

Corporate social responsibility (CSR) disclosure and banks' financial performance in five ASEAN countries

Aria Farah Mita^{1*}, Harry Ferdinand Silalahi², Alin Halimatussadiah³

^{1,2} Department of Accounting, Faculty of Economics and Business, Universitas Indonesia

³ Department of Economics, Faculty of Economics and Business, Universitas Indonesia

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ABSTRACT

The financial industry – in particular the banking sector – plays an important role in the economy. In this case, the Bank acts as a financial intermediary in the society. Therefore, it is important to well manage them and act responsibly. The concept of corporate social responsibility (CSR) is integral for realizing a responsible banking practice. A responsible bank is believed to be more sustainable in carrying out its role as an intermediary of funds in the society. This study is a preliminary work trying to examine the social responsibility of banks in ASEAN-5. The objective of this research is to analyze the level of CSR in commercial banks in ASEAN-5, namely Indonesia, Philippines, Malaysia, Singapore, and Thailand in 2014. This study describes the level of CSR based on the analysis of disclosure in company's report using indicators from GRI G4 Sustainability Reporting Guidelines and GRI G4 Sector Disclosures: Financial Services. This study finds that the overall score of CSR disclosure of all listed banks is low. The CSR of commercial banks in Thailand is the highest. Banks, which published separate CSR or Sustainability Report, show a higher level of CSR compared to banks which include CSR section in their Annual Report. In addition, this study finds that CSR is positively correlated with financial performance.

ABSTRAK

Industri keuangan khususnya sektor perbankan memainkan peran penting dalam perekonomian. Bank bertindak sebagai perantara keuangan dalam masyarakat. Dengan demikian, penting bahwa bank dikelola dengan baik dan bertindak secara bertanggung jawab. Konsep tanggung jawab sosial perusahaan (CSR) adalah konsep integral untuk mewujudkan praktik perbankan yang bertanggung jawab. Bank yang bertanggung jawab diyakini akan lebih berkesinambungan (sustainable) dalam menjalankan perannya sebagai perantara dana di masyarakat. Penelitian ini adalah studi pendahuluan yang mencoba untuk menguji tanggung jawab sosial bank-bank di ASEAN-5. Tujuan dari studi ini adalah untuk menganalisis tingkat CSR pada bank-bank komersial di ASEAN-5, yaitu Indonesia, Filipina, Malaysia, Singapura, dan Thailand pada tahun 2014. Penelitian ini menggambarkan tingkat CSR berdasarkan analisis pengungkapan dalam laporan perusahaan menggunakan indikator dari Pedoman Pelaporan Keberlanjutan GRI G4 dan Pengungkapan Sektor Financial Services. Hasil studi menunjukkan bahwa skor keseluruhan pengungkapan CSR dari semua bank adalah rendah. CSR bank komersial di Thailand adalah yang tertinggi. Bank, yang menerbitkan CSR atau Laporan Keberlanjutan yang terpisah menunjukkan tingkat CSR yang lebih tinggi dibandingkan dengan bank yang melaporkan bagian CSR sebagai bagian dalam Laporan Tahunan mereka. Selain itu, studi ini menemukan bahwa CSR berkorelasi positif dengan kinerja keuangan bank.

1. INTRODUCTION

Corporate social responsibility (CSR) has grown drastically and has become vital in economic de-

velopment. It has even been a familiar part of business activities nowadays. This is due to the increased global awareness of the need to care for the

* Corresponding author, email address: ¹ aria.farahmita@ui.ac.id.

environment. CSR is also part of the company's efforts to create a positive image for their stakeholders. This increased awareness then encourages CSR in the company. Investors can observe companies' CSR activities through their published CSR report of CSR disclosures in their annual report. Until now, most jurisdictions have not required thoroughly for all types of industries to make mandatory disclosures regarding CSR. Likewise, with the banking sector, not all countries require it.

According to Dhaliwal et al. (2011), several factors that underlie voluntary disclosure include (1) the increased influence of global companies; (2) intensive monitoring of the impact of corporate activities on society and the economy as a result of the loss of confidence after the company scandal from Enron in 2001, and (3) the rapid growth of socially responsible and ethical investments. Meanwhile, according to Tian & Chen (2009), voluntary disclosure has gradually become one of the main concerns because it has a positive impact on management communications as a company agent with the owner of the company, decreased information asymmetry and improved quality of information submitted. The voluntary disclosure serves as an effective way to communicate to stakeholders and explain the prospects of the company. The voluntary disclosure improves the governance structure for registered companies and raises protection for the interests of investors.

Perhaps, many people think that banking industry does not need to do CSR activities because the product is a financial product. However, banking is a financial industry that plays an important role in the economy. In general, the bank acts as a financial intermediary in the community, i.e., the bank assesses financial assets, oversee borrowers, manages finance and organizes the payment system (Greenbaum and Thakor, 2007, in Krasodomoska, 2015). On the other hand, banks, especially commercial banks, are profit-oriented institutions. In an effort to generate profits, the bank uses resources entrusted by a third party, which means its activity on public trust (Krasodomoska, 2015).

When viewed from the environment and society aspects, the greatest impact on the banks is that CSR can enhance the efforts in their financing. In this case, the bank should integrate the concept of green lending, which means that they have strict policies for all loans, credits, capital market activities, project financing, principal financing and consultancy work. Therefore, it is important that banking companies are well-managed and act responsibly. To achieve this, a variety of tools for banks and

financial institutions has been available, one of which is CSR. The concept of CSR is an integral concept for the realization of responsible banking since the image of the responsible bank is not only important for shareholders but also other stakeholders. Stakeholders in banks and financial institutions are not only consumers, as the financial consequences and impacts of their work extend beyond those directly involved, thus including the environment, biodiversity and climate change (UNESCAP, 2014).

Research related to CSR activities focuses on banking in ASEAN and they are still limited in number. However, this research is important and necessary because ASEAN is an interesting research setting. Chapple & Moon (2005) states that there are differences between ASEAN countries in terms of language, the level of development, population size, related religion, and legal environment. Thus, ASEAN becomes an interesting research area not only about the level of disclosure but also the quality of disclosures made by its companies. The CSR activities are proxied by CSR disclosures. Therefore, the objective of this research is to discuss the comparative analysis of the level of CSR disclosure of commercial banks listed in 5 ASEAN countries namely Indonesia, Malaysia, Thailand, Singapore and Philippines in 2014. In addition, the study also discusses the level of CSR disclosure based on the type of information it discloses, the degree of bank volunteerism in disclosing CSR information, as indicated by the issuance of a separate CSR Report, as well as the correlation between CSR disclosure and firm performance. This research also intends to find out the relationship between the CSR disclosure level with the bank's profitability. The next section of this paper will present literature review, research methods, results and analysis and conclusions.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Theories relevant to the purpose of this research are the legitimacy and stakeholder theories.

Legitimacy Theory

According to Brown and Deegan (1998), the theory of legitimacy means that organizations must ensure that they carry out their activities within the framework of limits and norms that the people around expect. These limits and norms are not a fixed determination, thus organizations should be aware of and respond to the changes that arise accordingly. The organization is a work of social crea-

tion and therefore its sustainability depends on the permission of the community to operate.

Yet, Lindblom (1994) defines legitimacy as "a condition or status that arises when the value system of an entity is congruent with the value system of the social system within the broadest range in which the entity is situated". Lindblom (1994) postulates four corporate legitimacy strategies: a) the organization wishes to educate and inform the relevant public about the actual changes in its performance and activities; b) the organization wants to change the relevant public perception without changing its actual actions; c) the organization wants to manipulate perceptions by diverting attention from key issues to other interesting related issues, d) the organization wants to change external expectation of its performance.

Stakeholder Theory

According to Freeman (1984) in Akinpelu et al. (2013), stakeholders are "any group or individual that can influence or be influenced by the achievement of company objectives." The company has a responsibility to the wider community, not only to shareholders but also consumers, workers, suppliers, government communities and so forth. As a result, companies have a moral and ethical obligation to perform voluntary tasks against the pool of stakeholders. They can be divided into two groups, according to Clarkson (1995), the primary and secondary groups. A primary stakeholder group is a group in which without continuous participation from them, the company cannot survive and is not going concern. In this group includes shareholders, workers, suppliers, creditors, consumers and public stakeholder groups: governments and communities. Yet, all the belongings to the secondary group are media, local and international organizations.

Corporate Branding Theory

Corporate branding can be defined as a systematic process of creating and maintaining the image and positive reputation of the company as a whole by sending 'signals' to all stakeholders, by managing behavior and all internal and external communications (Einwiller & Will, 2002; Van Riel, 2001, in Lorenz, 2010). Empirical research shows that strong corporate brand has a positive effect on the positioning of new products and the development of existing products, consumer interest, and investor confidence and employee motivation. Effects on a number of key stakeholders support the importance of strong positioning, both externally and internally (Harris & De Chernatony, 2001, in Lo-

renz, 2010).

According to Hatch and Schultz (2003), the corporate branding is built on a decision-making process by stakeholders. A successful corporate branding becomes a reflection of the needs and values of stakeholders and makes them feel part of the company.

Hypothesis Development

In issuing separate CSR reports, the company has various reasons. The most important reason according to study conducted by Thorne et al. (2014) for the company to issue a separate CSR report is because of the signal to stakeholders that the company is interested in social responsibility. In addition, Thorne et al. (2014) also suggests that Canadian firms issue separate CSR reports primarily to respond to stakeholder scrutiny of CSR policies and practices, regardless of actual CSR performance. The company anticipates issuing separate CSR reports if pressures (external or internal) changed to a regulation, stakeholder pressure and CEO/Board Commitment are therefore considered important for companies interested issuing separate CSR reports in the future. But in general these companies do not issue reports due to lack of external pressure or perceived benefits: there was no perceived stakeholder pressure, no regulatory requirements to issue the report and no perceived benefits (Thorne, 2014). On the basis of the previous arguments, we propose that:

H1: Banks in which requires issuing a Separate CSR Report has a higher score than the bank group that is not required to issue a Separate CSR Report.

Simpson & Kohers (2002) in their research using The Community Reinvestment Act of 1977 (CRA) rating as a measurement of corporate social performance and ROA as a measurement of financial performance. According to them, the use of ROA equal to ROE because the relationship between total assets and total capital is tightly regulated in the banking industry causing ROE to convey about the same information on financial performance as ROA, finds that there is a positive relationship between corporate social performance and financial performance. In their empirical study, Wu & Shen (2013) proves that CSR positively affects Net Interest Income (NII), Non-Interest Income, ROA, and ROE, and negatively affects NPL. Bank with higher CSR would have higher financial earnings and asset quality (Wu & Shen, 2013). The above considerations have resulted in the hypothesis below:

H2: CSR has positive relationship with banks' fi-

nancial performance.

3. RESEARCH METHOD

Data and Data Sources

The sample was taken from the banks listed in in ASEAN 5 countries: Indonesia, Malaysia, Thailand, Singapore, and Philippine. The Annual Report and separate CSR or Sustainability Report (SR) are used in measuring the CSR level. This study chooses ASEAN because the discussion of CSR activities that focus on banking in ASEAN is still limited. Moreover, ASEAN is an interesting research setting. Chapple & Moon (2005) states that there are differences between ASEAN countries in terms of language, the level of development, population size, related religion and legal environment. These five ASEAN countries are also in close region and quite similar. In addition, The CSR research for developed countries has been widely studied.

CSR research in ASEAN countries is still rarely found. For example, the research in developed country is a study conducted by Joanna Krasodomska (2013) entitled "CSR disclosures in the banking industry. Empirical evidence from Poland". It was found that banks tend to include CSR disclosures in the management commentary and present CSR information in a diverse manner, focusing mainly on community involvement. Menassa & Brodhacker (2015), was conducted the same research in a German with a research title "The type and quantity of corporate social disclosures of German 'Universal' banks". It research reveals that disclosing social responsibility activities is important for the German banking industry where

82% of the examined sample disclose three or even all four categories in their reports.

This research only covers a cross sectional study which include 1 year period, i.e. year 2014. The cross sectional study is considered enough, because CSR level cannot change significantly in the short time, so 2014 will enough to reflect current condition of the CSR level. We believe that the CSR activities are difficult to achieve a drastic change in 2 or 3 years because they require a significant allocation of resources that is rather difficult to meet in a short time.

The CSR level is measured using The Global Reporting Initiatives (GRI) G4 Sustainability Reporting Guidelines and specific guidance for the financial sector, i.e. indicators of financial sector disclosure of the GRI G4 Sector Disclosures: Financial Services. The Global Reporting Initiative (GRI) is an international independent organization in the field of sustainability that promotes the use of sustainability reporting as an organizational way to become more sustainable and contribute to sustainable development. The GRI Framework provides assistance to companies looking to display CSR activities and measurements of sustainability (Brown et al., 2007, in Patten and Zhao, 2014)

The GRI Disclosure Framework divides into three dimensions: Economic, Environmental and Social Category, where Social category consists of several subcategories, namely Labor Practice and Decent work, Human Rights, Society, and Product Responsibility.

Table 1
CSR score per item

Score	Criteria
0	Indicator items are not disclosed
1	Indicator items that are disclosed is less comprehensive under the GRI criteria *)
2	Indicator items are disclosed more and more comprehensively but not in accordance with the GRI G4 Sustainability Reporting Guidelines/GRI G4 Sector Disclosures: Financial Services **)
3	Indicator items are disclosed comprehensively and in accordance with the GRI G4 Sustainability Reporting Guidelines/GRI G4 Sector Disclosures: Financial Services

Source: The Global Reporting Initiatives (GRI) G4 Sustainability Reporting Guidelines.

*) Score 1 is given when the indicator requires qualitative descriptions, the company mentioned the issue of GRI indicator but only overview or only one sentence. For example the company only mentioned the policy but did not explain the current implementation.

***) Score 2 is given when the company discloses in its Annual Report or CSR or SR without referring to GRI criteria, so the issues are explained in detail but still does not include all points in the GRI criteria. For example, they report the use of natural resources such as electricity, water, etc. but only present the final figures but do not explain the standards or methodology used.

Method

Content analysis is carried out on the information contained in the Annual Report as well as in a separate CSR Report or Sustainability. The content analysis is conducted by giving a score of 0-3 to every item of GRI indicators. The scoring criteria are shown on Table 1.

Each score is then summed and calculated for the percentage of the maximum total score that can be obtained if all items meet the criteria. Scores are given for each of the 2014 Annual and CSR Reports (if any) in the listed banks in the capital markets of 5 ASEAN countries, namely Indonesia, Malaysia, Singapore, Thailand, Philippines. This research will use a descriptive analysis of the CSR score.

This research also tests a correlation between CSR score and bank financial performance, measured by ROE (return on equity) to get a description that the bank involved become more active in CSR activities which show that the bank is increasingly responsible. Thus, it can enhance a positive reputa-

tion in the eyes of stakeholders, thereby, enhancing the company's image, strengthening the bank's product position in the community, which will ultimately increase the financial profit of the company. Although it is a simple method (only using correlation to prove the theory), but it is quite powerful to answer the problem.

4. DATA ANALYSIS AND DISCUSSION

Analysis of Total Score of CSR

The number of observations is of 77 Banks. From the total observations, 32.4% of the banks prepare Separate CSR or SR. The initiative of preparing separate CSR Reports can demonstrate a higher motivation in banking in CSR activities. Separate CSR reports are also known by different names, such as sustainability reports, environmental reports, or citizenship reports, and represent a separate set of information on corporate social and environmental actions (Dilling, 2010).

Table 2
Number of Observations

Country of Origin	Number of Research Observation	Number of Banks with Separate CSR or SR	% Bank with Separate CSR or SR
Indonesia	39	10	25,64%
Malaysia	8	3	37,50%
Philippine	16	1	6,25%
Singapore	3	0	0%
Thailand	11	11	100%
Total	77	25	32,47%

Table 3
Descriptive statistics of CSR score per country

Country	Mean	Min	Max	Std Deviation
Indonesia	15,95%	3,63%	42,90%	9,24%
Malaysia	14,23%	8,58%	25,74%	5,85%
Filipina	10,29%	2,64%	31,02%	7,61%
Singapore	11,44%	8,91%	15,18%	3,31%
Thailand	23,64%	11,22%	39,27%	9,17%
Total	15,52%			

Table 4
The average scores difference test in Thailand and Other Countries

Group of Samples	Number of observations	Average Score	Prob. Stat
Banks in Thailand	11	23,64%	0,0012
Banks in Other four Countries	66	14,17%	

The number of observations can be seen on Table 2. The disclosure level of Individual CSR Reports varies across the five countries. Thailand shows 100% percentage. This is because in Thailand, the Securities and Exchange Commission re-

quires the issuance of sustainability reports and provides guidance on sustainability practices, including the direction of CSR practices in various industries, one of which is the financial industry. Yet, three banks listed on SGX (The Singapore Ex-

change), none prepares separate CSR/SR Reports.

Table 3 shows descriptive statistics of scores per Country. The average score of all banks in 5 countries are classified as still low, i.e., 15.52% of the maximum scale that can be obtained by 100%. The maximum value obtained by one bank in Indonesia is only 42.90%. This still indicates a low awareness of banks in ASEAN in CSR disclosure activities in accordance with best practices at the international level requested by GRI. The highest

score is 42.90%.

The disclosure per country varies from the lowest in the Philippines at 10.29%, to the highest in Thailand at 23.64%. This is certainly due to the obligation of preparing Standalone CSR Reports in Thailand. When compared to the average score in other countries, the CSR score in Thailand is higher. The average difference test results of banks in Thailand with Banks in other countries shows a significantly higher mean difference, as shown on Table 4.

Table 5
Results of CSR Score in ASEAN-5 Banking per Category

CSR Information Category	Average	Indonesia	Malaysia	Filipina	Singapore	Thailand
Economic	32,25%	35,73%	28,33%	23,13%	35,56%	35,15%
Environmental	7,35%	6,41%	5,88%	3,80%	4,58%	17,65%
Labor Practices and Decent work	25,84%	26,44%	26,82%	18,49%	15,28%	36,55%
Human Rights	4,58%	3,49%	1,04%	4,69%	0,00%	12,12%
Society	18,61%	20,51%	18,75%	12,95%	12,70%	21,65%
Product Responsibility	17,75%	18,92%	16,67%	9,72%	14,81%	26,87%
Average Total Score	15,52%	15,95%	14,23%	10,29%	11,44%	23,64%

CSR Score per Category

The disclosure of CSR information per category can be seen in Table 5. Based on Table 5, it can be seen that the highest disclosure is Economic information, amounting to 32.25%. This is because the main function of banks is in the economic sector. Thus, information on the economic performance of banks becomes important information to be delivered more detailed than the disclosure of other types of information. The information disclosure on Human Rights is at the lowest level because companies generally do not include policies and measures related to human rights; and if any it is only a general claim that the company cares about human rights, and does not have concrete evidence of the statement.

Disclosure of Environmental category is one of the lowest disclosure categories of information compared to the disclosure of other types of information. Thai banks show the highest disclosure level at 17.65%. Then when compared to the disclosure level in other ASEAN-5 countries is in a much smaller range, i.e., between 3-7%. Based on the observation, the Environmental information displayed in the Annual Report is incomplete and only gives an overview of the environmental awareness efforts the company has undertaken. In a Separate CSR Report, information on the environment is clear and detailed. The simplest parameter of banks can use environmental responsibility

internally can be electricity consumption, water consumption, total paper consumption, computer hardware usage, the frequency of business travel and CO₂ emissions. The bank's environmental responsibility externally lies with the users of banking products that affect the environment. Banks may play a major role indirectly by establishing environmental criteria in a lending process, or by assisting clients in implementing sustainable business practices. The environmental responsibility to the government can also be demonstrated by compliance with environmental laws and regulations. Failure in compliance with both fines and non-monetary sanctions should also be displayed, thus indicating the bank as a responsible and caring institution of environmental interest.

The information about Labour practices and decent work categories is on the company's concern for its human resources, and the employment issues that arise with suppliers. Based on the observation, it is found that this type of information is the second highest disclosure information after that of the type of Economy. This is in line with the research of Branco and Rodrigues (2006). According to them, the Annual Report is directed to investors, and human resources are an important resource for the company. Therefore, the information on human resources/labor will be attractive to investors.

The type of CSR information relating to Human Rights discusses the extent to which a process has

been applied, incidents of human rights violations and changes in the ability of stakeholders to obtain and exercise their human rights. Disclosure of Human Rights is often overlooked in CSR reporting, especially among companies that do not publish Separate CSR Reports, where this information disclosure is very low. It is proven this information disclosure level is 4.58%, and is the lowest CSR information disclosure level compared to other categories of information.

Based on Table 5, it can be seen that the highest disclosure level of the Society category is Thailand and Indonesia, while Malaysia, Philippines, and Singapore are in the adjacent range. When reviewed into its aspects, the highest disclosure level is about anti-corruption. In general, banks have revealed at least bank policies in preventing corruption, protection against whistleblowers and prevention from other forms of fraud. Some companies also report fraud incidents that occurred in the current year and actions taken. Another widely expressed aspect is the Society aspect, where in general, banks have engaged local communities and established local community development programs based on their needs.

A low aspect of reporting includes anti-competition, supplier assessment and impact complaint mechanism. Banks in general still have not reported legal action relating to anti-competition, anti-trust and other monopolistic practices. In addition, banks are also less likely to explain the number of complaints about community impacts raised, handled and resolved through formal complaints mechanisms. This brief statement of fact alone is enough to prove the bank's concern in creating healthy competition among banks.

The CSR Information on Products Responsibility relates to products and services that directly affect stakeholders, and specifically to customers. In this case, the customer for the bank is its client. Conventional commercial bank products include giro, savings and deposits. Based on Table 5, it can be seen that the percentage of information disclosure per country varies from 9% to 27%, with Thai banks shows the highest disclosure percentage at 26.87%, while the lowest disclosure percentage is shown by Philippine banks. When reviewed more detailed to the aspect, information disclosure relating to product portfolio shows the highest disclosure level compared to other types of disclosure. Information disclosure relating to the product portfolio includes portfolio percentages for business by region, business segment (micro, SME, large) and

monetary value of products and services designed to provide social benefits and environmental benefits for each line of business grouped by objectives.

CSR correlation with bank financial performance

This research tries to see a relation between CSR conducted by banking in ASEAN with a performance of bank's profitability. The profitability is measured by using ROE (return on equity) reflecting returns earned by shareholders. By looking at the correlation between CSR and ROE, it is expected to draw up initial estimates for further more comprehensive tests on the correlation of CSR on financial performance. It is assumed that CSR will have a significant positive correlation with bank ROE. According to Menassa & Brodhacker (2015), there are strong positive relationship between corporate social disclosure (CSD) quantity of German universal banks of all categories and return on equity. Based on the concepts in the legitimacy and stakeholder theories, the Banks increasingly actively involved in CSR will have high yield returns for investors. The results are shown in Table 6.

Table 6 shows the overall CSR is positively correlated with ROE. In addition, CSR with financial performance or profitability (in this case ROE) can be positively related to the banks. This is due to the fact that CSR can really affect both the cost and revenue functions. When a bank engages in CSR, although costs increase, revenues can even increase more and more (Wu & Shen, 2013). The significant and positive correlations are also found in groups of banks in Thailand and Indonesia, but not in Malaysia, Philippines, and Singapore. The strongest positive correlation level is found in Thailand banks.

To compare whether there is a difference in the correlation between jurisdictions requiring the preparation of separate CSR or SR Reports then a CSR and ROE correlation test is performed on groups of countries of Singapore, Malaysia, Indonesia and Philippine (four countries other than Thailand). In Table 6, it can be seen that the correlation of CSR and ROE in the Four Countries other than Thailand is also positively significant but the value of correlation value is lower than Thailand. This shows that the obligation to prepare a Separate CSR report will provide benefits to the company in its ability to obtain a good return for investors. The company that issue separate CSR reports, are significantly larger at sales volume, assets, and have higher profits than companies who do not issue separate CSR reports (Thorne et al., 2014).

Table 6
CSR correlation with ROE

Correlation	All countries	Thailand	Four Countries, other than Thailand	
CSR Score and ROE	0.409*** 0.0002	0.6929** 0.0181	0.373*** 0.002	

Correlation	Indonesia	Malaysia	Filipina	Singapore
CSR Score and ROE	0.4994*** 0.0012	-0.4563 0.2558	0.3953 0.1296	0.9869 0.1032

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This study aims at finding out the CSR activity level on the listed banks in the stock exchange of the ASEAN-5 countries in 2014. This research also intends to find out the relationship between CSR with the bank's financial performance. The CSR Disclosure is measured by the GRI G4 Guidelines index. The results show that the average CSR score of 77 conventional commercial banks in ASEAN-5 countries, the highest is Thailand, followed by Indonesia, Malaysia, Singapore and then Philippines. The CSR information disclosure level is still low. The highest CSR information disclosure is the CSR information of economic categories, followed by information on labour practices and decent work, information on society relations, information on product responsibility, information on the environmental and the lowest is the information on human rights. The average total score of CSR information disclosure of the five countries is also still low.

Of all observation data, banks in Thailand requires issuing a Separate CSR Report has a higher score than the bank group that is not required to issue a Separate CSR Report. This study also shows that there is a significant positive correlation between CSR and the performance of company profitability. Positive correlations appear stronger in the Bank group in Thailand required to prepare their own CSR Reports.

This study implies that the awareness of banks in ASEAN concerning the importance of CSR is still low (15,2% compared to 100% maximum) compared to international practice as required by the guidelines of GRI. For banking regulators, the arrangement requiring banks to issue their own CSR report can be seen as a regulatory effort that contributes positively to enhancing the roles and responsibilities of banks as a financial intermediary. The regulation may encourage banks to be environmentally and socially responsible and thus have a good impact in supporting the achievement of financial returns for investors.

This study has limitations because it only sees links in one year period. Future Study can analyse for longer periods.

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