

**THE INFLUENCE OF COERCIVE PRESSURE ON ASEAN COMPANIES'  
ANTI-CORRUPTION DISCLOSURE**

A THESIS

Presented as a Partial Fulfillment of the Requirements to obtain Bachelor Degree in  
Accounting Department



By:  
**TIYAS KURNIA SARI**  
Student Number: 14312524

**DEPARTMENT OF ACCOUNTING  
INTERNATIONAL PROGRAM  
FACULTY OF ECONOMICS  
UNIVERSITAS ISLAM INDONESIA  
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2018**

## DECLARATION OF AUTHENTICITY

Herein I declare to the originality of this thesis; I have not presented someone's work to obtain my university degree, nor have I presented anyone else's words, ideas, or expression without acknowledgment. All quotation is cited and listed in the bibliography of the thesis. If in the future this statement is proven to be false. I am willing to accept any sanction complying with the determined regulation or its consequences

Yogyakarta, 3 May, 2018

  
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Tiyas Kurnia Sari

**ADVISORS' APPROVAL**

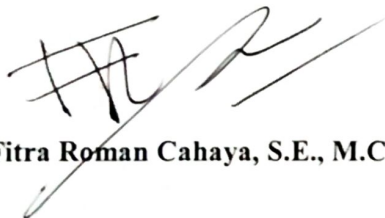
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Written by:

**Tiyas Kurnia Sari**  
Student Number: 14312524

Approved by:

Content Advisor,



**Fitra Roman Cahaya, S.E., M.Com., Ph.D., CSRS, CSRA**

**May 24, 2018**

Language Advisor



**Alfi Zakiya, S.Kom.S.Pd.**

**May 31, 2018**

**EXAMINERS' APPROVAL**

**THE INFLUENCE OF COERCIVE PRESSURE ON ASEAN COMPANIES'  
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**A BACHELOR DEGREE THESIS**

Written by:

**Tiyas Kurnia Sari**  
Student Number: 14312524

Defended before the Board of Examiners  
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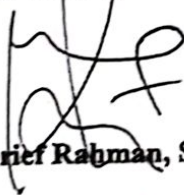
Examiner 1:



**Fitra Roman Cahaya, S.E., M.Com., Ph.D., CSRS, CSRA**

July 3, 2018

Examiner 2:



**Arief Rahman, SIP., S.E., M. Com., Ph.D.**

July 3, 2018

International Program  
Faculty of Economics  
Universitas Islam Indonesia  
Dean,



**Dr. Jaka Sriyana, S.E., M.Si**

## **MOTTO AND DEDICATION**

Sugih tanpa Bandha, Digdaya tanpa Aji, Nglurug tanpa Bala,  
Menang tanpa Ngasorake.

Never Stop Learning Because Life Never Stop Teaching

**Inna Husna 'alaqotika billahi** akbaru 'awamili najahika” (Faktor  
besar kesuksesan mu adalah keharmonisan hubungan mu dengan  
Allah)

**I dedicate this thesis to my parent**

**Tumiyati and Ahmad Yasari,**

**my sister Hidayatun Nafiah,**

**for Islam, Indonesia and**

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## ABSTRACT

This research focused on the practice of corporate disclosure of anti-corruption activities. This research aims to find out the extent of the company's anti-corruption disclosure activities that presented in the annual report and also the sustainability report. The inconsistent results and limitations of previous research became the main trigger for this research.

The sample of this research consists of 117 companies from 4 ASEAN countries namely Indonesia, Thailand, Myanmar, Philippines (ASEAN countries from the middle rank of Transparency International Corruption Perception Index 2016). This research used multiple regression analysis with SPSS 23.0 software to test the research hypothesis.

The results of this research indicate that the majority of the 117 samples of the company disclose items of anti-corruption disclosure on the GRI-SO4 indicator. While the GRI-SO5 indicator becomes the rarest anti-corruption disclosure item disclosed by the sample company. The results of statistical analysis prove that dependence on government tender and foreign ownership had a positive and significant impact on anti-corruption disclosure. The coercive isomorphism dimension of institutional theory partially explains the variability relationship of the disclosure.

**Keywords:** *anti-corruption disclosure, coercive isomorphism, dependence on government projects, dependence on a foreign associate, foreign ownership, government ownership, UNGC.*

## ABSTRAK

Penelitian ini berfokus kepada praktek pengungkapan perusahaan terhadap kegiatan anti-korupsi yang dilaksanakan. Penelitian ini bertujuan untuk mengetahui seberapa luas aktifitas pengungkapan anti-korupsi perusahaan yang disampaikan dalam laporan tahunan dan juga laporan keberlanjutan. Adanya hadil yang tidak konsisten dan keterbatasan dari penelitian terdahulu menjadi motivasi utama adanya penelitian ini.

Sample penelitian ini terdiri dari 117 perusahaan dari 4 Negara ASEAN yaitu Indonesia, Thailand, Myanmar, Filipina (Negara ASEAN yang menduduki peringkat tengah dalam Transparency International Corruption Perception Index 2016). Penelitian ini menggunakan analisis regresi berganda dengan software SPSS 23.0 untuk menguji hipotesis penelitian.

Hadil penelitian ini menunjukkan bahwa mayoritas dari 117 sampel perusahaan mengungkapkan item pengungkapan anti-korupsi pada indikator GRI-SO4. Sedangkan indikator GRI-SO5 menjadi item pengungkapan anti-korupsi yang paling jarang diungkapkan oleh sampel perusahaan. Hadil analisis statistik membuktikan bahwa kebergantungan terhadap proyek pemerintah dan kepemilikan asing berpengaruh positif dan signifikan terhadap pengungkapan anti korupsi. Dimensi Coercive isomorphism dari teori Institutional secara parsial menjelaskan hubungan variabelitas dari pengungkapan tersebut.

Kata kunci: *coercive isomorphism, kepemilikan pemerintah, kebergantungan terhadap parter bisnis asing, kebergantungan terhadap proyek pemerintah, kepemilikan asing, pengungkapan anti korupsi, UNGC.*

## TABLE OF CONTENTS

<b>COVER .....</b>	<b>i</b>
<b>DECLARATION OF AUTHENTICITY .....</b>	<b>ii</b>
<b>ADVISORS' APPROVAL .....</b>	<b>iii</b>
<b>EXAMINERS' APPROVAL.....</b>	<b>iv</b>
<b>MOTTO AND DEDICATION.....</b>	<b>v</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>vi</b>
<b>ABSTRACT .....</b>	<b>x</b>
<b>ABSTRAK .....</b>	<b>xi</b>
<b>TABLE OF CONTENTS.....</b>	<b>xii</b>
<b>LIST OF TABLES .....</b>	<b>xv</b>
<b>LIST OF FIGURES .....</b>	<b>xvi</b>
<b>CHAPTER I INTRODUCTION.....</b>	<b>1</b>
1.1 Background of the Research .....	1
1.2 Problem Formulation .....	11
1.3 Research Objective .....	12
1.5 Research Contribution .....	12
1.6 Systematics of Writing.....	13
<b>CHAPTER II LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT</b> <b>.....</b>	<b>15</b>
2.1 Anti-Corruption Disclosure .....	15
2.2 Previous Research.....	20
2.3 Institutional Theory.....	23
2.4 Research Framework .....	28
2.5 Hypothesis Formulation.....	29
2.5.1 Government Ownership .....	29
2.5.2 Dependence on Government Tender.....	30
2.5.3 Foreign Ownership.....	31
2.5.4 Dependence on Foreign Associate .....	32
2.5.5. UNGC Signatories .....	34
2.5.6. Control Variable .....	36

<b>CHAPTER III RESEARCH METHODOLOGY .....</b>	<b>38</b>
3.1 Population and Sample .....	38
3.2 Data Collection Method.....	40
3.3 Operational Definition and Variable Measurement.....	41
3.3.1 Dependent Variable Measurement.....	41
3.3.2 Independent Variable Measurement .....	46
3.3.3 Control Variable Measurement.....	53
3.4 Data Analysis Method.....	58
3.4.1. Descriptive Statistic Analysis .....	58
3.4.2. Classical Assumption.....	59
3.4.3. Multiple Regression Analysis .....	61
<b>CHAPTER IV DATA ANALYSIS AND DISCUSSION.....</b>	<b>64</b>
4.1. General Overview of Research Object .....	64
4.2. Data Analysis Result.....	65
4.2.1. Descriptive Statistics Result .....	65
4.2.2. Classical Assumption Test Result .....	79
4.2.3. Multiple Regression Result.....	85
4.3. Result Interpretation .....	87
4.3.1. Government Ownership (H1) .....	89
4.3.2. Dependence on Government Tender (H2).....	90
4.3.3. Foreign Ownership (H3).....	91
4.3.4. Dependence on Foreign Associate (H4) .....	92
4.3.5. UNGC Signatories (H5).....	93
4.3.6. Control Variable .....	95
<b>CHAPTER V CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>96</b>
5.1. Conclusions.....	96
5.2. Research Limitation.....	99
5.3. Recommendations.....	104
<b>BIBLIOGRAPHY .....</b>	<b>105</b>
<b>APPENDICES .....</b>	<b>115</b>
<b>APPENDIX A GRI ANTI-CORRUPTION INDICATOR.....</b>	<b>115</b>
<b>APPENDIX B PREVIOUS RESEARCH ABOUT ACD.....</b>	<b>121</b>

<b>APPENDIX C SAMPLE COMPANY LIST .....</b>	<b>128</b>
<b>APPENDIX D COMPANY REPORT TYPE .....</b>	<b>132</b>
<b>APPENDIX E DATA COLLECTION ACD .....</b>	<b>136</b>
<b>APPENDIX F DATA COLLECTION INDEPENDENT VARIABLE .....</b>	<b>140</b>
<b>APPENDIX G DATA COLLECTION INDUSTRY TYPE .....</b>	<b>144</b>
<b>APPENDIX H DATA COLLECTION COMPANY SIZE IN USD .....</b>	<b>149</b>
<b>APPENDIX I SPSS OUTPUT .....</b>	<b>153</b>
<b>APPENDIX J DATA VERIFICATION.....</b>	<b>159</b>

## LIST OF TABLES

Table 2. 1. Index of Disclosure based on GRI-G4 .....	17
Table 2. 2. The Relevance each GRI Indicator .....	19
Table 3. 1. ASEAN Country Selection Based On CPI Score .....	39
Table 3. 2. Sample Selection.....	40
Table 3. 3. Measurement Technique of ACD In Prior Studies .....	41
Table 3. 4. Summary of Measurement Technique of Independent Variable .....	46
Table 3. 5. Measurement of Government Ownership Prior Studies .....	48
Table 3. 6. Measurement of Government Dependence In Prior Studies.....	49
Table 3. 7. Measurement of Foreign Ownership Prior Studies.....	50
Table 3. 8. Measurement of Foreign Dependence In Prior Studies .....	51
Table 3. 9. Measurement of UNGC Membership In Prior Studies .....	52
Table 3. 10. Summary of Measurement Technique of Control Variable.....	53
Table 3. 11. Industry Type Prior Study.....	54
Table 3. 12. Table of Industry Risk.....	56
Table 3. 13. Measurement of Company Size From Prior Studies.....	58
Table 4. 1. Company Size Descriptive Statistics .....	73
Table 4. 2. ACD Descriptive Statistics .....	74
Table 4. 3. Breakdown ACD Descriptive Statistics by Country of Origin .....	75
Table 4. 4. Kolmogorov-Smirnov Test Result .....	79
Table 4. 5. Kolmogorov-Smirnov After Transformation.....	82
Table 4. 6. Multicollinearity Test Result .....	83
Table 4. 7. Heteroskedasticity Test Result.....	84
Table 4. 8. Multiple Regression Result.....	85
Table 4. 9. Hypotheses Testing Result.....	88
Table 5. 1. The Summary of Research Result.....	97

## LIST OF FIGURES

Figure 2.1 Institutional Theory .....	27
Figure 2.2 Research Framework .....	28
Figure 4. 1. Breakdown of Sample Company by Country of Origin. ....	64
Figure 4. 2. Government Ownership Frequency .....	66
Figure 4. 3. Breakdown of Government Ownership by County of Origin .....	67
Figure 4. 4. Dependence on Government Tender Frequency .....	67
Figure 4. 5. Breakdown of Government Dependence by Country of Origin .....	68
Figure 4. 6. Foreign Ownership Frequency .....	66
Figure 4. 7. Breakdown of Foreign Ownership by Country of Origin.....	69
Figure 4. 8. Dependence on Foreign Associate Frequency.....	70
Figure 4. 9. Breakdown of Foreign Dependence by County of Origin.....	71
Figure 4. 10. UNGC Signatories Frequency .....	71
Figure 4. 11. Breakdown of UNGC signatories by Country of Origin .....	72
Figure 4. 12. Industry Type Frequency .....	73
Figure 4. 13. Breakdown of ACD by GRI Indicator .....	76
Figure 4. 14. Breakdown of GRI Indicator by County of Origin.....	77
Figure 4. 15. Skewness of The Residual Value before Transformation .....	81
Figure 4. 16. Histogram After Data Transformation.....	82



# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Research

The definition and scope of corporate social responsibility (CSR) nowadays had been shifted and developed from its traditional (Joseph et al., 2016). Traditionally, CSR only focus on environmental protection, labor health and safety, local communities, and also relation with consumer. As 2002, fighting against corruptions was included in the Global Reporting Initiative (GRI) reporting (2012), and includes as the 10<sup>th</sup> principle of United Nations Global Compact <sup>1</sup>(UNGC) in 2004 (OECD, 2008). This fact makes countering corruption and bribery becomes an integral part of CSR Issues (Branco & Matos, 2016a). However, even if the corruption and bribery issues had been integrated to the CSR Issues, reporting on those activities is still minim and scared compared to the other topics of CSR (Adeyeye, 2012, p. 1).

Corruption according to the World Bank (1997)<sup>2</sup> defined as the abuse of public office for personal gain. Transparency International<sup>3</sup> provides an identical explanation,

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<sup>1</sup> UNGC is a coalition initiated by United Nations was launched in 2000, the coalition grown to about 2900 signatories company and 3800 members in total. The coalition has ten principles that are focus on human right, labor, environment, and also anti-corruption

<sup>2</sup> The World Bank is an international Organization that provide financial and technical assistance for developing nations across the world. The main function of this organization was not an ordinary bank but as a partner for a country to reduce poverty and support development.

<sup>3</sup> Transparency International is international non-profit organization that leads the fight of corruption. With more than 90 branch all over the world and international secretariat in Berlin, this organization aim to increase the awareness of the negative impact of corruption and implement the best strategy to combat it together with government, business, and also civil society.

stating that corruption is the abuse of entrusted power for individual or collective private gain (2017; 2009b). To make it more precise, scholars further define corruption as the abuse of entrusted power for individual gain at the expense of the public good (Karklins, 2002).

The “abuse of entrusted power” entailed in corruption means that corruption had a hazardous impact and negative consequence to society (Barkemeyer, Preuss, & Lee, 2015). Corruption was known as one of social disease that became the main problem in many developing countries (Cieślik & Goczek, 2018). It is more complicated than is often thought and carries significant economic, political, and social consequences (Banerjee, 2016).

First, the economic consequences of corruption are that corruption damages fair competition in the market and decreased economic efficiency (Adeyeye, 2012, p. 15). Empirical research in recent years had proven that high levels of corruption associates to the decreasing of economic growth by limiting and creating boundaries for investment (Cieślik & Goczek, 2018). Corruption in nation context reduces the level of direct foreign investment because it adds costs and creates uncertainty for the investors (Mo, 2001). A higher level of corruption will affect higher government intervention in the economy (Waring & Morgan, 2007). On the contrary, countries with relatively low levels of corruption will attract more investment than those countries with higher levels of corruption (Campos & Pradhan, 1997).

Second, at the company level, corruption and bribery act as like sand in the wheels of that cause several problems to company efficiency (Hanoteau & Vial, 2014). The idea that put corruption as sand means that corruption can increase costs and

uncertainty in firm activities. Corruption and bribery was act like an additional tax to the company which will reduce firm investment and therefore will reduce firm productivity (Wei, 2000). The reason relies on corruption effect that will impact firm decision to invest in new technology, innovation or even to allocate resource efficiently (Hess, 2009a). Corruption will be an additional cost to the company as they need bribe not only the government official but also the manager and employee dedication to manage their relationship with the corrupt government official (Wu, 2005a). Corrupt culture will also increase the uncertainty in the company level as the company never sure whether they need to pay or asked for the other bribe and whether the payment resulted in the benefit that already promised (Wei, 2000).

Furthermore, the corrupt culture will generate long-term damage to the culture of the society (Cieřlik & Goczek, 2018). As corruption practice usually managed as a collective action done not only by one people, the actor usually owned the other bad characteristics as fraud, lying, dishonesty, and corruption of other (Zhang & Lavena, 2015). Such characteristic will continue to spread to the whole society and will become initialized. Therefore, the position of honest people will be ailed due to the appealing of entrusted power and misuse of trust in them (Hess, 2009b).

Shortly speaking, corruption was an inhibitor of economic development. In the other side business organization and private sector that work as the wheel of development still do not give sufficient transparency that will help to prevent another economic meltdown (Cieřlik & Goczek, 2018). The availability of information about their commitment to the anti-corruption system is still at the lower level (Errath, Brew, Moberg, Brooks, & S. Cote Freeman, 2005). The report of corporate structure that still

insufficient, preventing the crystal clear of their economic impact across the world (UNGC & TI, 2009). Finally, as if the condition goes, company and private sector may contribute to the flourishing corrupt environment.

The influence of private sector corruption is vast as their influence is not only affected their customer, supplier, the stock market and also investor-it reach to the standard they set for business environment and behavior around the world to those they employ (UNGC, 2015). Although private sector can be the source of economic development when this source is misused can create economic stagnation, inequality, and poverty (Barbara Kowalczyk-Hoyer, 2012).

Company transparency is the first line strategy to combat corporate corruption (Errath et al., 2005). Company able to communicate their value and policies and how they are translated into action by providing transparency to public and stakeholder (Barbara Kowalczyk-Hoyer, 2012). According to Berggren & Bernshteyn (2007) company, transparency will indicate that all stakeholders are treated in fair and responsible manner. This process is generated through accessibility, openness, building confidence and also accountability of information that provided by the company through disclosure process (Global Sustainability Standard Board, 2016). Therefore, this strategy will not only had the benefit to company reputation in public eyes but also as a robust strategy to prevent a corrupt act that can exist at the corporate level (UNGC, 2012).

The transparency must be formalized in a shape of public reporting that linked to the accountability chain (Barbara Kowalczyk-Hoyer, 2012). When public reporting that provides information about company commitment to fight corruption is an

available investor, journalist, activist, and also citizen will be able to make a wise decision to monitor company behavior, especially in curbing corruption issues (UNGC, 2015). Further, this reporting will give company more significant benefit in term of accommodating information needed by the stakeholder in systematic ways and also helping the company build the public trust by meeting public expectation that asks for company commitment to fight corruption (Hess & Dunfee, 2000).

UNGC (2012) argued that even if a good reporting cannot always ensure that company behaves accordingly, in the other way it is a good indication of commitment, action, and awareness that make the companies more easily accountable for shortcomings. Besides the wrongdoing and misinformation is tending to be covered when the corporation had the more significant transparency about their activity (Organisation for Economic Co-operation and Development, 2008). The most important aspect is that the company with a good track record of anti-corruption activity will contribute more to the solution of corruption problem (UNGC & TI, 2009).

Anti-corruption reporting is the basis of prevention that can be measured and showed to the stakeholder that they are committed to combat corruption (Global Sustainability Standard Board, 2016). Anti-corruption programmes constitute a company's first line of defence against corruption (UNGC & TI, 2009). Full and transparent disclosure of such programmes underscores a commitment to countering corruption and enhances ethical conduct among management, employees, partners, agents and other relevant parties throughout the transparent value chain (Barbara Kowalczyk-Hoyer, 2012). The evidence of this is a research conducted by Economist

Intelligence Unit (2007) that 86% of the company see the presence of the anti-corruption program and the publication of the activity to the public was very valuable to the company brand.

Furthermore, the practice of anti-corruption reporting within one organization can be shared and earned by another organization that strives together in combating and preventing corruption (UNGC, 2015). Even when the anti-corruption agenda had integrated into private business agenda indicated that private sector shares the same obligation and responsibility for combatting corruption, this activity still one of the most challenging practices for the organization to report (Errath et al., 2005). The reason was relying on the nature of the corruption that hidden in nature and also to the lack of practical reporting guidelines about anti-corruption activities (UNGC & TI, 2009).

A lot of strategies, initiative, and mechanism were initiated to assist the process of preventing and combatting corruption. However, the private sector and many business organizations still had to strive to integrate anti-corruption strategy in the daily operational activity (Global Sustainability Standard Board, 2016). This fact increases the demand for government, society, and business partner for the company to report their non-financial matter especially anti-corruption activities (Organization for Economic Co-operation and Development, 2008). The consequence is that investor shifted to be more aware of such non-financial matter such as environmental, social, and governance issues especially in an anti-corruption activity that had been, material consideration to their investment decision (UNGC, 2015).

The initiatives presented here are multilateral agency codes aimed towards the sustainable development goal and explicitly curbing corruption that developed by powerful non-state actors (Adeyeye, 2012). The most widely accepted international guidelines that focus on sustainability reporting was Global Reporting Initiatives (GRI). It already had a high international profile and focuses primarily on the content of sustainability reporting (Cahaya, 2012). The indicator developed was come from the need from global stakeholder across the world and was suitable and comparable to be applied in the different business sector across the world (Hedberg & Von Malmberg, 2003).

The Global Reporting Initiative (GRI) had emerged as the critical normative body (Initiative, 2016). To date, several thousand companies had used the GRI Reporting Guidelines as guidance for their sustainability reports. In 2016 it stated at GRI website that 12,021 organization, 46,631 reports and, 29,443 GRI report in the database (Initiative, 2016). The latest guidelines produce by this organization GRI-G4 prescribe generic principles for the publishing sustainability reports. The guidelines consist of 7 standard disclosure as well as three specific disclosure categories namely economic, environmental, and also social. As the subcategory of social categories relies on several aspects: Labor practices and decent work, human rights, society, and product responsibility (Global Reporting Initiative, 2013b). As part of the 'society' category, three indicators are specifically dedicated to a company's engagement in anti-corruption initiatives:

- SO3: Total number and percentage of operation assessed for risk related to corruption and the significant risk identified.

- SO4: Communication and training on anti-corruption policies and procedures
- SO5: Confirmed incidents of corruption and actions taken.

The other organization that concern with the corruption issues in global level was transparency international. Transparency International (2016b) build an index that was used to measure the perceived level of corruption around the world. The Corruption Perception Index (CPI) published by Transparency International (2016b) revealed that Singapore is the only ASEAN nations that categorized as clean nations with total CPI score of 84. While almost all the other members from ASEAN was scored only 50 marks except Brunei that scored slightly above 50, 58. The rest eight members of ASEAN scored above 50 in their CPI Index. Means that unaccountable government body, lack of corruption watchdog, insecurity and also limited space for a civil society still exist in ASEAN. Besides the high-profile corruption case, daily corruption issues continue to disrupt public trust in government, the democracy benefit and also the rule of law (Transparency International, 2016a).

Corruption is much more severe in developing countries and countries in the transition process than in developed countries (Adeyeye, 2012). The main problem that demotivates anti-corruption action in developing and transitional country mainly come from the weak accountability, the poor development of the legal institution, the frequent violation of law, regulations, and principle, and also the restriction of civil freedom and healthy political competition (Myint, 2000). Therefore, anti-corruption strategies should be mainly developed in these countries.

The quality of institutional framework had the critical role to lowering the prevalence of the corruption; it is essential to know how the firm adopt specific



behaviour by the corruption practice because of the existence of similar institutional pressure (Khan, Lew, & Park, 2015). This institutional pressure and similarities occur from 3 mechanisms which are coercive, mimetic and normative (Deegan & Unerman, 2011, p. 360).

This research based on institutional theory especially on the coercive isomorphism effect on how the firm discloses their anti-corruption practice. Several types of research are conducted to examine and analyze the practice of anti-corruption disclosure at the company level. However, the number of the research is still limited compared to the effect of corruption that can be dangerous to firm's stability. The research about anti-corruption had some significance. First, it promotes transparency to public and stakeholder about company commitment to combat corruption. On the other side company that had the successful experience to combat corruption can be a lesson to the other organization that wants to implement the strategy to combat corruption. Joseph et al. (2016) conduct comparison research about the anti-corruption practice in Indonesia and Malaysia best practice company. Islam et al. (2016) research the relation between anti-bribery disclosure and its relation to media agenda and networked governance. Blanc et al. (2017) analyze the relation between anti-corruption disclosure and media agenda in 105 multinational firms. These entire researchers only consider the external factor outside the organization that could give pressure for the company to report their anti-corruption activities.

The researcher that consider factor inside the organization as a factor that could influence company ACD usually consider the stakeholder, institutional, or legitimacy theory. The research conducted by Kusuma & Cahaya (2017) for instance, analyze

the stakeholder theory perspective that could influence anti-corruption disclosure in Indonesia companies. Barkemeyer, Preuss, & Lee (2015), Gunawan & Joseph (2017) are the example of the researcher that use institutional theory perspective that could influence ACD. The research conducted by Branco & Matos (2016b) consider the legitimacy pressure that could influence Portuguese company to disclose their anti-corruption activity.

This research will continue to conduct the research that focuses on institutional theory perspective, especially coercive isomorphism pressure that can give pressure for the company to disclose their anti-corruption activity. The reason is that none of the previous research focuses on this type of pressure. Whereas, this type of pressure is the most apparent pressure that could influence company disclosure. On the other side, the coercive pressures that can influence company disclosure seem inconsistent between one researcher and other. Government ownership, for example, it is positively significant to company disclosure according to Cahaya, Porter, Tower, & Brown (2012) but not significant according to Amran & Haniffa (2011).

Therefore, the purpose of this research is to examine the coercive isomorphism pressure for anti-corruption disclosure practice in ASEAN company from Indonesia, Philippines, Thailand, and Vietnam. Those companies were chosen based on the adoption of the GRI (Global Reporting Initiative) for its report for the year 2016. The extent of disclosure on anti-corruption activities will be the dependent variable. While five independent variables considered influencing the dependent variable. The independent variables are government ownership, dependence on government tender, foreign ownership, dependence on foreign business associates,

membership of United Nations Global Compact, while industry type and also company size will employ as the control variable of the research.

## **1.2 Problem Formulation**

Based on the limitations of previous research on addressing the anti-corruption disclosure practice in ASEAN and also the contradictory result of the purposed variable from a prior research, the problem formulated in the following research questions:

1. To what extent do ASEAN companies provide their anti-corruption disclosure in their sustainability report or annual report?
2. Is there any relationship between the government ownership and quantity of anti-corruption disclosure?
3. Is there any relationship between the dependence on government and quantity of anti-corruption disclosure?
4. Is there any relationship between the foreign ownership and quantity of anti-corruption disclosure?
5. Is there any relationship between the dependence on a foreign business associate and quantity of anti-corruption disclosure?
6. Is there any relationship between the UNGC membership and quantity of anti-corruption disclosure?

### **1.3 Research Objective**

Based on the problem identified in the previous section, the objective of the research is:

1. To analyze and examine the extent of ASEAN companies provide their anti-corruption disclosure in their sustainability report or annual report.
2. To analyze and examine the relationship between the government ownership and quantity of anti-corruption disclosure.
3. To analyze and examine the relationship between the dependence on government and quantity of anti-corruption disclosure.
4. To analyze and examine the relationship between the foreign ownership and quantity of anti-corruption disclosure.
5. To analyze and examine the relationship between the dependence on a foreign business associate and quantity of anti-corruption disclosure.
6. To analyze and examine the UNGC membership and quantity of anti-corruption disclosure.

### **1.5 Research Contribution**

This research conducted with an expectation that it can give additional scientific benefits and input as well as a new reference for future research. The result of this research is expected to benefit these following parties:

1. To academics, this research is expected to give an additional contribution, enhance the pool of literature in the development of knowledge especially in anti-corruption disclosure at the firm level.

2. To management, this research is expected to be the literature source that becomes the source of information to develop the anti-corruption system in the business organization.
3. To regulatory authorities and policymaker, the finding of this research will assist in strengthening the anti-corruption mechanism to combat corruption.
4. To society, this research can be the source of information and give additional knowledge and empirical evidence about the corporate social responsibility that focused on anti-corruption disclosure.

## **1.6 Systematics of Writing**

This research is written by following the systematics below.

### **CHAPTER I: INTRODUCTION**

Chapter I is an introduction of this thesis, which is the report of this research, consisting of research background, problem identification, problem formulation, research limitation, research objective, research contribution and systematics of writing.

### **CHAPTER II: THEORETICAL FRAMEWORK AND HYPOTHESIS**

#### **DEVELOPMENT**

Chapter II contains the exposure of theory as a basis of ACD, and the coercive pressure that influence the disclosure, the preparation of the conceptual framework, and the development of hypotheses proposed in this research

### CHAPTER III: METHODOLOGY

Chapter III includes the operational definition of each variable and the measurement, data collection method, populations and samples used in this research, the sampling techniques used, including the criteria of selecting samples and method of data analysis.

### CHAPTER IV: DATA ANALYSIS AND DISCUSSION

Chapter IV Contains the result of processing and data analysis whether it fulfils the hypotheses or prove the null hypotheses along with further discussion of the statistical analysis result.

### CHAPTER V: Conclusion

Chapter V contains the conclusion and recommendations for related studies in the future.

## **CHAPTER II**

### **LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

This chapter provided a literature basis that supports this research. A brief explanation of the theory and previous finding were presented to build-up the concept and perception of research direction. The theories provided is important to identify the current problem appeared in this research. In the last part of the research, the hypotheses were be formulated based on the literature review.

#### **2.1 Anti-Corruption Disclosure**

Corruption in nature was like cancer that spread across society's body. Even worse, David Cameron describes that corruption is more than cancer to the society as it is used consciously and intentionally as an instrument of governing an institution (TI UK, 2017). Therefore, combatting corruption is always be important research in academicians especially for accounting scholar. The importance of this topic to accounting scholar is related to the purpose of accounting. As the purpose of accounting is to provide information on the financial and increasingly also the social and environmental performance of a company. Its role also includes accommodating data that are essential to prevent, control, combat even to cure the corrupt activities (Wu, 2005b). Accounting can have the role of pushing the company to disclose more transparency in their reporting. The greater the transparency in corporate reporting, the greater the probability of corrupt acts will be detected. This process furthermore will

decrease the cost to the company that resulted from information asymmetry among principles and will make more stakeholder decided based on the current situation (Barkemeyer et al., 2015).

Several goals can be reached by presenting company activities related to anti-corruption activities. The goals serve for both internal and external parties of the company. According to Hess (2009a), ACD will raise public awareness to corruption practice by providing accountability to the public. Further, this mechanism will give the other similar companies to adopt the principle, work, and also disclosure practice (UNGC, 2015). Transparency is the most important way to ensure that management held the accountability to the society that will prevent the spread of the corruption illness to the society by giving them an excellent understanding how serious corruption is to the economic development (World Bank, 1997).

Currently, the most influential organization that focuses on a guide or model how a business present their anti-corruption activity was Global Reporting Initiative (GRI) and also Transparency International (Adeyeye, 2012). The GRI developed the “Guide to Writing Sustainability Reports” with its first version in 2000, the second in 2002, the third in 2006, and the recently adopted G4 (Barkemeyer et al., 2015). It was fundamentally based on the application of the triple bottom line economic, social, and environmental and its implementation makes it possible to compare different reports from different companies corresponding to different years because it uses comparable and verifiable indicators (Hanifa & Cahaya, 2016). Therefore, the utilization of GRI-G4 as the basis of anti-corruption disclosure measurement will be an excellent strategy to compare the different object of this research objectively.



The anti-corruption is included in the social category in GRI-G4 guidelines. It is in the aspect of social impact in the guidelines. The indicator of this anti-corruption activities is divided into three categories which are SO3, SO4, and also SO5 (Global Reporting Initiative, 2013a). The detail presentation of the category and the indicator is presented in Table 2.1.

*Table 2. 1. Index of Disclosure based on GRI-G4*

<b>G4-SO3</b>	
<b>Total number and percentage of operations assessed for risks related to corruption and the significant risks identified</b>	
1	Report the total number and percentage of operations assessed for risks related to corruption.
2	Report the significant risks related to corruption identified through the risk assessment.
<b>G4-SO4</b>	
<b>Communication and training on anti-corruption policies and procedures</b>	
3	Report the total number and percentage of governance body members that the organization's anti-corruption policies and procedures had been communicated to, broken down by region.
4	Report the total number and percentage of employees that the organization's anti-corruption policies and procedures had been communicated to, broken down by employee category and region.

5	Report the total number and percentage of business partners that the organization's anti-corruption policies and procedures had been communicated to, broken down by type of business partner and region.
6	Report the total number and percentage of governance body members that had received training on anti-corruption, broken down by region.
7	Report the total number and percentage of employees that had received training on anti-corruption, broken down by employee category and region.
<b>G4-S05</b>	
<b>Confirmed incidents of corruption and actions taken</b>	
8	Report the total number and nature of confirmed incidents of corruption.
9	Report the total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
10	Report the total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
11	Report public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

This guideline that was developed by GRI which has linked to another global initiative for sustainable development. Firstly, it is linked to United Nation Global Compact principle in 2000 (UNGC, 2014). Explicitly, it is linked to the 10<sup>th</sup> principle that stated: "Business should work against corruptions in all its forms, including extortion and bribery." Secondly, it is linked to Organization for Economic Co-

operation and Development (OECD) guidelines for multinational enterprise 2011. The guidelines were stated in chapter VIII Combating Bribery, Bribe Solicitation, and Extortion (Morgera, 2011). Therefore, the relevancies of this guideline to combat corrupt activities is undebatable. Further, table 2.2 below represent the detail aspect of the relevancies of each category to the possible problem that occurs.

*Table 2. 2. The Relevance of Each GRI Indicator*

No	Indicator	Relevance
1	G4-SO3	This indicator measures the implementation of risk assessment across the organization activities. This assessment is essential to prevent the potential incident of corruption and help the organization to design the policies and procedure to prevent those corrupt acts.
2	G4-SO4	The indicator shows the amount of organization's governance body member, employees, and business partner that reasonably aware of organization anti-corruption policy, strategies and also procedure.
3	G4-SO5	This indicator shows the specific action taken to decrease the exposure to corruption risk. As the stakeholder is always attractive in the presence of the incident and how the organization responds to the incident. This is related to the severe impact of corruption that increases the expectation of the stakeholder in how business demonstrates their adherence to good business practice, good governance, and integrity in their activities.

Source: Global Reporting Initiative (2013a and 2013b)

## 2.2 Previous Research

Accounting scholar research specifically examined anti-corruption activities at the corporate level and had been differing from several points of view. Firstly, the descriptive studies about anti-corruption disclosure. For instance, Joseph et al. (2016) that research the difference among 24 companies participated in Malaysia Sustainability Reporting Awards (MaSRA) and 34 Indonesian companies that participated in the Indonesia Sustainability Reporting Award (ISRA) in reporting their anti-corruption activities. The other research that presented in descriptive was the research that conducted by several NGO to present company's anti-corruption practice such as Transparency International (2009) that write a report of corporate practice on anti-corruption (TRAC). TRAC defined the extent of 500 leading listed companies on their strategies, management system and policy for combating corruption and bribery. The other report was published by PWC (2008) that presented the business case for an effective anti-corruption program. The report was examining the company's strategies to manage the risk of corruption and the step they take to protect themselves in the future. The last example was a report written by KPMG (2015) that address the challenge in combating corruption and bribery in the age of globalization. The report was based on a global survey of 659 respondents around the world about their opinion about the challenge faced by the development of anti-corruption and bribery law that had internationally implemented.

Secondly, the individual case of combating corruption in details. As an example, Islam, Dissanayake, Dellaportas, & Haque (2017) analyzed anti-bribery disclosure and its relation with the activities of the non-governmental organization and

media of two global telecommunication companies Alcatel-Lucent and Siemens AG. The result indicated that anti-bribery disclosures are positively associated with the activities of the media and NGO. The findings also show that companies disclose their anti-bribery activity to gain their symbolic legitimacy. However, anti-bribery disclosures to effect a substantive change in their accountability practices is still notoriously implemented.

The other individual case example was the research conducted by Gunawan & Joseph (2017) that tried to explore Indonesia CSR practice specifically on an anti-corruption practice that uses the institutional theory. The methodology used was focus group interview with ten best CSR practice company in Indonesia. The research concludes that the emerging practice of ACD in Indonesia main derived from normative and mimetic isomorphism. The research also indicated that that anti-corruption practice in Indonesia was applicable not only to CSR activities but also to the general business activities.

The third group of studies statistically examines the link between the extent of ACD and various socio-economic and cultural factors. For instance, Barkemeyer, Preuss, & Lee (2015) that explored international comparison on anti-corruption disclosure as the result of several organizational field-level pressure. The result of the research indicated that county and sector level pressure significantly influenced the difference between organization to disclose their anti-corruption activities.

The other example was research conducted by Branco & Matos (2016) that analyzed the disclosure of information on combatting corruption of Portuguese companies. The sample of the research was Portuguese firm that publishes the report

on the website of Portugal's Business Council for Sustainability Development. The finding shows that government-owned company, high-risk sector companies and signatories of UNGC tend to explore more disclosure in their anti-corruption activities.

Blanc et al. (2017) researched how media exposure regarding the corruption can affect companies ACD. Beside the level press freedom of home country was also addressed to see its significance on companies ACD. The research was based on TI's 2012 ratings of anti-corruption disclosure by 105 largest multinational firms in the world. The result of the research attests that media exposure is positively related to the different ACD scope. Further, the research proved that disclosure is higher when the home country press freedom is less limited to the lower level of press freedom and reduces the extent of ACD.

The last example of this type of literature is research conducted by Kusuma & Cahaya (2017) that addressed Indonesia listed companies ACD by content analysis and GRI as the disclosure benchmark. The stakeholder theory was used as the basis for the research and resulted that company size was a positive predictor for ACD beside the result indicated that Indonesia companies had the influential stakeholder to promote combating corrupt activities.

Based on the availability of previous research regarding ACD. This paper is significant for the following reasons. Firstly, there is still little-published research examining the level of ACP disclosure in developing countries. In the previous part, only Malaysia and Indonesia that had already be the subject of the research about the ACD. While in ASEAN perspective, Malaysia was considered having high transparency based on TI CPI Index 2016. Thus, it is essential to compare the practice

of ACD among several developing countries, especially in ASEAN to analyze the factor that can increase company ACD. Further, the result of the research was able to assist the policy maker and higher authorities to strengthen their policy to combat corruption.

Secondly, this research was considered the institutional theory isomorphism mechanism namely coercive, to enhance the understanding of ACP disclosure, and add to the pool of literature. Other institutional studies, as described in the previous part only focused on the institutional theory in general whereas the most cited type of institutional pressure was the coercive pressure that gives the clear pressure for the firm to expose their ACD. Therefore, this research focused on addressing the coercive pressure that could influence the extent of company ACD.

### **2.3 Institutional Theory**

The development and increasing of CSR practice today had made anti-corruption disclosure to be one of the important issues in CSR reporting within companies. This practice would be the most significant evidence of institutionalization process. For that reason, the institutional theory will explain and provide a social perspective of organization activities about anti-corruption and its disclosure (Zheng, Balsara, & Huang, 2014).

The institutional theory explained that some structure surrounding the organization like schemas, rules, norms, and routine would establish an authoritative guideline for organization social behaviour (Scott, 2008). Therefore, the adoption of policies and procedure will consider social legitimacy by external stakeholder. Broadly

speaking institutional theory explain the reason of similar character and form within the particular organizational field (Deegan & Unerman, 2011, p. 362).

There is an argument by Adams & Larrinaga-González (2007) that stated the structure of reporting system within the organization tends to be similar to meet the expectation of society, particularly powerful group or stakeholder considered to be reasonable, proper and adequate action. Therefore, organizations need to interact with the environment in ways that are acceptable to the various culture and norms to acquire legitimacy, resources, and stability as well as to enhance survival prospects (Lyons, Bartlett, & McDonald, 2016). In this context, the outcome of institutionalized element or institutionalization is an anti-corruption disclosure that included in sustainability reporting.

There are two main reason why the institutional theory is the most suitable theory to investigate voluntary disclosure such as ACD. Firstly, it provides the complementary perspective of both stakeholder and legitimacy theory (Deegan & Unerman, 2011, p. 361) about the voluntary disclosure. As stated by Deegan & Unerman (2011) the similarities between institutional theory and legitimacy theory rely on the understanding how an organization adaptation to changing in social and institutional pressure to meet social norms and value. Thus, legitimacy from organization surrounding is the core value of institutional theory and the primary concern of larger organization to operate. While the similarities between institutional and stakeholder theory rely on the managerial branch of stakeholder theory which explained that company use voluntary disclosure to address economic and ethical



value and concern of that stakeholder who had the most power over organization activities (Deegan & Unerman, 2011, p. 363)

Secondly, regarding the practice of voluntary disclosure in developing countries the theory will also help to analyze and understand the similarities and difference incorporating with organizational practice such as accounting procedure and corporate reporting to the value of corporate sounding such as social and cultural issues that will influence the company to maintain its legitimacy within developing country context (Joseph et al., 2016).

Institutional theory is composed of two main dimensions: isomorphism and also decoupling. Isomorphism according to DiMaggio (1983, p.149) referred to an adaptation process of institutional practice to denote the same surrounding condition. This process will make the organization become homogeneous within given area to meet the expectation of wider institutional surrounding (Deegan & Unerman, 2011, p. 363). The other dimension was decoupling, which according to Dillard *et al.* (2004) referred to the situation in which the actual practice of an organization is different from organizational formal structure and practice. In the other word, this mechanism implies that sometimes manager faced a need for an organization to be seen adopting specific institutional practice such as reporting and regulate that practice formally, but the actual practice was very different with those are formally pronounced (Deegan & Unerman, 2011).

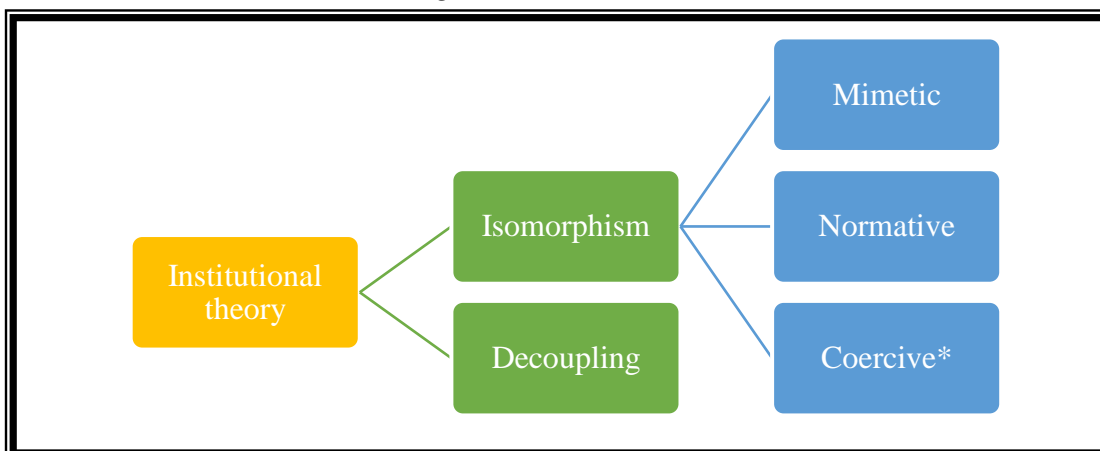
The isomorphic mechanism within organization occurs through three processes: mimetic, normative, and also coercive (DiMaggio and Powell, 1983). Mimetic process refers to the fact that organizations adopt the similar organization's

practice in their field as a standard response to uncertainty. Mimetic pressure gives the tendency that an organization will imitate other successful organization in their field to be legitimated (Lyons et al., 2016). Shortly speaking mimetic isomorphism is a process to achieve social legitimation through imitation of other organization (Gao, 2011) (Zheng et al., 2014).

Normative pressures according to DiMaggio and Powell (1983) is related to pressure from normative or professional group to adopt some institutional practice such as corporate reporting (Deegan & Unerman, 2011, p. 366). The professional group will create a process named professionalization. According to Amran & Haniffa (2011) defined as the collective member of specific professional intended to define best practice and condition as a cognitive base. There are two primary sources of normative isomorphism: the educational and professional network (DiMaggio & Powell, 1983).

This research specifically focused on the third mechanism of isomorphism which was the coercive isomorphism. Coercive isomorphism is mostly used and the most explicit type of institutional pressure (Joseph et al., 2016). Coercive isomorphism involves organizations changing their institutional practices as a result of both formal and informal pressures exerted by those stakeholders upon whom the organization is dependent. Coercive pressure according to DiMaggio & Powell (1983) came from the pressure that “exerted by other organizations on which an organization may be dependent, as well as cultural expectations in which the organizations operate.” According to Amran & Haniffa (2011), the form of the pressure could be force, persuasion or invitation to join specific initiative which came from the stakeholder

which the organization is dependent. Because of this dependency, this type of isomorphism is usually linked to the managerial type of stakeholder theory. This is because those stakeholders who had the most power to the company can influence the company to adopt specific mechanism. The source of this pressure can include regulation and also several socio-economic-and also political institution pressure (Amran & Haniffa, 2011). Another source of pressure that fundamentally influence organization can also come from political influence, law, and also public at large. The other powerful institution that can press organization to adopt specific behaviour includes the customer, supplier, competitor, government regulation, certification body, politically powerful stakeholder or that other powerful stakeholder for the organization (Deegan & Unerman, 2011, p. 364). Shortly speaking, DiMaggio and Powell's (1983) had the concept of coercive isomorphism which means that organizations adopt structures mandated by other organizations on which they depend and in fact, this dependency is related to an organization's need for legitimacy and also its function to extract resources from the environment. The summary of theoretical foundation used in this research can be seen in *Figure 2.1*.

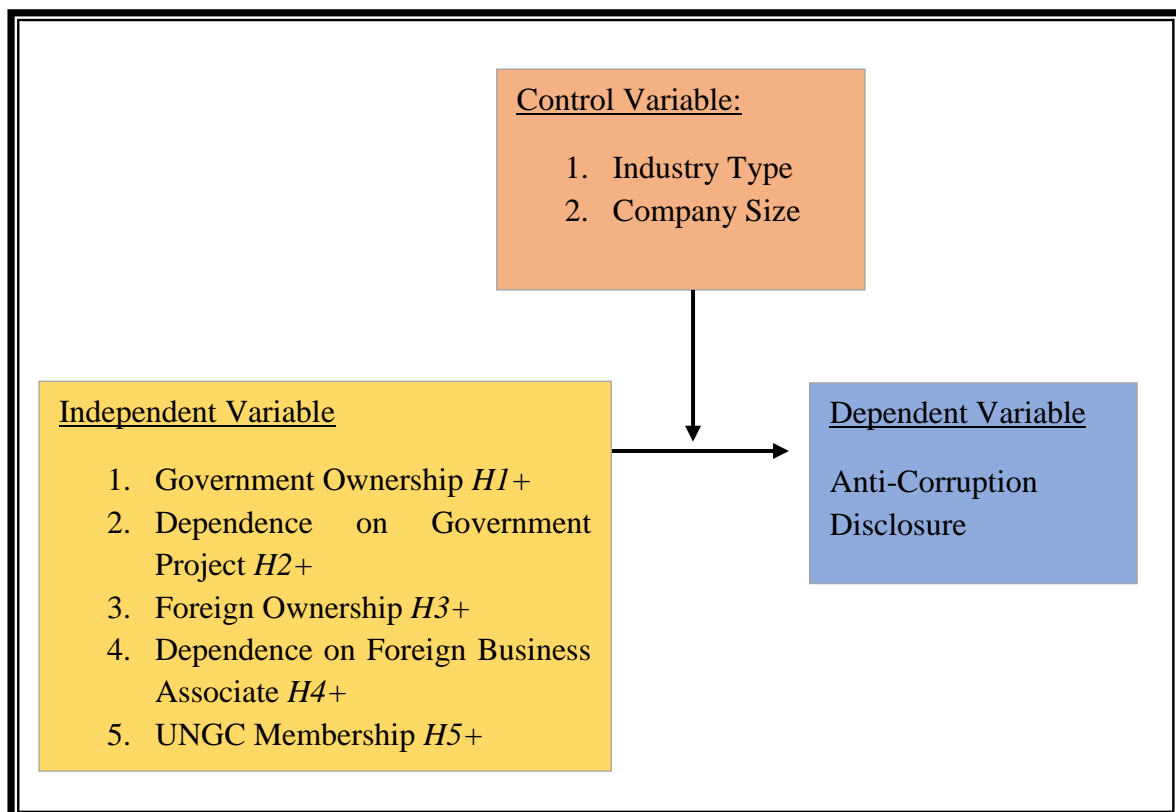


*Figure 2.1 Institutional Theory*

\*The area indicated the isomorphism type that used in this research.

## 2.4 Research Framework

This research analyzed the extent of company ACD practice with GRI G4 as the benchmark for the reporting. The predicted independent variable that can influence the extent of anti-corruption disclosure mainly comes from the coercive pressure within the company. Those coercive pressures were government ownership, dependence on government tender, foreign ownership, dependence on a foreign associate, and also United Nation Global Compact signatories. The predicted control variable to control the result of the research is the type of the industry wheatear the company was included in the high-risk industry or not and also company size. The framework of the research was described in *Figure 2.2* below:



*Figure 2.2. Research Framework*

## **2.5. Hypotheses Formulation**

### **2.5.1 Government Ownership**

Government-owned companies tend to be politically sensitive because their activities are more visible in the public eyes and there is a stronger expectation for such firms to be conscious of their public duty (Muttakin & Subramaniam, 2015). CSR activities, by their very nature, ideally, can reflect how government entities are willing to serve both the business interests and society's well-being. Thus, government owners are likely to generate pressures for companies to disclose additional information because the government as a body that is trusted by the public-, will need to meet its stakeholders, i.e., the public's expectations (Branco & Matos, 2016b).

In prior studies that see government ownership as a possible coercive pressure to company disclosure, a positive relationship is shown by Cahaya et al. (2012) that analyzed 223 labour disclosure in Indonesia's listed company. The other research conducted by Amran & Devi (2008) also shows the positive and significant relationship of government ownership to the extent of social reporting in Malaysia. This evidence is in line with the research by Muttakin & Subramaniam (2015), Branco & Matos (2016b) and Othman, Darus, & Arshad (2011) that indicates the positive and significant effect of government ownership to the extent of the company disclosure activity.

However, some other researchers see that government ownership does not have a significant impact on company disclosure. This is proven by Cahaya (2012) that verified that the government ownership does not influence health and safety disclosure practice in Indonesia's listed company. The other researcher that found the non-

significant influence of government ownership was Amran & Haniffa (2011) that testify Malaysia government ownership does not influence the extent of sustainability disclosure in the country.

According to Deegan & Unerman (2011, p. 363), coercive pressure can result from formal and informal pressure which the organization depend on resource and which the cultural expectation in the society existed. Government ownership was the example of the formal pressure that can influence company disclosure practice. Based on the coercive isomorphism theory this research hypotheses stated:

*H1. There is a positive relationship between government ownership and the extent of ACD in ASEAN companies.*

#### 2.5.2 Dependence on Government Tender

The dependence on government tender means that the condition of the company is still aided by the government (Amran & Haniffa, 2011). This aid can become from the amount of contract or tender that the company had with the government institution. The dependence can also mean that company receives the amount of subsidy from a government institution to be operated (Yu & Zheng, 2017). Dependence here does not mean a complete and permanent dependence, but instead, it shows the importance of the government as a significant purchaser, client, or source of company resource (Amran & Devi, 2008). These companies had the possibility to be institutionalized by the government's aspirations and beliefs (Dimaggio and Powell, 1983). In order to ensure company operation, it may well be argued that these companies are engaged in CSR in order to make them appear legitimate and appeal to the government. This argument are equal with the hypothesis developed by DiMaggio

and Powel about coercive isomorphism that stated “the greater the dependence of an organization on another organization the more similar it will become to that organization in structure, climate, and behavioral focus” the possible reason for this is because the companies need to ensure their long-term viability (Deegan & Unerman, 2011, p. 363).

The result of the previous research indicated that dependence on government is positive and significant to the extent of social disclosure (Amran & Devi, 2008). The other research by Amran & Haniffa (2011) also stated that dependence on government tender influenced positively on the extent of sustainability disclosure in Malaysia. This result was in line with Yu & Zheng (2017) that attested government subsidy could influence positively on the extent of CSR disclosure in China.

This result gave substantial evidence that there was a positive relationship that existed between the dependence on government and the extent of company disclosure. Therefore, dependence on government would possibly explain the anti-corruption disclosure in the company and the hypothesis was as follow:

*H2. There is a positive relationship between dependence on government tender and the extent of ACD in ASEAN companies.*

### 2.5.3 Foreign Ownership

Foreign ownership usually indicates that an entity had a stronger influence on foreign practice besides the broader separation of ownership that also exist as there was the geographical distance between the entity location and shareholder position. According to Haniffa & Cooke (2002), foreign shareholder tended to demand the high level of corporate disclosure due to the geographical separation. A foreign shareholder

that usually comes from the developed country is likely to be more concerned and sensitized to the company accountability and meet global community to create a sustainable business. This may allow the coercive pressure through more anti-corruption activities to be disclosed. From the perspective of institutional theory, this disclosure may be used as a strategy to gain legitimacy to obtain more capital inflow and to please the ethical investor. This argument is in line with the hypothesis developed by DiMaggio and Powel (1983) that argue the more significant the centralization of an organization to as a resource supply the more significant the extent that those organization will change isomorphically to be recognized by an organization which is dependent on resource supply (Deegan & Unerman, 2011, p. 363).

The result from previous studies about foreign ownership that could influence company CSR disclosure was mixed (Cahaya, 2012) (Amran & Devi, 2008) (Amran & Haniffa, 2011) not significant. (Cahaya, Porter, Tower, & Brown, 2017) and (Muttakin & Subramaniam, 2015) significant positive. As a result of the previous findings and the theoretical foundation, this research would include foreign ownership and predict a directional hypothesis:

*H3. There is a positive relationship between foreign ownership and the extent of ACD in ASEAN companies.*

#### 2.5.4 Dependence on Foreign Associate

Compared to other foreign shareholder, the foreign business associate had the possibility to give coercive pressure to the company to disclose some CSR activities. This is because some developing nations had substantial investment and business that



deal with the overseas counterpart from the developed countries. Those developed countries usually had a high CSR concern and agenda. Therefore, the reporting practice of those developing nations company is institutionalized by the reporting culture of those foreign business associate.

The example provided by Amran & Haniffa (2011) proved that there is a high number of Malaysian companies adopting ISO 14001 as their substantial investor that mainly comes from the US, UK, and Japan that used ISO 14001 as their benchmark for CSR reporting. The foreign business associate act as the resource supply to organization operating activities. Therefore, the dependency on those resource supply will indirectly influence the company to follow their trends, strategies, business plans, and also policy to ensure those resource supply always beside the organization activities.

The inconsistent result was found in previous research about dependence on foreign business associate and the extent of company disclosure. Amran & Haniffa (2011) found that dependence on foreign business associate does not influence the extent of social disclosure. This result is consistent with other research (Amran & Devi, 2008). While Cahaya et al., (2017) found that foreign associate is influenced positively on the extent of company disclosure.

From the institutional theory perspective, foreign associates or business partners (referred collectively in this paper as “affiliates”) are critical, in order to ensure that the local companies draw more investments as well as to make the investors stay. Therefore, the foreign associate can give the formal pressure to the company

adopt certain practice. This fact was based on the hypothesis developed by DiMaggio and Powell about the greater the dependence of an organization as resource supply the more similar it will become to the behavioral focus of the resource supply. As a result of the previous findings, this research would include dependence on foreign associate and predict a directional hypothesis:

*H4. There is a positive relationship between dependence on foreign associate and the extent of ACD in ASEAN companies.*

#### 2.5.5. UNGC Signatories

Deegan & Unerman (2011, p. 363) once stated that from the perspective of coercive isomorphism the change on organizational behaviour could also come from the external organization such as powerful constituent. The powerful constituent has the ability to influence organization both in formal and informal ways as well as invitation to collude. Therefore, powerful constituent can have the ability to give coercive pressure that can change organization practice. The example of the powerful constituent in combating corruption was United Nations Global Compact.

Healy & Serafeim (2011) analyzed whether membership of the Global Compact makes a difference on CSR reporting. They compared the CSR reports on top Forbes companies whether membership of the Global Compact makes a difference on CSR reporting and is overcoming industry- and country-specific factors that limit standardization. They concluded that Global Compact membership is having an effect only in the environment and worker reporting and that companies from different country vary significantly in the extent to which they promote CSR and the CSR issues

that they choose to emphasize on their reports (Chen & Bouvain, 2009). They believed that the fight against corruption is likely to be one of the areas in which UNGC membership had an effect. According to Transparency International (2009), UNGC signatories had slightly more publicly available information in terms of policy and management systems related to anti-corruption than other companies. Anti-corruption is specified as the 10th Global Compact Principle alongside a range of other issues, such as human rights, labour rights, child labour and environmental sustainability (UNGC, 2015). In general terms, the UN Global Compact had been found to have a positive impact on the comprehensiveness of CSR reporting. While in the specific CSR issue of ACD UN Global Compact participation, it did not turn out to influence corruption-related reporting (Barkemeyer et al., 2015). Engaging in an association that promotes anti-corruption will have the impact as the organization will change their behaviour based on how the association behave.

The result from previous research that analyzed the relationship between membership in certain movement and the extent of disclosure varied. Branco & Matos (2016b) found that membership is playing a significant positive influence on company disclosure. While the research done by Perez-batres, Miller, Pisani, Henriques, & Renau-sepulveda (2012) found that the membership is partially significant only in the issues that related to environment and worker. This result is in line with the research conducted by Chen & Bouvain (2009). While Barkemeyer et al. (2015) found that UNGC membership does not influence the extent of disclosure. As a result of the previous findings and theoretical basis of coercive pressure, this research would include UNGC membership and predict a directional hypothesis:

*H5. There is a positive relationship between UNGC membership and the extent of ACS in ASEAN companies.*

#### 2.5.6. Control Variable

This research also considered industry type and also company size as the control variable to the statistical analysis. The previous research indicated that those variables had the influence on the relationship between independent and dependent variable.

The first control variable is industry type. An industry that is different in type faced the different risk of corruption in their operation. Healy and Serafeim (2016) noted that companies from some industries are more likely to had interactions with governments relative to the sale of goods or services or other negotiations, and as such, face greater corruption risks. As identified by TI (2016), these include oil and gas, primary materials (including forestry and mining), defence, capital goods, construction, telecommunications, and utility sectors. These industries score the highest at TI's Bribe Payers Index (BPI) that measures the supply of bribes in different sectors.

The second control variable was company size. Company size is defined as the size of the company in the vision of public eyesight or company social visibility (Branco & Matos, 2016b). This measurement is essential because the larger company will usually be more visible in public and generate more pressure and expectation especially in non-financial disclosure such as anti-corruption disclosure (Astami & Greg, 2006). Besides, the higher the size and the operation of the company, the higher the risk of corruption that will happen to the daily operation (UNGC, 2013).

Therefore, company size had the possibility to influence the extent of anti-corruption disclosure. This factor had been considered to the influenced company in several studies of Amran & Devi (2008), Cahaya (2012), Healy & Serafeim (2012) and Blanc et al. (2017).

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This chapter describes the overall systematic process of the research. The sample selection, data type, and source of data used is explained in detail in this chapter. The research model is also presented together with the operational definition of each variable and measurement of each type of variable. The last part of this chapter describes the statistical data analysis used in this research and defines an operational hypothesis as the basis for acceptance and rejection of this research.

#### **3.1 Population and Sample**

As the goal of this research is to examine the relationship between coercive pressure that exist in company level to ACD in ASEAN, the following section will be the basis of country and company selection used in this research.

##### **3.1.1. Selection of Country.**

The population of this research was the ASEAN companies that had the majority member from developing nations. Developing nations usually had a severe corruption problem. For this reason, conducting the research that focused on those developing nations will help to find the solution to corruption problem that existed. CPI score which was developed by TI was the basis to measure the current condition of the country in perceived corruption. The country that scored in the middle rank of

CPI score in 2016 between 10 members of ASEAN was chosen as the sample of the research. The table of 2016 CPI score of ASEAN member is presented in Table 3 1.

*Table 3. 1. ASEAN Country Selection based on CPI Score*

No	Country	CPI 2016	Rank
1	Singapore	84	7
2	Brunei	58	41
3	Malaysia	49	55
4	Indonesia	37	90
5	Philippines	35	101
6	Thailand	35	101
7	Vietnam	33	113*
8	Laos	30	123
9	Myanmar	28	136
10	Cambodia	21	156

*Source: Transparency International, 2016*

\*shaded area indicates the selected countries in this research

CPI score of Indonesia, Philippines, Thailand, and Vietnam were chosen as the sample of this research. Therefore, the sample selected was companies from 4 nations that used GRI G4 as their benchmark for CSR report in 2016.

### 3.1.2. Selection of Company

The company that came from a selected country that used GRI G4 reporting as the guidelines for their CSR reporting was selected as the sample for this research.

The criteria of the research sampling selection were described as follow:

1. Companies from a selected country that was listed in GRI database.  
<http://database.globalreporting.org/search/>
2. The company that used GRI G4 for their CSR reporting in 2016.
3. The report which was available in English

From these criteria, the sample obtained was 157 companies that issued CSR report based on GRI G4 in 2016<sup>4</sup>. Table 3.2. was the selection of the sample:

*Table 3. 2. Sample Selection*

Criteria	Total
Companies from the selected country that was listed in GRI database	237
Company that used GRI G4 in 2016	168
Company with 2016 annual report and sustainability report available in English	117

*Source: Global Reporting Initiative, 2018*

### **3.2 Data Collection Method**

The type of data that collected was the secondary data. The data was collected from the research and documentation of several sources as the annual report sustainability report as well as the company official website and organization website. The instrument used in this research was content analysis by giving the score to anti-corruption disclosure based on GRI benchmark.

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<sup>4</sup> As the website is always updated time to time for the purpose of this research this is the total number of the report as per December 2017.



The source of this research comes from:

1. GRI database to select the company that used GRI G4 as their benchmark of sustainability reporting
2. Official website of TI and also UNGC to obtain related information about CPI score of a country and also UNGC signatories.
3. Official Website of each company to obtain the annual report.

### 3.3 Operational Definition and Variable Measurement

#### 3.3.1 Dependent Variable Measurement

Table 3.3. reviewed the measurement of ACD in the prior research. It is stated from the table that content analysis was the most widely used technique to measure ACD in the prior research (four out of eight). Therefore, this research used content analysis to measure anti-corruption disclosure in ASEAN companies.

*Table 3. 3. Measurement Technique of ACD in Prior Studies*

Research	Country	Disclosure Index Examined	Technique
Barkemeyer et al. (2015)	933 GRI G3 Report across the world	GRI G3 Indicator SO2, SO3, SO4	Disclosure Index
Blanc et al. (2017)	105 largest MNC in the world	13 TI 2012 content scheme of anti-corruption disclosure	Disclosure Index
Research	Country	Disclosure Index Examined	Technique

Gunawan & Joseph (2017)	Indonesia		Focus Group Interview
Islam et al. (2016)	2 European telecommunication sectors (Siemens AG, Alcatel-Lucent)	44 indexes developed from several international anti-corruption bodies such as OECD, TI, FCPA, UNCAC	Content Analysis Number of sentences
Joseph et al. (2016)	Indonesia, Malaysia	Index adopted from (Dissanayake, Islam, & Dellaportas, 2012)	Disclosure Index
Kusuma & Cahaya (2017)	Indonesia	3 items of anti-corruption in GRI G4	Content Analysis Number of word
Branco & Matos (2016b)	Portugal	Six categories of disclosure based on Novethics/SPCP 1996	Content Analysis

<b>Research</b>	<b>Country</b>	<b>Disclosure Index Examined</b>	<b>Technique</b>
Islam, Haque, Dissanayake, Leung, & Handley (2015)	China	44 indexes for combating bribery adopted from international anti-bribery guidelines such as OEDC, TI, UNCAC, “Publish What You Pay” Initiative	Content Analysis number of theme addressed

Krippendorff (2004) defined content analysis as a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use. Abbott & Monsen (1979) define Content analysis as a technique for collecting data that consists of codifying qualitative information in anecdotal and literary form into specific categories in order to derive quantitative scales for simplifying the levels of complexity. The other definition given by Weber (1990) stated that Content analysis is a systematic, replicable technique for compressing many words of text into fewer content categories based on explicit rules of coding.

The function of this technique relied on giving a new insight into particular issues, understanding specific phenomena, or even as a tool to inform specific activities (Weber, 1990). As a technique, content analysis involves specialized procedures of what text to analyze and how the text will be analyzed (Roberts, 1997).

In this research, the document that was analyzed by content analysis was the annual report. The reasons for choosing annual report rely on several factors. Firstly, the annual report was the most credible and widespread document to give information

about company activity to a different group of stakeholder (Cahaya, 2012). Secondly, the annual report is the formal form of company communication. Therefore, it is widely and publicly available and accessible to obtain (Ellerup Nielsen & Thomsen, 2007) .

After deciding which corporate reports to be analyzed in this research, the next process of content analysis is related to how will the content of the report be quantified in this research (Roberts, 1997). Quantification process would take the large volume of text that will be analyzed to understand and render the comprehensive data (Weber, 1990). Therefore, tabulation process was used to understand the large volume of the text. According to Krippendorff (2004, p. 192) tabulation referred to a process of gathering similar recording units in smaller categories and presenting the number of instances found. Tabulations can produce tables of absolute frequencies, such as the number of words in each category occurring in a body of text, number of sentences occurred, number of character, number of pages, or even number of theme addressed (Krippendorff, 2004, p. 192). Besides, it can also create relative frequencies, such as percentages expressed relative to the sample size, proportions of a total or probabilities of specific theme occurred in a specific report.

As shown in [Table 3.3.](#), prior studies using content analysis uses various units of analysis for tabulating and quantifying the extent of company disclosure practice. These units of analysis consist of a length of narrative disclosures, number of sentences, number of items, number of issues, number of pages, and number of words. According to Unerman (2000), there is still an ongoing controversial to the most appropriate technique to measure the extent of disclosure as every method had its own

strength and weaknesses. Despite this controversial, the research by Smith, Adhikari, & Tondkar) 2005 stated that the differences in the unit of measurement would not produce any different result in the research.

Therefore, this research adopted the number of words to analyze and tabulate the extent of anti-corruption disclosure in ASEAN companies and measure the disclosure by the number of word of each category of ACD developed by GRI-G4. The number of the word used to report 3 general indicators in reporting anti-corruption activities was calculated and measured as the extent of company disclosure.

The benchmark used generated from Global Reporting Initiative (GRI) guideline. GRI was chosen as the benchmark based on several considerations. Firstly, GRI guidelines were the most widely accepted sustainability guidelines. It is created to be universally applicable to all organizations, large and small, and across the world (Cahaya et al., 2012). Secondly, GRI guidelines were always updated to meet with the condition of global sustainability business from an interview with international stakeholder from across sector such as civil society, labor, business, financial market, auditor as well as academician and also dialogue with government and regulatory body from several countries (Global Reporting Initiative, 2016). Thirdly, GRI also provided guidance on how to present sustainability disclosures in different report formats: independent sustainability reports, integrated reports, annual reports, reports that address particular international norms, or online reporting (Global Reporting Initiative, 2016). Therefore, the scope of the disclosure covered was greater than the other type of CSR reporting benchmark. Fourthly, the most important reason to adopt GRI as the disclosure benchmark for this research was that it was already in line with several

global initiatives for combating corruption such as United Nations Global Compact, OECD Guidelines for multinational enterprises and also UN guiding principles on business and human right (Global Reporting Initiative, 2016).

GRI G4 Indicator on social issues specifically about anti-corruption was:

- GRI G4-SO3: Total number and percentage of operation assessed for risk related to corruption and the significant risk identified.
- GRI G4-SO4: Communication and training on anti-corruption policies and procedures
- GRI G4-SO5: Confirmed incidents of corruption and actions taken.

Therefore, these indicators were be used as the benchmark for the content analysis.

### 3.3.2 Independent Variable Measurement

This part explained the measurement of the independent variable of this research (government ownership, government dependence, foreign ownership, foreign dependence, and UNGC membership). The summary of a measurement technique used in this research was as follow:

*Table 3. 4. Summary of Measurement Technique of Independent Variable*

<b>Independent Variable</b>	<b>Measurement</b>	<b>Type of Data</b>
<b>Government Ownership</b>	Dichotomous Coding: 1=Yes-present of government ownership	Categorical

	0=No-Does does not have government ownership	
<b>Government Dependence</b>	Dichotomous Coding: 1=Yes-there is a government project, tender, grant, privatization project or concession. 0=No-there is no government project, tender, grant, privatization project or concession.	Categorical
<b>Foreign Ownership</b>	Dichotomous Coding: 1=Yes-present of foreign ownership 0=No-Does does not have foreign ownership	Categorical
<b>Foreign Dependence</b>	Dichotomous Coding: 1=Yes-there is foreign sales, foreign subsidiaries, foreign branch office. 0=No-there is no foreign sales, foreign subsidiaries, foreign branch office.	Categorical
<b>UNGC Membership</b>	Dichotomous Coding: 1=Yes-was a member of UNGC 0=No-was not a member of UNGC	Categorical

### 3.3.2.1. Government Ownership

The measurement technique for government ownership is presented in Table 3.5.

*Table 3. 5. Measurement of Government Ownership in Prior Studies*

<b>Research</b>	<b>Country</b>	<b>Measurement of government ownership</b>
<b>Cahaya et al. (2012)</b>	Indonesia	1 there is a proportion of government ownership, otherwise 0
<b>Cahaya (2012)</b>	Indonesia	1 there is a proportion of government ownership, otherwise 0
<b>Amran &amp; Haniffa (2011)</b>	Malaysia	Percentage of Government Ownership
<b>Muttakin &amp; Subramaniam (2015)</b>	India	Percentage of Government Ownership
<b>Branco &amp; Matos (2016a)</b>	Portugal	Yes or No Based on the ownership
<b>Othman et al. (2011)</b>	Malaysia	Percentage of shares owned by government institutions listed in the top 30 shareholdings to the total number of shares issued
<b>Gunawan &amp; Joseph (2017)</b>	Indonesia	Qualitative research
<b>Amran &amp; Devi (2008)</b>	Malaysia	The ratio of government shareholding to the total number of shares issued



There were various types of technique to measure the government ownership. As this research was aimed to measure the degree of the disclosure presented by the company, the variable of government ownership was measured as qualitative variable and treated as a dummy variable and used a dichotomous coding (1 if there are government ownership and otherwise 0). This method was in line with the research done by Branco & Matos (2016b), Cahaya et al. (2012), and Cahaya (2012).

### 3.3.2.2. *Dependence on Government Tender*

This variable was measured based on business activities related to a government project, tender, agreement, or grant. This variable was also be treated as a qualitative variable and use a dichotomous scale to be measured. Therefore, if the company had agreement, project or tender that was related to government entities the company would be scored 1 and otherwise 0 if the company did not have an agreement, tender, or project related to government entities.

Measurement of government dependence in prior studies was summarized in Table 3.6.

*Table 3. 6. Measurement of Government Dependence from Prior Studies*

<b>Research</b>	<b>Country</b>	<b>Measurement of Government dependence</b>
<b>Amran &amp; Haniffa (2011)</b>	Malaysia	1 if the company depends on government tender/ project; otherwise 0
<b>Amran &amp; Devi (2008)</b>	Malaysia	If a company receives significant government project, tender,

		privatization project, or concession, coded as 1; otherwise 0
<b>Tolbert (1985)</b>	China	the proportion of the institution's total revenues derived from government appropriations, government grants, and contracts.

### 3.3.2.3. Foreign Shareholder

The foreign shareholder was measured based on the availability of company share owned by the foreign shareholder or parent company located overseas. The company that had the foreign shareholder was scored 1 and otherwise 0. Measurement of Foreign Ownership in prior studies was summarized in Table 3.7.

*Table 3. 7. Measurement of Foreign Ownership from Previous Studies*

<b>Research</b>	<b>Country</b>	<b>Measurement of Foreign Ownership</b>
<b>Cahaya (2012)</b>	Indonesia	1 = the company is a subsidiary of a foreign company 0 = otherwise
<b>Amran &amp; Haniffa (2011)</b>	Malaysia	percentage of foreign ownership
<b>Cahaya et al. (2017)</b>	Indonesia	1 = the company is a subsidiary of a foreign company  0 = otherwise
<b>Amran &amp; Devi (2008)</b>	Malaysia	The ratio of foreign shareholding to a total number of shares issued.

<b>Research</b>	<b>Country</b>	<b>Measurement of Foreign Ownership</b>
<b>Muttakin &amp; Subramaniam (2015)</b>	India	percentage of shares owned by the foreign investors

#### *3.3.2.4. Dependence on Foreign Associate*

The dependence on business associate was measured based on the availability of foreign sales, foreign subsidiaries or foreign branch office. The company was scored 1 if it had foreign sales, foreign subsidiaries or foreign branch office and otherwise 0. Table 3.8. summarized the measurement of dependence on a foreign associate in previous studies.

*Table 3. 8. Measurement of Foreign Dependence in Prior Studies*

<b>Research</b>	<b>Country</b>	<b>Measurement of Dependence on foreign Business Associate</b>
<b>Amran &amp; Haniffa, (2011)</b>	Malaysia	1 if the company depends on foreign associate; 0 otherwise
<b>Cahaya et al. (2017)</b>	Indonesia	1 =Yes-Had material foreign sales or a foreign subsidiary or a foreign branch office  0 = No material foreign sales, foreign subsidiaries or foreign branch offices

<b>Research</b>	<b>Country</b>	<b>Measurement of Dependence on foreign Business Associate</b>
<b>Amran &amp; Devi (2008)</b>	Malaysia	If a company had a foreign partner, coded as 1; otherwise 0.
<b>Cahaya (2012)</b>	Indonesia	1 =Yes-Had foreign sales or a foreign subsidiary or a foreign branch office  0 = No foreign sales, foreign subsidiaries or foreign branch offices

#### 3.3.2.5. UNGC Signatories

The UNGC signatories was based on the information on UNGC official website<sup>5</sup>. If the company was included as UNGC signatories, the company would score 1 and 0 if the company does not list in UNGC signatories' database.

*Table 3.9. Measurement of UNGC Membership in Prior Studies*

<b>Research</b>	<b>Country</b>	<b>Measurement of UNGC membership</b>
<b>Barkemeyer et al. (2015)</b>	933 GRI G3 CSR report from 7 Industry	1/0 based on the membership

<sup>5</sup> <https://www.unglobalcompact.org/what-is-gc/participants>

<b>Branco &amp; Matos (2016b)</b>	Portuguese	Yes or no based on membership
<b>Perez-batres et al. (2012)</b>	Mexican	a count variable as it represents a firm's number of reports on a given period
<b>Chen &amp; Bouvain (2009)</b>	US, UK, Australia, Germany	Yes or No based on membership

### 3.3.3 Control Variable Measurement

This part explained the measurement of the control variable of this research (company size and also industry type). The summary of a measurement technique used in this research is summarized in the table below:

*Table 3.10. Summary of Measurement Technique of Control Variable*

<b>Control Variable</b>	<b>Measurement</b>	<b>Type of Data</b>
<b>Industry Type</b>	Dichotomous Coding: 1=Yes-Company operate in a high-risk industry 0=No- Company operate in a low-risk industry	Categorical
<b>Company Size</b>	Total Assets	Continuous

### 3.3.3.1. Industry Type

Industry type is one of variable control used in this research. The summary of prior research measurement about industry type was presented in Table 3.11.

*Table 3. 11. Industry Type Prior Research*

<b>Research</b>	<b>Country</b>	<b>Measurement of Industry Type</b>
<b>Economist Intelligence Unit, (2007)</b>	PricewaterhouseCoopers	<ol style="list-style-type: none"> <li>1. Defence</li> <li>2. construction</li> <li>3. extractive industries</li> </ol>
<b>Haniffa &amp; Cooke (2002)</b>	Malaysia	<ol style="list-style-type: none"> <li>1. Consumer</li> <li>2. Industrial</li> <li>3. Construction and Property,</li> <li>4. Trading/services,</li> <li>5. Plantation/mining</li> </ol>
<b>Amran &amp; Devi (2008)</b>	Malaysia	<ol style="list-style-type: none"> <li>1. Industrial</li> <li>2. Consumer</li> <li>3. Construction</li> <li>4. Trading and Technology</li> <li>5. Finance</li> <li>6. Plantation/Mining</li> </ol>
<b>Cahaya et al. (2012)</b>	Indonesia	High Profile: <ol style="list-style-type: none"> <li>1. agriculture,</li> <li>2. mining,</li> </ol>

		<ol style="list-style-type: none"> <li>3. basic industry and chemicals,</li> <li>4. miscellaneous industry,</li> <li>5. consumer goods industry,</li> <li>6. property and real estate, and</li> <li>7. infrastructure, utilities, and transportation are classified as high profile industries whereas the other</li> </ol> <p>Low Profile:</p> <ol style="list-style-type: none"> <li>1. Finance and Trade</li> <li>2. Service and Investment</li> </ol>
<b>(Amran &amp; Haniffa, 2011)</b>	Malaysia	<ol style="list-style-type: none"> <li>1. Industrial</li> <li>2. Consumer</li> <li>3. Construction</li> <li>4. Trading and Technology</li> <li>5. Finance</li> <li>6. Plantation/Mining</li> </ol>
<b>(P. M. Healy &amp; Serafeim, 2012)</b>	Transparency International	<ol style="list-style-type: none"> <li>1. Aerospace and defence</li> <li>2. Oil and gas,</li> <li>3. Basic materials</li> <li>4. Capital goods,</li> <li>5. Construction,</li> <li>6. Telecommunications, and utilities.</li> </ol>

However, as this research tried to measure the ACD in several nations in ASEAN, this research developed a new benchmark to determine the high level and low-level industry by utilizing Transparency International Bribe Payer Index. An industry that comes from high-risk industry was scored 1 and otherwise 0 if the company come from low-risk industry.

The different between low-profile and high-profile industry was based on Bribe Payer Index published by Transparency International in 2011. The index is generated based on the answer of bribe payer survey that questioning about the company engagement on bribery in low-level public official, usage of improper contributions to a high-level politician, and also possibility of receiving bribery from another private firm (Transparency International, 2011). The result and group of each business sector was presented clearly in the table below

*Table 3. 12. Table of Industry Risk*

<b>Rank</b>	<b>Sector</b>	<b>Score</b>	<b>Risk Category</b>
1	Agriculture	7.1	High
2	Light Manufacturing	7.1	High
3	Civilian Aerospace	7.0	High
4	Information Technology	7.0	High
5	Banking and Finance	6.9	High
6	Forestry	6.9	High
7	Consumer Services	6.8	High
8	Telecommunication	6.7	High
9	Transportation and Storage	6.7	High
10	Arms, defence, and military	6.6	High
11	Fisheries	6.6	High



12	Heavy Manufacturing	6.5	Low
13	Pharmaceutical and healthcare	6.4	Low
14	Power generation and transmission	6.4	Low
15	Mining	6.4	Low
16	Oil and Gas	6.2	Low
17	Real estate, property, legal, and Business Services	6.1	Low
18	Utilities	6.1	Low
19	Public work contract and construction	5.3	Low
	Average	6.6	

*Source: Transparency International, 2011*

The Industry that scored equal and above the average global Bribe Payer Index (BPI) Score (6.6) was marked as high-risk industry and low-risk industry if scored below the global average BPI score.

#### *3.3.3.2. Company Size*

Company size was used as the control variable in this research as the measurement of firm visibility. It is apparently stated by the literature that firm visibility could influence and give pressure to company disclose as its anti-corruption activity (Healy & Serafeim, 2015). Table 3.13 give the picture of how company size was measured in the prior research. As stated by Cooke (1992), no theoretical foundation to prefer specific company size measurement. This research used the logarithm of total assets to measure company size in line with the research conducted by Healy & Serafeim (2011) and also Cahaya (2012) .

*Table 3. 13. Measurement of Company Size from prior studies*

<b>Research</b>	<b>Country</b>	<b>Measurement of</b>
<b>Healy &amp; Serafeim (2011)</b>	Transparency International	Total Assets
<b>Amran &amp; Devi (2008)</b>	Malaysia	Number of Employee
<b>Cahaya (2012)</b>	Indonesia	Log of Total Assets
<b>Blanc et al. (2017)</b>	Transparency International	Market Value
<b>Amran &amp; Haniffa (2011)</b>	Malaysia	Total Sales

### **3.4 Data Analysis Method**

#### **3.4.1. Descriptive Statistic Analysis**

The descriptive statistic was used to describe and compare the variable numerically. The descriptive focused on the central tendency and also the dispersion of the data (Saunders, Lewis, & Thornhill, 2009, p. 475). The descriptive analysis is used to provide the general impression of the data are collected. The value is seen as the most common, the middling or average value of the data. In short, the purpose of this statistical method is to present the data that had been collected in a clear, concise and accurate manner (Barrow, 2009, p. 30). This was needed because of the difficulty that existed in describing the phenomena because of too much information available for the mind to assimilate. Therefore, the descriptive statistic is drawn on the main features available in collected data without distorting the general picture of the data.

### 3.4.2. Classical Assumption

The classical assumption was used to find out whether the regression model shows a significant relation or not. Thus, the model must fulfil the classical assumption regression. The test of classical assumption consisted of normality test, multicollinearity test, and also heteroscedasticity test. It was crucial to conduct classical assumption tests before regression to ensure that the regression model meet certain assumptions. This test was conducted to ensure the feasibility of regression model used in this research. The classical assumption tests contained normality test, multicollinearity test, and heteroscedasticity test.

#### *3.4.2.1. Normality Test*

Normality test is used to test whether, in a certain regression model, the residual variable had been normally distributed or not (Santoso, 2015). This test will be done through Kolmogorov Smirnov test. The basic decision-making is based on the level of significant count results with the following conditions:

- Probability  $> 0.05$ : The hypothesis is accepted because the data is normally distributed
- Probability  $< 0.05$ : The hypothesis is rejected because the data is not distributed normally

#### *3.4.2.2. Multicollinearity Test*

Multicollinearity test is a relation between independent variables and other variables. A good regression would not have a correlation among the independent variable. If the independent variables are correlated, then the variable was not orthogonal. Multicollinearity test is necessary to determine whether there is an

independent variable that had similarities with other independent variables in the models (Santoso, 2015). The similarity between independent variables in the regression model will lead to a strong correlation between one independent variable to other independent variables, which leads to bias regression model. The detection of multicollinearity also aims to avoid the bias in the conclusion process about the effect of independent variables on the dependent variable in partial test (Statistic, 2014).

A good regression model will not contain a correlation between its independent variables. To detect the presence or absence of multicollinearity in the regression model, it can be seen from the Variance Inflation Factor (VIF) and the tolerance value. If the value of  $VIF > 10$  and tolerance value below 10%, it indicates the existence of multicollinearity otherwise,  $VIF < 10$  and tolerance value  $> 10\%$ , the data is free from multicollinearity problem.

#### *3.4.2.3. Heteroscedasticity Test*

This test is aimed to test whether in the regression model exist inequalities of the variance in the regression model due to residues of the observations conducted. Homoscedasticity is a condition where the residual of the observations is stable. Meanwhile, heteroscedasticity is a when the residuals of the observations are different (Barrow, 2009).

A good regression model is a model which meets the homoscedasticity assumption. The heteroscedasticity test in this research is done by Glejser test to determine the presence or absence of heteroscedasticity. To know the absence of heteroscedasticity indicated by none of the independent variables significantly

influence the dependent variable of Absolute Residual value (AbRes). The statistical test can be determined from the probability of significance above the level 5 percent confidence level (0,05).

### 3.4.3. Multiple Regression Analysis

In this research, the hypothesis test was conducted by using a multiple regression analysis method. The multiple linear regression is a statistical analysis used to find out the impacts of some explanatory variable towards the dependent variable (Barrow, 2009, p. 301). This research used the multiple regression analysis to examine the relationship among government ownership, dependence on government tender, foreign ownership, dependence on foreign associates and also UNGC signatories. Regression analysis is done to predict how much independent variables can describe or contribute to the dependent variable (Lind, Marchal, & Wathen, 2006). The regression analysis in this research was conducted in simultaneous significance test (F-test) and partial significance test (t-test) also coefficient determination ( $R^2$ ).

#### 3.4.3.1. *F-test*

F test is conducted to identify the overall significance of the variable. This test is used to work out the probability of the relationship represented by the regression analysis having occurred by chance (Saunders et al., 2009, p. 494). The *F-test* is used to find out the overall probability of the relationship between the dependent variable and all the independent variables occurring by chance. The *F* distribution table is used to determine whether an *F-test* is significant by comparing the results with the *F* distribution given the degrees of freedom and the pre-defined significance level. The significance level used in this research was 5%.

It means that the result of F value was significant when it was below 5% and vice versa. After the compatibility of the regression model is identified and the model is significant, it would be used as a prediction.

#### *3.4.3.2. The coefficient of Determination Test ( $R^2$ )*

The coefficient determination ( $R^2$ ) provides information about the goodness of fit of the regression model: it is a statistical measure of how well the regression line predicts the real data point. The test represents how much independent variables can describe the variance in the dependent variable (Imam, 2005). The coefficient determination that became the reference in this research is the adjusted  $R^2$ . Adjusted  $R^2$  had a value between 1 and 0 ( $0 \leq R^2 \leq 1$ ). When the value of coefficient determination was zero, it means that there is no relation between dependent and independent variable. Otherwise, if the value of the coefficient determination was closer to 1.00, it had better the contribution of independent variables toward dependent variables (Imam, 2005)

#### *3.4.3.3. T-test*

A t-test or known as the partial test is employed to examine how the effect of each independent variable against the dependent variable. In another word, this test was conducted in order to test the hypothesis in this research. This test would be done by analyzing the result of p-value from statistical analysis. The *t*-test was used to find out the probability of the relationship between each of the individual independent variables and the dependent variable occurred by chance (Saunders et al., 2009). The *t* distribution table was used to determine whether a *t*-test was significant by comparing the results

with the  $t$  distribution, given the degrees of freedom and the pre-defined significance level. The significance level used in this research was 5%. It means that when the p-value was below 5%, the result was said to be significant. The hypotheses in this research are as follow:

- a) The hypothesis is accepted if the significance is less than 0.05 (sig.  $t < \alpha$ ). This means that there is a significant relationship between the independent variable and dependent variable.
- b) The hypothesis is rejected if the significance is greater than 0.05 (sig.  $t > \alpha$ ). This means that there is no significant relationship between the independent variable and dependent variable.

## CHAPTER IV

### DATA ANALYSIS AND DISCUSSION

#### 4.1. General Overview of Research Object

This chapter presents the result and analysis of classical assumption and descriptive statistics from 117 annual and sustainability reports in 2016. Figure 4.1. gives the clear picture of 117 sample company composition. From 117 total selected sample companies, there were 41 companies (equal to 35% of total sample) originated from Indonesia; 8 companies (equal to 7% of total sample) originated from Vietnam; 55 companies (equal to 47% of total sample) originated from Thailand, and also 13 companies (equal to 11% of total sample) originated from Philippines.

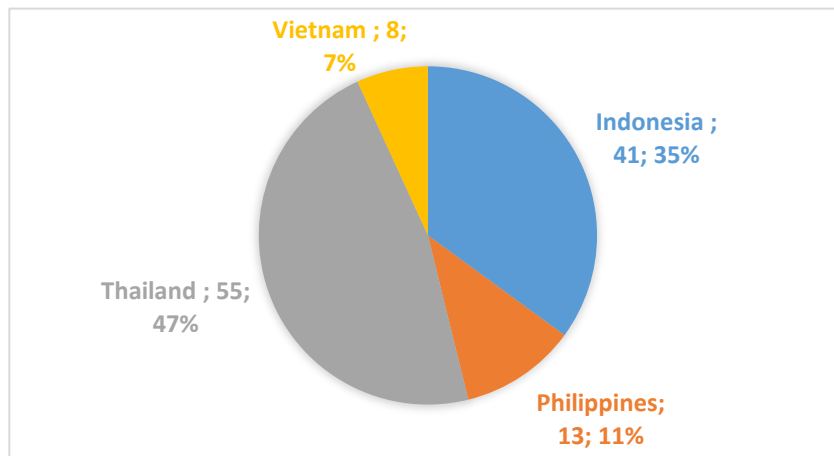


Figure 4. 1. Breakdown of Sample Company by Country of Origin.  
*Source: Secondary data processed, 2018*

The analysis focused on the relationship and characteristics of the independent variable (government ownership, foreign ownership, government dependence, foreign



dependence, and UNGC membership), control variables (industry type and company size) and dependence variable (anti-corruption disclosure)

The explanation about classical assumption and descriptive statistics of ACD answered the question about the extent of ACD in ASEAN companies. Multiple regression analysis was used to test the hypotheses and run by SPSS 23.0. The further discussion provided at the end of each result of statistical analysis as comprehensive explanation related to this research.

## **4.2. Data Analysis Result**

### **4.2.1. Descriptive Statistics Result**

Statistics descriptive were used to provide information about research variables, that consisted of the dependent variable (anti-corruption disclosure), the independent variable (government ownership, government dependence, foreign ownership, foreign dependence, UNGC membership), and also control variable (industry type and company size)<sup>6</sup>.

#### *4.2.1.1. Descriptive statistics of Independent Variable*

In this research, all independent variable was measured using the categorical variable or dichotomous coding where score 1 indicated the presence of the variable and 0 indicated the absence of the variable.

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<sup>6</sup> Before performing all statistical analysis, the data was independently reviewed and verified by an undergraduate student majoring in accounting. The purpose of this verification is to ensure the accuracy of data. The detail of this verification is presented in Appendix.

Government ownership was the variable that explained the presence or absence of government as the stakeholder of the company. It was indicated in Figure 4.2. From the total of 117 companies, there were 46 companies or 39% of the companies had government ownership, and 71 companies or 61% of the sample had no government ownership.

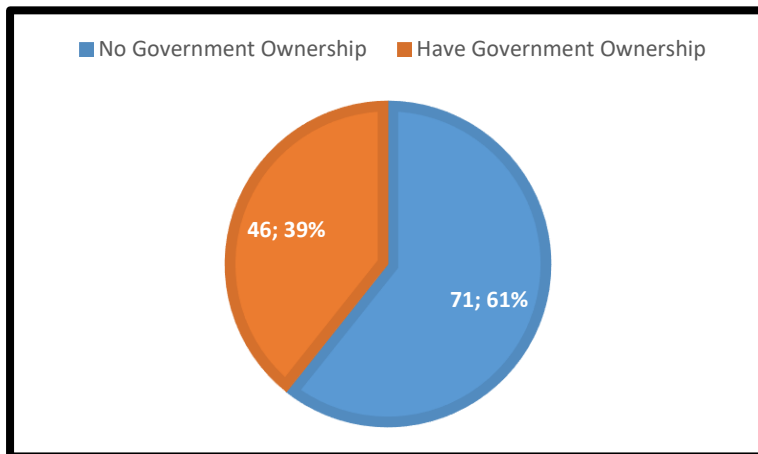


Figure 4. 2. Government Ownership Frequency  
*Source: Secondary data processed, 2018*

The breakdown of government ownership variable in each selected country was presented in Figure 4.3. From the figure, it illustrated that 50% of sample company from Vietnam had government ownership. Nearly similar with Vietnam, 59% of sample company from Indonesia had government ownership. On the other hand, the company from Thailand and Vietnam had only 27% and 23% of government ownership respectively.

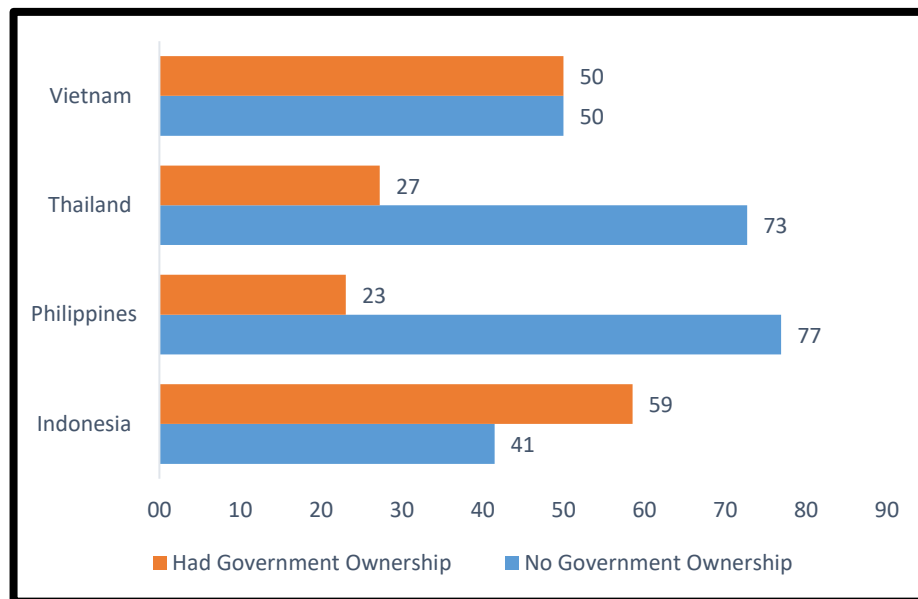


Figure 4. 3. Breakdown of Government Ownership by County of Origin  
 Source: Secondary data processed, 2018

The second variable: Government Dependence explained the existence of any company customer or company project which was related to the government body or government tender. Figure 4.4. illustrated that 73% of sample companies had a dependence on the government while 27% did not have a dependence on government tender or project.

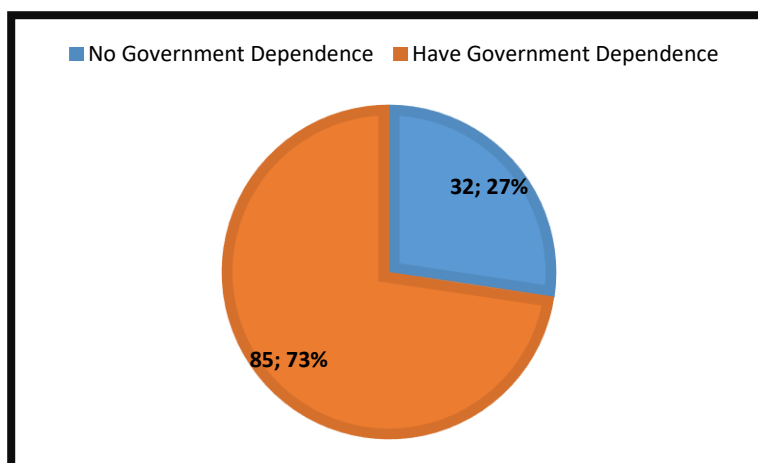


Figure 4. 4. Dependence on Government Tender Frequency  
 Source: Secondary data processed, 2018

The breakdown of dependence on government tender variable in each selected country was presented in Figure 4.5. From the figure, it illustrated that Indonesia companies had the greatest government dependence by 78%. The selected sample from Thailand had 72,7% dependence on government tender. Vietnam had approximately 62% of Government Dependence. On the other hand, contrasting with other three Philippines companies that had no government dependence was greater than the companies that had government dependence. This fact is supported by the fact that only 38.5% of Philippines companies had the dependence on government tender while the other 61.5% had no dependence on government tender.

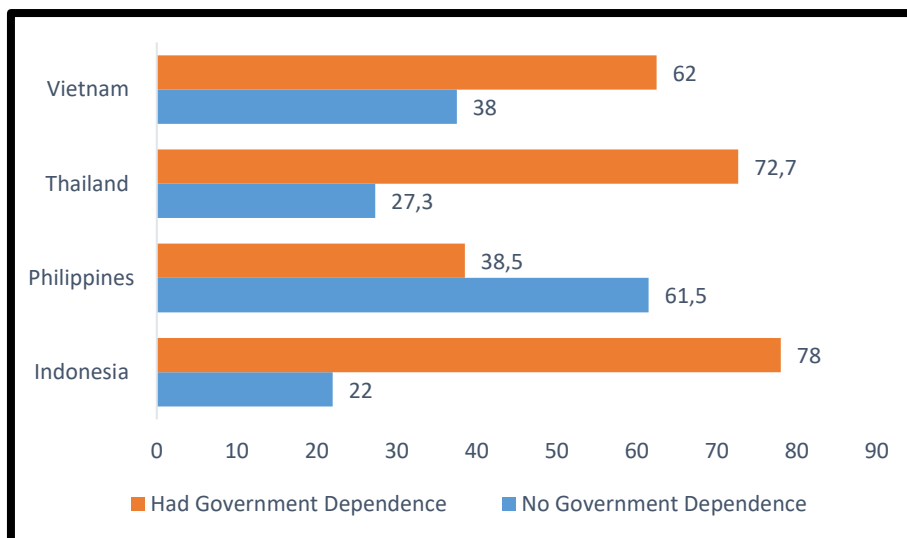


Figure 4. 5. Breakdown of Government Dependence by Country of Origin  
 Source: Secondary data processed, 2018

The foreign ownership variable explained the presence or absence of foreign person or institution that acted as the shareholder of the company. It was illustrated in Figure 4.6. that 79% of sample size or equal to 92 companies had foreign shareholders while the rest 21% did not have foreign shareholder.

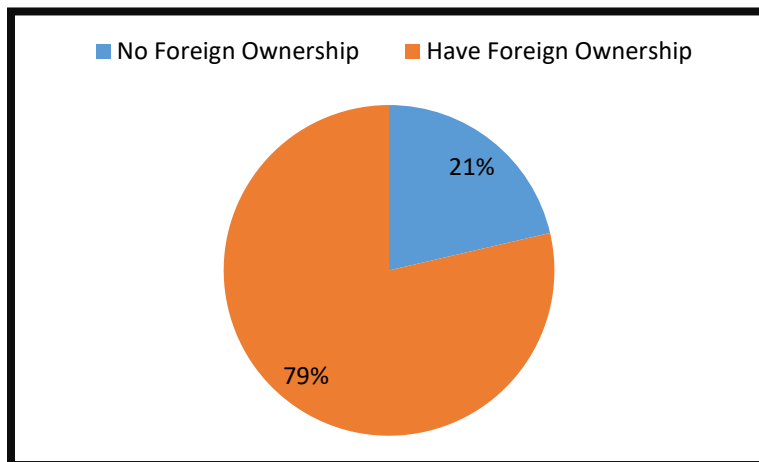


Figure 4. 6. Foreign Ownership Frequency  
 Source: Secondary data processed, 2018

The breakdown of foreign ownership variable in each selected country was presented in Figure 4.7. From the figure, it illustrated that 89.1% of sample company from Thailand had foreign ownership. There were 76.9% of sample companies originated from Philippines that had foreign ownership. Similar to Philippines, 75% of Vietnamese companies had the foreign ownership. At the lowest amount, there were 65% of sample company from Indonesia had foreign ownership.

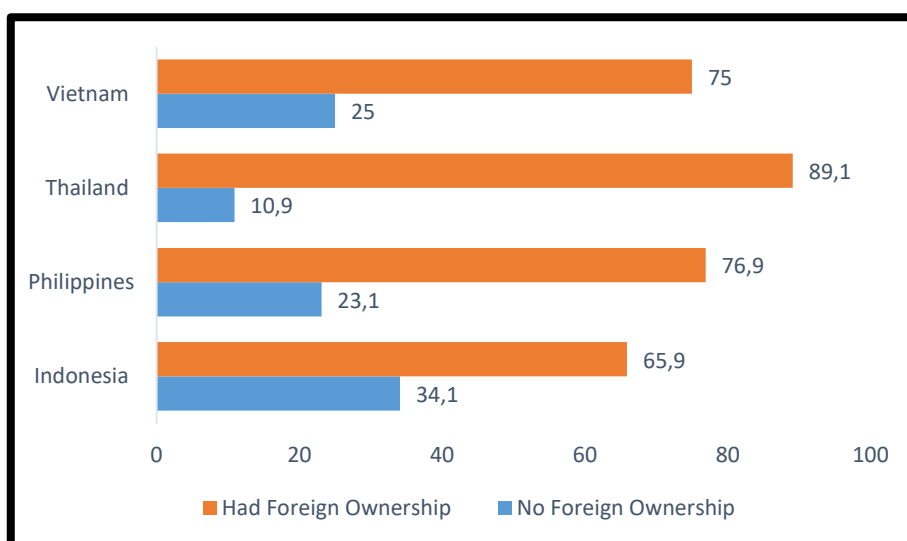


Figure 4. 7. Breakdown Foreign Ownership by Country of Origin  
 Source: Secondary data processed, 2018

The Dependence on Foreign Associate variable explained the presence or absence of foreign business associate that could be in the form of foreign sales or foreign business branch. It was illustrated in Figure 4.8. that 81% of sample size or equal to 95 companies had foreign business associate while the rest 19% does not have a foreign business associate.

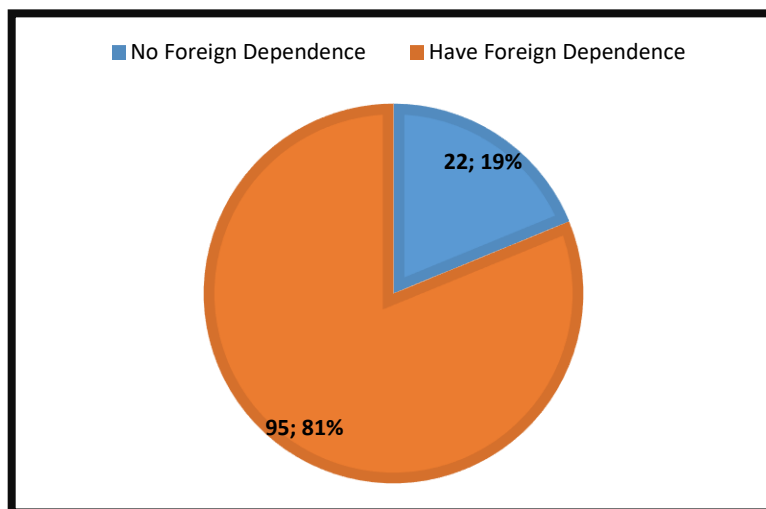


Figure 4. 8. Dependence on Foreign Associate Frequency  
Source: Secondary data processed, 2018

The breakdown of the foreign associate variable in each selected country was presented in Figure 4.9. From the figure, it illustrated that all companies originated from Vietnam had a dependence on foreign associate. The percentage of Thailand companies and Indonesia companies that had a dependence on foreign associate were similar to 80% and also 85.4% respectively. On the other hand, there were 61.5% of Philippines companies that had a dependence on foreign associate.

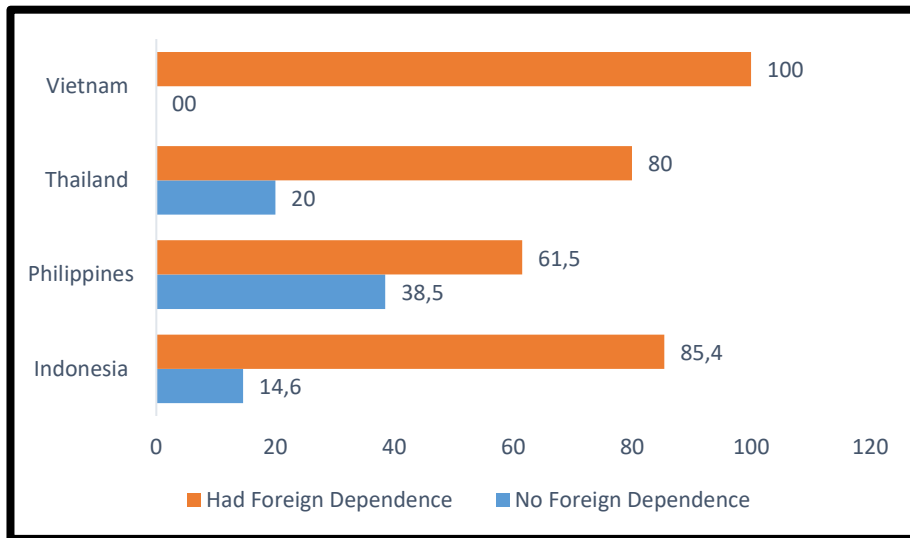


Figure 4. 9. Breakdown of Foreign Dependence by country of Origin  
 Source: Secondary data processed, 2018

The next variable was the membership of United Nations Global Compact. It is one of the world's largest corporate sustainability initiatives. The strategy developed by this organization included the human right, labour issues, environment and also anti-corruption issues. It was illustrated in Figure 4.10. that from 117 samples there were only nine companies that were the member of UNGC.

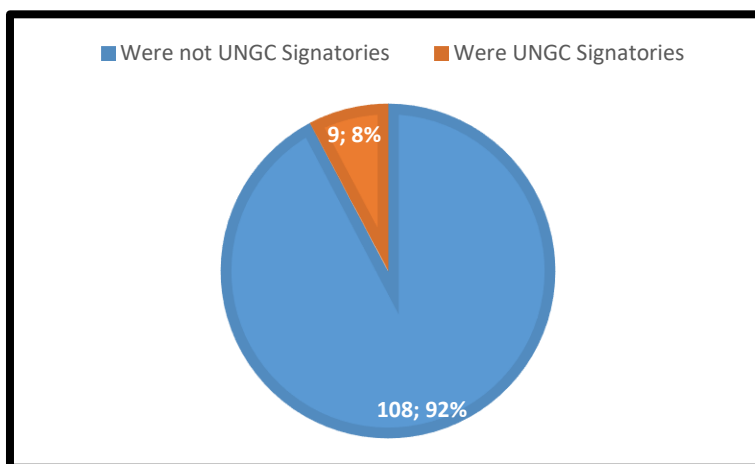


Figure 4. 10. UNGC Signatories Frequency  
 Source: Secondary data processed, 2018

The breakdown of UNGC signatories' variable in each selected country was presented in Figure 4.11. From the figure, it illustrated that none of the sample company from Vietnam was the member of UNGC. There was only one company that represented 2.4% of the company from Indonesia was the member of UNGC, which is XL Axiata. There was also one company that represented 7.7% of the company from Philippines was the member of Global Compact, which is Land Bank of The Philippines. Contrasting with the other three, there was 12.7% of the company from Thailand that was the signatories of UNGC. This amount equals to 7 companies of Bangkok Petroleum, IRPC, PTT exploration, PTT Public Company, Siam Cement Group, Thai Oil, and also True corporation.

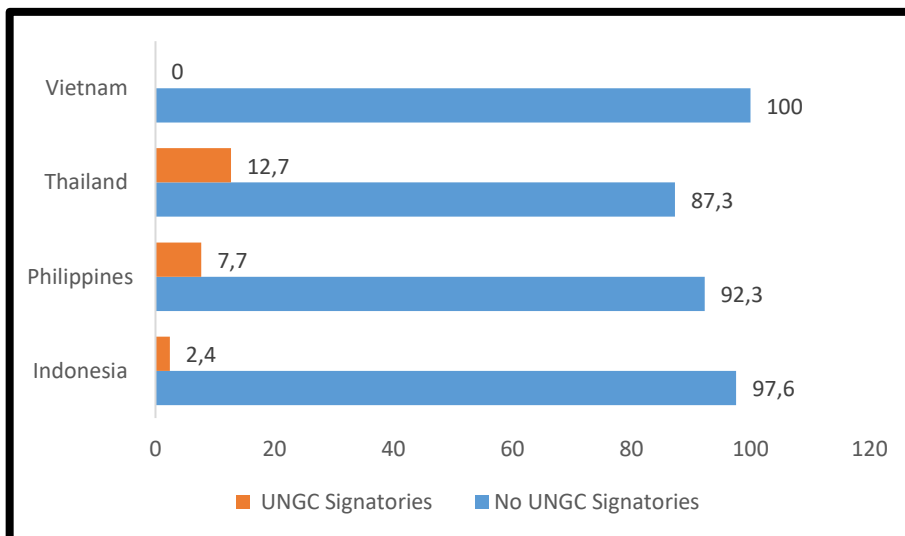


Figure 4. 11. Breakdown of UNGC Signatories by Country of Origin  
Source: Secondary data processed, 2018

#### 4.2.1.2. Descriptive Statistics of Control Variable

This research used company size which was measured by continuous data and industry type which was measured by categorical data as the variable that was possibly controlling the result of the regression analysis. Table 4.1 showed that the size of the



sample company varied in their amount. The smallest company was PPS group that has the total asset of 8,148,876 USD<sup>7</sup>. While the biggest company was Bangkok Aviation Fuel Services PCL that had a total asset of 339,703,433,400 USD. The average total assets of the selected sample was 13,430,757,166 USD

Table 4. 1. Company Size Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Company Size	117	8,148,876	339,703,433,400	13,430,757,166	36,574,681,814

Source: SPSS 23.0 Output, 2018

The second control variable was industry risk which was classified into high-risk and low-risk industry by TI Bribe payer Index 2011. Figure 4.12. showed that 52 companies or 44% of the total sample were from a high-risk industry that prone to

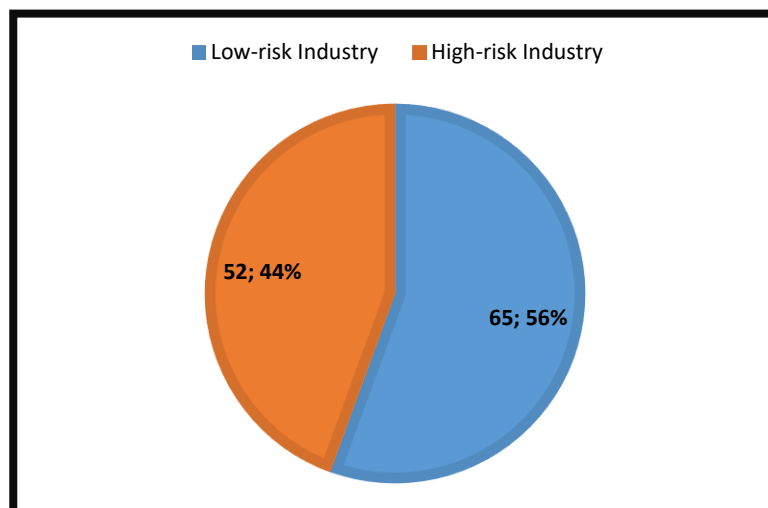


Figure 4. 12. Industry Type Frequency

Source: Secondary data processed, 2018

<sup>7</sup>As the sample of the company originated from 4 different nations each total asset will be converted to USD for the purpose of comparability between country. The rate used for the conversion was the USD rate as per December 31, 2016.

corruption activities. In the other hand, 65 companies that equal to 56% of the total sample were from low-risk Industry.

#### 4.2.1.3. Descriptive Statistics of Dependent Variable: Anti-corruption Disclosure

This part specifically discussed the descriptive analysis of ACD of ASEAN companies listed in GRI database and acted as the evidence to answer the first research question employed in this research. The descriptive analysis indicated that all 117 sample companies disclose anti-corruption disclosure in their annual report or sustainability report. Table 4.2. presented information on the minimum, maximum, mean, and standard deviation of social disclosure from the selected sample companies.

Table 4. 2. ACD Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
<b>ACD</b>	117	14	986	310.38	209.807

Source: SPSS 23.0 Output, 2018

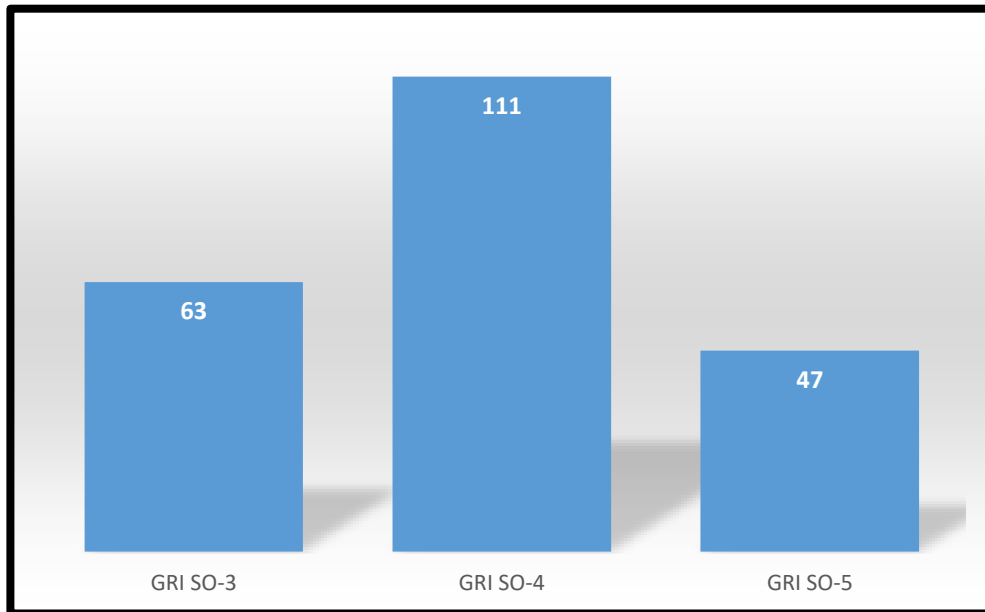
Table 4.2. showed the measurement results of the dependent variable using content analysis. The analysis was computed using the number of words that explained the anti-corruption activity performed by the company. These results indicated that the lowest anti-corruption disclosure of the sample company had the value of content analysis of 14 words anti-corruption disclosure, while the highest anti-corruption disclosure had the value of 986 words. The average anti-corruption disclosures performed by sample company in this research had the value of content analysis of 310 words of the anti-corruption disclosure.

The breakdown of ACD in the county of origin basis was presented in Table 4.4. The table showed that the minimum word of Indonesia companies that explained about ACD was 21 words performed by XL Axiata. Thailand and Vietnam companies had the same minimum word disclosed about anti-corruption activity which was 30 words and performed by TV Direct and also Saigon Securities Incorporation. The lowest one compared to the other minimum ACD performed by Philippines companies was only 14 words by Aboitiz Equity Ventures. Consistent with this fact the maximum word of Philippines companies disclose their anti-corruption activity only consisted of 347 total words by Philex Mining Corporation. While the maximum word disclosed by the company from Thailand was approximately thrice as much like the Philippine, 986 words by Ratchaburi Electricity Generating Holding Public Company Limited. The maximum word discloses by Indonesia companies was 607 word which was performed by Perusahaan Gas Negara. While the maximum word disclosed by Vietnam companies was 532 words which were presented by AES-VCM Mong Duong Power Co. Ltd.

Table 4. 3. Breakdown of ACD Descriptive Statistics by Country of Origin

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Indonesia</b>	41	21	607	219.34	138.266
<b>Philippines</b>	13	14	347	149.08	111.150
<b>Thailand</b>	55	30	986	434.05	209.886
<b>Vietnam</b>	8	30	532	188.88	159.035

Source: SPSS 23.0 Output, 2018



*Figure 4. 13. Breakdown of ACD by GRI Indicator*  
*Source: Secondary Data Processed, 2018*

Figure 4.13 shows that out of 117 sample of companies used in this research, 63 sample companies revealed GRI anti-corruption disclosure items on points G4-SO3. The contents of the G4-SO3 provided information operation of the company assessed for risk related to the corruption and also probable significant risk identified within the company. On the other side, the most disclosed GRI anti-corruption item was GRI-SO5 with the total 111 companies disclosed this item. GRI-SO5 mainly discussed disclosure on communication and training of anti-corruption procedures and policies, including anti-corruption and whistle-blowing disclosure laws practices. The item under GRI-SO5 that consist of a confirmed incident of corruption and actions taken was the least item disclosed by the sample company. From the total of 117 samples only 47 companies that disclosed this information.

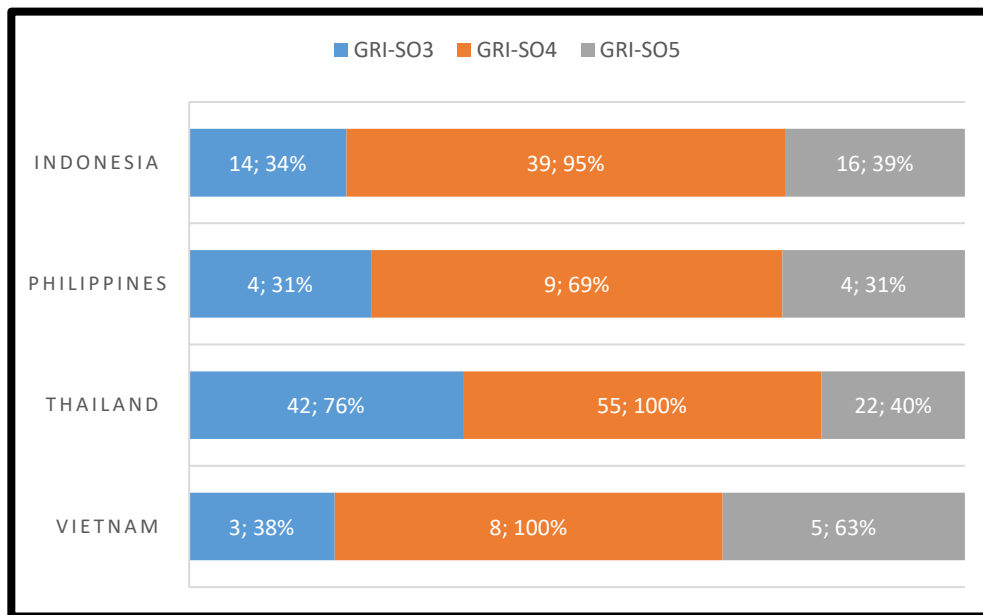


Figure 4. 14. Breakdown of GRI Indicator by Country of Origin  
 Source: Secondary data processed, 2018

The breakdown of each GRI Indicator on anti-corruption was presented in Figure 4.14. From the figure, it clearly explained that GRI-SO4 was the most disclosed item in 4 countries. There were 69% of Philippines companies that disclosed this item, followed by 95% of Indonesia companies that disclosed GRI-SO4 while all sample company from Vietnam and Thailand was disclosing this item. From the total of 63 companies that disclose GRI-SO3 the detailed disclosure in each country were as follow: 42 companies from Thailand (represent 76% of all company originated from Thailand), 14 companies from Indonesia (represent 34% of all company originated from Indonesia), 4 companies from Philippines (represent 31% of all company originated from Philippines), and 3 companies from Vietnam (represent 38% of all company originated from Vietnam). The least disclosed item between all GRI anti-corruption indicator was GRI-SO5. From the total of 47 item disclosed by all 4 countries, 16 of them was originated from Indonesia (represent 39% of total sample

from Indonesia), 4 companies from Philippine (represent 31% of total sample from Philippine), 22 companies from Thailand (represent 40% of total sample from Thailand), and 5 companies from Vietnam (represent 63% of total sample from Vietnam).

The reason behind the finding that GRI-SO5 was the least disclosed items in this research was because this item asked the company to disclose and expose the incident of corruption that happened in the company. In the other hand when there were items that disclosed under GRI-SO5, it indicated that the company policy was issued to prevent corruption. It was still not sufficient to prevent the corruption act happened within the company. However, this part was still important to be disclosed as the stakeholder always found that company respond regarding the corruption incident was as important as company strategy to prevent it. This fact was related to the severe impact of corruption that increased the expectation of the stakeholder on how business demonstrates their adherence to good business practice, good governance, and integrity in their activities. Thus, that stakeholder focused not only to prevent corruption but also the response when this incident happened within the company.

The result of the research also revealed that GRI-SO4 was the most common item that was disclosed by the sample companies. The reason might rely on the characteristic of GRI-SO4 that included the prevention of the corruption that happened in the company. The same reason also worked for the GRI-SO3 items. The differences between those two items relied on the object of the prevention. GRI-SO3 focused on the prevention of corruption within the company by assessing the risk across

organization operations. The assessment would be the primary tool to prevent the potential corruption incident from happening and helping the company design the procedure and policies to prevent the corruption activities. While on the other hand, GRI-SO4 explained the amount of company governance body, employee, business partner, that understand and aware of organization policy, strategy, and procedure to combat corruption. In sum, these two GRI items were the tools of control to prevent corruption within company operations.

#### 4.2.2. Classical Assumption Test Result

The classical assumption test was performed to test whether the requirements of regression analysis were met. The test included are normality tests, heteroscedasticity tests, and multicollinearity test

##### 4.2.2.1. Normality Test Result

The normality test was used to determine whether, in the regression model, the residual variable had a normal distribution. Normality test employed in this research by One-Sample test Kolmogorov-Smirnov. The basis of this decision-making method test is that normal data was indicated with a significance value above 0.05 and vice versa. The results of Kolmogorov-Smirnov shown in table 4.4.

*Table 4. 4. Kolmogorov-Smirnov Test Result*

Unstandardized Residual		
N		117
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	196.43168567
Most Extreme Differences	Absolute	.089

	Positive	.089
	Negative	-.053
Test Statistic		.089
Asymp. Sig. (2-tailed)		.025 <sup>c</sup>

Source: Secondary data processed, 2018

The result from Table 4.4. indicated that the result of statistic test of Kolmogorov-Smirnov was 0.089 with the significance value of 0.025. This result showed that the residual data was not normally distributed because the p-value was less than 0.05.

#### 4.2.2.2. *Transforming Variable to Normality for Classical Assumption*

It was explained in the previous part that the residual data of this research was not distributed normally. Therefore, the continuous data needed to be transformed into the data to be able to be distributed normally and meet the classical assumption test. The justification of using transformation method relied on two important points. First, whether the data was positively skewed (skewed to the right) or negatively skewed (skewed to the left). According to Tabachnick & Fidell (2007), square root transformation as the most suitable transformation method when the data had moderately positive skewness. It was shown in Figure 4.15. that the residual of this research had moderate and positive skewness. In sum, as the distribution of residual data in this research was moderate and positive, square root transformation was performed to normalize the residual data.



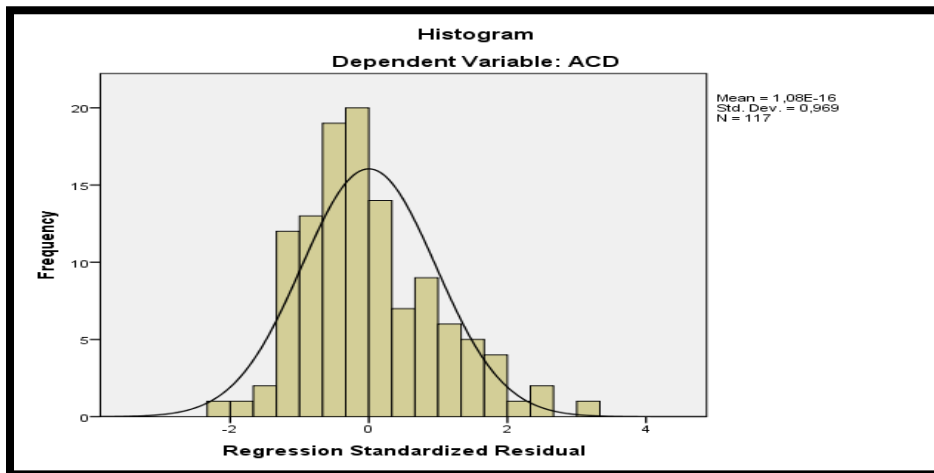


Figure 4. 15. Skewness of the Residual before Transformation  
Source: Secondary data processed, 2018

The second justification of using the square root transformation based on the guidelines of IBM Statistics (“IBM Transforming Variable to Normality for Parametric Statistics,” 2016) which stated that square root transformation used when:

1. The data had positive skewness.
2. The data was frequencies.
3. The data had extremely small values.
4. The data had a physical component.

In sum, as the data in this research was meet these characteristic, square root transformations was justified to be used for transforming the data into a normal distribution.

The result of distribution after the data was transformed using  $\sqrt{x}$  was presented in Figure 4.16. The histogram clearly described that the data had normal distribution after square root transformation.

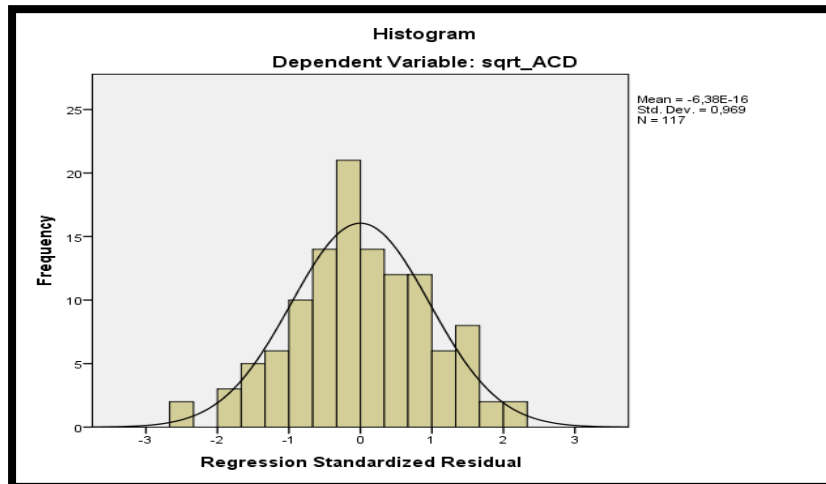


Figure 4.16. Histogram after Data Transformation  
Source: Secondary data processed, 2018

The result of Kolmogorov-Smirnov Test after the sqrt transformation was presented in Table 4.5. The table showed that after square root transformation the data had distributed normally. The conclusion was made based on the evidence that the significance value of the test was 0.2 which is greater than 0.05.

Table 4. 5. Kolmogorov-Smirnov after Transformation

Unstandardized Residual		
N		117
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	5.75636861
Most Extreme Differences	Absolute	.048
	Positive	.045
	Negative	-0.048
Test Statistic		.048
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

Source: Secondary data processed, 2018

#### 4.2.2.3. Multicollinearity Test Result

The purpose of multicollinearity test was to test whether in the regression there were correlations among independent variables used in the study. Table 4.6. is the result of a multicollinearity test.

Table 4. 6. Multicollinearity Test Result

Variable	Collinearity Statistics	
	Tolerance	VIF
Government Ownership	.836	1.197
Government dependence	.757	1.322
Foreign Ownrship	.886	1.129
Foreign dependence	.918	1.089
UNGC	.902	1.108
Industry Type	.959	1.043
Company Size	.923	1.084

Dependent Variable: sqrtACD

Source: Secondary data processed, 2018

The multicollinearity test results in Table 4.6. clearly stated that all variables had a tolerance value of greater than 0,10 and VIF value of less than 10. Shortly speaking, the regression model had no multicollinearity problem.

#### 4.2.2.4. Heteroscedasticity Test Result

In this research, the heteroscedasticity test was performed by Glejser test. The test aimed to identify the heteroskedasticity in the research data. The result of the test presented in Table 4.7.

Table 4. 7. Heteroskedasticity Test Result

	Sig.
(Constant)	.005
Government Ownership	.322
Government dependence	.439
Foreign Ownership	.209
Foreign dependence	.613
UNGC	.266
Industry Type	.361
Company Size	.968

*Dependent Variable: AbsresSQRTACD*

*Source: Secondary data processed, 2018*

Glejser test was performed by conducting regression on the absolute residual value toward all the independent variables. The hypotheses for the test was when the significant value  $> 0.05$  means that no heteroskedasticity and the data was met the classical assumption of homoscedasticity. Table 4.6. presented clearly that the significant value of all variable was higher than 0,05. In sum, the data in this regression model has met the classical assumption of homoscedasticity.

#### 4.2.3. Multiple Regression Result

Table 4.8. was the result of multiple regression from the individual variable test or T-test, simultaneous variable test or F-test and also coefficient determination test or R Square Test.

*Table 4. 8. Multiple Regression Result*

Variable	Coefficient	P-value
(Constant)	8.746	.000
Government Ownership	.091	.941
Government Dependence	3.458	.016
Foreign Ownership	3.768	.009
Foreign Dependence	2.181	.140
UNGC	1.145	.599
Industry Type	.137	.903
sqrt_Size	0.004284	.520
Model Summary		
Adjusted R Square	.077	
Regression Model	.027	

Significant Level of 5%

Source: Secondary data processed, 2018

From table 4.8. the  $p$ -value of government ownership variable was 0.914. This value was higher than the significant level value of 0.05. Because the  $p$ -value was greater than 0.05, there was no sufficient evidence to conclude a significant association between government ownership and the extent of ACD. Therefore, it can be said that Hypothesis 1 (H1) was rejected.

It is shown from Table 4.8. that dependence on government tender as the independent variable had a  $p$ -value of 0.016. As the  $p$ -value was smaller than 0.05 of a significant level, it can be said that dependence on government tender had a significant association with the extent of ACD. The result shows that the coefficient of dependence on government tender was 3.458, suggesting that the significant association between the two variables were positive as predicted. As such, hypothesis 2 (H2) was accepted. The company that had a dependence on government tender disclosed more anti-corruption disclosure in the annual report.

Foreign ownership as independent variable had a  $p$ -value of 0.009. As the  $p$ -value was smaller than 0.05 at a significant level, it can be said that foreign ownership had a significant association with the extent of ACD. The result showed that the coefficient of foreign ownership was 3.768, suggesting that the significant association between the two variables were positive as predicted. As such, hypothesis 3 (H3) was accepted. The company that had foreign ownership disclose more anti-corruption disclosure in the annual report.

The independent variable of dependence on foreign associate had the  $p$ -value of 0.14. This value was greater than the significant level value of 0.05. Because the  $p$ -value was greater than 0.05, there was no sufficient evidence to conclude a significant association between dependence on foreign associate and the extent of ACD. Therefore, it can be said that Hypothesis 4 (H4) was rejected.

The independent variable of UNGC signatories had the  $p$ -value 0.599. This value was greater than the significant level value of 0.05. Because the  $p$ -value was

greater than 0.05, there was no sufficient evidence to conclude a significant association between UNGC signatories and the extent of ACD. Therefore, it can be said that Hypothesis 5 was rejected.

Table 4.7. showed that the result of F-test was 0.027. This value was lower than the significant level value of 0.05. Therefore, it can be concluded that government ownership, dependence on government tender, foreign ownership, dependence on foreign associates, and also UNGC signatories influenced simultaneously anti-corruption disclosure in ASEAN companies.

The result of R square test in table 4.7. showed that the value of Adjusted R Square was 0.077 or 7.7%. This value means that only 7.7% of the anti-corruption disclosure can be explained by the variable government ownership, dependence on government tender, foreign ownership, dependence on a foreign associate, and also UNGC signatories. Factors other than those variables influenced the other 92.3% of the anti-corruption disclosure.

### **4.3. Result Interpretation**

As presented in the previous chapter there were five hypotheses proposed in this research. Table 4.9. presented the summary of each hypothesis developed and proposed in this research.

Table 4. 9. Hypotheses Testing Result

Variable	Hypotheses	Description	Result
Government Ownership	H1	<i>There is a positive relationship between government ownership and the extent of ACD in ASEAN companies</i>	Rejected
Dependence on Government Tender	H2	<i>There is a positive relationship between dependence on government tender and the extent of ACD in ASEAN companies</i>	Accepted
Foreign Ownership	H3	<i>There is a positive relationship between foreign ownership and the extent of ACD in ASEAN companies</i>	Accepted
Dependence on Foreign Associate	H4	<i>There is a positive relationship between Firm with foreign associate and the extent of ACD in ASEAN companies</i>	Rejected
UNGC Signatories	H5	<i>There is a positive relationship between UNGC membership and the extent of ACD in ASEAN companies.</i>	Rejected

Source: Secondary data processed, 2018

As shown in Table 4.9., hypothesis two and three were accepted. It means that dependence on government tender and also foreign ownership were proven as the significant determinant of anti-corruption disclosure whereas the other variables (government ownership, dependence on foreign business associate and also UNGC signatories) were not proven to be significant determinant in explaining the level of anti-corruption disclosure in ASEAN companies. The result and the implication were detailed in the following section.



#### 4.3.1. Government Ownership (H1)

This research found that government ownership did not affect significantly on the extent of anti-corruption disclosure in ASEAN companies. This finding was consistent with some researcher (Amran & Haniffa, 2011; Cahaya et al., 2012). The insignificance of this variable in explaining the extent of anti-corruption disclosure indicated that the level of coercive isomorphism that might be influencing the practice was not really strong to affect and encourage the company to disclose the information (Amran & Haniffa, 2011). This is probably related to the quality of the government to the corruption eradication in national level. The quality of this government institution toward corruption in national level was showed by Transparency International Corruption Perception Index (Transparency International, 2016b).

The government condition in ASEAN country that still prone to corruption may be the possible reason why the government did not give enough pressure to the company they owned (Quah, 1982). Thailand for example, the quality of the judicial system was questionable as there were several loopholes in government regulation related to corruption. This loopholes resulted in several corruption actions, and crime contained inaccurate sentences which left the actor freedom out of the court (Warsta, 2004).

Indonesia was also facing some problem related to government quality in eradicating corruption. CPI 2016 survey conducted in Indonesia showed that 60% of the citizen argued that corruption was included as the biggest problem in the government of Indonesia (Alejandro Salas, 2018). However, the attack case of KPK

leader, investigator, and also personnel was included as a part of terror and intimidation of corruption eradication in Indonesia. Moreover, it could be seen from Indonesia cases that there is strong opposition from the parliament against the effort and strategy of KPK to eradicate corrupt in government official (Transparency International Indonesia, 2017).

#### 4.3.2. Dependence on Government Tender (H2)

As Hypothesis 2 was accepted the direction of the relationship between the extent of anti-corruption disclosure and dependence on government tender was positive. In other words, it can be stated that company with the dependence on government tender disclosed more anti-corruption practice in their report.

The evidence from the previous literature also suggested that the dependence on government tender had the positive significant influence to the extent of social disclosure as stated by Amran & Devi (2008) and also Amran & Haniffa (2011). This result was in line with Yu & Zheng (2017) that attest government subsidy could influence positively the extent of CSR disclosure in China.

The possible explanatory reason behind this evidence was that companies were behaving in line with the government perception to maintain their survival (Amran & Haniffa, 2011). Thus, the company that had dependence in government tender might have greater sanctioning power in the hand of the government which therefore motivate them to present the action that is more legitimate in the image of the government as their resource supply. Moreover, the dependence here was the dependence in the resources which was stated by the hypotheses of coercive isomorphism theory that the greater the dependence of on organization into resource

supply, the more this organization would resemble the practice that made them more legitimate (Deegan & Unerman, 2011).

The other possible explanatory of this research is that the from the mechanism of coercive isomorphism companies that are not following the government to promote the anti-corruption actions will have a problem in the future of securing their tender which came from governmental tender (Amran & Devi, 2008). Therefore, this research contributes to more evidence that coercive pressure is clearly showed in the company that had link and dependence on government tender.

#### 4.3.3. Foreign Ownership (H3)

The similar result on dependence on government tender was found in foreign ownership variable. The result of the research showed that foreign ownership influences significantly the practice of anti-corruption in a positive direction. In sum, the company that had foreign ownership disclosed more anti-corruption activities in their report. The result was consistent with the finding of disclosure research conducted by Cahaya et al. (2017) and Muttakin & Subramaniam (2015). Therefore, this research would strengthen the evidence of dependence on foreign associate influenced the extent of ACD. This result was contradicted with the research done by Amran & Devi (2008) and also Amran & Haniffa (2011) that conclude no significant relationship between these two variables.

One possible explanation for this result also relied on the characteristics of developing countries that still depended and preferred a lot of foreign funding from the foreign investor (Loungani & Razin, 2001). This economic capital was seen as the

most influential necessary for the company to operate continuously. Therefore, the foreign investor had the ability to encourage the coercive isomorphism which thereby changing company behaviour to meet the expectation of those stakeholder (Deegan & Unerman, 2011, p. 364).

Related to this fact, the foreign investor and international stakeholder nowadays were giving more attention to anti-corruption practice. This attention was poured in Vienna November 7, 2017, when 1,600 participants around the world gather to the world's largest anti-corruption in the United Nations Convention Against Corruption (UNCAC). The convention focused on developing a strategy to combat corruption to achieve the sustainable development goals. The participant agreed to cooperate hand in hand in every aspect of corruption investigation including prosecution, investigation and also prevention of corruption (See "Combating corruption to achieve the Sustainable Development Goals," n.d.).

In sum, the fact that companies in developing countries needed the presence of foreign shareholder that nowadays giving more attention to anti-corruption activities, give the coercive isomorphism mechanism occurred in the company to disclose more anti-corruption action and activities.

#### 4.3.4. Dependence on Foreign Associate (H4)

This research found the insignificance result for the dependence on foreign associate and the extent of anti-corruption disclosure. This finding was consistent with the finding presented by Amran & Haniffa (2011) and also Amran & Devi (2008) that

found dependence on foreign business associate did not influence the extent of social disclosure.

One possible explanatory of this result was the condition of foreign associate that was less critical to influencing company for disclosing more anti-corruption activities. This argument came from the fact that the foreign associate only consists of foreign sales, foreign branch or business partner which may be not the main resource of company revenue. Therefore, this foreign associate would have the less power and less importance for the coercive pressure to be present. This fact is line with the explanation stated by Deegan & Unerman, (2011, p. 364) that the behaviour change of coercive isomorphism is imposed by the powerful stakeholder which was usually the organization depend on the resource.

#### 4.3.5. UNGC Signatories (H5)

This research found insignificant result between the extent of anti-corruption disclosure and also the UNGC signatories. This result was in line with the research done by Chen & Bouvain (2009) and also Barkemeyer et al. (2015) which found that UNGC membership does not influence the extent of company disclosure.

Related to the development of coercive isomorphism mechanism, UNGC seems had not been the powerful organization for ASEAN companies to behave as the organization expected. The reason was very clear as from the total 117 total sample companies for this research were only 9 companies that were the signatories of United Nations Global Compact. Moreover, of the 9 companies, all of them are originated

from Thailand except Land Bank of the Philippines (Philippine) and also XL Axiata (Indonesia).

The possible explanation of this result was because the large scope and mandate of the UNGC that created its effectiveness were unclear especially for the developing nations in ASEAN. The example of this effectiveness relied on the unclear mechanism developed by UNGC. Even if the member of UNGC was required to report their action in every year, no one would check the accurateness of the report that they collected. Besides, the principle-based approach that was developed by UNGC might be not suitable for the current condition of the corruption problem. Currently, companies saw corruption as a legal and risk management problem that was needed not only into principle-based coalition but the compliance-driven approach, to prevent corruption act to occur.

The other possible explanation of the result was that UNGC had generalist approach that made it is less influential to the practice of anti-corruption that were monothematic. Corruption by its nature might be too complex for the multithematic approached to be successful. In this context company participation is specific anti-corruption initiative such as Thailand's Private Sector Collective Action against Corruption would possibly give and had more power for the coercive isomorphism mechanism to occurred and therefore change company behaviour in-line with the mission to combat corruption.

#### 4.3.6. Control Variable

There were two control variables used in this research, industry type and company size. Both variables did not influence significantly the extent of ACD statistically. In this research, there was no clear evidence of the influence of high-risk industry or low-risk industry to the extent of anticorruption disclosure.

Company size that measured firm visibility in public eyes also did not have a significant influence on ACD practice. From the Appendix H, it showed that the company that had the smallest total assets was PPS group that had a total asset of 8,148,876 USD. Even though the size of the company was the smallest one the practice of ACD of the company was pretty good as the company ACD consist of 551 words. While the biggest company was Bangkok Aviation Fuel Services PCL that had a total asset of 339,703,433,400 only had ACD that consisted of 185 words. In short, from the statistical result, it is proved that the size of the company did not influence the extent of ACD in ASEAN companies.

## CHAPTER V

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1. Conclusions

This research aimed to see the extent of anti-corruption disclosure practice by ASEAN companies. The institutional theory especially coercive isomorphism mechanism was employed to investigate the specific characteristics of the company that could influence ACD. This research analyzed the extent of ACD and its relation to government ownership, dependence on government tender, foreign ownership, dependence on a foreign associate, and also UNGC signatories. There were two control variables used in this research which were industry type and also company size.

The object of this research was the company annual and sustainability report from Indonesia, Thailand, Philippine, and also Myanmar that were listed in GRI database in 2016. The anti-corruption disclosure analyzed based on the guideline of GRI G4 in an anti-corruption component that was poured in GRI-SO3, GRI-SO4 and also GRI-SO5. This research used content analysis (number of the word) to analyze the extent of ACD. Besides, the multiple regression analysis was used to test the hypotheses developed in this study. Table 5.1. was the conclusion of the research result.



*Table 5. 1. The summary of Research Result*

Research Question	Research Result
<p>1. To what extent do ASEAN companies provide their anti-corruption disclosure in their sustainability report or annual report?</p>	<p>From 117 selected sample, the average extent of ACD was 310 word. The most disclosed item was GRI-SO4 on the communication and training on anti-corruption policies and procedures. While the least disclosed item was GRI-SO5 on the confirmed incident about corruption.</p>
<p>2. Is there any relationship between the government ownership and quantity of anti-corruption disclosure?</p>	<p>No, there is not. The research result showed that there was no relationship between the government ownership and quantity of anti-corruption disclosure</p>
<p>3. Is there any relationship between the dependence on government and quantity of anti-corruption disclosure?</p>	<p>Yes, there is. The research result showed that there was a positive relationship between the dependence on government tender and also the quantity of anti-corruption disclosure.</p>
<p>4. Is there any relationship between the foreign ownership</p>	<p>Yes, there is. The research result showed that there was a positive</p>

and quantity of anti-corruption disclosure?	relationship between the foreign ownership and quantity of anti-corruption disclosure
5. Is there any relationship between the dependence on a foreign business associate and quantity of anti-corruption disclosure?	No, there is not. The research result showed that there was no relationship between the dependence on a foreign business associate and quantity of anti-corruption disclosure
6. Is there any relationship between the UNGC membership and quantity of anti-corruption disclosure?	No, there is not. The research result showed that there was no relationship between the UNGC membership and quantity of anti-corruption disclosure

From the result above, it can be concluded that the coercive isomorphism explained partially anti-corruption disclosures in ASEAN companies. In this research, there were two variables which were found to be influenced positively on ACD. These variables were dependence on government tender and also foreign ownership.

From this research, out of 117 samples of companies used in this research, 63 sample companies revealed GRI anti-corruption disclosure items on points G4-SO3. On the other side, the most disclosed GRI anti-corruption item was GRI-SO4 with the total 111 companies that disclose this item. The item under GRI-SO5 consisted of a

confirmed incident of corruption and actions taken was the least item disclosed by the sample company. From the total of 117 sample only 47 companies that disclose this information.

The reason behind the finding that GRI-SO5 was the least disclosed items in this research was because this item asked the company to disclose and expose the incident of corruption that happened in the company. The disclosure can affect the image of the company. However, this item was important to be disclosed as the stakeholder always find that company respond regarding the corruption incident was as important as company strategy to prevent it. This was related to the severe impact of corruption that increased the expectation of the stakeholder on how business demonstrated their adherence to good business practice, good governance, and integrity in their activities.

The result of the research also revealed that GRI-SO4 was the most common item that was disclosed by the sample companies. The reason might rely on the characteristic of GRI-SO4 that included as the prevention to the corruption that happened in the company. In sum, these two GRI items were the tools of control to prevent corruption within company operations.

## **5.2. Research Implications**

The finding of this research suggested that coercive isomorphism mechanism explained partially the extent of anti-corruption disclosure of ASEAN companies with two of the five examined independent variable being significant. Two significant predictors were dependence on government tender and also foreign ownership. The

findings also indicated that, in general, institutional theory (especially coercive isomorphism mechanism), explain the variation and also give some pressure to the company to disclose anti-corruption practice in ASEAN. Company with foreign ownership, for example, disclose more anti-corruption disclosure as the result of coercive pressure exerted by a foreign shareholder that are more aware of corruption issues.

The significant positive relationship between dependence on government tender and anti-corruption disclosure mean that ASEAN companies with dependence on government tender had more pressure to disclose their anti-corruption activity. Within the coercive isomorphism mechanism, the ACD practice done by ASEAN companies was the result of their dependence on government tender that made them act to meet the expectation of the government which currently focus on combating corruption. This result may imply that company in ASEAN still see government tender as the important source of its operation. Therefore, the government has influential power to encourage a company that owned the tender to more transparent and accountable in public eyes.

The significant positive relationship between foreign ownership and the extent of anti-corruption disclosure mean that ASEAN companies with foreign ownership had a stronger commitment to undertaking and disclosing the anti-corruption activity. Within the framework of institutional theory especially coercive isomorphism, this fact arose as the presence of foreign shareholder that giving more attention to anti-corruption activities, give the coercive pressure on the company to disclose more anti-corruption action and activities. This result may imply that ASEAN companies that

still depend on foreign investment and investor are very concern to meet the foreign shareholder expectation to combat corruption. Therefore, the foreign shareholder should encourage the company they invested to engage more in such responsibility activity.

No significant relationship was found between government ownership and the extent of social disclosure. This implied that government in ASEAN does not have enough bravery to influence the company to disclose their anti-corruption activity. The fact could have arisen do to the government condition in ASEAN country that still prone to corruption and the quality of government that still perceive a lot of corruption problem. Because, when they asked the company to do so, the society would also demand the government to be more transparent and open which might be still difficult to be done by the sample country. This result may imply that for the government-owned company to be more aware of the anti-corruption activity and disclose more ACD the government need to increase their quality in eradicating corruption. The strategy may include such as increasing government transparency in public eye, encourage bureaucracy reform, and increasing accountability.

It was found that there is no association between the dependence on foreign associate and the extent of anti-corruption disclosure. This result means that company with dependence on foreign business associate did not cause the company to adopt the expectation of those foreign associate in disclosing anti-corruption activity. The result may imply that small portion of foreign business associate of ASEAN companies did not enough to motivate ASEAN companies to be similar to the foreign company that are more aware to the anti-corruption initiative. Therefore, the strategy to encourage

ASEAN companies to engage in more anti-corruption activities and initiatives must come within the nearest scope of company business operation such as national and regional areas. National and regional supplier, customer and even investor need to be more aware about anti-corruption that could give pressure for ASEAN companies to disclose more anti-corruption activities and initiative.

The other independent variable found not to be a significant determinant of anti-corruption disclosure is UNGC signatories. This implied that in ASEAN such kind of membership does not have the power to encourage and motivate ASEAN companies to disclose more anti-corruption activity. This is because the broad scope of reporting required by UNGC which is not suitable for developing country such as ASEAN member. Therefore, the national and monothematic initiative might have more influence on ASEAN companies ACD. The initiative was already initiated in Thailand by the name of Thailand's Private Sector Collective Action against Corruption (CAC). Indonesia also has such influential organization named Corruption Eradication Committee (KPK). In sum, ASEAN companies was more concerned with a national and local initiative to combat corruption which make the UNGC membership did not influence the extent of ACD in ASEAN companies. In relation to strategy to combat corruption, such national initiative like KPK and CAC membership has the possibility to encourage more ACD in ASEAN compared to global initiative such as UNGC. Therefore, such initiative needs to be initiated and encouraged as the watchdog to corruption prevention and eradication practice in ASEAN.

This research also found that the control variable namely industry type did not significantly influence overall ACD practice. This implied that the disclosed item was

not consistent with industry type that is prone to corruption, in the other hand the ACD practice was not only done by those companies which operate on high-risk industry to corruption activities. The other control variable, company size was also found did not influence significantly on ACD practice. This fact implied that firm visibility in public eye does not automatically motivate them to disclose anti-corruption activities.

The low level of anti-corruption disclosure may imply that, in general, ASEAN companies did not receive enough pressure from a formal institution that can motivate them to disclose the anti-corruption activities. It was found that the least disclosed item of GRI anti-corruption was GRI-SO5 that indicate about “Confirmed Incidents of Corruption and Actions Taken” this fact may imply that in general ASEAN companies still see the disclosure on the incident of corruption that happened in the company will have the bad impact to company reputation. On the other hand, it was found that the most disclosed item of GRI anti-corruption was GRI-SO4 indicated about “Communication And Training On Anti-Corruption Policies And Procedures”. This implies that ASEAN companies found that disclosure about control procedure to prevent corruption was the most important thing to protect the company from the negative impact of corruption and to gain more good reputation in the public eye.

## **5.2. Research Limitation**

This research still had several limitations that need improvement in the next future research. The limitations of this research are as follow:

1. The year of the analysis that only focused on one-year period. Whereas, the development of corruption case itself is always changing from year to year.

2. The object of the analysis that only focused on annual report and sustainability report disclosure. While in fact, there were many company media to disclose anti-corruption practice such as publication media and also website disclosure.

### **5.3. Recommendations**

There are several recommendations given as the presence of previous limitations:

1. The next research is expected to have the longitudinal analysis with a more extended period of a year to see the more precise phenomena of the anti-corruption disclosure.
2. The next research is expected to have qualitative research that reveals the more accurate management motivation to disclose anti-corruption activities.



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## **APPENDICES**

### **APPENDIX A**

#### **GRI ANTI-CORRUPTION INDICATOR**

##### **GRI G4-SO3**

###### **Total Number And Percentage Of Operations Assessed For Risks Related To Corruption And The Significant Risks Identified**

- a. Report the total number and percentage of operations assessed for risks related to corruption.
- b. Report the significant risks related to corruption identified through the risk assessment.

#### **GUIDANCE**

##### **Relevance**

Efforts to manage risks of incidents of corruption require a system that had supporting procedures in place. This Indicator measures the extent of the risk assessment's implementation across the organization. Risk assessments help to assess the potential for incidents of corruption within and related to the organization, and help the organization to design policies and procedures to combat corruption.

##### **Compilation**

Identify operations assessed for risks related to corruption. This refers to either a formal risk assessment focused on corruption or the inclusion of corruption as a risk factor in overall risk assessments.

**Documentation sources**

Potential information sources include monitoring reports, risk registers or risk management systems.

**GRI G4-SO4****Communication And Training On Anti-Corruption Policies And Procedures**

- a. Report the total number and percentage of governance body members that the organization's anti-corruption policies and procedures had been communicated to, broken down by region.
- b. Report the total number and percentage of employees that the organization's anti-corruption policies and procedures had been communicated to, broken down by employee category and region.
- c. Report the total number and percentage of business partners that the organization's anti-corruption policies and procedures had been communicated to, broken down by type of business partner and region.
- d. Report the total number and percentage of governance body members that had received training on anti-corruption, broken down by region.
- e. Report the total number and percentage of employees that had received training on anti-corruption, broken down by employee category and region.

**GUIDANCE****Relevance**

Communication and training build the internal and external awareness and the necessary capacity to combat corruption. This Indicator reveals the proportion of the

organization's governance body members, employees and business partners that can reasonably be assumed to be aware of the organization's anti-corruption policies and procedures.

### **Compilation**

Using data from G4-LA12 identity:

- The governance bodies that exist within the organization (such as the board of directors, management committee, or similar body for non-corporate organizations)
- The total number of individuals and/or employees who comprise these governance bodies
- The total number of employees in each employee category (excluding governance body members)
- The total number of business partners is to be estimated.

### **Documentation sources**

Potential information sources include training records.

### **GRI G4-SO5**

#### **Confirmed Incidents Of Corruption And Actions Taken**

- a. Report the total number and nature of confirmed incidents of corruption.
- b. Report the total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- c. Report the total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.

- d. Report public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

## **GUIDANCE**

### **Relevance**

Corruption can be a significant risk to an organization's reputation and business. It is broadly linked to negative impacts such as poverty in transition economies, damage to the environment, abuse of human rights, abuse of democracy, misallocation of investments, and undermining the rule of law. Organizations are increasingly expected by the marketplace, international norms, and stakeholders to demonstrate their adherence to integrity, governance, and good business practices. This Indicator demonstrates specific actions taken to limit exposure to risks of corruption. For stakeholders, there is an interest in both the occurrence of incidents and the organization's response.

### **Compilation**

Identify the total number of confirmed incidents of corruption. A confirmed incident of corruption refers to each individual case of corruption that had been found to be substantiated. Identify the nature of the confirmed incidents of corruption. Public legal cases regarding corruption include current public investigations, prosecutions or closed cases.

### **Documentation sources**

Potential information sources include legal department records of cases brought against the organization, its employees, or business partners; minutes of the proceedings of internal

disciplinary hearings; and contracts with business partners.

### **Definitions of Terms Used**

From Glossary in Implementation Manual, p. 244

#### **Corruption**

Corruption is ‘the abuse of entrusted power for private gain’ and can be instigated by individuals or organizations. In the Guidelines, corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or another advantage to or from any person as an

the inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise’s business

This may include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage or that may result in moral pressure to receive such an advantage.

#### **Operation**

A single location used by an organization for the production, storage and/or distribution of its goods and services, or for administrative purposes (such as an office). Within a single operation, there may be multiple production lines, warehouses, or other activities. For example, a single factory may be used for multiple products or a single retail outlet may contain several different retail operations that are owned or managed by the organization.

#### **Business partner**

Business partners include, among others, suppliers, agents, lobbyists and other intermediaries, joint venture and consortia partners, governments, customers, and clients. In the Guidelines, suppliers include brokers, consultants, contractors, distributors, franchisees or licensees, home workers, independent contractors, manufacturers, primary producers, sub-contractors and wholesalers.

**Employee**

An individual who is, according to national law or practices, recognized as an employee of the organization.

**Employee category**

Breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production). This information is derived from an organization's own human resources system.

**Confirmed incidents of corruption**

Incidents of corruption that had been found to be substantiated. This does not include incidents of corruption that are still under investigation in the reporting period.



## APPENDIX B

### PREVIOUS RESEARCH ABOUT ANTI-CORRUPTION DISCLOSURE

Research	Country	Variable	Data Source	Theory	Methodology	Significance Found
(Blanc, Islam, Patten, & Branco, 2017)	105 largest multinational Firm in the world	Dependent: Anti-Corruption Disclosure Independent: Media Exposure Press Freedom Industry Risk Firm Size CSR committee Women on Board	TI 2012 rating of anti-corruption disclosure	Legitimacy Theory Media Exposure	Regression Analysis	Regression Media Exposure + Significant Press Freedom + Significant Industry Risk + Significant Women on Board + significant Firm Size + Not Significant CSR Committee + Not Significance
(Barkemeyer et al., 2015)	933 GRI G3 CSR report from 7 Industry	Dependent: Anti-Corruption Disclosure Independent: HDI CPI Number of Employees	corporateregister.com	Institutional Theory	Logistic regression	SO 2 Indicator + significance GRI G3 report + significance Initiative + significance

		Internationalization Number of GRI G3 report Number of other GRI Indicator UNGC Membership Other Initiative Member				UNGC Not significance CPI Not significance HDI Not significance Company size Not Significance Internationalization Not significance  SO 3 Indicator + significance Initiative + significance HDI + significance Internationalization +Significance  SO 4 GRI report +significance Indicator + Significance Initiative + significance
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						UNGC not significance Number of employee – significance
(Gunawan & Joseph, 2017)	Indonesia CSR Best Practice		Interview	Institutional Theory	Interview	
(Islam, Dissanayake, Dellaportas, & Haque, 2016)	European telecommunication company	Dependent: Anti-corruption disclosure Independent: Networked Governance Media agenda setting	AR & SR	Networked Governance Legitimacy Theory	Spearman Rank order correlations	Media +Significance NGO +significance

	Theory	Method	Sample	Dependent Variable	Variable	Limitation
(Joseph et al., 2016)	Institutional Theory	Content Analysis	24 Malaysian Company Participate in ACCA Sustainability reporting award	anti-Corruption Practice Disclosure	the extent of ACP disclosure in annual reports and sustainability reports using the coercive isomorphism tenet	The High Level of Non-Disclosure and reason for that

		Index Build on 7 General Themes	34 Indonesia Company Participated in Indonesia sustainability Reporting Award		examine whether there are any significant differences in the ACP disclosure for both Malaysian and Indonesian CSR best practice companies	Perform Longitudinal Analysis , use the interview
(Islam, Dissanayake, Dellaportas, & Haque, 2016)	Media Agenda & Legitimacy Theory	Content Analysis	Corporate reporting Media in Telecommunication Sector of two European-based global telecommunication companies (French-based Alcatel-Lucent; and German-based Siemens AG).	Anti-Bribery disclosure	Networked Governance	examine the relationship between the media and NGO strategies as well as the effect of responsive regulation corporate behaviours in a variety of contexts utilising different methodologies and a larger sample.
	Networked Governance	Spearman Rank Order Correlation			Responsive Regulation	
	Legitimacy and Media Exposure	TI Ratings	105 Multinational Firm	anti-Corruption	The difference in Media exposure	findings generalize to

(Blanc, Islam, Patten, & Branco, 2017)				Practice Disclosure		other companies cannot be assessed
		Press Freedom Assesment			Country Level Press Freedom	disclosure ratings provided by TI
		Dow Jones Factiva Database				only negative media exposure and its relation to disclose
		Regression Analysis				Explore source of media reporting influence reporting
(Kusuma & Cahaya, 2017)	Stakeholder Theory	Content Analysis	Random Sampling 100 Perusahaan BEI	anti-Corruption Practice Disclosure	Dewan Komisaris Wanita	Objek AR dan SR
		Multiple Regression			Independensi Dewan Komisaris	Subjectivitas Penilaian variable Kompetensi Dewan Komisaris
					Frekuensi Rapat Dewan Komisaris	Metode wawancara
					Kompetensi Dewan Komisaris	

(Gunawan & Joseph, 2017)	Institutional Theory	Interview	Indonesian Best Practice Company			
(Branco & Matos, 2016)	Legitimacy Theory	Content Analysis	Company Disclose CSR report on BSDC	anti-Corruption Practice Disclosure	Industrial Affiliation	limited sample
		6 theme disclosure measured			Nature of Ownership	Limited data captured Method
					UNGC Membership	more refined industry classification scheme
(Barkemeyer, Preuss, & Lee, 2015)	Institutional Theory	Assign Value ti GRI G3 indicators SO2-SO4.6	933 GRI G3 corporate sustainability reports from seven sectors	Anti-Corruption Practice Disclosure	Country Level and regional Level Pressure	Bias in toward relatively large multinational enterprises
		binary logistic regression analyses			Sectoral Level Pressure	complex dynamics with regard to the various host contexts in which these companies operate
					Global Pressure	not allow us to shed light on their actual engagement in

						anti-corruption measures.
						future research could examine the linkbetween the communication of anti-corruption initiatives and actual levels of corporate engagement in this area
						the role of MNCs' host country operations could be investigated in more detail

## APPENDIX C

### SAMPLE COMPANY LIST

NO	Company Code	Company Name
1	AEV	Aboitiz Equity Ventures
2	ADVANC	Advanced Info Service
3	AES-VCM	AES-VCM Mong Duong Power Co. Ltd
4	AOT	Airports of Thailand
5	AKP	Akkhie Prakarn
6	ANTM	Antam
7	AALI	Astra Agro Lestari
8	ALI	Ayala Land
9	BKCPTL	Bangchak Petroleum
10	BAFS	Bangkok Aviation Fuel Services PCL
11	BBRI	Bank BRI
12	BBTN	Bank BTN
13	BJTNG	Bank Jateng
14	BJTM	Bank Jatim
15	BMRI	Bank Mandiri Terbuka
16	BAY	Bank of Ayudhaya PCL
17	BPI	Bank of the Philippine Islands
18	BANPU	Banpu Public Company Limited
19	BVH	Baoviet Holding
20	BWG	Better World Green
21	BBNI	BNI
22	BTS	BTS Group Holdings Public Company Limited
23	PTBA	Bukit Asam
24	CPV	Cebu Property Ventures and Development Corp.
25	CPN	Central Pattana
26	CPIN	Charoen Pokphand Foods PCL
27	BNGA	CIMB Niaga
28	CSL	CS Loxinfo
29	DELTA	Delta Electronics (Thailand)
30	DHGVN	DHG Pharma
31	DGW	DigiWorld
32	EASTW	EastWater



33	EGAT	Electricity Generating Authority of Thailand
34	EGCO	Electricity Generating Public Company
35	ELSA	Elnusa
36	EDC	Energy Development Corporation (EDC)
37	GIAA	Garuda Indonesia
38	GFPT	GFPT Public Company Limited
39	GLO	Globe
40	GPSC	Global Power Synergy PCL
41	GSB	Government Saving Bank
42	SMCB	Holcim Indonesia
43	HMPRO	Homepro
44	HSC	Harsco Corporation
45	ITMG	Indo Tambangraya Megah
46	INTP	Indocement Tunggal Prakarsa
47	OVL	Indorama Ventures Public Company Limited
48	IRC	Inoue Rubber Thailand
49	INTCH	Intouch Holdings
50	IRPC	IRPC PCL
51	JPFA	Japfa Comfeed Indonesia
52	KBANK	Kasikorn Bank PCL
53	KTB	Krungthai Bank
54	PDSHC	Land Bank of the Philippines
55	LPN	LPN Development PCL
56	MWTCF	Manila Water Company
57	BNII	Maybank Indonesia
58	MINT	Minor International Public Company Limited
59	NISP	OCBC NISP
60	PDI	Padaeng Industries Plc.
61	PDCM	Padang Cement Indonesia
62	BNLI	Permata Bank
63	PTMN	Pertamina
64	PEP	Pertamina EP
65	PEPC	Pertamina EP Cepu (PEPC)
66	PGE	Pertamina Geothermal Energy
67	PTRO	Petrosea
68	PGN	Perusahaan Gas Negara
69	PXMFF	Philex Mining Corporation

70	PLDT	PLDT Inc.
71	PLN	Perusahaan Listrik Negara
72	PPS	PPS Group
73	PSL	Precious Shipping Public Company Limited
74	PM	Premier Marketing
75	PPR	President Rice Products
76	PRE	Pruksa Real Estate
77	AKRA	PT AKR Corporindo TBK
78	BNGL	PT BADAQ NGL Indonesia
79	KJNG	PT Pupuk Kujang
80	SIMP	PT Salim Ivomas Pratama Tbk
81	TINS	PT Timah (Persero) Tbk
82	PTTEP	PTT Exploration and Production Public Company
83	PTTPCL	PTT Public Company Limited
84	PPI	Pupuk Indonesia
85	PPKT	Pupuk Kaltim
86	QTC	QTC Energy
87	RATCH	Ratchaburi Electricity Generating Holding Public Company Limited
88	SCMBK	Sacombank
89	SC	SC Asset
90	CFRESH	Seafresh
91	SCBNK	Security Bank
92	SCG	Siam Cement Group
93	SCB	Siam Commercial Bank
94	SIAM	Siam Steel
95	SMIVY	SM INVESTMENTS CORPORATION
96	SPHXF	SM Prime Holdings, Inc.
97	SMBN	Somboon Advance Technology Pcl
98	SSI	Saigon Securities Incorporation
99	TLKM	Telekomunikasi Indonesia
100	IATA	Thai Airways International Public Company Limited
101	TOP	Thai Oil
102	TSC	Thai Steel Cable
103	TUG	Thai Union Group
104	Y92	Thaibev
105	THCOM	Thaicom

106	SET	The Stock Exchange of Thailand (SET)
107	TISCO	TISCO Financial Group
108	TOTL	Total Bangun Persada
109	TRUE	True Corporation
110	DTV	TV Direct
111	UNTR	United Tractors
112	INCO	Vale Indonesia
113	VGI	VGI Global Media
114	VNM	Vinamilk
115	WIKA	Wika
116	WTON	Wika Beton
117	EXCL	XL Axiata

**APPENDIX D**  
**COMPANY REPORT TYPE**

NO	Company Code	Company Name	Report Type
1	AEV	Aboitiz Equity Ventures	AR
2	ADVANC	Advanced Info Service	SR
3	AES-VCM	AES-VCM Mong Duong Power Co. Ltd	SR
4	AOT	Airports of Thailand	SR
5	AKP	Akkhie Prakarn	SR
6	ANTM	Antam	SR
7	AALI	Astra Agro Lestari	SR
8	ALI	Ayala Land	IR
9	BKCPTL	Bangchak Petroleum	SR
10	BAFS	Bangkok Aviation Fuel Services PCL	SR
11	BBRI	Bank BRI	SR
12	BBTN	Bank BTN	AR
13	BJTNG	Bank Jateng	SR
14	BJTM	Bank Jatim	AR
15	BMRI	Bank Mandiri Terbuka	SR
16	BAY	Bank of Ayudhaya PCL	SR
17	BPI	Bank of the Philippine Islands	IR
18	BANPU	Banpu Public Company Limited	SR
19	BVH	Baoviet Holding	SR
20	BWG	Better World Green	AR
21	BBNI	BNI	SR
22	BTS	BTS Group Holdings Public Company Limited	AR
23	PTBA	Bukit Asam	SR
24	CPV	Cebu Property Ventures and Development Corp.	IR
25	CPN	Central Pattana	AR
26	CPIN	Charoen Pokphand Foods PCL	SR
27	BNGA	CIMB Niaga	SR
28	CSL	CS Loxinfo	SR

29	DELTA	Delta Electronics (Thailand)	SR
30	DHGVN	DHG Pharma	SR
31	DGW	DigiWorld	AR
32	EASTW	EastWater	SR
33	EGAT	Electricity Generating Authority of Thailand	SR
34	EGCO	Electricity Generating Public Company	AR
35	ELSA	Elnusa	AR
36	EDC	Energy Development Corporation (EDC)	SR
37	GIAA	Garuda Indonesia	SR
38	GFPT	GFPT Public Company Limited	SR
39	GLO	Globe	AR
40	GPSC	Global Power Synergy PCL	SR
41	GSB	Government Saving Bank	AR
42	SMCB	Holcim Indonesia	SR
43	HMPRO	Homepro	SR
44	HSC	Harsco Corporation	AR
45	ITMG	Indo Tambangraya Megah	SR
46	INTP	Indocement Tunggal Prakarsa	SR
47	OVL	Indorama Ventures Public Company Limited	SR
48	IRC	Inoue Rubber Thailand	SR
49	INTCH	Intouch Holdings	SR
50	IRPC	IRPC PCL	SR
51	JPFA	Japfa Comfeed Indonesia	AR
52	KBANK	Kasikorn Bank PCL	SR
53	KTB	Krungthai Bank	SR
54	PDSHC	Land Bank of the Philippines	SR
55	LPN	LPN Development PCL	SR
56	MWTCF	Manila Water Company	SR
57	BNII	Maybank Indonesia	SR
58	MINT	Minor International Public Company Limited	SR
59	NISP	OCBC NISP	AR
60	PDI	Padaeng Industries Plc.	IR
61	PDCM	Padang Cement Indonesia	SR

62	BNLI	Permata Bank	SR
63	PTMN	Pertamina	SR
64	PEP	Pertamina EP	IR
65	PEPC	Pertamina EP Cepu (PEPC)	SR
66	PGE	Pertamina Geothermal Energy	IR
67	PTRO	Petrosea	SR
68	PGN	Perusahaan Gas Negara	SR
69	PXMFF	Philex Mining Corporation	SR
70	PLDT	PLDT Inc.	SR
71	PLN	Perusahaan Listrik Negara	SR
72	PPS	PPS Group	AR
73	PSL	Precious Shipping Public Company Limited	AR
74	PM	Premier Marketing	AR
75	PPR	President Rice Products	AR
76	PRE	Pruksa Real Estate	SR
77	AKRA	PT AKR Corporindo TBK	SR
78	BNGL	PT BADAQ NGL Indonesia	SR
79	KJNG	PT Pupuk Kujang	SR
80	SIMP	PT Salim Ivomas Pratama Tbk	SR
81	TINS	PT Timah (Persero) Tbk	SR
82	PTTEP	PTT Exploration and Production Public Company	SR
83	PTTPCL	PTT Public Company Limited	SR
84	PPI	Pupuk Indonesia	SR
85	PPKT	Pupuk Kaltim	SR
86	QTC	QTC Energy	SR
87	RATCH	Ratchaburi Electricity Generating Holding Public Company Limited	SR
88	SCMBK	Sacombank	AR
89	SC	SC Asset	SR
90	CFRESH	Seafresh	SR
91	SCBNK	Security Bank	AR
92	SCG	Siam Cement Group	SR
93	SCB	Siam Commercial Bank	SR
94	SIAM	Siam Steel	AR

95	SMIVY	SM INVESTMENTS CORPORATION	SR
96	SPHXF	SM Prime Holdings, Inc.	SR
97	SMBN	Somboon Advance Technology Pcl	SR
98	SSI	Saigon Securities Incorporation	AR
99	TLKM	Telekomunikasi Indonesia	SR
100	IATA	Thai Airways International Public Company Limited	SR
101	TOP	Thai Oil	SR
102	TSC	Thai Steel Cable	AR
103	TUG	Thai Union Group	SR
104	Y92	Thaibev	SR
105	THCOM	Thaicom	SR
106	SET	The Stock Exchange of Thailand (SET)	AR
107	TISCO	TISCO Financial Group	AR
108	TOTL	Total Bangun Persada	AR
109	TRUE	True Corporation	AR
110	DTV	TV Direct	AR
111	UNTR	United Tractors	SR
112	INCO	Vale Indonesia	AR
113	VGI	VGI Global Media	AR
114	VNM	Vinamilk	SR
115	WIKA	Wika	AR
116	WTON	Wika Beton	AR
117	EXCL	XL Axiata	SR

## APPENDIX E

### DATA COLLECTION ANTI-CORRUPTION DISCLOSURE

NO	Company Code	Company Name	SO 3	SO 4	SO 5	ACD
1	AEV	Aboitiz Equity Ventures	14	0	0	14
2	ADVANC	Advanced Info Service	135	177	0	312
3	AES-VCM	AES-VCM Mong Duong Power Co. Ltd	428	91	13	532
4	AOT	Airports of Thailand	60	54	0	114
5	AKP	Akkhie Prakarn	393	386	0	779
6	ANTM	Antam	0	155	79	234
7	AALI	Astra Agro Lestari	35	35	35	105
8	ALI	Ayala Land	146	0	0	146
9	BKCPTL	Bangchak Petroleum	29	151	0	180
10	BAFS	Bangkok Aviation Fuel Services PCL	22	163	0	185
11	BBRI	Bank BRI	0	0	86	86
12	BBTN	Bank BTN	0	174	0	174
13	BJTNG	Bank Jateng	102	49	51	202
14	BJTM	Bank Jatim	79	0	0	79
15	BMRI	Bank Mandiri Terbuka	166	108	84	358
16	BAY	Bank of Ayudhaya PCL	101	514	0	615
17	BPI	Bank of the Philippine Islands	0	0	19	19
18	BANPU	Banpu Public Company Limited	109	125	6	240
19	BVH	Baoviet Holding	37	236	10	283
20	BWG	Better World Green	0	54	0	54
21	BBNI	BNI	0	267	0	267
22	BTS	BTS Group Holdings Public Company Limited	25	458	0	483
23	PTBA	Bukit Asam	57	142	23	222
24	CPV	Cebu Property Ventures and Development Corp.	0	210	0	210
25	CPN	Central Pattana	195	218	0	413
26	CPIN	Charoen Pokphand Foods PCL	0	96	0	96
27	BNGA	CIMB Niaga	117	70	82	269
28	CSL	CS Loxinfo	0	365	0	365
29	DELTA	Delta Electronics (Thailand)	0	418	35	453
30	DHGVN	DHG Pharma	0	158	19	177
31	DGW	DigiWorld	0	74	2	76



32	EASTW	EastWater	202	259	0	461
33	EGAT	Electricity Generating Authority of Thailand	213	465	93	771
34	EGCO	Electricity Generating Public Company	120	726	40	886
35	ELSA	Elnusa	0	42	0	42
36	EDC	Energy Development Corporation (EDC)	43	69	0	112
37	GIAA	Garuda Indonesia	0	112	28	140
38	GFPT	GFPT Public Company Limited	0	222	49	271
39	GLO	Globe	0	240	0	240
40	GPSC	Global Power Synergy PCL	31	246	38	315
41	GSB	Government Saving Bank	0	402	0	402
42	SMCB	Holcim Indonesia	0	58	0	58
43	HMPRO	Homepro	53	351	0	404
44	HSC	Harsco Corporation	0	143	0	143
45	ITMG	Indo Tambangraya Megah	93	500	0	593
46	INTP	Indocement Tunggul Prakarsa	56	320	0	376
47	OVL	Indorama Ventures Public Company Limited	57	393	20	470
48	IRC	Inoue Rubber Thailand	48	47	0	95
49	INTCH	Intouch Holdings	55	366	0	421
50	IRPC	IRPC PCL	271	300	132	703
51	JPFA	Japfa Comfeed Indonesia	0	262	0	262
52	KBANK	Kasikorn Bank PCL	0	533	0	533
53	KTB	Krungthai Bank	212	414	0	626
54	PDSHC	Land Bank of the Philippines	167	0	67	234
55	LPN	LPN Development PCL	101	393	85	579
56	MWTCF	Manila Water Company	0	71	0	71
57	BNII	Maybank Indonesia	0	188	0	188
58	MINT	Minor International Public Company Limited	0	189	10	199
59	NISP	OCBC NISP	0	133	53	186
60	PDI	Padaeng Industries Plc.	106	321	12	439
61	PDCM	Padang Cement Indonesia	0	214	22	236
62	BNLI	Permata Bank	0	251	0	251
63	PTMN	Pertamina	0	90	0	90
64	PEP	Pertamina EP	0	278	51	329
65	PEPC	Pertamina EP Cepu (PEPC)	0	162	0	162
66	PGE	Pertamina Geothermal Energy	0	76	145	221

67	PTRO	Petrosea	0	173	0	173
68	PGN	Perusahaan Gas Negara	114	493	0	607
69	PXMFF	Philex Mining Corporation	0	347	0	347
70	PLDT	PLDT Inc.	0	67	5	72
71	PLN	Perusahaan Listrik Negara	79	88	0	167
72	PPS	PPS Group	478	73	0	551
73	PSL	Precious Shipping Public Company Limited	17	494	13	524
74	PM	Premier Marketing	122	449	0	571
75	PPR	President Rice Products	0	316	12	328
76	PRE	Pruksa Real Estate	156	434	0	590
77	AKRA	PT AKR Corporindo TBK	35	110	64	209
78	BNGL	PT BADAK NGL Indonesia	179	128	37	344
79	KJNG	PT Pupuk Kujang	0	74	0	74
80	SIMP	PT Salim Ivomas Pratama Tbk	0	66	0	66
81	TINS	PT Timah (Persero) Tbk	67	144	11	222
82	PTTEP	PTT Exploration and Production Public Company	152	333	91	576
83	PTTPCL	PTT Public Company Limited	180	477	0	657
84	PPI	Pupuk Indonesia	0	263	0	263
85	PPKT	Pupuk Kaltim	0	249	0	249
86	QTC	QTC Energy	105	143	14	262
87	RATCH	Ratchaburi Electricity Generating Holding Public Company Limited	344	642	0	986
88	SCMBK	Sacombank	11	77	0	88
89	SC	SC Asset	53	369	0	422
90	CFRESH	Seafresh	68	294	0	362
91	SCBNK	Security Bank	0	313	5	318
92	SCG	Siam Cement Group	26	281	6	313
93	SCB	Siam Commercial Bank	67	242	0	309
94	SIAM	Siam Steel	54	385	12	451
95	SMIVY	SM INVESTMENTS CORPORATION	0	42	0	42
96	SPHXF	SM Prime Holdings, Inc.	0	113	0	113
97	SMBN	Somboon Advance Technology Pcl	0	357	54	411
98	SSI	Saigon Securities Incorporation	0	30	0	30
99	TLKM	Telekomunikasi Indonesia	0	545	0	545
100	IATA	Thai Airways International Public Company Limited	98	179	252	529

101	TOP	Thai Oil	101	224	41	366
102	TSC	Thai Steel Cable	47	158	9	214
103	TUG	Thai Union Group	0	319	0	319
104	Y92	Thaibev	0	203	97	300
105	THCOM	Thaicom	140	248	0	388
106	SET	The Stock Exchange of Thailand (SET)	286	385	0	671
107	TISCO	TISCO Financial Group	169	470	0	639
108	TOTL	Total Bangun Persada	0	147	0	147
109	TRUE	True Corporation	450	348	0	798
110	DTV	TV Direct	0	30	0	30
111	UNTR	United Tractors	69	197	15	281
112	INCO	Vale Indonesia	0	307	0	307
113	VGI	VGI Global Media	237	205	0	442
114	VNM	Vinamilk	0	130	52	182
115	WIKA	Wika	0	21	0	21
116	WTON	Wika Beton	0	167	0	167
117	EXCL	XL Axiata	0	21	0	21

## APPENDIX F

## DATA COLLECTION INDEPENDENT VARIABLE

NO	Company Code	Company Name	GovOwn	GovDepndc	ForgnOwn	ForgnDpdnc	UNGC
1	AEV	Aboitiz Equity Ventures	0	0	1	1	0
2	ADVANC	Advanced Info Service	0	1	1	0	0
3	AES-VCM	AES-VCM Mong Duong Power Co. Ltd	0	1	0	1	0
4	AOT	Airports of Thailand	0	1	0	0	0
5	AKP	Akkhie Prakarn	0	1	0	1	0
6	ANTM	Antam	1	1	1	1	0
7	AALI	Astra Agro Lestari	0	0	0	1	0
8	ALI	Ayala Land	0	1	0	0	0
9	BKCPTL	Bangchak Petroleum	1	1	1	1	1
10	BAFS	Bangkok Aviation Fuel Services PCL	0	1	0	0	0
11	BBRI	Bank BRI	1	1	1	1	0
12	BBTN	Bank BTN	1	1	1	1	0
13	BJTNG	Bank Jateng	1	1	0	1	0
14	BJTM	Bank Jatim	1	1	0	0	0
15	BMRI	Bank Mandiri Terbuka	1	1	1	1	0
16	BAY	Bank of Ayudhaya PCL	0	0	1	1	0
17	BPI	Bank of the Philippine Islands	0	1	0	1	0
18	BANPU	Banpu Public Company Limited	0	0	1	1	0
19	BVH	Baoviet Holding	1	1	1	1	0
20	BWG	Better World Green	0	0	0	0	0
21	BBNI	BNI	1	1	1	1	0
22	BTS	BTS Group Holdings Public Company Limited	0	1	1	1	0
23	PTBA	Bukit Asam	1	1	1	0	0
24	CPV	Cebu Property Ventures and Development Corp.	1	0	1	1	0
25	CPN	Central Pattana	0	1	1	0	0
26	CPIN	Charoen Pokphand Foods PCL	0	0	0	1	0
27	BNGA	CIMB Niaga	0	0	1	1	0
28	CSL	CS Loxinfo	0	1	1	1	0

29	DELTA	Delta Electronics (Thailand)	1	1	1	1	0
30	DHGVN	DHG Pharma	1	1	1	1	0
31	DGW	DigiWorld	0	1	1	1	0
32	EASTW	EastWater	1	1	1	0	0
33	EGAT	Electricity Generating Authority of Thailand	1	1	1	1	0
34	EGCO	Electricity Generating Public Company	1	1	1	1	0
35	ELSA	Elnusa	1	1	1	0	0
36	EDC	Energy Development Corporation (EDC)	0	1	1	1	0
37	GIAA	Garuda Indonesia	1	1	1	1	0
38	GFPT	GFPT Public Company Limited	0	1	0	1	0
39	GLO	Globe	0	1	1	0	0
40	GPSC	Global Power Synergy PCL	0	1	1	1	0
41	GSB	Government Saving Bank	1	1	1	0	0
42	SMCB	Holcim Indonesia	0	0	1	1	0
43	HMPRO	Homepro	0	1	1	1	0
44	HSC	Harsco Corporation	1	1	0	1	0
45	ITMG	Indo Tambangraya Megah	0	0	1	1	0
46	INTP	Indocement Tunggul Prakarsa	0	1	1	1	0
47	OVL	Indorama Ventures Public Company Limited	0	0	1	1	0
48	IRC	Inoue Rubber Thailand	0	0	1	1	0
49	INTCH	Intouch Holdings	0	1	1	1	0
50	IRPC	IRPC PCL	1	1	1	1	1
51	JPFA	Japfa Comfeed Indonesia	0	0	1	1	0
52	KBANK	Kasikorn Bank PCL	0	1	1	1	0
53	KTB	Krungthai Bank	1	1	1	1	0
54	PDSHC	Land Bank of the Philippines	1	1	1	0	1
55	LPN	LPN Development PCL	1	0	1	1	0
56	MWTCF	Manila Water Company	1	1	1	0	0
57	BNII	Maybank Indonesia	0	0	1	1	0
58	MINT	Minor International Public Company Limited	0	1	1	1	0
59	NISP	OCBC NISP	0	0	1	1	0

60	PDI	Padaeng Industries Plc.	1	1	1	1	0
61	PDCM	Padang Cement Indonesia	1	1	0	0	0
62	BNLI	Permata Bank	0	1	1	1	0
63	PTMN	Pertamina	1	1	0	1	0
64	PEP	Pertamina EP	1	1	0	1	0
65	PEPC	Pertamina EP Cepu (PEPC)	1	1	0	1	0
66	PGE	Pertamina Geothermal Energy	1	1	0	1	0
67	PTRO	Petrosea	0	1	1	1	0
68	PGN	Perusahaan Gas Negara	1	1	0	1	0
69	PXMFF	Philex Mining Corporation	0	1	1	1	0
70	PLDT	PLDT Inc.	0	1	0	0	0
71	PLN	Perusahaan Listrik Negara	1	1	0	1	0
72	PPS	PPS Group	0	1	1	1	0
73	PSL	Precious Shipping Public Company Limited	0	0	1	1	0
74	PM	Premier Marketing	0	0	1	1	0
75	PPR	President Rice Products	0	1	1	0	0
76	PRE	Pruksa Real Estate	0	1	1	1	0
77	AKRA	PT AKR Corporindo Tbk	0	0	1	1	0
78	BNGL	PT BADAQ NGL Indonesia	1	1	0	1	0
79	KJNG	PT Pupuk Kujang	1	1	0	0	0
80	SIMP	PT Salim Ivomas Pratama Tbk	0	0	1	1	0
81	TINS	PT Timah (Persero) Tbk	1	1	0	1	0
82	PTTEP	PTT Exploration and Production Public Company	0	1	1	1	1
83	PTTPCL	PTT Public Company Limited	0	1	1	1	1
84	PPI	Pupuk Indonesia	1	1	1	1	0
85	PPKT	Pupuk Kaltim	1	1	0	1	0
86	QTC	QTC Energy	0	1	1	1	0
87	RATCH	Ratchaburi Electricity Generating Holding Public Company Limited	1	1	1	1	0
88	SCMBK	Sacombank	1	0	1	1	0
89	SC	SC Asset	0	1	1	1	0

90	CFRESH	Seafresh	0	0	1	1	0
91	SCBNK	Security Bank	0	0	1	1	0
92	SCG	Siam Cement Group	0	1	1	1	1
93	SCB	Siam Commercial Bank	1	1	1	1	0
94	SIAM	Siam Steel	0	0	1	1	0
95	SMIVY	SM INVESTMENTS CORPORATION	0	0	1	1	0
96	SPHXF	SM Prime Holdings, Inc.	0	0	1	1	0
97	SMBN	Somboon Advance Technology Pcl	0	0	1	1	0
98	SSI	Saigon Securities Incorporation	0	0	1	1	0
99	TLKM	Telekomunikasi Indonesia	1	1	1	1	0
100	IATA	Thai Airways International Public Company Limited	1	1	1	1	0
101	TOP	Thai Oil	0	1	1	1	1
102	TSC	Thai Steel Cable	0	1	1	1	0
103	TUG	Thai Union Group	0	0	1	1	0
104	Y92	Thaibev	0	0	1	1	0
105	THCOM	Thaicom	1	1	1	1	0
106	SET	The Stock Exchange of Thailand (SET)	1	1	1	0	0
107	TISCO	TISCO Financial Group	0	1	1	1	0
108	TOTL	Total Bangun Persada	0	1	1	0	0
109	TRUE	True Corporation	0	1	1	0	1
110	DTV	TV Direct	0	0	1	1	0
111	UNTR	United Tractors	0	1	1	1	0
112	INCO	Vale Indonesia	0	1	1	1	0
113	VGI	VGI Global Media	0	1	1	0	0
114	VNM	Vinamilk	0	0	1	1	0
115	WIKA	Wika	1	1	1	1	0
116	WTON	Wika Beton	0	1	1	1	0
117	EXCL	XL Axiata	0	1	1	1	1

## APPENDIX G

## DATA COLLECTION INDUSTRY TYPE

NO	Company Code	Company Name	Sector	Industry Type
1	AEV	Aboitiz Equity Ventures	Conglomerates	0
2	ADVANC	Advanced Info Service	Telecommunications	1
3	AES-VCM	AES-VCM Mong Duong Power Co. Ltd	Energy	0
4	AOT	Airports of Thailand	Aviation	1
5	AKP	Akkhie Prakarn	Financial Services	1
6	ANTM	Antam	Mining	0
7	AALI	Astra Agro Lestari	Agriculture	1
8	ALI	Ayala Land	Real Estate	0
9	BKCPTL	Bangchak Petroleum	Energy	0
10	BAFS	Bangkok Aviation Fuel Services PCL	Energy	0
11	BBRI	Bank BRI	Financial Services	1
12	BBTN	Bank BTN	Financial Services	1
13	BJTNG	Bank Jateng	Financial Services	1
14	BJTM	Bank Jatim	Financial Services	1
15	BMRI	Bank Mandiri Terbuka	Financial Services	1
16	BAY	Bank of Ayudhaya PCL	Financial Services	1
17	BPI	Bank of the Philippine Islands	Financial Services	1
18	BANPU	Banpu Public Company Limited	Energy	0
19	BVH	Baoviet Holding	Financial Services	1
20	BWG	Better World Green	Other	0
21	BBNI	BNI	Financial Services	1
22	BTS	BTS Group Holdings Public Company Limited	Railroad	1
23	PTBA	Bukit Asam	Mining	0
24	CPV	Cebu Property Ventures and Development Corp.	Real Estate	0
25	CPN	Central Pattana	Real Estate	0



26	CPIN	Charoen Pokphand Foods PCL	Food and Beverage Products	1
27	BNGA	CIMB Niaga	Financial Services	1
28	CSL	CS Loxinfo	Telecommunications	1
29	DELTA	Delta Electronics (Thailand)	Technology Hardware	1
30	DHGVN	DHG Pharma	Healthcare Products	0
31	DGW	DigiWorld	Commercial Services	0
32	EASTW	EastWater	Energy Utilities	0
33	EGAT	Electricity Generating Authority of Thailand	Energy	0
34	EGCO	Electricity Generating Public Company	Energy	0
35	ELSA	Elnusa	Energy	0
36	EDC	Energy Development Corporation (EDC)	Energy Utilities	0
37	GIAA	Garuda Indonesia	Aviation	1
38	GFPT	GFPT Public Company Limited	Food and Beverage Products	1
39	GLO	Globe	Telecommunications	1
40	GPSC	Global Power Synergy PCL	Energy Utilities	0
41	GSB	Government Saving Bank	Financial Services	1
42	SMCB	Holcim Indonesia	Construction Materials	0
43	HMPRO	Homepro	Household and Personal Products	1
44	HSC	Harsco Corporation	Financial Services	1
45	ITMG	Indo Tambangraya Megah	Mining	0
46	INTP	Indocement Tunggal Prakarsa	Construction	0
47	OVL	Indorama Ventures Public Company Limited	Chemicals	0
48	IRC	Inoue Rubber Thailand	Automotive	0
49	INTCH	Intouch Holdings	Telecommunications	1
50	IRPC	IRPC PCL	Energy Utilities	0
51	JPFA	Japfa Comfeed Indonesia	Agriculture	1
52	KBANK	Kasikorn Bank PCL	Financial Services	1
53	KTB	Krungthai Bank	Financial Services	1

54	PDSHC	Land Bank of the Philippines	Financial Services	1
55	LPN	LPN Development PCL	Real Estate	0
56	MWTCF	Manila Water Company	Water Utilities	0
57	BNII	Maybank Indonesia	Financial Services	1
58	MINT	Minor International Public Company Limited	Food and Beverage Products	1
59	NISP	OCBC NISP	Financial Services	1
60	PDI	Padaeng Industries Plc.	Mining	0
61	PDCM	Padang Cement Indonesia	Construction Materials	0
62	BNLI	Permata Bank	Financial Services	1
63	PTMN	Pertamina	Energy	0
64	PEP	Pertamina EP	Energy	0
65	PEPC	Pertamina EP Cepu (PEPC)	Energy	0
66	PGE	Pertamina Geothermal Energy	Energy	0
67	PTRO	Petrosea	Mining	0
68	PGN	Perusahaan Gas Negara	Energy	0
69	PXMFF	Philex Mining Corporation	Mining	0
70	PLDT	PLDT Inc.	Telecommunications	1
71	PLN	Perusahaan Listrik Negara	Energy	0
72	PPS	PPS Group	Construction	0
73	PSL	Precious Shipping Public Company Limited	Other	0
74	PM	Premier Marketing	Food and Beverage Products	1
75	PPR	President Rice Products	Food and Beverage Products	1
76	PRE	Pruksa Real Estate	Real Estate	0
77	AKRA	PT AKR Corporindo TBK	Energy	0
78	BNGL	PT BADAK NGL Indonesia	Energy	0
79	KJNG	PT Pupuk Kujang	Chemicals	0
80	SIMP	PT Salim Ivomas Pratama Tbk	Agriculture	1
81	TINS	PT Timah (Persero) Tbk	Mining	0

82	PTTEP	PTT Exploration and Production Public Company	Energy	0
83	PTTPCL	PTT Public Company Limited	Energy	0
84	PPI	Pupuk Indonesia	Chemicals	0
85	PPKT	Pupuk Kaltim	Chemicals	0
86	QTC	QTC Energy	Other	0
87	RATCH	Ratchaburi Electricity Generating Holding Public Company Limited	Energy Utilities	0
88	SCMBK	Sacombank	Financial Services	1
89	SC	SC Asset	Real Estate	0
90	CFRESH	Seafresh	Food and Beverage Products	1
91	SCBNK	Security Bank	Financial Services	1
92	SCG	Siam Cement Group	Conglomerates	0
93	SCB	Siam Commercial Bank	Financial Services	1
94	SIAM	Siam Steel	Other	0
95	SMIVY	SM INVESTMENTS CORPORATION	Conglomerates	0
96	SPHXF	SM Prime Holdings, Inc.	Other	0
97	SMBN	Somboon Advance Technology Pcl	Automotive	0
98	SSI	Saigon Securities Incorporation	Financial Services	1
99	TLKM	Telekomunikasi Indonesia	Telecommunications	1
100	IATA	Thai Airways International Public Company Limited	Aviation	1
101	TOP	Thai Oil	Energy	0
102	TSC	Thai Steel Cable	Automotive	0
103	TUG	Thai Union Group	Food and Beverage Products	1
104	Y92	Thaibev	Food and Beverage Products	1
105	THCOM	Thaicom	Telecommunications	1
106	SET	The Stock Exchange of Thailand (SET)	Financial Services	1
107	TISCO	TISCO Financial Group	Financial Services	1

108	TOTL	Total Bangun Persada	Construction	0
109	TRUE	True Corporation	Telecommunications	1
110	DTV	TV Direct	Other	0
111	UNTR	United Tractors	Equipment	0
112	INCO	Vale Indonesia	Mining	0
113	VGI	VGI Global Media	Media	0
114	VNM	Vinamilk	Food and Beverage Products	1
115	WIKA	Wika	Construction	0
116	WTON	Wika Beton	Construction Materials	0
117	EXCL	XL Axiata	Telecommunications	1

## APPENDIX H

## DATA COLLECTION COMPANY SIZE IN USD

NO	Company Code	Company Name	Company Size
1	AEV	Aboitiz Equity Ventures	\$ 9,359,787,826
2	ADVANC	Advanced Info Service	\$ 7,702,526,727
3	AES-VCM	AES-VCM Mong Duong Power Co. Ltd	\$ 36,119,000,000
4	AOT	Airports of Thailand	\$ 4,811,911,561
5	AKP	Akkhie Prakarn	\$ 16,077,296
6	ANTM	Antam	\$ 2,235,691,743
7	AALI	Astra Agro Lestari	\$ 1,806,516,307
8	ALI	Ayala Land	\$ 10,819,107,640
9	BKCPTL	Bangchak Petroleum	\$ 2,843,922,815
10	BAFS	Bangkok Aviation Fuel Services PCL	\$ 339,703,433,400
11	BBRI	Bank BRI	\$ 74,840,672,082
12	BBTN	Bank BTN	\$ 15,970,317,072
13	BJTNG	Bank Jateng	\$ 3,821,337,675
14	BJTM	Bank Jatim	\$ 3,208,921,589
15	BMRI	Bank Mandiri Terbuka	\$ 77,455,209,027
16	BAY	Bank of Ayudhaya PCL	\$ 52,618,302,524
17	BPI	Bank of the Philippine Islands	\$ 34,804,888,871
18	BANPU	Banpu Public Company Limited	\$ 6,973,000,000
19	BVH	Baoviet Holding	\$ 634,371,294
20	BWG	Better World Green	\$ 152,294,242
21	BBNI	BNI	\$ 44,967,459
22	BTS	BTS Group Holdings Public Company Limited	\$ 2,616,718,265
23	PTBA	Bukit Asam	\$ 1,259,770,927
24	CPV	Cebu Property Ventures and Development Corp.	\$ 103,505,304
25	CPN	Central Pattana	\$ 2,920,606,768

26	CPIN	Charoen Pokphand Foods PCL	\$ 16,266,708,765
27	BNGA	CIMB Niaga	\$ 18,013,748,380
28	CSL	CS Loxinfo	\$ 53,032,166
29	DELTA	Delta Electronics (Thailand)	\$ 1,294,210,206
30	DHGVN	DHG Pharma	\$ 173,294,554
31	DGW	DigiWorld	\$ 57,367,996
32	EASTW	EastWater	\$ 554,920,983
33	EGAT	Electricity Generating Authority of Thailand	\$ 26,726,962,861
34	EGCO	Electricity Generating Public Company	\$ 5,511,517,312
35	ELSA	Elnusa	\$ 312,515,158
36	EDC	Energy Development Corporation (EDC)	\$ 2,739,013,862
37	GIAA	Garuda Indonesia	\$ 3,737,569,390
38	GFPT	GFPT Public Company Limited	\$ 451,527,818
39	GLO	Globe	\$ 3,946,588,500
40	GPSC	Global Power Synergy PCL	\$ 1,621,372,799
41	GSB	Government Saving Bank	\$ 70,120,593,692
42	SMCB	Holcim Indonesia	\$ 1,473,715,935
43	HMPRO	Homepro	\$ 1,445,845,499
44	HSC	Harsco Corporation	\$ 158,849,401
45	ITMG	Indo Tambangraya Megah	\$ 1,209,792,000
46	INTP	Indocement Tunggal Prakarsa	\$ 2,248,296,877
47	OVL	Indorama Ventures Public Company Limited	\$ 7,219,429,667
48	IRC	Inoue Rubber Thailand	\$ 119,374,539
49	INTCH	Intouch Holdings	\$ 1,525,774,587
50	IRPC	IRPC PCL	\$ 4,816,427,118
51	JPFA	Japfa Comfeed Indonesia	\$ 1,435,526,719
52	KBANK	Kasikorn Bank PCL	\$ 79,516,607,534
53	KTB	Krungthai Bank	\$ 75,146,020,073
54	PDSHC	Land Bank of the Philippines	\$ 28,231,200,779
55	LPN	LPN Development PCL	\$ 518,528,288
56	MWTCF	Manila Water Company	\$ 1,625,589,932

57	BNII	Maybank Indonesia	\$ 12,429,069,518
58	MINT	Minor International Public Company Limited	\$ 3,030,293,717
59	NISP	OCBC NISP	\$ 10,305,155,055
60	PDI	Padaeng Industries Plc.	\$ 156,260,695
61	PDCM	Padang Cement Indonesia	\$ 686,779,964
62	BNLI	Permata Bank	\$ 12,343,211,583
63	PTMN	Pertamina	\$ 47,233,000,000
64	PEP	Pertamina EP	\$ 7,301,605,000
65	PEPC	Pertamina EP Cepu (PEPC)	\$ 2,103,862,000
66	PGE	Pertamina Geothermal Energy	\$ 2,073,442,000
67	PTRO	Petrosea	\$ 393,430,000
68	PGN	Perusahaan Gas Negara	\$ 6,495,022,261
69	PXMFF	Philex Mining Corporation	\$ 779,758,783
70	PLDT	PLDT Inc.	\$ 9,582,489,613
71	PLN	Perusahaan Listrik Negara	\$ 95,043,784,907
72	PPS	PPS Group	\$ 8,148,876
73	PSL	Precious Shipping Public Company Limited	\$ 902,944,712
74	PM	Premier Marketing	\$ 71,495,630
75	PPR	President Rice Products	\$ 117,280,551
76	PRE	Pruksa Real Estate	\$ 1,854,796,738
77	AKRA	PT AKR Corporindo TBK	\$ 1,180,426,365
78	BNGL	PT BADAQ NGL Indonesia	\$ 41,441,000
79	KJNG	PT Pupuk Kujang	\$ 803,588,782
80	SIMP	PT Salim Ivomas Pratama Tbk	\$ 2,426,293,838
81	TINS	PT Timah (Persero) Tbk	\$ 457,131,482
82	PTTEP	PTT Exploration and Production Public Company	\$ 18,891,377,000
83	PTTPCL	PTT Public Company Limited	\$ 62,373,736,598
84	PPI	Pupuk Indonesia	\$ 9,477,486,320
85	PPKT	Pupuk Kaltim	\$ 2,191,621,572
86	QTC	QTC Energy	\$ 34,110,607
87	RATCH	Ratchaburi Electricity Generating Holding Public Company Limited	\$ 2,693,270,950

88	SCMBK	Sacombank	\$ 82,348,368
89	SC	SC Asset	\$ 935,662,874
90	CFRESH	Seafresh	\$ 139,737,438
91	SCBNK	Security Bank	\$ 14,016,820,620
92	SCG	Siam Cement Group	\$ 15,079,464,425
93	SCB	Siam Commercial Bank	\$ 81,392,359,792
94	SIAM	Siam Steel	\$ 101,118,761
95	SMIVY	SM INVESTMENTS CORPORATION	\$ 17,374,450,405
96	SPHXF	SM Prime Holdings, Inc.	\$ 2,228,631,358
97	SMBN	Somboon Advance Technology Pcl	\$ 263,234,319
98	SSI	Saigon Securities Incorporation	\$ 580,963,997
99	TLKM	Telekomunikasi Indonesia	\$ 13,393,402,395
100	IATA	Thai Airways International Public Company Limited	\$ 7,910,789,727
101	TOP	Thai Oil	\$ 6,083,638,822
102	TSC	Thai Steel Cable	\$ 76,865,905
103	TUG	Thai Union Group	\$ 3,978,809,487
104	Y92	Thaibev	\$ 5,243,227,083
105	THCOM	Thaicom	\$ 917,584,997
106	SET	The Stock Exchange of Thailand (SET)	\$ 1,104,762,277
107	TISCO	TISCO Financial Group	\$ 7,579,643,192
108	TOTL	Total Bangun Persada	\$ 220,020,140
109	TRUE	True Corporation	\$ 12,544,439,167
110	DTV	TV Direct	\$ 282,811,208
111	UNTR	United Tractors	\$ 4,771,758,298
112	INCO	Vale Indonesia	\$ 2,225,492,000
113	VGI	VGI Global Media	\$ 223,109,507
114	VNM	Vinamilk	\$ 1,290,306,996
115	WIKA	Wika	\$ 2,318,836,040
116	WTON	Wika Beton	\$ 347,664,274
117	EXCL	XL Axiata	\$ 4,093,536,687



## APPENDIX I

### SPSS OUTPUT

#### Descriptive Statistics Result of Continuous Variable

##### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ACD	117	14	986	310,38	209,807
Company Size	117	8148876	339703433400	13430757166,50	36574681813,977
Valid N (listwise)	117				

#### Descriptive Statistics Result of Categorical Variable

##### Statistics

	Government Ownership	Government dependence	Foreign Ownrship	Foreign dependence	UNGC	Industry Type
N Valid	117	117	117	117	117	117
Missing	0	0	0	0	0	0

#### Frequency Table

##### Government Ownership

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	71	60,7	60,7	60,7
1	46	39,3	39,3	100,0
Total	117	100,0	100,0	

##### Government dependence

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	32	27,4	27,4	27,4
1	85	72,6	72,6	100,0
Total	117	100,0	100,0	

##### Foreign Ownrship

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	25	21,4	21,4	21,4

1	92	78,6	78,6	100,0
Total	117	100,0	100,0	

#### Foreign dependence

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	22	18,8	18,8	18,8
1	95	81,2	81,2	100,0
Total	117	100,0	100,0	

#### UNGC

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	108	92,3	92,3	92,3
1	9	7,7	7,7	100,0
Total	117	100,0	100,0	

#### Industry Type

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	65	55,6	55,6	55,6
1	52	44,4	44,4	100,0
Total	117	100,0	100,0	

### Normality Test by Kolmogorov-Smirnov Test Before Data Transformation

#### NPar Tests

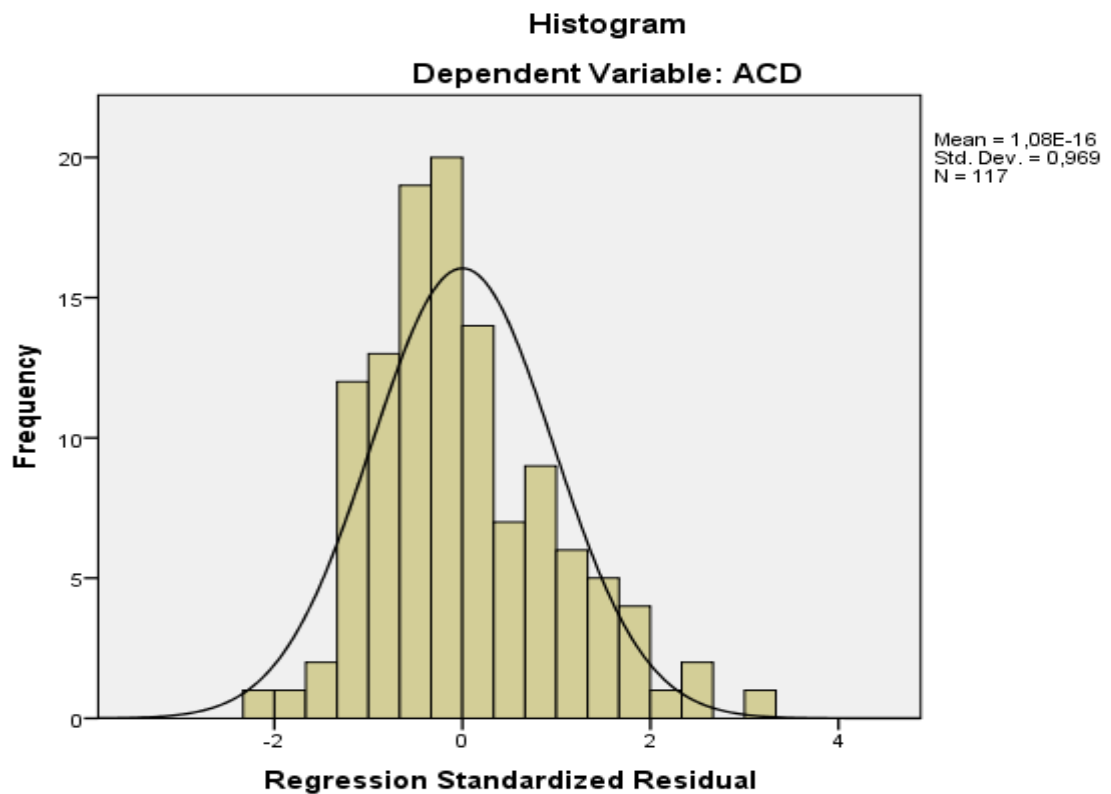
##### One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		117
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	196,43168567
Most Extreme Differences	Absolute	,089
	Positive	,089

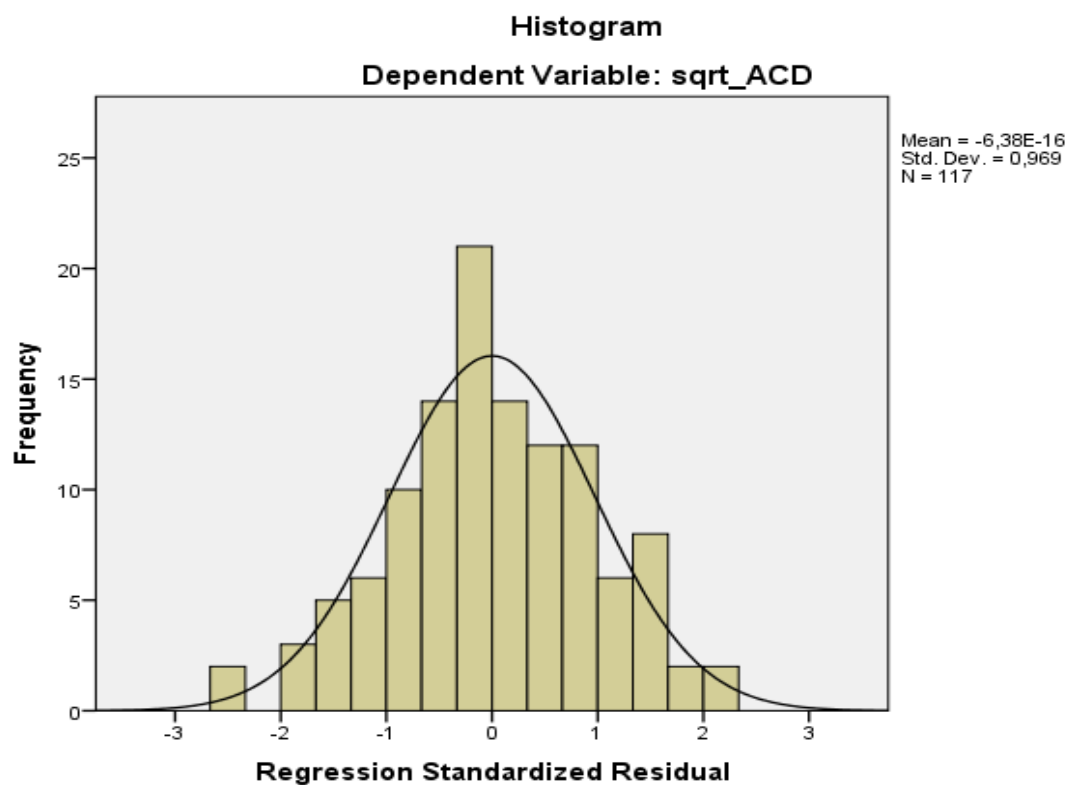
	Negative	-,053
Test Statistic		,089
Asymp. Sig. (2-tailed)		,025 <sup>c</sup>

- Test distribution is Normal.
- Calculated from data.
- Lilliefors Significance Correction.

### Histogram Graph to Decide Data Transformation Method



### Histogram Graph after Data Transformation



### Normality Test by Kolmogorov-Smirnov Test After Data Transformation

#### NPar Tests

##### One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		117
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	5,75636861
Most Extreme Differences	Absolute	,048
	Positive	,045
	Negative	-,048
Test Statistic		,048
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

### Statistical Result of Multicollinearity Test

		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	8,746	2,184		4,004	,000		
	Government Ownership	,091	1,230	,007	,074	,941	,836	1,197
	Government dependence	3,458	1,416	,250	2,442	,016	,757	1,322
	Foreign Ownrship	3,768	1,423	,251	2,647	,009	,886	1,129
	Foreign dependence	2,181	1,467	,138	1,487	,140	,918	1,089
	UNGC	1,145	2,169	,050	,528	,599	,902	1,108
	Industry Type	,137	1,128	,011	,122	,903	,959	1,043
	sqrt_Size	4,284E-6	,000	,060	,645	,520	,923	1,084

a. Dependent Variable: sqrt\_ACD

### Statistical Result of Heteroskedasticity Test

		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3,685	1,297		2,841	,005		
	Government Ownership	,726	,730	,102	,995	,322	,836	1,197
	Government dependence	-,653	,841	-,083	-,777	,439	,757	1,322
	Foreign Ownrship	1,067	,845	,125	1,263	,209	,886	1,129
	Foreign dependence	,441	,871	,049	,507	,613	,918	1,089
	UNGC	1,441	1,288	,110	1,119	,266	,902	1,108
	Industry Type	-,614	,670	-,087	-,917	,361	,959	1,043
	sqrt_Size	1,567E-7	,000	,004	,040	,968	,923	1,084

a. Dependent Variable: ABSRES

### The coefficient of Determination ( $R^2$ ) Test Result

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,364 <sup>a</sup>	,132	,077	5,93833

a. Predictors: (Constant), sqrt\_Size, Foreign dependence, Government Ownership, UNGC , Industry Type, Foreign Ownrship , Government dependence

b. Dependent Variable: sqrt\_ACD

### F-test Result

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	585,765	7	83,681	2,373	,027 <sup>b</sup>
	Residual	3843,750	109	35,264		
	Total	4429,515	116			

a. Dependent Variable: sqrt\_ACD

b. Predictors: (Constant), sqrt\_Size, Foreign dependence, Government Ownership, UNGC , Industry Type, Foreign Ownrship , Government dependence

### T-test Result

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8,746	2,184		4,004	,000
	Government Ownership	,091	1,230	,007	,074	,941
	Government dependence	3,458	1,416	,250	2,442	,016
	Foreign Ownrship	3,768	1,423	,251	2,647	,009
	Foreign dependence	2,181	1,467	,138	1,487	,140
	UNGC	1,145	2,169	,050	,528	,599
	Industry Type	,137	1,128	,011	,122	,903
	sqrt_Size	4,284E-6	,000	,060	,645	,520

a. Dependent Variable: sqrt\_ACD

## **APPENDIX J**

### **DATA VERIFICATION**

Before performing the statistical analysis, two steps of data verification was conducted to ensure the accuracy of the data. These steps encompass verification of dependent, independent, control variable data obtained from annual report and sustainability report and data verification inserted in excel file.

#### **Step One: Verification of Dependent, Independent, and Control Variable Data obtained from AR and SR.**

One student majoring in accounting were asked to independently recalculate the number of word representing the ACD in three GRI categories (GRI SO-3, GRI SO-4, and also GRI SO-5) from 12 annual reports (10% of the sample size). Besides, the student was also asked to independently re-extract all data points of the independent variables from 12 reports (10% of sample size). The data points to be extracted consisted of total assets 2016, industry type, government ownership, government dependence, foreign ownership, foreign dependence and also UNGC membership. The results of this verification were then compared to the data taken by the researcher. There was a 95% agreement rate.

**Step Two: Verification of Data Entered into the Excel File**

The results of data verification excel file that consist of data dependent variable, independent variables, and control variables are then compared with excel file that had been prepared by researchers. As for the total totals the data points of the dependent, independent, and control variables that had been verified there are mistakes made by researchers as much as 5%. The error is still below the level of agreement that is below 10%. Then the data error had been corrected and justified.