



International Journal of Economic Policy in Emerging Economies

ISSN online: 1752-0460 - ISSN print: 1752-0452

<https://www.inderscience.com/ijepee>

Integrated perspective of corporate social responsibility on ASEAN Capital Market Forum members corporate governance code

Dhina Mustika Sari, Lilik Purwanti

DOI: [10.1504/IJEPEE.2022.10044594](https://doi.org/10.1504/IJEPEE.2022.10044594)

Article History:

Received:	27 September 2021
Accepted:	30 October 2021
Published online:	13 November 2023

Integrated perspective of corporate social responsibility on ASEAN Capital Market Forum members corporate governance code

Dhina Mustika Sari*

Accounting Department,
Faculty of Economics and Business,
Mulawarman University, Indonesia
Email: dhina.mustika.sari@feb.unmul.ac.id

*Corresponding author

Lilik Purwanti

Accounting Department,
Faculty of Economics and Business,
Brawijaya University, Indonesia
Email: lilik@ub.ac.id

Abstract: The integration of CSR with CG is generally seen in the regulation of the CSR implementation mechanism in CGC. However, not all codes regulate this and differ in the level of regulation and discussion. The purpose of this study is to review the integration of CSR on CGC by revealing its convergence in six codes of ASEAN Capital Market Forum members, i.e., Indonesia, Malaysia, Singapore, the Philippines, Thailand and Vietnam. The analysis was conducted using content analysis and described in a modified cube-shaped indicator of CSR in CGC. Various results were found, which the Philippines have the best integration level of CSR to CGC because it guides CSR in its principle/chapter of code. Moreover, it has high specificity in recommendations and guidelines related to CSR, explicitly stating that CSR implementation is mandatory. A regular review of CGC is required to update the issue and necessity frequently, including CSR integration.

Keywords: corporate social responsibility; CSR; corporate governance; modified cube-shaped of CSR.

Reference to this paper should be made as follows: Sari, D.M. and Purwanti, L. (2023) 'Integrated perspective of corporate social responsibility on ASEAN Capital Market Forum members corporate governance code', *Int. J. Economic Policy in Emerging Economies*, Vol. 18, No. 1, pp.23–39.

Biographical notes: Dhina Mustika Sari is an Assistant Professor from the Faculty of Economics and Business, Mulawarman University. Her research interests are sustainability, behavioural and financial accounting.

Lilik Purwanti is an Associate Professor from the Faculty of Economics and Business, Brawijaya University. Her research interests are financial and public sector accounting.

This paper is revised version of paper entitled 'Integrated perspective of corporate social responsibility on ASEAN capital market forum members corporate governance code' which was presented at The 4th JBFEM Symposium: Ekuitas Award, Bangkok, 29–30 July 2021.

1 Introduction

The entity's priority in achieving a certain profit level will affect the policies and operational steps taken by a business entity. The development of today's business sector is increasingly dynamic, where various changes and fluctuate circumstances are widespread in the business world. In facing various challenges and dynamic changes, a business entity must have a well-designed and implemented corporate governance (CG) to produce good governance. Each country has regulated every practise for stakeholders and shareholder's protection. Corporate governance code (CGC) is an implementation of CG mechanism. Every country has its CGC with its characteristics and legal compliance.

In its operation, business entities often ignore the deconstructive impacts in the surrounding environment. The environment and community around their operational area tend to experience negative impacts due to the selection of policies that do not holistically consider external circumstances. The insistence of environmental and community around the company's operational areas change to become the urgency of thought about a more pro-responsible pattern of life outside the business entity. Corporate social responsibility (CSR) is a sustainability accounting product that is a form of accountability in a written report and the entity's empathy for the conditions and sustainability of the surrounding stakeholders. The CSR program's sustainability value shall be disclosed as intangible/soft assets that could minimise the emerging risk from the company's operating activities (Owers and Sergi, 2019). Each entity is responsible for community development, at least in its business area, including the environment and the broader community through structured and sustainable ethical actions in a CSR program. The macro-economic conditions shall affect CSR activities identified by the economic growth. In a developed country, the quality of sustainability value, including CSR activities, tend to be stronger than in a developing country (Nakawiroj, 2016; Sergi et al., 2019). Intensive innovational development usually considers the sustainability aspect for long-term purposes.

The CG mechanism has encouraged business entities to have more concerned about fairness, transparency, accountability, and ethical value in every activity. Moreover, they are also directed to generate profit in well internal governance. Therefore, businesses must also keep their activities suitable for the external community. The mechanism is in line with CSR a value which encourages mutual interaction among companies and the surrounding community. CG is a mechanism including CSR dimension, then affected the improvement of CSR performance (Esa and Ghazali, 2012; Javaid Lone et al., 2016; Jizi et al., 2014; Jo and Harjoto, 2012; Khan et al., 2013; Lau et al., 2016; Sharif and Rashid, 2014; Stuebs and Sun, 2015). CG and CSR mechanisms are interrelated with each other. GC is a dimension of CSR, and in general, CSR is also regulated in GCG, but this is still not the same in every applicable Code. Between CG and CSR, there is an interdependence that needs to be considered to implement it together and systematically (Jamali et al., 2008). CG is a systematic mechanism that is implemented based on balanced and good corporate management objectives. Integration of CG and CSR is an

implementation of flexible combined strategy, besides as role of monitoring mechanism which determines the policy to fulfil company's responsibilities to shareholders and stakeholders, where at the specific time should relate institutional drivers and behavioural norms (Young and Thyil, 2014). The integration of CSR in CGC in 27 European countries is still very minimal, where there are only two countries that include CSR in CGC (Baraibar-Diez et al., 2018). This shows that from developed countries in Europe only 7.4% of them integrate CSR in CGC. Within the ASEAN region, there is an assessment of CG through the ASEAN CGC scorecard with elements of the assessment consisting of rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency, and responsibilities of the board. According to the ASEAN CG Scorecard Country Report and Assessment in 2019, 35% listed companies from Malaysia, 25% listed companies from Singapore, and 20% respectively listed companies from the Philippines and Thailand were in the top 20 in the assessment results (Asian Development Bank, 2019). However, this has not been able to show how CSR is integrated in CGC.

This study observes how CSR is integrated into CGC in several countries. It is the uniqueness of this research, where generally research on CG does not specifically integrate with policies regarding CSR, and vice versa, even though these two things are related to each other. However, not all codes regulate this and differ in the level of regulation and discussion. This study aimed to review CG through the CSR approach by revealing the CG convergence of companies from member countries of the ASEAN Capital Market Forum (ACMF) regarding CSR issues. This analysis would present in a cube-shaped CSR in CGC initiated by Baraibar-Diez et al. (2018) in his research on European countries. Baraibar-Diez et al. (2018) had reviewed the convergence of CSR in CGC in three aspects, as follows:

- 1 The presence of specific guidelines or recommendations for CSR in the CGC?
- 2 Level of CSR recommendation specification.
- 3 The explanation of responsible party for CSR implementation and assessment.

This research was conducted in ACMF member countries consisted of six countries, i.e., Indonesia, Malaysia, Singapore, the Philippines, Thailand and Vietnam. This study used a modification of the cube-shaped model of CSR in CGC, where modifications conducted on the aspects reviewed, namely the existence of CSR in CGC, the level of specification of CSR recommendations in CGC, and the emphasis level on CSR implementation in CGC.

The contribution of this research is theoretically providing a literature reference on how CSR is integrated in CGC in various countries, this illustrates how state policies on the issue are separate or integrated. The results of this study are also expected to maximise the integration of CSR into CGC to optimise CSR practises in corporations through the establishment of a unidirectional and interdependent strategy. Optimising CSR embedded with CG practises is expected to have a positive impact on the economy both regionally and nationally due to the creation of a positive economic climate. It is also able to initiate an increase in the quality of the economy because it is a part of the accountability dimension. The results of this study are also expected to be a reference in developing and updating policies on CG to improve the quality of CG through integration with CSR mechanisms for emerging economy, such as regularly updating the codes.

This article arranges into several sections, where in the next section, a theoretical review related to CSR and CGC are present to provide a literature basis for this research. The following section presents the research method, including sample and analytical techniques. The following section, provide result and discussion related to CG in ACMF member countries, especially in terms of guidelines and recommendations regarding CSR implementation in applicable CGC in each of these countries. In the last section, there will be a conclusions, implications and limitations of the research presented as a reference for the improvement of further research.

2 Literature review

2.1 Corporate governance

The ownership and management principle has become CG concept rationale (Berle and Means, 1932). Conflict of interest potentially emerges while ownership and control mechanisms have separated. Jensen and Meckling (1976) initiated agency theory which proposed the solution of principle-agent conflict through CG mechanism. The OECD (2021) defines CG as an internal way companies carry out operations and controls involving related parties, management, board of directors, shareholders and stakeholders. CG also explains the rights and responsibilities of the company (Setyastrini et al., 2021). Company management is direct to achieve organisational goals while still considering the interests of shareholders (narrow perspective) and stakeholders (broader perspective) (Chijoke-Mgbame et al., 2019). Return on investment becomes the primary emphasis instead of social and environmental consideration in the narrow perspective (Saravanamuthu, 2004). Proponents of a broader perspective are policymakers or advocates, while supporters of the other perspectives are proponents of agency theory that maximises shareholder wealth. However, a broader perspective involves the broader relationship between companies and stakeholders in an equally equal position (Jamali et al., 2008). Stakeholders also provide the company's value of survival, competitiveness, and success.

CG refers to the way a company is managed and established based on its purposes. This mechanism would ensure proper decisions related to stakeholder's interests are equally and play the role of its control mechanism. Governance at the corporate level includes processes that refer to the company's objectives, and emphasised social, regulatory, and environmental aspects. To state the goals, the company needs some procedural guidelines, including risk management, to improve its performance (Fitriana and Wardhani, 2020). CG is guidance for management to ensure that the company has run on the track and its objectives to persuade stakeholders that they are being considered. Long-term value creation must be a concern and equalise with short-term one with adaptable crisis values (Borghesi et al., 2019). The quality of decision making could be advance by implementing GCG, where its decision must be contained and consider the ethical value to run a sustainable business and long-term affective value.

2.2 Corporate social responsibility

CSR is defined as a form of social responsibility realised in social programs such as in aspects of human resources, education, health, economic development, environmental

conservation and care and other aspects. Carroll (1979) divides social responsibility into four elements, including economic, legal, ethical and discretionary responsibilities. Discretionary responsibilities, which this concept is often referred as citizenship responsibilities, were revised to become philanthropic responsibilities (Schwartz and Carroll, 2003). This social responsibility refers to the community's expectation that the company will provide benefits to them. This responsibility is related to the company's tendency to maintain its reputation in the eyes of society as part of a good citizen.

CSR describes the moral responsibility of a business organisation towards its stakeholder through the company's operations. CSR is an embodiment of business that is carried out based on moral values and respect for the entity's internal personnel, external communities and the environment based on the principles of transparency. The determination of CSR programs is affected by the managerial culture of each country and cross-cultural dimensions (Adekola and Sergi, 2014), such as in labour management relations that would be related to organisational culture. The implementation of the CSR program is the manifestation of the GCG concept.

Stewardship theory is the basic theory of CSR implementation in the era of the 1900s. In this concept, Friedman argues that social responsibility includes how companies run their organisations to achieve profit maximisation, according to the wishes of the owners of capital. Then, at the same time, the company also considers the basic norms and rules that apply in a community (Baron and Friedman, 2007). The scientific disciplines of business ethics, CG, and sustainable development have also influenced the development of the CSR concept. The concept of CSR has recently evolved towards corporate social performance, which underlies the implementation of CSR.

Matten and Moon (2008) has developed many different CSR perspectives, such as implicit and explicit CSR. Implicit CSR is more developed in Europe. Implicit CSR usually consists of values, norms, and rules that generate requirements for companies to address stakeholder concerns and define corporate actors' precise obligations collectively rather than individual terms. Otherwise, explicit CSR (US approach) refers to a company's policy of assuming and articulating responsibility for some social interest. This approach is typically comprised of voluntary programs and strategies developed by businesses that integrate social and business values and address issues deemed to fall under the umbrella of CSR.

2.3 CG and CSR: integrated concept

CG is a well-known set of standards or recommendations that contain the relationship between governance and CSR. CG is intended to lead the company by recommending a set of standards to increase transparency and accountability among top executives and directors. Many CG mechanisms act as substitutes for CSR (Oh et al., 2018) by considering the implicit and explicit CSR concepts and that CSR is explicitly spread globally. It could be argued that CGCs shall play an important role and can bring about a shift in this approach.

CG and CSR are interdependent, so they need to be integrated to get maximum results (Jamali et al., 2008; Money and Schepers, 2007). Emphasis on the quality of the CG mechanism is seen as better than the emphasis on specific disclosure obligations. This is done to increase CSR disclosure, as an emphasis on the quality of the CG is almost always followed by an emphasis on the quality of the CSR implementation (Chan

et al., 2014; Chijoke-Mgbame et al., 2019) and more attention to core stakeholders (Murphy and Smolarski, 2020). Institutional factors influence the integration of CG and CSR because the level of the organisation will significantly affect the quality of company management (El-Bassiouny and El-Bassiouny, 2019). The institutional factor here is seen in the differences of drivers of the CSR reporting level in its integration with CG that occur in developed countries compared to developing countries, where the level of disclosure is lower in developing countries.

3 Research methodology

This study used a descriptive study that described the convergence of CSR in the CGC that applied in six ACMF member countries, namely Indonesia, Malaysia, Singapore, the Philippines, Thailand, and Vietnam. The ACMF member countries have agreed to adopt criteria that provide greater detail of the OECD CG principles as a reference for the ASEAN CG Scorecard. The ASEAN CG Scorecard is based on publicly available documentation and aims to create a collection of ASEAN public companies with good governance to interest foreign investors (IFC and OJK, 2014). In last few decades, The ASEAN region has improved the commitment and realisation of human development through substantial investment (Adeel-Farooq et al., 2020). The source of codes is the European Corporate Governance Institute's website (<http://www.ecgi.org>), where the CGC analysed is the codes issued by the national stock exchange, which also involves the government, so the type of CGC analysed was at the same level. Table 1 provide the research sample.

Table 1 Research sample information

<i>No.</i>	<i>Country</i>	<i>Code name</i>	<i>Year</i>
1	Indonesia	Indonesia Corporate Governance Manual	2018
2	Malaysia	Malaysian Code on Corporate Governance	2017
3	Singapore	Singapore Code of Corporate Governance	2018
4	Philippines	Code of Corporate Governance for Publicly Listed Companies	2016
5	Thailand	Corporate Governance Policy and Code of Conduct	2020
6	Vietnam	Vietnam Corporate Governance Code of Best Practises	2019

Six codes were analysed in this study by using content analysis. The analysis consists of three aspects: the existence of CSR in CGC, the level of specification of CSR recommendation in CGC, and the level of emphasis on the implementation of CSR in CGC. The analysis was described with a cube-shaped model of CSR in CGC (Baraibar-Diez et al., 2018). This study modified the cube-shaped, and figured in Figure 1.

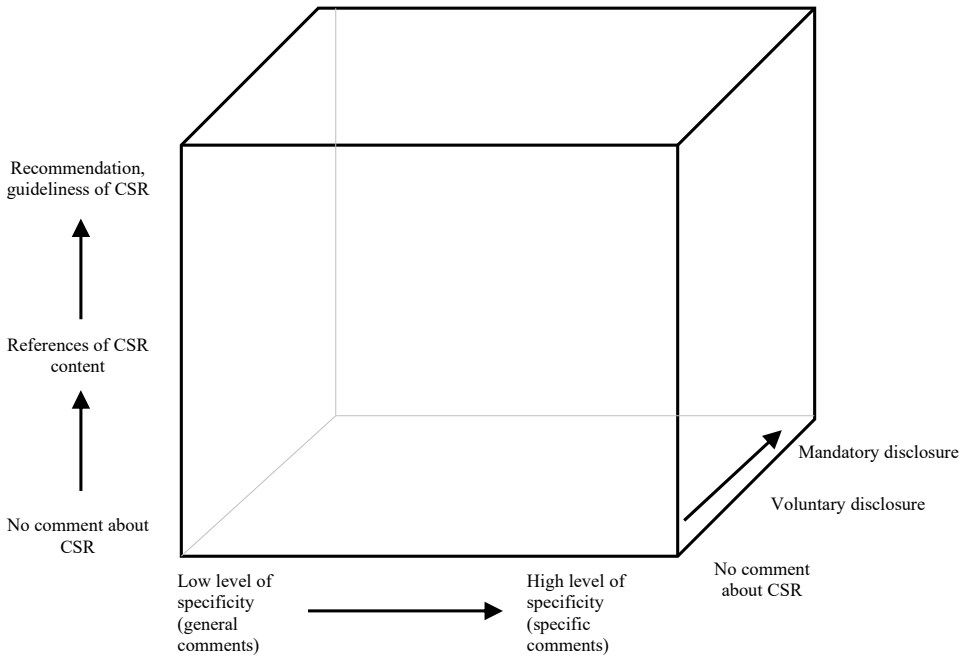
According to Figure 1, focus of the analysis was on the following questions:

- 1 Were there any specific guidelines or recommendations for CSR in the CGC? (No comment about CSR, references of CSR content, and guidelines, recommendations of CSR).
- 2 How was the level of specification of each recommendation related to CSR? (Low specification to high specification).

- 3 What was the level of obligation or emphasis to implement CSR presented in the CGC? (No comment about CSR, voluntary, and mandatory disclosure).

Searching mechanism for CSR content in GCG refers to the term CSR and to other terms that have an equal meaning, such as social responsibilities, environmental responsibilities, sustainability, sustainability, responsibility, society, responsible, social strategy, and other equivalent terms.

Figure 1 Modified cube-shaped of CSR in CGC



4 Result and discussion

4.1 The summary of integrated CSR in code

Based on content analysis, most CGC have some recommendations or guidelines related to CSR issue, but in various specification as shown in Table 2. The Indonesia Corporate Governance Manual implementation is applied to companies in Indonesia, both public companies (issuers/public companies) and private ones, which is complying and explaining. The company is expected to implement all aspects of Good Corporate Governance guidelines. Companies are compulsory to disclose unimplemented aspects as well as the reason. The guidelines compliance is voluntary applied and no legal compliance for non-compliance. According to Table 2, Indonesia CGC has presented recommendations for CSR implementation, but they were not presented in a specific chapter. The presentation specification is above the low level but did not reach the high one because it does not provide detailed or technical guidance in implementing CSR but has sufficiently explained several things relevant to this issue.

Table 2 The summary of content analysis result

Country	Issuer	Year	Number of chapters	Guidelines or recommendation related to CSR	Content of CSR issues	Recommended implementation of CSR	
Indonesia	Financial Services Authority (in Indonesia: OJK)	First issued in 2015, latest revised in 2018	15 chapters	No specific chapter discussing CSR, but this issue is often discussed in several chapter and becomes a reference in discussions in other chapters.	a	The objective of this code is to encourage corporate awareness of social responsibility, especially the environmental and social interests of local communities.	Voluntary – no editorial emphasised its implementation obligations
					b	Board of directors is responsible for meeting the needs of corporate social responsibility and developing a clear and focused plan for the corporate social responsibility strategy.	
					c	Recommends broader responsibilities to stakeholders and in the long-term to maintain sustainable conditions.	
					d	Requires the presentation of sustainability report (SR) and publishes the policies set by the company toward stakeholders widely as a best practise.	
Malaysia	The Malaysian Stock Exchange	Latest revision in 2017	Three principles	No specific section discussing CSR, but spread in several part.	a	This code explains how investors, creditors, and other stakeholders all are connected.	Voluntary – no editorial emphasis on the obligations
					b	The board of directors is responsible for ensuring that the company's strategic plans support long-term value creation and incorporate economic, environmental, and social strategies and social considerations that support sustainability.	
Singapore	The Corporate Governance Committee	First issued in 2001, latest revision in 2018	Two guidelines: code of corporate governance (13 principles) and practise guidance (13 guidances)	No discussion on CSR was found, not even a discussion on CSR was found in each section of the code.	c	Requires an integrated report that serves as the focal point for all other aspects of the information flow, such as the annual financial report, governance report, and sustainability report.	No comment about CSR because it could not be editorially traced regarding the type of direction for implementing CSR in CGC
					d	This code summarise how a company's strategy, performance, governance, and prospects contribute to value creation and foster greater transparency and accountability.	
					a	Board of directors' role is to provide entrepreneurial leadership and establish strategic objectives that emphasise value creation, innovation, and sustainability. Sustainability refers to company's going concern.	
					b	This code does not provide guidance or discussion about CSR reporting. The focus of the guidance is only on the annual report.	

Table 2 The summary of content analysis result (continued)

Country	Issuer	Year	Number of chapters	Guidelines or recommendation related to CSR	Content of CSR issues	Recommended implementation of CSR	
Philippines	The Securities and Exchange Commission	First issued in 2002, latest revision in 2016	16 principles	Discuss in specific chapter (principle numbers 10 and 16).	a	States that a company has a social responsibility to the communities in which it operates	Mandatory
					b	The company must ensure that the company shall act positively and progressively toward the environment and stakeholders in its interactions with the environment and stakeholders.	
					c	Requires businesses to recognise and value the interdependence of business and society, and cultivate mutually beneficial relationships that enable the business to grow while also contributing to the advancement of the communities in which it operates.	
					d	Businesses, governments and civil society are critical in addressing complex global challenges such as poverty, inequality, unemployment, and climate change.	
					e	Specific guidelines for disclosure via sustainability reports (principle number 10) – refers to Global Reporting Initiative's (GRI) Framework, the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework, and/or the Sustainability Accounting Standard Board (SASB).	
Thailand	Stock Exchange of Thailand	First issued in 2007, latest version in 2020	Two sections, where main section consist of three chapters	No section specifically discusses CSR issues – spread in several part.	a	The board of directors adheres to good corporate governance in all operations to ensure business operations have efficiency, transparency, fairness in management, and are responsible for society and the environment.	Voluntary – no editorial emphasis requires CSR implementation
					b	The code does not explicitly provide directions for presenting a sustainability report.	

Table 2 The summary of content analysis result (continued)

Country	Issuer	Year	Number of chapters	Guidelines or recommendation related to CSR	Content of CSR issues	Recommended implementation of CSR
Vietnam	International Finance Corporation and State Securities Commission of Vietnam	Latest version issued in 2019	Ten principles	No principle specifically discusses CSR. This issue is rarely discussed.	<p>a CG framework should recognise stakeholder rights as defined by law and encourage active collaboration between companies and stakeholders in the creation of wealth and jobs, as well as ensuring sustainability.</p> <p>b The board of directors is responsible for monitoring the effectiveness of corporate governance, environmental and social policies and practises, and compliance with applicable laws, including disclosure mechanism in related report.</p> <p>c This code does not explicitly state the obligation to submit a sustainability report.</p>	Voluntary – no editorial emphasis for CSR implementation

The Malaysian Stock Exchange publishes Malaysia Code on Corporate Governance. The regulations governing the stock exchange's listing of securities require compliance with these guidelines (SCM Malaysia, 2017). There are no sanctions imposed if the company do not adhere to all aspects of the guidelines. Annual report of listed companies on the Malaysian Stock Exchange shall disclose CG principles and their best practises. Additionally, the company must identify the principles and best practises that are not being followed and the reasons for non-compliance, including foreign practises. Table 2 shown that Malaysia CGC has presented recommendations for CSR implementation but is not explicitly present in a principle or section, it spread in several parts. The specification level was above the low level but has not yet reached the high specification level. It is because the presentation of guidelines on CSR implementation has not been specifically conveyed.

In Singapore, under the Singapore Exchange Listing Regulations, listed companies are required to disclose their CG practises and explain deviations from the code in their annual reports (Monetary Association of Singapore, 2018). Compliance and explanation are the methods for implementing the Good Corporate Governance guidelines. Additionally, listed companies must disclose their governance practises in their annual reports, emphasising the principles outlined in the guidelines, according to the provisions governing the Singapore Stock Exchange's listing of securities. Companies are encouraged to provide affirmative confirmation of their compliance with the governance principles and to disclose any non-compliance in their annual report. Based on analysis result in Table 2, Singapore CGC has not provided guidelines or discussions on CSR, although there were disclosures on sustainability which could be referred to as CSR. The level of specification of the CSR discussion is low because there is a minimal discussion on this or other relevant matters.

The Philippines has actively promoted CG reforms in increasing investor confidence, developing capital markets and helping to achieve high and sustainable growth for the corporate sector and the economy. Through Resolution No. 135, Series 4 April 2002, the Securities Commission approves the enactment and implementation of these Good Corporate Governance guidelines (Securities and Exchange Commission, 2016). Compliance with GCG guidelines is a legal requirement in the Philippines. The Securities and Exchange Commission is responsible for enforcing the Good Corporate Governance guidelines and sanctioning those who violate them. The Philippine Stock Exchange requires listed companies to report on their compliance with the manual governance quarterly, including any requirements that have not been met, along with a complete reason. According to Table 2, the Philippines CGC has presented recommendations and guidelines related to CSR implementation. The specification level of this guide is at the high level because it has provided guidance and discussion of CSR implementation in a specific principle.

In Thailand, the method of implementing GCG guidelines is complying or explaining. Companies that choose not to follow Good Corporate Governance principles must explain the reason in detail. Listed companies must disclose how they are implementing the principles of GCG via the most convenient communication medium for the company, shareholders, investors, other stakeholders, and related parties (Thailand Securities Depository, 2020). Table 2 shows that Thailand CGC has presented recommendations or discussions on CSR implementation, although it is not present separately. The level of

specification for CSR discussion was above the level of low specificity but still below the high level because it has not provided detailed guidance related to CSR or relevant issues.

The implementation of GCG in Vietnam is also still deficient due to the lack of knowledge to apply the principles of Good Corporate Governance. This code was created to provide a collection of best CG practises recommendations for Vietnamese public companies (International Finance Corporation and State Securities Commission of Vietnam, 2019). Aside from good practises adopted in-laws and regulations and then adopted by businesses, the code also supports standards beyond the minimum in-laws and regulations. As shown in Table 2, Vietnam CGC has discussed the implementation of CSR, although in a minimal context. The discussion on this matter is not specifically directed at CSR, only referred to relevant issues. The level of specification of the discussion is low specificity because it is still very minimal to discuss this matter.

4.2 Cube-shaped CSR in CG: the integration

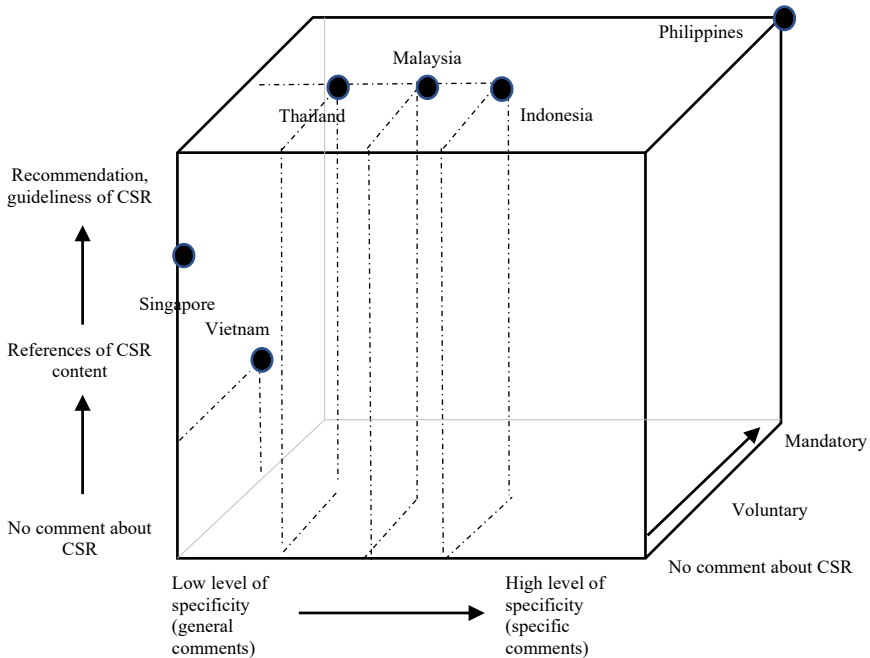
The implementation of CSR in the Southeast Asian region has experienced significant developments since 2012. The need to improve the quality of financial reports has prompted a more complete development. This is inseparable from the condition that the value relevance of accounting information is related to the quality of financial statements (Sulistiawan and Rudiawarni, 2019). Indonesia, Malaysia, the Philippines, Singapore, and Thailand are the countries that initiated the implementation of CSR among ASEAN countries. CSR practises then develop and are influenced by the economic and cultural character of each country (Nguyen et al., 2018). Based on the analysis of the convergence of CSR in CGC in the six ACMF member countries, it can be described in Figure 2.

Figure 2 showed that in developing countries, the level of CSR reporting and its integration was heterogeneous. The Philippines was a country with integrated CSR and CGC at the highest position in the three aspects of observation compared to five other countries. CSR practises in the Philippines are emphasised on the environment and conservation activities (Arena et al., 2018). It is affected by geographical conditions that are at high risk of natural disasters and climate change. In their CSR activities, companies in the Philippines involve more community participation. The Philippines placed guidelines on the implementation and reporting of CSR on two principles and provided specific discussions. Meanwhile, the type of CSR implementation was classified as mandatory because CGC has legal force. Companies that disclosed information related to broader social and environmental issues would focus on issues and the integration of CSR with CG (Kolk and Pinkse, 2010), where it is being evidenced by what happened in the Philippines CG.

Three other countries, i.e., Indonesia, Malaysia, and Thailand, were in the next rank with a significance level above low specificity but still below high specificity. The implementation of CSR is recommending even though it does not present in a particular section. The idea of sustainability awareness, including CSR implementation, is discussed in some chapters but does not provide specifics. Indonesia is placed in the closest positions of specificity among those three regions because CSR and all terms related to this are more presented than the other. Malaysia placed in the second rank of this similar result because CSR discussion is found more often than Thailand's. The existence of CSR discussion tends to become recommendations instead of guidelines. Meanwhile, the type of presentation was classified as voluntary, where the CGC does not disclose CSR as a mandatory procedure with legal impact. CSR practises in Indonesia are

mandatory for companies engaged in the processing and management of natural resources but are voluntary for other sectors. CSR itself is quite seriously managed in Indonesia, as is the case in Malaysia, where in both countries several organisations were specifically established to support this practise, as well as releasing several regulations regarding CSR implementation (Arena et al., 2018). In Indonesia and Malaysia, most CSR practises are due to corporate initiatives, where there is high interest in awards. This is inseparable from the impact of branding to attract investors. The focus of CSR practises in these three countries is found to be different, where in Indonesia the emphasis is on agriculture and local economic development, while Malaysia and Thailand emphasise community involvement (Arena et al., 2018). Meanwhile, regarding CSR disclosure, Thailand occupies the lowest position in making disclosures compared to Indonesia and Malaysia.

Figure 2 Positioning of countries modified cube-shaped of CSR in CGC (see online version for colours)



For Singapore and Vietnam, the level of CSR convergence on CGC was not maximal, but it has presented things that could be referred to or have a similar meaning with CSR. Chapter of ‘Managing stakeholders relationship’ is present in Singapore CGC but less specific in explanation. The convergence of CSR and all related term to CGC tend to be as recommendations. The Singapore CGC explains more about the governance structure and procedure including board of directors and shareholders. This finding does not describe CSR implementation in Singapore since CGC does not become its reference of regulation. As a developed country, the CSR implementation, including technical guidelines, refers to specific regulation that does not integrate to CGC. The practise of CSR in Singapore is basically very good because the company’s awareness to fulfil its non-financial responsibilities is quite high. CSR implementation places more emphasis

on environmental policy which is influenced by a limited geographic area and dense population (Arena et al., 2018). Among ASEAN countries, Singapore is the country with the most extensive and significant improvement in the quality of CSR with the support of several institutions formed by both government and non-government institutions (Corporate Citizenship, 2013). However, this is not necessarily related to the quality of CSR integration in CGC because the mechanism and discussion of CSR are specifically presented in different guidelines. Meanwhile, the practise of CSR in Vietnam CGC is also found in the same position as Singapore, but less discussion of CSR. This code distinguishes CG from CSR and business ethics but reinforces this concept. Therefore, the Vietnam CGC refers to CSR content but in less explanation. Meanwhile, the specification level of these codes was in low specificity, where the discussion about CSR is in general explanation. Since the guidelines about CSR are less integrated into CGC, the type of CSR recommendation was voluntary because these codes do not provide the legal impact. Vietnam is strongly influenced by Confucian values that apply to the lives of Vietnamese people (Nguyen et al., 2018). In terms of disclosure, the practise of CSR disclosure in Vietnam was found to be limited.

In this research, the Philippines, as a developing country, prove that the highest convergence of CSR in CGC is occurred, though CSR activities are found less intense than developed ones (Nakawiroj, 2016; Sergi et al., 2019). Quite the opposite, Singapore, as a developed country, is in less convergence of CSR in CGC. However El-Bassiouny and El-Bassiouny (2019) found that the integration of CSR and CG is higher than developing one. The integration of CSR in CGC does not describe the CSR activities that occurred in a country, but this integration describes how these concepts reinforce each other.

5 Conclusions

CG is a governance mechanism whereby companies are encouraged to continue to generate profits and consider ethics, fairness, transparency, and accountability in all their dealings. It shall maintain the highest standards of internal governance. Company decisions must also be aligned with the different interests of internal and external parties of the company (Ruangviset et al., 2014). Therefore, business entities must also keep their activities prosperous for the external community and the community. This is the starting point of CSR, namely, the mechanism by which companies approach their interactions with the external environment. CG is a mechanism that is included in the CSR dimension, so the convergence of CSR in CGC will improve the quality and potential of CSR implementation in companies. It is then better for regulators to focus on the quality of CG rather than other specific disclosures (Chan et al., 2014).

This study described the CRS convergence in the CGC of the six ACMF member countries, where the Philippines was the country with the highest level of convergence, and Singapore was at a low level. Most CSR implementations were explicit with good recommendations but at a less than optimal level of guidance. In this condition, it is necessary to converge CSR to CGC more optimally so the goal of increasing CSR implementation shall achieve. There needs to be a regular review of the applicable CGC because it is generally not updated frequently. Through more regular updates, the update and integrated CSR shall occur. For further study, the research shall observe other groups of the region to have comparison value, such as combining developed and developing

countries. In this term, the comparison results are found not on the elements of country characteristics but also the level of economics and non-economics growth.

Acknowledgements

This paper is funded by Indonesia Endowment Fund for Education (LPDP-RI) and has been presented at the 4th JBFEM Symposium: Ekuitas Award, Bangkok, Thailand, 29–30 July 2021.

References

- Adeel-Farooq, R.M., Bakar, N.A. and Raji, J.O. (2020) 'Financial sector development and economic growth: a co-integration analysis for ASEAN countries', *International Journal of Economic Policy in Emerging Economies*, Vol. 13, No. 3, pp.195–208 [online] <https://doi.org/10.1504/IJEPEE.2020.109047>.
- Adekola, A. and Sergi, B. (2014) *Global business management: A Cross-Cultural Perspective*, Routledge, New York.
- Arena, C., Liong, R. and Vourvachis, P. (2018) 'Carrot or stick: CSR disclosures by Southeast Asian companies', *Management and Policy Journal*, Vol. 9, No. 4, pp.422–454.
- Asian Development Bank (2019) *ASEAN Corporate Governance Scorecard: Country Reports and Assessments 2019*.
- Baraibar-Diez, E., Odriozola, M.D. and Sánchez, J.L.F. (2018) 'A perspective from corporate governance: how CSR is approached by European corporate governance codes', *Critical Studies on Corporate Responsibility, Governance and Sustainability*, Vol. 12, pp.39–55 [online] <https://doi.org/10.1108/S2043-905920180000012002>.
- Baron, D.P. and Friedman, M. (2007) 'Corporate social responsibility and social entrepreneurship', *Journal of Economic and Management Strategy*, Vol. 16, No. 3, pp.683–717.
- Berle, A.A. and Means, G. (1932) *The Modern Corporation and Private Property*, The MacMillan Company, New York.
- Borghesi, R., Chang, K. and Li, Y. (2019) 'Firm value in commonly uncertain times: the divergent effects of corporate governance and CSR', *Applied Economics*, Vol. 51, No. 43, pp.4726–4741 [online] <https://doi.org/10.1080/00036846.2019.1597255>.
- Carroll, A.B. (1979) 'A three-dimensional conceptual model of corporate performance', *Management Review*, Vol. 4, No. 4, pp.497–505.
- Chan, M.C.C., Watson, J. and Woodliff, D. (2014) 'Corporate governance quality and CSR disclosures', *Journal of Business Ethics*, Vol. 125, No. 1, pp.59–73 [online] <https://doi.org/10.1007/s10551-013-1887-8>.
- Chijoke-Mgbame, A.M., Mgbame, C.O., Akintoye, S. and Ohalehi, P. (2019) 'The role of corporate governance on CSR disclosure and firm performance in a voluntary environment', *Corporate Governance*, Vol. 20, No. 2, pp.294–306, Bingley [online] <https://doi.org/10.1108/CG-06-2019-0184>.
- Corporate Citizenship (2013) *Corporate Responsibility in Singapore – The New Competitive Advantage*, October.
- El-Bassiouny, D. and El-Bassiouny, N. (2019) 'Diversity, corporate governance and CSR reporting: a comparative analysis between top-listed firms in Egypt, Germany and the USA', *Management of Environmental Quality: An International Journal*, Vol. 30, No. 1, pp.116–136 [online] <https://doi.org/10.1108/MEQ-12-2017-0150>.

- Esa, E. and Ghazali, N.A.M. (2012) 'Corporate social responsibility and corporate governance in Malaysian government-linked companies', *Corporate Governance*, Vol. 12, No. 3, pp.292–305, Bingley [online] <https://doi.org/10.1108/14720701211234564>.
- Fitriana, S. and Wardhani, R. (2020) 'The effect of enterprise risk management and sustainability reporting quality on performance: evidence from Southeast Asia countries', *International Journal of Economic Policy in Emerging Economies*, Vol. 13, No. 4, pp.344–355 [online] <https://doi.org/10.1504/IJEPEE.2020.109588>.
- International Finance Corporation (IFC) and OJK (2014) 'The Indonesia Corporate Governance Manual – First Edition', *Otoritas Jasa Keuangan*, Vol. 1, No. 7, pp.1–533 [online] <http://www.ojk.go.id/Files/box/THE-INDONESIA-CORPORATE-GOVERNANCE-MANUAL-First-Edition.pdf#search=governance>.
- International Finance Corporation and State Securities Commission of Vietnam (2019) *Vietnam Corporate Governance Code*, August.
- Jamali, D., Safieddine, A.M. and Rabbath, M. (2008) 'Corporate governance and corporate social responsibility synergies and interrelationships', *Corporate Governance: An International Review*, Vol. 16, No. 5, pp.443–459 [online] <https://doi.org/10.1111/j.1467-8683.2008.00702.x>.
- Javaid Lone, E., Ali, A. and Khan, I. (2016) 'Corporate governance and corporate social responsibility disclosure: evidence from Pakistan', *Corporate Governance*, Vol. 16, No. 5, pp.785–797, Bingley [online] <https://doi.org/10.1108/CG-05-2016-0100>.
- Jensen, M.C. and Meckling, W.H. (1976) 'Theory of the firm: managerial behavior, agency costs and ownership structure', *Journal of Financial Economics*, Vol. 3, No. 3, pp.305–360 [online] <https://doi.org/10.1177/0018726718812602>.
- Jizi, M.I., Salama, A., Dixon, R. and Stratling, R. (2014) 'Corporate governance and corporate social responsibility disclosure: evidence from the US banking sector', *Journal of Business Ethics*, Vol. 125, No. 4, pp.601–615 [online] <https://doi.org/10.1007/s10551-013-1929-2>.
- Jo, H. and Harjoto, M.A. (2012) 'The causal effect of corporate governance on corporate social responsibility', *Journal of Business Ethics*, Vol. 106, No. 1, pp.53–72 [online] <https://doi.org/10.1007/s10551-011-1052-1>.
- Khan, A., Muttakin, M.B. and Siddiqui, J. (2013) 'Corporate governance and corporate social responsibility disclosures: evidence from an emerging economy', *Journal of Business Ethics*, Vol. 114, No. 2, pp.207–223 [online] <https://doi.org/10.1007/s10551-012-1336-0>.
- Kolk, A. and Pinkse, J. (2010) 'The integration of corporate governance in corporate social responsibility disclosures', *Corporate Social Responsibility and Environmental Management*, Vol. 17, No. 1, pp.15–26 [online] <https://doi.org/10.1002/csr.196>.
- Lau, C.M., Lu, Y. and Liang, Q. (2016) 'Corporate social responsibility in China: a corporate governance approach', *Journal of Business Ethics*, Vol. 136, No. 1, pp.73–87 [online] <https://doi.org/10.1007/s10551-014-2513-0>.
- Matten, D. and Moon, J. (2008) '“Implicit” and “explicit” CSR: a conceptual framework for a comparative understanding of corporate social responsibility', *Academy of Management Review*, Vol. 33, No. 2, pp.404–424 [online] <https://doi.org/10.5465/AMR.2008.31193458>.
- Monetary Association of Singapore (2018) 'Code of corporate governance 6 August 2018', in *Code on CG (SGX)*, August.
- Money, D.K. and Schepers, H. (2007) 'Money2007.Pdf', in *Journal of General Management*, Vol. 33, No. 2, pp.1–11.
- Murphy, M.J. and Smolarski, J.M. (2020) 'Religion and CSR: an Islamic “political” model of corporate governance', *Business and Society*, Vol. 59, No. 5, pp.823–854 [online] <https://doi.org/10.1177/0007650317749222>.
- Nakawiroj, W. (2016) 'Trade and sustainability: how strong are the empirical linkages between trade structures and sustainability performance?', *International Journal of Economic Policy in Emerging Economies*, Vol. 9, No. 3, pp.272–289 [online] <https://doi.org/10.1504/IJEPEE.2016.079127>.

- Nguyen, M., Bensemann, J. and Kelly, S. (2018) 'Corporate social responsibility (CSR) in Vietnam: a conceptual framework', *International Journal of Corporate Social Responsibility*, Vol. 3, No. 1 [online] <https://doi.org/10.1186/s40991-018-0032-5>.
- OECD (2021) *OECD Corporate Governance Factbook*, OECD, Vol. 252 [online] <https://www.oecd.org/corporate/Corporate-Governance-Factbook.pdf%0A>; <https://www.oecd.org/corporate/corporate-governance-factbook.htm>.
- Oh, W.Y., Chang, Y.K. and Kim, T.Y. (2018) 'Complementary or substitutive effects? Corporate governance mechanisms and corporate social responsibility', *Journal of Management*, Vol. 44, No. 7, pp.2716–2739 [online] <https://doi.org/10.1177/0149206316653804>.
- Owers, J.E. and Sergi, B.S. (2019) 'Chapter 7 the evolution of financing entrepreneurship', *Entrepreneurship and Development in the 21st Century*, April, pp.161–170 [online] <https://doi.org/10.1108/978-1-78973-233-720191011>.
- Ruangviset, J., Jiraporn, P. and Kim, J.C. (2014) 'How does corporate governance influence corporate social responsibility?', *Procedia – Social and Behavioral Sciences*, Vol. 143, pp.1055–1057 [online] <https://doi.org/10.1016/j.sbspro.2014.07.554>.
- Saravanamuthu, K. (2004) 'What is measured counts: harmonized corporate reporting and sustainable economic development', *Critical Perspectives on Accounting*, Vol. 15, No. 3, pp.295–302 [online] [https://doi.org/10.1016/S1045-2354\(03\)00063-7](https://doi.org/10.1016/S1045-2354(03)00063-7).
- Schwartz, M.S. and Carroll, A.B. (2003) 'Corporate social responsibility: a three-domain approach', *Business Ethics Quarterly*, Vol. 13, No. 4, pp.503–530.
- SCM Malaysia (2017) *Malaysian Code on Corporate Governance*, SCM Malaysia.
- Securities and Exchange Commission (2016) *Memorandum Circular No. 19 Code of Corporate Governance for Publicly-Listed Companies*, pp.1–11.
- Sergi, B.S., Popkova, E.G., Bogoviz, A.V. and Ragulina, J.V. (2019) 'Chapter 1 entrepreneurship and economic growth: the experience of developed and developing countries', in *Entrepreneurship and Development in the 21st Century*, April [online] <https://doi.org/10.1108/978-1-78973-233-720191002>.
- Setyastriani, N.L.P., Subekti, I. and Prastiwi, A. (2021) 'Corporate governance and political connection towards the tax aggressiveness of manufacturing companies in Indonesia', *International Research Journal of Management, IT and Social Sciences*, Vol. 8, No. 1, pp.102–109 [online] <https://doi.org/10.21744/irjmis.v8n1.1118>.
- Sharif, M. and Rashid, K. (2014) 'Corporate governance and corporate social responsibility (CSR) reporting: an empirical evidence from commercial banks (CB) of Pakistan', *Quality and Quantity*, Vol. 48, No. 5, pp.2501–2521 [online] <https://doi.org/10.1007/s11135-013-9903-8>.
- Stuebs, M. and Sun, L. (2015) 'Corporate governance and social responsibility', *International Journal of Law and Management*, Vol. 57, No. 1, pp.38–52 [online] <https://doi.org/10.1108/IJLMA-04-2014-0034>.
- Sulistiawan, D. and Rudiawarni, F.A. (2019) 'Industrial competition and earnings quality in Indonesia', *International Journal of Economic Policy in Emerging Economies*, Vol. 12, No. 2, pp.121–129 [online] <https://doi.org/10.1504/IJEPEE.2019.099727>.
- Thailand Securities Depository (2020) *Corporate Governance Policy and Code of Conduct the Thailand Securities Depository Co., Ltd. (TSD)*, Thailand Securities Depository.
- Young, S. and Thyl, V. (2014) 'Corporate social responsibility and corporate governance: role of context in international settings', *Journal of Business Ethics*, Vol. 122, No. 1, pp.1–24 [online] <https://doi.org/10.1007/s10551-013-1745-8>.