

CHAPTER V

CONCLUSION

5.1 Conclusion

This study aims to examine the impact of board CSR orientation, board CSR strategy, GRI adoption, and national cultural dimensions on ESG disclosure in ASEAN countries. The research analyzes data from 147 companies over the period 2014–2023, resulting in a total of 1,470 observations.

The findings reveal that the board's orientation toward corporate social responsibility (CSR) has a positive and significant impact on ESG disclosure. Boards with strong CSR commitments improve the transparency and quality of ESG reports, fostering trust and stronger relationships with stakeholders. Similarly, CSR strategies implemented by the board significantly influence ESG disclosure, as integrating CSR into the company's strategy promotes greater transparency in reporting environmental, social, and governance practices while supporting long-term sustainability. The adoption of Global Reporting Initiative (GRI) guidelines also demonstrates a significant positive impact, enabling companies to produce structured and transparent reports, which enhance competitiveness and investor trust.

In terms of national cultural dimensions, individualism has a positive and significant effect on ESG disclosure, as companies in individualistic cultures often emphasize transparency and reputation. Femininity shows a positive but insignificant influence, while uncertainty avoidance has a significant negative effect. Companies in low uncertainty avoidance cultures prioritize flexibility and informal initiatives, which

may reduce the focus on structured ESG reporting. Additionally, control variables, firm age, board meeting and board size were found to have an influence on ESG disclosure.

5.2 Implication of Research

This research supports Agency Theory, Stakeholder Theory, and Institutional Theory, which explain how internal and external factors influence ESG disclosure. It shows that a board's CSR orientation, clear CSR strategies, and the use of global standards like GRI can help companies improve transparency and accountability in ASEAN countries. The study also highlights the importance of national culture in shaping ESG practices. For example, companies in cultures that value individualism tend to focus more on transparency, while those in low uncertainty avoidance cultures may not prioritize structured ESG reporting.

The findings of this study have several implications for companies, regulators, and policymakers regarding ESG disclosure practices in ASEAN countries. Firstly, the positive impact of Board CSR Orientation (BOR) on ESG disclosure emphasizes the importance of having boards that are committed to corporate social responsibility. Boards with a clear CSR focus can improve transparency and accountability by ensuring comprehensive ESG disclosures, which, in turn, enhance corporate reputation and stakeholder trust. To promote better ESG disclosure, companies should prioritize building CSR-oriented boards by including independent members, promoting gender diversity, and incorporating financial expertise.

The significant role of Board CSR Strategy (BSTR) in enhancing ESG disclosure suggests that having a clear CSR strategy at the board level is essential for

aligning corporate actions with stakeholder expectations. Companies should integrate CSR into their strategic decision-making processes to increase transparency, build stronger relationships with stakeholders, and foster long-term sustainability. A well-defined CSR strategy not only helps meet stakeholders' expectations but also enhances the company's reputation and financial performance. The findings call for companies to focus on developing strong CSR strategies that directly influence ESG disclosure and strengthen stakeholder engagement.

The adoption of Global Reporting Initiative (GRI) standards is another crucial factor in improving ESG disclosure. Companies adhering to GRI guidelines tend to provide more detailed and comparable ESG information, which enhances transparency and builds trust with stakeholders. This study highlights the importance of following internationally recognized reporting standards such as GRI to ensure the consistency, accuracy, and comparability of ESG disclosures. Policymakers should consider encouraging the adoption of GRI standards in ASEAN countries to improve ESG transparency and create a level playing field for companies operating in the region.

Cultural factors also play a significant role in shaping ESG disclosure practices. The study reveals that individualistic cultures tend to promote higher levels of ESG disclosure, as companies in such cultures prioritize transparency and long-term profitability. Policymakers in ASEAN countries should recognize the influence of cultural dimensions on ESG practices and work towards creating a regulatory environment that aligns with the region's cultural diversity. In cultures with higher

levels of individualism, fostering a competitive advantage through ESG disclosure can enhance corporate performance and attract investment.

In contrast, the cultural dimension of femininity does not show a significant effect on ESG disclosure. While feminine cultures emphasize social harmony and ethical responsibility, the study suggests that the lack of strong regulatory frameworks in ASEAN countries limits the direct impact of femininity on formal ESG reporting. This implies that institutional and regulatory reforms are needed to encourage more structured and transparent ESG disclosure in feminine cultures. Policymakers should work on strengthening ESG regulations to make them more robust and ensure that companies in these cultures follow standardized reporting practices.

Finally, the study indicates that low uncertainty avoidance cultures negatively influence ESG disclosure, highlighting the challenges of promoting standardized ESG reporting in cultures that value flexibility and adaptability. Companies in low uncertainty avoidance cultures may prioritize informal sustainability initiatives over formal ESG disclosures. To address this, regulators in ASEAN countries should focus on creating more formalized reporting frameworks and provide incentives for companies that adopt recognized ESG standards. This can help reduce the variation in ESG reporting practices across countries in the region and encourage companies to improve transparency and accountability in their ESG efforts.

Overall, the study underscores the importance of institutional frameworks, board characteristics, CSR strategies, and cultural influences in shaping ESG disclosure practices in ASEAN countries. For meaningful progress in ESG

transparency, companies must prioritize CSR-oriented boards, adopt standardized reporting guidelines like GRI, and align their actions with stakeholder expectations. Policymakers should play a key role in strengthening regulations and incentives that promote ESG disclosure and foster a culture of transparency and sustainability across the region.

5.3 Limitations of Research

This study has certain limitations, which are expected to be addressed in future research on similar topics. The identified limitations of this research are as follows:

1. This study is limited to only five ASEAN countries due to the availability of complete ESG disclosure reports in these countries.
2. This study analyzes only a few cultural dimensions, such as individualism, femininity, and uncertainty avoidance. As a result, other cultural factors that may also influence ESG disclosure were not considered.

5.4 Suggestion

Suggestions for Future Research:

1. Future studies could include more companies and cover a wider range of industries to provide a more comprehensive understanding of ESG disclosure practices in ASEAN.
2. Combining quantitative and qualitative approaches (e.g., interviews or case studies) could provide deeper insights into why and how companies adopt ESG practices.

3. Future research could explore additional cultural dimensions, such as power distance or long-term orientation, to better understand their influence on ESG disclosure.
4. Comparing ASEAN countries with other regions, such as Europe or North America, could reveal unique differences and best practices for ESG disclosure.
5. Future studies could focus on the role of government policies, regional agreements, and market incentives in shaping ESG disclosure practices.

