibilities, and disclosure of CG.
Thailand	Public Limited Companies Act (1992)	Regulates all the key aspects of companies, including formation, registration, share and shareholders, board of directors, meetings of shareholders, accounts and reports, inspections, liquidations, capitals, conversion to a company and penalties
	The Securities and Exchange Act (1992)	Key regulated issues: supervision of securities and exchange, issuance of securities, public offering of securities, governance of public company (directors and executive, duty and responsibility of director and executive, and shareholder meetings), securities business, securities exchange, institutions related to securities business, unfair trading, acquisition of securities for business take overs, supervision and penalities.

	SET's regulations for listed companies	Includes several rules, regulations and policies regarding listing equity securities, disclosure practice, minimum public ownership, best practices for directors, guidelines for audit committee, etc.
	Principles of good corporate governance for listed companies (2012)	The principles and recommended best practices are presented under five main categories: the board's responsibilities, rights and equitable treatment of shareholders, stakeholders' role, disclosure and transparency. The Code does not include issues that have already been addressed in laws and regulations
Vietnam	The Enterprise Law (2014)	The Law regulates key aspects of companies from the establishment, management, reorganisation to dissolution, including some CG issues for listed companies, such as shares, rights and obligations of shareholders, dividends, organisational and managerial structure, general meeting of shareholders, board of directors, supervisory board, and information disclosure.
	The Law on Securities (2006)	The law governs securities listing, public offering of securities, securities market services, provisions of securities, trading and investment. Relevant CG issues for public companies: compliance with CG principles, report of major shareholders, and information disclosure of public companies.
	Corporate Governance regulations (2012) (121/2012/TT-BTC)	Key regulated aspects: shareholders' rights and obligations, shareholders' meetings, board of directors (qualifications, composition, rights, obligations, meetings, and remuneration), supervisory board (composition, rights, obligations, and remuneration), conflict of interest prevention, information report and disclosure, internal CG, board committees, supervisions and penalties.
	Disclosure Rule (2012) 52/2012/TT-BTC	Key regulated areas: obligations to disclose information, methods and forms of information disclosure, content of information, infrequent disclosure.
	HoSE's listing requirements	Includes rules about registration, supervision of listing requirement and penalties for violations of listing requirements on the HoSE.
	HNX's listing requirements	Include rules about registration, application, listing requirement, listing procedure, supervision and penalties (639/QD-SGDHN), information required to disclose (606/QD-SGDHN), and CG report (52/2012/TT-BTC)

Singapore

Among the six countries, Singapore has been recognised by many assessment reports as one of the countries with best corporate governance practices in Asia (ADB, 2012, 2013; ACCA, 2014, 2016). The Singapore CG framework includes the Companies Act (Chapter 50), the Securities and Future Act of 2001 (Chapter 289), the Singapore Exchange (SGX) Listing Rules and the Code of Corporate Governance (2012), with the SGX and the Monetary Authority of Singapore as the main regulative bodies. These CG rules and regulations cover many aspects of CG in listed companies, such as regulations on directors and officers, meetings, proceedings, disclosure, supervision, remuneration, accounting and auditing. In the past few years, these rules and regulations have adopted many alterations and amendments. For instance, the Companies Act, as the overarching legal framework for Singaporean companies, is reviewed frequently with approved changes made into law. The most recent amendment of the Companies Act is in 2017. The listing requirements and the Code of Corporate Governance were also amended in 2011 and 2012 respectively. All of these changes have reflected the government's efforts in keeping up with the evolving business environment. Moreover, the combination between mandatory requirements and guidelines of best practice allows flexibility for firms while still meeting global best practices.

Thailand

According to ADB report (2013), Thailand is one of the leading countries in the region in terms of CG. The country has diverse CG regulations and guidelines with an elevated level of compliance in key areas. The main regulatory bodies overseeing CG in the country include the Department of Business Development, the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), the Thai Institute of Directors, the Bank of Thailand, the State Enterprise Policy Office and the Federation of Accounting Professions. The key legislation that governs listed and other public firms is the Public Limited Companies Act (1992) which provided strong enforcement rules for the capital market as well as a supervisory framework. The secondary level of regulation consists of regulations issued by the SEC and listing requirements of SET, in which the SEC is considered the main regulator of capital markets. The Securities and Exchange Act (1992) issued to govern both the SEC and capital markets covers numerous issues regarding the SEC's authority and the governance of listed companies. The SEC is also responsible for the SET's activities. The SET issued the Regulations for Listed Companies, supporting notifications of key CG requirements as well as the Principles of Good Corporate Governance for Listed companies (2006) which operate on a 'comply or explain' basis and has been updated in 2012. Besides these main regulatory bodies, companies operating in banking and financial industry are also regulated by the Bank of Thailand which released the Financial Institutions Business Act (2008) and other supporting regulation to govern banking CG. State owned enterprises (SOEs) are governed by the State Enterprise Policy Office (SEPO) which shares its responsibilities with relevant ministries. All of these statutory bodies have clear areas of authority. In the case of any overlap, whilst these bodies seek to cooperate, the lack of formal memorandum of understanding and the lack of joint inspections could be problematic. Aside from these statutory bodies, the Thai Institute of Directors founded in 1999, acts as the non-statutory body through providing training and conducting the Corporate Governance Report of Thai Listed Companies since 2000 to assess and rank all listed companies' CG based on published information. In terms of accounting and auditing, the Federation of Accounting Professions, together with the SEC, oversee the auditing profession. The association is also accountable for accounting and auditing standards in addition to managing their transition to international standards.

Vietnam

The development of CG in Vietnam is late compared with the other five countries. The concept was first introduced in Vietnam under the form of formal legal framework through the Enterprise Law (2005), which provided details on principal laws and regulations for listed companies. The Law was revised in 2014 and has been effective since July 2015 signalling improvements in areas of board independence, conflict of interests and accountability. However, there is no national authority responsible for overseeing the implementation of the Enterprise Law as well as business registrations. These responsibilities are left with city or provincial departments of Planning and Investment under the coordination and advice of Ministry of Planning and Investment. Another law that regulates CG in the country is the Securities Law (2006) which was updated in 2010. The Securities Law governs the State Securities Commission (SSC) and capital markets. The SSC, as the principle regulator of the capital markets, supervises the two stock exchanges in Vietnam, the Ho Chi Minh Stock Exchange (HoSE) and the Hanoi Stock Exchange (HNX). Under the Ministry of Finance, the SSC has issued and updated the Corporate Governance Regulations and the Model Charter for public companies in 2007 and 2012 respectively. All public companies with more than

100 shareholders are required to follow the new CG regulations. Consequently, unlike many other markets where the code of CG is on a ‘comply or explain’ basis, Vietnam takes a mandatory approach towards CG regulations, in which public listed companies need to comply with all provisions.

Moreover, the State Bank of Vietnam (SBV), as the central bank, retains responsibility for regulating and licensing banks. The SBV issued the Credit Institutions Law in 2010 to replace the previous law (1997) and regulate banks’ governance. The compliance of banks with these CG requirements is overseen by the SBV’s Bank Supervisory Agency. Furthermore, in terms of accounting and auditing, the Ministry of Finance has issued various standards on accounting and auditing as well as the Law on Independent Audit (2011) to govern audit profession. The Vietnamese Association of Certified Public Accountants (VACPA) was also established to maintain and improve the capacity of professional standards. Since 2006, together with the rapid growth of the capital markets, the legal and regulatory framework on CG has been developed and improved significantly in Vietnam, however, previous assessments (ADB, 2012, 2013) indicate that the country still lags behind others in the region in relation to CG performance.

3.3.1.3 Comparisons of key CG practices across the countries

Based on the legal framework presented in table 5, company law, securities law, code of CG and listing requirements are all key instruments when regulating the CG of listed companies in these countries. Aside from these key regulations, companies operating in some specific industries, such as banking and finance, insurance or natural resources, are also required to follow additional regulations due to the nature of these industries. Despite similarities in constructing a legal framework, the extent of regulating CG is met using distinct approaches. While some countries, such as Indonesia and Vietnam, CG issues for listed companies are addressed in law, in the others, these issues are mainly mentioned in specific corporate governance codes or listing requirements (for example Singapore and Philippines). The approaches to CG codes are also different. While most of these countries follows the ‘comply or explain’ approach, Vietnam and Philippines, until recently, still had a mandatory approach towards CG. Comparisons of some specific CG practices in these countries, therefore, would provide a more in depth view of how CG practices differ in these countries. The table 6 provides the summary of key CG regulations in the six countries.

Firstly, in terms of board structure, while the unitary board structure is predominant in Malaysia, Philippines, Singapore and Thailand, the dual structure is widely adopted in Indonesia and Vietnam. In unitary boards, all executive and non-executive directors are comprised in a single board and are responsible for all aspects of a company's activities (Mallin, 2016). A unitary board is also known as the Board of Directors. In contrast to a unitary board, the dual board system consists of two boards, a supervisory board and the executive board of management. The supervisory board is comprised only non-executive directors and the board of management is made up entirely of executive directors (Tricker, 2012). As a result, the functions of supervision and management are separated, with the supervisory board overseeing the direction of the business and the management board responsible for operating the business (Mallin, 2016). The management board is also called the Board of Directors while the supervisory board can come under different names. For instance, in Indonesia, supervisory board is known as the Board of Commissioners, while in Vietnam, the board is simply addressed as Supervisory Board.

Table 6: Key CG regulations in the six countries

Country	Source	Key CG regulations
Indonesia	Law No.40	• Board structure: two-tier board system • Board size: two or more Directors on board and one or more Commissioners. • Board Independence: at least one Independent Commissioners on board
	Code of CG	• Board composition: composition of Board of Directors and Board of Commissioners should enable independent, effective, right and timely acts. • Board independence: Board of Commissioners should combine independent commissioners and affiliated commissioners. The number of independent commissioners shall ensure effective supervison mechanism.

	Decree No.Kep-00001/BEI/01-2014	• Minority shareholding for prospective listed companies should not be less than 300 million shares and must consist of:
		    • At least 20% of the total issued and paid up capital if the total equity before the public offering is less than Rp500 billion;
		    • At least 15% if the total equity before public offering more than Rp500 billion but less than Rp2 trillion; or
		    • At least 10% if the total equity of public offering is more than Rp 2 trillion.
		• Minority sharehoding for existing listed companies should be at least 50 million shares and make up 7.5% of the company's total issued and paid-up capital.
		• Board independence: at least 30% of the board of commissioners are independent commissioners, in addition to one or more independent directors.

Malaysia	The Company Act (2016)	• Board size: at least two directors
	Bursa's listing requirements	• Public ownership: the minimum public ownership is 25% unless the lower percentage is proven to be sufficient for a liquid market of such shares.

		• Board independence: at least two individuals or one-third of the board, whichever is higher, need to be independent.
	Code of CG (2012)	• CEO duality: Chairman and CEO positions should be held by separate individuals. • Board Independence: if the Chairman is not independent, the majority of the board must be made up of independent directors.
Philippines	Code of CG	• Board diversity: a formal policy regarding boardroom diversity should be established and that female candidates should be ensured to be part of recruitment. Gender diversity policies should be explicitly disclosed in annual reports as well as targets and measurements of such policies. • Board independence: at least three or one-third of the board, whichever is higher, to be independent. If the Chairman is not independent, or Chairman and CEO positions are held by the same person, an independent director should be the lead director.
	PSE's listing requirements	• Board size: seven directors minimum. • Public float of listed companies should be 12% or higher.
	CG guidelines for listed companies	• Board independence: at least 3 directors, or 30% of the board, whichever is higher, need to be independent directors. • The positions of Chairman and CEO should be held by different individuals. • The public float of listed companies should be at least 30%.
Singapore	Code of CG (2012)	• Board independence: at least one-third of the board to be independent directors. The number of independent directors should made up half of the board if: (a) the positions of Chairman and CEO are held by the same person; (b) Chairman and CEO are immediate family members; (c) Chairman is part of the management team; or (d) Chairman is not independent. • Board diversity: diversity should be practiced by the board of directors in terms of gender, skills, experience and knowledge.

		• CEO duality: the positions of Chairman and CEO should be held by separate individuals.
	Listing requirements	• Public float: the minimum percentage is defined based on market capitalisation as follows: • 25% for companies with market capitalisation of less than 300 S$ Million, • 20% for companies with market capitalisation from 300 to no more than 400 S$ Million, • 15% for companies with market capitalisation from 400 to no more than 1000 S$ Million, and • 12% for companies with market capitalisation of more than 1000 S$ Million. • Board independence: a minimum of two non-executive independent directors.
Thailand	Public Limited Companies Act	• Board size: at least five directors on each board.
	SET's listing requirements	• Board independence: at least one-third of the board but no fewer than three directors. • Minority shareholding: Listed companies need to have at least 150 minority shareholders holding no less than 15% of the paid up capital.
	Principles of good CG (2012)	• Board diversity: the board of directors should have an appropriate balance in terms of gender, experience and skills; as well as ensure the board's diversity policy is disclosed on their website and in their annual reports. • Board size: the number of directors on each board should be more than five but less than twelve. • Board independence: half of the board should be made up of independent directors if the positions of Chairman and CEO are held by the same person; Chairman is not independent; Chairman and CEO are immediate family members; or Chairman is member of the management team.

		• CEO duality: The positions of Chairman and CEO should be held by different people. • The Chairman should be independent.
Vietnam	The Enterprise Law (2014)	• Board structure: two-tier board system. • Board size: the board of directors should have from three to eleven members. The supervisory board should have from three to five members. • CEO duality: the Chairman can also be the CEO unless: (a) the company has more than 50% state-ownership; or (b) the company's principles and regulations of securities state otherwise.
	The CG regulations (2012) (121/2012/TT-BTC)	• Board size: listed companies should have at least five but no more than eleven directors on each board. • Board independence: the composition of the board should ensure balance between executive members and independent members, in which at least one-third of the board should be independent.
	HoSE's listing requirements	• Minority shareholding: at least 20% of shares should be held by at least three hundred small shareholders, the only exception being privatised government-linked companies.

In terms of board size, the numbers of directors on these boards are regulated differently across the region. In Malaysia, listed companies are required to have the minimum number of two directors on board. Indonesia similarly regulates listed companies to have at least two directors and two commissioners on boards. In Vietnam, the number of directors per board ranges from three to eleven and the size of supervisory board is between three and five. For the countries adopting a unitary board system, Philippines and Thailand, the minimum number of directors per board as specified in the listing requirement and in law, are seven and five respectively. In the case of Singapore, there is no clear requirement for the number of directors in listed companies, however, according to the Companies Act (Chapter 50) every company must have at least one director who is an ordinary resident in Singapore. Moreover, the SGX's listing requirement also regulates that listed companies should have at least two non-executive directors that are independent from all business activities and financial connections. Therefore, it could be implied that the number of directors per board for list companies in Singapore cannot be lower than two.

Regarding board composition, the issues of board independence, diversity and CEO duality (whether the positions of Chairman and CEO are held by the same person) are addressed. Most of the countries require at least one-third of the board to be made up of independent directors (Malaysia, Philippines, Thailand, and Vietnam), however, in some countries, the number of independent directors should not fall below two (Malaysia and Singapore) or three (Thailand and Philippines). In the case of Indonesia, this regulation states that only one or more commissioners are required to be independent. Among the six countries, Singapore and Thailand have relatively strict policies on board independence, as the codes of CG in these two countries mention that at least half of the board must be independent if the CEO and Chairman positions held by the same person, CEO and Chairman are immediate family, Chairman is part of the management team, or the Chairman is not independent. In terms of board diversity, the codes of corporate governance in most of the countries, except for Indonesia and Thailand, advise firms to have a diversity policy in skills, knowledge, experience and gender. In all countries, it is suggested in the codes that the positions of CEO and Chairman should be separated. In the case of Vietnam, according to the CG regulations, the two positions can be held by the same person unless the company has more than 50% of state ownership or the company's principles and regulations of securities state otherwise.

Another key CG characteristic addressed in this section is ownership. Generally, companies are required to report information of large or substantial shareholders (shareholders that hold more than 5% of the total shares). As mentioned previously, one of the CG characteristics of Southeast Asian countries is high level of concentrated ownership. The countries, therefore, have used diverse types of regulations, such as the percentage of public float or the percentage of shares held by minority shareholders, to address this issue. Among the six countries, Indonesia, Thailand and Vietnam have requirements on ownership of minority shareholders, while Malaysia, Philippines and Singapore regulate the public float. In terms of ownership held by minority shareholders, the requirement of Indonesia is lower than Thailand and Vietnam. In Indonesia, in order to maintain the listing status, companies must have at least 50 million shares and 7.5% of the company's total issued and paid-up capital held by minority shareholders, while in Thailand, the number of minority shareholders should be at least 150 and hold at least 15% of the paid-up capital. In the case of Vietnam, the percentage is defined based on total shares, with at least 20% of total shares held by at least 300 non-large shareholders, except for privatised government-linked companies. However, although the requirement for continuing listed companies regarding minority shareholders is relatively low in Indonesia, the country has different requirements for prospective listed companies which are higher and more comparable with the other countries. Particularly, for prospective listed companies, minority shareholders should not hold less than 300 million shares which consist of, depending the size of a company's total equity before public offering, at least 20%, 15% or 10% of the total issued and paid-up capital. This regulation demonstrates the country's intention to raise minority shareholders' ownership.

Distinct from the above countries, Malaysia, Philippines and Singapore only regulate the public float. Among the three countries, Malaysia has the strictest regulation with 25% of public ownership applied for all listed companies. In contrast, in the Philippines, the required percentage of the public float is only 12% or higher. Furthermore, Singapore does not have one fixed percentage of public float that is applied for all listed companies. The listing requirement on SGX regulates the public float based on market capitalisation. Depending on a company's market capitalisation, the minimum public float must be 25%, 20%, 15% or 12% (table 6).

The comparisons of some key CG regulations demonstrate the diversity in legal frameworks across the six countries. As a result, CG practices amongst Southeast Asian countries are expected to be diverse, which provides a good foundation for identifying its impact on CSRD. The section has provided a detailed background on CG legal frameworks in the six countries. In the next section, the literature on the relationship between CG and CSRD will be discussed.

3.3.1.4 Corporate Governance and CSRD

Most previous studies have focused on the relationship between CG and voluntary disclosure (Akhtaruddin, Hossain, Hossain and Yao, 2009; Eng and Mak, 2003; Haniffa and Cooke, 2002; Ho and Wong, 2001) or Corporate Financial Performance (CFP) (Bhagat and Bolton, 2008; Core, Holthausen and Larcker, 1999; Filatotchev, Lien and Piesse, 2005). There is a limited but growing area of literature analysing the relationship between CG and CSR (Kolk and Pinkse, 2010; Harjoto and Jo, 2011), especially in regards to the role of CG implementation in improving corporate CSR engagement (Mahadeo and Soobaroyen, 2016). The scope of CG has been broadened in recent decades to response to the growing importance of CSR (Amran, Lee and Devi, 2014a). While developing regulatory frameworks to monitor firm activities is the responsibility of governments, it is board of directors that are accountable for sustainable business strategies and managers' use of resources (OECD, 1999). Under the concept of CG, firms are motivated to demonstrate fairness, ethics, transparency and accountability and are expected to maintain high standards of governance. As firms should consider stakeholders' interests when making decisions, their activities should focus on not only short term profit but also long-term sustainability benefits (Dyllick and Hockerts, 2002). The idea being that business activities should be aligned with society's legal, communal and ethical expectations is the realm of CSR. One of the key motives for firms to behave responsibly is to maximise long-term value (Donaldson and Preston, 1995; Kolk and Pinkse, 2010) resulting from their dependence on stakeholders for resources (Jawahar and McLaughlin, 2001). Organisations that neglect stakeholders could lose their control over strategic direction and performance (Luo, 2005). CG can enable a foundation for solidifying responsibilities to both internal and external stakeholders, demonstrated through CG formulations and structures (Jamali, Safieddine and Rabbath, 2008). Companies with good CG usually consider the interests of diverse stakeholder groups and ensure their transparency, trustworthiness and accountability to all stakeholders (Dunlop, 1998). This is very important to ensure the mutual development of both firms and society (Huang, 2010). Previous research has supported these propositions with evidence that better governed firms tend to have a more socially responsible agenda and engage in more CSR activities compared with poorly governed ones (Cai, Jo and Pan, 2012; Jo and Harjoto, 2012; Ntim and Soobaroyen, 2013).

As organisations increasingly believe that their success is defined through the well-being of the community in which they operate, CSRD or the disclosure practices of CSR appears more prominently in CG discussions (Sharif and Rashid, 2014). The key role of CG in defining CSRD practice comes from the power of board of directors in overseeing disclosure strategies and policies within company reports (Haniffa and Cooke, 2002). Companies with sound CG are more likely to convey to society that the company is well-managed and stakeholders' interests are factors in decision making. CSRD could be used by effective boards of directors as a method to reduce information asymmetry between managers, shareholders as well as stakeholders and improve the control and supervisions of managers (Jizi *et al.*, 2014; Jamali *et al.*, 2008). As a result, if a firm's purpose is to maintain the business' sustainability through acknowledging societal concerns and creating positive relationships with stakeholders, firms with a more efficient board structure would be expected to promote CSRD diligently (Jizi *et al.*, 2014). Therefore, CG mechanisms, such as ownership and board composition, could play an important role in defining CSRD. Furthermore, in recent years, the prominence of corporate accountability has contributed to the growing interests of CSR, not only to researchers, but also policy makers, regulators and stakeholders (Siregar and Bachtiar, 2010; Sufian and Zahan, 2013). Particularly, in the six countries the study examines, the codes and guidelines of CG in some countries, such as Indonesia, Philippines, and Thailand, mention the responsibilities of companies to stakeholders. With the 'comply or explain' approach on these codes, the principle on responsibility to society, environment and stakeholders could be expected to pressure firms in engaging more in CSR and hence improve CSRD in annual reports (Siregar and Bachtiar, 2010).

Despite the importance of CG in defining CSRD, little research has focused on the relationship between CG and CSRD, largely neglecting whether certain key characteristics of board of directors have an impact on CSRD (Jizi *et al.*, 2014). In recent years, some studies have started to look at the relationship between CG quality and CSRD (see Chan *et al.*, 2014) as well as the impact of diverse CG practices on CSRD (see Haji, 2013; Esa and Ghazali, 2012). Through analysing 222 annual reports of listed companies in Australia, Chan *et al.* (2014) concluded that firms with better CSRD tend to have better CG ratings, bigger in size, and have a higher industry profile as well as leverage. Regarding ownership and board characteristics, Khan *et al.* (2013a) examined several corporate governance characteristics, including public ownership, foreign ownership, board independence, presence of audit committee, and CEO duality, in which public ownership, foreign ownership, board independence and presence of audit committee were found to have positive significant impacts on CSRD. Another study of Sufian and Zahan (2013) conducted in Bangladesh concluded that ownership concentration has a positive impact on CSRD while other factors, such as the number of shareholders, board size and foreign ownership, are insignificant. In terms of board composition and diversity, the results of Barako amd Brown (2008) indicate that board presentation can improve corporate communication, providing evidence that a higher level of women and independent directors on a board improves CSRD. In these studies, different theories have been used to examine the relationship between CG and CSRD, such as stakeholder theory (see Barako and Brown, 2008; Suttipun and Stanton, 2012), agency theory (see Chakroun and Matoussi, 2012; Jizi *et al.*, 2014), legitimacy theory (see Ghazali, 2007; Sharif and Rashid, 2014), and institutional theory (see Othman *et al.*, 2011; Amran and Devi, 2008); in which legitimacy theory and stakeholder theory have been used more often than others. In this study, a multi-theoretical framework with a combination of agency theory, stakeholder theory and legitimacy theory, is used to explain the impact of CG on CSRD.

3.3.1.5 Hypotheses Development

As CG systems comprise several attributes (Zahra and Pearce, 1989), following the suggestion of Khan *et al.* (2013a), CG characteristics, particularly ownership and board composition could be important determinants of CSRD. The unique corporate governance context of the Southeast Asia with characteristics such as concentrated ownership and family control (Millar *et al.*, 2005), in addition to the existing literature where six CG practices, including board size, board independence, board gender diversity, CEO duality, block ownership and the presence of CSR committee are selected to examine the effect of CG on CSRD.

Board Size

In order to avoid agency problems associated with the lack of control over management, one of the responsibilities of the board of directors is to oversee whether the conduct of business is properly managed by executives (Mallin, 2013). The effectiveness of this supervisory role is influenced by board size (see Lipton and Lorsch, 1992; Mak and Li, 2001; Nam and Nam, 2004). Board of directors as a decision-making group have been increasingly studied with focus on group dynamics and employee effectiveness (Van den Berghe and Levrau, 2004). Empirical findings of these studies show that the effect of board size on board performance can be both positive and negative. Larger boards are proven to be ineffective in communication, show poor decision making ability and have limited control due to various challenges in organising and coordinating large groups of directors, compared to smaller boards (see Khanchel, 2007; Mak and Li, 2001; Van den Berghe and Levrau, 2004; Yoshikawa and Phan, 2003). The perspective is, however, different from the legitimacy aspect, in which larger boards are expected to have better diversity of knowledge, skills and experience to improve corporate reputation and image (Ntim and Soobaroyen, 2013). Moreover, in relation to CSR, larger boards with the presence of several stakeholders would have an elevated demand for CSR activities and provide higher managerial monitoring of the CEO (Ntim and Soobaroyen, 2013).

Previous empirical evidence from the agency perspective suggested that board size influences the monitoring, controlling and disclosure mechanisms in firms (Bukair and Rahman, 2015b). The relationship between board size and CSRD has been examined in some studies (see Haji, 2013; Esa and Ghazali, 2012; Jizi *et al.,* 2014; Sufian and Zahan, 2013) with most empirical findings supporting the positive effect of board size on CSRD. Companies with larger boards can be argued to have higher extent of CSRD as larger boards with diversity of experience and backgrounds are better in organising and initiating healthy discussions in which CSRD can be included (Esa and Ghazali, 2012). Moreover, firms with larger boards are also better in responding to social pressures and stakeholders' demands with more effective executive decisions such as CSRD (Barakat, Perez and Ariza, 2015; Ntim and Soobaroyen, 2013). As a result, with the supporting evidence of previous studies, firms with larger board size are expected to have higher level of CSRD.

H1: Firms with larger board size have higher level of CSRD.

Board Independence

Board independence has been identified as one of the key determinants of voluntary disclosure (see Cheng and Courtenay, 2004; Eng and Mak, 2003). So far, the agency perspective has been widely adopted to examine the relationship between board independence and disclosure. Board independence is claimed to improve the monitoring mechanism and reduce the extent to which information is held back from stakeholders by management (see Bowrin, 2013; Fama and Jensen, 1983). Independent directors, hence, are the check and balance mechanism to ensure that management acts on the best interests of not only its shareholders but also other stakeholders (Khan, 2010). Additionally, independent non-executive directors represent the interests of diverse stakeholder groups, both financial and non-financial, on the board (Haji, 2013). Through maintaining diverse perspective and representing different stakeholders, independent directors contribute to the increase of management's effectiveness. According to previous studies (Haniffa and Cooke, 2005; Khan, 2010; Kilic *et al.*, 2015), the number of independent directors, as agents of the stakeholders on board to ensure firms behave in a responsible manner and in congruence with societal values, may influence firms' attention to CSR and disclosure as well as motivate firms to engage in these practices.

From the legitimacy perspective, the presence of independent directors on boards demonstrates a firms' attention to legitimacy and external environment (Pfeffer and Salancik, 2003). Independent directors could pay more attention to broader stakeholder objectives (Mahadeo and Soobaroyen, 2016) and put pressure on management to engage more in CSR practices (e.g. CSRD) in order to achieve legitimacy and improve organisational reputation (Khan *et al.*, 2013a; Ntim and Soobaroyen, 2013). As independent directors are less aligned with management and more interested in maintaining reputational capital (Cheng and Courtenancy, 2006), they tend to less focus on financial performance and direct management to better transparency and long term sustainability, often through adopting CSRD practices (Ibrahim, Howard and Angelidis, 2003; Jizi *et al.*, 2014).

Numerous empirical studies have examined the relationship between independent directors and CSRD (see Chakroun and Matoussi, 2012; Jizi *et al.*, 2014; Khan *et al.*, 2013a). However, although previous arguments support the positive relationship between independent directors and CSRD, some studies have found no impact, or even negative effect of independent directors on CSRD (see Haji, 2013; Esa and Ghazali, 2012). For instance, in the study of Esa and Ghazali (2012) investigating CSRD of government-linked companies in the context of Malaysia, companies with higher proportion of independent directors on boards disclosed less CSR information in annual reports. A recent study of Haji (2013) also conducted in Malaysia did not find any significant impact of independent directors on CSRD. On the other hand, a few studies, such as Jizi *et al.* (2014) and Khan *et al.* (2013) concluded that boards with higher independent directors on boards have significantly higher level of CSRD. The differences in findings could be attributed to the study context as depending on the context of legal environment, independence, experience and expertise, the effectiveness of independent directors in encouraging higher level of CSRD can be different (Ntim and Soobaroyen, 2013).

Examining the relationship between independent directors and CSRD is particularly important in the context of Southeast Asia due to the high control ownership. Large shareholders often benefit firms but only when management is separated from ownership and when shareholders can effectively use CG mechanisms to counter misbehaviour (Nam and Nam, 2004). Therefore, a focus on board independence as the monitoring practice implemented by board of directors can successfully track activities on the behalf of its minority shareholders (Chen and Nowland, 2010; Fama and Jensen, 1983). This argument could also be applied to stakeholders in the broader perspective of CG. Good CG practices, such as high board independence, will be able to provide society information to ensure that the firm is well managed, top managers effectively supervise firm's performance, and interests of stakeholders are considered (Michelon and Parbonetti, 2007). Therefore, the number of independent directors in the board is expected to have a positive association with CSRD.

H2: Firms with higher percentage of independent directors on boards are expected to have higher extent of CSRD.

Board Gender Diversity

Board diversity has been considered as an integral element of CG literature in recent years (Khan, 2010). Boards with greater diversity in gender, ethnicity and cultural background might present different perspectives that would not appear from directors with similar backgrounds (Carter, Simkins and Simpson, 2003). Specifically, gender diversity on board can improve board independence which in turn increases efficiency and financial performance by enhancing managerial monitoring and performance, attracting resources and enhancing legitimacy (Ntim and Soobaroyen, 2013). In terms of CSR, board diversity can improve the connection with stakeholders and pursue greater CSR orientation (Barako and Brown, 2008). As the extent to which firms involve in CSR activities is primarily the decision of executives, boards with gender diversity are expected to pressure managers to engage more in CSR practices (Ntim and Soobaroyen, 2013), including CSRD. Although only a limited number of studies have considered the impact of female directors on CSR reporting in general (see Barako and Brown, 2008; Frias-Aceituno *et al.*, 2013) and CSRD in particular (see Barako and Brown, 2008; Khan, 2010), the empirical findings support the positive and significant effect of female representation at board level on corporate communication regarding CSR. From the agency perspective, for instance, Galbreath (2010) and

Kramer *et al.* (2006) proposed that with their relational abilities, female directors tend to engage more with several stakeholders and response to these interest groups' needs, which leads to better corporate social responsiveness. Furthermore, as female members incorporate their perceived caring nature into the professional environment (Betz, O'Connell and Shepard, 1989), they apply different ethical frameworks and criteria compared to men (Harris, 1989), and express more interests as well as concerns in philanthropy (Ibrahim and Angelidis, 1994), they are expected to improve information transparency in terms of sustainability issues (Frias-Aceituno *et al.*, 2013). As a result, higher percentage of female directors on board could have positive impact on CSRD (Khan, 2010).

H3: Firms with more female directors presenting on board have higher level of CSRD

CEO Duality

CEO duality has been considered as one of factors influencing voluntary disclosure in general (see Ho and Wong, 2001; Huafang and Jiango, 2007) and CSRD in particular (see Haniffa and Cooke, 2002; Jizi *et al.*, 2014; Khan *et al.*, 2013a). CEO duality happens in firms where one individual serves as both chairman and chief executive officer or managing director, resulting in a more managerially dominated structure (Ho and Wong, 2001). The agency theory suggests that combination of CEO and chairman positions could demonstrate leadership and governance issues (Said *et al.*, 2009). CEO duality allows a person to have greater power. As a chairman has authority in setting board's agenda and controlling information provided to other board members, CEOs with chairman power in hand can hide essential information easily from other directors, especially independent or non-executive directors (see Haniffa and Cooke, 2002; Krishnan and Visvanathan, 2009; Li, Pike and Haniffa, 2008) and allow them to manipulate board appointment in their favour (Haniffa and Cooke, 2002). Moreover, CEO duality can limit board independence (Michelon and Parbonetti, 2012) as non-executive directors in this case are less likely to challenge and confront the managerial decisions from powerful CEOs (Jizi *et al.*, 2014). Many studies have concluded that CEO duality results in weaker monitoring capabilities (Anderson, Gillan and Deli, 2003; Goyal and Park, 2002; Jensen 1993; Li *et al.*, 2008) and is detrimental to the quality of disclosure (Forker, 1992).

In relation to CSRD, from the legitimacy perspective, since the disclosure practice is part of a firm's reputation management and legitimacy strategy, the awareness of chairmen on relevant issues would also influence firms' disclosure practice (Haniffa and Cooke, 2005). Additionally, according to the suggestion of agency theory, a managers' own interests tend to influence the degree to which firms get involved in CSR activities and CSRD (Jizi *et al.*, 2014). With the power of chairmen, these CEOs can make decision and use CSR for their personal interests and convictions without considering the interests of broader stakeholders (Jizi *et al.*, 2014; Khan *et al.*, 2013a). This could lead to lower level of a firm's involvement in environmental and social activities. Powerful CEOs might also be more reluctant in disclosing CSR information over the fear of improving the effectiveness of external control through informed shareholders, financial analysts, key stakeholders or the public (Jizi *et al.*, 2014). On the other hand, the separation of Chairman and CEO roles is likely to enhance monitoring mechanism, especially in term of stakeholder responsiveness (Muttakin and Subramaniam, 2015). Considering the context of Southeast Asia, it is important to examine the impact of CEO duality on CSRD as CEO duality could still be a customary practice in the examined countries due to the level of family control (Millar *et al.*, 2005). Empirical findings of the relationship between CEO duality and CSRD have been contested with significantly positive or insignificant results found in some studies (see Haniffa and Cooke, 2002; Jizi *et al.*, 2014). However, based on the arguments of agency theory and previous literature (see Jizi *et al.*, 2014; Khan *et al.*, 2013a), firms with CEO duality on board are expected to disclose less CSR information in annual reports.

H4: Firms with CEO duality practice on board tend to have lower extent of CSRD.

Block Ownership

Corporate ownership, as one of the key factors shaping CG systems, is an important determinant for CSRD (Ghazali, 2007), in which high concentrated ownership is a particularly relevant practice in the context of Southeast Asia as many firms in the region developed from family business (Millar *et al.*, 2005). The relationship between block ownership and CSRD has been examined in some previous studies (see Haji, 2013; Ghazali, 2007; Sufian and Zahan, 2013) with the central argument that companies with prominent levels of block ownership tend to disclose less CSR information in annual reports. Different theories, including legitimacy theory, stakeholder theory and agency theory, can be used to explain this relationship. From the legitimacy and stakeholder perspectives, in firms with more disperse shareholding structure, meaning the majority of a company's shares are not held by a few large shareholders, the expectations and demands by stakeholders increase (Keim, 1978); and the issue of public accountability becomes more important (Ghazali, 2007). The high level of public accountability makes it necessary for a company to get involved more in CSR practices, and therefore CSRD (Ghazali, 2007). In contrast, high percentage of block ownership, with less powerful outsiders, reduces the pressures for public accountability and from institutional environment to apply new practices such as CSR (Ntim and Soobaroyen, 2013). Moreover, practically, closely held firms have fewer incentives to invest in CSR and CSRD, as the cost of doing so could outgrow the benefits (Muttakin and Subramaniam, 2015). These companies do not always see the necessity of considering other stakeholder groups. At the same time, large shareholders tend to focus more on financial performance rather than social accountability (Htay *et al.*, 2012).

From the agency perspective, the agency-principal conflicts are greater in widely held companies (Fama and Jense, 1983). According to Haji (2013), providing additional information in annual reports helps to reduce such conflicts. Extensive CSR information in annual reports could direct attention of shareholders and makes firms appear accountable (Haji, 2013), as some shareholders in dispersed ownership firms may be interested in its social performance (Brammer and Pavelin, 2008). Moreover, firms with widely held ownership are more likely to use CSRD to improve their financial reporting and therefore reduce information asymmetries (Reverte, 2009). The arguments from several perspectives have all supported the negative relationship between block ownership and CSRD. Empirically, findings from previous studies have been relatively consistent with the conclusion that firms with higher level of block ownership tend to disclose less CSR information in annual reports (see Haji, 2013; Khan *et al.*, 2013b). As a result, the hypothesis is formed as follows:

H5: Firms with higher percentage of block ownership disclose less CSR information in annual reports.

CSR Committee

The stakeholder theory indicates the role of governance structures (Donaldson and Preston, 1995), and the necessity for board of directors to consider stakeholders' demands (Luoman and Goodstein, 1999). The study of Hung (2011), for example, used stakeholder perspective to stress on the directors' role in setting direction for corporate social and environmental performance. The presence of effective CSR committee, hence, indicates a firm's attention to its stakeholders at the board level (Ullman, 1985). Even though the presence of CSR committee in a firm is no longer a rare practice, the literature on CSR committees is extremely limited. One of the rare studies examining this practice is the paper of Cowen *et al.* (1987) in which the impact of CSR committees on CSRD is examined together with other determinants, such as firm size and industry category. The scholars argued that even though the existence of CSR committees was not mentioned explicitly in the literature as a determinant of CSRD, its presence demonstrates a corporation's concern for CSR; and therefore its findings may be seen significant enough to be published in annual reports (Cowen *et al.*, 1987). Furthermore, from the legitimacy perspective, the establishment of a sub-committee dedicating to CSR matters expresses a firm's concern to legitimise its social and environmental reputation, particularly towards important stakeholders (see Rankin, Windsor and Wahyuni, 2011). The presence of CSR committee displays an evidence on a firm's proactive governance change to guide its long-term sustainability strategy. Consequently, the main aim of such committee is to motivate a firm to implement CSR-related policies and practices, including CSRD. Evidently, in a case study of Post, Preston and Sauter-Sachs (2002), besides its responsibilities of reviewing policies as well as operating, in line with company's principles and commitment for CSR issues, the CSR committee is also involved in the disclosure process and policies of CSR information. Therefore, it is arguable that the presence of CSR committee would increase corporations' tendency to disclose CSR information in annual reports.

H6: Firms with the presence of CSR committee on board are more likely to disclose CSR information in annual reports.

3.3.2 External determinants – Institutional Environment

The main objective of this section is to identify relevant institutional factors that influence CSRD based on Scott's institutional framework (1995). The section starts with an overview of CSR and CSRD development in Southeast Asia and the six examined countries. In the next sub-section, a literature review on the relationship between institutional environment and CSRD is provided, followed by an argument for using Scott's framework as guidance to develop relevant and testable variables of institutional environment. Subsequently, the variables used to represent the impact of the institutional environment on CSRD through the three pillars, regulative, normative and cultural-cognitive. Following the arguments in the existing literature, relevant hypotheses are then developed for each of the variables.

3.3.2.1 CSR and CSRD Development in Southeast Asia Countries

Southeast Asia

Deeply influenced by culture and religion, the business community has a strong background of giving back to society in Southeast Asia. The classic philanthropy model, such as building hospitals, schools or cultural institutions has been rooted in some of these countries as a business necessity because of colonialism and war (Sharma, 2013). As a result, it is not unfamiliar that corporations contribute to nation building, in which constitutes CSR today. Many actors are integral to this process and further establishing a culture of CSR in the region. One of the most integral actors in promoting CSR in Southeast Asian countries are their respective governments. According to the study of Asia-Pacific Economic Cooperation (APEC, 2005), the capability of the state and the economic development stage defines the CSR practices in business communities, however, differs substantially based on socio-political context and vary from country to country. While some governments, such as Indonesia, Malaysia and Philippines, are more proactive in creating a regulative environment to ensure corporations consider its impact on the society and environment, other governments, such as Singapore, CSR is promoted through guidelines and principles alongside diverse public, private, industrial and NGO initiatives. For instance, Indonesia was the first country to mandate CSR for natural resources related business through the Article 74 of the Limited Liability Corporation law No.40 published in 2007. Philippines in 2011 officially institutionalised CSR for both domestic and foreign corporations through the Corporate Social Responsibility Act. By contrast, in Singapore, although the government does not present any clear involvement in promoting CSR, the government directs its CSR agenda through quasi-government entities and the use of tripartite model which includes the key stakeholders, such as business, unions and the government.

The role of government in CSR development, specifically in Southeast Asian countries, has increased in recent years with more countries considering mandatory CSR or some aspects of it. In terms of CSRD specifically, either through government laws or listing requirements on the stock exchanges, most countries considered in this study have some sort of mandatory disclosure (table 7). The two countries with earliest mandatory disclosure requirements in the region were Indonesia and Malaysia. While the mandatory disclosure of CSR information in Indonesia was implemented through Law No.40/2007, article 66, the requirement for Malaysian listed companies to disclose CSR information in annual reports was addressed through the listing requirement of Bursa

Malaysia. In recent years, the other countries have also started mandating CSRD. Particularly, in their Corporate Social Responsibility Act (2011), the Philippines required all large tax payer corporations to submit a list of their CSR activities in their annual reports to the Securities and Exchange Commission (SEC). In the case of Thailand, from 2014, mandatory disclosure of CSR information on form 56-1, annual reports or standalone reports is applied for new firms listing. The latest country in the group with mandatory CSRD is Vietnam. In their recent Circular No. 155/2015/TT-BTC, all listed companies are asked to disclose activities related to environment, employees, local community and society more broadly. Among the six countries, CSRD is still voluntary in Singapore, however, the country plans to officially require mandatory CSRD for listed companies on the 'comply or explain' basis from 2017 or 2018 (GRI, 2016a).

In the Southeast Asia region, the presence of strong states has become important enablers for CSR development, as the governments significantly influence the economic identity of their countries. Many of the Southeast Asian countries, including Malaysia, Indonesia and Vietnam, still have high number of state-owned enterprises located in major sectors such as oil, mining, gas or energy. These enterprises, therefore, could play an important role in setting the benchmark towards sustainable practices (Herrera, Roman and Alarilla, 2011). Apart from government being the key enabler for CSR, the stock exchanges are also key institutions for CSR development in many of these countries. The stock exchange of Malaysia (Bursa Malaysia), for instance, has been actively promoting CSR through the launch of Business Sustainability programme, the environmental, social and corporate governance index, the CSR framework as well as the establishment of Institute of Corporate Responsibility Malaysia, to encourage listed firms to participate in CSR disclosure and reporting as well as integrating CSR into their strategies. These stock exchanges often play their role in promoting CSR through the release of CSR guidelines, frameworks or the launch of CSR awards.

In addition to the roles of the governments and stock exchanges, NGOs, national and international standards, as well as private initiatives or industrial associations are important enablers of CSR practices in Southeast Asian countries. These entities have introduced various standards, codes and guidelines to facilitate business practices, providing a learning platform or extending the understanding of CSR. However, the case differs in each country, especially the influence of NGOs. While the presence of NGOs is strong in some countries such as the Philippines, it is not significant in the others like Singapore. Regarding voluntary disclosure, CSR guidelines and frameworks, the presence of sustainability indexes, as well as the growing impact of international standards such as GRI and United Nations Global Compact (UNGC) have pressured and encouraged firms to become more involved in CSR reporting as well as CSRD.

Despite the existence of necessary forces, the development of CSR in some countries has been neglected, with challenges on all sides. Although some countries have the necessary legislation framework for CSR development, the enforcement mechanisms are often too weak to ensure compliance. The prominent level of corruption in some countries also makes it difficult to carry out these regulations effectively. Moreover, very often businesses in the region still consider CSR as a cost, and together with the low CSR awareness and consumer activism, corporations do not have strong incentives to implement CSR (Sharma, 2013). Finally, as the majority of companies in the region are micro, small and medium enterprises, they do not have sufficient financial and technical capacity to incorporate CSR in their activities (Hieu, 2011).

Indonesia

The CSR movement in Indonesia began in late 1990s with the fall of the Suharto's authoritarian New Order government, following the process of democratisation which allowed opportunities for NGO activists to attack local and foreign companies on environmental and societal issues, as well as demanding tighter regulation of companies' activities. In response to this movement, companies started to portray themselves with closer ties to society and environment, and later realising the usefulness of CSR in this aspect (Rosser and Edwin, 2010). Business associations such as Indonesia Business Links (IBL) were also established to promote CSR in Indonesia through media, workshops, conferences, and the provision of corporate services. Subsequently, NGO activists have increasingly focused on the issue of CSR in Indonesia. An example of such NGO is Business Watch Indonesia (BWI) which has close ties to Oxfam. The BWI has actively produced numerous publications and has pursued media involvement on the issues of CSR since its establishment in 2002. The activities of these organisations have helped to put the notion of CSR on public agenda and triggered the draft legislation that became mandatory law in 2007 (Rosser and Edwin, 2010).
In 2007, Indonesia became the first country that gives CSR a mandatory nature with the adoption of Indonesia Corporate Law No.40 and the Investment Law No.25 (table 7). However, the implementing rule of this regulation has not been properly promulgated (Herrera *et al.*, 2011).

Prior the Corporate Law No.40, Indonesia already had mandatory and customary norms regarding issues such as environment protection, work safety, consumer protection, labour rights, and limited welfare, however, the implementation of these regulations and norms has been undermined by the country's weak law enforcement mechanisms. Moreover, as a result of the conflicting interests between economic growth and protection of stakeholders, in order to attract foreign investment, the country often offers preferential treatments such as tax deduction or less strict environmental standards for companies (Waagstein, 2011).

The main CSR practitioners in Indonesia are often MNCs and large local corporations. Many of these firms are involved in philanthropy but there is lack of integration of these initiatives into business strategy (Herrera *et al.*, 2011). The lack of knowledge and expertise to implement CSR is also a barrier to developing CSR at this country (Waagstein, 2011).

Malaysia

Although the evidence of CSR in Malaysia relates back to the 1980s, its development has only been significant in the past decade (Abdulrazak and Ahmad, 2014). Much of this development is largely attributed to the policies and initiatives of the government and its agencies (Sharma, 2013). The two important milestones for CSR development in Malaysia are the launch of the 'Silver Book' and the mandatory disclosure requirement of Bursa Malaysia. The launch of the Silver Book in 2005 provided CSR principles and guidelines for Government-linked companies to incorporate CSR in their business activities, while in 2006 Bursa Malays required all public listed companies to disclose their CSR information in annual reports (Yam, 2012). The Malaysian government is one of the earliest Southeast Asian countries to enact mandatory CSRD for public listed companies (The United Nations Children's Fund [UNICEF], 2013). Together with the mandatory disclosure, Bursa Malaysia also introduced a CSR Framework to support public listed companies in disclosing and reporting CSR information. This initiative has played an important role in increasing the CSR awareness of companies in Malaysia (Rosnan and Aziz, 2012). Apart from these key regulations and frameworks, the government also incorporates several elements of CSR through legislation such as the Environmental Quality Act (1974), the Human Rights Commission of Malaysia Act (1999) (Lu and Castka, 2009) and the National Policy on the Environment (2002) (Zainal and Zainuddin, 2013).

Moreover, to motivate companies to participate in CSR activities, the Malaysian government also provides tax incentives, as well as several awards for companies conducting CSR. For instance, companies that donate to registered organisations including foundations, associations, or trusts can receive automatic tax exemptions. Firms can also request special tax exemptions for a certain charitable and community projects (Lu, 2013). In terms of awards, the country has several different awards to recognise the contribution of local business, such as the ACCA Malaysia Sustainability Reporting Award, the Prime Minister's CSR Award, and the StarBiz-ICR Malaysia Corporate Responsibility Award (Zainal and Zainuddin, 2013). Furthermore, the emergence of NGOs such as the UN Global Compact, the Federation of Malaysia Consumers Association, and the Consumer Association of Penang also contributes to the increased awareness and development of CSR in Malaysia (Rosnan and Aziz, 2012). Despite all these efforts, however, CSR in Malaysia still trails behind in comparison to international practice (Abdulrazal and Ahmad, 2014). The main practitioners of CSR in Malaysia are several MNCs and large organisations (Lu, 2013), whilst these CSR practices still overly focus on philanthropy (UNICEF, 2013).

Philippines

Philippines differs with other Southeast Asian countries in terms of culture and norms, which is heavily influenced by the Western Catholicism. The presence of the Catholic Church was vital to the CSR concept and value's development (Herrera *et al.*, 2011). The concept and practice of CSR in Philippines has been rooted in the Filipino values of 'bayanihan' which is known as the 'cooperative spirit' or the 'spirit of volunteerism', exist across kinship networks, church organisations and welfare agencies (Sharma, 2013). According to Roman and Herrera (2011), the development of CSR in Philippines can be classified into the five stages as follows. The first stage is the decade of donation (1960s) characterised by protest demonstrations as a result of social inequity and unrest. CSR in this stage was limited at companies' donation by cash with fragmented and uncoordinated efforts. The second stage is the decade of organisation (1970s), representing the first step of establishing true CSR with the establishment of business associations and organisations. It sought to address the concerns of the poor and the reduced impact of philanthropy as a result of weak networks. This leads to the decade of involvement (1980s) in which many companies attempted to promote stable and peaceful business environment through assisting community relations, increasing community-related activities and services, as well as involving stakeholders in establishing CSR programmes. The fourth stage is the decade of institutionalisation

(1990s) signalled by the emergence of corporate citizen, the change of organisations' understanding to contribute to the well-being of society beyond the community relation and the start of strategy formulation. And finally, the decade of engagement (early 21^{st} century) has broadened the scope of CSR beyond the concerns of family and immediate communities to incorporate resources, skills, values and goals between business, sectors as well as social organisations (Roman and Herrera, 2011). Even though these stages of development suggest substantial improvement, CSR in the Philippines still focuses strongly on philanthropy and involvement in social development with only a few samples of integrated and embedded CSR (Sharma, 2013).

Compared to other countries in the region, Philippines has strong presence of civil society due to the weakness of the state. Even though the country has diverse laws related to environment, consumer protection and corporate governance, which are sufficient in substance and form, the state does not have the ability to enforce these laws (Sharma, 2013). Examples of CSR-related laws in the Philippines include the Clean Air Act (1999), Ecological Solid Waste Management Act (2000), the Clean Water Act (2004), the Labour Code and Magna Carta for Disabled Persons, the Act of Prohibition of Discrimination against Women, and the Adopt-a-School Act. In 2011, the country officially regulated CSR through the release of the Corporate Social Responsibility Act (2011). Despite many regulations and the active advocate of civil society in the country, previous studies and reports have concluded the CSR practice in Philippines is not yet substantial (Chapple and Moon, 2005) and has only focused on the 'front stage' as a branding strategy and a crisis shield (Lorenzo-Molo, 2009). While strategic philanthropy is embedded, Filipino companies should consider other aspects of CSR, such as environment, human rights, sustainability and corporate governance (Sharma, 2013).

Singapore

Given the powerful economic status of Singapore, one would expect a high level of CSR that is comparable with Western countries. However, comparisons of CSR across different countries in both academically and anecdotally have proven that CSR falls short in Singapore (Sharma, 2013; Chapple and Moon, 2005). The reasons for this shortcoming can be explained by the government's heavy investment in society which limits the need for CSR (Lee, Mak and Pang, 2012). However, the experience of Singapore cannot be generalised as many other countries with high tax bases and social support, such as the US and Japan, still have high level of CSR development. Moreover, even though the awareness of CSR is high among Singapore's business and executives, it does not lead to similar level of CSR involvement. According to Tan (2013), considering the lack of institutionalisation in socio economic and political aspects, as well as understanding and perceptions of CSR in Singapore, this performance gap is unsurprising. In the early years of industrialisation of 1960s, the Singapore government have realised the need for sustainable growth and development, which results diverse regulations and policies to create a good environment for business, attract foreign investment and raise people's living standards. Even though the country has not had any formal regulation on CSR, a comprehensive set of regulations in three main areas, labour rights, environmental protection and corporate governance, have been put in place to protect different stakeholders. Consequently, companies are required to meet diverse codes of practices and legislations regarding corporate governance, environment health requirements, safety standards and pollution control (Thomas, 2011). Unsurprisingly, businesses in Singapore perceive CSR as a compliance issue rather than a way of doing business.

The Singaporean approach to CSR development follows the hybrid model in which the government led the movement but the process has been conducted by a quasi-government organisation, the Singapore Compact for CSR with the presence of key stakeholders, employers, trade union and civil society. This cooperative partnership ensures the CSR movement to be neither over-regulated nor heavily-enforced (Sharma, 2013). Due to Singapore's concentration on business-friendly environment, CSR is economic-driven and considered as a good marketing strategy, a way to enhance brand image and a means to avoid costs of non-compliance (Sharma, 2013). With civil society being a weak driver, pressures to be involved in CSR often come from international partners and the need to maintain export competitiveness through complying with global standards.

Thailand

As Thailand was never colonised, the business and stakeholder relationship is strongly influenced by Buddhism and the teachings of dharma. As a result, companies in Thailand see philanthropy as a way to give back to society (Herrera *et al.*, 2011). The rapid industrialisation in Thailand in early 1990s resulted several social and environmental problems with the raise of industrial accidents as well as corporate scandals, such as wage discrimination, gender inequality, inadequate safety conditions and insufficient product quality guidelines. With the recognition of Thai industrialisation's negative effects, the government introduced regulatory control, for example, the

Environmental Act (1992) and the Labour Protection Act (1998) (Sharma, 2013). When the southern part of Thailand suffered from a Tsunami in 2004, as evidence of environmental destruction, the Stock Exchange of Thailand formed the Corporate Social Responsibility Institute (CSRI) in 2007 with the assertiveness that businesses' operations should be linked with environment, society and community (Srisuphaolarn, 2013). In the same month, the working draft of ISO 26000 was published and guidelines for new industrial standards for CSR were discussed. These are examples of public sector's efforts to introduce and force CSR towards implementation (Srisuphaolarn, 2013). More recently, the government passed the Product Responsibility Law in 2009 regarding the sales, manufacturer, and import of products that might cause injury.

Furthermore, in response to the environmental disasters and industrial scandals in developing countries, a more holistic approach to conduct business in Thailand was adopted by multinational companies from late 1990s to the mid-2000s. As a result, Thai companies and supply chains put forward relevant policies, not only for workers, and the environment but also the community. Thai supply chain manufacturers also started to comply with various international certifications, including environmental management (ISO 14001), health product quality management (ISO 9000), and safety at work (ISO 18000), to maintain their competitiveness.

To motivate business involvement in CSR, in 2006, the Stock Exchange of Thailand (SET) announced its CSR awards to honour companies with exceptional contribution to society. The SET also gave funding to six organisations to work in different social projects, including education development, urban development, rural development, library development, music and sport. Besides, tax reductions are applied for companies that have energy saving technology or donate to charities. The development of CSR in Thailand has improved significantly after the Royal Foundations, as one of the largest and strongest development foundations in Thailand, listed CSR as the new frontier in their programme. Following the tradition that businesses provide funding to the Royal Foundations for their development agenda, this movement has motivated the business community as well as civil society to initiate and support CSR efforts (Sharma, 2013).

Vietnam

The concept of CSR first introduced in Vietnam through the process of outsourcing of international corporations under the forms of social standard requirements and Code of Conduct. Similar with other nations in the world, Vietnamese government committed to the 'Sustainable development and protecting the environment' actions in its national strategy (O'Rourke, 1995). Since the implementation of open economy policies in 1986, the country has achieved impressive economic growth, however, at the same time, has experienced many social problems. As an effort to tackle these problems, besides the already established regulation regarding labour code enforcement and labour inspection, the government had issued new legislations, including the Environmental protection law and the Agenda 21 for sustainable development. Diverse punishments, such as monetary penalties, imprisonment or being suspended, are applied for violations (Hieu, 2011), however, the weak enforcement of such regulations is one of the key barriers of developing CSR in Vietnam.

In addition to the government, the main advocator for CSR in the public sector is the Vietnam Chamber of Commerce and Industries (VCCI). With efforts to promote CSR in Vietnam, in 2005, VCCI together with the Ministry of Labour and Social Affairs and the Ministry of Industry organised the prize 'CSR towards sustainable development' to honour companies with best CSR practices in Leather and Textile Association (Long, 2015). Despite being a relatively weak actor in promoting CSR due to limited funding and high level of corruption in the country, the VCCI is an active supporter of many international initiatives. Particularly, the VCCI cooperated with the United Nations to launch the Global Compact Network Vietnam (GCNV) as the national centre of CSR in 2007. However, it seems that so far the network has neglected in its role as the facilitators of CSR in Vietnam (Hamm, 2012). Besides from VCCI and the GCNV, national and international NGOs also play important roles in the institutionalisation of CSR.

Although similar with other countries in the region, the concept of CSR has been recognised in recent decades, the development of CSR is still at early stage with the main focus on charities and donations (Nguyen, 2013; Hieu, 2011). The concept and performance of CSR in local enterprises has been neglected and considered irrelevant given the impressive growth in recent years, despite the integration of labour rights and environmental protection laws (Nguyen and Truong, 2016). The slow development of CSR in Vietnam could be attributed to different reasons. Firstly, the lack of coherent public policy is one of the main issue in developing CSR in Vietnam. The development of such policy is restricted by weak law enforcement and corruption (Hamm, 2012). So far, the issue of CSR has not been addressed clearly within the government. Moreover, the code of conduct and standards used to evaluate CSR, such as SA8000, ISO 14000, GRI, etc., are not consistent with government regulations in international conventions, which limits the ties to companies' rule or export/import companies. Besides, local companies, especially SMEs, are still lack of resources and knowledge to apply CSR. The demand and incentives for firms to embrace CSR and disclose CSR information are also not strong (Hieu, 2011).

The section has provided an overview of the CSR and CSRD development in the six Southeast Asian countries. The table 7 presents details factors influencing the mandatory and voluntary CSR/CSRD practices in these countries.

Table 7: Mandatory and voluntary CSR/ CSRD in the six countries

Country	Mandatory CSR/ CSRD	Voluntary CSR/ CSRD

Indonesia	**Mandatory CSR**
	• Indonesia Limited Liability Corporation Law No.40 – Article 74 (2007) and Government Regulation no.47/2012: All companies which operations are related to natural resources need to practice CSR with all spending being budgeted and calculated within the companies' costs.
	• The Investment Law No.25 – Article 15: investors are required to meet corporate social obligations in addition to respecting the traditions and culture of the society.
	• Decree No.134/BL/2006 (2006) issued by Bapepam LK (Capital Market Executive Agency): all listed companies need to provide detailed activities and a cost for activities related to environment and society.
	• Environmental law (Law 23/1997): regulating the implementation of environmental management.
	• Labour Law: human rights and labour (Law 39/1999 and Law 13/2003)
	  • Human Rights Law (Law 39/1999): regulates basic human rights, economic rights, social rights, political rights and civil rights. Prevelant issues include freedom from forced labour, women rights, and protection for children from exploitation and dangerous work.
	  • Labour Law (Law No.13/2003): regulates labour issues, including relevant subjects such as equal opportunities and treatment without discrimination, job/skills training, employment relations, industrial relations, protection, wages, and welfare.
	• Consumer protection law (Law 8/1999): provides details on rights and obligations of consumers and corporations.
		Voluntary CSR
		• Private Initiatives:
		  • Indonesia Business Links promotes ethical business practices and capacity building for SMEs.
		  • Business Watch Indonesia focuses on promoting accountable and democratic economic governance.
		  • Global Compact Local Network: promotes, facilitates and implements the ten Global Compact principles in Indonesia.
		  • KADIN (Indonesian Chambers of Commerce and Industry): focuses on all matters related to industry, services and trade. The organisation also promotes good CG.
		  • Indonesian Employers Association (APINDO): aims to generate social welfare among the business community through cooperation with diverse stakeholders.
		• NGOs:
		  • One example of NGOs in Indonesia is Public Interest Research and Advocacy Center (PIRAC). The organisation's goals are to promote philanthropy and increase the capacity of Indonesian civil society organisations.

Mandatory CSRD	**Voluntary CSRD**
• Law No. 40/2007, Article 66 requires limited liability companies to disclose information containing environmental and social responsibility programs within their annual reports. • Regulation No.KEP-431/BL/2012, 2012 concerning Annual Reporting for Publicly Listed Companies: CSR disclosure should contain labour practices, product responsibility, social empowerment, as well as policies and programs of environmental performance. Publicly listed companies can disclose this information through multiple methods, namely annual reports, separate sustainability reports or their CSR reports. • Government Regulation no.47/2012, 2012 regarding Social and Environmental Responsibility for Limited Liability Companies. This regulation addresses social and environmental responsibility as the obligation of companies with business activities in the area of natural resources; and the implementation of these responsibilities should be mentioned in their annual reports. • Regulation No.24/2012, 2012 by Ministry of Energy and Mineral Resources. The regulation introduces an annual report template which includes a section for environmental protection and community development.	• Private initiative: National Center for Sustainability Reporting (NCSR): develops and promotes sustainability reporting standards, knowledge and practices, in addition to CSR management. • GRI: in 2013, 46 organisations published GRI report in 2013, including 39 large organisations, 3 MNEs and 7 SMEs. In the start of 2017, the number has increased to 88 organisations (GRI, 2016b). • The Global Compact Network Indonesia was formed in 2006 to accelerate the advancement of human rights, competitive labour, sustainable environment and ethical business practices through promoting, facilitating and implementing the UN Global Compact. Until 2013, there were 57 participants, including 18 companies and 13 SMEs participating. There has been a noticeable increase in those signing up with the Global Compact, 76 at the start of 2017, including 20 companies and 25 SMEs (UNGC, n.d.). • The presence of the Sustainability Index on Indonesia Stock Exchange (GRI, 2016a)

Malaysia	**Mandatory CSR**
	• Environmental Quality Act (1974) regarding the prevention, control of pollution, abatement and environmental enhancement.
	• The Human Right Commission of Malaysia Act (1999) promotes human rights, offers advice on formulating legislation and conducting investigations.
	• The National Policy on the environment (2002) outlines values and strategies to use natural resources sustainably. The policy also references the role of the private sector.
		Voluntary CSR
		• Public Initiatives:
		  • The Ministry of Energy, Green Technology and Water was created to manage the country's energy, communications and resources in addition to facilitating and regulating related industries, thus ensuring high quality, safe services and efficiency.
		  • The 'Silver Book' (2005) provided principles and guidelines for government-linked companies regarding their social obligations.
		  • Tax incentives and exemption for charitable and community projects.
		• Private Initiatives:
		  • Bursa Malaysia is a strong advocator of CSR through the launch of Business Sustainability programme and CSR Framework, which encourages listed companies to integrate CSR into their strategies as well as supporting them in disclosing and reporting relevant information.
		  • Environmental, social and corporate governance index was launched by Bursa Malaysia in 2012 to attract more socially responsible environment funds to the country.
		• Industry Initiatives:
		  • Institute of corporate responsibility Malaysia (2008) is a network of corporate institutions that concentrate on improving responsible business philosophy and practices.
		  • CSR awards: the ACCA Malaysia Sustainability Reporting Award, the Prime Minister's CSR Award, and the StarBiz-ICR Malaysia Corporate Responsibility Award, Ansted Social Responsibility International Award (ASRIA)
		• Examples of NGOs initiatives include the Malaysia Local Compact Network, the Federation of Malaysia Consumers Association and the Consumer Association of Penang.

	Mandatory CSRD • The Securities Commission and Bursa Malaysia (the Stock Exchange of Malaysia) require all listed companies to disclose CSR in annual reports (2006)	**Voluntary CSRD** • CSR Framework for voluntary reporting, 2006: a set of guidelines issued by Bursa Malaysia to support public listed companies in defining their CSR priorities, implementation and reporting. • GRI: in 2013, 28 organisations published GRI reports, including 19 large organisations, 8 MNEs and 1 SME. At the start of 2017, the number has increased to 63 organisations (GRI, 2016b). • At the end of 2013, there were 26 participants in Global Compact, including 9 companies and 15 SMEs. At the start of 2017, the number increased to 41 participants, including 9 companies and 25 SMEs (UNGC, n.d.). • The presence of a sustainability index: FTSE4Good Bursa Malaysia (GRI, 2016a)

Philippines	**Mandatory CSR:**
	• Corporate Social Responsibility Act (2011): institutionalises CSR for domestic and international corporations.
	• Environmental laws include Clear Air Act (1999), Ecological Solid Waste Management Act (2000), and the Clean Water Act (2004).
	• The Labour Code: governing employment practices and labour relations.
	• Magna Carta for Disabled Persons (Act No.7277): providing rights and privileges of disabled citizens and their integration into society. The act also encourages the role of private sectors in supporting these groups' welfare through the provison of programs appropriate to their needs.
	• The Act of Prohibition of Discrimination against Women (Republic Act No. 6725): prohibits discrimination against women related to employment terms and conditions.
	• The Adopt-a-School Act (Republic Act No. 8525): aims to generate partnership between business sector, private entities, NGOs, foundations and individuals to generate investment in public elementary and high schools.
		Voluntary CSR
		• Public initiatives:
		    • Government Tax Incentives: mentioned in specific laws (Republic Act No. 7686 – The Dual Training System Act of 1994, Republic At No. 8525 (The Adopt-a-school Act of 1998), Republic Act 6791 (the Productivity Incentives Act of 1990), Tax Code of 1997 (Exception from Donor's Tax sec. 101, NIRC, Claim for deduction from income).
		• Private initiatives:
		    • The Philippine Business for Social Progress (PBSP) is the leading social development established by business leaders to carry out their corporate citizenship.
		    • The Ramon V. del Rosario Center for Corporate Responsibility (RVR Center) promotes CSR through writing, research, education and training.
		    • The League of Corporate Foundations (LCF) is a network of foundations and corporations with the purpose of promoting and enhancing CSR among its members and community.
		    • Corporate Network for Disaster Response (CNDR) brings together multiple stakeholders such as business groups,

	• The Consumer Act (Republic Act No. 7394): promotes consumer welfare, protects their interests and establishes conducting standards for businesses and industry.	foundations, corporations and associations to rationalise and institutionalise disaster management in the business community. • Philippine Chamber of Commerce and Industry (PCCI) CSR Division's ambition is to promote social accountability and labour compliances, increase productivity and competitiveness, as well as encourage corporations to comply with internally accepted principles. • NGO initiatives • Local Compact Chapter – Philippines Local Compact Philippine Business for the Environment (PBE): was founded in 1992 to support Philippines industry in addressing environmental and social concerns and responsibilities.
	Mandatory CSRD • Corporate Social Responsibility Act, 2011: the regulation states that all large tax payer corporations need to disclose CSR related activities in annual reports submitted to the Securities and Exchange Commission (SEC).	**Voluntary CSRD** • GRI: in 2013, 23 organisations published GRI reports, including 17 large organisations, 3 MNEs and 3 SMEs. At the start of 2017, the number has increased to 33 organisations (GRI, 2016b). • The Global Compact Network Philippines (GCNP) was established in 2016 with the purposes of strengthening responsible business initiatives and advancing Sustainability Development Goals (SDGs). At the time of writing there have been 20 participants, in which there are 6 large companies and 7 SMEs. (UNGC, n.d.)
Singapore	**Mandatory CSR** • The Employment Act (CAP 91) is the main labour law which regulates terms and working conditions for all employees with some exceptions. • The Industrial Relations Act regulates the employer-employee relations, the prevention and settlement of trade disputes. • The Workmen's Compensation Act regarding the compensation of workmen who have suffered injury or under-employment.	**Voluntary CSR** • Public initiatives: • Ministry of the Environment and Water Resources: encourages multiple sectors to meet sustainability targets, obtain long-term environmental sustainability and provide higher standards of public health. • National Tripartite Initiative (NTI) on CSR was established in 2004 to review and formulate strategies that will develop the CSR movement in Singapore further. The initiative takes a tripartite approach to include key stakeholders.

	• Consumer protection (fair trading) act (Act 27 of 2003): promotes consumer rights and protects them against unfair practices.
	• Environmental protection and management act (Act 9 of 1999): regulates pollution control, provides protection and management of environment and resources.
		• National Volunteers and Philanthropy Centre (NVPC) under the funding of the Ministry of Community Development, Youth and Sports (MCYS) promotes philanthropy and volunteerism through cooperation with citizens and the private sector.
		• Singapore Compact for CSR was established in 2005 by NIT with the National Trade Union Congress (NTUC) and the Singapore National Employers' Federation (SNEF) as founding members. The network focuses on promoting collaboration between CSR stakeholders as well as the use of Global Compact principles in organisations.
		• Singapore Environment Achievement Award: the only local and most prestigious environmental award targeting environmental awareness and initiatives within organisations.
		• NGO and other initiatives/ organisations
		    • Singapore Environment Council (1990) promotes greater public environmental responsibility awareness, coordinate environmental protection and promotion as well as assist organisations to meet these aims.
		    • Examples of other NGOs: The Singapore Green Labelling Scheme and Energy Labelling Scheme, Project Eco-Office, Centre for CSR, The Asia Pacific CSR group.
		• International Initiatives:
		    • Singapore government through its agency, SPRING Singapore, strongly support and diligently follow the development of ISO 26000 to ensure corporations comply with the international standard.

	Mandatory CSRD	**Voluntary CSRD**
	• Energy Conservation Act, 2012: Large industries are expected to disclose energy usage and provide an energy management plan to the government.	• Guide to Sustainability Reporting for Listed Companies, 2011: a Policy Statement and Guide for Sustainability Reporting was adopted by the Singapore Exchange to assist listed companies in developing their sustainability reporting.

		• GRI: in 2013, 29 organisations published GRI reports, including 8 large organisations, 18 MNEs and 3 SMEs. At the start of 2017, the number has increased to 62 organisations (GRI, 2016b) • The Singapore Global Compact was established in 2005 as the national hub for Global Compact in Singapore. By the end of 2013, there were 35 participants, including 16 companies and 15 SMEs. At the start of 2017, the number has increased to 56 participants, including 24 companies and 27 SMEs. (UNGC, n.d.).

Thailand	<u>**Mandatory CSR**</u>
	• The Environmental Act (1992): addresses issues related to land, water and pollution.
	• The Labour Protection Act (1998): provides protections for workers in reference to wages, working conditions, compensation and the use of women and child labour.
	• Product Liability Act (2009): focuses on the manufacture, import and sales of goods that are hazardous.
	• Consumer Protection Act (1979): provides protection to consumers in terms of sales and purchases of goods or services, advertising and labelling of goods.
	• Provisions on human rights under the Constitution of Kingdom of Thailand B.E. 2540 (1997) (section 50, 51, 56, 57, 58, 59, 60, 61, 62, 79) also provides support for the development of CSR in Thailand.
		<u>**Voluntary CSR**</u>
		• Private initiatives:
		    • Social Responsibility Center (SR Center) was formed by the Stock Exchange of Thailand (SET) in 2007 and is responsible for providing sustainability guidelines for listed companies.
		    • Kenan Institute Asia, the Thai-American institute, launched in 2001 to provide training programmes for corporate executives to advance their CSR programmes.
		    • CSR Asia Center at AIT, a joint partnership between Asia Institute of Technology (AIT) and CSR Asia, promotes CSR in the Asia-Pacific region through its consultancy services, information, training and research on sustainable development practices.
		    • The CSR working group established by Securities and Exchange Commission has been promoting and establishing CSR for Thai companies with government support.
		    • SET CSR award (Stock Exchange of Thailand) was first introduced in 2006 to recognise listed companies that demonstrate exceptional contributions to society.
		• International certifications: ISO 26000, environmental management (ISO 14001), health product quality management (ISO 9000), and safety at work (ISO 18000)

		• Public initiatives: • Royal Foundations: as the largest and strongest development organisation in Thailand, the foundation has recently adopted CSR in their agenda. • Thai labour Standard – Thai Corporate Social Responsibility was established by the Labour Standards Administration Committee and the Ministry of Labour to oversee labour management systems, rights and protection. • CSR promotion Centre was established by Ministry of Social Development and Human Security to promote CSR and formulate national CSR policy in the country. • NGO initiatives: Examples of NGOs actively working with business organisations: Population and Community Development Association (PDA), Kenan Institute Asia and the Social Venture Network Asia (SVN-Asia) and Thai Business Council for Sustainable Development.
	<u>Mandatory CSRD</u> • Principles of good CG, 2002: listed companies need to demonstrate the fifteen principles of good CG in their annual reports. In 2013, the Stock Exchange and Commission (SEC) published a notification on compulsory disclosure of CSR policies and information on form 56-1, annual reports or in standalone reports. The regulation was effective in 2014 and applied to new firm listings.	**<u>Voluntary CSRD</u>** • Guidance Document 'Approach to Social Responsibility Implementation for Corporations', 2012: issued by the Stock Exchange of Thailand (SET) supports companies on sustainability reporting and implementing CSR programs. • GRI: in 2013, 44 organisations published GRI reports, including 42 large organisations, 2 MNEs and 0 SME. At the start of 2017, the number has increased to 177 organisations (GRI, 2016b). • The Global Compact Network Thailand (GCNP) was established in May 2016 with the aim of strengthening business initiatives and advancing SDGs through cooperating companies, academic institutions and civil society organisations. At the time of writing there have been 35 participants, of which there are 25 companies and 5 SMEs (UNGC, n.d.)

Vietnam	**<u>Mandatory CSR</u>**
	• The Labour Code (2012): regulates the employment relationship with diverse issues, including recruitment, labour discipline, labour dispute resolutions, working hours, and employment contracts.
	• Environmental protection law (55/2014/QH13): addresses regulations, policies, resolutions and resources related to environmental protection. The law also references the rights, obligations and responsibilities of corporations in protecting the environment.
	• Trade Union Law (12/2012/QH13): encompasses the rights of employees in establishing, participating and operating Trade Unions, the obligations of Trade Unions to their members, the responsibilities of government, as well as dispute settlement and violation handling.
	• The Consumer Rights Protection law (59/2010/QH12): regulates the rights and obligations of consumers, responsibilities of corporations providing goods and/or services to consumers, responsibilities of civil society to protect consumers' rights, dispute settlement between consumers and enterprises, as well as responsibilities of the state in protecting consumers' rights.
	• Products and Goods quality law (05/2007/QH12): specifies the rights and obligations of organisations or individuals producing, trading, conducting activities and management related to products and goods quality.
		<u>Voluntary CSR</u>
		• Public initiatives:
		  • Vietnam Chamber of Commerce and Industries (VCCI) is the leading advocator in the public sector with diverse programmes aimed at increasing CSR awareness.
		  • Prize 'CSR towards sustainable development' is introduced by VCCI and Ministry of Labour and Social Affairs and the Ministry of Industry to award companies with best CSR practices in Leather and Textile Associations.
		  • The Vietnam General Confederation of Labour (VGCL) is the sole national trade union center of Vietnam with the key purpose of protecting labour rights.
		• NGO initiatives:
		  • Global Compact Network Vietnam (2007) acts as the national hub of CSR.
		  • National and international NGOs: some examples of national and international NGOs include United Nations Industrial Development Organisation (UNIDO), Oxfam, and the Center for Development and Integration (CDI).
		• Industrial initiatives:
		  • Trade associations play an integral role in developing CSR practices in Vietnam. These associations encourage their members to participate in national and global standards to maintain their competitiveness. Some examples of strong trade associations in Vietnam are the Vietnam Leather and Footwear Association, Garment and Textile Association and the Association of Electronic Industries of Vietnam.
		• Code of conduct and international standards, such as SA8000, ISO 14000, GRI, etc.

	Mandatory CSRD	Voluntary CSRD
	• In 2015, the Ministry of Finance released the Circular No. 155/2015/TT-BTC on Public Disclosure for listed companies, in which a guideline for disclosing information on securities markets was attached. According to the guideline, all listed companies, except those operating in finance, banking, securities and insurance sectors, are required to disclose any impact of their activities on the environment and society. This includes complying with regulations related to employees, water and energy consumption, management of raw materials, responsibility to local community and green capital market activities.	• GRI: In 2013, there were 6 organisations that published GRI reports, including 3 large companies, 1 MNE and 2 SMEs. At the start of 2017, the number has increased to 18 organisations (GRI, 2016b). • The Global Compact Network Vietnam (GCNV) was developed in 2007 to identify challenges and solutions for interactions between business, communities, environment, government and consumers with the purpose of advancing sustainable practices. Until the end of 2013, there were 17 participants, including 4 companies and 6 SMEs. At the start of 2017, the number has increased to 34, including 7 companies and 18 SMEs (UNGC, n.d.).

3.3.2.2 Institutional Environment and CSRD

As corporations are expected to align with institutional expectations to achieve social approval, it is obvious that institutions matter, especially given the development of new institutional theory in recent decades (Peng, Denis and Jiang, 2008). Although the study of institutional impact on organisations' decision making has been relatively slow in the field of CSR (Aguilera, Rupp, Williams and Ganapathi, 2007; Campbell, 2007), recent studies have been diverting their attention to the effect of national institutions in shaping CSR behaviour (Jamali and Neville, 2011). According to Li *et al.* (2010), however, there is a need for more research regarding to the role of formal and informal institutions on the development of CSR. A study of institutions is necessary to identify circumstances in which firms respond to external pressures through adopting CSR policies (Doh, Howton and Siegel, 2010). Focusing on institutions indeed helps in understanding CSR, not only as a voluntary discourse but also as a requirement imposed by the corporate environment (Young and Marais, 2012). Peng (2002) suggested that institutions should be treated as independent variables to highlight the dynamic interaction between institutions, organisations and the outcome of such interaction, which is CSRD in this context. Unlike other aspects of CSR, the role of institutions in defining firms' CSRD is still under-studied due to the limited number of studies on external determinants of CSRD as mentioned in Chapter 2, section 2.5.

Adopting the Peng's (2002) suggestion, this research attempts to investigate the impact of institutions as independent variables upon CSRD. In order to identify relevant institutions that present the effect of institutional environment on CSRD, Scott's framework (1995) with the three pillars representing elements of institutions is used as guidance. The framework with the three contrasting, interdependent and mutually reinforcing institutional pillars, is considered useful in examining the forces and pressures from the institutional environment on firms (Kostova and Roth, 2002). In addition to being symbolic, these institutional elements provide cognitive schema, normative guidance and rules that constrain and empower social behaviour (Scott, 2008). These elements differ in the type of institutional order that they support. These pillars, therefore, present different rationale for claiming legitimacy, whether through legally sanctioned (regulative), morally authorised (normative), or culturally supported (cultural-cognitive) (Scott, 2008). The three pillars have been utilised in other research fields, such as ownership and strategies (Xu, Pan and Beamish, 2004), management (de la Torre-Castro and Lindström, 2010) and Foreign Direct

Investment (FDI) (Kang and Jiang, 2012; Trevino, Thomas and Cullen, 2008). Nevertheless, based on the review of literature in chapter two, these pillars have not been widely applied in CSRD research to examine the impact of institutional environment on CSRD from different aspects.

Although the arguments and indicators of each pillar are used to develop testable variables that represent the pillar, it is not to say that these variables only have characteristics of the pillar they represent, considering institutions could have characteristics of more than one pillar (see Scott, 2005; Trevino *et al.*, 2008). Similar with Kostova's study (1997), in which the pillars were applied to develop a three-dimensional country institutional profile, the framework is used as a guideline to identify relevant institutions. In the study, six institutional factors were identified, including legal origin, mandatory disclosure, the adoption of Global Reporting Initiative (GRI), standard membership of CSR related associations, and two cultural dimensions (masculinity and uncertainty avoidance). The institutions were selected based not only on previous literature, but also their potential influence on firms' CSRD through institutional processes associated with the institutional pillars (see Trevino *et al.*, 2008).

3.3.2.3 Hypotheses Development

Regulative Pillar

Regulative structures are mostly enforced by governments and states through the implementation of laws, rules and regulations, and are therefore, more formal, explicit, and legally sanctioned (Palmer *et al.*, 2013). The regulative pillar reflects a rational actor model of behaviour, based on sanctions and conformity (Bruton, Ahlstrom and Li, 2010). Institutions with regulative elements are defined as rules of the game, hence, guiding behaviours through monitoring and enforcement (North, 1990). From the organisational perspective, regulative pillar encompasses institutions that put pressure on firms' behaviour through laws, directives, and other mandatory regulations (Shnayder, van Rijnsoever and Hekkert, 2016). Institutional economists have paid more attention to regulatory elements than the softer normative and cultural-cognitive elements (Scott, 2005). Compared to the other elements, the regulative feature is more visible, fast moving, as well as easier to manipulate (Evans, 2004; Roland, 2004; Scott, 2008). Regulatory systems are generally superficial and less consequential than normative and cultural elements (Scott, 2008). As a result, regulative systems' effectiveness is more dependent on external controls such as surveillance and sanctioning, and therefore tend to evoke strategic responses (Scott, 2005).

In the field of CSR, firms tend to behave more responsibly and more likely to report their behaviour when coercive and normative pressure, such as a significant and well-developed legal system to protect stakeholders' interests, exist (Campbell, 2006). The coercive pressure from the regulative pillar is often reflected through the legal system (Barakat *et al.*, 2015; Crawford and Williams, 2010). There are two main secular legal traditions that have been identified by most scholars, common law and civil law (La Porta, Lopez-de-Silanes and Shleifer, 2008). Although a country often adopts laws from a variety of legal traditions, generally a particular tradition dominates each country (La Porta *et al.*, 2008). The two traditions present distinct characteristics that could potentially influence firms' CSR and disclosure practices. Specifically, previous studies have observed that the civil law system is more stakeholder-oriented while the common law system tends to focus on protecting shareholders (Frias-Aceituno *et al.*, 2013). As a result, countries following common law origin have more dispersed ownership, stronger law enforcement and better protection for shareholders. On the other hand, ownership structure in civil law origin countries is more concentrated, with greater involvement of banks and financial institutions (Grauel and Gotthardt, 2016). A number of studies have attempted to identify the impact of legal origin on CSR reporting (Adelopo, Moure, Preciado and Obalola, 2012; Adelopo, Moure and Obalola, 2013; Frias-Aceituno *et al.*, 2013b). Although some scholars argued that firms from civil law countries, with stakeholder governance structure, are more likely to get involved in reporting CSR information (see Frias-Aceituno *et al.*, 2013; Smith *et al.*, 2005), other studies are more supportive towards the higher stakeholder demands for legitimacy management in common law countries due to their dispersed ownership structure (see Adelopo *et al.*, 2012, 2013). In this study, following this perspective, the hypothesis is developed with the expectation that firms from common law societies would have more incentives to make CSR communications accessible and disclose more CSR information accordingly (Adelopo and Moure, 2010). In contrast, firms from civil law countries would have less stakeholder demand (Adelopo and Moure, 2010) as a result of their greater percentage of insider ownership (Hope, 2003) and therefore might not focus on disclosing CSR information.

Most studies examining the relationship between legal system and CSR reporting have used diverse means of communications, such as website, integrated reports or sustainability reports (Frias-Aceituno *et al.*, 2013; Adelopo *et al.*, 2012; Adelopo and Moure, 2010). None of the studies have examined the role of legal systems on CSRD in annual reports specifically, however, Waller and Lanis (2009) argue that, as country of origin influences the levels of CSRD, the institutional differences between companies, such as legal system, in relation to their country of headquarters cannot be ignored. In order to examine differences in CSRD, specific hypotheses related to such variables would have to be developed and further research is needed (Waller and Lanis, 2009). Following this suggestion, the study examines the impact of legal system on CSRD in annual reports. As CSRD is a form of CSR reporting, consistent with the previous arguments, firms from common law countries are expected to have higher level of CSRD than their counterparts from civil law countries.

H7: Firms from countries with common law origin are expected to disclose more social and environmental information than their counterparts from civil law countries.

In addition to legal systems, government regulations have been traditionally considered as a form of coercive power and regulatory pressure in which conformity is imposed on social actors (Scott, 2008; Campbell, 2007, Kim, Amaeshi, Harris and Suh, 2013). Thus, the extent of these regulations have been used as indicators of the regulative element in the literature (Ruef and Scott, 1998; Scott, 2008). In the light of several corporate scandals and the financial crisis, diverse groups of stakeholders are now expecting governments to be more active in sustainability reporting due to the high level of distrust toward companies' self-regulation (Ioannou and Serafeim, 2014). Government involvement in legitimising social disclosure has, however, been controversial. Based on some scholars' perspectives, mandatory disclosure is perceived as unnecessary, as companies have already voluntarily disclosed a high level of CSR information (Adams and Frost, 2007). Mandatory reporting would increase the costs of compliance and the potential of establishing a 'tick-a-box' culture of compliance (Overland, 2007). Moreover, the increase of regulations and disclosure potentially gives firms little choice but to relocate themselves in other markets (Rodriguez and LeMaster, 2007).

Despite some criticism against the implementation of regulations, some scholars have provided support for mandatory regulations on sustainability reporting (Ioannou & Serafeim, 2014; Overland, 2007). According to the stakeholder theory, pressures from stakeholders are the main motivation for firms to disclose CSR information. Hence, firms that are required to report such information will have additional regulatory pressures than the others (Wang *et al.*, 2017). Forcing firms to disclose more CSR information through regulation would also allow non-financial stakeholders to increase their demands and potentially enable transfer of wealth from shareholders to other stakeholder groups (Ioannou and Serafeim, 2017). Additionally, mandatory disclosure can act as a potential tool of public policy to govern business, force firms to interlise their social costs and induce organisational compliance through providing the public information about its social and environmental performance and reveal any problematic actions derived from norms and expectations (Mobus, 2005). As the regulation signals the commitment of government and regulators towards CSR issues and therefore enhances the importance of such issues in society, this type of regulatory commitment may produce an effective institutional justification to initiate changes and incorporate CSR issues into corporate business activities (Eccles, Ioannou and Serafeim, 2014). Moreover, in relation to CSRD practice itself, with the enforcement of regulations, mandatory disclosure can create a systematic effect at the society level and influence managerial practices to disclose more information on all firms in a country. Compulsory disclosure, furthermore, would allow objectivity in reporting, comparison among the companies, and assessment of the way non-financial risks such as environmental impact is addressed. Thus, raising greater awareness, as well as environmental and social consideration of corporations' activities (Overland, 2007). As a result, regardless of all the potential negative outcomes of mandatory disclosure, the regulation could lead to a positive impact on organisations considering the interests of other stakeholders, behaving more responsibly and providing increased environmental and social information of their activities, even if it is only for the purpose of increasing profit.

Many of the regulations and requirements for sustainability reporting relate to CSRD in annual reports (Malan, 2013). Specifically, several empirical studies have provided evidence for the positive influence of mandatory regulations on environmental disclosure (Criado-Jimenez, Fernandez-Chulian, Husillos-Carques and Larrinaga-Gonzalez, 2008; Frost, 2007; Burritt, 2002) and CSRD (Othman *et al.*, 2011; Pedersen *et al.*, 2013). The study of Othman *et al.* (2011) examined the impact of the Malaysian government's mandatory requirement that all publicly listed companies disclose social and environmental information, starting from the end of the 2007 financial year. With the expectation that the regulation would increase the level of CSRD as a reaction to government's demand, the regulation has successfully forced listed companies to increase the level of CSR information disclosed in annual reports. Moreover, the findings of Pedersen *et al.* (2013) indicate that there was an increase in the number of companies disclosing CSR in annual reports for the first time, in response to the new regulation. As a result, based on previous literature, it can be argued that coercive pressure of mandatory requirement for CSRD will inspire companies to disclose more CSR information in their annual reports.

Hypothesis 8: Firms from countries with CSR mandatory disclosure have higher level of CSRD than firms from the other countries.

Cultural-cognitive Pillar

Different scholars, usually from differing perspectives, tend to favour one or another class of elements (Scott, 2005). The importance of the cultural-cognitive dimension is emphasised mostly by organisational sociologists and cultural anthropologists, such as Zucker (1977), DiMaggio and Powell (1991), and Scott (2005). The pillar is considered the main tool to differentiate neo-institutionalism with sociology and organisational studies (Scott, 2013). Cultural-cognitive dimension emphasises the role of shared beliefs, social knowledge and taken-for granted assumptions by people in a country or culture that plays a powerful role in institutional processes (Scott, 2004). Anthropologists and sociologists perceive the shared conception constituting nature of social reality as the centrality of cultural cognitive elements (Scott, 2005). These concepts also create the frames through which meaning is made. Such shared conceptions and knowledge have an influence on the way a particular phenomenon is interpreted (Kostova and Roth, 2002).

Institutions with the cultural-cognitive pillar encourage firms' behaviour through social pressures and conformity that are based on share beliefs and taken-for-grated actions (Shnayder *et al.*, 2016). The conformity in behaviour is justified by orthodoxy according to which the correctness and soundness underlying actions are perceived (Scott, 2013). For cultural cognitive theorists, actions are defined as appropriate only when they are perceived as 'the way people do these things' (Scott, 2013). As cultural conceptions are plural and nuanced, people interpret situations differently in terms of what is and what ought to be due to the differences in beliefs. That is the reason why people and companies working in unfamiliar cultural environments usually face unexpected behaviours originating from different conceptions (Hofstede and Hofstede, 2005; Orr and Scott, 2008). In the area of business, at the transnational level, cultural processes contribute to the forming of organisational structure and processes (Drori, Meyer and Hwang, 2006). As also suggested in the stakeholder theory, a firm's survival depends on its relationship with stakeholders. Stakeholders, hence, should be informed of a firm's economic, social and environmental impact to decide whether they should continue providing resources or penalise firms for insufficient performance (Hess, 2008). Due to the cultural differences, stakeholders have different expectations of corporate performance, which gives rise to diverse values, norms and practices, such as CSR policies and behaviours (Garcia-Sanchez *et al.*, 2013; Welford, 2005).

The importance of culture in accounting studies has been reinforced by many scholars (Garcia-Sanchez, Rodriguez-Ariza and Frias-Aceituno, 2013; Gray, 1988; Gray and Vint, 1995; Haniffa and Cooke, 2005; Zarzeski, 1996). General approach of these studies is to identify certain societal factors or cultural values that are related to accounting practices (Grimmelikhuijsen, Porumbescu, Hong and Im, 2013). The concept of national cultural systems influences the basic values of both individuals and corporations (Vitell, Joseph and Thomas, 2003), therefore affecting the decision-making processes, organisational structure and behaviour, as well as the level of corporate transparency (Garcia-Sanchez *et al.*, 2013). From the legitimacy perspective, firms will respond to the demands and needs of their 'relevant publics', otherwise their survival and legitimacy could be threatened. One of the key issues in this argument is that the 'relevant publics' or the society to which an organisation is embedded determines whether a firm's action is legitimate (Newson and Deegan, 2002). With the cultural differences, expectations across societies are also different, which emphasises the role of culture in shaping firms' legitimacy management strategy, including their approach to accounting practices. The use of cross-cultural research in accounting, as a result, could provide an explanation as to why there are differences in accounting techniques and practices across countries (Perera, 1989). According to Baydoun and Willett (1995), the effect of cultural values and cultural relevance is more significant in accounting disclosure than accounting measurement. Therefore, society-related determinants that impose differential pressures on firms such as culture, are essential with regards to explaining social and environmental disclosure (Ullman, 1985; Van der Laan Smith *et al.*, 2005).

The effect of the cultural aspect of national context is often measured by the cultural dimensions developed by Hofstede (2001). National cultural dimensions present similarities and differences in cultures between countries across the world (Tsakumis, 2007). Despite the major criticism of Hofstede's work being that it is no longer valid due to the convergence in societal practices (Grimmelikhuijsen *et al.*, 2013), it is not clear if the core cultural values are changing, as these values and differences have remained for centuries and are often relatively stable (Robbins and Stylianou, 2001). Due to the useful and well-established framework that Hosfstede's work provides to compare between cultures, the cultural dimensions are used in this study to identify the effect of cultural-cognitive element on CSRD practice. Hofstede's cultural dimensions have been used to examine the role of culture as a determinant of CSR reporting in general (Garcia-Sanchez *et al.*, 2013; Adelopo *et al.*, 2013; Bowrin, 2013; Orij, 2010; Khlif, Hussainey and Achek, 2015) and CSRD in particular (Haniffa and Cooke, 2002, 2005; Williams, 1999; van der Laan Smith *et al.*, 2005). Among the four cultural dimensions, uncertainty avoidance and masculinity are relevant and appropriate for studies related to accounting disclosure practices (Williams, 1999; Bowrin, 2013) due to their link with the subcultural value of secrecy which is considered as the opposite of transparency (Gray, 1988). A number of studies have used these two dimensions to examine the effect of culture on CSR reporting in general (Orij, 2010; Bowrin, 2013) and CSRD in particular (Williams, 1999).

(i) Uncertainty Avoidance

The first dimension, uncertainty avoidance (UA), relates to the extent in which people from a country feel threatened by uncertain situations in future and therefore creates beliefs or institutions that help to avoid these uncertainties (Hofstede, 2005). A small number of studies have investigated the impact of UA dimension in CSR reporting with competing perspectives (Adelopo *et al.*, 2013; Garcia-Sanchez *et al.*, 2013; Bowrin, 2013). While Adelopo *et al.* (2013) supported the positive relationship between uncertainty avoidance and CSR reporting with the argument that firms from high UA are more likely to report CSR information to reduce uncertainties following the society's expectations, other studies provided evidence for the negative impact of the dimension on CSR reporting (Bowrin, 2013). Most studies hypothesised the negative effect of UA on CSR reporting are based on Gray's study (1988) that linked the dimension with the subcultural value of secrecy. Strong UA was argued to be aligned with a preference of secrecy, leading to a restriction in disclosure, thus retaining secuirty and avoiding competition as well as conflict (Gray, 1988). As postulated by this perspective, corporate disclosure is reported to be low when UA increases (Zarzeski, 1996; Salter, 1998). Williams (1999) applied this perspective to examine the impact of the dimension on CSRD in particular and concluded that organisations in high UA societies tend to be reluctant in providing voluntary information, including CSRD, due to the fear of jeopardising the firm's financial securities.

Additionally, in response to uncertainties, countries with high score on this dimension are likely to use rules, standards and formality to structure life as they have less endurance of change and innovation (De Mooij and Hofstede, 2010). In contrast, lower uncertainty avoidance societies are more accepting of change, have less regulations and laws, as well as more flexible in their approaches. Consequently, stakeholders from these societies might have higher demands and expectations for CSR than high uncertainty avoidance societies as the approach to CSR in high uncertainty avoidance acountries are more forceful with the support of legislation to make sure firms behave more rigidly and consistently (Garcia-Sanchez *et al.,* 2016). As a result, in response to higher demands for sustainability from stakeholders, companies in countries with lower uncertainty avoidance are expected to be more transparent to keep these interest groups informed with social and environmental activities. Aligned with the above arguments, the hypothesis is developed as follows:

Hypothesis 9: Firms in countries with high score in uncertainty avoidance dimension are expected to have lower level of CSRD.

(ii) Masculinity/ Femininity (MAS)

The next cultural dimension considered in this study is masculinity. Countries with a higher score in this dimension represent societies that pay high value to competition, achievement and success while communities featuring feminine characteristics, indicated by a low score, appear to be more caring and conscious of the influence of their actions on society (Hofstede, 2005). Accordingly, in a country with high level of masculinity, a firm may focus more on activities that bring economic success while sacrifying good environmental and social performance. Since these societies prioritise financial performance and surviving competition, stakeholders in a highly masciline society could be more acceptance towards unethical business behaviours (Kang, Lee and Yoo, 2016). Evidently, previous literature also suggests less appreciation of cooperative strategies and lack of assistence behaviour from masculine societies (Steensma, Marino and Weaver, 2000; Tice and Baumeister, 1985) would lead to a negative social and environmental responsiveness. Firms from these societies, as a result, are less likely to engage in CSRD practice due to lower social demands for such activity (Williams, 1999). In contrast, as the interests of feminine societies reflect stronger stakeholder orientation, firms from these societies tend to be under greater pressure to engage in CSR practices (Gray, 1988) provide CSRD beyond purely financial information (Smith *et al.*, 2005). Therefore, the negative relationship between masculinity dimension and CSRD is expected.

Hypothesis 10: Firms from countries with femininity characteristics disclose more CSR information in annual reports, compared with firms from masculine countries.

Normative Pillar

The central conception of the normative pillar are rules that introduce a prescriptive, evaluative and obligatory dimension into social life. Based on theorists' point of view, the normative dimension mainly concerns the influence of shared norms and values. These beliefs are not simply a predication for future action but also a normative expectation about how an actor should behave in a particular situation (Scott, 2013). Therefore, the main debate in normative research area is between the logic of appropriateness and the logic of instrumentality (Scott, 2013). Rather than choosing what is best for their own interests, with the normative effect, actors are confronted with the question 'what is considered as appropriate?', and it is this that influence their actions. Through the study of Kilduff (1993), the influence of normative elements, particularly shared norms, values and social networks, are proven to have an impact on actors' behaviours.

From an organisational perspective, normative elements not only play an important role in defining goals and objectives but also guide firms with appropriate ways to pursue them (Blake & Davis, 1964). When an institution encourages an appropriate way to behave without any law or sanctions, that institution affects organisations' activities through normative processes (Trevino *et al.,* 2008). The institutions that are encompassed in the normative pillar use moral or ethical criteria, such as external or industry standards, to influence organisations' behaviour (Shnayder *et al.,* 2016). Although normative elements are not supported by coercive pressures like regulatory dimension, they influence actors' behaviour in a different way through the assistance of professional networks instead of changes in the state regulations, and hence constitute the system of soft laws (Scott, 2013). The characteristics of self-regulation by soft law include 'voluntary action (low level of obligation), imprecise rules and delegation of authority to non-state actors' (Scherer and Palazzo, 2011, p.912).

Soft law (voluntary self-regulation) has recently replaced the use of hard law (formal rules and sanctions) as a result of a new set of global governance institutions created in response to the changing global landscape (Moon, Crane and Matten, 2011; Vigneau, Humphreys and Moon, 2014). One of the most well-known self-regulation forms that go beyond state regulations is external or industry standards (Christmann and Taylor, 2006; Shnayder *et al.*, 2016). The pressure to conform to such standards represents the effect of normative pressures. The construction of standards used to compare and assess structures or behaviours therefore reflects the concept of shared values in the normative pillar (Scott, 2013). Standards are developed and promoted by different associations and are enforced by self-policing or monitoring by external oversight units (Scott, 2013). According to Behnam and MacLean (2011), standards could be classified into three main categories, principle-based standards, certification-based standards and reporting standards. As the focus of this thesis is CSRD, only reporting standards are considered.

Regarding reporting standards, several organisations have built up guidelines and designed formats that firms can adopt to improve their reporting practice, resulting in a variety of both international and national reporting standards for CSR. By engaging with these initiatives, firms expect to obtain expertise, increase credibility of efforts, as well as influence the shape of these guidelines (Selsky and Parker, 2005). One of the most applied reporting standards is Global Reporting Initiative (GRI). As this reporting standard is also widely used among Southeast Asian firms, the standard is selected to examine the normative effect on firms' CSRD practice. The main purpose of GRI is to help organisations report their sustainability matters. From the stakeholder stance, the practice of sustainability reporting demonstrates a firm's intention to communicate with diverse stakeholder groups about its environmental and social performance, and furthermore, presents the public with a reliable source of information to effectively evaluate a firm (Prado-Lorenzo *et al.*, 2009). Therefore, the GRI, as a supporting tool for firm's sustainability reporting, is important to reduce information asymmetry among a firm, its shareholders and other stakeholders (Schadewitz and Niskala, 2010). The development of GRI has been recognised as a successful institutionalisation project (Brown, de Jong and Levy, 2009). GRI, as an international reporting standard, has been considered as a key normative body in CSR reporting (Barkemeyer, Preuss and Lee, 2015; Etzion & Ferraro, 2010; Levy, Brown and de Jong, 2010). The initiative has obtained wide reaching legitimacy not only corporate compliance but also from recognition of several multilateral and inter-governmental agencies and organisations (Levy *et al.*, 2010). To date, seventy-eight percent of reporting companies worldwide have referred to the GRI standard as guidance for reporting their CSR activities with the purpose of enhancing the report's credibility (KPMG, 2013). Several studies have indicated that the main motivations for organisations to adopt the initative is to achieve legitimacy through showing external stakeholders that the firm complies with social expectations and norms (Hedberg and von Malmborg, 2003; Nikolaeva and Bicho, 2010). This argument is consistent with the predictions of stakeholder theory, legitimacy theory, and institutional theory that companies are willing to involve in CSRD to alter stakeholders' perspectives of the firm's social and environmental performance and achieve greater legitimacy (Holder-Webb *et al.*, 2009; Clarkson *et al.*, 2008; Nikolaeva and Bicho, 2010).

Even though CSR standards in general, and GRI in particular, are expected to contribute to the increase of CSR reporting (Barkemeyer *et al.*, 2015), some scholars have raised their concern over the effectiveness of such standards by arguing that organisations could use these standards as a shield against further scrutiny (Hess, 2008). The standards, therefore, could enable rather than prevent bad practices. So far, in the literature, empirical evidence regarding to the contribution of such standards is lacking (Perez-Batres, Miller and Pisani, 2010). Examining the effect of reporting standards like GRI, as a result, will not only reveal the normative pressure on firms but also help to identify the effectiveness of such standard. One of the rare empirical studies examining the effect of GRI as an institutional pressure is the study of Comyns (2016), in which the adoption of GRI resulted in better quality and more extensive greenhouse gas reporting.

GRI, as a reporting initiative, is unique in the sense that it does not have any requirement regarding the length of the report, and organisations are only required to follow the guideline and frameworks they have chosen (Othman and Ameer, 2009). There are several mediums in which such reporting could be done, including separate reports, sections in annual reports or online version on company websites (Sutantoputra, 2009). According to Alnajjar (2000), Clarkson, Overell and Chapple (2011), however, annual reports are traditionally used as the main medium for disclosing CSR information to stakeholders. GRI, furthermore, has been widely used to build the coding structure in annual reports (Alberici and Querci, 2016; Khan, Islam, Fatima and Ahmed, 2011), despite the lack of empirical studies regarding the effect of such initiative on CSRD in annual reports. As a result, for the purpose of examining the normative pressure of GRI on CSRD and identifying the role of such initiative on CSRD in annual reports, the impact of GRI on CSRD is tested in this study with the following hypothesis:

Hypothesis 11: Firms that follow GRI reporting standard are more likely to report more CSR information in annual reports.

Normative element also plays a role of guiding organisational actions and beliefs developed for professionalisation or social obligation (Hoffman, 1999). Organisations will comply with them in conformance to norms established by professional institutions or associations. According to Galaskiewicz (1991), corporations are more likely to act responsibly if there are normative institutions in place that support such behaviour. The role of business and professional associations have been mentioned as agents that provide normative environment that facilitate responsible behaviour from corporations (Campbell, 2007). Membership of such organisations increases members' understanding of the virtues and benefits of corporate giving, as well as putting peer pressure on companies to behave more responsibly (Martin, 2002). Moreover, by interacting with their peers in trade or employer associations, firms tend to develop a long-term view of their interests rather than short term focus on profit (Streeck, 1997). As a result, business associations might have a significant effect in motivating corporations to engage in social responsibility (Galaskiewcz, 1991). Campbell (2007) proposed that corporations are more likely to behave responsibly when they are members of associations that promote CSR. Additionally, taking on the legitimacy stance, many of these CSR-related associations are working in collaboration with other stakeholder groups, such as governments, inter-governmental organisations and NGOs, and allows them to contribute their opinions to a specific issue, thereby increasing the legitimacy of decision-making process (Bostrom, 2006). Their programmes, as a result, are likely to be considered more legitimate by relevant actors (Fransen, 2012). Such advantage, hence, would motivate firms to actively participate in the programmes and report information about those activities to demonstrate their compliance with society's expectations.

Even though a few studies have articulated the role of business associations on CSR practices (Cammpbell, 2007; Martin, 2002; Galaskiewcz, 1991), the number of studies assessing the impact of such associations on CSRD is very limited. One study that has encompassed this relationship is that of Amran and Haniffa (2011) on CSRD in Malaysia. Their study examined the impact of association factor on CSRD in Malaysia through firms' membership with the Business Council for Sustainable Development in Malaysia (BCSDM) – an association that promotes sustainable development among Malaysian business community with the argument that such membership might influence the level of CSRD (Amran and Haniffa, 2011). As a result, responding to the limited number of studies investigating the role of CSR-related associations in defining firms' CSRD, this study intends to examine the impact of these associations, particularly those that are strong advocators of CSR and CSRD in the six countries, to present the effect of normative pressures on firms. The list of these associations is mentioned in the Appendix 3.

Hypothesis 12: Firms that have membership with the associations promoting CSR have higher CSRD in annual reports compared to their counterparts.

3.4 Chapter Summary

Following the gaps that have been identified in Chapter 2, section 2.5 regarding the CSRD research field, this study attempts to examine the effect of both internal and external determinants on the extent to which firms disclose information about their CSR activities. The chapter begins with a discussion on relevant theories as well as justifications for using a multi-theoretical framework. The chapter focuses on the hypotheses development, which is divided into two main sub-sections. In the first sub-section, the impact of internal determinants is examined through corporate governance practices. Based on the theoretical framework, existing literature and the context of the study, six corporate governance practices, including board size, board independence, board gender diversity, CEO duality, block ownership and the presence of CSR committee, are used to evaluate the effect of internal determinants on CSRD. Relevant hypotheses are then developed for each of the factors. In the second sub-section, the main focus is on the impact of institutional environment on CSRD. Based on the institutional theory, Scott's institutional framework (1995) and previous studies, six institutional factors, representing the three pillars (regulative, cultural-cognitive and normative) are identified to examine the role of institutional environment on defining firms' CSRD practice. Similar with the first section, hypotheses are also developed for all institutional factors.

CHAPTER 4: METHODOLOGY

4.1 Overview

The purpose of this chapter is to discuss the researcher's methodological perspectives, provide justifications for the research strategy and research approach, and describe the process of data collection, amongst addressing the use of different statistical techniques for data analysis. Firstly, the chapter begins with a brief deliberation on numerous philosophical positions, through which the researcher expresses her position on reality and the nature of social research. Based on the philosophical perspectives, the use of a deductive approach and quantitative strategy is explained and subsequently justified. The use of content analysis as the data collection method is then discussed with a variety of arguments from the literature. Following the use of content analysis, the issues of reliability and validity are addressed together with the development of coding procedure, sampling type and variables' measurements. Finally, the chapter concludes with the statistical techniques used for analysing data to answer the research questions.

4.2 Research Philosophy

Philosophy remains deeply connected with, and considered as foundational for social sciences (Hughes and Sharrock, 1997). Perceptions about nature and organisation of social research have often evolved from one's philosophical conceptions, which is demonstrated through research approaches and methods (Hughes and Sharrock, 1997). The results of research could differ when conducted by different researchers due to competing starting points which originate from specific philosophical perceptions (Williams and May, 1996). Whether a researcher is conscious about philosophy or not, philosophical assumptions heavily underpin research activities, therefore, it is important to engage with the issues of philosophy in conducting research. Research strategies are located within a broader framework of theoretical or philosophical perspectives which are referred to as research paradigms (Blaikie, 2007). These perspectives are formed and differentiated through two types of assumptions, assumptions about the nature of social reality (ontological perspective) and the way in which knowledge of reality can be achieved (epistemological perspective) (Blaikie, 2007). Details of these two perspectives in addition to a discussion of the researcher's positions are presented in the following sub-sections.

4.2.1 Ontological Perspective

Ontology plays the vital role of conceptualising reality or truth by preliminary asking 'what kinds of things really exist in the world?' (Hughes and Sharrock, 1997, p.5). Questions of ontological perspectives focus on the nature of assumptions that underlie scientific theories. For instance, if one is to make a claim about the social and natural world, what presuppositions are built into an individual's ideas regarding to their nature? (Williams and May, 1996). The primary concern about the nature of social ontology's quest is whether social entities can and should be considered as objective entities that have independent realities to social actors or social constructions, developed and based on the perceptions and actions of social actors (Williams, 2003). As ontological assumptions are embedded in theoretical ideas that guide researchers in adopting research strategies and methods, the two ontological positions, realist and idealist, therefore, link to the two opposite and mutually exclusive theories (Blaikie, 2007). While realists perceive that natural and social phenomena are independent from human activities and observers, idealists refuse the independent existence of the external world from human thought (Blaikie, 2007). Even though idealist and realist positions demonstrate competing positions of the ontological perspective, there are a variety of other positions that exist between these two theoretical ideas.

4.2.2 Epistemological Perspective

Defined as the possibility of empirical knowledge, research philosophy relies upon epistemology (Hughes and Sharrock, 1997). The concept of epistemology contests any doubt and scepticism that humanity can never, with full confidence, claim to know anything about the external world (Hughes and Sharrock, 1997). Therefore, to provide assurances for our knowledge, researchers need to demonstrate that the system of knowledge is built upon a stable foundation defined by well-established and unchallengeable methods of acquiring knowledge. As a result, the choice of research methods or techniques helps demonstrates one's epistemological position. It is important to address that no research method or technique is self-validating or could be used generically for research. Each research method is conducted under a number of assumptions. Hence, the effectiveness and appropriateness of each method depends on epistemological justifications and presuppositions (Hughes and Sharrock, 1997). Each subject matter is different, requiring different investigative practices. Consideration of the nature of reality and the role of theory can provide foundation for developing methodology and methods. Methodology influences the choice of methods and also has an impact of the knowledge and results of the investigation (Howell, 2013).

Epistemology is presented with three main positions, positivism, constructivism and subjectivism (Crotty, 1998). Firstly, positivism has been classified as the classical view of science and based on the thesis of naturalism (Blaikie, 2007). According to positivists, researchers are independent from external world, and truth can be found through a scientific procedure which is used to prove hypotheses through experiments (Howell, 2013). Knowledge must be based on what a researcher can perceive through his or her senses (Hughes and Sharrock, 1997). The only knowledge of reality that is acceptable is the knowledge derived from experience and observation. Anything that cannot be verified by experience is meaningless. The use of theory in positivism is to provide immutable laws that enable prediction (Howell, 2013). Post-positivism, however, is critical of this viewpoint, as it is impossible to identify laws in social science (Howell, 2013). Knowledge could only be known probabilistically. Post-positivism, also known as critical rationalism (Blaikie, 2007), relies on the idea of testing theories against reality, which links to the method of hypothesis, the hypothetico-deductive method or the method of falsificationism providing the foundation for deductive research strategy.

On the opposing end of the epistemological perspective is subjectivism. Subjectivism is whereby social phenomena are created from perceptions and actions of social actors. As the interaction between actors is a continual process, social phenomena remain in a constant state of revision (Saunders, Lewis and Thornhill, 2012). Rather than originating from the interaction between the subject and the object, meaning in subjectivism is imposed on the object by the subject. Hence, in this epistemological position, the object does not have an impact on the generation of meaning (Crotty, 1998). Until quite recently, positivism and subjectivism are considered as exhaustive and mutually exclusive epistemologies (Blaikie, 2007).

Constructivism exists in the space between objectivism and subjectivism. According to constructivists, it is impossible for human beings to observe and make true discoveries about external world due to their fallibility (Blaikie, 2007). Therefore, there is no free theory knowledge (Denzin and Lincoln, 2011). Constructivists perceive no objective truth (Crotty, 1998). Truth and meaning in constructivism originates from engagement with realities in the world, hence, there is no meaning without the mind. Meaning is constructed not discovered and individuals and groups have multiple ways of constructing meaning, even with the same phenomenon (Crotty, 1998). Based on this perspective, knowledge and truth are collated within an individual's mind, resulting in the conception of 'multiple realities' (Petit and Huault 2008).

4.2.3 Discussion of Ontological and Epistemological Issues

Indications of the researcher's philosophical stance are highlighted briefly through the choice of the thesis topic as well as through the literature review. In this section, the ontological and epistemological issues are discussed together as these issues tend to emerge simultaneously (Crotty, 1998). If one intends to talk about the construction of meaning, they need to address the construction of meaningful reality (Crotty, 1998). Therefore, these two issues cannot be kept conceptually apart. The research adopts the realist ontology and post-positivism epistemology. Firstly, the researcher believes there is an external reality, independent from the researcher thereby presenting a realist ontology. The epistemological position is appropriate for the study as the study relies on information provided in annual reports to examine the extent of CSRD in the context of Southeast Asian countries, allowing the researcher to remain independent from the examined phenomenon. The post-positivism epistemology demonstrates through the nature of the research questions and the way in which the research has been conducted. According to Saunders *et al.* (2012), a positivist position is more desirable when the research problem is related to identifying and understanding factors influencing an outcome. As the key research questions of the study involve identifying relevant CSRD determinants and examining the impact of these determinants on CSRD, this epistemological position is appropriate. Moreover, regarding the way in which the research has been conducted, hypotheses were developed in Chapter 3 with the intention that these hypotheses will be statistically tested to examine the relationships. This method is directly linked to the post positivism idea of testing theories against reality. Moreover, the fact that the development of hypotheses was strongly based on previous literature and theories demonstrate the belief that observations are always made within a frame of reference, with certain expectations in mind, and that all observations are theory-dependent (Blaikie, 2007). These beliefs are core to the post-positivism epistemology. Therefore, the choice in research approach and research strategy presented in the next section is influenced by these philosophical positions.

4.3 Research Approach: Deductive

Two key approaches of social science are deductive and inductive approaches. With the nature of adopting a positivist perspective and incorporating practices and norms of natural science, the main aim of a deductive approach is to test theory. Some scholars (Bryman and Bell, 2011; Gray, 2014) consider the deductive approach as the most common view related to the relationship between theory and research. According to this approach, with the understanding about a specific domain and theoretical considerations, hypotheses are built to identify the relationship between the variables (Gray, 2014). Based on the theory and built hypotheses, data is collected and analysed to confirm or reject these hypotheses (Bryan and Bell, 2011). Contrasting this position, the purpose of the inductive approach is to build on the existing stock of theory which implies theory is the outcome of inductive research (Bryman, 2016). This type of research, therefore, is qualitative with generalised inferences drawn from the findings. Despite their clear identification, deductive and inductive approaches are not always separate (Bryman, 2016). The choice of research strategy, design and methods should be based on the investigated research questions. This study is classified as an explanatory study with the aim to investigate the impact of external and internal determinants on CSRD, which is considered as the causal relationship between variables (Saunders *et al.*, 2012). The study adopts deductive approach with quantitative strategy to identify the relationships between the variables that have been established in the literature review based on relevant theories.

Following the deductive approach, the use of quantitative design is to test theories (Bryman, 2016) which reflects the researcher's post-positivist position. The distinctive nature of quantitative research is the quantification of data collection and data analysis with the application of different statistical methods and techniques as powerful tools to provide precise summary of finding, in addition to increasing the quality of interpretation. Moreover, a quantitative approach is an appropriate strategy as the study does not focus on how things are but why things are the way they are, therefore demonstrating the researcher's philosophy that social reality exists externally and independent from the researcher.

4.4 Data Collection: Content Analysis

Content analysis is the method in which data is collected and analysed from documents that are communicated through a variety of means (Curtis and Curtis, 2011). The method is classified under unobtrusive research in which researchers conduct social behaviour studies without affecting it (Babbie, 2013). Content analysis method is closely associated with quantitative approach as the method is used to quantify content of analysed documents and text to a number of categories in a systematic and replicable manner (Bryman, 2016).

According to Babbie (2013), the method of content analysis is particularly appropriate for studies related to communications. As a result, content analysis has been widely used in CSRD studies (see Haji, 2013; Tan *et al.*, 2016; Alnajjar, 2000). In the CSRD research field, content analysis is the research technique that involves classifying the disclosed information into several categories of items that explain different aspects of CSR (Branco and Rodrigues, 2008). Such technique allows researchers to discover what corporations indicate through their reported information regarding their relationship with stakeholders, the impact of their business activities upon the environment, in addition to the level of openness regarding their business activities (Kuasirikun and Sherer, 2004). The content analysis method is also important in suggesting insights of actual and potential practices as well as contribution to the development of better disclosure practices (Kuasirikun and Sherer, 2004).

Following the tradition of previous CSRD studies, content analysis is adopted as a data collection strategy in this particular research for the following reasons. Firstly, as the objectives of this study include identifying the extent of CSRD across six countries, the use of other data collection strategies, such as questionnaire or interview, cannot provide objective data. Moreover, content analysis is the best suited data collection strategy, considering the cross-countries context of this study. With the restrictions on time and funding of the PhD, it is impossible for the researcher to travel to these countries for data collection. As a result, difficulties in data accessibility have made the use of content analysis an appropriate and suitable data collection strategy (see Holsti, 1969).

One of the important areas that researchers should pay attention to while conducting a content analysis study is the type of document (Unerman, 2000). As argued in the chapter 2, section 2.2, annual reports were chosen to examine the level of CSRD to ensure the completeness and consistency of the whole data set. Additionally, as most of the examined countries have their own native language, the choice of other un-official documents would pose certain difficulties and challenges in analysing the data due to the unavailability of English versions for these documents. As a result, annual reports were selected on the basis of English language since most of the large listed companies in the six countries have English version of their annual reports. CSR information is checked thoroughly in all sections of, and for each of the annual reports to ensure no disclosed information is missed.

4.5 Population, Sampling Type and Sample Size

4.5.1 Population

As justified in Chapter 1, this study examines the extent of CSRD in the six main economies of Southeast Asia, including Thailand, Singapore, Malaysia, Indonesia, Philippines and Vietnam. Listed companies are the subjects of this study. Due to the high level of publicity and public pressure, it is important for these companies to practice CSRD to demonstrate their consideration of different stakeholder groups. Moreover, listed companies are also more likely to responds to external pressures. As a result, using listed companies as subjects of the study provides a great opportunity to identify the influence of external environment on firms' CSRD. Finally, under different laws, regulations and listing requirements, listed companies are obligated to disclose information regarding their CG practices and in some cases, CSR activities. Therefore, the choice of listed companies would reduce the missing data rate as well as ensure availability and completeness of the data set.

With the exception of Vietnam, the other five countries have only one national stock exchange. Vietnam has two stock exchange markets with Ho Chi Minh City stock exchange (HoSE) as the primary and largest market based on market capitalisation, and Ha Noi stock exchange (HNX) as the secondary market. The six countries with seven stock exchange markets, Bursa Malaysia, Hanoi stock exchange (HNX), Ho Chi Minh City stock exchange (HoSE), Indonesia stock exchange (IDX), The Philippines stock exchange (PSE), the stock exchange of Thailand (SET) and Singapore Exchange (SGX), are all part of the ASEAN Exchanges collaboration. A brief introduction of each stock exchange is introduced as follows.

Firstly, the capital market of Indonesia has been established long before the country's independence in 1912 during the Dutch colonial era (IDX, 2010). The market grew gradually since the establishment, however, for various reasons, including the two world wars and power transition for the Dutch government, the stock exchange was inactive until 1977 when the government reactivated it again (IDX, 2010). Ever since, the market has grown rapidly with the support from the government (ASEAN Exchanges, 2012). Before 1989, Indonesia had two stock exchange markets, the Jakarta stock exchange and the Surabaya stock exchange. Since 2007, the two stock exchanges have merged into one national stock exchange, the Indonesia stock exchange (IDX) (ASEAN Exchanges, 2012). At the end of 2013, the total market capitalisation of IDX is 4,219.02 trillion rupiah (approximately $317,398.56 millions) with 483 listed companies.

The next stock exchange to be mentioned is the national stock exchange and future exchange of Malaysia which is managed under an exchange holding company, Bursa Malaysia Berhad (ASEAN Exchanges, 2012). Bursa Malaysia is one of the largest stock exchanges in ASEAN with more than 900 companies listed on either the main market (for large capitalisation companies) or the ACE market (emerging companies of all size) (Bursa Malaysia, 2017). At the end of 2013, the stock market had 911 public listed companies with the total market capitalisation of 462,285 USD millions and over 130,000 USD millions total value of share trading (Bursa Malaysia, 2013). The stock market's benchmark index is the FTSE Bursa Malaysia KLCI which comprises the thirty largest companies listed on the main board based on full market capitalisation.

The Philippine Stock Exchange (PSE) is the oldest stock exchange in Asia and has been active since 1927 from the establishment of the Manila Stock Exchange. Prior to PSE, the country had two former stock exchanges, the Manila Stock Exchange established in 1927, and the Makati Stock Exchange (MkSE) established in 1963. The two stock exchanges were unified to become the current PSE in 1992 after nearly 30 years of separate trading (PSE, 2012). The PSE is the next stock exchange after Bursa Malaysia, SGX and SET, in terms of dividend yield (Bursa Malaysia, 2013). At the end of 2013, the stock exchange achieved a market capitalisation of $256,502.81 million with 257 companies listed (PSE, 2013). The main index of PSE is the PSEi which comprises of the thirty largest listed companies based on market capitalisation (PSE). The selection of thirty companies is based on a specific criteria of public float, liquidity and market capitalisation.

Among the six countries, Singapore is the only advanced economy based on the classification of IMF (2017). The stock exchange of Singapore (SGX) was formed in 1999 as a holding company by the emerge of two financial institutions, the Stock Exchange of Singapore (SES) and the Singapore International Monetary Exchange Limited (Simex) (Shaw, 2002). The SGX is Asia's most international and influential multi-asset exchange with approximately 40% of listed companies originating from outside Singapore. SGX is also the largest securities market in Southeast Asia in terms of market capitalisation (SGX, 2013). In 2013, the total number of listed companies on SGX exceeded 770, with the total capitalisation of $1 trillion and the total trading value of $363 billion (SGX, 2013).

The development of a modernised Thai capital market began with the establishment of Bangkok Stock Exchange in July 1962. The Bangkok stock exchange was owned by a limited company, however, it performed poorly in terms of turnover due to the lack of government support and limited understanding of equity market, which finally led to its operations ceased in early 1970s. After the first stock exchange fails, the Thai government increased its involvement in legislating and creating a capital market. With a basic legislative framework, the Securities Exchange of Thailand started trading in 1975. In 1991, the name was changed to the Stock Exchange of Thailand (SET) (SET, n.d.). Together with Bursa Malaysia and SGX, the stock exchange of Thailand (SET) is among the top three stock exchanges in Southeast Asia (Bursa Malaysia, 2013). In the end of 2013, more than 600 firms are listed on SET.

Vietnam is the final country considered in this study. According to FTSE's classification (2015), Vietnam is the least developed country out of the six, holding the position of frontier economy. Even though Vietnamese stock exchange markets were initiated much later than other countries in the region, they have grown substantially (Vo, 2010). The first and primary stock exchange in Vietnam is Ho Chi Minh stock exchange (HoSE) which was established in 2000 with four listed companies (Vo, 2010). In 2013, the total market capitalisation of HoSE is 842,105 billion VND with 303 listed companies (HoSE, 2013). In addition to HoSE, the second stock exchange market of Vietnam is Hanoi Stock Exchange (HNX). HNX was established in 2005 and is considered as the secondary stock exchange market in Vietnam. Even though HoSE is a much larger stock exchange market in terms of market capitalisation, HNX has higher number of listed companies with 394 companies (ASEAN Exchanges, 2012). Both stock exchanges are operated as state-owned single member limited liability companies.

4.5.2 Sampling Type

After careful consideration, purposive sampling is identified as an appropriate sampling type for this study for the following reasons. Firstly, according to Punch (2005), if the research purpose is to identify relationships between variables or compare between groups, the use of deliberate or purposive sampling might be more suitable to increase the chance of relationships being observed, especially in the case of less developed countries with limited resources and insufficient technical infrastructure (Bulmer and Warwick, 1993). In purposive sampling, only the units that contribute to the answers of research questions are chosen (Krippendorff, 2013). This suggestion is particularly applicable for the current research. The study aims to compare the levels of CSRD across the six examined countries as well as investigate the impact of CG and institutional factors on CSRD. In Vietnam and the Philippines, however, the concept of CSR has not been substantial, therefore, CSRD is unlikely to be customary practice among small and medium companies. The use of purposive sampling with a focus on large listed companies, as a result, would allow sufficient amount of data collected from each country, avoid high level of missing data, and ensure the completeness of the data set since largest listed companies have high levels of publicity and public pressure. Practicing CSRD, hence, is integral to their survival and also demonstrates their consideration towards various stakeholder groups.

Moreover, empirical findings of previous studies have been relatively conclusive, indicating that larger firms tend to have higher and better CSRD (see Rahman *et al.*, 2011; Hamid, 2004; Ghazali, 2007). Large listed companies, hence, have been the subject in some previous CSRD studies (see Brammer and Pavelin, 2004; Ghazali, 2007; Saleh, Zulkifli and Muhamad, 2010) and allows for comparison with previous findings and studies. Another reason for focussing solely on large listed companies is the language barrier. Without the use of large listed companies, it would have been difficult to collect data for this comparative study as all the six countries have their own national language, even though English is classified as the second language in some of them (Singapore and Malaysia). While large listed companies tend to have an additional English version for their reports, it is not guaranteed for small and medium companies. As a result, following the objective of achieving the greatest amount of information on the research phenomenon, purposive sampling with large listed companies is used as they are active actors in the studied problem (Flyvbjerg, 2006).

4.5.3 Sample Size

As mentioned previously, for this study, purposive sampling of large listed companies is used to ensure the availability and accessibility of data sources. The selection of listed companies from the six chosen countries was adapted from the methodology of FTSE ASEAN all-stars index. The ASEAN all-stars index includes 180 leading companies from the ASEAN region. The index comprises 30 companies chosen from each of the six countries in the ASEAN Exchange collaboration, including Thailand, Singapore, Malaysia, Indonesia, Malaysia and Vietnam. The purpose of the index is to reflect the breadth and depth of the ASEAN economy with companies selected from these countries' respective stock exchanges. The chosen companies at the national level are the largest and have the most liquid stocks on their national stock exchanges. Aside size and liquidity as the criteria of the index, the diversity in terms of operating industries is also one of the main characteristics of these companies (ASEAN Exchanges, 2012).

Modelled on the FTSE ASEAN all-stars index, data of the top 30 largest companies based on market capitalisation from each of the following stock exchanges, Bursa Malaysia, SGX, SET, IDX, PSE and HoSE, was collected. In the case of Vietnam, the top 30 listed companies are selected from HoSE rather than HNX, as HoSE is the primary stock exchange market in Vietnam. Moreover, companies listed on HoSE tend to be larger in terms of market capitalisation. Therefore, the chosen firms would be more comparable with the ones from the other countries; and the findings would reflect the CSRD practice of large firms in Vietnam better. The sample of 30 largest companies from the six stock exchanges made up a total sampling size of 180 companies. Due to several reasons as mentioned in the table 8, the final sampling of this study includes 171 observations.

The sampling choice, however, does contain limitations. Although the sample size is comparable or bigger than numerous CSRD studies (see Hamid, 2004; Ghazali, 2007; Mirfazli, 2008; Suttipun and Stanton, 2012; Tan *et al.*, 2016), compared with the total population, the sample size is not large enough to ensure generalisability. Moreover, only one year of data is collected (2013), rather than spread across multiple years. Despite the acknowledgement that a bigger sample size with cross-year observations would increase the generalisability and allow comparing the extent of CSRD across time, the sample size of 171 firms is more appropriate for this study as bigger sample size would have been unmanageable considering the limited timeframe of a PhD, the labour-intensive data collection process and the difficulty of collecting data across the region.

Table 8: Sample size specification

Country	Sample specification
Indonesia	• Intended sample size: 30 • Number of companies that do not have separate 2013 annual report from parent companies: 0 • Number of companies with missing/ unavailable 2013 annual report: 0 • Final sample size: 30
Malaysia	• Intended sample size: 30 • Number of companies that do not have separate 2013 annual report from parent companies: 0 • Number of companies with missing/ unavailable 2013 annual report: 1 • Final sample size: 29
Philippines	• Intended sample size: 30 • Number of companies that do not have separate 2013 annual report from parent companies: 1 • Number of companies with missing/ unavailable 2013 annual report: 2 • Final sample size: 27
Singapore	• Intended sample size: 30 • Number of companies that do not have separate 2013 annual report from parent companies: 3 • Number of companies with missing/ unavailable 2013 annual report: 1 • Final sample size: 26
Thailand	• Intended sample size: 30 • Number of companies that do not have separate 2013 annual report from parent companies: 0 • Number of companies with missing/ unavailable 2013 annual report: 0 • Final sample size: 30
Vietnam	• Intended sample size: 30 • Number of companies that do not have separate 2013 annual report from parent companies: 0 • Number of companies with missing/ unavailable 2013 annual report: 1 • Final sample size: 29
Total	• Final sample size: 171

4.6 Variables and Measurements

4.6.1 The Dependent Variable - Corporate Social Responsibility Index (CSRDI)

4.6.1.1 Scoring Scheme and Measurement

Previous literature indicates that the extent of CSRD can be measured through various methods, either through weighted or non-weighted techniques (see Arshad *et al.*, 2012; Naser, Al-Khatib and Karbhari, 2002; Gao *et al.*, 2005). Non-weighted index is the simplest way in which the extent of CSRD is measured by counting the number of CSR-related instances or items that are disclosed in annual reports (see Gao *et al.*, 2005; Janggu *et al.*, 2007; Menassa, 2010). This form of measurement, however, was criticised for not considering the extent of information disclosure (Branco and Rodrigues, 2008) which indicates the significance and weight of each disclosed item (Zeghal and Ahmed, 1990). Therefore, to address this problem, weighted index with the use of word count (see Gao *et al.*, 2005; Menassa, 2010), sentence count (see Amran and Devi, 2008; Janggu *et al.*, 2007), or page count (see Lynn, 1992; Thompson and Zakaria, 2004) have been applied to measure the extent of CSRD in some previous studies.

Appropriate units of measurement are also debated in the literature. For instance, while scholars, such as Gray *et al.*, (1995a) and Milne and Adler (1999), support the use of page count with the argument that page count reflects the total space given for a specific topic; and therefore, indicates its importance, this type of measurement was criticised by Lavers (1993). The author argued that the use of page count tends to be subjective due to the differences in front size, graphics and margins (Hamid, 2004). Regarding the use of word count, in contrast to the justification that the volume of disclosure can be examined in greater detail with the use of word count, some studies claimed that individual words do not provide any meaning without its context (El-Bannany, 2007; Milne and Adler, 1999).

Similarly, the use of sentences as units of measurement can also be problematic as it ignores the fact that two different writers can convey the same message with different numbers of sentences using differing grammatical styles of (Unerman, 2000). Therefore, previous literature on this issue has shown that different measurements can have their own strengths and weaknesses. As a result, the use of an appropriate unit of measurement should be based on the context of study. In this study, the use of non-weighted index is considered more suitable as the use of weighted index (word count, sentence count or page count) could create subjectivity and bias during the analysis process as the format and presentation of each annual report can be very different from another, considering the cross-national context. Moreover, previous literature shows that the choice of weighted or un-weighted index would not result any significant difference in findings (Chow and Wong-Boren, 1987; Firth, 1980; Hossain and Hammami, 2009). Finally, as the simplest type of measurement, the use of non-weighted index can be easily replicated in future studies.

As discussed in chapter 2, section 2.2, information on CSRD is collected based on a checklist of items adapted from the study of Branco and Rodrigues (2008). The checklist classifies CSR information into four main categories: environmental disclosure (ED), human resources disclosure (HRD), products and consumers disclosure (PCD) and finally community involvement disclosure (CD). The total number of items on the checklist is 30, with 11 items in ED, 9 items in HRD, 5 items in PCD, and 5 items in CD. With the use of non-weighted index, a company is awarded 1 if an item in the checklist is disclosed and 0 if it is missing. The CSRDI is calculated by the ratio of actual scores awarded to the maximum score that a firm could achieve. In most of the cases, the maximum score is 30 as there is 30 items on the checklist. However, in order to avoid penalising firms for not disclosing the items unrelated to their business, certain items are excluded for firms from the industries of healthcare services, banking and financial services, hotels, leisure and entertainment. The excluded items are presented as follows:

- Healthcare services: items such as pollution from business conduct, pollution created from the use of company's products, prevention or repair of environmental damage, environment aesthetics, energy efficiency of products, discussion of specific environmental laws and regulations, product safety, and disclosing of consumer safety practices are excluded, making the maximum number of items for this industry is 22.
- Banks and financial services: pollution created from the use of company's products, prevention or repair of environmental damage, environmental aesthetics, energy efficiency of products, discussion of specific environmental laws and regulations and product safety are excluded. The maximum number of items for this industry is 24
- Hotels, leisure and entertainment: pollution arised from the use of company's products, prevention or repair of environmental damage, environmental aesthetics, and energy efficiency of products and discussion of specific environmental laws and regulations are excluded, making the maximum number of items is 25.

- Software and computer services: pollution created from the use of company's products, prevention or repair of environmental damage, environmental aesthetics, energy efficiency of products, discussion of specific environmental laws and regulations, product safety, and disclosing of consumer safety practices are excluded, resulting with a maximum number of 23 items.

4.6.1.2 Reliability and Validity of the Construction Index

(i) Reliability

Reliability refers to the question of whether a measurement is stable (Bryman, 2016) and able to provide the same results in separate occasions (Howell, 2013). This concept is important for a content analysis study to address the issue of reliability of not only the instruments but also the data collected using those instruments to ensure inferences drawing from the data are replicable and valid (Milne and Adler, 1999). In order to ensure the reliability of the construction index and the results of content analysis, following the suggestion of Krippendorff (2013), three elements of reliability, stability, reproducibility and accuracy, are examined in this study. However, as the accuracy element which is preferred to as the issue of determining coding performance against an expert built predetermined standard or from previous studies (Krippendorff, 2013) can be related to the validity of the construction index, only two elements, stability and reproducibility, are discussed in this sub-section.

The first element, stability, also known as intra-coder reliability, is mentioned as the degree to which the process of content analysis remains unchanged and produces the same results over time. Assessing stability requires the involvement of test and retest procedure in which a sample of the data should be coded again by the same coder after a period of time. High correlation from the test and retest procedure is a sign of stability in measurement. In this study, to examine the stability of the construction index, a sample of 30 companies is re-analysed after three-months. The results between the two times of coding were relatively similar without any major difference. As a result, the intra-coder reliability can be assured.

Regarding the reproducibility of measurement, the main aim of this reliability type is to measure the extent to which the coding results are the same when there are multiple coders (Milne and Adler, 1999). In this study, a second coder is used to ensure the reproducibility of measurement.

The second coder is a postgraduate researcher who has previous experience in content analysis and a competent understanding of CSR concept but not involved in any other aspect of this study rather than re-coding a small sample. This requirement helps to ensure the independence of coder to allow freedom of judgement without the influence of the researcher. A process of training was applied prior the coding assignment as it allows coders to familiarise themselves with definitions, coding rules and scheme (Kolbe and Burnett, 1991). The second coder was explicitly explained the categories, meaning of each item and when an item is considered disclosed. After fully understanding the process, the second coder was asked to analyse one document to test whether he perceived the coding procedure correctly. At the end of the training, the second coder was provided a code book with detail description of each item (Appendix 2) and asked to choose a sample of 30 companies with 5 randomly chosen companies from each country. When the coding is finished, the two coders met and discussed any difficulties raised from the coding process and further develop description for some vague terms in the items. When comparing the results of two coders' analysis did not show any major difference. Therefore, inter-coder reliability can be guaranteed.

Furthermore, in order to assess internal consistency of the construction index, the Cronbach's alpha test is employed. Internal consistency measures the extent to which the items in the checklist measure the same construct and hence are internally consistent (Bryman and Cramer, 2005). Some previous disclosure studies (see Botosan, 1997; Khan *et al.*, 2013a; Aribi and Gao, 2010) have used the Cronbach's coefficient alpha to examine the degree that correlation amongst categories of the disclosure index are reduced as a result of random error. According to previous literature (Field, 2013, p.709; Gul and Leung, 2004, p.360), the alpha value above 0.70 is considered acceptable. In this study, the coefficient alpha value of four disclosure categories in the CSRD index is 0.715, which exceeds the cut-off point and higher than some previous studies of Gul and Leung (2004), Khan *et al.* (2013a) and Aribi and Gao (2010). Therefore, the statistics indicate that the disclosure items in the index captures the same construct. Table 9 presents the result of the Cronbach's test.

Table 9: Reliability test of the CSRDI

Cronbach's Alpha Value	No. of items
0.715	4

(ii) Validity

According to Matthes and Kohring (2008), validity's indicator is the extent to which the measuring instrument measures the concept it is supposed to measure. Validity plays an important role in ensuring inferences drawn from the coding procedure are supported by empirical evidence and theoretical rationale (Rourke and Anderson, 2004). In this study, different procedures have been adapted to ensure the validity of the construction index. Firstly, as mentioned in the previous chapters, the index was adapted from the study of Branco and Rodrigues (2008) which was developed based on well-recognised CSRD instruments. Therefore, the appropriateness and validity of the index could be ensured. Moreover, according to Rourke and Anderson (2004), a valid protocol does not either miss out behaviours that should be included or include behaviours that should be ignored. The CSRDI includes 30 items classified into four main categories, ED, HRD, PCD and CD. Compared with other indexes in some previous CSRD studies (see Anas *et al.*, 2015; Esa and Ghazali, 2012; Sobhani *et al.*, 2009), the index adapted in this study is more exhaustive with most mentioned items included and diverse aspects of CSR covered. After a trial analysis, however, the researcher recognised that the items mentioned in the checklist are too general and may cause confusion and/or inconsistency during the coding process. As a result, a detailed coding guideline with detailed descriptions for each item was developed based on previous studies that Branco and Rodrigues (2008) adapted, including Gray *et al.* (1995a); Hackston and Milne (1996); and Williams and Pei (1999) (Appendix 2). Besides, the coding guideline is also modified after the trial analysis as to include some relevant points. The coding guideline, then, is discussed with the two supervisors for further alterations. Furthermore, the instruction index has also been tested through the presentation and submission in various national and international conferences. Therefore, the validity of the construction index can be well-assured.

4.6.2 Independent Variables

4.6.2.1 Internal Determinants

As discussed in Chapter 3, section 3.2, CG practices are used to examine the impact of internal determinants on CSRD. Based on the context of study and previous studies on the relationship between CG and CSRD, six CG practices, representing board structure, board composition, board diversity and ownership are chosen to examine the effect of CG on CSRD.

The CG variables in this study are measured as follows. In terms of board composition, board independence was computed based on the percentage of independent directors on a board (Cheng and Courtenay, 2006' Khan, 2010; Michelon and Parbonetti, 2012). Board gender diversity based on gender was measured by the percentage of female directors on a board (Barako and Brown, 2008; Frias-Aceituno *et al.*, 2013). Regarding board structure, CEO duality and the presence of CSR committee were measured by dummy variables (Haniffa and Cooke, 2002; Jizi *et al.*, 2014; Cowen *et al.*, 1987). Finally, block ownership was computed based on the percentage of ordinary shares held by large shareholders who have more than 5% of ownership (Halme and Huse, 1997).

4.6.2.2 External Determinants

As mentioned in Chapter 2, section 3.3, diverse institutional factors, representing the three pillars in the institutional environment, regulative, normative and cultural-cognitive, are selected to identify the impact of external determinants on CSRD. Following previous studies (see Adelopo *et al.*, 2012; Amran and Haniffa, 2011; Comyns, 2016; Williams, 1999), all the six variables, legal origin, mandatory disclosure, uncertainty avoidance cultural dimension, masculinity cultural dimension, the adoption of the GRI standard and membership of CSR-related associations are all measured by dummies variables. The table 10 provides more detail of the measurements for each variable.

4.6.3 Control Variables

In this study, several variables are controlled to mitigate potential problems associated with omitted variables (Wooldridge, 2013). The control variables include firm size, leverage, profitability, firm age, audit firm size and industry affiliation. The choice of these variables is based on theoretical predictions, and existing literature. The theoretical and empirical argument for choosing each of the control variables is discussed in the following sub-sections:

4.6.3.1 Firm Size

The relationship between firm size and CSRD has been relatively consistent with empirical findings supporting the positive impact of firm size on CSRD (see Haji, 2013; Gao *et al.*, 2005; Trotman and Bradley, 1981). With diverse geographical and product markets, large firms are highly visible and have increasingly diverse stakeholder groups (Brammer and Pavelin, 2004). As a result, such firms are under greater pressures to exhibit CSR (Cowen *et al.*, 1987). Moreover, large corporations with broader business activities will have greater impact on society (Cowen *et al.*, 1987). Therefore, from the legitimacy perspective, large firms tend to disclose higher CSR information in annual reports to demonstrate their corporate citizenship, therefore legitimising their existence and in many cases enhancing reputation (Branco and Rodrigues, 2008; Hamid, 2004; Ghazali, 2007). Following previous studies (see Haniffa and Cooke, 2002; Ntim and Soobaroyen, 2013), firm size, in this study, is measured by using a natural log of total assets. As the countries have different currencies, all of the company's figures were converted into a common currency, in this case the United States dollar, before applying the measurement.

4.6.3.2 Leverage

High leverage levels have been argued to have a negative relationship with CSRD (see Jizi *et al.*, 2014; Siregar and Bachtiar, 2010). High leverage levels tend to lead to high monitoring costs. As a result, managers might seek to reduce costs associated with CSR and CSRD (Esa and Ghazali, 2012; Jizi *et al.*, 2014). The study of Purushothaman *et al.* (2000) also supported the negative relationship between leverage and CSRD with the argument that due to the close relationship with their creditors, firms with an elevated level of leverage might use other means to disclose CSR information. This view, however, differs from the perspective of voluntary disclosure and agency theory in which highly leveraged firms were claimed to use voluntary information disclosure to reduce agency costs and therefore capital cost (see Jensen and Meckling, 1976; Reverte, 2009; El-Halaby and Hussainey, 2015). This argument could also be applicable for CSRD as a form of voluntary disclosure. With these conflicting perspectives, empirical findings regarding the impact of leverage on CSRD have been inconclusive. While some studies found positively or negatively significant impact of leverage on CSRD (see Chan *et al.*, 2014; Khan *et al.*, 2013a), findings in other studies were insignificant (see Esa and Ghazali, 2012; Naser and Hassan, 2013; Siregar and

Bachtiar, 2010). Following previous studies (Branco and Rodrigues, 2008; Ntim and Soobaroyen, 2013), leverage was computed based on the percentage of total debt to total assets.

4.6.3.3 Profitability

In previous CSRD studies (see Amran and Devi, 2008; Haniffa and Cooke, 2005), profitability is expected to have a positive association with CSRD. Managers from highly profitable firms are stated to have more freedom and flexibility to engage in CSR activities and CSRD (Amran and Devi, 2008; Siregar and Bachtiar, 2010). Moreover, from a legitimacy perspective, profitable firms tend to disclose more CSR information to demonstrate their contribution to society and therefore legitimise their existence (Haniffa and Cooke, 2005). Taking an alternative approach, however, the relationship between profitability and CSRD can be negative as additional costs associated with CSRD could reduce a firm's profit (Esa and Ghazali, 2012). Previous studies show inconclusive empirical finding on the relationship between profitability and CSRD. While some studies concluded the significantly positive impact of profitability on CSRD (see Hossain *et al.*, 2006; Sharif and Rashid, 2014; Suteja *et al.*, 2016), insignificant results were found in other studies (see Anas *et al.*, 2015; El-Halaby and Hessainey, 2015; Naser and Hassan, 2013). Profitability, in this study, is measured by the ratio of net income to total assets (Branco and Rodrigues, 2008).

4.6.3.4 Firm Age

According to Hamid (2004), legitimacy theory predicts that firm age corresponds with its reputation in society and subsequently its CSRD development. Previous studies have argued that longer-established firms tend to have a higher extent of CSRD (see El-Halaby and Hussainey, 2015; Hamid, 2004; Parsa and Kouhy, 2008). Longer-established corporations have received increased benefits from society and as this relationship matures, these firms also develop a greater sense of social responsibility, which could lead to higher level of CSRD. Moreover, Parsa and Kouhy (2008) claimed that younger firms may feel more pressure and hence reluctant to disclose information as it could threaten their competitive position. In contrast, firms that are better established in the market are less likely to be threatened and their competitive position, therefore, is also less likely to be influenced by CSRD. Although several arguments in the literature have provided support for the positive relationship between firm age and CSRD, empirical findings from some studies have concluded insignificant impact of firm age on CSRD (see Rahman *et al.*, 2011; Hamid, 2004; Parsa and Kouhy, 2008). Modelled on previous studies (Hamid, 2004; Rahman, 2011), firm age is measured by the number of years from a company's establishment to the year of 2013.

4.6.3.5 Audit Firm Size

The quality, size and status of auditing firms have been considered as an essential factor in the corporate sector as it demonstrates corporations' willingness to be audited by stricter standards and therefore higher quality of information disclosures (Ntim *et al.*, 2017). The relationship between audit firm size and voluntary disclosure has long been established in the literature (see Barros, Boubaker and Hamrouni, 2013; Dunn and Mayhew, 2004), however, there are a limited number of studies examining the impact of audit firm size on CSRD (see El-Halaby and Hussainey, 2015; Haniffa and Cooke, 2002). Most studies provided arguments to support the positive relationship between audit firm size and voluntary disclosure, including CSRD (see Dunn and Mayhew, 2004; El-Halaby and Hussainey, 2015; Huang and Kung, 2010). According to the study of Huang and Kung (2010) which looks at the audit firm size as one of environmental disclosure's drivers, the monitoring strength of auditing firms affects both quality and quantity and information disclosure. Previous research suggested that well-established auditing firms, such as the Big Four auditing firms (Deloitte, PricewaterhouseCoopers, Ernst & Young, and KPMG), provide higher assurance quality (Teoh and Wong, 1993) as they have more expertise and experience (Wallace, Naser and Mora, 1994), as well as reputations to maintain (DeAngelo, 1981). Therefore, the Big Four auditing firms are more likely to demand corporations to disclose more information so to maintain their reputation and avoid expensive litigation (Huang and Kung, 2010). Applying this argument to CSRD, following the suggestion of Bewley and Li (2000), as well-established auditing firms are expected to be better at assessing the impact of firms' operation on environment and society, they tend to require more CSRD. Moreover, from the institutional perspective, the Big Four auditing firms can put normative pressure on their clients and affect CSRD (Tagesson *et al.*, 2012). In this study, a dummy variable is used to measure audit firm size with the value of 1 if a firm was audited by one of the Big Four auditing companies, and 0 otherwise (see El-Halaby and Hussainey, 2015; Ntim and Soobaroyen, 2013).

4.6.3.6 Industry Affiliation

Industries have been considered as one of the key determinants of CSRD (see Chan *et al.*, 2014; Haniffa and Cooke, 2002; Mirfazli, 2008; Rizk *et al.*, 2008). Therefore, the impact of industry affiliation on CSRD has been considered in numerous studies (e.g. Branco and Rodrigues, 2008; Gray *et al.*, 2001; Mahadeo *et al.*, 2011). From the institutional perspective, organisations generally model themselves on businesses that have been deemed or perceived to be successful (DiMaggio and Powell, 1983). As a result, industry affiliation could play an important role in defining a firm's CSRD practices (see Hackston and Milne, 1996; Patten, 1991). The relationship between industry affiliation and CSRD could also be explained by legitimacy theory in which companies with high public visibility or greater impact on the environment were found to provide more CSRD than their counterparts (see Adams *et al.*, 1998; Clarke and Gibson-Sweet, 1999; Gao *et al.*, 2005). In this study, in order to examine the impact of industry affiliation on CSRD, following previous studies (see Branco and Rodrigues, 2008; Wang, Song and Yao, 2013), the two proxies, environmental sensitivity and consumer proximity, are used. Theoretical and empirical arguments for these two variables are provided as follows.

(i) Environmental sensitivity

Previous studies have argued that firms from industries in which their manufacturing process has a negative impact on the environment tend to disclose more CSR information than counterparts from other industries (see Gao *et al.*, 2005; Harte and Owen, 1991; Patten, 1991; Reverte, 2009) because firms from these industries are exposed to higher risks of criticism for CSR matters (Reverte, 2009). In contrast, industries with lower environmental impact would receive less stakeholder pressure and therefore more likely to display a lower level of disclosure (Reverte, 2009). Empirical findings in a number of CSRD studies have provided evidence for the negative relationship between industry's environmental sensitivity level and CSRD (see Gao *et al.*, 2005; Patten, 1991; Reverte, 2009). Industrial sectors, such as oil and gas, basic materials (mining, forestry and paper, industrial metals and chemicals), industrials (construction and materials), and utilities (electricity, gas and water distribution), are classified as exhibiting high environmental sensitivity based on previous literature (e.g. Branco and Rodrigues, 2008; Patten, 1991; Reverte, 2009). Other sectors are considered less environmentally sensitive. A dummy variable with one/zero value is used to designate firms from these industries: one if a company operates in more sensitive industry and 0 if it is from less sensitive industries.

(ii) Consumer proximity

Similar with companies from industries with high environmental sensitivity, companies with high public visibility tend to disclose more CSR information than the others, due to the public pressure and attention they receive (Clarke and Gibson-Sweet, 1999; Wang *et al.*, 2013). With increased visibility, companies might use CSRD as a technique to avoid pressures and criticisms from external parties (Patten, 1991). One of the characteristics that define a company's level of public visibility is consumer proximity or consumer visibility (Roberts, 1992). According to Cowen *et al.* (1987), consumer-oriented firms are expected to demonstrate higher levels of CSR to improve sales and enhance corporate reputation. According to Branco and Rodrigues (2008), a company has higher public visibility when it operates in the industries that are closer to the general public. Empirical results of previous studies remain mixed with both significant and insignificant findings (see Lu and Abeysekera, 2014; Wang *et al.*, 2013). In this study, consistent with previous literature (Lu and Abeysekera, 2014; Wang *et al.*, 2013), consumer proximity is measured by dummy variables with the value of 1 if a company operates in industries with a high profile, and 0 if a company is from a low-profile industry. High-profile industries, following the classification of Branco and Rodrigues (2008), are consumer goods (personal and household goods), retailers, telecommunication services and banks. All other industries are classified as low-profile.

The measurement and data source of all the variables considered in this study are presented in table 10. It is important to note that as the six countries have their own currency, all of the company's financial figures were converted into a common currency, the US dollar, before applying the measurements.

Table 10: Measurement and data source of all the variables

Variables	Measurement	Data source
	Dependent Variable	
CSRDI	CSRD checklist includes 30 items. For each disclosed item, a value of 1 is awarded and 0 otherwise. The CSRDI is calculated by the ratio of the number of disclosed items to the maximum number of relevant items a company may disclose.	Annual reports
	Independent Variables – CG mechanisms	
BS	The total number of inside and outside executive on board. In the case of two-tier boards, board size is calculated by the total number of both Board of Directors and Supervisory Board	Annual reports
IND	Ratio of independent directors on board.	Annual reports
FED	Ratio of female directors on board.	Annual reports
DUAL	1 if the Chairman and CEO position are held by the same person, and 0 otherwise	Annual reports
BLOC	The percentage of ordinary shares held by large shareholders who have more than 5% ownership	Annual reports and information on the stock exchanges
COMT	1 if a company has CSR committee on board and 0 otherwise	Annual reports
	Independent Variables – Institutional variables	
LEG	1 if a company from a country with common law origin and 0 if a company from a country with civil law origin	Literature (Hope, 2003; Kouwenberg *et al.*, 2014; CIA, n.d.)
MD	1 if a company from country with CSRD requirement in annual reports and 0 otherwise	CSR legal framework (Chapter 3, section 3.3.2.1)
UA	1 if a company from country with high uncertainty avoidance (the country score is equal or higher than the mean score of 50) and 0 if a company from country with law uncertainty avoidance (the country score is lower than the mean score of 50)	Hofstede (2005)
MAS	1 if a company from country with high masculinity (the country score is equal or higher than the mean score of 50) and 0 if a company from country with low masculinity (the country score is lower than the mean score of 50)	Hofstede (2005)
GRI	1 if a company follows GRI reporting standard and 0 otherwise	GRI's website and annual reports
CSRA	1 if a company is member of the associations promoting CSR at national level (Appendix 3), and 0 otherwise	The associations' websites
	Control Variables	
FSIZE	Natural log of total assets	Annual reports
LEV	Ratio of total debt to total assets	Annual reports
PROF	Ratio of net income to total assets	Annual reports
AGE	The number of years from establishing to 2013	Annual reports and companies' websites

Continuation table 10		
Variable	**Measurement**	**Data source**
BIG4	1 if a company was audited by one of the Big 4 auditing firms (including Deloitte, PricewaterhouseCoopers, Ernst & Young, and KPMG), and 0 otherwise	Annual reports
ES	1 if a company operates in high sensitive industry and 0 otherwise	Annual reports
CP	1 if a company operates in highly visible industry to consumers, and 0 otherwise	Annual reports

Notes: CSRDI denotes CSRD index; BS denotes board size; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; COMT denotes CSR committee; BLOC denotes block ownership; LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance dimension; MAS denotes masculinity dimension; GRI denotes the adoption of GRI standard; CSRA denotes the membership of CSR-related associations; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; AGE denotes firm age; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity.

4.7 Data Analysis

In this section, the choice of statistical techniques used in the study is presented and justified based on the nature of the research questions, the type of data and previous literature. All of the research questions therefore are reviewed as follows:

<u>Research question 1:</u> *To what extent do companies in each of the six countries disclose their CSR information in annual reports and what type of category is the most disclosed?*

<u>Research question 2:</u> *What are the differences, if any, among the levels of CSRD across the six countries?*

Both research questions focus on the extent of CSRD in firms across the six Southeast Asian countries. The answers for the research question 1 are based entirely on the descriptive statistics about the extent of CSRD in each of the countries as well as the disclosure levels across the four categories (ED, HRD, PCD and CD). For the research question 2, as the main purpose of this question is to identify whether there are any significant differences among the levels of CSRD across the countries. ANOVA, one of the statistical models in analysis of variance is used. This technique is selected because it allows differences in means across several groups on a metric variables, in this case is CSRD, to be examined (Hair *et al.*, 2003). As a result, ANOVA has been used in comparative studies in CSRD area (see Adams *et al.*, 1998; de Villiers and van Staden, 2010; Saida, 2009; Xiao, Gao, Heravi and Cheung, 2005). The equal numbers of observations in each country provide a good condition to apply ANOVA analysis. Other assumptions of ANOVA will be examined more detail in Chapter 6. There are two variables used for ANOVA analysis, country of origin as categorical independent variable and CSRDI as the dependent variable. The independent variable was recorded to groups based on the country of origin. One-way ANOVA will identify whether there are significant differences in the mean scores of the dependent variable, CSRDI. Post-hoc tests are followed to identify where the differences lie. The test will help to answer the question whether there are differences between the levels of CSRD among the six countries in Southeast Asia region.

Research questions 3: *What are the important CG determinants of CSRD; and to what extent do these CG practices influence the level of CSRD in the six countries?*

The first part of the research question 3 has been answered in the literature review chapter 3, section 3.3.1 in which relevant CG factors were identified based on the context of study, existing literature and theoretical framework. The second part of the research question seeks to examine the relationship between these CG practices and CSRD. In order to identify the relationship between diverse CG mechanisms and CSRD, multiple regression is considered an appropriate technique as one of the major uses for multiple regression is causal analysis which aims to determine whether an independent variable influences the dependent variable as well as calculating the extent of that effect (Allison, 1999). When applying this to the research question, the impact of individual CG practice on CSRD can be identified to test the established hypotheses. Furthermore, multiple regression, particularly the Ordinary Least Squares (OLS) method, has been intensively used in the literature to examine the impact of diverse factors on CSRD (see Anas *et al.*, 2015; El-Halaby and Hussainey, 2015; Farook and Lanis, 2007; Hoang, Abeysekera and Ma, 2016; Khan *et al.*, 2013a; Lone *et al.*, 2016). Therefore, following the existing literature, this study uses the OLS method in which the dependent variable (CSRDI) is regressed on the independent variables (CG practices) and the control variables. The regression model (1) is presented as follows:

$$\textbf{(1)} \qquad \mathbf{CSRDI_i = \beta_0 + \beta_1\, BS_i + \beta_2\, IND_i + \beta_3\, FED_i + \beta_4\, DUAL_i + \beta_5\, BLOC_i + \beta_6\, COMT_i + \sum \beta_i\, CONTS_i + \varepsilon_i}$$

Notes: CSRDI denotes the CSRD index; BS denotes board size; IND denotes the percentage of independent directors; FED denotes the percentage of female directors on board; DUAL denotes CEO duality practices; BLOC denotes the percentage of block owner; CONTS denotes control variables for firm size (FSIZE), leverage (LEV), profitability (PROF), firm age (AGE), audit firm size (BIG4), environmental sensitivity (ES) and consumer proximity (CP).

Research question 4: *What are important institutional determinants of CSRD; and to what extent do these institutional factors influence the level of CSRD in the examined countries?*

The structure of this research question is alike with the previous one. The first part of the research question has been answered in section 3.3.2 of chapter 3 in which relevant institutional factors were identified based on previous literature, institutional theory and the Scott's institutional framework (1995). In the second half of this research question, similar with the previous one, the main purpose of this part is to examine the effect of various independent variables (institutional factors) on the dependent variable (CSRD). With the same argument, the OLS method is the most appropriate statistical technique. Consequently, in order to identify the relationship between the institutional factors and CSRD, the regression model (2) is established as follows, in which CSRDI is regressed on the independent variables (institutional variables) and the control variables:

$$\textbf{(2)}\ \mathbf{CSRDI_i = \beta_0 + \beta_1\, LEG_i + \beta_2\, MD_i + \beta_3\, UA_i + \beta_4\, MAS_i + \beta_5\, GRI_i}$$
$$\mathbf{+ \beta_6\, CSRA_i + \sum \beta_i\, CONTS_i + \varepsilon_i}$$

Notes: CSRDI denotes the CSRD index; LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance; MAS denotes masculinity; GRI denotes GRI standard; CSRA denotes CSR-related associations; CONTS denotes control variables for firm size (FSIZE)), leverage (LEV), profitability (PROF), firm age (AGE), audit firm size (BIG4), environmental sensitivity (ES) and consumer proximity (CP).

4.8 Chapter Summary

Through this chapter, the researcher's methodological perspectives have been discussed and has led to the choice of a quantitative approach as research strategy and content analysis as the data collection method. The selection of research approach and data collection method has been clearly justified based on the philosophical perception and the nature of the research questions. Furthermore, the detailed development of coding instruments and coding procedure provides a sturdy foundation for the reliability and validity of the chosen data collection process. Additionally, the measurements of all the independent and control variables are presented. The chapter concludes with a series of different statistical techniques used for data in relation to the research questions. The details of data analysis and the use of these techniques will be addressed in the following chapters.

CHAPTER 5: DESCRIPTIVE STATISTICS

5.1 Overview

The main purpose of Chapter Five is to provide a summary of descriptive statistics on the dependent variable (CSRDI), the independent variables (CG variables and institutional variables) and the control variables. The chapter therefore is divided into three main sub-sections corresponding to the three types of variables. In the first sub-section 5.5.1, the descriptive statistics of the dependent variables, CSRDI, will be presented based on three levels, country level, industry level and category level. In each of the levels, the statistics will be discussed in relation to previous studies as well as the study context. The next sub-section 5.5.2 summarises the descriptive statistics of all the independent variables. The sub-section is divided into smaller sections in which the statistics of internal determinants (CG variables) and external determinants (institutional factors) are presented and discussed separately. Finally, the descriptive statistics of all the control variables in the study is mentioned in the sub-section 5.5.3. The chapter then concludes with a short summary.

5.2 Descriptive Statistics

5.2.1 The Dependent Variable - CSRDI

The descriptive statistics of CSRDI will be examined across the three levels, country level, industry level, and categories level. The figure 3 demonstrates the levels of analysis. The statistical results of CSRDI across the six countries are presented in Panel A of the table 11. In total, there are 166 out of 171 companies (97.076%) demonstrating CSRD with at least one item being disclosed. This percentage is higher compared to some previous studies conducted in Southeast Asia region (see Chapple and Moon, 2005; Gunawan and Hermawan, 2012). The high percentage of companies disclosing this information signifies the increasing awareness of CSR in Southeast Asian countries. Despite the high percentage of firms reporting CSR information, the quantity of information is low. Regarding CSRDI, the average disclosure level is 0.440 (44%), which is less than half of the items that companies should disclose. The average number of items disclosed in the sample is 12.54 with the maximum value of 24 and the minimum of 0. Although the average disclosure index is not high, it has been an improvement when compared with previous CSRD studies using similar measurements in the context of Southeast Asia (see Haji, 2013; Siregar and

Bachtiar, 2010). The low level of CSRD in the six Southeast Asian countries corresponds to the context of CSR development in these countries. As discussed in Chapter Three, section 3.3.2, despite the presence of necessary legislation framework for CSR development, with the weak enforcement mechanisms, the prominent level of corruption, it is difficult for these regulations to be carried out effectively. Additionally, businesses in the region still perceive CSR as a cost, and together with the low awareness as well as limited consumer activism, the incentives for corporations to engage in CSR is not strong. Aligned with the lack of participation in CSR from businesses, it is not surprising that CSRD level is low in these countries. CSRD levels across the six countries indicate that Thailand (0.554) has the highest mean value of CSRDI, followed by Indonesia (0.552), Malaysia (0.459), Singapore (0.427), Philippines (0.326) and lastly Vietnam (0.302). In comparison with Chapple and Moon's (2005) research, in which five out of the six countries in this study, except for Vietnam, were examined, Thailand had the highest ranking in terms of CSRD, followed by Malaysia, Singapore, Philippines and Indonesia. Within this study, the position of Indonesia in the ranking has altered significantly from position found in Chapple and Moon's research (2005) and now sits in second position. Aside from the case of Indonesia, the rankings of other countries indicate minor change. Details about the extent of CSRD in each of the countries will be discussed in the following sub-sections.

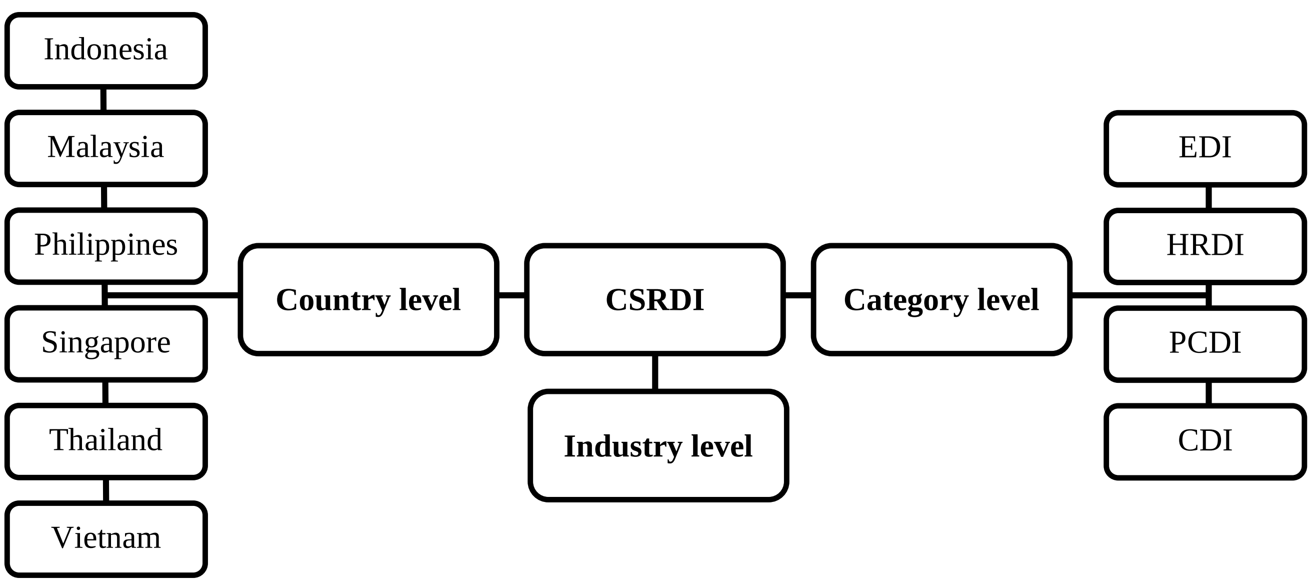

Figure 4: Analysis levels of CSRD

Table 11: CSRDI statistics across the six countries

	All	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Panel A: CSR Disclosure Index (CSRDI)							
Mean	0.440	0.552	0.459	0.326	0.427	0.554	0.302
Median	0.467	0.575	0.500	0.267	0.433	0.592	0.267
STD	0.204	0.162	0.155	0.208	0.167	0.192	0.194
Minimum	0.000	0.267	0.167	0.033	0.000	0.000	0.000
Maximum	0.917	0.875	0.750	0.800	0.700	0.917	0.792
% of disclosing companies	97.1	100	100	100	92.3	96.7	93.1
Panel B: Environmental Disclosure Index (EDI)							
Mean	0.392	0.448	0.433	0.323	0.415	0.514	0.213
Median	0.364	0.455	0.455	0.273	0.454	0.591	0.090
STD	0.267	0.232	0.240	0.266	0.216	0.262	0.288
Minimum	0.000	0.091	0.000	0.000	0.000	0.000	0.000
Maximum	1.167	1.000	1.000	0.909	1.000	1.167	1.000
% of disclosing companies	86	100	93.1	85.2	92.3	90	55.2
Panel C: HR Disclosure Index (HRDI)							
Mean	0.498	0.659	0.475	0.288	0.530	0.622	0.391
Median	0.556	0.722	0.444	0.222	0.556	0.667	0.333
STD	0.273	0.228	0.210	0.304	0.258	0.210	0.253
Minimum	0.000	0.222	0.111	0.000	0.000	0.000	0.000
Maximum	1.000	1.000	0.889	0.889	1.000	0.889	0.889
% of disclosing companies	91.2	100	100	70.4	92.3	93.3	89.7
Panel D: Products and Consumers Disclosure Index (PCDI)							
Mean	0.286	0.370	0.284	0.187	0.165	0.527	0.153
Median	0.200	0.400	0.250	0.200	0.000	0.600	0.000
STD	0.263	0.265	0.197	0.222	0.227	0.253	0.196
Minimum	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maximum	1.000	1.000	0.750	0.800	0.800	1.000	0.600
% of disclosing companies	66.7	80	82.8	51.9	46.2	90	44.8
Panel E: Community-involvement Disclosure Index (CDI)							
Mean	0.581	0.760	0.648	0.548	0.538	0.553	0.428
Median	0.600	0.800	0.800	0.600	0.600	0.600	0.400
STD	0.280	0.177	0.254	0.246	0.245	0.363	0.255
Minimum	0.000	0.400	0.000	0.000	0.000	0.000	0.000
Maximum	1.000	1.000	1.000	1.000	1.000	1.000	0.800
% of disclosing companies	91.8	100	96.6	96.3	92.3	83.3	82.3

5.2.1.1 Country level

(i) Indonesia

Indonesia has the second highest average value of CSRDI (0.552) after Thailand. The descriptive finding of CSRDI in this study also shows a significant improvement on a previous study of Siregar and Bachtiar (2010) conducted on 2003 annual reports of 87 companies, with the mean CSRDI value of 0.137. The result of CSRDI in this study is also found comparable with the findings of Tan *et al.* (2016). In their study, the minimum and maximum values of CSRDI, based on the examination of CSRD in 2012/2013 annual reports of 53 listed companies, were 0.139 and 0.709 respectively. These values are slightly higher (0.267 and 0.875 respectively) in this study, however, could be explained by the choice of large companies as subjects of the study. The high level of CSRD recorded in this study could also be the result of the sample choice, as according to Herrera *et al.* (2011), large corporations are the main CSR practitioners in Indonesia.

Among the sub-indices, the highest disclosure index is CDI (0.760), followed by HRDI (0.659), EDI (0.448), and finally, PCDI (0.370) (table 11). This finding supports the result of Djajadikenta and Trireksani's (2012) investigation into the 2008 annual reports of listed Indonesian firms, that CD is the most disclosed category, followed by HRD. In addition, the study of Gunawan and Hermawan (2013) concluded that HRD and CD are the most disclosed themes in Indonesia. The finding also provides evidence for the claims made in contemporary studies that Indonesian companies pay more attention to human welfare, including both employees and community (Djajadikerta and Trireksani, 2012; Gunawan *et al.*, 2009) with the purpose of gaining societal recognition, in addition to most firms involvement in philanthropy rather than integrating CSR initiatives into business strategy (Herrera *et al.*, 2011). Furthermore, the high level of CD in Indonesia could be attributed to the attention of firms in community-related activities. Due to the high degree of poverty in Indonesia, CSR activities under the form of community involvement is considered an effective and convenient way to help poor people and at the same time appear legitimate to society (Nugroho, Tanaya, Widiyanti and Permana, 2010). Specifically, based on the table 12, in Indonesia, the sub-categories of CD, such as 'support for education', 'charitable donations and activities', and 'support for public health' are among the most highly disclosed items. Indonesian firms particularly pay extensive attention to education with all of the firms disclosing activities in the 'support for education' sub-section. The strong focus on education found in this study is aligned with the study of Famiola and Adiwoso (2016) in which subsidiaries of MNCs in Indonesia were reported to be actively engaged and interested in educating community as a result of Indonesian context. In Indonesia, majority of people in rural areas are living in poverty with limited access to education, knowledge and information, therefore, such education-related programmes would be beneficial to community well-being (Famiola and Adiwoso, 2016). Other highly disclosed items include 'prevention or repair of environmental damage', 'employee training', and 'employee profiles'. These findings are relatively consistent with the common implemented CSR activities reported in a previous study of Sugino *et al.* (2015).

(i) Malaysia

The CSRDI in Malaysia is the third-highest (0.459), after Thailand and Indonesia. The statistic shows that on average, Malaysian companies disclose less than half of the CSRD checklist. The finding reflects the conclusion of previous studies (Said *et al.*, 2009) that Malaysia has a generally low disclosure index, however, compared with findings from the study of Haji (2013), CSRD practice in Malaysian firms also demonstrate some improvements. Particularly, in his study, Haji (2013) implemented similar content analysis method to examine the level of CSRD in 2006 and 2009 annual reports of 85 companies. The mean values of CSRDI (18.06% in 2006 and 31.71% in 2009) between the two years showed significant improvement in only three years. With the mean value of 0.459 (or 45.9%) found in this study, it could be concluded that the extent of CSRD in Malaysian firms have been consistently increasing. The differences in findings between this study and the study of Haji (2013) could also be explained by changes in institutional environment related to CSR development in Malaysia after 2006. Particularly, from 2006, the stock exchange of Malaysia, Bursa Malaysia, started to impose mandatory CSRD on all listed firms and released the CSR Framework for voluntary reporting. Furthermore, diverse tax incentives and exemption as well as different CSR awards could possibly contribute to the development of CSR and CSRD in Malaysia.

Table 12: Descriptive statistics of CSRD sub-categories

Disclosure categories and sub-categories	% of companies disclosed						
	Indonesia (N=30)	Malaysia (N=29)	Philippines (N=27)	Singapore (N=26)	Thailand (N=30)	Vietnam (N=29)	Total (N=171)
Environment Disclosure							
Environmental policies or expression of environmental concerns	83.3	79.3	40.7	84.6	80	37.9	67.8
Environmental management systems and audit	56.7	34.5	29.6	38.5	53.3	24.1	39.8
Pollution from business conduct	6.7	24.1	18.5	26.9	20	6.9	17
Pollution created from the use of company's products	0	0	3.7	0	0	0	0.6
Prevention or repair of environmental damage	93.3	86.2	66.7	73.1	90	37.9	74.6
Natural resources conservation and recycling	73.3	72.4	59.3	84.6	83.3	31	67.3
Sustainability issues	20	24.1	18.5	23.1	40	6.9	22.2
Environmental aesthetics	23.3	31.0	25.9	7.7	33.3	20.7	24.0
Energy conservation	50	55.2	40.7	69.2	83.3	24.1	53.8
Energy efficiency of products	10	0.0	11.1	3.8	10.0	3.4	6.4
Discussion of environmental laws and regulations	23.3	3.4	7.4	3.8	6.7	6.9	8.8
Human Resources Disclosure							
Employee Health and Safety	83.3	79.3	44.4	73.1	86.7	41.4	68.4
Employment of minorities or women	53.3	48.3	22.2	42.3	53.3	31	48
Employee profile	90	31	29.6	30.8	60	44.8	48.5
Employment remuneration	53.3	20.7	22.2	53.8	83.3	51.7	48
Employee share ownership schemes	33.3	37.9	29.6	57.7	23.3	10.3	31.6
Employee assistance/ benefits	83.3	93.1	29.6	84.6	86.7	55.2	72.5
Employee training	96.7	89.7	40.7	84.6	86.7	69	78.4
Employee morale	30	17.2	14.8	11.5	53.3	20.7	25.1
Industrial relations	66.7	17.2	22.2	34.6	30	24.1	32.7
Products and Consumer Disclosure							
Product safety	36.7	20.7	29.6	7.7	33.3	13.8	24
Product quality	53.3	51.7	25.9	15.4	80	34.5	44.4
Consumer safety practices	23.3	13.8	7.4	19.2	60	0	21.1
Consumer complaints/satisfaction	60	41.4	22.2	23.1	70	17.2	39.8
Provision for disabled, aged, and difficult-to-reach consumers	3.3	10.3	7.4	11.5	3.3	6.9	7
Community involvement Disclosure							
Charitable donations and activities	93.3	93.1	88.9	92.3	63.3	79.3	84.8
Support for education	100	93.1	85.2	88.5	86.7	62.1	86
Support for the arts and culture	70	48.3	29.6	46.2	53.3	24.1	45.6
Support for public health	93.3	34.5	59.3	23.1	46.7	37.9	49.7
Sponsoring sporting or recreational projects	23.3	55.2	11.1	19.2	26.7	10.3	24.6

Across the four categories, CD (0.648) is the theme with the highest disclosure value, following by HRD (0.475), ED (0.433) and PCD (0.284). In terms of average percentage of companies disclosed, more firms disclosed HR information than community information. This result contradicts findings with some studies in the literature. For instance, rather than CD, the product disclosure theme was reported to be one of the most disclosed themes, together with HRD (Hamid, 2004; Said *et al.*, 2009; Thompson and Zakaria, 2004). The result is, however, consistent with the conclusion in the UNICEF's report (2013) that CSR practices in Malaysia is still overly focus on philanthropy. Particularly, in this study, the sub-categories 'charitable donations and activities' and 'support for education' are the two items with the highest percentage of disclosing companies (Table 12). The concentration of Malaysian firms on community-involvement activities in general and donations in particular could be the result of the government's tax incentive and exemption schemes in which Malaysian companies can receive tax exemptions for certain charitable and community projects as well as donations towards registered organisations, including foundations, associations or trusts (Lu, 2013). Moreover, the attention of Malaysian firms on CD category can be explained by the introduction of diverse government's policies and programmes, such as 'Caring society policy', 'Vision 2020' (Zain and Janggu, 2006) and most recently the National Mission based on the Nineth Malaysian Plan (2006-2010), that demonstrate the government's belief in reducing poverty and generating more balanced benefits of growth for all Malaysian people (Rahman *et al.*, 2011). As a result, by disclosing more information in CD-related subcategories, firms can establish an image of good corporate citizen that follow the government policies and response to the need of wider public (Rahman *et al.*, 2011). Other popular disclosed items among firms are 'Employee assistance/benefits' and 'Employee training' of HRD. The findings, therefore, corresponds to the conclusion of Hamayoun, Rahman, Johansson and Malmstron (2012) that employees' training and community-related activities, such as donations or sponsor to charitable bodies, are popular topics in CSR reporting in Malaysia.

Additionally, the result also demonstrates limited attention to ED. For instance, in some ED sub-categories, such as 'pollution arising from the use of company's products' and 'energy efficiency of products', there were no companies that disclosed these items in their annual reports. The finding, therefore, is aligned with multiple studies in the literature stating that ED has always been one of the least disclosed themes amongst Malaysian firms (Hamid, 2004; Gunawan and Hermawan, 2013; Ahmad and Haraf, 2013; Said *et al.*, 2009; Saleh *et al.*, 2010; Sumiani, Haslinda and Lehman, 2007;

Thompson and Zakaria, 2004). The low level of ED is likely a result of disclosure being voluntary (Malan, 2013). Even though disclosure practices in Malaysia is reasonably low, the percentage of companies disclosing any form of social information is encouraging. All 29 companies in the Malaysian sample (100%) disclosed at least one CSRD item. It is a significant improvement from the studies of Said *et al.* (2009) and Thompson and Zakaria (2004), where the number of companies is much lower, 81.3% and 90% respectively. However, the difference could also be the result of sampling choice.

(ii) Philippines

Philippines has significantly lower CSRDI (0.326) compared most countries investigated in this study. The extent of CSRD in Philippines is only higher than Vietnam. This result is consistent with the previous study of Chapple and Moon (2005) in which the Philippines was ranked after Thailand, Malaysia and Singapore in terms of disclosure. Despite having diverse laws and regulations related to CSR and CSRD, the level of CSR and CSRD engagement in Philippines is still low due to the inability of the state to enforce these laws (Sharma, 2013). Therefore, it is unsurprising that the CSR practices in Philippines are still at a minimal level. The finding, hence, is aligned with previous studies (see Chapple and Moon, 2005; Lorenzo-Molo, 2009) that CSR is not yet substantial in Philippines and has only focused on the 'front stage' as a branding strategy and a crisis shield.

The main concern of CSR in the Philippines has been clearly reflected through the disclosure indexes between the categories. Among all the four categories, CD (0.548) is the most popular theme, following by ED (0.323), HRD (0.288) and finally PCD (0.187). In terms of the number of companies disclosing information, CD (96.296%) has the highest rate, following by ED (85.185%), HRD (70.370%) and PCD (51.852%). This finding is, therefore, consistent with the arguments that strategic philanthropy is embedded in practices of Filipino firms while other aspects of CSR have been neglected (Sharma, 2013). According to Rebolledo and Nugid-Anden (2003), CSR practice in the country retains a focus on philanthropy, more specifically education. This observation is further confirmed in this study with 'charitable donations and activities' and 'support for education' being the two most frequently disclosed items among Filipino firms. The overly focus of Filipino firms on community-involment activities could also be a result of the government's tax incentives demonstrated through diverse laws and regutions, such as the Adopt-a-School Act, the Exception for Donor's tax, etc., as mentioned in Chapter Three, table 7.

(iii) Singapore

Contrary to expectation formed based on Singapore being the singular developed economy in the sample, the country has relatively low level of CSRD, with most companies disclosing less than half of the items (Mean=0.427). The percentage of companies disclosing some sort of CSR information, however, is still high with 92.308 %. Although Singapore was expected to demonstrate high levels of CSRD, the low CSRDI among Singaporean firms is understandable, considering the country's CSR development context discussed in Chapter 3. According to previous studies and reports (see Chapple and Moon, 2005; Sharma, 2013), CSR development in Singapore has proven to fall short compared to countries in the same level of economic development. The reasons for this shortcoming could be attributed to the heavy investment of the government to society that reduces the necessities and motivations for corporations to get involved (Lee *et al.*, 2012; Ramasamy and Ting, 2004), or indeed the comprehensive set of regulations in areas such as labour rights, environment protection and consumer protection that has made CSR become a compliance issue rather than a model of doing business in Singapore (Tan, 2013; Thomas, 2010). Even though the level of disclosure is not high in Singapore, the number of companies disclosing CSRD (92.308%) has dramatically improved, especially considering only 38% of companies disclosed CSRD in the study of Chapple and Moon (2005).

Between the categories, similar with some of the other countries, CD (0.538) has the highest disclosure index, followed by HRD (0.530), ED (0.415) and PCD (0.165), in which the PCD category has a significantly lower disclosure index compared with other categories. The statistics are, therefore, consistent with the conclusions of previous studies (see Chapple and Moon, 2005; Tsang, 1998), that HRD and CD are the two categories with highest coverage in Singapore firms. As with some of other countries in this study, HR is one of the popular themes. Due to the limited human resources in the country, the Singaporean government pays more attention to improving support for its people (Gunawan and Hermawan, 2013). In order to attract investment into the country, the Singaporean government has focused on nurturing its workforce through promoting better working environments (Purushothaman *et al.*, 2000). As a result, aligned with the government's orientation, corporations disclose HR information to demonstrate their effort in development and satisfaction of the workforce (Andrew *et al.*, 1989). Consequently, among all the sub-categories of HRD in this study, 'employee assistance/benefits' and 'employee training' are the ones with the highest number of disclosing companies. The other widely disclosed items among

Singaporean firms are ‘charitable donations and activities’, ‘support for education’, ‘environmental policies or expression of environmental concerns’, ‘employee training’ and ‘employee assistance and benefits’.

(iv) Thailand

The findings of this study show that among the six Southeast Asian countries, Thailand has the highest CSRDI (0.554), which mean on average the firms disclosed more than half of the items in the checklist. The finding supports the previous result of Chapple and Moon (2005) in which Thailand was one of the countries with high disclosure rates. According to the study of Ratanajongkol *et al.* (2006), after the economic crisis in 1997, corporate governance practices have been promoted amongst Thai companies. By the end of 1997, all listed companies in Thailand were required to have an audit committee. Diverse topics in governance and non-financial disclosure was also addressed through a variety of newspaper articles, talk shows and conferences by Institute of Internal Auditors of Thailand to raise awareness of good practices (Ratanajongkol *et al.*, 2006). The study concluded that the practice of social disclosure in Thailand has steadily increased, as a method of achieving legitimacy of Thai companies. One of the key motivations for Thai firms publishing more CSR information are the Principles of good corporate governance 2002, in which listed companies are required to demonstrate the fifteen principles of good corporate governance in their annual reports (Malan, 2013). Several factors, such as the foundation of CSR Institute in 2007, the release of new Product Responsibility Law in 2009, the introduction of several CSR awards, and the involvement of the Royal Foundation, as mentioned in Chapter 3, section 3.3.2.1, have contributed to the continued development of CSRD in Thailand. The percentage of companies disclosed some form of CSR information is also high (96.667%) compared to a previous study of Ratanajongkol *et al.* (2006), in which the percentage of firms disclosed at least 1 item of CSRD is 75%.

In relation to other countries in the region, there are less differences between the sub-indices of CSRD. Among the four indexes, HRDI is highest disclosure index (0.622), following by CDI (0.553), PCDI (0.527) and finally EDI (0.514). The result is relatively consistent with the current findings that HRD and CD are the two dominant themes in Thai firms’ CSRD (Gunawan and Hermawan, 2013; Kuasirikun and Sherer, 2004; Ratanajoingkol *et al.*, 2006), while ‘environment’ and ‘products’ themes have decreased over the years (Ratanajoingkol *et al.*, 2006). According to Kuasirikun and Sherer (2004), Thai firms are particularly concerned about improving employee capabilities through training together with the intention to promote employee well-being and their mutual interest. This observation also reflects in this study with the three sub-categories 'employee health and safety', 'employee training' and 'employee assistance/benefits' being among the most frequently disclosed items. Regarding to the percentage of companies disclosing each of the categories, even though CD has the second highest disclosure, the percentage of companies reporting information related to community activities (83.333%) is lower than the other categories, showing that even though companies disclosed more community-supporting information, addressing the interests of other stakeholders, such as environment, employees and consumers, is more important to Thai firms than community interests. Additionally, compared with the other countries, the PCDI of Thailand is much higher, which possibly corresponds to the release of the Product Responsibility Law in 2009. Some other most frequently disclosed CSRD items among Thai firms include 'prevention or repair of environmental damage', 'natural resources conservation and recycling', 'energy conservation in operations' and 'support for education'. The popularity of these items in CSRD among Thai firms could be the result of Thai government's tax reduction policy in which firms with energy saving technology or having donation to charities can receive tax reductions.

(v) Vietnam

Vietnam has the lowest CSRDI (0.302) among the six countries. The level of CSRD in Vietnam is very low, with only 30% of the items disclosed on average. This finding supports the conclusion of Binh (2016) and Nguyen *et al.* (2015), that CSRD is not popular amongst Vietnamese firms. Most companies pay more attention to reporting financial information and complying with mandatory requirements in Vietnamese accounting (Nguyen *et al.*, 2015). Moreover, similar with the case of Philippines, the development of CSR-related in Vietnam is limited due to the weak law enforcement and corruption (Hamm, 2012). Despite these restrictions, however, with regards to the number of companies disclosing CSR information, the number is rather encouraging. Even though the level of disclosure remains low, more than 90% of the companies in this sample report some form of CSR information. The companies with higher CSRD might have used CSR to achieve financial benefits within the global context, as exporters are required to conform with environmental and social standards thus allowing them to export their products to developed countries (Nguyen *et al.*, 2015). Similar with some other countries, CD and HRD have the highest disclosure indexes with the average values of 0.428 and 0.391 respectively. In contrast, PCD is the theme with the lowest index (0.153). The low PCDI could be related to the awareness of CSR among consumers in Vietnam. In

Vietnam, there is lack of national standards and requirements to protect consumers (Hieu, 2011). Consumers either do not have, or have limited knowledge about CSR, therefore, they do not realise the importance and benefits of CSR (Hieu, 2011). When purchasing, most consumers still pay more attention to price than elements of CSR. With low awareness amongst consumers and even investors, Vietnamese companies are not willing to disclose their CSR activities (Hieu, 2011), which also explains why consumers are not the key stakeholders for CSRD among Vietnamese firms. Although the percentage of companies disclosing at least one item of CSRD in Vietnam is very high (93.1%), majority of companies only focus on HRD and CD with the percentages of 89.7% and 82.8% respectively, which demonstrating higher attention of Vietnamese firms on employees and community than other stakeholders. The two most disclosed sub-categories among Vietnamese firms are 'charitable donations and activities', and 'employee training'.

5.2.1.2 Industry level

The classification of industry sectors is based on the Industry Classification Benchmark (ICB) developed and maintained by FTSE. Apart from the industries listed in the ICB, conglomerates are added to the list to present the group of companies involved in several industries. The sample includes a diverse range of companies from various industries, with a high number of companies from industrial, financial, conglomerate and consumer goods sectors. The table 13 of disclosure classified according to industries is presented in ascending order of CSRDI, with basic materials at the top and conglomerates at the bottom.

The group of companies operating in basic materials, oil and gas industries features one of the highest disclosures in CSR with the CD as the most popular theme, followed by HRD, ED and finally PCD. Even though the result is slightly different from a recent study of Dong and Burritt (2010) stating that companies in extractive sectors pay more attention to human resources and environment, and less to community and consumers. Despite this, however, both results highlighted the dominance of HRD. According to Rizk *et al.* (2008), HR information is essential to firms operating in industries where health and safety practices are considerable concerns. Therefore, the high level of HRD in these industries is reasonable, as the majority of companies in this group are from oil and gas exploration and production, chemicals or mining sectors. The difference between this study and Rizk *et al.*'s study (2008) is the ED. Although ED in this study is not the highest score, the level of ED is still significantly higher than in other industries. In relation with other industries, firms from basic materials, oil and gas industries published more information about their environmental performance. The high ED from these firms is due to the nature of their business operating in a sensitive area from a social aspect (Adam *et al.*, 1998). Companies in this group are likely to provide more disclosure to mitigate their effect on environment and society (Branco and Rodgues, 2008). Among the four categories, CD has the highest disclosure score between the categories, which is supported by Perez and Sanchez (2009). According to these authors, the visible effect of these industries on communities is the reason for high results in social performance.

Asides basic materials, oil and gas industries, the health care industry makes for a surprising result with the second highest level of CSRD. This finding might be the result of the way CSRDI was calculated to avoid penalising companies and the low number of health-care firms in the sample. Although the result is surprising, the categories' scores are expected. In the health-care industry, PCD has the highest disclosure, following by HRD. The ED and CD have the same level of disclosure and are the lowest ones. Companies from health-care industry have a significantly higher PCD compared to other industries. Due to the nature of health-care business, with major decisions related to consumers' well-being, health-care firms disclosed a lot of information to assure their consumers that they have high quality services and safety practices. Besides PCD, this industry also has the highest HRD. Like consumers, employees are important to health care firms. Human resources are the most important out of the three principles of health-care inputs (Kabene, Orchard, Howard, Soriano and Leduc, 2006), where nearly all countries are challenged by issues related to human resources (Bartlett, 2001). Consequently, supporting the development and welfare of human resources would bring certain benefits for companies, such as improving organizational commitment, or increasing staffs' motivation (see Bartlett, 2001; Mathauer and Imhoff, 2006).

The services group in this sample includes financial, telecommunications, technology, and consumer services industries. The common characteristic in disclosure practices of these industries is the dominance of CD and HRD. The finding receives support from previous studies (Akinpelu *et al.*, 2013; Ratanajongkol *et al.*, 2006), with the explanation that these companies are highly visible to final consumers and hence more likely to report community-involvement activities (Clarke and Sweet, 1999). ED is the one of the lowest themes in this group due to the industries' relatively limited impact on the environment (Hamid, 2004), as well as low pressure from society (Akinpelu, Ogunbi, Olaniran and Ogunseye, 2013). Similar with ED, PCD is not high for services industries as the industries have no tangible products (Akinpelu *et al.*, 2003).

Table 13: CSRD across industries

ICB SECTOR	NUMBER OF COMPANIES	CSRDI	ED	HRD	PCD	CD
Basic materials	10	0.577	0.555	0.589	0.400	0.780
Health care	3	0.533	0.467	0.593	0.667	0.467
Oil and gas	7	0.519	0.519	0.524	0.286	0.743
Financials	31	0.503	0.462	0.584	0.282	0.581
Telecommunications	11	0.473	0.397	0.566	0.455	0.491
Technology	1	0.467	0.364	0.556	0.400	0.600
Consumer services	15	0.424	0.346	0.489	0.307	0.640
Industrials	44	0.423	0.390	0.482	0.232	0.582
Utilities	10	0.413	0.345	0.556	0.220	0.500
Consumer goods	18	0.413	0.359	0.426	0.344	0.578
Conglomerates	21	0.303	0.247	0.339	0.171	0.495

The final group with low disclosure level includes industrial, utilities, consumer goods, and finally conglomerates. The low disclosure indexes of industrial and utilities may be due to the fact that these industries are not visible to final consumers, and are not as environmentally sensitive compared with the oil and gas industry. Therefore, companies from these sectors are less pressured to disclose CSR information. Surprisingly, however, the consumer goods industry has a really low disclosure index, considering their visibility to consumers. The finding, therefore, is different from the expectation that consumer-orientation companies tend to demonstrate CSR to the community for the purposes of maintaining image and increasing sales (Cowen *et al.*, 1987). However, this result can be aligned with the study of Suttipun and Stanton (2012) in which the agricultural and food industry group was concluded to have the least disclosure, as the majority of firms in the consumer goods industry in the sample are in the food and beverage sector. The low level of disclosure in the consumer goods industry could be explained by the low awareness of CSR in the researched countries (see Binh, 2016; Chapple and Moon, 2005; Nguyen *et al.*, 2015; Ramasamy and Ting, 2004), which in turn reduce external pressure on firms to engage in CSR activities and disclose CSR ifnromation. Finally, the group of companies with lowest CSRD is conglomerates. There have been very few studies related to disclosure from conglomerates, therefore, this finding might enable or indicate an area for further research. With the nature of conglomerates as corporate groups, that is the combination of two or more firms operating in different industries, conglomerates as a group may be less visible to final consumers than their subsidiaries. Furthermore, the case could be made that CSRD practice is delivered more effectively at the subsidiary level due to the differences between the operating industries. Table 13 presents the disclosure levels of companies across different industries.

5.2.1.3 Category Level

According to the descriptive results (table 11), among the four categories, CD and HRD have the highest percentage of companies disclosed with 91.813% and 91.228% respectively, followed by ED (85.965%), and PCD (66.667%) as the least disclosed theme. The results are relatively consistent with scholarly literature. Particularly Hackston and Milne’s (1996) view that human resources, environment and community themes are the most commonly disclosed categories across countries. In addition, in line with the study of Holder-Webb *et al.* (2009), community relations have the highest frequency. The high percentage of companies disclosing community-related activities is likely linked with the purpose of maintaining legitimacy with the society (Holder-Webb *et al.*, 2009). The CD category also has the highest disclosure index value among the four categories. The finding is consistent with some previous studies (see Anas *et al.*, 2015; Gray *et al.*, 1995a; Jizi *et al.*, 2014). Particularly, in the study of Anas *et al.* (2015) conducted in Malaysia, they concluded that community-involvement category is the category with highest level of disclosure and highest number of companies disclosing. The high disclosure in community involvement supports the argument of institutional theory that the main purpose for companies involving in CSR and CSRD is building or maintaining legitimacy. According to Holder-Webb *et al.* (2007), firms not only disclose community-involvement activities but also emphasise this information. Moreover, the high involvement in CD could be the result of tax deduction for charitable and community projects such as practised in Malaysia and Philippines. The two sub-categories, ‘support for education’ and ‘charitable donations and activities’ are the most commonly disclosed items of the checklist as well as in the CD category. As a result, these findings, once again, confirm the argument of Sharma (2013) that the classic philanthropy model has been widely practiced in these countries.

After CD, HRD has the second-highest disclosure index with the mean value of 0.498. HRD has consistently been one of the most focused elements in CSRD, if not the highest disclosure rate in some studies (Belal, 2001; Saleh *et al.*, 2010). There are several reasons why companies disclose more information about human resources. According to Holder-Webb *et al.* (2009), by disclosing information about employee health and safety practices, companies not only ensure the support from labour providers but also demonstrate their values to consumers. Moreover, labour policies and practices can bring economic advantage to the companies through the increase in employee performance (Mirfazli, 2008). The focus of human resource information in CSRD can also be attributed to the countries' policies relating to employee welfare and the existence of a unionised labour force (Belal and Momin, 2009). As expected from previous studies (see Hewaidy, 2016; Olsson, 2001; Subbarao and Zeghal, 1997), 'employee training', 'employee assistance/benefits' and 'employee health and safety' are the sub-categories disclosed by most of the companies in regards to HRD. Among the other items, 'employee share purchase schemes', 'employee morale', and 'industrial relations' have the lowest number of disclosing companies.

The mean value of EDI is relatively low (0.392) compared with CDI and HRDI. The lower level of ED has been reported in previous studies (Ahmad and Haraf, 2013; Sumiani *et al.*, 2007; Thompson and Zakaria, 2004). Particularly, in two studies that examined the extent of environmental disclosure in Malaysian companies (Ahmad and Haraf, 2013; Sumiani *et al.*, 2007), the results concluded that the ED is very low. According to Thompson and Zakaria (2004), only 16% out of 257 companies demonstrated some level of ED. Even though EDI is not as low in this study, the lower disclosure level compared to the other two categories (CDI and HRDI) is likely linked to the context of the chosen countries. Moreover, the level of ED is said to be subject to legitimacy threats on the companies or industrial sectors (de Villiers and van Staden, 2006), therefore, the reason for low EDI might also be related to the high number of companies from the banking and financial sectors (31 companies). There is evidence within the literature which indicates that banks disclose more community activities rather than environmental information, as they provide services with minimal immediate environmental effects, therefore receiving less pressure from society to disclose environmental information (Akinpelu *et al.*, 2013). Among the eleven sub-categories, the items with highest disclosure frequency are 'prevention or repair of environmental damage', 'environmental policies or expression for environmental concerns', and 'natural resources conservation and recycling', while the least disclosed items are 'pollution arising from the use of company's products' and 'energy efficiency of products'.

The PCD theme received the least disclosure. Among the 171 companies in the sample, only 66.667% of these mentioned information related to PCD. The average disclosure index in this theme is also relatively low (0.286) compared with other themes. The finding of PCD being the least disclosed theme contradicts the result from Kilic's study (2016) examining the level of CSRD in Turkey's banking industry. The difference in results between the two studies can be attributed to the differences in sampling choice and study context. Firstly, as AlNaimi, Hossain and Momin (2012) mentioned in their study, different industries may have alternative focuses on disclosure. The majority of the companies in this study's sample operate in the industrial or financial sector (table 13). Notably, the nature of industrial sector is not highly visible to final consumers and the financial sector does not have tangible products. Consequently, with the high number of firms from these two sectors, it is not surprising that the level of PCD is low in this study. Furthermore, linked to the context of the study, Sharma (2013) argued that Southeast Asian countries have low CSR awareness and limited consumer activitism. Since one of the reasons that firms disclose CSR information is to respond to external pressures, such low awareness and consumer acitivism potentially reduces the pressure of consumers on firms and hence decreases firms' motivations to disclose information in the PCD category. The result of this study is aligned with previous studies conducted in Southeast Asian context, such as Anas *et al.* (2015), Darus *et al.* (2014), and Ratanajongkol *et al.* (2006), which provides support for this argument. Among the sub-categories of PCD, 'product quality' and 'consumer complaints and satisfaction' are the most frequently reported items.

5.2.2 Independent Variables

5.2.2.1 Corporate Governance variables

Table 14 presents descriptive statistics of corporate governance variables. The statistics demonstrate high variability regarding corporate governance (CG) practices in firms across the six countries. According to Ntim (2016), a large amount of variability indicates a sufficiently selected sample, which reduces the possibility of any serious bias. Panel A presents the descriptive statistics for board size. The average size is relatively large in these countries, with the mean score of 11 members on board. The values of board size range from a minimum value of 5 to a maximum of 19. Across the six countries, the two countries with the largest board size are Indonesia and Thailand. The average board size in these two countries exceeds 13 members. This descriptive finding is consistent with the conclusion that Thai firms tend to have larger boards in the corporate governance assessment of World Bank (2013). The large board size of Thai firms could be a result of its regulation (the Public Limited Companies Act), in which companies are required to have at least 5 directors on board. This requirement is higher than some of the other countries (i.e. Malaysia or Singapore). In the case of

Indonesia, the high number of board members could be attributed to the two-tier board system of firms. Firms from Singapore, Philippines and Vietnam are recorded to have relatively similar board size with the mean values of 10.385, 10.208 and 10.118 respectively. Malaysian firms have a comparatively smaller board size on average (mean score of 9.379). Large board size is expected in this study, considering the subjects of this study are the largest firms, and tend to symbolise complex organisational structures.

The next CG practice considered is board independence, which is presented through the percentage of independent directors (IND) per board. With the mean score of 38.293, it is concluded that amongst the six countries, on average, more than one-third of the board is made up by independent directors. There is, however, a high variability of board independence practices across the firms, with a minimum value of 7.143% and a maximum value of 90.910%. The descriptive statistics demonstrate the diversity of this practice across the six countries. Particularly, on average, firms from Singapore are recorded as having more than half their boards made up of independent directors (Mean = 64.346%), while firms from Indonesia and Vietnam have a much lower percentage of independent directors, with less than 20% (mean scores are 19.95 and 17.94 respectively). Between these two extremes are firms from the Philippines (29.350% on average) with less than one-third of the board, as well as firms from Thailand and Malaysia with more than 40% of the board (44.943% and 48.750% respectively). The descriptive findings are relatively consistent with expectations based on the CG framework in these countries. As discussed in Chapter Three, section 3.3.1, the regulations about board independence varies across the countries. With the strict policies on board independence, it is unsurprising that firms from Singapore and Thailand have higher average of board independence than the others. The finding is aligned with the review from previous reports that Singapore has one of the best CG practices in Asia and most Singaporean Public listed companies have at least 50% of independent directors on board (KPMG, 2016). In contrast, the low presence of independent directors on boards in Vietnam, Philippines and Indonesia are also supported by the previous assessment of CG in these countries (IFC, 2012; IFC, 2014; SEC, 2015). The case of low board independence in Indonesia is expected as the country's regulation (Law No.20) only requires at least one Commissioner to be independent. In the context of the Philippines, according to dela Rama, Volonte and Zaby (2014), it is difficult to introduce independent directors due to elevated levels of family control. And finally with the situation in Vietnam where the concept of independent directors is still new (IFC, 2012), a sufficient level of board independence has not yet been widely implemented among firms.

In terms of gender diversity, based on the mean score of 11.728%, the presence of women on boards is very low across the region. The minimum value of 0.000 implies that some boards comprise only male directors. The finding indicates the low gender diversity on boards in Southeast Asia. Among the six countries, firms from Vietnam have the highest percentage of females per board (23.071%), much higher than the other countries. The prominent level of female presence in Vietnamese companies in comparison to others in the region has been discussed in previous literature. For instance, according to Nguyen *et al.* (2015), the high presence of female directors in Vietnamese firms is a result of a more gender-diverse institutional context. As a socialist country, gender equality is one of the central goals for socio-economic development strategies (Knodel, Loi, Jayakody and Huy, 2005) and the country has actively promoted gender equality in society. As a result, according to the World Bank's report (2012), compared to other East Asian countries, Vietnam has done very well in achieving key gender equality indicators. In contrast to Vietnam, other countries within the region still have a very low percentage of female directors, especially Singapore (Mean=7.581%) and Indonesia (Mean=7.108%).

Panel D presents the descriptive statistics for the presence of CEO duality on board. The statistics show that 14.6% (25 firms) of the total sample were recorded to have the same person working as both CEO and Chairman. This includes 2 firms from Thailand (6.7%), 4 from Singapore (15.4%), 6 from Malaysia (20.7%), 9 from the Philippines (33.3%) and 4 from Vietnam (13.8%). There was no firm in Indonesia that has CEO duality on board. Among all of the six countries, Philippines has the highest number of firms with CEO duality, which is aligned with the observation of dela Rama *et al.* (2014) that CEO duality is not an unusual practice in the Philippines due to large family control. While the CG codes in all of the countries suggest the two positions should not be held by the same person, with the 'comply or explain' practice, CEO duality on board still exists in some firms.

Table 14: Descriptive statistics of corporate governance variables

Variables	All	Thailand	Singapore	Malaysia	Indonesia	Philippines	Vietnam
Panel A: Board size							
Mean	11.327	13.533	10.385	9.379	13.633	10.185	10.517
Median	11.000	14.500	10.000	9.000	13.000	10.000	10.000
Std. dev.	2.976	2.560	1.941	2.211	2.698	2.573	2.798
Min	5.000	7.000	5.000	6.000	9.000	7.000	5.000
Max	19.000	18.000	14.000	14.000	19.000	15.000	16.000
Panel B: Board Independence (%)							
Mean	38.293	44.943	64.346	48.750	19.899	29.065	17.368
Median	35.290	40.835	64.105	44.440	18.465	27.270	12.500
Std. dev.	19.803	11.579	14.736	13.424	5.691	8.478	11.112
Min	7.143	33.330	38.460	25.000	10.000	13.330	7.143
Max	90.910	73.330	90.910	87.500	42.860	50.000	50.000
Panel C: Board Gender Diversity (%)							
Mean	11.728	9.655	7.581	14.852	6.871	9.862	21.230
Median	10.000	8.330	7.415	14.290	6.460	10.000	20.000
Std. dev.	11.985	8.271	8.362	12.089	7.171	10.244	17.005
Min	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Max	50.000	28.570	25.000	42.860	22.220	28.570	56.250
Panel D: CEO Duality							
Mean	0.146	0.067	0.154	0.207	0.000	0.333	0.138
Median	0.000	0.000	0.000	0.000	0.000	0.000	0.000
STD	0.354	0.253	0.368	0.412	0.000	0.480	0.350
Minimum	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maximum	1.000	1.000	1.000	1.000	0.000	1.000	1.000
Panel E: Existence of CSR Committee							
Mean	0.163	0.333	0.308	0.138	0.067	0.148	0.000
Median	0.000	0.000	0.000	0.000	0.000	0.000	0.000
STD	0.371	0.479	0.471	0.351	0.254	0.362	0.000
Minimum	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maximum	1.000	1.000	1.000	1.000	1.000	1.000	0.000
Panel F: Percentage of block ownership (%)							
Mean	64.435	57.207	71.314	59.660	59.620	86.207	54.438
Median	64.550	61.690	75.670	59.290	59.960	91.163	54.580
Std. dev.	19.337	16.189	15.166	15.554	13.263	14.046	22.720
Min	9.580	18.710	24.680	13.200	17.880	49.540	9.580
Max	99.960	97.880	87.190	78.770	85.000	99.960	97.360

In term of the presence of CSR committee on board, the statistics from panel E show that in the total sample, 16.3% of firms (28 firms) have CSR committee on board. More specifically, in Thailand, 33.3% of companies recorded to have CSR committee. This percentage is 30.8% in Singapore, 13.8% in Malaysia, 6.7% in Indonesia, 14.8% in Philippines and 0% in Vietnam. Nearly half of these firms come from Thailand. The finding, therefore, indicates the high level of attention to CSR issues at the board level in Thai firms. However, in general, the percentage of 14.6% also mean that the presence of CSR committee at board level is not a common practice in these six Southeast Asian countries. The finding could be explained by the context of the six countries. Although, as presented in Chapter Three (Table 7), majority of the countries have some existing regulations to support the development of CSR, there is no requirement for companies to establish a committee to take care of these issues at the board level. Similarly, in terms of CG regulations and laws, the responsibilities of firms to stakeholders is only mentioned in some of the countries' CG code (i.e. Thailand, Indonesia, Malaysia) without indicating any specific suggestion on CG structure, such as the establishment of CSR committee to reflect these responsibilities.

Consistent with expectations, block ownership is one of the key CG issues in Southeast Asia, with a very high average of 64.435%. However, the minimum value of 9.58% and the maximum value of 99.960% imply diverse block ownership practices across the firms in the sample. On average, firms from these countries have more than 50% of block ownership. Among the six countries, Philippines has the highest ownership concentration with the mean score of 86.491%, followed by Singapore (71.314%), Malaysia (59.660%), Indonesia (59.620%), Thailand (64.435%), and finally Vietnam (54.438%). Based on the statistics, the three countries with regulations related to the percentage of share held by minority shareholders (Indonesia, Thailand and Vietnam) have lower level of block ownership than the countries with only regulations related to public float (Malaysia, Philippines and Singapore). Furthermore, in each of these two groups, countries with stricter regulation consistently have lower percentage of block ownership. For instance, among the three countries, Malaysia, Philippines and Singapore, Philippines only requires listed companies to have at least 12% of public float while this percentage is 25% in Malaysia. Singapore is in the middle ground between the two countries with different percentage of public float (12%, 15%, 20% or 25%) depending on a company's market capitalisation. These differences could be the reason towards why Philippines have very high block ownership percentage. Moreover, the prominence of block ownership in this country can also be explained by the family ownership tradition where half of the corporate section, in terms of market capitalisation, was controlled by the ten largest companies (Claessens, Djankov and Lang, 1999).

5.2.2.2 Institutional variables

Different from the internal determinants (CG variables), all of the external determinants (institutional factors) are measured with dummy variables. The statistics relevant to these variables are presented in table 15. Firstly, in terms of legal origin, as suggested in the literature review, this study considers the effect of the two main legal traditions, common law and civil law (La Porta *et al.*, 2008). Based on previous studies (see Kouwenberg *et al.*, 2014; Hope, 2003), among the six Southeast Asian countries, Thailand, Malaysia and Singapore follow the common law origin, while the legal systems of Indonesia, Philippines and Vietnam are influenced by the civil law tradition. As a result, the total number of firms amongst countries following the common law system is 85 (the total number of firms from Thailand, Malaysia and Singapore) and the total number of firms in countries following the civil law tradition is 86 (the total number of firms from Indonesia, Philippines and Vietnam).

The next variable under the regulative pillar is mandatory disclosure, which considers whether a country has mandatory requirement regarding CSRD and how this requirement influences firms' CSRD. According to table 7 in Chapter Three, until 2013, there were only three countries requiring mandatory disclosure of CSR information in annual reports, those were Indonesia, Malaysia and Philippines. Therefore, the number of firms in countries that have a mandatory disclosure requirement is the total number of firms from these countries, therefore 86 firms (50.3%). The number of firms from countries without mandatory disclosure is 85 (49.7%).

In terms of the cultural-dimension pillar, there are two dimensions chosen for examination in this study, uncertainty avoidance and masculinity. The countries are classified into two groups, low and high score in each of these dimensions. The decision to classify each country to low or high groups is based on the mean of 50 index score (Adelopo *et al.*, 2013) in Hofstede's study (2005). The scores of each country are presented in the table 16. According to these scores, only Thailand has an elevated level of uncertainty avoidance, while the remaining countries are low in this dimension. Hence, the number of firms from countries with high uncertainty avoidance is 30 (17.5%) and the number of firms from countries with low uncertainty avoidance is 141 (82.5%). Regarding the masculinity dimension, Malaysia and the Philippines are classified as countries with high masculinity while others have a low level, making the record of 115 (67.3%) firms from countries with low masculinity and 56 (32.7%) firms from countries with high masculinity.

Table 15: Distribution of cases in institutional variables

Pillar	Variables	Number of cases
Regulative Pillar	Legal system	From civil law countries: 86 (50.3%)
		From common law countries: 85 (49.7%)
	Mandatory disclosure	From countries with mandatory disclosure requirement: 86 (50.3%)
		From countries without mandatory disclosure requirement: 85 (49.7%)
Cultural-Cognitive Pillar	Uncertainty avoidance	From countries with low uncertainty avoidance: 141 (82.5%)
		From countries with high uncertainty avoidance: 30 (17.5%)
	Masculinity/ Femininity	From countries with low masculinity: 115 (67.3%)
		From countries with high masculinity: 56 (32.7%)
Normative Pillar	Adoption of GRI Standard	Not following GRI: 107 (62.6%)
		Following GRI: 64 (37.4%)
	Membership of CSR-related associations	Being member of one of the examined associations: 39 (22.8%)
		Not being member in any of the examined associations: 132 (77.2%)

The next two variables representing the normative effect are GRI reporting standard and CSR-related associations. With the GRI variable, firms are classified into two groups, firms that follow the GRI standard and firms that do not follow the standard. The information was gathered from the GRI's website and annual reports. Based on the list of participating organisations, 64 (37.4%) companies followed the standard, 17 of which were Thai, 13 Singaporean, 12 Malaysian, 12 Indonesian, 8 Filipino and 2 Vietnamese.

Table 16: Hofstede's scores (2005) of uncertainty avoidance and masculinity

Countries	Masculinity	Uncertainty Avoidance
Thailand	34	64
Singapore	48	8
Malaysia	50	36
Indonesia	46	48
Philippines	64	44
Vietnam	40	30

In terms of CSR-related associations, firms are divided under two categories, firms that are members of the examined associations and firms that are not. As previously mentioned, in each country, one association is chosen based on specific criteria as follows:

- The association must be well-established before 2013.
- One of the key aims of the association is to promoting CSR/ sustainability development.
- The association must be key/ main advocator of CSR at national level (established under government or global organisations partnership) in the examined country.
- The association must involve business as one of the key stakeholders.
- The association must be the largest of its kind in the country based on the number of members.

Following the list of associations (Appendix 3), membership lists of these associations are checked to identify which firms in the sample are members. The statistics showed that 39 firms (22.8%) were members of these associations, including 2 firms from Indonesia, 7 from Malaysia, 8 from Philippines, 10 from Singapore, 12 from Thailand and 0 firms from Vietnam.

5.2.3 Control Variables

The table 17 presents the descriptive statistics of all the control variables, including firm size (FSIZE), leverage (LEV), profitability (PROF) and firm age (AGE). The descriptive statistics of FSIZE is presented in Panel A. The average value of FSIZE in the sample is 22.206 which represents the total assets of $4.405 billion approximately. The FSIZE values are ranging from 18.430 to 26.490. The mean values of FSIZE across the six countries are relatively equal with the highest value of 23.369 from Singapore, and the lowest one of 20.572 from Vietnam. The average values of FSIZE variable across the six countries, therefore, are relatively similar, which provides a good condition to compare the level of disclosure across the countries. The panel B presents the descriptive statistics of leverage (LEV). The LEV variable has a wider range value from 5.12% to 126.61% with the mean value of 55.889%. The wide range of values in the sample demonstrate different leverage levels across the companies. Among the six countries, Thai firms have the highest level of leverage with the mean score of 64.056%. Apart from the case of Thailand, the mean values of LEV in the other countries are not majorly different from each other. The highest value of LEV is 126.610%. The only case with this extreme value is case number 106 from Indonesia.

Regarding the PROF variable, the percentages of profitability is ranging from 0.100% to 60.060% in the whole sample. Comparisons across the six countries showed that the mean score of PROF is highest in Indonesia (11.332%), followed by Singapore (8.863%), Thailand (8.714%), Vietnam (6.657%), Philippines (6.472%), and finally Malaysia (6.245%). The last metric control variable is AGE. With the year of 2013 as the base line, the average value of AGE is 39.053 years with a relatively large range from 2 years to 179 years. Philippines (Mean=55.259), Malaysia (Mean = 48.069) and Indonesia (Mean = 45.067) are the three countries with more established firms in the sample. The firm age of Vietnamese companies is significantly younger than the other countries (Mean=19.517).

Three categorical variables, audit firm size (BIG4), consumer proximity (CP), and environmental sensitivity (ES), are considered as control variables in this study. Regarding the BIG4 variable, majority of firms (73.684%) have been audited by Big Four auditing firms. The percentage is highest in Singapore where all the firms are reported to use Big Four's service. Different from the other countries, Philippines is the only country where majority of firms (88.889%) have not been audited by Big Four companies. The finding, however, is consistent with some previous studies (see Ghoul *et al.*, 2016; Gul *et al.*, 2013) in which Philippines repeatedly had the lowest percentage of firms audited by Big Four companies. The percentage of 11.111 found in this study is relatively similar with the percentage of 10.400% reported in the study of Gul *et al.* (2013). In terms of consumer proximity, the numbers of firms operating in low profile sectors and high profile sectors are relatively equal with 50.292% and 49.708% respectively. Among 171 firms in the sample, more than half of the firms (59.064%) conduct business in sectors with less environmental sensitivity.

Table 17: Descriptive statistics of control variables

Variables	All	Thailand	Singapore	Malaysia	Indonesia	Philippines	Vietnam
Panel A: Firm size (FSIZE)							
Mean	22.206	22.196	23.369	23.018	21.783	22.448	20.572
Median	22.260	21.990	23.310	22.710	21.425	22.440	20.050
STD	1.638	1.440	1.424	1.365	1.416	1.069	1.543
Min	18.420	19.200	20.980	19.850	19.300	20.490	18.420
Max	26.490	24.570	26.490	25.860	24.820	24.350	24.030
Panel B: Leverage (LEV) %							
Mean	55.889	64.642	53.730	55.082	52.653	57.515	53.480
Median	54.090	62.455	47.570	55.630	46.220	55.000	54.650
STD	23.506	20.244	21.398	27.542	26.705	18.907	24.871
Min	5.120	25.260	18.590	5.120	13.640	12.310	11.560
Max	126.610	67.700	91.700	93.010	126.610	91.150	91.360
Panel C: Profitability (PROF) %							
Mean	8.113	8.714	6.245	8.863	11.332	6.471	6.657
Median	5.240	6.035	5.165	5.810	9.135	5.200	4.720
STD	8.937	10.717	5.297	12.816	9.654	4.694	6.492
Min	0.100	0.100	0.880	0.960	1.690	1.330	0.390
Max	60.060	47.180	20.040	60.060	40.180	16.810	28.560
Panel D: Firm age (AGE)							
Mean	39.053	36.400	33.192	48.069	45.067	52.259	19.517
Median	29.000	29.000	23.000	39.000	41.000	37.000	19.000
STD	30.892	25.336	28.645	29.851	29.760	45.363	10.786
Min	2.000	2.000	2.000	6.000	4.000	7.000	4.000
Max	179.000	107.000	114.000	107.000	154.000	179.000	51.000
Panel E: Audit firm size (BIG4)							
Mean	0.737	0.833	1.000	0.897	0.767	0.111	0.793
Median	1.000	1.000	1.000	1.000	1.000	0.000	1.000
STD	0.442	0.379	1.000	0.310	0.430	0.320	0.412
Minimum	0.000	0.000	1.000	0.000	0.000	0.000	0.000
Maximum	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Panel F: Consumer Proximity (CP)							
Mean	0.497	0.567	0.385	0.586	0.400	0.704	0.345
Median	0.000	1.000	0.000	1.000	0.000	1.000	0.000
STD	0.501	0.504	0.496	0.501	0.498	0.465	0.483
Minimum	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maximum	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Panel G: Environmental Sensitivity (ES)							
Mean	0.409	0.433	0.307	0.276	0.433	0.593	0.414
Median	0.000	0.000	0.000	0.000	0.000	1.000	0.000
STD	0.493	0.504	0.470	0.455	0.504	0.501	0.501
Minimum	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maximum	1.000	1.000	1.000	1.000	1.000	1.000	1.000

5.3 Chapter Summary

Chapter Five presented descriptive statistics of the dependent variable, CSRDI, as well as all the independent variables (CG and institutional variables) and control variables addressed in the study. The levels of CSRD were presented according to disclosure categories, all six countries, in addition to distinct industries. The findings of these statistics were discussed incorporating relevant literature and the study context. The chapter, therefore, has provided a good overview of CSRD, CG practices and differences in institutional environments across the six countries. In the next chapter, statistical techniques will be used to analyse the data, obtain the empirical results and test the relevant hypotheses to provide answers for the key research questions.

CHAPTER 6: EMPIRICAL RESULTS

6.1 Overview

Following the descriptive statistics, this chapter focuses on answering the three empirical questions:

- What are the differences, if any, among the levels of CSRD across the six Southeast Asian countries?
- To what extent do corporate governance practices influence the level of CSRD in the six countries?
- To what extent do the institutional factors influence the level of CSRD in the six countries?

To answer these three research questions, as justified in Chapter 4, section 4.7, different statistical techniques will be used to analysis the data. The chapter, therefore, is divided into three main sections: comparisons of CSRD across the countries (section 6.1), the impact of CG on CSRD (section 6.2), and the impact of institutional factors on CSRD (section 6.3). In the first section (6.1), in order to identify any differences in the extent of CSRD across the six countries, ANOVA analysis with post-hoc tests are used. Prior to running the ANOVA analysis, the data is examined based on the assumptions of the statistical technique to ensure there is no violation. If the assumptions are not fully satisfied, the non-parametric of ANOVA, the Kruskal-Wallis test, is applied as an additional analysis technique to examine whether the violation influences the result. In the case of a significant result, post-hoc tests are used to identify the pairs of comparison that cause the differences. At the end of the section, a brief summary of the result will be provided.

In the following section (6.2), the OLS regression method is used to identify the impact of CG practices on CSRD. All the OLS assumptions are carefully checked prior to the running of the OLS model. The empirical findings of the model are then presented in the next sub-section. Following up these results, diverse sensitivity analyses are conducted to examine the robustness and consistency of the findings. Finally, a discussion of the findings based on previous studies, theoretical framework, and the study's context as well as a brief summary of this section are provided at the end.

The third section (6.3) has a similar structure with the previous one as the OLS method is also used to answer the third research question: the impact of institutional factors on CSRD. Firstly, OLS assumptions will be examined, followed by the performance of OLS regression model (2) to achieve the empirical results for both independent and control variables. The robustness and sensitivity of the results are then examined by the use of several alternative models. Finally, a discussion of findings will be provided and the chapter ends with a summary of these findings.

6.2 Comparisons of CSRD between the countries

The previous chapter presented the descriptive statistics of CSRDI. These statistics demonstrate multiple differences in the level of CSRD across the six countries, however, in order to answer research question 2 and to conclude whether these differences are significant, as justified in Chapter 4, section 4.7, the ANOVA data analysis technique is used. Prior to the test, the assumptions of ANOVA are examined to ensure the data is appropriate for the technique. If all assumptions are satisfied, the statistical test is then run to examine whether the differences are significant. The non-parametric analysis, the Kruskal-Wallis test is also used as a back-up analysis method to ensure the consistency of the result. In the case of significant result, post-hoc tests are conducted to identify the pairs of comparisons that are significantly different. Finally, a detailed discussion of the findings based on existing literature is provided at the end of the section.

6.2.1 Assumptions Testing

According to Tabachnick and Fidell (2001), there are four assumptions that need to be addressed when using ANOVA analysis, normality of sampling distribution of means, independence of errors, homogeneity of variance, and the absence of outliers. In this study, the absence of outliers will be examined first as this assumption provides the foundation for the others. In order to identify outliers in each group of countries, the z-score technique is use for the dependent variable CSRDI (Miles and Shevlin, 2001). The z-score is calculated by the ratio of the difference between the score of the reliant case and the mean score to the standard deviation of that group. For identifying possible outliers, the following table 18 provides the maximum and minimum values of the dependent variables for all six groups. Based on the minimum and maximum values, z-scores are calculated. According to Tabachnick and Fidell (2001), observations with absolute values greater than 3.3 are potential outliers. According to the results from the following table, there are no outliers for CSRDI from any of the countries examined.

Table 18: The result of outlier identification for CSRDI variable across the countries

Country of listed market	Mean	N	Std. Deviation	Minimum	Z score	Maximum	Z score
				CSRDI			
Thailand	0.554	30	0.192	0.000	-2.887	0.917	1.893
Singapore	0.427	26	0.167	0.000	-2.554	0.700	1.630
Malaysia	0.459	29	0.155	0.167	-1.887	0.750	1.876
Indonesia	0.552	30	0.162	0.267	-1.763	0.875	1.990
Philippines	0.326	27	0.208	0.033	-1.410	0.800	2.281
Vietnam	0.302	29	0.194	0.000	-1.559	0.792	2.523

6.2.1.2 Normality of Sampling Distribution of Means

The careful examination of this assumption is essential as non-normality distribution could result in other assumptions being violated (Field, 2013). The test of normality will be conducted on the dependent variable across different levels of the independent variable. To identify whether the data set satisfies this assumption, both graphical analysis of normality and statistical testing of normality are applied. In terms of statistical testing, z values of kurtosis and skewness as well as the Kolmogorov-Smirnov test are used, while the normality probability plots are applied for visual inspection. The distribution is normal when kurtosis and skewness values are close to zero. Departures from zero signal non-normal distribution. In order to know whether these values are large enough to be worried about violation of normality, z-values of kurtosis and skewness values are calculated based on the following formula:

$$Z_{\text{skewness}} = \frac{skewness}{\sqrt{\frac{6}{N}}} \qquad Z_{\text{kurtosis}} = \frac{kurtosis}{\sqrt{\frac{24}{N}}}$$

With the error level of .05, if either z value exceeds the critical value of ±1.96, the distribution is concluded to be non-normal at that value (Tabachnick and Fidell, 2001). Table 19 presents the statistical tests for normality across the six groups divided based on country of origin. The results showed that the distribution of CSRDI in the groups of Singapore and Thailand might have violated the normality assumption. Visual inspection of normality probability plots (for brevity sake not presented here) also illustrate departures from normal distribution in these two groups. Following the results of the tests, different transformation techniques are used based on the values of skewness and kurtosis. The CSRDI variable was transformed in multiple ways and re-tested across the six countries to examine the improvement of normal distribution. Despite the use of different transformations, the normal distribution of variables did not improve, however, according to Tabachnick and Fidell (2001), if the sample sizes of groups are relatively equal and two-tailed tests are applied with no outliers, ANOVA is robust with 20 degrees of freedom for error. Even though the total sample size of this study is not large, the degree of freedom (df = 171-6 = 165) is significantly larger than 20. The sample sizes of groups are relatively equal with the ratio of the largest to the smallest being 1.154. Furthermore, as examined in the previous section, there are no potential outliers in all dependent variables, hence, if the two-tailed tests are used, the analysis is robust to any violation of this assumption. The ANOVA analysis, therefore, will be carried out despite the violations. However, a nonparametric test will be followed and results between the tests will be compared to minimise the impact of assumption violation on the results' interpretations.

Table 19: Normality tests for CSRDI across the six countries

Country	**Skewness**		**Kurtosis**		**Kolmogorov-Smirnov test (Sig.)**
	Statistic	Z value	Statistic	Z value	
Indonesia	-0.269	-0.602	-0.713	-0.797	0.090*
Malaysia	-0.182	-0.400	-0.641	-0.705	0.080*
Philippines	0.828	1.756	-0.298	-0.316	0.084*
Singapore	-1.122	**-2.336**	2.086	**2.171**	0.068*
Thailand	-1.291	**-2.887**	**2.365**	2.644	0.001***
Vietnam	0.655	1.440	0.426	0.468	0.200

*** and *: significant at 0.01 and 0.10 levels

6.2.1.3 Homoscedasticity

The purpose of ANOVA analysis is to test whether population means are different across the levels of independent variable. Nevertheless, one of the assumptions in ANOVA model is population variances across the levels is equal. Hence, in order to examine this assumption, the variance of the metric variable (CSRDI) is compared across different levels of the independent variable, country of origin. For this purpose, the Levene test was used. If the result of Levene test is not significant, the assumption is met. In contrast, if significance is found in the test, it means the variances of the groups are not equal and the assumption has been violated (Pallant, 2001). Table 20 contains the results of the Levene test. As the result of Levene test is non- significant at .05 level, the variances across the groups are equal and assumption is not violated.

Table 20: The Levene test's result of CSRDI across the countries

CSRDI	Levene test's result	
	Levene Statistic	**Sig.**
Based on Mean	0.844	0.520
Based on Median	0.636	0.672
Based on Median and with adjusted df	0.636	0.672
Based on trimmed mean	0.791	0.557
Based on Mean	0.844	0.520

6.2.1.4 Independence of errors/ observations

This assumption means that all the subjects should be allocated randomly to the groups; and if the subjects are not randomly allocated, this assumption could be violated. In this study, the subjects were not allocated randomly as the observations were divided into six groups in response to the six countries. Therefore, it is possible that the data has violated the assumption. However, according to Roberts and Russo (1999), ANOVA is robust under most circumstances and small violations of assumptions are unlikely to have a great effect on the significance. Especially in the cases that a p value is less than 0.01 or higher than 0.1, it is very unlikely that incorrect statistical inference will be drawn. As a result, based on the p value of ANOVA analysis, the effect of such violation could be examined. Furthermore, due to the potential violations of some assumptions, a non-parametric equivalent of ANOVA, the Kruskal-Wallance One-way Analysis of Variance by Ranks will also be used as an additional analysis to ensure the consistency of the result.

6.2.2 Empirical Analysis

The ANOVA analysis with post-hoc tests is conducted to identify whether there is any significant difference between the levels of CSRD among the six countries. As previously mentioned, the size of the six groups is reasonably similar with the ratio of largest to the smallest of 1.154 (Stevens, 2002), which provides a good condition to conduct ANOVA analysis. Table 21 provides the main result for this analysis, which answers the question whether there is a significant difference between the countries' CSRDI. The ANOVA analysis results a very small significance value of 0.000, signaling significant differences between the indexes at .01 level. The p-value less than 0.01 also implied that violation of assumptions are highly unlikely to have a great effect on the analysis. Moreover, according to Stevens (2002), one of the factors influencing the power of a test is the effect size. The effect size represents the total variance of the dependent variable that can be predicted by the independent variable (Tabachnick and Fidell, 2001). In ANOVA analysis, eta squared is used to measure the effect size. The eta squared is calculated by the ratio of sum of squares between-groups to the total sum of squares. In this analysis, the eta squared is 0.238 which is a very large effect, according to Cohen's (2003) definition of large effect of 0.14. Based on the ANOVA results and the effect size, it can be concluded that country of origin has a big impact on the CSRDI and there are significant difference between the levels of CSRDI among the countries.

Table 21: ANOVA analysis's result

CSRDI	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.681	5	.336	10.317	.000***
Within Groups	5.376	165	.033		
Total	7.057	170			

***: Significant at .01 level

As argued, although the violation of normality assumption would not significantly influence the interpretation of the results, it is important to run non-parametric technique to check if the result is robust against such violation. The non-parametric alternative of ANOVA is the Kruskal-Wallis test that allows the comparison of scores on a metric variable for three or more groups (Pallant, 2001). The table 22 shows the results of Kruskal-Wallis test. Consistent with the ANOVA analysis, results of Kruskal-Wallis test is also significant at .01 level, confirming the significant differences between CSRDI across the six country groups; and meaning that some minor violations of the assumptions did not seriously influence the empirical result.

Table 22: The Kruskal-Wallis test's result

Variable	Country of origin	N	Mean Rank
CSRDI	Thailand	30	115.68
	Singapore	26	82.33
	Malaysia	29	89.64
	Indonesia	30	113.58
	Philippines	27	57.87
	Vietnam	29	52.60
	Total	171	

Notes: Chi-Square value: 42.394 (Sig.=0.000)

As the ANOVA analysis does not identify which group is different from another (Field, 2013), the two post-hoc tests, the Turkey's Honestly Significant Different test (HSD) and the Scheffe test, are applied to identify specific groups causing the significant difference. The results of both post-hoc tests (for brevity sake not presented here) indicated significant differences for four comparisons, Thailand – Philippines, Thailand – Vietnam, Indonesia – Philippines, and Indonesia – Vietnam.

In conclusion, for the purpose of examining the impact of country of origin on CSRDI, a one-way between-groups analysis of variance ANOVA was conducted. The data is divided into six groups according to the six countries. The findings showed the statistically significant difference at the $p<.01$ level in CSRDI for the six groups with the eta squared value of 0.238, demonstrating the role of country of origin in defining CSRDI. Both of the post-hoc tests identified the significant differences in the four comparisons as mentioned above. The mean score of Thailand (M=0.554, SD=0.192) is significantly different from Philippines (M=0.326, SD=0.208). The level of CSRD of Thailand (M=0.554, SD=0.192) is also different from Vietnam. Similarly, the CSRDI of Indonesia (M=0.552, SD=0.162) is also significantly higher than that of Philippines (M=0.326, SD=0.208) and Vietnam (M=0.302, SD=0.194).

The significant findings of the statistical tests, together with the large effect size, emphasises the role of country of origin in defining the extent of CSRD. The result supports previous literature arguing that country of origin is an important determinant of level and type of CSR disclosure and reporting (Craig and Diga, 1998; Meek, Roberts and Gray, 1995; Newson and Deegan, 2002; Van der Laan Smith *et al.*, 2005). Surprisingly, different from expectation, the extent of CSRD in Singaporean firms is ranked behind Thailand, Indonesia and Malaysia. The result indicates that economic development might not be an indication for the level of CSRD in annual reports and suggests that the differences in CSRD across the countries could be attributed to other institutional factors, rather than economic factors. The finding, therefore, corresponds to the argument that the capability of the state and the economic development stage defines the CSR practices (including CSRD) in business communities, however, differs substantially based on socio-political context and vary from country to country (APEC, 2005). With the consideration of each country's institutional context, the findings regarding the levels of CSRDI were thoroughly discussed in Chapter Five, section 5.5.1.1 and are not presented again here to avoid repetition. Further analysis of the role of institutional factors in determining level of CSRD in these countries will be discussed in section 6.3 where the impact of six developed institutional factors on CSRD will be examined.

6.2.3 Section Summary

Section 6.2 presents the process of ANOVA analysis with the purpose of identifying whether the levels of CSRD among the six countries are significantly different. The results of both parametric ANOVA analysis and non-parametric Kruskal-Wallis test showed that there is significant difference between the levels of CSRD across the six countries. Post-hoc tests, then, were conducted to identify comparisons with significant difference. The results of post-hoc tests concluded significant differences between the two countries with highest level of CSRD, Thailand and Indonesia, with the lowest CSRD group, Philippines and Vietnam. Among the six countries, Thailand has the highest CSRDI, following by Indonesia, Malaysia, Singapore, Philippines and finally Vietnam. The findings, therefore, highlighted the role of country as an important determinant of CSRD and indicated that other factors rather than economics could provide an explanation to the differences in CSRD practice across countries. As a result, in the next two sections, the impact of other factors, CG mechanisms and institutional factors, on CSRD will be examined.

6.3 The impact of Corporate Governance practices on CSRD

The main focus of this section is to respond to the third research question of the influence of CG on CSRD. In this study, a variety of CG mechanisms are considered. As justified in the methodology chapter (Chapter 4), for the purpose of identifying the impact of CG variables on CSRD, Ordinary

Least Squares (OLS) multivariate regression technique is used to test the hypotheses. The chapter starts off with OLS assumptions testing. Then the empirical results of the regression model (1) will be presented to examine the impact of each independent and control variables on CSRD. The section then continues with the use of alternative models to inspect the level of robustness and sensitivity of the results. Finally, a review and discussion of the results in relation to previous studies will be provided at the end of the section.

6.3.1 OLS Assumptions Testing

As the OLS multivariate regression technique is used to examine the effect of CG variables on CSRDI, the OLS assumptions of multicollinearity, normality, linearity, homoscedasticity and independence of the residuals as well as outlier identification, are carefully examined to ensure no violation can seriously influence the model's results.

One of the assumptions for linear OLS regression model is that there is no perfect multicollinearity (Gujarati and Porter, 2010). Multicollinearity exists when two or more predictors have high correlations in the regression model. High collinearity could increase the standard errors of the coefficients, making them less trustworthy, limit the size of R and make it difficult to assess the importance of an individual predictor (Field, 2013). Although the case of perfect multicollinearity is rare, in most situations, some degree of multicollinearity is unavoidable due to the nature of economic data (Gujarati and Porter, 2010; Seddighi, Lawler and Katos, 2000). In order to identify the relationships among the variables in the regression model (1), Pearson's parametric correlation, Spearman's non-parametric correlation, tolerance and variance inflation factor (VIF) are used (Studenmund, 2014).

Table 23 presents the correlation coefficients among all the variables considered in the regression model (1). As the direction and magnitude of both correlation matrices are relatively similar, non-normality of some variables would not cause any major violation to the OLS assumptions (Ntim and Soobaroyen, 2013, p.478). Moreover, there is no correlation coefficient with a value above 0.80 or 0.90, which indicates serious multicollinearity is not a problem in this model (Field, 2013). In terms of correlations with the dependent variables (CSRDI), there are eight variables found to have significant correlation (significant level less than 0.05) with CSRDI, including board size (BS), female directors (FED), CEO duality (DUAL), CSR committee (CSRC), block ownership (BLOC), leverage (LEV), and audit firm size (BIG4). Among these variables, the four variables, BS, BLOC, COMT and BIG4 are significant at .01 level, while the others are significant at .05 level.

Moreover, to identify whether the multicollinearity between the predictors is at the acceptable level, tolerance and variance inflation factor (VIF) statistics are used. The VIF values indicates how strong a linear relationship between a predictor and other variables is. The most common cut-off threshold is 0.10 for a tolerance values, which corresponds to value above 10 in VIF (Field, 2009; Gujarati, 2015). However, some scholars impose stricter requirements with the argument that researchers should be concerned about multicollinearity if VIF values are above 2.5 (Allison, 1999) or above 4 (Miles and Shevlin, 2011). Table 24 presents the tolerance and VIF values of the predictors in the regression model (1). According to the statistics, the highest VIF value recorded is 2.605 (tolerance = 0.384) in the case of FSIZE, as expected, because the variable have relatively high and significant correlations with some other variables such as LEV, PROF, AGE and CP. The VIF values of the other variables are all below 2. Therefore, at this stage, multicollinearity should not be a concern as the highest VIF value is only marginal of the strictest criterion of Allison (1999).

The next assumption to examine is the normality assumption. The normality assumption of OLS requires the error term to be normally distributed (Gujarati and Porter, 2010; Studenmund, 2014). Although the assumption does not stress that all the metric variables should have normal distribution, examining the distribution of these variables will provide the foundation for identifying appropriate transformation in the case of violation. Therefore, the normality test is conducted for both metric variables and the variate of the model by using both graphic and statistical tests. In terms of graphical analysis, the normal probability plots (for brevity sake not presented here) showed there are five variables that appear to have normal distribution, including firm size (FSIZE), block ownership (BLOC), independent directors (IND), board size (BS) and leverage (LEV).

Table 23: Correlation coefficients of all the variables of regression model (1)

VARIABLES	CSRDI	BS	IND	FED	DUAL	COMT	BLOC	FSIZE	LEV	PROF	AGE	BIG4	CP	ES
CSRDI		.375***	.003	-.169**	-.183**	.269***	-.329***	.106	.173**	-.043	.141	.254***	.067	-.035
BS	.362***		-.256***	-.047	-.214***	.009	-.154*	.139	.271***	-.120	.102	.189**	.181**	-.111
IND	.034	-.241***		-.085	.039	.214***	.051	.340***	-.038	-.134	-.062	.151	-.069	-.032
FED	-.191**	-.049	-.134		-.082	-.158	.032	-.008	.068	-.056	-.068	.073	.099	-.035
DUAL	-.181**	-.214***	.008	-.070		-.010	.070	.084	-.161**	-.107	.097	-.206*	-.032	.025
COMT	.266***	-.014	.173**	-.135	-.010		-.062	-.013	.113	.014	-.031	.057	.018	.057
BLOC	-.290***	-.132	.008	.021	.090	-.052		.009	-.087	.049	-.082	-.245***	.041	.098
FSIZE	.155	.156	.350***	-.009	.059	-.016	.022		.424***	-.669***	.300***	.127	.227***	-.164**
LEV	.179**	.287***	-.075	.076	-.175**	.085	-.125	.442***		-.545***	.277***	.004	.444***	-.182**
PROF	-.043	-.078	-.117	.043	-.107	.049	.036	-.537***	-.238***		-.156	-.018	-.101	.039
AGE	.098	.083	-.033	-.070	.083	.001	-.023	.308***	.240***	-.002		-.047	.143	-.147
BIG4	.269***	.193**	.181**	.093	-.206**	.057	-.249***	.141*	.040	.024	-.010		.065	-.248***
CP	.058	.185**	-.101	.080	-.032	.018	.055	.259***	.459***	.062	.123	.065		-.320***
ES	-.040	-.112	-.019	-.021	.025	.057	.092	-.161*	-.211***	-.107	-.086	-.248***	-.320***	

Notes: The bottom left half provides Pearson's parametric correlation coefficients, whereas the upper right half contains Spearman's non-parametric correlation coefficients. CSRDI denotes CSRD index; BS denotes board size; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; COMT denotes CSR committee; BLOC denotes block ownership; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; AGE denotes firm age; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity. ***, ** and * indicate significant at 0.01, 0.05 and 0.10 levels.

Table 24: Tolerance and VIF values of all the predictors in the model (1)

Variable	Tolerance	VIF
BS	0.758	1.319
IND	0.634	1.577
FED	0.910	1.099
DUAL	0.845	1.184
COMT	0.909	1.100
BLOC	0.879	1.137
FSIZE	0.384	2.605
LEV	0.546	1.830
PROF	0.577	1.734
AGE	0.805	1.242
BIG4	0.762	1.313
CP	0.666	1.501
ES	0.801	1.249

Notes: CSRDI denotes CSRD index; BS denotes board size; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; COMT denotes CSR committee; BLOC denotes block ownership; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; AGE denotes firm age; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity

Even though it is useful to see the shape of the normal probability plots, the graphical analysis might pose some difficulties towards the conclusion of variables' normality distribution (Hair, 2010). Therefore, similar with the previous section 6.2.1.2, the evaluation of normality will also be examined through the two components of normality, skewness and kurtosis. Based on the z values from the table 25, out of 8 metric variables, five variables, BS, IND, BLOC, FSIZE and LEV have normal distribution, leaving the other three variables (FED, PROF and AGE) suffering from non-normal distribution in both measurements. Before deciding to transform the non-normal variables, the normality of the error term of the variate should be tested. According to Allison (1999, p.130), the only variable that is required to have normal distribution in multiple regression is the disturbance term. Therefore, if the error term of the variate has normal distribution, transformation of these variables is not necessary. Moreover, as explained earlier, since the two correlation matrices are relatively similar, the impact of non-normality in these variables should not cause serious violation to the assumption.

In order to test whether the errors of prediction are distributed normally throughout predicted dependent variables' values (Miles and Shevlin, 2001), a visual examination of normal probability plot of the residuals is used (for brevity sake not presented here). Even though there are some slight departures, the values fall along with diagonal with no substantial or systematic departures, which shows that the model has met the normality assumption. As a result, even though the normality test for all metric variables showed that some variables suffer from non-normal distribution and the result of the normality test for the variate does not show any violation of normality. Therefore, the non-normal distributed variables should not present any serious problem of the course of data analysis.

Table 25: Normality tests of metric variables in regression model (1)

Variable	**SHAPE DESCRIPTORS**				**Description of the distribution**
	Skewness		Kurtosis		
	Statistic	z value	Statistic	z value	
The Dependent variable					
CSRDI	-0.282	-1.424	-0.487	-1.230	Normal distribution
Corporate Governance (metric) variables					
BS	0.291	1.469	-0.493	-1.245	Normal distribution
IND	0.565	**2.853**	-0.401	-1.012	Normal distribution with positive skewness
FED	1.113	**5.620**	1.166	**2.944**	Peaked distribution with positive skewness
BLOC	-0.374	-1.889	0.118	0.298	Normal distribution
Control (metric) variables					
FSIZE	0.038	0.192	-0.106	-0.267	Normal distribution
LEV	0.182	0.919	-0.664	-1.677	Normal distribution
PROF	2.838	**14.331**	10.077	**25.443**	Peaked distribution with positive skewness
AGE	1.732	**8.746**	3.662	**9.246**	Peaked distribution with positive skewness

Notes: CSRDI denotes CSRD index; BS denotes board size; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; COMT denotes CSR committee; BLOC denotes block ownership; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; AGE denotes firm age; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity

For the purpose of examining the homoscedasticity and linearity assumptions, a number of statistical tests, including Cook's Distances, Leverage values and Studentised Residuals, are conducted to ensure no outlier could cause non-linearity and heteroscedasticity. The Cook's Distances range from 0.000 to 0.132 with the mean score of 0.008. The computed Leverage values range from 0.023 to 0.275 with a mean of 0.085. No value that exceeds one in these two measurements indicates non-existence of serious outliers (Elmagrhi, 2016, p.195). The Studentised Residuals values are from -3.066 to 2.596 with the mean score of -0.002. Although there is one observation with the Studentised Residual value above three, the very small mean score of -0.002 implies this is not a severe outlier. Furthermore, the visual inspection of the scatterplot (for brevity sake not presented here) does not reveal any obvious pattern of nonlinear relationship. Additionally, the patterns slightly demonstrate the diamond shape which is expected in the case of percentages used in some of the variables as variation more focuses on the middle than the tails. However, in general, the patterns are relatively similar with null plot, which indicates the homoscedasticity assumption has been met (Hair, 2010, p.184). Moreover, the linearity assumption is also checked for all metric variables presented in the regression model (1) by plotting each of the metric variables against the dependent variable. All of the scatterplots (for brevity sake not presented here) do not show any obvious curve, therefore, the relationships between the metric independent variables and the dependent variable do not violate linearity assumption.

The final assumption to be considered is the independence of the residuals. Following previous studies (Mahadeo, Hanuman and Soobaroyen, 2011a, p.552; Ntim and Soobaroyen, 2013, p.129), this assumption is examined by using the Durbin-Watson test. Statistics of the test vary from 0 to 4 with the value of 2 as uncorrelation between residuals (Seddighi *et al.*, 2000; Wooldridge, 2013). If the value is closer to 2, it is less likely that autocorrelation is serious. In the case of regression model (1), the value is 1.949 (table 27), meaning autocorrelation is not a serious problem in the model.

In conclusion, different statistical and graphical tests, including Cook's Distance, Leverage values, Studentised Residuals, skewness, kurtosis, normality probability plots, scatterplots, correlation matrices, VIF, tolerance values and Durbin-Watson test, were conducted to examine whether the regression model (1) satisfies all the OLS assumptions. The results of these tests and visual inspections showed that the OLS assumptions are not seriously violated, therefore OLS can be used as an appropriate statistical technique to examine the relationship between CG variables and CSRD.

6.3.2 Empirical Results: CG variables and CSRD

As previously discussed in Chapter 5, the main objective of the regression model (1) is to examine the impact of six CG mechanisms, board size, board independence, board gender diversity, CEO duality, block ownership and the presence of CSR committee, on CSRD. The regression model includes the dependent variable, all six independent variables and control variables. The regression model (1) is presented as follows:

$$\textbf{(1)}\quad \mathbf{CSRDI = \beta_0 + \beta_1\, BS + \beta_2\, IND + \beta_3\, FED + \beta_4\, DUAL + \beta_5\, BLOC + \beta_6\, COMT + \sum \beta_i\, CONTS_i + \varepsilon_i}$$

(Notes: CSRDI denotes CSRD index; BS denotes board size; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; BLOC denotes block ownership; COMT denotes the presence of CSR committee; CONTS denotes control variables; including firm size (FSIZE), leverage (LEV), profitability (PROF), firm age (AGE), audit firm size (BIG4), consumer proximity (CP), and environmental sensitivity (ES))

Table 26 presents the empirical results of the regression model (1). Overall, all the variables explained 32.3% of the dependent variable's variance. The adjusted R^2 is 26% with the standard error value of 0.167. Based on the table, five variables were found significant, including four independent variables (BS, FED, BLOC and COMT) and a control variable (BIG4). The results, therefore, confirmed that board size, the presence of CSR committee and audit firm size have positive and significant impact on CSRD, while the relationship between block ownership and CSRD is significantly negative, as expected in the hypotheses. Different from the expectation, board gender diversity (FED) is significantly and negatively associated with CSRD. This unexpected result will be explained further in the discussion section. The impact of the other independent variables, board independence and CEO duality is insignificant. As a result, the hypotheses for these two variables cannot be confirmed. Among all of the control variables, only audit firm size (BIG4) is positively and significantly related to the CSRD. The coefficients of the other control variables are insignificant.

Finally, in order to examine the contribution of CG variables to the explanation of CSRDI's variance, a regression model (3) with only control variables is run. The statistic of R^2 in this model is then compared with the results of the model (1) to identify the contribution of CG variables.

(3) CSRDI = β_0 + β_1 BIG4 + β_2 FSIZE + β_3 LEV + β_4 PROF + β_5 AGE + β_6 CP + β_7 ES + ε_i

(Notes: CSRDI denotes CSRD index; BIG4 denotes audit firm size; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; AGE denotes firm age; CP denotes consumer proximity; ES denotes environmental sensitivity)

Table 26: Empirical results of the regression model (1)

Variables	Coefficient estimate	Sig.	Collinearity statistics	
			Tolerance	VIF
(Constant)	-0.055	0.846		
Corporate Governance variables				
BS	0.017	0.002***	0.758	1.319
IND	0.000	0.695	0.634	1.577
FED	-0.003	0.026**	0.910	1.099
DUAL	-0.050	0.230	0.845	1.184
BLOC	-0.002	0.008***	0.879	1.137
COMT	0.115	0.002***	0.909	1.100
Control variables				
FZISE	0.018	0.200	0.384	2.605
LEV	7.198E-5	0.926	0.546	1.830
PROF	0.001	0.586	0.577	1.734
AGE	0.000	0.722	0.805	1.242
BIG4	0.070	0.059*	0.762	1.313
CP	-0.006	0.854	0.666	1.501
ES	0.023	0.452	0.801	1.249

Notes: BS denotes board size; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; COMT denotes CSR committee; BLOC denotes block ownership; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; AGE denotes firm age; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity. ***, ** and * indicates significance at 0.01; 0.05 and 0.10 level, respectively.

Prior to the interpretation of the model (3)'s results, diverse visual and statistical tests are conducted to ensure all of the OLS assumptions are satisfied. Similar with the previous section, the Cook's Distance, Leverage values and the Studentised Residuals are used to identify outliers. The Cook's Distance values range from 0.000 to 0.089. The Leverage values are from 0.011 to 0.233. As a result, all of the Cook's Distance and Leverage values do not exceed one. Moreover, the Studentised Residuals range from -2.846 to 2.237 with no value above three. Therefore, it could be concluded that no obvious outlier is found in the model (3) that might cause non-linearity and heteroscedasticity. Furthermore, the visual inspection of the Scatterplot and the P-P Plot suggest there is no obvious outlier and the distribution does not show any obvious curve and with random patterns. As a result, the assumptions of linearity and homoscedasticity are not violated. In the normal probability plot, all the values fall along the diagnosis line without any serious departure, indicating the normality assumption was also satisfied. Finally, with the Durbin-Watson statistics of 1.778, the autocorrelation assumption is not seriously violated. Additionally, as all the VIF values are below 2, multicollinearity is also not an issue. The model's results, therefore, can be used to compare with the previous regression model. Table 27 presents the comparison of summary regression diagnostics between the two models.

Table 27: Comparisons between the original model (1) and the model (3)

Regression diagnostics	Model (1)	Model (3)
R^2	0.323	0.160
Adjusted R^2	0.260	0.124
F-value	5.099	4.386
F-value significance	0.000	0.000
Standard error	0.167	0.191
Durbin-Watson statistics	1.949	1.778

Comparing the R^2 statistics between the regression model (1) (with all the variables) and the regression model (3) (with only control variables) shows that the presence of CG variables have increased the R^2 value from 0.160 to 0.323, which means the CG variables contribute approximately 16.3% to the explanation of CSRDI's variance. With CG variables as predictors together with the control variables, the standard error of estimation has also reduced from 0.191 to 0.167.

In conclusion, the results of the regression models emphasise the role of CG practices in defining firms' CSRD practice. Together, all six CG variables explained nearly 20% of the CSRDI's variance. Among all the internal determinants (CG practices), four variables are found to have significant impact on the level of CSRD across the six Southeast Asian countries, including BS, FED, BLOC and COMT, in which BS and COMT have positive coefficients while FED and BLOC have a negative effect on CSRDI. As a result, the findings confirm hypotheses 1, 5 and 6. Although board gender diversity was reported to have a significant impact on CSRDI, hypothesis 3 cannot be confirmed as the sign of the relationship is different from the expectation. Table 28 summarises the results of regression model (1).

Table 28: Summary of results of corporate governance variables

Independent variables	Hypothesis	Predicted sign	Sign of coefficient	P-value	Hypothesis confirm
CG variables					
BS	1	+	+	0.001***	Confirm
IND	2	+	+	0.988	Not confirm
FED	3	+	-	0.030**	Not confirm
DUAL	4	-	-	0.359	Not confirm
BLOC	5	-	-	0.006***	Confirm
COMT	6	+	+	0.003***	Confirm

Notes: BS denotes board size; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; COMT denotes the presence of CSR committee; BLOC denotes block ownership. *** and ** indicate significant levels at .01 and .05 respectively

6.3.3 Sensitivity Analysis

In this section, several tests are used to check the robustness of the results reported in section 6.3.2, including the use of alternative model with transformed variables to examine the impact of non-normal distributed variables on the model and the use of weighted CSRDI and CSRD sub-indices.

Firstly, as presented in table 25, some of the variables have non-normal distribution. Although these variables were argued to not seriously influence the normal distribution of the regression model's variate, an alternative model with transformed variables is run to examine the impact of these non-normal distributed variables on the regression's results. The three variables with non-normal distribution are board gender diversity (FED), profitability (PROF) and firm age (AGE). Different kinds of transformation, including inverse, square root, logarithm, squared or cubed, as suggested by Hair (2010, p.78), were applied and the most appropriate transformed variables are chosen. Particularly, square root transformation is applied for FED variable, and the logarithm transformation is employed for both PROF and AGE variables, to reduce non-normality. The results of the regression model (1.1) with transformed variables are presented in table 29 and compared with the results of the original model (1). Observable, the results of both models are almost identical in terms of coefficients' signs and significant levels. The only differences between these two models are the coefficient values of the original variables and the transformed variables, which is expected. As a result, it could be concluded that the regression results are consistent and the variables with non-normal distribution do not have any major impact on the model (1).

As mentioned in previous chapters, the CSRD checklist employed in this study consists of 30 items divided into four sub-categories, environmental disclosure (ED), HR disclosure (HRD), product and consumer disclosure (PCD) and finally community-involvement disclosure (CD). As the number of items in each sub-category is not equal (ED has 11 items, HRD has 9 items, PCD and CD have 5 items), the results of regression model (1) could be sensitive to the weight of each sub-index. As a result, following a previous study of Elmagrhi (2016, p.174) in order to examine whether the relationships between the sub-indices and the independent variables are the same with the main results, the regression model (1) is re-estimated with the sub-indices, EDI, HRDI, PCDI, and CDI as dependent variables. The results of these models are presented in table 30. The results of the four sub-indices model are similar with those reported in Table 26, except for some small sensitivities such as a negative coefficient on IND in model (1.4) and some inconsistent signs in control variables. The results of these models, therefore, provide evidence that the results are fairly robust to the use of different sub-indices.

Moreover, as justified in Chapter Four, the CSRDI is equal weighted. However, since the number of items in the sub-indices are substantially different from each other, different weights could be assigned to each sub-index (for instance EDI 36%, HRDI 30%, PCDI 17% and CDI 17%). As a result, following previous disclosure studies (Elmagrhi, 2016, p.176; Al-Bassam, Ntim, Opong and Downs, 2015, p.28), an alternative weighted index W-CSRDI was constructed by giving each of the sub-index an equal weight of 25% to ensure the relationship between the CG variables and CSRDI is not sensitive to the weight of the four sub-indices. The regression model (1), hence, is re-examined with the W-CSRDI replaced the equal-weighted CSRDI as the dependent variable. The findings of the new model (1.6) is reported in Table 30. The coefficients' values, directions, and the significant levels of the CG variables are almost the same with the original model, apart from a very minor sensitivity of IND where the coefficient changed from 0.000 to -0.001 with the same insignificant level. With this evidence, the findings of the main model (1) could be concluded to be fairly robust with different weighting technique of the sub-indices.

Table 29: Comparisons of results between the original model (1) and the model with transformed variables (1.1)

Independent Variable (Model)	Main OLS Model	Model with transformed variables
	(1)	(1.1)
Corporate Governance Variables		
BS	0.017 (.002)***	0.018 (.001)***
IND	0.000 (.695)	0.000 (.907)
FED	-0.003 (.026)**	
FED (SR)	-	-0.013 (.055)*
DUAL	-0.050 (.230)	-.0.054 (.200)
BLOC	-0.002 (.008)***	-0.002 (.006)***
COMT	0.115 (.002)***	0.114 (.002)***
Control variables		
FSIZE	0.018 (.200)	0.017 (.233)
LEV	7.198E-5 (.926)	0.000 (.903)
PROF	0.001 (.586)	-
PROF (Log)	-	0.029 (.535)
AGE	0.000 (.722)	-
AGE (Log)	-	0.040 (.372)
BIG4	0.070 (.059)*	0.068 (.069)*
CP	-0.006 (.854)	-0.005 (.878)
ES	0.023 (.452)	0.023 (.455)
Constant	-0.055 (.846)	-0.114 (.705)
Durbin-W. Stat	1.949	1.971
F-value	5.099***	5.105***
Adj. R^2	26%	26%

Notes: BS denotes board size; IND denotes board independence; FED denotes board gender diversity; FED (SR) denotes square root transformation of FED; DUAL denotes CEO duality; COMT denotes CSR committee; BLOC denotes block ownership; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; PROF (log) denotes logarithm transformation of PROF; AGE denotes firm age; AGE (Log) denotes logarithm transformation of AGE; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity. P-values are in brackets. ***, ** and * indicates significance at 0.01; 0.05 and 0.10 level, respectively.

Table 30: Summary of results based on CSRD sub-indices and weighted CSRDI

Independent variable (Model)	EDI (1.2)	HRDI (1.3)	PCDI (1.4)	CDI (1.5)	W-CSRDI (1.6)
Corporate Governance variables:					
BS	0.016 (.030)**	0.016 (.031)**	0.026 (.001)***	0.013 (.121)	0.018 (.001)***
IND	0.001 (.425)	0.000 (.684)	0.000 (.893)	-0.004 (.006)***	-0.001 (.478)
FED	-0.002 (.169)	-0.004 (.025)**	-0.002 (.328)	-0.003 (.136)	-0.003 (.028)**
DUAL	-0.028 (.633)	-0.078 (.169)	-0.052 (.368)	-0.018 (.779)	-0.044 (.281)
COMT	0.178 (.001)***	0.089 (.081)*	0.148 (.005)***	0.028 (.625)	0.111 (.003)***
BLOC	-0.003 (.013)**	-0.002 (.061)*	-0.002 (.087)*	-0.001 (.334)	-0.002 (.012)**
Control variables:					
FSIZE	0.041 (.039)**	-0.024 (.216)	-0.007 (.698)	0.063 (.004)***	0.018 (.183)
LEV	-0.001 (.340)	0.002 (.026)**	0.001 (.523)	-0.003 (.012)**	0.000 (.736)
PROF	0.003 (.271)	0.000 (.978)	0.003 (.257)	-0.002 (.437)	0.001 (.616)
AGE	0.000 (.805)	0.001 (.309)	0.000 (.567)	0.000 (.933)	0.000 (.784)
BIG4	0.033 (.533)	0.181 (.001)***	-0.011 (.825)	0.019 (.745)	0.055 (.132)
CP	0.020 (.682)	-0.034 (.455)	0.046 (.318)	-0.034 (.516)	-0.001 (.988)
ES	0.064 (.147)	0.016 (.703)	-0.020 (.642)	0.019 (.691)	0.020 (.515)
Constant	-0.598 (.142)	0.716 (.068)*	0.237 (.550)	-0.528 (.234)	-0.043 (.877)
Durbin-W. Stat	1.788	1.842	1.886	2.112	2.041
F-value	3.544***	5.028***	3.577 ***	2.428 ***	4.626***
Adj. R^2	17.9%	25.6%	18.1%	10.9%	23.7%

Notes: BS denotes board size; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; COMT denotes CSR committee; BLOC denotes block ownership; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; AGE denotes firm age; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity. P-values are in brackets. ***, ** and * indicates significance at 0.01; 0.05 and 0.10 level, respectively.

Table 31: Non-linearity test

Independent Variable (Model)	Main OLS Model	Non-linear model
	(1)	(1.7)
Corporate Governance Variables		
BS	0.017 (.002)***	0028 (.394)
BS^2	-	0.000 (.733)
IND	0.000 (.695)	0.000 (.690)
FED	-0.003 (.026)**	-0.003 (.033)**
DUAL	-0.050 (.230)	-.0.047 (.263)
BLOC	-0.002 (.008)***	0.000 (.938)
$BLOC^2$	-	-1.452E-5 (.604)
COMT	0.115 (.002)***	0.113 (.003)***
Control variables		
FSIZE	0.018 (.200)	0.018 (.208)
LEV	7.198E-5 (.926)	6.274E-5 (.936)
PROF	0.001 (.586)	0.001 (.643)
AGE	0.000 (.722)	0.000 (.764)
BIG4	0.070 (.059)*	0.064 (.105)
CP	-0.006 (.854)	-0.004 (.916)
ES	0.023 (.452)	0.022 (.491)
Constant	-0.055 (.846)	-0.151 (.666)
Durbin-W. Stat	1.949	1.963
F-value	5.099***	4.389***
Adj. R^2	26%	25.1%

Notes: BS denotes board size; BS^2 denotes the squared transformation of BS; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; BLOC denotes block ownership; $BLOC^2$ denotes the squared transformation of BLOC; COMT denotes CSR committee; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; AGE denotes firm age; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity. P-values are in brackets. ***, ** and * indicates significance at 0.01; 0.05 and 0.10 level, respectively.

Furthermore, based on some previous studies (Elghuweel, 2015; Elmagrhi, 2016, Ntim, Lindop and Thomas, 2013), the impact of some CG mechanisms, such as board size and block ownership on corporate voluntary disclosure can be non-linear. As a result, in order to examine whether these two variables, board size and block ownership, have non-linear relationship with CSRD, the regression model (1) is re-estimated by including squared transformation of board size (BS) and block ownership (BLOC). Table 31 presents the results of the regression model (1.7) examining the non-linear association between these two CG mechanisms and CSRDI. The empirical results from the regression model (1.7) indicate that, different from some previous studies (i.e. Connelly, Limpaphayom and Nagarajan, 2012; Elmagrhi, 2016; Ntim *et al.*, 2013), the two CG mechanisms, board size and block ownership, do not have non-linear relationship with CSRD in this study as the coefficient of both BS^2 and $BLOC^2$ in the model (1.7) are insignificant. Overall, other empirical findings remain the same compared with the original model (1). With the result of non-linear test, it can be concluded that there is no presence of non-linear relationship between the two CG mechanisms, board size and block ownership with CSRD in the model (1).

In this section, firstly different alternative models have been used to examine the robustness of the regression model (1)'s findings. As the directions and significant levels of the CG variables were fairly consistent across the six alternative models, the findings of the original model (1) can be considered relatively robust with the presence of non-normal distributed variables, across the sub-indices and with a different weighting technique of CSRDI. Moreover, the result of non-linearity test also showed that there is no presence of non-linear relationship between some of the CG mechanisms and CSRD in this study. As a result, the empirical finding of the original model (1) could be used for further discussion in which conclusion of the impact of CG variables on CSRD and connection to previous literature will be made.

6.3.4 Additional Test

In order to further examine the impact of CG mechanisms on CSRD in different country contexts, country dummy variables are incorporated into the model (1) as follows:

$$\textbf{(1.8)}\ \mathbf{CSRDI = \beta_0 + \beta_1\,BS + \beta_2\,IND + \beta_3\,FED + \beta_4\,DUAL + \beta_5\,BLOC + \beta_6\,COMT + \beta_7\,C1 + \beta_8\,C2 + \beta_9\,C3 + \beta_{10}\,C4 + \beta_{11}\,C5 + \sum \beta_i\,CONTS_i + \varepsilon_i}$$

(Notes: CSRDI denotes CSRD index; BS denotes board size; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; BLOC denotes block ownership; COMT denotes the presence of CSR committee; C1 denotes firms from Thailand; C2 denotes firms from Singapore; C3 denotes firms from Malaysia; C4 denotes firms from Indonesia; C5 denotes firms from Philippines; CONTS denotes control variables; including firm size (FSIZE), leverage (LEV), profitability (PROF), firm age (AGE), audit firm size (BIG4), consumer proximity (CP), and environmental sensitivity (ES))

The regression model (1.8) includes the same variables with the regression model (1) with the addition of five country dummy variables representing Thailand, Singapore, Malaysia, Indonesia and Philippines. Vietnam is not represented as a dummy variable in the model and hence acts as the intercept factor for the comparison with the indices of the remaining five countries. If any of the coefficients on the dummy variables for each of the countries is significant, a conclusion can be drawn that the level of CSRD in the corresponding country is different significantly from the intercept country, in this case is Vietnam. Such result will again indicate that the variations of CSRD levels are significantly influenced by country-level factors. Table 32 presents the findings of the regression model (1.8).

Table 32: Findings of the regression model (1.8) with country dummy variables

Independent Variable (Model)	Main OLS Model	Additional model
	(1)	(1.8)
Corporate Governance Variables		
BS	0.017 (.002)***	0.011 (.073)*
IND	0.000 (.695)	0.000 (.701)
FED	-0.003 (.026)**	-0.002 (.207)
DUAL	-0.050 (.230)	-0.037 (.374)
BLOC	-0.002 (.008)***	-0.002 (.015)**
COMT	0.115 (.002)***	0.113 (.003)***
Country dummy variables		
C1	-	0.113 (.125)
C2	-	0.037 (.697)
C3	-	0.117 (.121)
C4	-	0.178 (.009)***
C5	-	0.151 (.086)*
Control variables		
FSIZE	0.018 (.200)	0.008 (.608)
LEV	7.198E-5 (.926)	0.001 (.437)
PROF	0.001 (.586)	0.000 (.866)
AGE	0.000 (.722)	0.000 (.731)
BIG4	0.070 (.059)*	0.115 (.016)**
CP	-0.006 (.854)	-0.014 (.689)
ES	0.023 (.452)	0.014 (.653)
Constant	-0.055 (.846)	0.055 (.859)
Durbin-W. Stat	1.949	1.986
F-value	5.099***	4.465***
Adj. R^2	26%	29.1%

Notes: BS denotes board size; IND denotes board independence; FED denotes board gender diversity; DUAL denotes CEO duality; COMT denotes CSR committee; BLOC denotes block ownership; C1 denotes firms from Thailand; C2 denotes firms from Singapore; C3 denotes firms from Malaysia; C4 denotes firms from Indonesia; C5 denotes firms from Philippines; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; AGE denotes firm age; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity. ***, ** and * indicates significance at 0.01; 0.05 and 0.10 level, respectively.

With the addition of five dummies, the adjusted R^2 has increased from 26% in model (1) to 29.1% in model (1.8). Table 32 demonstrates similarity in the results between the two models. Overall, the empirical findings of CG variables and control variables remained the same. The only difference could be detected in the result of model (1.8) is that the FED variable, representing the number of female directors on board, is no longer significant. The finding indicates that when the country-level factors is considered, board gender diversity does not significantly influence the level of CSRD in the context of Southeast Asian countries. The finding, therefore, suggests that the relationship between board gender diversity and the extent of CSRD in Southeast Asia context is not straightforward; and other country-level factors should be considered. In term of country dummy variables, the findings present some significant results. Particularly, all of the dummies' coefficients are positive, which means the levels of CSRD of the five countries, Thailand, Singapore, Malaysia, Indonesia and Philippines, are higher than the level of CSRD in Vietnam. In another word, compared with these five countries, Vietnam has the lowest level of CSRD. This result is consistent with the descriptive statistics mention in section 5.2.1. However, surprisingly, among the five coefficients, only the coefficients of C4 and C5, representing firms from Indonesia and Philippines, are significant. Such findings imply that the level of CSRD in these countries are significantly higher than the level of CSRD in the intercept country, Vietnam. The findings also indicate that the variations of CSRD are affected by country-level factors. Compared with the findings of ANOVA analysis in section 6.2, the significant finding of C5 (Philippines) and the non-significant finding of C1 (Thailand) is rather unexpected. According to the result of ANOVA analysis, there are significant differences between the two countries with highest level of disclosure, Thailand and Indonesia, and the two lowest ones, Philippines and Vietnam. As a result, one would expect that firms from Thailand and Indonesia would have a significantly higher disclosure than firms from the intercept country, Vietnam, which means the coefficients of C1 and C4 were expected to be significant, while the coefficient of C5 (Philippines) would not be significant. However, the findings in model (1.8) show the opposite in the cases of C1 and C5. This unexpected results could be explained by the presence of other variables, CG and control variables, in the model. When other variables in the model remain constant, only the levels of CSRD of firms from Indonesia and Philippines are significantly higher than the extent of disclosure in Vietnamese firms. These findings, hence, could open opportunities for future research to investigate further the relationship between these factors using interaction variables.

In conclusion, the inclusion of country dummy variables has indicated that the variation of CSRD levels across the six Southeast Asian countries is influenced by nation-level factors. Following this result, the associations between some specific country-level factors and CSRD will be further examined in the later section 6.4. Prior the further investigation on the role of country and institutional factors, the empirical findings on the relationship between CG mechanisms and CSRD will be discussed in detail based on previous literature in the following sub-section.

6.3.5 Discussion

The results of both original model (1) and different alternative models presented in the previous section showed consistent result. The result being that among all CG variables, board size, board gender diversity, the presence CSR committee and block ownership are important predictors of CSRDI. The findings, therefore, are discussed in detail as follows, in relation to previous literature.

Firstly, the positive coefficient of board size emphasises its significantly positive impact on CSRD, which is consistent with the expectation from hypothesis 1. In the context of the six Southeast Asian countries, with the average board size of 11 found in this study, large boards appear to be a customary practice among big corporations and firms with a larger board size tend to engage more in CSRD practices. This contrasts with some arguments in the literature that larger boards can be ineffective due to the increase in communication problems and difficulties in coordinating the board and controlling management (Van den Berghe and Levrau, 2004). The finding, however, is consistent with some previous studies (Esa and Ghazali, 2012; Forbes and Milliken, 1999; Post, Rahman and Rubow, 2011). Larger boards were stated to be more effective in responding to social pressures and stakeholders demands (Barakat *et al.*, 2015; Ntim and Soobaroyen, 2013). Additionally, with a variety of ideas and experience, larger boards could initiate healthy discussions around CSRD (Esa and Ghazali, 2012) and lead to higher involvement, as proven through the empirical finding.

Different from the expectation built in hypothesis 2 and findings of some previous studies (Akhtaruddin *et al.*, 2009; Eng and Mak, 2003; Jizi *et al.*, 2014; Petra, 2005), the impact of board independence measured through the percentage of independent directors on CSRD cannot be detected in this study. With the coefficient 0.000 (sig. = 0.695), the percentage of independent directors, in this case, have almost no effect on CSRD. The limited impact of independent directors in encouraging firm involvement in CSRD can be explained based on the context of the six examined countries. As discussed in Chapter 3, firms from Asia in general and in the six countries in particular are more likely to be owned by large families and have high block ownership. As the family groups would have some involvement in choosing independent directors, these directors, in this case, are not truly independent (Chen and Nowland, 2010). This argument is in conjunction with the observation of Mahadeo and Soobaroyen (2016, p.744) that “the lack of independence or ambiguities as to the role of an independent director is considered to be a significant problem in emerging economies”, which in turn demonstrates the board’s inability of supervising management effectively. Furthermore, despite the common practice of at least one-third of the board to be independent, the average board independence percentage of some countries (i.e. Indonesia, Vietnam and Philippines) still fall below this requirement. With the low number of independent directors on board, it would be difficult to control management and make changes such as engaging more in CSR and CSRD. Additionally, according to Sundarasen, Je-Yen and Rajangam (2016), without the right experience and knowledge, independent directors are insufficient in managing a firm. This argument can be applied to explain the limited role of independent directors in the context of Southeast Asian countries in relation to CSRD. Particularly, among the six examined countries, in some countries like the Philippines and Vietnam, CSR remains a relatively new concept. CSR awareness and knowledge, therefore, is still very limited (Binh, 2016; Chapple and Moon, 2005; Nguyen *et al.*, 2015). As a result, independent directors might not be able to recognise the importance of CSRD and convince the board to adopt and develop the practice in their annual reports. Furthermore, in the case of Vietnam for instance, the definition of non-executive directors and independent directors has only very recently been mentioned in law and regulation (IFC, 2012). As a result, without supportive guidance, it is understandable that the role of independent directors in motivating firms to participate in CSRD could be hindered.

With the negative coefficient, surprisingly, board gender diversity has a negative impact on CSRD. The finding differs from the expectation developed in Hypothesis 3. Even though most previous studies have supported a positive relationship between the number of female directors on a board and disclosure (Adams and Ferreira, 2004; Carter *et al.*, 2003; Khan, 2010), according to Kramer, Konrad, Erkut and Hooper (2006), only one or two female directors on the board is insufficient to make changes. The social pressure from the majority opinions could reduce the competency of minorities (Brewer and Kramer, 1985) and pressure them to conform (Nemeth, 1986). Although the majority of CG codes in these countries mention board diversity in term of gender as a good CG practice (Chapter Three, table 6), this practice has not been commonly implemented in the context of the six countries. In this study, the average percentage of female directors on board is only 11.73%. With the low representation, female directors in these countries do not have enough power to make changes within corporate decision making. The significant negative impact of female directors on CSRD could be explained by the argument of Amran *et al.* (2014b) in which the low proportion of gender diversity might reduce the level of independence of the board. Moreover, this empirical finding confirms the observation of Mahadeo, Soobaroyen and Hanuman (2012) that the positive impact of female directors on board is not consistent in empirical studies as women participation on board is purely considered as a legitimacy effect to stakeholders.

In terms of CEO duality, based on the empirical finding, CEO duality has a negative and insignificant impact on CSRD. Although the coefficient sign is aligned with expectation, the result was insignificant which implies that CEO duality, in this study, does not influence the level of CSRD in annual reports. Hypothesis 4, as a result, is rejected. The finding does not provide empirical support for previous studies (i.e. Chakroun and Matoussi, 2012; Jizi *et al.*, 2014) that firms with CEO duality practice on board tend to disclose less CSR information in annual reports. The finding, however, is consistent with the study of Khan *et al.* (2013a) in which the impact of CG practices on CSRD was examined in the context of Bangladesh, an emerging economy. Following the argument from Khan *et al.* (2013a), the insignificant effect of CEO duality on CSRD in this particular study could be explained by the context of the six countries. The descriptive statistics in Chapter Five, section 5.5.2.1, showed that CEO duality is not a common CG practice in these countries. Only 14.6% of firms in the sample practice CEO duality on board with the highest percentage of 33.3% in Philippines. However, the separation of CEO and Chairman positions, in this situation, does not mean Chairman is independent. With the tradition of family control and high level of block ownership, these two positions could be given to the two members of the same family or majority shareholders. As a result, even though the two positions are held by different persons, it might have little impact on firms' practices; and role duality, in this case, may have limited meaning. Therefore, it is understandable that CEO duality does not have any significant impact on CSRD in this context.

The percentage of block ownership was found to have a significant and negative impact on CSRD. The finding, therefore, confirms hypothesis 5 and concludes that firms with a higher percentage of block ownership tend to disclose less CSR information in their annual reports. With more than 5% of ownership in a firm, block shareholders often have representatives on board and are subsequently more interested in firms' financial performance rather than social information. As a result, board of directors have less motivation to disclose CSR information (Htay *et al.*, 2012). Moreover, the finding also supports arguments of the relationship between block ownership and CSRD from legitimacy and agency perspectives. Particularly, from the legitimacy aspect, firms with high level of block ownership receive less pressure for public accountability and therefore have less motivations to practice CSRD (see Ghazali, 2007; Ntim and Soobaroyen, 2013). From the agency perspective, with a greater extent of agency-principal conflicts (Fama and Jense, 1983), firms with widely held ownership are more likely to use CSRD to improve their financial reporting and reduce information asymmetries than firms with high block ownership (Reverte, 2009). The result, therefore, supports the findings of previous studies in the literature (Adelopo, 2011; Htay *et al.*, 2012; Ntim and Soobaroyen, 2012).

The next significant variable is the presence of a CSR committee. The sign of coefficient demonstrates positive impact of CSR committees on CSRD. Although the presence of a CSR committee has not been widely practiced in the six Southeast Asian countries, the result confirms the hypothesis 6 that firms with a CSR committee at board level report more CSR information in their annual report. It is not a surprise that CSR committees play an important role in determining the level of CSRD. Evidence from previous studies (Ullman, 1985; Rankin *et al.,* 2011) show that the existence of a CSR committee indicates firms' attention to stakeholders and CSR issues at board level as well as its concern to legitimise social and environmental reputation. The obvious involvement of the committee in the reporting process, therefore, would increase the corporations' tendency to disclose social information (Michelon and Parbonetti, 2012; Ullman, 1985).

Regarding the effect of control variables on CSRD, different from the expectation that larger firms have tendency to disclose more CSR information in annual reports to demonstrate their corporate citizenship, response to external pressures, legitimise their existence and enhance reputation (see Branco and Rodrigues, 2008; Ghazali, 2007, Hamid, 2004), the effect of firm size on CSRD was positive and insignificant in this study. The finding, however, is aligned with some other studies (see Anas *et al.*, 2015; Esa and Ghazali, 2012). The non-significant result of firm size on CSRD could be attributed to the fact that the sample size of this study comprises 30 largest firms from each of the countries. Based on the descriptive statistics in Chapter 5, section 5.5.4, the size of firms collected from these countries are relatively consistent, which might have hindered the possibility to detect firm size effect on CSRD.

Both control variables related to financial performance, leverage and profitability, were found to have positive and insignificant relationship with CSRD. These findings are consistent with many previous studies in the literature (see Esa and Ghazali, 2012; Naser and Hassan, 2013; Rahman *et al.*, 2011; Siregar and Bachtiar, 2010). The insignificant results of these two economic measurements could be explained by the observation of Williams (1999) that firms disclose CSR information as a response to social pressures rather than economic pressures. Furthermore, the insignificant impact of profitability on CSRD could be due to the fact that firms, despite being profitable, still perceive investment in CSR as a cost without any tangible benefits (Siregar and Bachtiar, 2010).

Similar with the mentioned control variables, the effect of firm age on CSRD in this study was insignificant. With the coefficient of 0.000, it can be concluded that firm age does not have any impact on CSRD. The finding, therefore, is opposite with the expectation that longer-established firms have greater sense of social responsibility which reflects in higher level of disclosure. The result, however, is aligned with some previous studies concluding that there is no significant relationship between firm age and CSRD (see El-Halaby and Hussainey, 2015; Parsa and Kouhy, 2008; Rahman *et al.*, 2011). The finding implies the levels of CSRD between long-established companies and new companies are not different. The impact of firm age on CSRD might be hindered in this study due to the study context. Since CSR is a new concept in some of the examined countries, with limited CSR awareness, longer-established firms do not necessarily develop better sense of social responsibility which leads to more disclosure as argued. Therefore, their CSRD practice might not be much different from the practice of new firms. The impact of firm age on CSRD hence cannot be detected.

Audit firm size is the only control variable that was confirmed to have significant impact on CSRD. With the positive coefficient, following previous studies (see Barros *et al.*, 2013; Huang and Kung, 2010), the empirical finding supports the positive relationship between audit firm size and CSRD. Based on the arguments of previous studies, large audit firms are more likely to be concerned for their reputation and avoid the risk of losing it by associating themselves with firms that disclose more information (Alsaeed, 2006; DeAngelo, 1981). Furthermore, companies' decision of audit firm is claimed to be linked with the choice to disclose more or less information (Craswell and Taylor, 1992). The choice of employing audit specialists comes along with the intention to provide high disclosure quality (Dunn and Mayhew, 2004). As a result, aligned with these arguments, the empirical finding of this study confirms that firms audited by one of the Big Four auditing companies tend to disclose more CSR information in their annual reports as these auditing companies are expected to be better at assessing the firms' impact on environment and society; and hence tend to require more CSRD (Bewley and Li, 2000).

Finally, the two variables representing the impact of industry affiliation on CSRD, consumer proximity and environmental sensitivity, were concluded to be insignificant based on the empirical results. Therefore, different from the expectation that industry affiliation could play an important role in defining a firm's CSRD practice, this study found no significant difference in the level of CSRD between firms from high-profile industries and low-profile industries, or between firms operating in industries with high environmental impact and their counterparts from industries with low impact. Majority of the arguments supporting the effect of industry affiliation on CSRD is based on different levels of external pressures faced by these industries (see Clarke and Gibson-Sweet, 1999; Reverte, 2009; Wang *et al.*, 2013). Firms from high profile industries or industries with high environmental impact were expected to disclose more CSR information in annual reports to response to stakeholder pressures and avoid criticism from external parties (see Patten, 1991; Reverte, 2009). However, the insignificant findings of both industry affiliation's indicators in this study could be explained by the fact that external pressures on firms to engage in CSR activities are low in these countries' context. Previous studies (i.e. Hieu, 2011; Ramasamy and Ting, 2004) recorded relatively low awareness of CSR among stakeholders in some of the six countries. The low awareness of stakeholders, therefore, could reduce the pressures faced by companies operating in high profile or environmentally sensitive industries, which possibly leads to indifferences in their CSRD practice compared with their counterparts from other industries.

6.3.6 Section Summary

This section has provided the empirical results to answer the research question regarding the impact of CG mechanisms on CSRD. The empirical findings indicated that board size, board gender diversity, block ownership and the presence of CSR committee have significant impact on CSRD. Particularly, aligned with the expectations, board size, and the presence of CSR committee were significantly and positively associated with CSRD, while block ownership had significantly negative relationship with CSRD. Although board gender diversity was found to have significant result, the relationship sign was opposite to the expectation. The results of the other CG mechanisms, board independence and CEO duality were insignificant. Comparison with the model (3) consisting only control variables showed that CG mechanisms, in this study, explained a significant part (16.3%) of the CSRDI. The followed-up sensitivity analyses provided evidence that the empirical findings are robust with the existence of non-normal distributed variables as well as the use of different sub-indices and weighted index. At the end of the section, the empirical results were discussed in relation to previous literature and the study context.

6.4 The Impact of Institutional Factors on CSRDI

Following the previous section on the effect of CG practices on CSRD, the main purpose of this section is to identify the impact of the six institutional factors developed in the literature review on CSRD. Similar with the analysis procedure in the previous section, OLS assumptions will be examined first, followed by the empirical results of the model (2) and sensitivity analyses. The section finishes with a discussion of the empirical findings in relation to previous literature and a summary of the section. The OLS regression model is presented as follows:

(2) $\mathbf{CSRDI = \beta_0 + \beta_1 LEG + \beta_2 MD + \beta_3 UA + \beta_4 MAS + \beta_5 GRI + \beta_6 CSRA + \sum \beta_i CONTS_i + \varepsilon_i}$

Notes: CSRDI denotes CSRD index; LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance dimension; MAS denotes masculinity dimension; GRI denotes the adoption of GRI standard; CSRA denotes the membership of CSR-related associations; CONTS denotes control variables, including firm size (FSIZE); leverage (LEV), profitability (PROF), firm age (AGE), audit firm size (BIG4), consumer proximity (CP), and environmental sensitivity (ES).

6.4.1 OLS Assumptions Testing

Firstly, in order to identify influential outliers that may cause non-linearity and heteroscedasticity, similar with the regression model (1), various measurements, including Cook's Distance, Leverage Value and Studentised Residuals, are used. The Cook's Distance values range from 0.000 to 0.100 with the mean of 0.007; while the Leverage values range from 0.035 to 0.267 with the mean score of 0.078. In both of these measurement, there is no observation with value exceed one. In the case of Studentised Residuals, with the minimum value of -3.081 and the maximum value of 2.741, there is only one observation with residual marginally exceed the value of three. However, as the mean score is very small (-0.001), following the argument of Ntim (2009), the observation is not a severe outlier. Therefore, outliers should not be an issue in this model.

As all the metric variables in the regression model (2) have been examined in the previous section. To avoid repetition, the assumptions of normality, homoscedasticity, linearity, and independence of the residuals, will only be examined on the model's variate. Visual and statistical examination using normal probability plot of the residuals, the scatterplot of standardised residuals (for brevity sake not presented here) and Durbin-Watson test (table 36, page 225) does not show any serious violation of these assumptions. Regarding multicollinearity, similar with the previous section, Pearson's parametric correlation, Spearman's non-parametric correlation, Tolerance value and VIF value are used to examine the correlations between the variables. Table 33 presents the coefficients of both Pearson's and Spearman's correlation matrices. As the two correlation matrices are similar in terms of direction and magnitude, non-normal distribution of some variables in the sample would not seriously violate the OLS's assumptions. The correlation matrices also show that there are eight variables that have significant correlations with CSRDI, including LEG, UA, MAS, GRI, FSIZE, LEV, AGE and BIG4, in which GRI, UA and BIG4 are the three variables with highest coefficients. Furthermore, it is important to pay attention to some relatively high correlations with value above 0.40 such as correlations between GRI and CSRA, UA and LEG, UA and MD, PROF and FSIZE. Among all the independent and control variables, the variable FSIZE have significant correlations with ten other variables in the model; and some of these correlation coefficients are higher than 0.40. Despite the high level of correlations between some of the predictors, there is no correlation with value above 0.800 or 0.900 which indicates the presence of severe multicollinearity (Field, 2013, p.325). Moreover, all of the tolerance and VIF values reported in the table 34 are at the acceptable level. Therefore, multicollinearity is not a problem in this regression model.

In conclusion, the examination showed that all of the OLS assumptions were not seriously violated in the regression model (2) and no obvious outlier was identified. The OLS model, therefore, can be used as an appropriate statistical technique to examine the impact of the institutional factors on CSRD.

Table 33: Correlations between the variables in the regression model (2)

VARIABLES	CSRDI	LEG	MD	UA	MAS	GRI	CSRA	FSIZE	LEV	PROF	AGE	BIG4	CP	ES
CSRDI		.206***	.054	.260***	-.159**	.406***	.105	.187**	.199***	-.014	.185**	.293***	.051	-.031
LEG	.202***		-.313***	.454***	.038	.235***	.265***	.374***	.083	-.081	.051	.411***	.053	-.142*
MD	.063	-.313***		-.454***	.692***	.011	-.066	.113	-.051	.125	.352***	-.329***	.112	.045
UA	.243***	.454***	-.454***		-.314***	.156**	.179**	-.015	.161**	-.014	.011	.151*	.093	.018
MAS	-.147	.038	.692***	-.314***		-.014	.073	.237***	.032	-.040	.249***	-.368***	.197**	.029
GRI	.390***	.235***	.011	.156**	-.014		.472***	.247***	.169**	-.026	.144*	.135	.094	.067
CSRA	.104	.265***	-.066	.179**	.073	.472***		.258***	.179**	-.040	.149*	.022	.195**	.100
FSIZE	.223***	.382***	.130*	-.012	.234***	.251***	.254***		.407***	-.573***	.345***	.164**	.254***	-.145*
LEV	.197***	.069	-.045	.152**	.006	.148*	.172**	.427***		-.502***	.259***	-.004	.390***	-.133
PROF	-.007	-.013	.098	.030	-.032	.067	.051	-.465***	-.226***		-.109	.003	-.072	.021
AGE	.137*	.019	.298***	-.024	.246***	.113	.132*	.344***	.234***	.019		-.029	.164**	-.164**
BIG4	.306***	.411***	-.329***	.151*	-.368***	.135*	.022	.181**	.022	.045	.010		.071	-.233***
CP	.050	.053	.112	.093	.197**	.094	.195**	.285***	.403***	.069	.137*	.071		-.306***
ES	-.032	-.142*	.045	.018	.029*	.067	.100	-.142*	-.168**	-.113	-.096	-.233***	-.306***	

Notes: The bottom left half provides Pearson's parametric correlation coefficients, whereas the upper right half contains Spearman's non-parametric correlation coefficients. CSRDI denotes CSRD index; LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance dimension; MAS denotes masculinity dimension; GRI denotes the adoption of GRI standard; CSRA denotes the membership of CSR-related associations; FSIZE denotes firm size; LEV denotes leverage; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity; PROF denotes profitability; AGE denotes firm age. ***, ** and * indicate significance at 0.01 and 0.05 level, respectively.

Table 34: Tolerance and VIF statistics of all the predictors in the regression model (2)

Variable	Tolerance	VIF
LEG	0.352	2.839
MD	0.326	3.067
UA	0.548	1.826
MAS	0.324	3.086
RS	0.703	1.423
CSRA	0.667	1.500
FSIZE	0.343	2.917
LEV	0.649	1.542
BIG4	0.585	1.708
CP	0.630	1.587
ES	0.775	1.290
PROF	0.548	1.824
AGE	0.740	1.352

Notes: CSRDI denotes CSRD index; LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance dimension; MAS denotes masculinity dimension; GRI denotes the adoption of GRI standard; CSRA denotes the membership of CSR-related associations; FSIZE denotes firm size; LEV denotes leverage; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity; PROF denotes profitability; AGE denotes firm age.

6.4.2 Empirical Results: Institutional Factors and CSRD

Following the hypotheses established in the literature review (Chapter Three, section 3.3) about the effect of diverse institutional factors on CSRD, the regression model (2) includes the dependent variable (CSRDI), the independent variables (institutional variables) and control variables (firm age, firm size, leverage, profitability, audit firm size, consumer proximity and environmental sensitivity). Table 35 presents a summary of the empirical results. With the R^2 value of 0.376, all the variables in the model explain 37.6% of the variance of the CSRDI. The adjusted R^2 value of 0.324 which is smaller than the R^2 value indicates no overfitting in the model. The standard error value of the model is 0.167.

In terms of independent variables, four variables are found to be statistically significant, including mandatory disclosure (MD), uncertainty avoidance (UA), masculinity (MAS), and the adaption of GRI standard (GRI). Consistent with expectations, mandatory disclosure and the adaption of GRI standard have positive and significant impact on CSRD, while masculinity cultural dimension is significantly and negatively associated with CSRD. Although the result of uncertainty avoidance dimension is significant, the coefficient sign is not as expected. The unexpected coefficient sign for this variable will be discussed further in the discussion section below. The results of the other independent variables, legal system (LEG) and CSR-related associations (CSRA) were found to be insignificant. In terms of coefficient signs, apart from the unexpected sign of UA, CSRA also have the coefficient sign opposite with the expectation. Aligned with the hypothesis 12, firms that are members of CSR-related associations tend to have better awareness about CSR and disclose more CSR information in annual reports. However, based on the coefficient sign, CSRA has negative relationship with CSRD. As the bivariate correlation between CSRA and CSRD was positive (table 33), the changed sign in the regression model could be a result of multicollinearity or the mediating effect of other variables in the model. Nevertheless, the coefficient of CSRA is not significant; hence, the relationship between CSRA and CSRD is inconclusive in this study. Furthermore, the coefficient values show that among the significant independent variables, mandatory disclosure is the strongest predictor of CSRD, following by the two cultural dimension variables (uncertainty avoidance and masculinity) and finally the adaption of GRI reporting standard. In terms of the control variables, similar with the regression model (1), only audit firm size (BIG4) is found to be significant, which confirms that firms audited by the four big auditing companies tend to disclose higher level of CSR information in their annual reports.

Table 35: Empirical results of the regression model (2)

Variables	Coefficient estimate	Sig.	Collinearity statistics	
			Tolerance	VIF
(Constant)	0.076	0.785		
Independent Variables				
LEG	0.041	0.342	0.352	2.839
MD	0.210	0.000**	0.326	3.067
UA	0.133	0.005**	0.548	1.826
MAS	-0.145	0.003**	0.324	3.086
GRI	0.126	0.000**	0.703	1.423
CSRA	-0.037	0.335	0.667	1.500
Control Variables				
FSIZE	0.004	0.765	0.343	2.917
LEV	0.001	0.076	0.649	1.542
BIG4	0.109	0.005**	0.585	1.708
CP	-0.024	0.454	0.630	1.587
ES	0.005	0.874	0.775	1.290
PROF	-0.001	0.569	0.548	1.824
AGE	0.000	0.901	0.740	1.352

Notes: CSRDI denotes CSRD index; LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance dimension; MAS denotes masculinity dimension; GRI denotes the adoption of GRI standard; CSRA denotes the membership of CSR-related associations; FSIZE denotes firm size; LEV denotes leverage; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity; PROF denotes profitability; AGE denotes firm age. ** and * indicate significance at 0.01 and 0.05 level, respectively.

Furthermore, in order to identify the contribution of all the institutional variables to explaining the dependent variable's variance, comparisons will be made between the regression model (2) and regression model (3) with only control variables. Based on table 36, compared with the regression model (3), the presence of institutional variables has increased the value of R^2 from 0.160 to 0.376 and explained 21.6% of CSRDI's variance. In relation to the previous result from section 6.2.2 in which the CG variables explained in total 17.6% of the CSRDI's variance, it could be concluded that institutional variables, in this study, explained greater part of CSRDI's variance than CG variables.

Table 36: Comparisons between the model (2) and the model (3)

Regression diagnostics	**Model (2)**	**Model (3)**
R^2	0.376	0.160
Adjusted R^2	0.324	0.124
F-value	7.181	4.386
F-value significance	0.000	0.000
Standard error	0.167	0.191
Durbin-Watson statistics	2.257	1.778

In conclusion, the institutional variables together have contributed more than 20% to the explanation of the dependent's variance. The regression's results confirmed that mandatory disclosure (MD), uncertainty avoidance (UA), masculinity (MAS) and the adoption of GRI standard (GRI) are important predictors of CSRD. The findings, therefore, confirm hypotheses 8, 10 and 11. Table 37 provides a summary of the results. In the next section, diverse alternative models will be used to examine the robustness and the sensitivity of the regression's results.

Table 37: Summary of the results of institutional factors

Independent variables	**Hypothesis**	**Predicted sign**	**Sign of coefficient**	**P-value**	**Hypothesis confirm**
LEG	7	+	+	0.342	Not Confirm
MD	8	+	+	0.000^{***}	Confirm
UA	9	-	+	0.005^{***}	Not Confirm
MAS	10	-	-	0.003^{***}	Confirm
GRI	11	+	+	0.000^{***}	Confirm
CSRA	12	+	-	0.335	Not Confirm

Notes: LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance; MAS denotes masculinity; GRI denotes the adoption of GRI standard; CSRA denotes CSR-related associations. *** indicates significance at 0.01 level.

6.4.3 Sensitivity Analysis

In this section, similar with the previous regression model (1), a number of sensitivity analyses are applied to ensure the main findings were not influenced by the non-normal distribution of some variables, and are robust to alternative CSRD proxies. First of all, as discussed in the previous model (1), some of the control variables are suffered from non-normal distribution. As a result, in order to ensure such violation does not influence the regression model's findings, the regression model (2) is re-estimated with transformed variables. Among all the variables considered in the regression model (2), two control variables, profitability (PROF) and firm age (AGE) were not distributed normally. The logarithm transformation was applied to reduce these variables' non-normality. Therefore, in the regression model with transformed variables (2.1), while all of the other variables in the regression model (2) are kept the same, PROF and AGE variables are replaced by their transformed version, PROF (log) and AGE (log). The findings of the regression model (2.1) are presented in the table 38 and compared with the original findings of the regression model (2). In both models' findings, the signs and significant levels of all the independent variables are the same. The magnitudes of the coefficients do not demonstrate substantial changes. In term of the control variables, except for the cases of two transformed variables, the results for the other control variables are relatively the same. Despite the coefficient signs of PROF and AGE changed from positive to negative in the transformed versions, the results remain insignificant. The slight changes in coefficient values of these two variables are expected due to the transformation. However, both variables have the same significance level in both models. Moreover, the original model (2) and the model with transformed variables (2.1) are relatively similar in terms of adjusted R^2 and F-value. Specifically, the adjusted R^2 in the original model is 32.4% while the value is 32.3% in model (2.1). The F values in the models (2) and (2.1) are 7.181 and 7.162 respectively. Therefore, with these slight differences, it could be concluded that the non-normality of some variables in the original model (2) does not seriously influence the findings.

Additionally, as discussed in the section 6.3.3, the current employed CSRDI includes 30 items that are divided into the four sub-indices, environmental disclosure (ED), HR disclosure (HRD), product and consumer disclosure (PCD) and community-involvement disclosure (CD). However, as these sub-indices consist different number of items which suggests that the regression's findings could be sensitive to the weight of each sub-index. As a result, similar with the previous section, in order to examine the effect of the independent variables on each of the sub-indices, four alternative models were conducted by re-estimating the regression model (2) with each of the sub-indices, EDI, HRDI, PCDI and CDI, replaced the CSRDI as the dependent variable. The results of these four models is presented in the Table 39. The results of the four sub-indices models are generally consistent with the original model (2), except for some minor sensitivities. The only sensitivity found in the independent variables is a negative coefficient on GRI in the model (2.5). Other sensitivities are recorded on the control variables, including a negative coefficient on FSIZE and PROF in model (2.3), a negative coefficient on FSIZE and ES in model (2.4), and a negative coefficient on LEV and PROF in the model (2.5). As majority of these minor sensitivities are found on the control variables, rather than the independent variables. It can be concluded that the findings of the regression model (2) are moderately robust with the use of different sub-indices.

Table 38: **Comparison of results between the original model (2) and the model with transformed variables (2.1)**

Independent Variable (Model)	Main OLS Model	Model with transformed variables
	(2)	(2.1)
Institutional Variables		
LEG	0.041 (.342)	0.030 (.493)
MD	0.210 (.000)***	0.199 (.000)***
UA	0.133 (.005)***	0.138 (.004)***
MAS	-0.145 (.003)***	-0.137 (.005)***
GRI	0.126 (.000)***	0.123 (.000)***
CSRA	-0.037 (.335)	-0.040 (.284)
Control variables		
FSIZE	0.004 (.765)	0.012 (.369)
LEV	0.001 (.076)*	0.001 (.062)*
PROF	-0.001 (.569)	-
PROF (Log)	-	0.017 (.706)
AGE	0.000 (.901)	-
AGE (Log)	-	-0.010 (.813)
BIG4	0.109 (.005)***	0.108 (.006)***
CP	-0.024 (.454)	-0.032 (.327)
ES	0.005 (.874)	0.007 (.817)
Constant	0.076 (.785)	-0.101 (.728)
Durbin-W. Stat	2.257	2.253
F-value	7.181***	7.162***
Adj. R^2	32.4%	32.3%

Notes: LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance dimension; MAS denotes masculinity dimension; GRI denotes the adoption of GRI standard; CSRA denotes the membership of CSR-related associations; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; PROF (log) denotes logarithm transformation of PROF; AGE denotes firm age; AGE (Log) denotes logarithm of AGE; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity. P-values are in brackets. ***, ** and * indicate significance at 0.01, 0.05 and 0.10 level, respectively.

Furthermore, whilst similar with the previous model (1), as the CSRDI used in this model consists 30 items divided into four sub-indices, the numbers of items in each of the sub-indices are unequal. As a result, it could be argued that each of the sub-indices is weighted differently, for instance, ED (36%), HRD (30%), PCD (17%), and finally CD (17%). Therefore, in order to ensure that the relationship between CG variables and CSRDI is not sensitive to the weighting of the sub-indices. An alternative model is constructed with the weighted CSRDI (labelled as W-CSRDI) to replace the current unweighted CSRDI. The W-CSRDI, as mentioned in section 6.3.3 is calculated by giving each of the four sub-indices equal weight of 25%. The results of this alternative model is presented in table 39. The results from the alternative model (2.6) do not show any significant different from the findings of model (2). The coefficient sign and significant levels of all the independent variables are the same with what were presented in table 35. Specifically, MD, UA and GRI are positively and significantly associated with CSRDI while MAS has significantly negative coefficient. The impact of LEG and CSRA are insignificant with a positive and a negative coefficient respectively. In term of control variables, the only difference found is a negative coefficient on PROF. Both models also have relatively similar adjusted R^2 and F values. Particularly, the adjusted R^2 in the alternative model (2.6) is 31.2% while this percentage was 32.4% in the original model (2). The F values of the two model (2) and (2.6) are 7.181 and 6.862 respectively. As a result, with the relatively consistent results, the findings from the original model (2) can be argued to be robust with the use of different weighting of the sub-indices.

In conclusion, the results of sensitivity analyses with the use of seven alternative models showed that the findings obtained from the original model (2) is not sensitive and robust to the presence of non-normal distributed variables and the use of different alternative indices. In the next sub-section, an additional test is conducted to examine further the effect of both CG mechanisms and institutional factors on CSRD.

Table 39: **Summary of results based on CSRD sub-indices and weighted CSRDI**

Independent variable	EDI	HRDI	PCDI	CDI	W-CSRDI
(Model)	(2.2)	(2.3)	(2.4)	(2.5)	(2.6)
Institutional variables					
LEG	0.028 (.654)	0.103 (.079)*	0.031 (.587)	0.019 (.769)	0.045 (.290)
MD	0.139 (.033)**	0.243 (.000)***	0.208 (.000)***	0.332 (.000)***	0.231 (.000)***
UA	0.150 (.027)**	0.053 (.398)	0.317 (.000)***	0.065 (.359)	0.146 (0.002)***
MAS	-0.055 (.424)	-0.258 (0.000)***	-0.108 (.086)*	-0.195 (.008)***	-0.154 (0.001)***
GRI	0.182 (.000)***	0.150 (0.001)***	0.141 (0.001)***	-0.027 (.575)	0.111 (0.000)***
CSRA	-0.039 (.477)	-0.044 (.384)	-0.088 (0.075)*	0.015 (.796)	-0.039 (.295)
Control variables:					
FSIZE	0.023 (.230)	-0.031 (.091)*	-0.015 (.399)	0.037 (.075)*	0.004 (.785)
LEV	0.000 (.862)	0.003 (.000)***	0.002 (.078)*	-0.001 (.202)	0.001 (.169)
PROF	0.000 (.918)	-0.002 (.496)	0.001 (.677)	-0.005 (.105)	-0.001 (.492)
AGE	0.000 (.956)	0.001 (.300)	0.000 (.443)	0.000 (.869)	0.000 (.986)
BIG4	0.102 (.067)*	0.164 (.002)***	0.034 (.496)	0.075 (.204)	0.094 (.015)**
CP	-0.032 (.486)	-0.024 (.587)	0.023 (.581)	-0.033 (.509)	-0.016 (.607)
ES	0.030 (.477)	0.010 (.794)	-0.054 (.163)	0.022 (.626)	0.002 (.940)
Constant	-0.355 (.375)	0.723 (.055)*	0.347 (.338)	-0.282 (.506)	0.108 (.692)
Durbin-W. Stat	2.063	2.131	2.112	2.232	2.327
F-value	4.323***	7.345***	6.450***	3.682***	6.862***
Adj. R^2	20.5%	32.9%	29.7%	17.2%	31.2%

Notes: LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance dimension; MAS denotes masculinity dimension; GRI denotes the adoption of GRI standard; CSRA denotes the membership of CSR-related associations; FSIZE denotes firm size; LEV denotes leverage; PROF denotes profitability; AGE denotes firm age; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity. P-values are in brackets. ***, ** and * indicate significance at 0.01, 0.05 and 0.10 level, respectively.

6.4.4 Additonal Test

In this sub-section, an additional regression model is conducted to incorporate significant CG mechanisms, including board size (BS), board gender diversity (FED), block ownership (BLOC) and the presence of CSR committee (COMT), in the country-level model (2). The regression model (2.1) is presented as follows:

$$\textbf{(2.7)}\quad \mathbf{CSRDI = \beta_0 + \beta_1\,LEG + \beta_2\,MD + \beta_3\,UA + \beta_4\,MAS + \beta_5\,GRI + \beta_6\,CSRA + \beta_7\,BS + \beta_8\,FED + \beta_9\,BLOC + \beta_{10}\,COMT + \sum \beta_i\,CONTS_i + \varepsilon_i}$$

Notes: CSRDI denotes CSRD index; LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance dimension; MAS denotes masculinity dimension; GRI denotes the adoption of GRI standard; CSRA denotes the membership of CSR-related associations; BS denotes board size; FED denotes board gender diversity; BLOC denotes block ownership; COMT denotes the presence of CSR committee; CONTS denotes control variables, including firm size (FSIZE); leverage (LEV), profitability (PROF), firm age (AGE), audit firm size (BIG4), consumer proximity (CP), and environmental sensitivity (ES).

Table 40 provides a summary of the model (2.7)'s findings, in comparison with the original results of the model (2). The coefficients' signs of all the variables remained the same, except for a small change. The coefficient of PROF has been altered from -0.001 to 0.000. In term of the significant level, the five variables, MD, GRI, BS, BLOC and COMT, are still significant in the findings of model (2.7). However, the other variables, including the two cultural dimensions, UA and MAS, and the percentage of female directors on board (FED) are no longer found to be significant in model (2.7). The results indicate that culture does not significantly influence the level of CSRD when important CG mechanisms are considered. Furthermore, consistent with the additional test conducted in section 6.4.4, the relationship between board gender diversity and CSRD is not significant with the presence of country-level factors. The finding suggests that the relationship between culture and the extent of CSRD is not direct in the context of these Southeast Asian countries and other factors, such as CG mechanisms, need to be considered. The finding, therefore, open an opportunity for further investigation on this relationship in future studies. The next sub-section provides a detail discussion on the effect of institutional factors on CSRD based on previous literature.

Table 40: Comparison of findings between model (2) and model (2.7)

Independent Variable (Model)	Main OLS Model (2)	Model with CG mechanisms (2.7)
Institutional Variables		
LEG	0.041 (.342)	0.018 (.693)
MD	0.210 (.000)***	0.144 (.005)***
UA	0.133 (.005)***	0.079 (.124)
MAS	-0.145 (.003)***	-0.056 (.311)
GRI	0.126 (.000)***	0.096 (.004)***
CSRA	-0.037 (.335)	-0.030 (.421)
Corporate Governance Variables		
BS	-	0.013 (.038)**
FED	-	-0.002 (.194)
BLOC	-	-0.002 (.031)**
COMT	-	0.093 (.014)**
Control variables		
FSIZE	0.004 (.765)	0.009 (.511)
LEV	0.001 (.076)*	0.001 (.356)
PROF	-0.001 (.569)	0.000 (.926)
AGE	0.000 (.901)	0.000 (.774)
BIG4	0.109 (.005)***	0.105 (.010)***
CP	-0.024 (.454)	-0.026 (.416)
ES	0.005 (.874)	0.011 (.720)
Constant	0.076 (.785)	-0.007 (.980)
Durbin-W. Stat	2.257	2.146
F-value	7.181***	6.371***
Adj. R^2	32.4%	36%

Notes: CSRDI denotes CSRD index; LEG denotes legal origin; MD denotes mandatory disclosure; UA denotes uncertainty avoidance dimension; MAS denotes masculinity dimension; GRI denotes the adoption of GRI standard; CSRA denotes the membership of CSR-related associations; BS denotes board size; FED denotes board gender diversity; BLOC denotes block ownership; COMT denotes the presence of CSR committee; FSIZE denotes firm size; LEV denotes leverage; BIG4 denotes audit firm size; CP denotes consumer proximity; ES denotes environmental sensitivity; PROF denotes profitability; AGE denotes firm age. ** and * indicate significance at 0.01 and 0.05 level, respectively.

6.4.5 Discussion

The regression model (2) was conducted to examine the effect of six institutional factors representing the three pillars, regulative pillar (legal origin and mandatory disclosure), cultural-cognitive pillar (uncertainty avoidance and masculinity), and normative pillar (the adoption of GRI standard and membership of CSR-related associations) on CSRDI. The empirical findings have concluded that mandatory disclosure, uncertainty avoidance, masculinity and the adoption of GRI standard have significant impact on CSRD, while the impact of the other variables, including legal origin and membership of CSR-related associations, are inconclusive. In terms of control variables, only audit firm size was found to have positive and significant relationship with CSRD. Since the results for control variables in this model is similar with the previous model (1); and their impact of CSRD has been discussed in the previous discussion. This discussion section will only discuss the relationship between institutional factors and CSRD.

In the first pillar of the Scott's institutional framework (1995), coercive pillar, the two variables, legal origin and mandatory disclosure are chosen to present the impact of this pillar on CSRD practice. Based on the empirical findings, only mandatory disclosure has a significant impact on CSRD, while the influence of legal origin is not significant. Mandatory disclosure, among all the institutional factors, is the strongest indicator of CSRD. Therefore, with a positive coefficient, the finding emphasises the impact of the regulative pillar through mandatory regulations that place pressure on firm's behaviour to disclose more CSR information. The result, hence, confirms hypothesis 8 and supports the findings of previous studies (Barbu, Dumontier, Feleaga and Feleaga, 2014; Criado-Jimenez *et al.*, 2008; Frost, 2007; Othman *et al.*, 2011) that firms from countries with mandatory disclosure regulation tend to disclose more CSR information. The finding is aligned with the conclusion of Othman *et al.* (2011) that the regulation would increase the level of CSRD in annual reports as a reaction to government's demand. As a form of formal regulation and one of the regulative pillar's key indicators, mandatory disclosure is proven to be effective in creating a systematic effect on management to disclose more information (Ioannou and Serafeim, 2014) and successfully forces firms to consider interests of stakeholders and behave more responsibly (Overland, 2007).

Different from the case of mandatory disclosure, the impact of regulative pillar through legal origin is not significant. Therefore, it could be concluded that not all institutional factors that have regulative elements influence CSRD. The impact of the regulative pillar on CSRD depends on the institutions themselves. The insignificant finding is distinct with the expectation that firms from common law origin would disclose more CSR information to demonstrate greater stakeholder responsibility and manage legitimacy demand (Adelopo *et al.*, 2012). The unclear impact of legal origin on CSRD could also be explained by the context of study. Although according to La Porta *et al.* (2008), legal origin can be classified into two main traditions, common law and civil law, this classification is not always straightforward. Despite following one main legal tradition, countries often adopt law from other legal systems. For example, according to the legal system report in The World Factbook (CIA, 2017a), Indonesia has a civil law system based on the Roman-Dutch model, however, Indonesia's legal system is also influenced by customary law. Similarly, despite being classified under the common law system, Malaysia also adopts laws from other traditions, such as Islamic law and customary law (CIA, 2017b). The trend of adopting laws from different traditions in these nations might have hindered the effect of legal origin on CSRD. Although the finding, provided a vastly different view, compared to some previous studies that support the impact of legal origin on CSRD (Adelopo *et al.*, 2012, 2013; Frias-Aceituno *et al.*, 2013), the insignificant relationship between legal origin and CSRD is consistent with the result of Orij (2010)

Regarding the cultural-cognitive pillar, both the variables representing this pillar, uncertainty avoidance and masculinity dimensions were found to have a significant impact on CSRD. Compared to other institutional factors, the impact of these two cultural dimensions is only lower than mandatory disclosure of regulative pillar. With the significant findings of these two cultural dimensions, the role of institutions with cultural-cognitive pillar in encouraging firms' CSRD behaviour through social pressures and conformity based on share beliefs and taken-for-granted actions (Shnayder *et al.*, 2016) has been confirmed. Among the two cultural dimensions, uncertainty avoidance dimension's impact on CSRD is different from the expectation that since the dimension is linked with the subcultural value of secrecy (Gray, 1988), firms from countries with high uncertainty avoidance would disclose less CSR information (Williams, 1999). The finding in this study indicates positive and significant relationship between uncertainty avoidance and CSRD. Although this finding opposes conclusions of previous studies (Bowrin, 2013; Williams, 1999), it is consistent with the argument of Adelopo *et al.* (2013) that firms from high uncertainty avoidance societies would disclose more CSR information to follow the society's expectations and reduce uncertainties. Moreover, as these societies are characterised by being rule-oriented (Hofstede, 2001), the regulative pressure from institutional environment would encourage CSRD across companies. In contrast, in societies with low uncertainty avoidance index, firms can be flexible in their way of approaching CSR issues as these societies are more relaxed in terms of exploring possibilities (Adepolo *et al.*, 2013).

Regarding the masculinity dimension, the significant and negative coefficient demonstrate a negative relationship between masculinity dimension and CSRD practice, which is consistent with the expectation from hypothesis 10. The finding supports the literature suggesting that corporations from highly masculine countries have weaker social orientation which in turn leads to the lower level of CSRD (Orij, 2010). Masculine societies have less appreciation of cooperative strategies and helping behaviour (Steensma *et al.*, 2000; Tice & Baumeister, 1985), which could lead to a negative social and environmental responsiveness. In conclusion, both cultural dimensions examined in this study are found to be statistically significant in relation to their impact on CSRD. These findings, therefore, emphasise the impact of institutions with cultural-cognitive pillar on CSRD. The impact of such institutional factors on CSRD is the second largest after mandatory disclosure of regulative pillar.

In terms of the normative pillar, the institutional factors representing the impact of this pillar on CSRD are the adoption of GRI standard and the membership of CSR-related associations. Similar with the case of regulative pillar, only one factor, the adoption of GRI standard was found to have a positive and significant impact on CSRD. Based on the coefficient's value, the effect of GRI adoption on CSRD is the smallest one, out of the four significant institutional factors. The result, therefore, implies that the institutional factors with normative pillar seem to have lesser impact on CSRD, compared with the other institutions representing regulative and cultural-cognitive pillars. However, it is also important to acknowledge that this result is influenced by the choice of institutional factors. With the positive coefficient, firms that adopts GRI standard tend to disclose more CSR information in their annual reports compared to the others. The result, therefore, supports the findings of Barkemeyer *et al.* (2015) and Comyns (2016) claiming that the use of reporting standard such as GRI increases social reporting. The finding also reaffirms the effectiveness of GRI as a key normative body of CSR reporting and a successful institutionalisation project (Barkemeyer *et al.*, 2015; Brown *et al.*, 2009; Etzion & Ferraro, 2010; Levy *et al.*, 2010). The finding also contributes to the lack of empirical studies analysing the contribution of CSR standards like GRI (Perez-Batres *et al.*, 2010) and provided evidence that the GRI standard has assisted firms in improving their CSRD practice and in achieving legitimacy.

The other institutional factor that represents the impact of normative pillar is the membership of CSR-related associations, however, different from the adoption of GRI standard, the relationship between being member of CSR-related associations and the level of CSRD is not significant. The finding, therefore, aligns with the insignificant result found in the study of Amran and Haniffa (2011). The sign of the relationship is also different from expectation. There are several reasons that could be attributed to the insignificant and negative impact of the membership of CSR-related associations and CSRD. Firstly, only 22.8% of companies in the sample were members of the examined CSR-related associations. The majority of these associations' members are SMEs, NGOs or other institutions. The number of large firms participating in associations is not high. The reason behind this low participation rate of large firms could be explained by the fact that majority of large firms, with sufficient resources, tend to have their own CSR agenda rather than cooperate with other associations and organisations.

Therefore, being members of such associations does not necessarily result in better CSRD for large firms. Moreover, although motivating firm involvement in CSRD practice is one of the objectives of these associations, they might have been focused more heavily on goals, such as CSR-awareness development, leaving their impact on encouraging CSRD among firms neglected.

In conclusion, all the three pillars in institutional environment, regulative, cultural-cognitive and normative, have impact on CSRD in Southeast Asian countries. The impact of regulative pillar on CSRD demonstrates through mandatory disclosure regulation. The effect of cultural-cognitive pillar presents through the two cultural dimensions, uncertainty avoidance and masculinity. Finally, normative pillar influences CSRD through the adoption of GRI standard. Among all the institutional factors that have significant impact on CSRD, mandatory disclosure was the strongest indicators, followed by the two cultural dimensions, and finally GRI standard. The findings also showed that, compared to the internal determinants, external determinants have a greater impact in CSRD. The result, therefore, supports the institutional perspective and strengthens the role of institutional environment on defining firms' CSRD practice.

6.4.6 Section Summary

This section has provided the empirical results to answer the research question 4 regarding the impact of institutional factors on CSRD. The empirical findings indicated that four independent variables, including mandatory disclosure, uncertainty avoidance, masculinity and the adoption of the GRI reporting standard, have significant impact on CSRD. Particularly, while mandatory disclosure, uncertainty avoidance and the adoption of GRI standard are positively and significantly associated with CSRD, masculinity cultural dimension has significantly negative relationship with CSRD. The findings of the other independent variables, legal origin and CSR-related associations, were found to be insignificant. Compared with the results from the regression model (1), the six institutional variables explained higher percentage of CSRDI, indicating greater impact of institutional variables than CG variables on CSRD. Furthermore, the consistency in findings of sensitivity analyses provided evidences for the robustness of the empirical results against non-normal distribution in some variables as well as the use of different sub-indices and weighted index. Finally, the section finished with a discussion of the empirical findings in relation to previous literature and the study context.

6.5 Chapter Summary

The chapter provided the empirical results to answer the three main research questions:

- What are the differences, if any, among the levels of CSRD across the six Southeast Asian countries?
- To what extent do the CG mechanisms influence the level of CSRD in the six countries?
- To what extent do the institutional factors influence the level of CSRD in the six countries?

The chapter was divided into three main sections presenting the empirical results for each of the research questions. In the section 6.2, for the purpose of identifying differences in the levels of CSRD across the six countries, both of the parametric ANOVA analysis and the non-parametric Kruskal-Wallis test were applied. The results of both techniques indicated that there is a significant different between the levels of CSRD across the six countries with Thailand as the country with highest level of disclosure, followed by Indonesia, Malaysia, Singapore, Philippines and finally Vietnam. The post-hoc tests further identified four comparisons with significant difference, Thailand – Philippines, Thailand - Vietnam, Indonesia - Philippines and Indonesia - Vietnam. The result, therefore, implied the important role of country in defining firms' CSRD practice. Additionally, the ranking of these countries in terms of CSRD does not reflect their levels of economic development. The differences between the levels of CSRD among these countries, as a result, could be influenced by other important factors, such as institutional environment. Based on the empirical result of this section, the following section examined the extent to which CG mechanisms and institutional factors in these countries determine their levels of CSRD.

The section 6.3 presented the empirical results to answer the research question, to what extent do the CG mechanisms influence the level of CSRD in the six Southeast Asian countries?. The empirical findings indicated that among the six examined CG mechanisms, board size, board gender diversity, block ownership and the presence of CSR committee were found to significantly influence the level of CSRD. Particularly, board size and the presence of CSR committee was significantly and positively associated with CSRD, while board gender diversity and block ownership had significantly negative relationship with CSRD. The results of the other mechanisms, board independence and CEO duality were insignificant. Diverse sensitivity analyses were conducted to examine the sensitivity of the empirical findings against the non-normal distribution of some variables as well as the use of different sub-indices and weighted index. Consistency in the results of these analyses with the original model indicated that the empirical findings are relatively robust and can be used for further discussion. As a result, at the end of this section, the empirical findings of this study regarding the impact of CG variables on CSRD were reviewed and discussed based on previous literature and the study context.

In the third section (6.4), the empirical results to address the influence of institutional factors on CSRD were presented. The empirical findings indicated the significant impact of all the three pillars on CSRD through mandatory reporting, culture (uncertainty avoidance and masculinity dimensions) and the adoption of GRI standard. Specifically, mandatory reporting, uncertainty avoidance and the adoption of GRI had significant and positive relationship with CSRD, while masculinity dimension was negatively and significantly related to CSRD. The results of the other two institutional factors, legal origin and CSR-related associations were insignificant. Similar with the previous section, these empirical findings were then re-examined by the followed up sensitivity analyses. With consistent results, it could be concluded that the empirical findings are fairly robust with the non-normal distribution of some variables as well as the use of different sub-indices and weighted index. At the end of the section, the empirical findings were reviewed and discussed based on previous studies and the research context.

CHAPTER 7: SUMMARY AND CONCLUSION

7.1 Overview

Chapter Seven is the concluding chapter of this thesis. The chapter firstly re-addresses the research questions and discusses how the findings in this study answer each of these questions. The chapter then provides arguments for theoretical, empirical and practical contributions of the study based on the empirical findings and the context of the six Southeast Asian countries. A summary table of the theoretical and empirical gaps, key findings and key contributions is also presented to provide a good overview of the study's contributions. Finally, the limitations of the study are addressed before concluding with recommendations for future research in the field of CSRD determinants.

7.2 Research Questions and Key Findings

As mentioned in Chapter One, the key aims of this research were; to compare the level and types of CSRD across the six examined Southeast Asian countries, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam; and to examine the impact of both corporate governance (CG) practices and institutional factors on the level of CSRD. In order to achieve these research aims, four research questions were formed. In this section, relevant key findings will be deliberated, answering each of the research questions. Table 41 provides a summary of key findings, in congruence with theoretical/empirical gaps and key contributions.

Table 41: A summary of gaps, key findings and contributions

Theoretical/ Empirical gaps	Key findings	Key contribution
Theoretical Gap 1 CSRD studies in emerging countries are under-theorised (Belal and Momin, 2009)	• The study examined the impact of internal determinants (CG practices) and external determinants (institutional factors) using two different theoretical frameworks. • A multi-theoretical framework, including agency theory, stakeholder theory and legitimacy theory, is used to investigate the impact of CG, while institutional theory is the key theory to identify the impact of institutional factors.	• The study overcomes the criticism of Belal and Momin (2009) and the weakness of previous studies in the region with the use of relevant theories to identify relevant determinants and develop hypotheses regarding the impact of such determinants on CSRD.
Theoretical Gap 2 Very few studies have attempted to identify institutional factors that influence CSRD in a systematic and comprehensive way using institutional theory and the Scott's institutional framework (1995)	• Based on the institutional theory and the Scott's institutional framework (1995), six institutional factors representing the three pillars, regulative, cultural-cognitive, and normative, were identified. • The empirical findings indicate that mandatory disclosure (regulative pillar) has the greatest impact on CSRD, following by the two cultural dimensions (cultural-cognitive pillar) and finally the adoption of GRI standard (normative pillar). • The findings also emphasise the impact of institutional environment on CSRD through all the three pillars with some factors having more influence than the others.	• The study is one of a few studies that have attempted to quantify institutional environment into measurable factors; and examine the effect of such factors on CSRD. • The study suggests a more comprehensive approach in identifying external/ institutional determinants of CSRD. • The institutional factors identified in this study could be re-used in future research to further examine the impact of institutional factors on CSRD in different context.
Empirical Gap 1 There is a need for more CSRD studies conducted in countries with limited attention. In Southeast Asia region, majority of studies have only been focused on the context of Malaysia	• The findings presented the levels of CSRD across the six Southeast Asian countries, including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. • The levels of CSRD in these countries is relatively low. On average, the companies disclosed less than half of the information in the checklist	• The study contributes to the existing literature by providing a better understanding and more updated levels of CSRD in the six countries, especially for the countries with limited attention in literature, such as Singapore, Philippines and Vietnam.

Empirical Gap 2 There is a lack of comparative CSRD studies in the literature	• The study compared the levels of CSRD across the six countries, in which Thailand has the highest extent of CSRD, following by Indonesia, Malaysia, Singapore, Philippines and finally Vietnam. • The result of statistical test showed that there are significant differences in the levels of CSRD between the two countries with highest disclosure (Thailand and Indonesia) with the two lowest ones (Philippines and Vietnam). These differences could be explained by the influence of other institutional factors.	• The study contributes to the limited number of comparative CSRD studies and allows comparisons of CSRD levels across different countries. • The empirical findings of this study can be used to compare and contrast with the results of other studies to identify whether the levels of CSRD are different in other parts of the world.
Empirical Gap 3 There is limited number of studies examining the impact of CG in emerging and Asian context.	• The study examined the impact of six CG practices on CSRD in the context of six Southeast Asian countries; five of which are emerging economies. • The findings concluded that firm size, board gender diversity, block ownership and the presence of CSR committee have significant impact on CSRD while the effect of gender diversity and board independence are different from the theoretical and empirical expectations.	• The study contributes to the limited number of studies looking at the impact of CG on CSRD in the context of emerging economies in general and Southeast Asia in particular. • The empirical findings demonstrate some unexpected results which could be explained by the context of study.
Empirical Gap 4 There are few studies that have examined the impact of external determinants of CSRD in the existing literature	• The study investigated the impact of several institutional factors on CSRD, including legal origin, mandatory disclosure, uncertainty avoidance, masculinity, the adoption of GRI standard and membership of CSR-related associations.	• The study contributes to the understanding of external environment’s effect on CSRD by examining various factors representing different aspects of institutional environment. • The findings highlighted the important role of institutional environment in defining CSRD practice.

RQ 1: To what extent firms in each of the six countries disclose their CSR information in annual reports and what type of CSRD category is the most disclosed?

Out of the 171 companies in the sample, 166 firms (97.08%) disclosed at least one item in the CSRD instrument. This percentage is relatively high compared with previous studies conducted on these countries (see Hamid, 2004, Ratanajongkol *et al.*, 2006; Thompson and Zakaria, 2004). The result, therefore, signals an increased awareness and practice of CSRD among large Southeast Asian firms. The average score of CSRD is 0.440 (44%), which means on average these firms disclose less than half the items listed in the CSRD instrument. This finding showed that although the awareness of CSRD has been increased in Southeast Asian firms, the practice of CSRD is still at the early development stage; and the extent of CSRD is relatively low.

Comparisons among the four categories show that community involvement disclosure (CD) and human resources disclosure (HRD) are the two categories that have the highest percentage of firms disclosing information (91.813% and 91.228% respectively), followed by environmental disclosure (ED) (85.965% of the total firms), and products and consumers disclosure (PCD) (66.667% of the total firms). The two categories, CD and HRD, also have the highest disclosure indexes with the average disclosure percentage of 58.129% (CD) and 49.773% (HRD). The average disclosure percentages of ED, and PCD are 39.246% and 28.626% respectively. This finding is consistent with the study of Hackston and Milne (1996) in which community, human resources and environment themes are found to be the most commonly disclosed categories across countries. The high disclosure level of the community involvement category supports the argument of institutional theory that the main purpose for companies to get involved in CSR and CSRD is to build and maintain legitimacy (Holder-Webb *et al.*, 2009). Furthermore, the high involvement in CD is also aligned with the institutional context in these countries where there are tax deduction policies for firms involving in certain charitable and community projects. Apart from CD, HRD is also one of the most focused themes in CSRD among Southeast Asian firms. The high level of disclosure in HR category can be attributed to the countries' policies regarding employee welfare and the existence of a unionised labour force (Belal and Momin, 2009). Disclosing information about companies' labour policies and practices could additionally help firms ensure the support of labour providers and demonstrate value to consumers (Holder-Webb *et al.*, 2009), increase employee performance and sustain or improve a firms' economic advantage (Mirfazli, 2008). In contrast with CD and HRD, the two other themes, ED and PCD, have received limited attention. The low level of ED is consistent with some previous studies (Ahmad and Haraf, 2013; Sumiani *et al.*, 2007; Thompson and Zakaria, 2004). From the legitimacy perspective, as the level of ED is subjected to legitimacy threats on the companies or industry sectors (de Villiers and van Staden, 2006). The limited extent of ED in this study could be a result of the high number of companies from banking and financial sectors, which have less pressures to disclose environmental information (Akinpelu *et al.*, 2013). Among the four categories, PCD is the theme with the lowest disclosure level with the average idex of 0.286. The low PCD in this study could be explained by the choice of sampling and the study context. In relation to sampling choice, as mentioned above, due to the high number of companies from banking and financial sectors, majority of the companies are not highly visible to final consumers, reducing their needs to disclose for this particular stakeholder. Furthermore, arguments from stakeholder and legitimacy perspectives suggest that firms disclose CSR information in response to external pressure. However, in the Southeast Asian context, low awareness of CSR and consumer activism (Sharma, 2013) potentially reduces the pressure of consumers on firms and hence limits firms' motivations to disclose information in PCD category (see Anas *et al.*, 2015; Darus *et al.*, 2014; Ratanajongkol *et al.*, 2006).

Across the six examined countries, firms from Thailand and Indonesia demonstrate the highest average of CSRDI (0.554 and 0.552 respectively), followed by Malaysia (0.459), Singapore (0.427), Philippines (0.326), and finally, Vietnam (0.302). The findings are surprising in the sense that the levels of CSRD do not reflect a country' economic development. Thailand (an advanced emerging economy) and Indonesia (a secondary emerging economy) have higher CSRDI than Singapore (a developed country). The finding, hence, supports the argument of Campbell (2007) and suggests that the relationship between economic development and CSRD is mediated by the institutional environment. Particularly, in the case of Singapore, for instance, Singapore's government has already invested heavily in education and environmental protection on behalf of its citizens, which reduces the necessity of company involvement. Furthermore, the country does not experience many social problems and environmental issues due to its economic success and the nature of its small land mass, as well as its extremely limited agricultural sector (Chapple and Moon, 2005). These all contribute to a lack of motivation when it comes to CSR and CSRD. Comparisons of CSRD across the six countries also indicate that the gaps between the two countries with the highest CSRD (Thailand and Indonesia) and the two with lowest scores

(Philippines and Vietnam) are relatively large. While firms from Thailand and Indonesia disclose more than half of the items on average, their counterparts from the Philippines and Vietnam only disclose one-third of items. The highest disclosed category in Indonesia, Malaysia, Philippines and Vietnam is CD, while Thai firms disclose most in the human resources category.

RQ2: What are the differences, if any, among the levels of CSRD across the six countries?

In order to identify if there are any significant differences between the levels of CSRD among the six examined countries, both parametric analysis (ANOVA) and non-parametric analysis (the Kruskal-Wallis test) were conducted. The results of both tests showed significant difference between the CSRD levels. The following post-hoc tests identified four comparisons with significant difference, Thailand – Philippines, Thailand – Vietnam, Indonesia – Philippines, and Indonesia – Vietnam. The results reflect the significant difference between the two countries with highest indexes and the two with lowest indexes. The findings are aligned with the contexts of CSR development in these countries and therefore emphasise the role of institutional environment in shaping firms' CSRD practice. For instance, the raised level of CSRD in Thai firms can be explained by the active promotion of good CG practices in Thailand since the economic crisis in 1997 with diverse topics in governance and non-financial disclosure being discussed through a variety of newspaper articles, talk shows and conferences by the Institute of Internal Auditors of Thailand to raise awareness of good practices (Ratanajongkol *et al.*, 2006). The CSRD practice in Thailand is increasingly used as a method by firms to achieve legitimacy. Similarly, the high CSRD in Indonesia could be the result of the country's laws and regulations regarding corporate social and environmental responsibility. Indonesia was the first country in 2007 to legislate CSR as mandatory (Urip, 2010). Particularly, according to law No.40/2007, all limited liabilities firms are required to publish information of their CSR programs in annual reports (Malan, 2013). Opposite to the strong encouragement of CSR and CSRD in Thailand and Indonesia, CSR is not yet substantial in the contexts of the Philippines and Vietnam (see Chapple and Moon, 2005; Nguyen *et al.*, 2015; Binh, 2016), which explains the low CSRD in these two countries. Despite having some relevant laws and regulations (Chapter Three, table 7), the level of CSR and CSRD in these two countries is still at a minimal level due to weak enforcement frameworks in these states (Hamm, 2012; Sharma, 2013). Furthermore, the CSR awareness among consumers are also low in these two countries. In Vietnam, for example, due to the lack of national standards and requirements to protect consumers, consumers either do not have or have limited knowledge about CSR and do not realise the importance as well as benefits of CSR (Hieu, 2011). With this low awareness amongst consumers, it is not suprising that Vietnamese companies are not willing to disclose their CSR activities. The differences in CSRD practice among the six examined countries, therefore, have emphasised the importance of considering institutional factors in CSRD studies.

RQ 3: What are important corporate governance determinants of CSRD; and to what extent do these corporate governance practices influence the level of CSRD in Southeast Asia?

Based on previous literature (see Esa and Ghazali, 2012; Cowen *et al.*, 1987; Barako and Brown, 2008; Chakroun and Matoussi, 2012) and the characteristics of CG in Asia (high concentrated ownership and family control), the six CG practices, board size, board independence, board gender diversity, CEO duality, block ownership and the presence of a CSR committee were used to identify the effect of CG on CSRD in the six countries. To examine this effect, OLS regression model was run with the dependent variable (CSRDI), independent variables (CG variables) and control variables. Diverse sensitivity analyses were also conducted to ensure the robustness of the empirical findings. The results provided evidences for the conclusion that among the six CG mechanisms, board size, board gender diversity, block ownership and the presence of CSR committee are the key predictors of CSRD. The effect of board size, block ownership and the presence of CSR committee are aligned with expectations, while the negative impact of board gender diversity measured through the percentage of female directors on board is unexpected. The results, therefore, confirm hypotheses 1, 5 and 6.

Large board size appears to be a common CG practice in the six countries. Contrary to the argument that a larger board size can be ineffective due to problems in communication, coordination and control management (van den Berghe and Levrau, 2004), directors in the examined firms seem to be comfortable with a larger board size. Multiple CG reports in several of these countries showed that firms with good CG tend to have more directors on their board (see World Bank, 2013; IFC, 2012). Board size, uniquely, is found to have a positive impact on CSRD. Firms with a larger board size report more CSR information in annual reports. The positive relationship between board size and CSRD, therefore, confirms the legitimacy perspective that larger boards, with increased diversity of experience, skills and knowledge, can initiate healthy discussions and improve corporate reputation and image through disclosure (Esa and Ghazali, 2012; Ntim and Soobaroyen, 2013).

Similarly, the presence of CSR committee is positively associated with CSRD. Although the percentage of firms having CSR committee at the board level is still low in the context of these six countries, firms with the presence of CSR committee have higher level disclosure compared to their counterparts. The result, therefore, is aligned with the theoretical expectation that the presence of a CSR committee indicates firms' attention to CSR at the board level (Ullman, 1985) and its desire to legitimise a company's social and environmental reputation (Rankin *et al.*, 2011).

Different from board size and the presence of CSR committee, the percentage of block ownership has a negative impact on CSRD. The finding is consistent with the arguments from both legitimacy and agency perspectives. According to the legitimacy perspective, the pressures for public accountability and from institutional environment to apply new practices such as CSR and CSRD, are lower in firms with high level of block ownership (Ghazali, 2007; Ntim and Soobaroyen, 2013). Additionally, based on the agency perspective, the agency-principal conflicts are greater in widely held companies (Fama and Jense, 1983). As a result, compared with concentrated ownership firms, widely held companies are likely to provide more information in their annual reports to reduce such conflicts and direct attention of shareholders to appear more accountable (Haji, 2013). The practice of CSRD can be further argued to improve firms' financial reporting and reduce information asymmetries (Reverte, 2009). The result of this study, hence, supports these theoretical arguments on the negative relationship between block ownership and CSRD.

The empirical results of this study also present some unexpected findings. Unlike previous studies (see Carter *et al.*, 2003; Adams and Ferreira, 2004; Khan, 2010), board gender diversity measured through the percentage of female directors on board was found to negatively influence CSRD. The finding contrasts with the expectation developed from the stakeholder perspective that boards with gender diversity can improve connections with stakeholders (Barako and Brown, 2008) and therefore are more likely to engage with multiple stakeholders as well as response to their needs (Bowrin, 2013). The finding is also opposite with the argument from the agency perspective that board diversity can improve board independence which in turn enhance managerial monitoring, attract resources, enhance legitimacy and ultimately lead to better financial performance (Ntim and Soobaroyen, 2013). The unexpected result could be attributed to the low proportion of female directors on board in these countries. Specifically, the average percentage of female directors across firms in this study is only 11.73%. The finding, hence, supports the suggestion of Kramer *et al.* (2006) that only one or two female directors on board is insufficient to make changes. The social pressure from the majority opinions and the pressure to confirm could have reduced the competency of minorities (Brewer and Kramer, 1985; Nemeth, 1986), such as female directors in this case. Furthermore, the negative association between board gender diversity and CSRD could be linked to the observation of Amran *et al.* (2014b) that the lack of gender diversity could reduce the board independence. The finding potentially provides further empirical evidence for the inconsistency of empirical findings regarding the positive impact of female directors on board and supports the conclusion of Mahadeo *et al.* (2012) that women presentation on board is purely a legitimacy effect to stakeholders.

The two other independent variables, percentage of independent directors and CEO duality, do not have any significant impact on CSRD. In the case of independent directors, the coefficient is so minor that one could conclude that the percentage of independent directors have no effect on CSRD at all. This finding contrasts with many previous studies (see Akhtaruddin *et al.*, 2009; Eng and Mak, 2003; Jizi *et al.*, 2014; Petra, 2005); and diverse theoretical arguments. Specifically, the contemporary literature has been supportive to the positive association between board independence and CSRD with the main argument from the legitimacy and stakeholder perspectives that independent directors pay more attention to broader stakeholder objectives (Mahadeo and Soobaroyen, 2016) and demonstrate a firm’s attention to legitimacy as well as external environment (Pfeffer and Salancik, 2003). The limited impact of independent directors in this case, however, could be explained using the study context. As proposed by Ntim and Soobaroyen (2013), the effectiveness of independent directors in motivating firms to engage more in CSRD practice depends on the context of legal environment, independence, experience and expertise. With the context of high concentrated ownership and family control, independent directors in these firms are not wholly independent, as the family groups, owners of the companies, might have been involved in the process of choosing independent directors (Chen and Nowland, 2010). The lack of independence as well as ambiguities in the role of independent directors in the context of emerging economies has been recognised in previous literature (see Mahadeo and Soobaroyen, 2016), which could significantly influence the level of monitoring and supervising management effectively in firms. Additionally, the number of independent directors on firms, as found in this study, has been low in a number of countries, such as Indonesia, Vietnam and Philippines. The minor presentation of independent directors on board could make it difficult to control management or make any change regarding CSR and CSRD practices. Moreover, due to the lack of CSR awareness in some countries, such as the Philippines and Vietnam (see Binh, 2016; Chapple and Moon, 2005; Nguyen *et al.*, 2015), independent directors might not have sufficient knowledge and experience to be effective in their role (Sundarasen *et al.*, 2016). Independent directors, themselves, might not realise the importance of CSRD and therefore incapable of convincing the board to adopt and develop this practice. In the case of Vietnam, the fact that there was no definition of independent directors in law and regulations until recently (IFC, 2012) means that independent directors are ambiguous about their role and responsibilities, which leads to unsatisfactory performance.

Similar to board independence, the impact of CEO duality on CSRD is also insignificant in this context. The finding, therefore, is insupportive of diverse theoretical expectation and different with some empirical evidences in the literature (see Haniffa and Cooke, 2002; Jizi *et al.*, 2014). From the agency aspect, CEO duality demonstrates leadership and governance issues (Said *et al.*, 2009) which allows greater power and authority to one person. With the abilities to hide essential information, limit board independence and manipulate board appointment in their favour (see Haniffa and Cooke, 2002; Michelon and Parbonetti, 2012; Li *et al.*, 2008), CEOs with Chairman power can weaken the monitoring abilities and detriment the disclosure practice (Anderson *et al.*, 2003; Li *et al.*, 2008; Forker, 1992). Furthermore, instead of considering the interests of other stakeholders, powerful CEOs can make decision and use CSR for their personal interests (Jizi *et al.*, 2014; Khan *et al.*, 2013a). Despite the strong argument for the negative association between CEO duality and CSRD, the relationship was insignificant in this study. Similar with the case of board independence, the insignificant impact of CEO duality can be explained by the study context. Due to the CG tradition of family control and block ownership, role duality in this context might not have much meaning as the two positions, CEO and Chairman, despite being held by separate persons, could be given to two members of the same family or major shareholders. As a result, not having CEO duality practice on boards does not necessarily improve CSRD in firms.

RQ 4: What are the important institutional determinants of CSRD; and to what extent do these institutional factors influence the level of CSRD in Southeast Asia?

Based on the institutional theory and Scott's institutional framework (1995) as well as previous literature (e.g. Barakat *et al.*, 2015; Barkemeyer *et al.*, 2015; Brown *et al.*, 2009; Campbell, 2007), six institutional factors were identified to present the impact of institutional environment on CSRD through regulative (legal origin and mandatory disclosure), cultural-cognitive (uncertainty avoidance and masculinity cultural dimensions), and normative pillar (the adoption of the GRI standard and membership of CSR-related associations). The analysis technique used to answer this research question is similar with the previous one, in which an OLS regression model including the dependent variable (CSRDI), the independent variables (institutional factors) and control variables, was run; and the robustness of the empirical findings was carefully examined by diverse sensitivity analyses. The results highlighted the significant impact of four independent variables; mandatory disclosure from regulative pillar, uncertainty avoidance and masculinity dimensions representing cultural-cognitive pillar; and the adoption of GRI standard from normative pillar. The findings, therefore, confirm hypotheses 8, 10 and 11, and imply that the institutional environment influences the level of CSRD through all three pillars with certain institutional factors have more impact than the others.

The effect of the regulative pillar was examined through the two variables, legal origin and mandatory disclosure. As argued from the literature, the coercive pressure from the regulative pillar is reflected through the legal system (Barakat *et al.*, 2015; Crawford and Williams, 2010) which could be classified into two main secular legal traditions, common law and civil law (La Porta *et al.*, 2008). Common law countries, with more developed capital market and diverse share ownership, were expected to have higher stakeholder responsibility and more demanding legitimacy management (Adelopo *et al.*, 2013). As a result, firms from these countries would have more incentives to make CSR communications accessible (Adelopo and Moure, 2010); and hence were expected to have higher level of disclosure. However, different with this expectation, findings in this study concluded that legal system does not significantly influence the level of CSRD. The insignificant impact of legal origin on CSRD might be due to the classification of the traditions. Although legal origin, as defined by La Porta *et al.* (2008), could be classified into two main traditions, common law and civil law, this classification might not be straightforward as the countries have been borrowed laws from different traditions. For instance, although Malaysia follows common law system, the country also adopts laws from other traditions, including Islamic law and customary law. This practice, hence, might have hinder the effect of legal origin on CSRD.

Besides legal origin, government regulations have been considered as a form of coercive power (see Scott, 2008; Campbell, 2007; Kim *et al.*, 2013). As a result, the presence of mandatory disclosure was used in this study to present the element of regulative pillar. Unlike legal origin, mandatory disclosure was found to have a significantly positive relationship with CSRD, emphasising the role of mandatory regulations in putting pressure on firms to disclose more CSR information. The findings of both legal origin and mandatory disclosure, therefore, showed that not all institutional factors that have regulative elements influence CSRD. Instead, the impact of regulative pillar on CSRD could depend on the institutions themselves. The positive relationship between mandatory disclosure and CSRD is aligned with empirical evidences from the literature (see Barbu *et al.*, 2014; Criado-Jimenez *et al.*, 2008; Frost, 2007; Othman *et al.*, 2011) and the conclusion of Othman *et al.* (2011) that the regulation would increase the level of CSRD as a reaction to government's demand. Mandatory disclosure requirement, therefore, can be an effective mechanism to ensure firms consider interests of other stakeholders and behave responsibly (Overland, 2007). Amongst all institutional factors considered in this study, mandatory disclosure is the strongest indicator of CSRD, emphasising the impact of the regulative pillar through mandatory requirements. The finding, hence, is consistent with the institutional perspective that corporations are likely to demonstrate responsible behaviour if there is an existence of strong and well-enforced regulations (Campbell, 2007). Among the six examined countries in the study, Indonesia and Malaysia are two good examples of the positive relationship between mandatory disclosure and CSRD.

Regarding the effect of the cultural-cognitive pillar, both the cultural dimensions representing the pillar, uncertainty avoidance and masculinity, were found to be significant, although the sign of the relationship between uncertainty avoidance and CSRD contrasts with the expectation in hypothesis 9. The uncertainty avoidance dimension had a statistically significant and positive effect on CSRD, which opposes the argument that the association between the dimension with the subcultural value of secrecy (Gray, 1988) could make firms from high uncertainty avoidance societies reluctant in providing CSRD due to the fear of jeopardising the firm's financial securities

(Williams, 1999). However, the positive association between uncertainty avoidance and CSRD is aligned with the argument of Adelopo *et al.* (2013) that firms from high uncertainty avoidance socities would disclose more CSR information to follow the society's expectations and reduce uncertainties. Additionally, as these societies are characterised by being rule-oriented (Hofstede, 2001), the regulative pressure from institutional environment would encourage CSRD across firms. On the other hand, firms from societies with low level of uncertainty avoidance can be more flexible in their approach as these societies are more relaxed in exploring possibilities (Adelopo *et al.*, 2013).

In contrast to uncertainty avoidance, the significantly negative relationship between masculinity and CSRD confirmed the expectation that firms from masculine countries disclose less CSR information in their annual reports. The finding, hence, is consistent with the arguments from literature. For instance, Orij (2010) suggested that corporations from highly masculine countries have weaker social orientation, which could result the lower level of CSRD. According to a number of scholars (Steensma *et al.*, 2000; Tice and Baumeister, 1985), masculine societies have negative social and environmental responsiveness due to less appreciation of cooperative strategies and compassionate behaviour. In comparison with the other significant institutional factors, the impact of these two cultural dimensions representing the cultural-cognitive pillar are only lower than mandatory disclosure of the regulative pillar. The finding, hence, confirms that through social pressure and cultural conformity (Shnayder *et al.*, 2016), institutions with cultural-cognitive pillar plays a vital role in encouraging firms' CSRD behaviour.

Among the two variables were developed to present the effect of the normative pillar on CSRD, only the adoption of the GRI standard was found to have a positive and significant impact on CSRD. The study could not find any effect of membership of CSR-related associations on CSRD. The finding, therefore, does not support the institutional argument that business and professional associations act as agents to provide normative environment that facilitates responsible behaviour from corporations (Campbell, 2007); and membership of such organisation would increase firms' understanding of the virtues and benefits of corporate giving as well as putting peer pressure on firms to behave more responsibly (Martin, 2002). There are several reasons that could potentially provide the explanation for the insignificant relationship between the membership of CSR-related associations and CSRD. Firstly, the percentage of firms participating in the associations was not high in this study. Only 22.8% of the firms in the sample were members of the examined associations. The low participation rate could be explained by using large firms as the subjects of this study. Large firms, with sufficient resources, might be more likely to have their own CSR agenda than cooperate with other associations and organisations. As a result, not being members of such associations does not mean firms would engage less in CSR and CSRD. Furthermore, rather than focussing on the development of CSRD, these associations might pay more attention to other objectives, leaving their impact on encouraging CSRD among firms neglected.

In contrast to the case of membership of CSR-related associations, the adoption of GRI standard as one of the factors representing normative pressures, is found to have significant and positive impact on CSRD, which means firms adopting GRI standard tend to disclose more CSR information in their annual reports than the others. The finding is in line with previous studies (Barkemeyer *et al.*, 2015; Comyns, 2016) and reaffirms the effectiveness of GRI as a key normative body of CSRD and a successful institutionalisation project (Barkemeyer *et al.*, 2015; Brown *et al.*, 2009; Etzion & Ferraro, 2010; Levy *et al.*, 2010). The finding also contributes to the lack of empirical studies on role of CSR standards like GRI (Perez-Batres *et al.*, 2010) and provided evidence that the GRI standard has assisted firms in improving their CSRD practice and in achieving legitimacy.

Compared with the institutional factors from the other two pillars, the impact of institutional factors within the normative pillar seem to have lower impact in the context of this study. The low influence of normative pressures is understandable as the number of firms following the GRI standard and participating in CSR-related associations is not expansive. Moreover, the finding that normative forces have a lower impact on firms' CSRD practice than regulative and cognitive forces is rather comparable with the finding of Yiu and Makino (2002) in their study regarding the impact of institutional factors on firms' mode of entry choice. In this study, Yiu and Makino (2002) also found that regulative and cognitive pressures have greater impact than normative pressure. They further add that the limited impact of normative pressures is due to difficulties in coding, as they are not easily recognised like regulative or cognitive pressures.

7.3 Theoretical, Empirical and Practical Contributions

7.3.1 Theoretical Contributions

In terms of theoretical contributions, the study firstly followed the suggestion of Haider (2010), stating that the choice of theories should be based on factors influencing CSRD. As a result, with the choice of internal (CG practices) and external determinants (institutional factors) in this research, two different theoretical frameworks are applied to consider the impact of these factors on CSRD. While a multi-theoretical framework combining the three theories, agency theory, stakeholder theory and legitimacy theory, is considered appropriate to examine the effect of CG on CSRD, the choice of institutional theory helped to identify relevant institutional factors and examine the impact of these factors on CSRD. The use of different theories in this study, therefore, overcomes the criticism that CSRD research in emerging countries is under-theorised (see Belal and Momin, 2009).

Moreover, the research particularly contributes to the implication of institutional theory in CSRD studies. Despite the growing argument within literature that the concepts of CSR and CSR practices (including CSRD) are strongly dependent on the institutional context (see Campbell, 2007; Marquis *et al.*, 2007), as presented in Chapter 2, section 2.5, there are only a limited number of studies that have examined the impact of one or two institutional factors on CSRD. Additionally, although a few recent studies have looked at the effect of institutional framework on CSRD or CSR reporting (see Adelopo and Moure, 2010; Cahan *et al.*, 2016), the choice of these factors have not been systematically identified from diverse aspects of institutional environment to provide a deeper understanding of the role of the institutional environment in defining CSRD levels. As a result, to address this theoretical gap in the literature, the study identified relevant institutional factors to represent the impact of regulative, normative and cultural-cognitive pillars on CSRD. The research, therefore, is one of the first studies that have attempted to quantify institutional environment into measurable variables using the Scott's institutional framework (1995) and examine the impact of these variables on CSRD in the context of Southeast Asian countries. These institutional measurements could also be used in future research to garner a developed understanding of the role of the institutional environment in different contexts. As a result, this is a major contribution, given the limitation of current CSRD literature in quantifying institutional factors from diverse aspects in a systematic way. The findings of this study have confirmed the impact of institutional environment on CSRD through all the three pillars, regulative, normative, and cultural cognitive, with certain institutional factors having more impact than others. Specifically, among the six examined institutional factors, mandatory disclosure, cultural dimensions and the adoption of GRI standard were found to have significant impact on CSRD while the effect of the other factors (i.e. legal origin and CSR-related associations) were insignificant. The empirical findings, therefore, imply that despite the presence of diverse institutional factors supporting the development of CSRD in the six countries, not all of these factors act significantly upon CSRD. Additionally, the empirical results showed that the regulative pressure (mandatory disclosure) and cultural-cognitive pressure (uncertainty avoidance and masculinity cultural dimensions) have stronger impact on CSRD than normative pressure (the adoption of GRI standard) in the context of these six countries, which is a new observation in the CSRD field. These institutional factors were also proven to have greater impact on CSRD than CG mechanisms.

7.3.2 Empirical Contributions

The study also contributes to the current literature in terms of its context. The comparative study was conducted in the six main economies of Southeast Asia, including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam to respond to the gap that most of CSRD determinants studies have intensively focused on Anglo-Saxon and Western European countries (Fifka, 2013; Prieto-Carron *et al.*, 2006; van der Laan Smith *et al.*, 2005). The number of studies conducted on the region is growing, however, only Malaysia has been a commonly focused country. The study, therefore, provides a developed understanding of CSRD practices amongst other Southeast Asian countries which so far have had limited attention, such as Singapore, Philippines and Vietnam. Many of these countries still have low levels of CSRD, with less than half of the checklist disclosed. This low level of disclosure could be attributed to the low awareness of CSR in several countries, such as Philippines and Vietnam. Moreover, as a regional study is rare in CSRD determinants literature, this particular comparison, therefore, contributes to the existing literature through comparing the levels of CSRD across the six countries in the same region, as well as providing empirical findings for future CSRD studies conducted in other regions.

The findings from cross-national comparisons showed some unexpected results, compared with a previous comparative study in the region of Chapple and Moon (2005). While the rankings of several countries are similar, Indonesia, has risen exponentially from being one of the countries with lowest disclosure levels in Chapple and Moon (2005)'s study, to becoming the second highest in terms of CSRD in the region. This new finding, hence, demonstrates the rapid improvement of Indonesian firms in recent years. The improvement of Indonesian firms in practicing CSRD can be explained by the changes in the country's legal framework related to CSRD. As mentioned previously, the comparison of the CSRD levels across the six countries is interesting in the sense that it differs from the results of previous studies (see Barakat *et al.*, 2015; Lim, 2017; Xiao *et al.*, 2005). The levels of CSRD in the six countries do not seem to reflect the stages of economic development. For instance, while Singapore, the only developed country in the sample, ranks middle in terms of CSRD, Indonesia, a secondary emerging economy, has the second-highest level of disclosure. This result, therefore, challenges the common perception that developed countries have better CSRD practice than less developed countries (Barakat *et al.*, 2015; Lim, 2017).

Moreover, unlike some previous studies that examine the descriptive statistics of CSRD (see Batra, 2013; Gunawan and Hermawan, 2012; Kuasirikun and Sherer, 2004; Ratanajongkol *et al.*, 2006), this study goes beyond that and provides empirical evidence on the impact of institutional factors and CG. Regarding the impact of internal determinants on CSRD, as argued in Chapter 1, section 1.3, there is a need for increased CSRD studies examining the role of CG in defining CSRD, especially in the context of emerging countries and Asian countries due to their distinctive characteristics of concentrated ownership and family control. In response to this empirical gap, the study examined the impact of six CG practices, including board size, board independence, board gender diversity, CEO duality, block ownership and the presence of CSR committee, on CSRD. While most of the findings are in conjunction with the theoretical and empirical expectations, there are some unexpected results that acquire attention. Particularly, board gender diversity has been found to have a significantly negative impact on CSRD and board independence has no effect on CSRD in the context of Southeast Asia. These two findings depart greatly from what has been identified in existing literature regarding the relationships between these two factors and CSRD (see Barako and Brown, 2008; Htay *et al.*, 2012; Jizi *et al.*, 2014). Therefore, in response to the question posed by Khan *et al.* (2013a) on whether the traditional models of CG from developed countries is effective in the context of emerging economies, the effectiveness of some practices, such as board gender diversity and board independence, is questionable. The negative effect of board gender diversity on CSRD could be the result of very low percentage of women on boards, therefore being insufficient enough to influence change and reduce board independence. In terms of board independence, due to the characteristics of high concentrated ownership and family control, these independent directors may not be wholly independent to have a positive influence on CSRD. With these findings, the study contributes to the understanding of the effectiveness of CG in the context of emerging economies as well as Asian countries, especially in relation to CSRD.

Furthermore, the study also responds to the empirical gap that there is a limited number of CSRD studies examining the impact of external determinants. The study, therefore, investigated the effect of six institutional factors representing the three pillars of institutional environment, regulative (legal origin and mandatory disclosure), cultural-cognitive (uncertainty avoidance and masculinity) and normative (the adoption of GRI standard and membership of CSR-related associations). Through identifying the institutional factors from various aspects of the institutional environment, the study not only contributes to the existing CSRD literature on external determinants but also suggests an approach to examine the impact of institutional environment on CSRD in a more comprehensive way. Moreover, it is necessary to emphasise that many of the institutional factors in this study, such as legal origin, the adoption of GRI standard and membership of CSR-related associations, have not been widely examined in CSRD studies. Examining the effect of these factors on CSRD could provide better understanding of CSRD practices across different countries and in terms of developing CSRD practice further.

7.3.3 Practical Contributions

Regarding practical implications, the findings could be useful for companies, users and policy makers. The findings of this study raise multiple policy contributions. Firstly, for policy makers and regulators, the appreciation of CSRD diversity and factors influencing such practices would aid them in managing deficiencies and in being more effective where these are pronounced. The findings are particularly important for individual countries, as it promotes collaboration and greater opportunities to promote CSR and CSRD as well as learn from the experience of countries with successful practices and positively influence firms' behaviour. For instance, mandatory disclosure was found to have a significant and positive impact on CSRD. Particularly, based on the table 7 presented in Chapter Three, countries with mandatory disclosure requirement, such as Indonesia

(Law No.40/2007 and Regulation No.KEP-431/BL/2012) and Malaysia (Bursa Malaysia's listing requirement), tend to disclose more CSR information in annual reports that others. This finding, therefore, supports the role of government and statutory authorities in shaping firms' CSRD practices through the release of formal regulations. It could also encourage governments of countries with low CSRD, such as Vietnam, to adopt a similar approach based on the relative successes.

Moreover, the study also provides the empirical evidence for the effectiveness of the GRI reporting standard as a key normative mechanism. Firms that adopt GRI standard have higher level of CSRD. In the context of the six countries, only 64 out of 171 firms adopted the GRI standard for their CSR communication, in which 17 firms from Thailand, 13 from Singapore, 12 from Malaysia, 12 from Indonesia, 8 from Philippines and only 2 firms from Vietnam. The numbers of firms following GRI standard is relatively consistent with the ranking of CSRD at country level, which emphasised the role of the GRI standard in supporting firms to achieve better CSRD practice. Therefore, to improve the CSRD practice among firms, governments, CSR-related associations, NGOs and other relevant institutions, especially in countries with low levels of CSRD like the Philippines and Vietnam, firms should be encouraged to adopt the GRI standard for their CSR communication and develop their knowledge on GRI through diverse training.

In terms of CG, based on the empirical findings, it could be concluded that CG practices, such as board size, board gender diversity, block ownership and the presence of CSR committee, have significant impact on CSRD. Among these factors, board size and the presence of a CSR committee have a positive impact while board gender diversity and block ownership have a negative effect on CSRD. In response to these empirical findings, if policy makers and regulators are looking to develop and improve CSRD practice among firms, they may consider the following suggestions. The improvement of the national CG landscape through enacting alternations in regulations, listing requirements or code of CG, such as ensuring the sufficient size of boards, reducing the high level of block ownership and encouraging the presence of CSR committee at board level, might be necessary. For instance, based on the descriptive statistics presented in Chapter Five, table 14, the average percentage of block ownership was relatively high in these countries (64.435%). This percentage is particularly high in the case of Philippines (86.207%). The Philippines government and statutory bodies, therefore, could learn from the experiences of other countries (such as Indonesia and Thailand) in controlling the level of concentrated ownership by regulating the percentage of shares held by minority shareholders (Chapter Three, table 6). In the cases of board gender diversity, the unexpected impact of this mechanism on CSRD could be a result of low percentage of female presentation on board. Therefore, the issue of gender equality on boards should be treated with care and attention in the context of these countries. The impact of board gender diversity on CSRD will only be effective if gender equality is more balance on boards; and female directors, rather than just being a legitimacy effect on stakeholders (Mahadeo *et al.*, 2012), are empowered to actively engage in corporate's decision-making process. Additionally, the study could not identify any significant impact of CEO duality and board independence on CSRD. As discussed above, the limited impact of these two mechanisms could be explained by the high family control practice where important positions were held by family members or major stakeholders and the lack of truly independent directors on boards. To tackle these CG issues, policy makers and regulators could consider imposing stricter requirements on the number of independent directors. The countries with the low percentage of independent directors on boards, such as Indonesia, Philippines and Vietnam, could learn from the experience of Singapore and Thailand in which the regulations require at least half of the board to be independent if (a) the CEO and Chairman positions are held by the same person; (b) CEO and Chairman are immediate family; and (c) Chairman is part of the management team or not independent. The empirical findings of this study, therefore, provide various practical implications for policy makers and regulators in the six Southeast Asian countries.

Furthermore, the study also has practical implications for investors and companies. Particularly, for investors, as knowledge of CSRD differences across countries could be beneficial in adjusting expectations of the types and levels of CSRD of firms in the six Southeast Asian countries. The levels of CSRD in these countries is not high. On average, firms disclosed less than half of the maximum level of disclosure. The extent of CSRD also differs dramatically across the region. CSRD levels are expected to be higher in Thailand and Indonesia and be very low in the Philippines and Vietnam. Moreover, firms in these countries tend to disclose more information in human resources and community involvement themes. For companies, with the understanding of constraining institutional factors, managers could modify their CSRD practices to appear legitimate in new markets, as legitimacy is said to be dependent on the communication between the firm and its stakeholders (Elsbach, 1994; Garcia-Sanchez *et al.*, 2016). Specifically, when entering Southeast Asian markets, companies should pay attention to the disclosure regulations and the country's culture. Particularly, the majority of these countries have some extent of regulation regarding CSRD (Chapter Three, table 7). Therefore, it is important for firms to aware of these regulations as well as the level of legal enforcement in the countries to avoid non-compliance consequences. Furthermore, countries with high uncertainty avoidance and, or, low masculinity cultural dimension, such as Thailand and Indonesia, would expect firms disclose more CSR information. Additionally, if a firm is hoping to improve its CSRD practices, adoption of the GRI standard could be an important starting point, as this standard has proven to be effective in supporting firms in strengthening their CSRD practices.

7.4 Limitations

Despite the contributions, this study, however, presents some limitations:

- Firstly, the subjects of this study are large companies. The choice of only large firms, as explained in the methodology, is to ensure the completeness and comparability of the data set across the six examined countries. As the countries have different statuses of economic development and institutional environments, the concepts of CSR and CSRD could be a long tradition in some countries but not others. The selection of only large companies, therefore, helps to ensure the completeness of data even in countries such as Philippines and Vietnam where CSR is not yet substantial (see Binh, 2016; Chapple and Moon, 2005; Nguyen *et al.*, 2015). As a result, the findings provide limited interpretation and cannot be applied to small and medium sized businesses. Moreover, the results also cannot be interpreted in other context beyond that of the six examined countries due to the differences in institutional environments and CG practices.
- The total sample size of 171 companies in this study could be considered small for a quantitative study, however, this sample size is appropriate considering all sections of each annual report were examined manually to avoid the loss of information and ensure the correctness of information. With limited time and resources, a larger data set could be overwhelming. The findings, therefore, cannot be generalised above this sample size.
- Only annual reports were used as the primary source to collect data and examine CSRD of firms. Despite the criticism that the use of annual reports alone does not capture the

completeness of firms' CSRD, as firms could publish their CSR information through different channels and documents (see Roberts, 1992; Gray *et al.*, 1995b), the use of annual reports to examine CSRD is considered appropriate for this study due to the cross-national context which makes it difficult to apply the same set of data for all countries. Moreover, according to previous studies (see Naser *et al.*, 2006; Haider, 2010) annual reports is the main channel for disclosing CSR information, especially in the context of developing countries, which make up a substantial proportion of the sample. Despite the appropriateness of using annual reports as the main channel to examine CSRD in this study, a small number of firms in the study does publish stand-alone reports; and therefore this study has not considered the possible influence of firm's decision to have a stand-along CSR report on CSRD in annual reports. This limitation opens an opportunity for future studies to examine this potential influence.

- CSRD in this study was measured using quantitative aspect of disclosure, specifically the non-weighted disclosure index. Although the use of quantitative approach to measure CSRD has been widely used in the literature, it is important to acknowledge that the quantitative measurement of disclosure in annual reports does not present a complete picture of CSRD practice. The quantitative assessment of disclosures is unable to provide a deep insight of how CSR information is reported (Tregidga *et al.*, 2007, and hence limit the ability to infer from such approach (Soobaroyen and Mahadeo, 2016). Therefore, the use of qualitative methodologies, such as discourse analysis, interviews or case studies, can provide further empirical and theoretical insights of the practices as well as motivations for firms to engage in CSRD.
- The study is one of the first that attempted to identify relevant institutional factors that potentially influence CSRD based on institutional theory literature and Scott's institutions framework (1995). Six institutional factors were identified following the arguments in the literature view in Chapter 3, section 3.3.2, however, it is possible that there are more institutional factors that could influence CSRD that were not considered.
- In order to measure the effect of culture on CSRD, the study used Hofstede's cultural dimenisons. However, not all of the dimensions were considered in the study. Due to the certain similarities among the countries' culture, the study only addressed two cultural dimensions, uncertainty avoidance and masculinity, with the main argument that these two

dimensions are connected to the value of secrecy (Gray, 1988) which could potentially influence firms' decision to disclose CSR information. As a result, other important dimensions, such as power distance, individualism, long-term orientation and indulgence, have not been addressed. Since these cultural dimensions might also influence firms' CSRD practice, future studies are advised to include these dimensions for further investigation on the relationship between culture and CSRD.

- In terms of data analysis, in response to the main research aims, the study simply identified the effect of diverse CG and institutional factors on CSRD. However, the impact of these factors on CSRD might not be straightforward. As a result, one of the limitations of this study is that the study did not consider interaction variables. Future studies, hence, are encouraged to develop the findings of this study further and consider the use of interaction variables. For instance, as explained in the section 7.2, the impact of certain CG mechanisms on CSRD could be mediated by other contextual factors, such as the high levels of block ownership and family control. These factors could be applied as interaction variables to further examine the effectiveness of CG in shaping CSRD practice in different national contexts.

7.5 Recommendations for Future Research

- The literature review in this thesis showed that despite the growing number of studies conducted in Southeast Asia, the majority of these studies have focused solely on Malaysia, leaving other countries in the region with limited attention. To hold businesses accountable for social problems through the transparency mechanism of CSRD, it is important to understand the current situation of CSRD in each of the countries, especially countries with low level of CSRD and factors that could help to develop this practice. As a result, future research is encouraged to conduct more in-depth study of countries such as Philippines and Vietnam. A larger sample size within an individual country is also important to examine the patterns of CSRD in detail.
- Moreover, as mentioned previously in the section 7.4, the use of qualitative research, such as interviews, discourse analysis and in-depth case studies, might provide better theoretical and empirical insights of the CSRD practice as well as motivations for firms to engage in

such practice. Future studies, therefore, are encouraged to consider qualitative dimensions of CSRD as well as the usefulness of qualitative research to explore further the practice of CSRD in these Southeast Asian countries. For instance, interested researchers could use discourse analysis to ascertain the changes of disclosure over the times in the context of a specific country. Such approach can be helpful in "framing" how companies rely on CSRD practices (Soobaroyen and Mahadeo, 2016). Alternatively, future studies can also conduct interviews with top management in these countries' firms to unearth motivations behind firms' engagement in CSRD.

- Comparative studies in CSRD between this region and other parts of the world could provide some interesting findings regarding differences between CSRD practice and institutional contexts, in addition to whether factors influencing such practice also differ.
- Besides the use of large companies, future researchers can also consider small and medium enterprises (SMEs), as SMEs have been increasingly involved in CSR and CSRD practices. A larger sample size along with diverse types of companies across different sectors could also increase the generalisability of empirical findings.
- The study has attempted to use institutional theory to identify relevant institutional factors that could influence CSRD. The use of institutional theory in this field has only been a recent one (e.g. Amran and Devi, 2008; Othman *et al.*, 2011). With the growing literature stressing on the role of institutional environment on CSR practices (see Brammer *et al.*, 2012; Campbell, 2007; Cormier *et al.*, 2005; Matten and Moon, 2008), it is important to examine further the effect of diverse institutions on CSRD as empirical findings of such studies could be useful to develop supporting external mechanism for CSRD. Future studies could identify relevant institutional factors through interviewing firms and relevant stakeholders. These factors could then be quantified and examined their effect on CSRD.
- Empirical findings and additional tests in this study showed that the relationships between certain determinants and CSRD might not be straightforward and emphasised the needs to consider the interacting effect of other factors. For instance, the effect of some CG mechanisms on CSRD was found to be different from theoretical and empirical expectations. Such differences were argued to be influenced by a number of contextual elements, such as concentrated ownership and family controlled. Fellow researchers, therefore, are encouraged to incorporate interaction variables to enable a more meaningful

discussion on the effectiveness of CG in shaping firms' CSRD practice in Southeast Asian context. Furthermore, the results of the additional test in section 6.4.4 demonstrated that the relationship between culture and CSRD could be mediated by CG mechanisms. Hence, based on this finding, future research should examine further the role of culture in defining firms' CSRD practice while considering the interacting effect of other internal mechanisms, such as CG.

7.6 Chapter Summary

The concluding chapter provided a summary of the research findings based on the four research questions, followed by a discussion of theoretical and empirical contributions. The chapter continued with the practical implications for statutory bodies, regulators, users as well as companies based on the empirical findings of the study. A summary table of gaps, key findings and contributions was also presented. Finally, the last two sections addressed the study's limitations as well as presented suggestions for future research.

APPENDICES

APPENDIX 1: CSRD CHECKLIST
(adopted from Branco and Rodrigues, 2008)

ENVIRONMENTAL DISCLOSURE

- Environmental policies or expression of environmental concerns
- Environmental management systems and audit
- Pollution from business conduct
- Pollution created from the use of company's products
- Prevention or repair of environmental damage
- Conservation of natural resources and recycling
- Sustainability issues
- Environmental aesthetics
- Energy conservation in operations
- Energy efficiency of products
- Discussion of environmental laws and regulations

HUMAN RESOURCES DISCLOSURE

- Employee Health and Safety
- Employment of minorities or women
- Human resources profile
- Employment remuneration
- Employee share ownership schemes
- Employee assistance/ benefits
- Employee training
- Employee morale
- Industrial relations

PRODUCTS AND CONSUMER DISCLOSURE

- Product safety
- Product quality
- Disclosing of consumer safety practices
- Consumer complaints and satisfaction
- Provision for disabled, aged, and difficult-to-reach consumers

COMMUNITY INVOLVEMENT DISCLOSURE

- Charitable donations and activities
- Support for education
- Support for arts and culture
- Support for public health
- Sponsoring sporting or recreational projects

APPENDIX 2: DETAILED DESCRIPTION OF CSRD SUB-CATEGORIES

Category 1: Environmental disclosure

1. Environmental policies or expression of environmental concerns
    - Environmental policy
    - General environmental considerations and statements
2. Environment management, system and audit
    - Reference to environmental review and assessment
    - Environmental audit
3. Pollution from business conduct
    - Addressing pollution issues related to air, water, noice and/ or visual
    - Discharge process of wastes
    - Statements regarding the level of pollution from company's operations and compliance with pollution laws and regulations.
4. Pollution created from the use of company's products
    - Reducing pollution from product use
5. Prevention or repair of environmental damage
    - Pollution control in business conduct
    - Research and Development fund for reducing pollution
    - Statements or goals regarding how pollution from operations has been or will be reduced
    - Natural resources damage prevention or repair
    - Receiving an award regarding environmental policies or programmes
    - Attempts to identify, improve or prevent waste and pollution
    - Environmental education programs and studies
6. Natural resources conservation and recycling
    - Conservation of natural resources and wildlife
    - Using recycled materials
    - Using material resources efficiently
    - Supporting anti-litter campaigns
    - Actions demonstrating protection towards the environment
7. Sustainability issues
    - Mention of sustainability and sustainable development
8. Environmental aesthetics
    - Designing facilities in harmony with the environment
    - Contributions (cash or art) to beautifying the environment
    - Repairing or renovating historical buildings or structures
    - Landscaping
9. Energy conservation
    - Disclosing the company's energy policies
    - Actions related to energy conservation, efficiency and savings
    - Research on energy conservation
    - Receiving an award for energy conservation
    - Addressing concern relating to energy shortage
    - Exploration, development or use of new sources

10. Energy efficiency of products
    - Improving of product efficiency
    - Disclosing products' energy efficiency
    - Research on increasing products' energy efficiency
11. Discussion of environmental laws and regulations

Category 2: Human Resources Disclosure

1. Employee Health and Safety
    - Promoting health and safety
    - Initiating a health and safety policy, committee or department
    - Health care programs for employees
    - Complying with health and safety standards/ regulations
    - Receiving an award related to health and safety
    - Eliminating or reducing toxic substances and pollutants in the work environment
    - Disclosing accident statistics
    - Conducting research to improve work safety
2. Employment of women or minorities
    - Recruitment policy (equal opportunities policy) for women and/ or racial minorities
    - Employment of other special interest groups (e.g. the disabled, drug addicts or ex-convicts)
    - Disclosing the number (percentage) of female and/ or minority employees
    - Goals to improve the presentation of women and/ or minorities in the workforce
    - Programme for the advancement of women and/ or minorities
3. Employee profiles
    - Providing employee statistics in relation to age, race, gender and/ or qualifications
    - Providing the number of employees in the company or at subsidiary level
    - Providing information about positions and/ or managerial levels of employees
4. Employee remuneration
    - The company's remuneration policies
    - Providing information regarding employee remuneration
5. Employee share ownership schemes (excluded for the case of executives and/ or directors only)
    - Disclosing information on employee share ownership scheme
    - Disclosing information on other profit sharing scheme
    - Employee participation in share ownership and/ or profit sharing schemes
6. Employee assistance/ benefits
    - Activities/ facilities to promote work-life balance at work
    - Providing guidance and/ or assistance for retiring or redundant staffs
    - Providing accommodation for staffs
7. Employee training
    - Training programs for staffs
    - Assisting employees financially for educational purposes
    - Establishing training centers

8. Employee morale
    - Addressing information regarding the relationship and/ or communication between company (management) and employees in an effort to increase motivation and job satisfaction.
    - Disclosing information about company's future and job's stability for employees
    - Providing information on employee report (if available)
    - Receiving award on effective communication with employees
9. Industrial relations
    - Disclosing information about the company's relationship with trade unions
    - Providing information about any industrial action and its consequences in term of productivity and time
    - Disclosing information on how industrial action was managed

Category 3: Products and Consumers Disclosure

1. Product safety
    - Providing information on product safety
    - Disclosing that products meet applicable safety standards
    - Improvement in product satefy
    - Conducting research on product safety
    - Providing information on more sanitary procedures in the products' processing and preparation
2. Product quality
    - Receiving award/ prize related to product's quality
    - Verifying product's quality (e.g. ISO 9000)
3. Consumer safety practices
    - Practices relating to consumers' rights and safety protection
4. Consumer complaints/ satisfaction
    - Consumer satisfaction and complaints
    - Disclosing information on how consumers are responded
5. Provision for disabled, aged and difficult-to-reach consumers

Category 4: Community involvement disclosure

1. Charitable donations and activities
    - Donations to support community activities (through cash, facilities, products or employee services)
    - Donations to community groups and charitable bodies
    - Supporting government sponsored campaigns
    - Supporting the development of local industries
    - Disclosing information about political donations
2. Support for education
    - Sponsoring educational events
    - Providing fund for scholarship
3. Support for the arts and culture

- Sponsoring art exhibits, national and cultural events

4. Support for public health
    - Sponsoring or conducting public health programs
    - Supporting medical research
5. Sponsoring sporting or recreational projects

APPENDIX 3: LIST OF CSR-RELATED ASSOCIATIONS

Country	Association's name	Description	Main activities
Indonesia	Global Compact Network Indonesia	Indonesia Global Compact Network (IGCN) was established in 2006 in Jakarta with the chief aim to promote United Nations Global Compact Principles in Indonesia. The network started with a mutual commitment of twenty-two companies and organisations. URL: http://indonesiagcn.org/	The organisation provides platforms for sharing and learning, organising public events and webinars, facilitating dialogues as well as performing training programmes related to CSR. These are based on the United Nation Principles and sustainable development goals. Some examples of these events are multi-stakeholder dialogue series, business sustainability forum, and CEO briefing and dialogue.
Malaysia	Business Council for Sustainability and Responsibility Malaysia	The Business Council for Sustainability and Responsibility Malaysia (BCSRM) is a national organisation established in 1992 by business leaders from a diverse set of industries to promote responsible and sustainable practices. The BCSRM is also a regional partner of the World Business Council for Sustainable Development (WBCSD). The organisation's key mission is to act as the government's advocate council for sustainability in Malaysia. URL: http://www.bcsrmalaysia.org	The organisation's activities support the sustainability agenda of the WBCSD and increasing the awareness of its members. Some examples of its activities include the East Malaysia Dialogue, CEO mentoring program, the establishment of Technical Standards Working Group, and the launch of BCSRM Youth Council.

Philippines	The Philippine Business for Social Progress	The Philippine Business for Social Progress (PBSP) was established in 1970 as one of the first associations of its kind in Southeast Asia. PBSP is the largest business-led social development NGO in Philippines and advocates sustainable development and poverty reduction. The organisation partners with a range of companies that want to add strategic value to their CSR programs. PBSP has more than 267 large, small and medium enterprises as members that participate in social development programs focusing on health, education, the environment and Livelihood and enterprise development (HEEL). The organisation has been the main advocator for stronger corporate citizenship. URL: http://www.pbsp.org.ph	The organisation's activities focus largely on engaging in different projects, promoting collective actions, as well as offering strategic and operational services to other corporations. Some examples of these activities are TB reach, pharmaceutical transparency through technology, classroom construction, workforce development, watershed management, and inclusive business.
Singapore	Singapore Compact for CSR	The Singapore Compact for CSR was established in 2005 as part of the United Nations Global Compact (UNGC) network. The network encourages and supports companies in aligning their operations and strategies with UNGC's principles. The main role of the network is to work with diverse stakeholders and promote responsible business practices. URL: http://www.csrsingapore.org	The organisation regularly organises seminars, networking events and education programmes related to CSR and the development of its members. The organisation also offers diverse training programs for CSR and sustainability sectors. Some examples of these activities include the Global Compact Network Singapore Summit, sustainability reporting course, green productivity and green factory.

Thailand	Thailand Business Council for Sustainable Development	The Thailand Business Council for Sustainable Development (TBCSD) was founded in 1993 by a former Prime Minister of Thailand with the main objective of promoting environmental awareness in the business sector under the concept of sustainable development. URL: http://www.tei.or.th/tbcsd/	The TBCSD concentrates on three main programs: public awareness of environmental and cultural issues, policy development and business competitiveness in addition to generating models of good practice. Some representative projects of the TBCSD are 'Young Creative Environment Artist', green meetings, carbon reduction certification for buildings, and carbon reduction label.
Vietnam	Global Compact Network Vietnam	The Global Compact Network Vietnam (GCNV) was established in 2007 with the partnership between Vietnam Chamber of Commerce and Industry (VCCI) and the United Nations in Vietnam (UN). The network goal is to become the national CSR centre of excellence, promoting sustainable businesses. URL: http://www.globalcompactvietnam.org/	The main activities of the organisation include providing guidance and advice regarding CSR issues, supporting the development of CSR programs and reporting frameworks, organising diverse trainings and networking events, as well as promoting CSR in Vietnam through partnershiping with other companies and agencies. Some examples of representative events are student contest on CSR, CSR Calendar Forum, Responsible Business Forum on Food and Agriculture, and workshop on Responsible and Sustainable Business.

APPENDIX 4: LIST OF COMPANIES IN THE SAMPLE

Number	Company's name	Code	Industry
	INDONESIA		
1	Astra Agro Lestari Tbk	AALI	Consumer goods
2	Adhi Karya (Persero) Tbk.	ADHI	Industrials
3	Adaro Energy Tbk.	ADRO	Basic materials
4	Astra International Tbk.	ASII	Conglomerate
5	Alam Sutera Realty Tbk	ASRI	Industrials
6	Bank Central Asia Tbk.	BBCA	Financials
7	Bank Negara Indonesia (Persero) Tbk.	BBNI	Financials
8	Bank Rakyat Indonesia (Persero) Tbk.	BBRI	Financials
9	Bank Mandiri (Persero) Tbk.	BMRI	Financials
10	Global Mediacom Tbk.	BMTR	Consumer services
11	Bumi Serpong Damai Tbk.	BSDE	Industrials
12	Charoen Pokphand Indonesia Tbk.	CPIN	Consumer goods
13	Gudang Garam Tbk.	GGRM	Consumer goods
14	Indofood CBP Sukses Makmur Tbk.	ICBP	Consumer goods
15	Vale Indonesia Tbk.	INCO	Basic materials
16	Indofood Sukses Makmur Tbk.	INDF	Consumer goods
17	Indocement Tunggal Prakarsa Tbk.	INTP	Industrials
18	Jasa Marga (Persero) Tbk.	JSMR	Industrials

19	Kalbe Farma Tbk.	KLBF	Healthcare
20	Lippo Karawaci Tbk.	LPKR	Conglomerate
21	Matahari Department Store Tbk.	LPPF	Consumer services
22	PP London Sumatra Indonesia Tbk.	LSIP	Basic materials
23	Media Nusantara Citra Tbk.	MNCN	Consumer services
24	Perusahaan Gas Negara (Persero) Tbk.	PGAS	Oil & Gas
25	Semen Indonesia (Persero) Tbk.	SMGR	Industrials
26	Telekomunikasi Indonesia (Persero) Tbk.	TLKM	Telecommunications
27	United Tractors Tbk.	UNTR	Industrials
28	Unilever Indonesia Tbk.	UNVR	Consumer goods
29	Wijaya Karya (Persero) Tbk.	WIKA	Industrials
30	Waskita Karya (Pesero) Tbk.	WSKT	Industrials
	MALAYSIA		
31	Public Bank BHD	1295	Financials
32	Malayan Banking	1155	Financials
33	CIMB Group Holdings	1023	Financials
34	Tenaga Nasional	5347	Utilities
35	Axiata Group Bhd	6888	Telecommunications
36	Sime Darby Bhd	4197	Industrials
37	Genting	3182	Consumer services
38	Digi.com	6947	Telecommunications
39	Petronas Chemicals Group Bhd	5783	Basic materials

40	IOI Group	1961	Conglomerate
41	Petronas Gas	6033	Oil & Gas
42	Maxis Bhd	6012	Telecommunications
43	Sapura Kencana Petroleum	5218	Oil & Gas
44	Kuala Lumpur Kepong	2445	Consumer goods
45	Telekom Malaysia	4863	Telecommunications
46	Genting Malaysia Bhd	4715	Consumer services
47	AMMB Holdings	1015	Financials
48	IHH Healthcare	5225	Healthcare
49	British American Tobacco Malaysia	4162	Consumer goods
50	MISC Bhd	3816	Industrials
51	PPB Group	4065	Consumer goods
52	YTL Corporation	4677	Utilities
53	Hong Leong Bank	5819	Financials
54	Felda Global Ventures Holdings	5222	Consumer goods
55	Petronas Dagangan Bhd	5681	Oil & Gas
56	UMW Holdings	4588	Conglomerate
57	RHB Capital	1066	Financials
58	Astro Malaysia Holdings	6399	Consumer services
59	KLCC Property Holdings Berhad	5235	Industrials
	PHILIPPINES		
60	Aboitiz Equity Ventures, Inc	AEV	Conglomerate

61	Alliance Global Group, Inc	AGI	Conglomerate
62	Ayala Corporation	AC	Industrials
63	Ayala Land, Inc	ALI	Industrials
64	Bank of the Philippine Islands	BPI	Financials
65	BDO Unibank, Inc	BDO	Financials
66	DMCI Holdings, Inc	DMC	Conglomerate
67	Emperador Inc	EMP	Consumer goods
68	Energy Development Corporation	EDC	Utilities
69	First Gen Corporation	FGEN	Utilities
70	Globe Telecom, Inc	GLO	Telecommunications
71	GT Capital Holdings, Inc	GTCAP	Conglomerate
72	International Container Terminal Services	ICT	Industrials
73	JG Summit Holdings, Inc	JGS	Conglomerate
74	Jollibee Foods Corporation	JFC	Consumer goods
75	LT Group, Inc	LTG	Conglomerate
76	Manila Electric Company	MER	Utilities
77	Megaworld Corporation	MEG	Industrials
78	Metro Pacific Investments Corporation	MPI	Conglomerate
79	Metropolitan Bank & Trust Company	MBT	Financials
80	Petron Corporation	PCOR	Utilities
81	Robinsons Land Corporation	RLC	Industrials
82	San Miguel Corporation	SMC	Conglomerate

83	SM Investments Corporation	SM	Conglomerate
84	SM Prime Holdings, Inc	SMPH	Industrials
85	Semirara Mining and Power Corporation	SCC	Basic materials
86	Universal Robina Corporation	URC	Consumer goods
	SINGAPORE		
87	Ascendas Real Estate Investment Trust	A17U	Industrials
88	Capitaland	C31	Industrials
89	CapitaMall Trust	C38U	Industrials
90	City Developments	C09	Industrials
91	ComfortDelGro	C52	Industrials
92	DBS Group Holdings	D05	Financials
93	Genting Singapore	G13	Consumer services
94	Global Logistic Properties	MC0	Industrials
95	Golden Agri-Resources	M5H	Consumer goods
96	Hutchison Port Holdings Trust	NS8U	Industrials
97	Jardine Cycle & Carriage	C07	Industrials
98	Keppel	BN4	Conglomerate
99	Noble Group	N21	Industrials
100	Olam International	O32	Consumer services
101	Oversea-Chinese Banking	O39	Financials
102	SembCorp Industries	U96	Conglomerate
103	Sembcorp Marine	S51	Industrials

104	SIA Engineering	S59	Industrials
105	Singapore Airlines	C6L	Consumer services
106	Singapore Exchange	S68	Financials
107	Singapore Press Holdings	T39	Consumer services
108	Singapore Technologies Engineering	S63	Technology
109	Singapore Telecommunications	Z74	Telecommunications
110	StarHub	CC3	Telecommunications
111	United Overseas Bank	U11	Financials
112	Wilmar International Limited	F34	Consumer goods
	THAILAND		
113	Shin Corporation	INTUCH	Industrials
114	Glow Energy	GLOW	Utilities
115	Electricity Generating PCL	EGCO	Utilities
116	Total Access Communication	DTAC	Telecommunications
117	Central Pattana	CPN	Industrials
118	Charoen Pokphand Foods PCL	CPF	Consumer goods
119	CP ALL	CPAll	Consumer services
120	Banpu PCL	BANPU	Basic materials
121	Advanced Info Services	ADVANC	Telecommunications
122	Big C Supercenter	BIGC	Consumer services
123	Bangkok Dusit Medical Services PCL	BGH	Healthcare
124	BEC World	BEC	Consumer services

125	Bangkok Bank	BBL	Financials
126	Bank of Ayudhya	BAY	Financials
127	Land & Houses	LH	Industrials
128	Krung Thai Bank	KTB	Financials
129	Indorama Ventures PCL	IVL	Basic materials
130	PTT Public Company Limited	PTT	Oil & Gas
131	PTT Exploration and Production	PTTEP	Oil & Gas
132	PTT Global Chemical	PTTGC	Basic materials
133	Ratchaburi Electricity Generating Holding	RATCH	Utilities
134	Siam Commercial Bank PCL	SCB	Financials
135	Siam Cement	SCG	Industrials
136	Siam City Cement Public Company Limited	SCCC	Industrials
137	TMB Bank Public Company Limited	TMB	Financials
138	Thai Oil	TOP	Oil & Gas
139	True Corp	TRUE	Telecommunications
140	Airports of Thailand	AOT	Consumer services
141	Siam Makro	MAKRO	Consumer services
142	Kasikornbank	KBANK	Financials
	VIETNAM		
143	Bao Viet Holdings	BVH	Financials
144	Hochiminh City Infrastructure Investment	CII	Industrials
145	The Southern Rubber Industry	CSM	Industrials

146	Viet Nam Joint Stock Commercial Bank for Industry and Trade	CTG	Financials
147	PetroVietnam Fertilizer and Chemicals Corporation	DPM	Basic materials
148	Danang Rubber Joint Stock Company	DRC	Industrials
149	Vietnam Export Import Commercial Joint Stock Bank	EIB	Financials
150	FLC Group Joint Stock Company	FLC	Conglomerate
151	FPT Corporation	FPT	Conglomerate
152	Gemadept Corporation	GMD	Industrials
153	Hoang Anh Gia Lai Joint Stock Company	HAG	Industrials
154	Ho Chi Minh City Securities Corporation	HCM	Financials
155	Hoa Phat group Joint Stock Company	HPG	Conglomerate
156	Hoa Sen Group	HSG	Conglomerate
157	Becamex Infrastructure Development Joint Stock Company	IJC	Industrials
158	Tan Tao Investment and Industry Corporation	ITA	Industrials
159	Kinh Do Corporation	KDC	Consumer goods
160	Military Commercial Joint Stock Bank	MBB	Financials
161	Ma San Group Corporation	MSN	Conglomerate
162	Ocean Group Joint Stock Company	OGC	Conglomerate
163	PetroVietnam Drilling & Well Service Corporation	PVD	Basic materials
164	PetroVietnam Transportation Corporation	PVT	Industrials

165	Refrigeration Electrical Engineering Corporation	REE	Industrials
166	Sai Gon Securities Incorporation	SSI	Financials
167	Sai Gon Thuong Tin Commercial Joint Stock Bank	STB	Financials
168	Joint Stock Commercial Bank for Foreign Trade of Viet Nam	VCB	Financials
169	VINGROUP Joint Stock Company	VIC	Industrials
170	Viet Nam Dairy Products Joint Stock Company	VNM	Consumer goods
171	Vinh Son - Song Hinh Hydropower Joint Stock Company	VSH	Utilities

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