

Comparison of Corporate Social Responsibility of Palm Oil Companies in Indonesia and Malaysia

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ABSTRACT

This study aims to identify the similarities and differences in the results of sustainability reports specifically in Indonesian and Malaysian companies engaged in the palm oil industry. The methodology used for this study is qualitative and the method used is a comparative study. Primary data is taken from interviews with experts. Secondary data is taken from the sustainability reports of palm oil companies listed on the Indonesian and Malaysian stock exchanges in 2023. The analysis was carried out based on the international standards of seven core issues ISO 26000 and GRI which are used side by side. It was found that Indonesian companies are more compliant than Malaysian companies even though both have regulations related to CSR activities. However, this study is limited by the time and data access of the researcher. This study is expected to provide recommendations for Indonesian and Malaysian companies in CSR reporting in the palm oil plantation sector in order to encourage sustainability and compliance with international standards.

SARI PATI

Penelitian ini bertujuan untuk mengidentifikasi persamaan dan perbedaan hasil laporan keberlanjutan secara spesifik pada perusahaan Indonesia dan Malaysia yang bergerak di industri kelapa sawit. Metodologi yang digunakan untuk penelitian ini adalah kualitatif dan metode yang digunakan adalah studi perbandingan. Data primer diambil dari hasil wawancara dengan narasumber. Data sekunder diambil dari laporan keberlanjutan perusahaan sawit yang terdaftar di bursa saham Indonesia dan Malaysia tahun 2023. Analisis dilakukan berdasarkan standar internasional seven core issues ISO 26000 dan GRI yang digunakan secara berdampingan. Ditemukan bahwa perusahaan Indonesia lebih patuh dari perusahaan Malaysia walaupun keduanya memiliki regulasi terkait kegiatan CSR. Namun, penelitian ini terbatas oleh waktu dan akses data peneliti. Penelitian ini diharapkan dapat memberikan rekomendasi bagi perusahaan Indonesia dan Malaysia dalam pelaporan CSR di sektor perkebunan sawit guna mendorong keberlanjutan dan kepatuhan terhadap standar internasional.

INTRODUCTION

The issue of climate change has become a major priority and concern for the world community over the last few decades. The entire world community understands the dangers of climate change and wants to participate in taking steps towards sustainability to oppose it. With the urgency to take steps related to sustainability, an idea emerged in the form of: Corporate Social Responsibility or social responsibility for the company. Meanwhile, this idea aims to balance the objective of making a profit which has become an inherent characteristic of the company with an objective which benefits the wider community.

History records significant developments related to CSR starting in 1953 when Howard Bowen released a book entitled «Social Responsibilities for The Businessman». Bowen (1953) wrote in his book that companies are also responsible to society in addition to shareholders. Bowen's introduction of the idea increased awareness of the importance of CSR practices in companies. Gokten (2020) then explained that the development of CSR was divided into two periods, namely the pre-standardization period from 1962 to 1998 and the standardization period from 1999 to 2016. In the standardization period, world organizations such as GRI and Global Sustainability standards compiled the GRI standardization which was launched in 2016. Over time, several other standardizations were formed to help the process of generalizing global corporate responsibility reports. One of them is ISO 26000 which covers 7 main issues. The existence of standardization makes it easier for local and international stakeholders to understand reports. This also creates space for accountants and auditors as professions with credible quality to prepare reliable reports.

However, it should be noted that the standards and regulations that apply in terms of reporting will vary according to the basic provisions

taken by the government as one of the main stakeholders, namely the regulator. Examples of countries with different sustainability reporting obligations are Indonesia and Malaysia. In Indonesia, the publication of a CSR report is mandatory for companies wishing to join the Indonesian Stock Exchange. The Indonesian government regulates CSR activities through laws, including Law no. 22 of 2001, Law no. 25 of 2007, and Law No. 4 of 2009. Apart from the law, the Financial Services Authority has also prepared sustainability reporting guidelines in POJK 51/2017. On the other hand, Malaysia does not require companies to implement CSR. In its country, the Malaysian government plays a more supervisory role than a regulator. Although Malaysia also has guidelines for writing sustainability reports called Malaysian Code of Corporate Governance (MCGG), there are no legal consequences like those in Indonesia. Most companies in Malaysia continue to implement CSR for reasons of reputation and business strategy.

The increasing negative impact of business operations has made corporate accountability reports increasingly of concern. Especially the impact of companies from industries that are closely related to the environment and society. One of these industries is the palm oil industry. The palm oil industry opens up huge employment opportunities and helps the local community's economy, but produces many negative impacts on the environment. Therefore, a special certification was even created where Indonesia uses Indonesian Sustainable Palm Oil (ISPO) while Malaysia uses Malaysian Sustainable Palm Oil (MSPO) certification for companies operating in this industry. Research by Badrun (2010) found several environmental impacts left behind after oil palm cultivation was carried out, such as lack of water due to very high water requirements for plantations, natural forests losing their ability to produce and manage water, damage to soil quality due to chemical fertilizers used for oil

palm plantations, pollution from waste and residual substances for aquatic ecosystems, until the soil runs out of nutrients so that it cannot be used for a long time and is flammable. The dangerous environmental impact of the palm oil industry has led to the European Union banning palm oil products until early 2025. Indonesia and Malaysia are the largest producers of palm oil products in the world. Indonesia with a share of 56% of global production and Malaysia with a share of 26% according to Foreign Agricultural Service data by the United States Department of Agriculture (USDA). The geographical and social backgrounds of the two countries also have many similarities. However, differences were found in terms of regulations and levels of CSR compliance.

This makes the comparison between the reporting performance of the Indonesian and Malaysian palm oil industries interesting to study. This research aims to identify similarities and differences in the results of sustainability reports specifically for Indonesian and Malaysian companies operating in the palm oil industry. It is hoped that this research can provide recommendations for Indonesian and Malaysian companies in CSR reporting in the palm oil plantation sector to encourage sustainability and compliance with international standards.

Literature Review

In research, it is necessary to start by understanding and reviewing previous research that has a similar topic. This study was carried out to identify research developments, find research imbalances, and ensure research contributions. By understanding these components, this research can be more focused on certain problems, produce new findings, and determine the position of the research to be carried out. Therefore, researchers conducted a literature study of previous research, the results of which are presented as follows.

The first previous research was about evaluation criteria environmental, social, And governance (ESG) in the palm oil industry in Malaysia was conducted by Bakhtiar Talhah in 2022. Research with title "Sustainability Reporting and Certification: Evaluation of the ESG Criteria Used in the Palm Oil Industry in Malaysia" carried out using a combination of qualitative and quantitative methods. The aim of this research is to test ESG criteria according to standards Global Reporting Initiative (GRI) and Bursa Malaysia in the performance of palm oil companies listed on Bursa Malaysia as well as analyzing the consistency of materiality disclosures in sustainability reports. Researchers found results in the form of palm oil companies in Malaysia still not being transparent enough in disclosing social indicators, for example ignoring employment aspects.

The second previous research was done by Marsdenia and Raldi Hendrotoro Seputro Koestoer in 2023 regarding a comparison of sustainability reports between Indonesia and Nordic countries entitled «A Sustainability Reporting Issue: A Comparative Review Between Indonesia And Nordic Country». The methodology used by researchers is method systematic literature review (SLR) to make it easier for readers to understand the topic. The results of this research show that the sustainability reports of public companies listed on the Indonesia Stock Exchange lag behind in quantity and quality compared to the sustainability reports of companies in the Nordic countries. Even though Indonesia has POJK 51/2017 regulations, more detailed development and guidelines for preparing sustainability reports are still needed. Especially to achieve sustainability goals from economic, social and environmental aspects in order to maintain human survival in the future. The third previous research was entitled «Exploring Sustainability Reports in the Indonesia Palm Oil Industry» researched by Nurhayati Soleha and Rita Rosiana in 2021. This research

was conducted using a content analysis method to measure the extent of sustainability reports made by publicly listed palm oil companies in Indonesia. The results of the research show that the level of maturity of palm oil companies in implementing sustainability reporting based on GRI standards is slightly different. Reporting tends to reveal general information and is less focused on economic and environmental aspects. Palm oil companies in Indonesia must improve the validity of measurements and the quality of sustainability reports. The fourth previous research was entitled «Sustainability Reporting of Malaysian Listed Palm Oil Companies» researched by Puan Yatim in 2024. The research aims to investigate sustainability-related disclosures made by palm oil companies in their sustainability reports. Researchers used content analysis as the research methodology for this study. The results found from this research were that palm oil companies made environmental and social aspects the main focus of sustainable development but paid little attention to economic aspects.

The fifth previous research was conducted by Ratna Wardhani and Yan Rahadian in 2021 with the title «Sustainability Strategy of Indonesian and Malaysian Palm Oil Industry: A Qualitative Analysis». The aim of this study is to explore sustainability strategies using six elements, namely stakeholder involvement, governance and leadership, sustainability views and economic, environmental and social strategies of Indonesian and Malaysian palm oil companies. Researchers used a qualitative content analysis methodology in their research. The results of the research show that palm oil companies have not shown a focus on implementing economic, environmental and social strategies. Although the strategic emphasis is greater on the environment and social than economic, attention to these two issues is still very low.

Referring to the results of previous research mentioned previously and their relation to the research plan to be carried out, it can be concluded that the focus of this research is different from previous research. The first to fourth studies were conducted with a focus on Indonesia, Malaysia or the Nordic countries. Meanwhile, this research is focused only on Indonesia and Malaysia. Although the fifth research object is palm oil companies and the countries of Indonesia and Malaysia, the main focus of the research is different, namely sustainability strategy, while this research is focused on sustainability reporting.

This research presents novelty by comparing CSR reporting in palm oil companies in two countries, namely Indonesia and Malaysia, which was previously only carried out in each country. The reference standard for this research refers to ISO 26000 for implementing sustainability activities and GRI for reporting. Therefore, it is hoped that this research can provide a new contribution to deepening understanding of CSR reporting of palm oil companies in Indonesia and Malaysia and their comparisons. From the results of the analysis, it is also hoped that this research can become a reference in increasing effectiveness and accountability as well as considerations for adopting methods, standards and regulations implemented by Indonesia and Malaysia for recording sustainability reports.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a management approach which allows companies to incorporate social and environmental aspects into business operations and interactions with stakeholders. CSR aims to balance economic, environmental and social interests, while ensuring the needs of stakeholders and shareholders are met (UNIDO, 2024). According to Elkington (1994), CSR includes three main focuses named Triple Bottom Line covers Profit (profit), Planet (environment), and People (man). This

concept aims for businesses to have a positive impact on the world while improving financial performance. However, Triple Bottom Line is not suitable as an accounting tool but as a method of sustainable system change.

In understanding CSR further, Carroll (1991) developed a pyramid-shaped concept known as Carroll's Pyramid of Corporate Social Responsibility which can be seen on **Figure 1**.

This pyramid concept consists of four levels starting with Economic Responsibility (Economic Responsibilities) as a basic foundation. Companies must generate profits and achieve financial stability without sacrificing other responsibilities. The second level is Legal Responsibility (Legal Responsibilities) which requires companies to comply with laws and regulations which applies to the country, government, and local communities where the company operates. Furthermore, companies need to comply with the third level, namely Ethical Responsibility (Ethical Responsibilities) which refers to a company's obligation to act

fairly, transparently and morally, even though it is not legally required and not written down. Lastly, Philanthropic Responsibility (Philanthropic Responsibilities) is the company's voluntary role to contribute positively to society, such as through donations, social programs, or support for social communities.

CSR implementation guidelines that can be implemented by companies vary depending on the industry, the company's CSR needs and objectives, and stakeholder expectations. Before ISO 26000, there were several standards that companies could adopt. SA8000 is a labor standard based on the Universal Declaration of Human Rights and International Labour Organization (ILO). The AA1000 Series is an increasing standard of accountability, responsibility, and sustainability that addresses management issues, business models, and organizational strategy. Apart from that, there is the ISO 14001:2004 standard which can be applied by companies who want to focus on managing the company's environmental impact. The final standard is ISO 9001:2008, focused on



Figure 1. Carroll's Pyramid of Corporate Social Responsibility

increasing customer satisfaction by ensuring the products and processes produced meet customer needs and applicable regulations.

In September 2004, International Organization for Standardization (ISO) designed new guidelines and standards related to social responsibility called ISO 26000: Guidance Standard on Social Responsibility (ISO Indonesia Center, 2016). The uniqueness of this standard is that it is voluntary, cannot be certified, and can be used by all industries from various organizations, including the private and public sectors (Tuczak et al, 2018). In achieving better CSR, ISO 26000 contains seven core issue which consists of human rights (human rights), organizational governance (organizational governance), environment (environment), employment practices (labor practice), consumer issues (consumer issues), fair operating practices (fair operating practices), and community involvement (community involvement and development). These seven issues are the main foundation of CSR in creating sustainability and positive impacts for companies and stakeholders.

Corporate Social Responsibility (CSR) Reporting
After carrying out CSR activities, the next process that needs to be carried out by the company is CSR Reporting. According to Gray, Owen, and Maunders (1987, p. ix) CSR reporting is a process of communicating the social and environmental impacts resulting from an organization's economic actions to certain groups in society. The way companies communicate their CSR activities is through sustainability reports or sustainability reports which are published periodically. According to the American Institute of Certified Public Accountants (AICPA), a sustainability report is a report that transparently reveals a company's performance in economic, environmental and social aspects.

Writing corporate sustainability reports in each country tends to be different. For example,

sustainability reports made by companies in Indonesia refer to Financial Services Authority Regulation (POJK) Number 51/POJK.03/2017 concerning the implementation of sustainable finance for financial service institutions, issuers and public companies and SEOJK No. 16/POJK.04/2021 concerning the form and content of issuers' or public companies' annual reports. Meanwhile, companies in Malaysia refer to Bursa Malaysia Sustainability Reporting Guidelines. However, there are no standard rules regarding how to report, which means companies use international standard reporting guidelines.

According to Douglas and Manning (2017) there are three broadest standards commonly used by companies. The first standard is Integrated Reporting (IR) made by The International Integrated Reporting Council (IIRC) which presents information regarding strategy, governance, performance and interrelated prospects in one single report (IIRC, 2011). The second standard is provided by The Sustainability Accounting Standards Board (SASB) which is a non-profit organization. SASB provides specific standards for 77 industries that focus on sustainability reporting that impacts corporate finances. The standard is simplified by Value Reporting Foundation (VRF) which is a combination of IIRC and SASB. However, there was still dissatisfaction with this merger which ultimately gave birth to high quality global reporting standards, namely International Sustainability Standards Board (ISSB) by IFRS Foundation. The final standard which is the main standard in sustainability reporting today is Global Reporting Initiative (GRI), focuses on social, economic and environmental impacts. IIRC and SASB direct companies more towards reporting to investors, while GRI is targeted at stakeholders wider.

According to Vigneau (2014), the use of GRI is more than just a reporting standard, but has also had an impact on companies with their

characteristics. The GRI standards are said to be the only sustainability reporting framework in the world that comprehensively highlights the impact an organization has on humans and the environment (Global Reporting, 2021). The results of reports that apply GRI will give companies the legitimacy they need due to public trust in GRI standards. This legitimacy will certainly have a positive impact on the company's objective performance.

The GRI sustainability reporting guidelines are closely related to ISO 26000. ISO (2014) provides guidance to organizations on how to use GRI G4 and ISO 26000 side by side. ISO 26000 and the GRI guide actually have many similar topics of discussion which results in overlap. So, ISO created a comparison table that shows how the disclosure of GRI standards relates to ISO 26000 and vice versa to help provide cross-references. According to the Global Reporting Initiative (2013), this adjustment will help businesses measure and present CSR activities in accordance with GRI and ISO 26000 with the aim of improving sustainability and social responsibility performance.

Legitimacy Theory

Dowling and Pfeffer (1975) were the first to put forward the theory of legitimacy. This theory explains how an organization or company tries to gain and maintain support from the community and parties who have influence. Companies that carry out their business activities in accordance with the values, norms and expectations prevailing in society will be considered "legitimate".

Gray et al (1996) say that legitimacy theory is a company management system that supports the government, society, individuals and community groups. This theory is often used as a basis for implementing corporate social responsibility in a company. This is because companies want to maintain a positive image from society,

conversely, companies that violate society's values, norms and beliefs can experience consequences such as loss of support from influential parties such as stakeholders. This is in accordance with what has been stated by Deegan (2002) that legitimacy is considered a vital resource for companies.

Palm oil companies are generally involved in environmental and social impacts, such as deforestation, greenhouse gas emissions, worker exploitation, and land conflicts with indigenous communities which result in their image being bad in the public's opinion. To maintain legitimacy and the trust of its stakeholders, palm oil companies strive to demonstrate compliance with regulations and sustainability standards through corporate social responsibility reports. The company uses the Indonesian Sustainable Palm Oil (ISPO) regulations for palm oil companies in Indonesia and Malaysian Sustainable Palm Oil (MSPO) for palm oil companies in Malaysia as the main legitimacy tool that shows the company's commitment to responsible business practices.

Institutional Theory

Institutional Theory widely used to understand individual and organizational behavior (Dacin, Goodstein, & Scott, 2002). According to DiMaggio and Powell (1983), this theory plays a role in explaining the tendency for change in organizations towards uniformity or homogeneous. There are two groups of views in the development of this theory, namely Old Institutional Theory (ILO) in New Institutional Theory (NIT). According to OIT, institutionalization occurs because values, norms and behavior are considered trivial. Meanwhile, according to NIT, it occurs through a logical process that considers classifications, routines, scripts and schemas (Powell & DiMaggio, 1991). Business practices are influenced by external pressures such as government regulations, social norms, and stakeholder expectations. The palm oil industry is highly regulated by national

policies and international standards. Indonesia and Malaysia have applicable regulations, namely Indonesian Sustainable Palm Oil (ISPO) and Malaysian Sustainable Palm Oil (MSPO). This shows that there is pressure from the government to ensure that palm oil companies carry out their activities in accordance with sustainability principles. Global standards such as Roundtable on Sustainable Palm Oil (RSPO) and Global Reporting Initiative (GRI) is also used as a reference by companies to maintain their existence in the international market.

CSR is often carried out not only as a company initiative, but as a response to external pressures. For example, external pressures can come from governments including sustainability regulations and policies and from society including social demands for environmental responsibility. The implementation of CSR is able to demonstrate the company's commitment to social values and sustainability, thereby strengthening public trust. This theory is in line with legitimacy theory because both emphasize the importance of organizations adapting to social norms and regulations in order to maintain their existence and «legitimate» status in society.

Stakeholder Theory

Stakeholder theory first introduced by R. Edward Freeman (1984) in Theory Strategic Management: A Stakeholder Approach. This theory explains that a company's success depends on its ability to align the interests of various stakeholders. Companies are not only responsible to shareholders (shareholders), but also to stakeholders which influence or influenced by company activities.

According to Rhenald Kasali (1994), Stakeholders are grouped into two, namely Stakeholder Internal And Stakeholder External. Stakeholder Internal includes parties who are within the company and contribute directly to operations, such as company owners and employees.

Whereas Stakeholder External consists of parties who are outside the company but influence the success of the business, such as consumers, investors, suppliers, and the government. This theory is relevant to explain the reasons companies report and carry out social responsibility practices. Palm oil companies often face various environmental and social issues, such as carbon emissions, deforestation, loss of biodiversity, land conflicts and worker health. Therefore, palm oil companies need to balance various stakeholder interests with a transparent and sustainable CSR policy.

Evidence from the application of Theory Stakeholder can be seen in the existence of sustainability regulations in the palm oil industry, namely Indonesian Sustainable Palm Oil (ISPO) in Indonesia and Malaysian Sustainable Palm Oil (MSPO) in Malaysia. This theory emphasizes that business success is not only determined by profits, but also by the way the company manages the wants and needs of its customers' stakeholders. Effective CSR implementation and reporting is the key to maintaining the sustainability of palm oil companies' businesses.

RESEARCH METHODS

The methodology used to conduct this research is methodology qualitative research. Qualitative research methods consist of several types such as case studies, historical studies, natural observations, centralized interviews, etc comparative study. Of the several types of qualitative research, this research will use methods of comparative study and interviews. According to Tilly (1984), comparative study has an important role in helping to understand changes in both social and political aspects. In this research, disclosure of CSR reports between palm oil companies in Indonesia and palm oil companies in Malaysia will be compared. A comparison between the two research objects will be carried out after analyzing the regulatory background and development of CSR reporting

activities in each country. The comparison will refer to previous literature reviews, applicable regulations, as well as data from the relevant company's sustainability reports. With this approach, the research aims to identify patterns and the main focus of CSR reporting of palm oil companies in Indonesia and Malaysia.

The second method used in this research was an interview with two sources. An interview is a form of communication between two or more people in which one party is involved in the question and answer process, while the other party influences the other party's answers (Phares, 1992). The selection of speakers is based on their background and understanding of governance and CSR activities. The results of the interviews will be used as supporting data in the research to strengthen the analysis.

In order to define research boundaries, the data used is data that meets the researcher's criteria. Data sources used in this research include primary data and secondary data. Primary data was obtained from two sources as representatives of each research object country. The selected speakers are academics with background experience in governance and activities Corporate Social Responsibility. Meanwhile, secondary data will be obtained from company sustainability reports that meet the criteria.

Population and Sample

The population of data used in the research are companies in the palm oil industry listed

on the Indonesia Stock Exchange and Malaysia Stock Exchange in 2023. The samples drawn as research data were taken using the purposive sampling, where data collection to become a sample is carried out deliberately to meet the criteria used. The list of research sample acquisition can be explained in **table 1**.

RESULTS AND DISCUSSION

After analyzing the research results in each country, the research will continue with a comparative analysis between Indonesia and Malaysia. Analysis of course needs to start by looking back at how a company operates and how the company makes efforts to achieve its vision and mission. This is where governance takes a big role in supporting the company, ensuring its sustainability, facing risks, and achieving the goals set.

Governance is an arrangement of rules and principles within the company, which are agreed upon and then divided into portions of responsibility based on position. Guided by governance, the company can move in the appropriate direction towards the goals to be achieved. In operating, it is now not enough for companies to only think about profits, but also need to consider their environmental and social impacts. This underlies the role of CSR activities which are part of corporate governance to realize the goal of becoming a company supporting a sustainability mission. According to sources, there is a close connection between CSR and value chain that makes CSR need to be taken into consideration in developing strategic governance.

Tabel 1. Research Sample Acquisition

Sample Selection Criteria	Number of Companies
Palm oil companies listed on the IDX in 2023	28
IDX palm oil companies that do not publish sustainability reports	(3)
Palm oil companies listed on Bursa Malaysia in 2023	34
The Bursa Malaysia palm oil company has the same sustainability report	(5)

CSR activities included in governance are also in line with institutional theory. The increasing awareness of the wider community regarding the world emergency situation, coupled with new regulations that have emerged and are binding regarding the impact of companies, is putting pressure on companies and making them have no choice but to start reporting the impact of their operations. CSR activities as part of governance demonstrate the company's commitment to doing so over a long period of time and symbolize serious corporate change efforts to achieve global sustainability interests. Meanwhile, because of the increasing awareness of the community and the greater portion of community participation nowadays, the company's image that surrounds CSR activities in its governance will be legitimized. This legitimacy will certainly have a positive impact on the company's sustainability. Especially if the company operates in an industry that has a big impact on the environment, such as palm oil and mining.

In Indonesia and Malaysia, reporting CSR activities is one of the requirements that must be complied with if a company wants to register on the stock exchange. This sustainability report was created by the company as a form of responsibility to society, consumers and regulators as the main stakeholders, which is in line with theory stakeholder. Both countries have their own guidelines, with different supervisors and legal entanglements. Based on the results of interviews with the two sources, Indonesia and Malaysia have similarities, namely the regulations or guidelines that govern them. This regulation is an official regulation made by government bodies to regulate corporate governance in Indonesia and Malaysia. Financial Services Authority Regulations (POJK) are regulations issued by the Financial Services Authority (OJK), an independent institution that supervises the financial services industry in Indonesia. Meanwhile, Malaysia has the

Malaysian Code on Corporate Governance (MCCG) which is used as a guideline by Malaysian companies regarding corporate governance. These guidelines are published by Malaysian Securities Commission or Securities Commission Malaysia (SC).

POJK needs to be complied with by companies because it covers various aspects of corporate governance, such as accountability, transparency and protection for stakeholders. OJK has a special role to supervise the financial services industry, other industries including the palm oil industry also continue to comply with applicable regulations. This condition is proven by several sustainability reports from palm oil companies such as PT Astra Agro Lestari Tbk which uses the SEOJK 16/2021 index as a reporting guide. Mr. Fathony said that compliance by companies from industries other than financial services with POJK could occur because the OJK, which regulates financial bodies, has the power to grant loans to these companies. So, companies need to implement POJK so they can get capital for the development of their company. According to Mr. Fathony, the role of the OJK together with financial institutions can be a solution to improve corporate governance. Improving financial institutions by creating conditions that companies need to comply with in order to be able to get loans will increase companies' awareness and compliance with sustainability implementation and reporting.

As well as POJK in Indonesia, the MCCG that applies in Malaysia is also designed to increase transparency, accountability and corporate governance by encouraging principles to apply or explain. The purpose of this principle is that companies need to implement recommended activities or explain the reasons for not implementing them. The company IOI Corporation Berhad shows the application of these principles in its corporate sustainability report. They use the GRI index as an international

standard in sustainability reporting. For one thing, the company explained that they did not implement public policy because it does not apply to companies because they are not involved in developing public policy, either directly or indirectly, such as donations to political parties. However, based on the results of research into Malaysian companies' sustainability reports, there are still many companies that have not implemented the principles that apply or explain them.

Overall, Indonesia and Malaysia have complied with the disclosure of the seven issues discussed in ISO 26000 and GRI. Malaysia excels on Organizational Governance and the other six issues are more complete in Indonesia. The emergence of this advantage is due to MCCG or Malaysian regulations which focus on governance. Based on the disclosure of sub categories for each issue, Indonesia is also more compliant than Malaysia. There are several sub-categories with material differences, namely above 30%. Sub category Equal Remuneration, Overall, Compliance, Product and Service Labelling, And Indirect Economic Impacts greater in Indonesian company reporting. Meanwhile, Malaysian companies are more complete in disclosing subcategories Products and Services And Customer Privacy.

Indonesia has regulations that regulate companies to comply with sustainability reporting, but there are no consequences or sanctions if companies do not report it. This has resulted in the credibility of the completeness of Indonesian companies' sustainability reports being questioned. Which means it allows Indonesian companies to simply fulfill the checklist for implementing CSR activities without being supervised by the authorities. In line with research by Marsdenia and Koestoer (2023) which states that Indonesia still needs to develop its regulations in terms of guidelines and standards.

In Malaysia there is a culture of cancelling culture which is society's refusal to use products from companies that are considered unethical. This culture influences companies' compliance with their sustainability reports to maintain their reputation. However, cancel culture This cannot be implemented by the Indonesian people because they still have low insight and priority regarding sustainability. Therefore, the government's role is needed to strengthen regulations and improve company reporting compliance.

In contrast to Indonesia, which has regulations to regulate company sustainability, Malaysia has regulations that only serve as guidelines. According to Dr. Shafi, violators of regulations or MCCG will be reprimanded first. If after the warning there has been no improvement, the company will be given a fine. If after being given a fine the company has not made any efforts to change, then the party Securities Commission Malaysia as the regulator will publish the name of the company and its violations to the public. This naming action is strongly avoided by companies in Malaysia, as proven by previous research by Natalina (2022) which acknowledged that companies in Malaysia really prioritize reputation. The consequences of image damage in Malaysia will have a direct impact on the company's sustainability.

Apart from finding more compliance in Indonesia in disclosure per sub category, reporting similarities were found between Indonesia and Malaysia. Indonesia and Malaysia are both lacking in disclosing Fair Operating Services And Consumer Issues. Disclosure of sub categories Public Policy And Anti-Competitive Behavior from the issue Fair Operating Services it does not even reach 20% in both countries. Meanwhile in sub categories Customer Health and Safety And Marketing Communication from the issue Consumer Issues is below 30% for each amount. The lack of disclosure of these

two issues shows a lack of prioritization of the company's responsibility to consumers as one of the main stakeholders. This is also in line with previous research by Puan Yatim (2024) which stated that Malaysian companies prioritize environmental and social issues. Apart from that, because several companies have a trading system business to business, the company considers sub categories Customer Health and Safety to be immaterial to its sustainability report. Especially found in companies in Malaysia that provide explanations for non-compliance with the content of sustainability reports.

The objectives of company reporting in the CSR sector are divided into: compliance And voluntary or commitment. Compliance according to Stanley Milgram (1963) is when an individual or an entity carries out its obligations based on the encouragement of established regulations. On the other hand, according to CSR theory and Carroll (1991), CSR activities and reporting should be positive voluntary, or a company's efforts to balance its profits with sharing resources and participating in improving society's quality of life. In general, there are differences in the objectives of companies in Indonesia and companies in Malaysia in reporting CSR activities.

After conducting the research, it was found that although the two countries have different levels of regulatory attachment, Indonesia and Malaysia both report based on compliance. Malaysia meets its guidelines in reporting under strict supervision. On the other hand, Indonesia reports with regulations that tend to be looser than Malaysia. This creates a difference in potential interpretation, where Indonesia has a greater opportunity for interpretation due to lower consequences and supervision. The difference in regulatory attachment will also affect the stability of the company's sustainability report results. The performance of Indonesia and Malaysia's reporting compliance is already very adequate, but the existence of binding

regulations will help create the potential for development and improvement of the quality of more structured reports. Regulation as a means will help individuals or entities have good or bad guidelines that can be adhered to.

In addition to the regulations that govern, sustainability reporting compliance is influenced by stakeholders and their business ecosystems who care about the sustainability mission. Thus, it is possible for Indonesia with looser regulations than Malaysia to still have a high level of compliance in its reporting. Thus, it is possible that the level of compliance in reporting has the potential to change if regulations are abolished.

CONCLUSIONS, IMPLICATIONS, AND LIMITATIONS

This research aims to identify similarities and differences in the results of sustainability reports specifically for Indonesian and Malaysian companies operating in the palm oil industry. This research is expected to provide recommendations for Indonesian and Malaysian companies in CSR reporting in the palm oil plantation sector to encourage sustainability and compliance with international standards. In addition, this research was inspired by previous research which compared the reporting of CSR activities or sustainability reports between countries.

The method used in this research is a qualitative method which uses data from interviews with experts and data contained in the 2023 sustainability reports of each palm oil company in Indonesia and Malaysia. The interview session was conducted with 2 experts as representatives from Indonesia and Malaysia. On the other hand, the assessment of the level of disclosure of sustainability reports is carried out using the basis of combined guidelines 7 core issues ISO 26000 dan GRI.

Based on research regarding comparative CSR reporting that has been carried out, it

was found that both countries have presented sustainability reports in accordance with 7 core issues. Malaysian compliance is higher on issues Organizational Governance, and followed by Indonesia which excelled on the other six issues. The similarity found in the content of corporate sustainability reports from both countries is the lack of disclosure under the issues Fair Operating Practices And Consumer Issues. Companies in both countries tend to focus on environmental and social issues. The level of CSR reporting by Indonesian palm oil companies is considered as voluntary and Malaysia as compliant or comply because there are regulations and consequences implemented by the country.

Overall, in terms of fulfilling the sub-category criteria for these issues, Indonesia is more compliant than Malaysia. This is undeniably the result of existing CSR regulations in Indonesia. However, the compliance and completeness of company reports in Indonesia is not necessarily an advantage compared to reporting by Malaysian companies. Because the sustainability report assessment system in Indonesia is not as strict as Malaysia, it is even possible that public companies have not published sustainability reports. The lack of supervision and strict

regulations in Indonesia regarding CSR practices have hampered progress in activities and reporting.

This research is expected to provide benefits to various parties. Increased understanding of the importance of reporting CSR activities and the benefits of carrying out such reporting can be conveyed to companies. For regulators or governments, this research can be a form of evaluation of compliance with the performance of regulations that have been implemented. So, the government can adjust or strengthen regulations to increase compliance.

The limitation in this research lies in the limited time. The research was conducted within a limited time period making the scope of analysis small. The Indonesian companies in the palm oil industry that were studied were found to have not all issued sustainability reports or annual reports for 2023. As a result, this research was limited in terms of data that could influence the final results of the research. In addition, with limited time and access, the research was only carried out by taking a sample of companies from 1 industry over a 1 year period.

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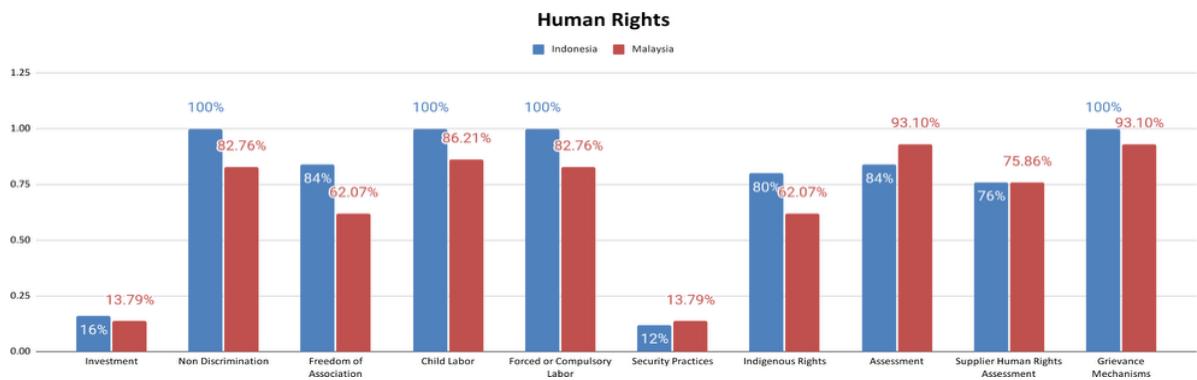
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ATTACHMENT

Research results in both countries are based on 7 issues of ISO 26000 and GRI standards.

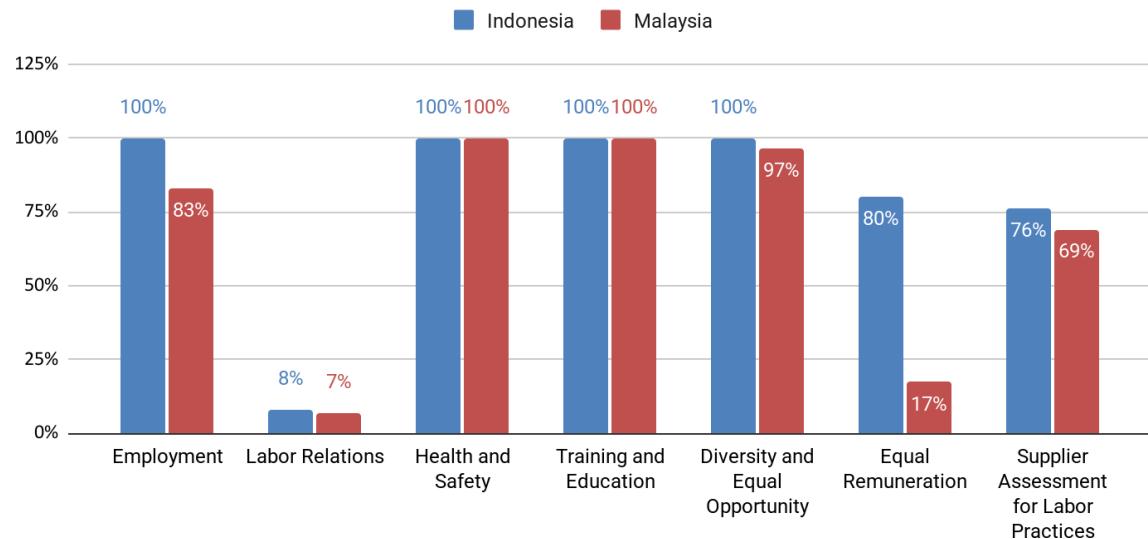


Graphic 1. Comparison of Issues Organizational Governance



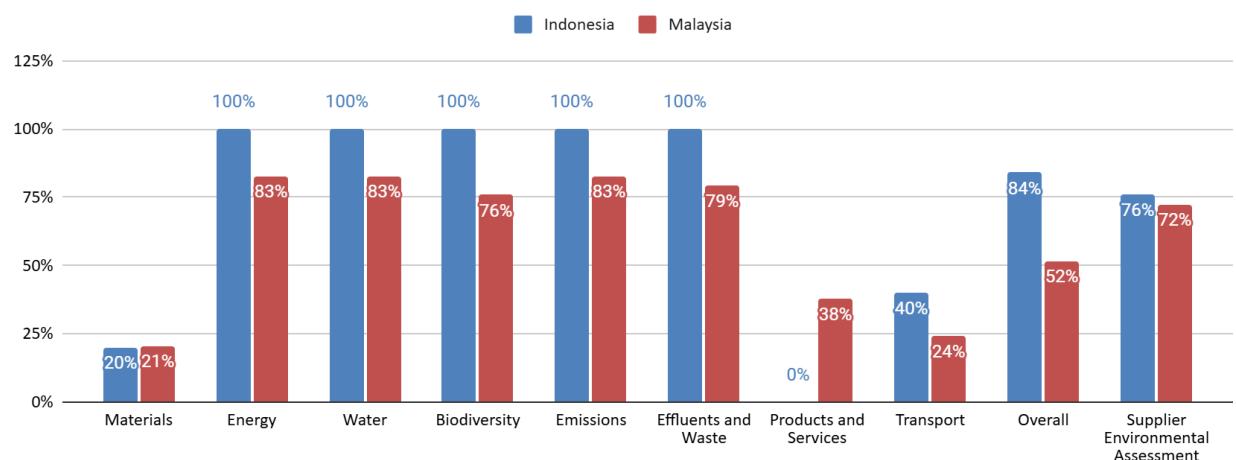
Graphic 2. Comparison of Issues Human Right

Labour Practices and Decent Work



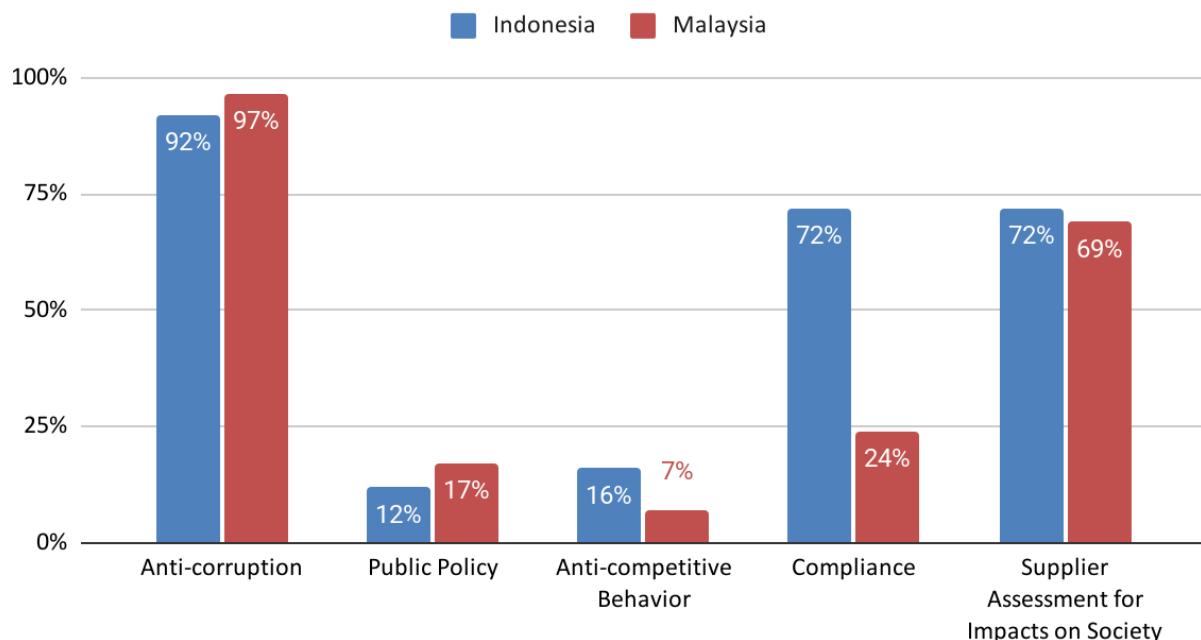
Graphic 3. Comparison of Issues Labor Practices and Decent Work

Environment



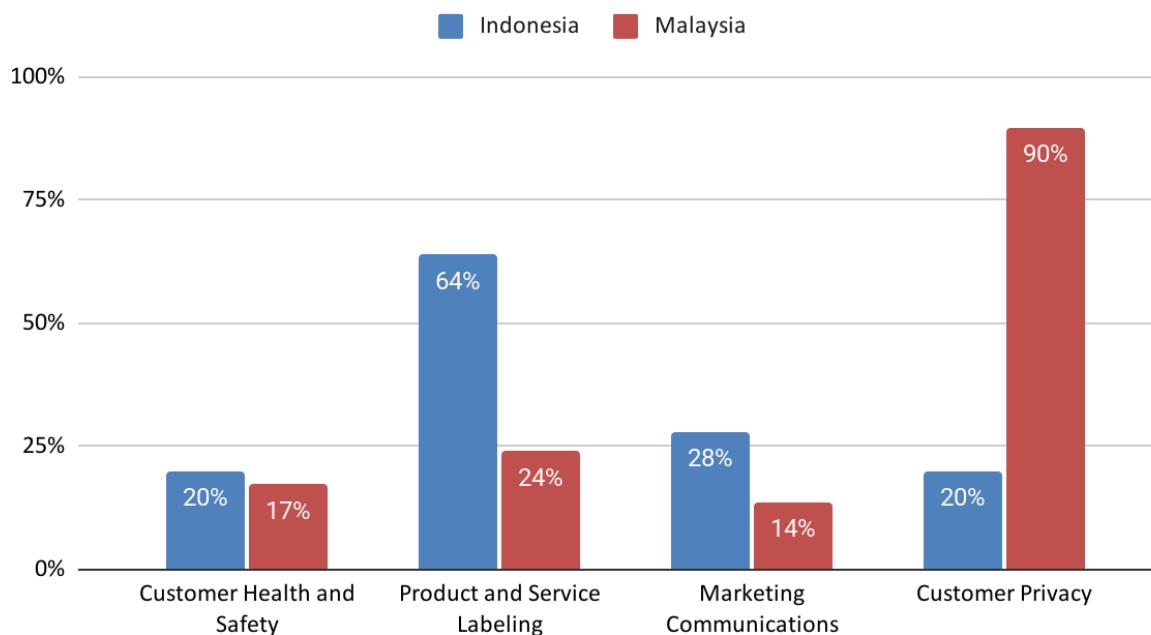
Graphic 4. Comparison of Issues Environment

Fair Operating Practices

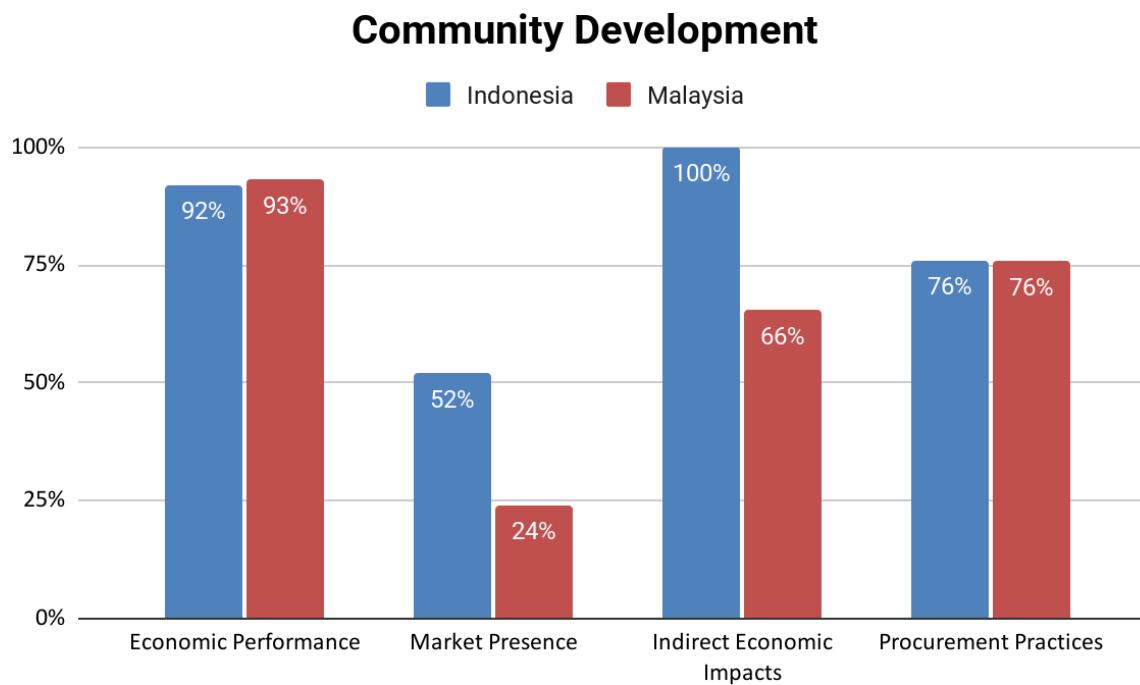


Graphic 5. Comparison of Issues Fair Operating Practices

Consumer Issues



Graphic 6. Comparison of Issues Consumer Issues



Graphic 7. Comparison of Issues Community Development