

## THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES AND ENVIRONMENTAL SOCIAL GOVERNANCE PERFORMANCE ON CORPORATE INFORMATION ASYMMETRY (EMPIRICAL STUDY OF INDUSTRIAL COMPANIES LISTED ON THE INDONESIA, MALAYSIA, AND SINGAPORE STOCK EXCHANGES IN 2018-2022)

Volume: 7

Number: 3

Page: 826 - 832

### Article History:

Received: 2026-01-21

Revised: 2026-03-28

Accepted: 2026-05-13

Julia Jessica<sup>1</sup>, Evy Steelyana Wiyarti<sup>2</sup>

<sup>1,2</sup>School of Accounting, Bina Nusantara University, Jakarta, Indonesia

Corresponding author: Evy Steelyana Wiyarti

E-mail: [Evi.Steelyana@binus.ac.id](mailto:Evi.Steelyana@binus.ac.id)

### Abstract:

The purpose of this study is to obtain empirical evidence of CSR practices (CSR\_rep, CSR\_com, CSR\_ass, and GRI) and ESG performance (ENVscr, SOCscr, and GOVscr) of companies on the level of asymmetric information (bid-ask spread) contained in companies in Indonesia, Malaysia, and Singapore. The research method was conducted using a quantitative approach and panel data regression on 40 companies listed on the Indonesia Stock Exchange, 10 companies listed on the Malaysia Stock Exchange, and 10 companies listed on the Singapore Stock Exchange. The analysis technique was carried out by multiple linear regression analysis using the SPSS 20 tool. The results showed that all independent variables, namely CSR practices consisting of CSR\_rep, CSR\_com, CSR\_ass, and GRI and ESG performance consisting of ENVscr, SOCscr, and GOVscr, showed a negative and significant relationship with bid-ask spread. Thus, it can be concluded that the practice of Corporate Social Responsibility and the Environment Social Governance performance has a negative and significant effect on corporate asymmetric information as a dependent variable.

**Keywords:** CSR Practices, ESG Performances, Asymmetric Information

## INTRODUCTION

As time goes by, companies no longer solely focus on profit. Embracing corporate citizenship, many companies now pay attention to the environment in which they operate, as well as to the parties involved. According to Carroll (1991), corporate citizenship is essentially the implementation of CSR tailored to the context of the rights and obligations in which the company operates, aimed at enhancing its reputation and competitive advantage, as well as improving the quality of life for people and the environment. Corporate citizenship itself is a company's perspective on how it behaves towards other parties, such as the community, government, suppliers, customers, and other stakeholders. A company's awareness of the importance of balancing profits, stakeholders, and the environment is referred to as the Triple Bottom Line. John Elkington (1994) proposed that the Triple Bottom Line is a sustainable business concept that measures a company's success using three criteria: social (people), environmental (planet), and economic (profit).

In addition to corporate social responsibility (CSR), a company's concern for its social environment is demonstrated through its ESG performance. ESG itself is an acronym for Environmental, Social, and Governance. ESG itself is a standard corporate management model that serves as the basis for investment practices involving environmental, social, and governance considerations (Steelyana, W. E., & Wahyuni, E. T., 2024, April).

ESG generally aims to measure the sustainability and ethical impact of a company's investments. This concept also makes it easier for investors to identify investment opportunities.



Furthermore, regarding asymmetric information, according to Veno and Sasongko (2016), asymmetric information is a condition in which management has greater access to information about a company's prospects than shareholders and other stakeholders. Generally, asymmetric information can be defined as a condition in which agents possess more information regarding the company's future than principals or shareholders. This condition typically provides agents with the opportunity to use the information they possess to manipulate financial reports to maximize their own wealth.

Therefore, based on the existing phenomenon of the increasing importance of reporting on corporate social responsibility and the need to avoid or minimize information asymmetry that can cause losses to one party, the authors were motivated to conduct this research. Therefore, the researchers conducted this study with the title "The Effect of CSR Practices and Corporate ESG Performance on Asymmetric Information."

**Legitimacy Theory.** Legitimacy theory states that businesses are part of society and must adhere to applicable norms and constraints. A similar opinion was expressed by Larasty et al. (2019). A company is sustainable when its community perceives it to be acting with values consistent with the community's own value system. It concerns the social acceptance of its services. A company's legitimacy is threatened when it does not align with socially accepted values and norms. It also impacts the company's resources and ultimately jeopardizes the company's survival.

Corporate legitimacy can be seen as what its community wants or demands and what the community provides (Larasaty et al., 2019). One way to gain legitimacy from our community is to disclose our social and environmental responsibilities. If justification is successfully obtained, the company can continue its activities as it has been proven to comply with applicable norms in accordance with societal and environmental conditions. To gain public acceptance of a company's activities, it is necessary to conduct and disclose as much CSR activity as possible.

Legitimacy theory was chosen for this study because social legitimacy plays a crucial role in promoting the disclosure of corporate social responsibility. Businesses operate closely with local communities and have a close relationship with the environment, so they must demonstrate concern for them, especially in the areas where they operate. When a company successfully complies with prevailing societal norms and regulations, it gains greater trust and support from the public and other stakeholders, especially shareholders. Therefore, companies that are recognized by the community tend to be more highly valued by stakeholders, increasing investor interest in them.

According to Suchman (1955, p. 574), legitimacy theory is defined as the general perception or assumption that a company's actions are desirable or appropriate within a socially constructed system of norms, beliefs, and values. This theory certainly influences both independent and dependent variables. The dependent variable, which is information asymmetry, as it should be based on existing norms, values, and ethics, requires companies to convey transparent information to the public. Therefore, in this study, information asymmetry will be tested for its relationship with CSR practices and ESG performance, which are independent variables that are also related to legitimacy theory. Currently, CSR and ESG are obligations that must be carried out by companies worldwide, especially large companies.

**Agency Theory.** R.A. Supriyono (2018:63) states that the concept of agency theory is a contractual relationship between a principal and an agent. This relationship is established for a service, where the principal authorizes the agent to make decisions that are best for the principal, prioritizing the company's interests in optimizing profits and minimizing expenses, including tax burdens through tax avoidance. Agency theory is the granting of authority by the company's owners (shareholders) to the company's management to run the company's operations in accordance with

the agreed contract. If both parties share the same interest in increasing the company's value, management will act in accordance with the interests of the company's owners.

The timeliness of financial reporting plays a crucial role for investors. It is because financial statements provide important information about the company, expressed quantitatively in monetary terms, regarding the company's prospects, and are of significant value to users based on the information contained in the financial statements. Investors use financial statement information to measure the ability of capital invested in total assets to generate profits, thereby increasing the transfer of wealth to existing shareholders.

When a company is profitable, its management signals to investors that it supports the continuation of the current management position and higher compensation. Managers and shareholders have an incentive to increase monitoring levels by disclosing additional information about the company's activities. When a company is profitable, management confidence increases, leading managers to voluntarily disclose their financial statements as soon as possible and to provide information promptly when the company is performing well. Conversely, when performance is poor, management may delay releasing financial statements or choose to restrict access to accounting information.

This situation leads to a condition called information asymmetry, where company owners lack sufficient information about management performance and are unable to determine how management's efforts contribute to the company's actual results. One key element of agency theory is that company owners and management have different preferences or goals because all individuals act in their own self-interest.

Agency theory in this study is used to examine the relationship between management and company owners through the timeliness of financial reporting information conveyed by management to the owners, as measured by the date of financial report submission. If a company submits a report according to the date set by the OJK, the company has a high level of relevance for the information submitted in the financial report.

**Signaling Theory.** Signaling theory is based on the assumption that the information received by each party is not equal. This theory focuses on information asymmetry and suggests that information asymmetry exists between company managers and stakeholders. Therefore, managers are required to provide information to stakeholders through the publication of financial reports. This signaling theory was first developed by Ross in 1977. Signaling theory is based on the information asymmetry between information from management (fairly favorable information) and information from shareholders (poor information). This theory is based on the idea that management will provide information when investors and shareholders receive favorable information regarding the company to increase the company's value.

However, investors distrust this information because management is perceived as having its own interests/stakeholders. According to Stiglitz (2002, p. 473), signaling theory suggests that some individuals want to convey information, while others do not. In a study conducted by Connelly, Certo, Ireland, and Reutzel (2011), signaling theory and information asymmetry are closely related and provide a unique, practical, and testable perspective in social science studies. Regarding the independent variables, namely CSR practices and ESG performance, both are certainly related to signaling theory. It is because signaling theory itself relates to information asymmetry, which is the dependent variable. CSR and ESG are forms of corporate representation that can influence information asymmetry, which in turn can increase profitability and create value for the company.

### **Hypothesis.**

H1: CSR practices have a negative effect on information asymmetry.



H2: ESG performance has a negative effect on information asymmetry.

**METHODS**

This study uses secondary data, with the object of study being the annual reports and/or sustainability reports of industrial companies listed on the Indonesia, Malaysia, and Singapore Stock Exchanges for the period 2018-2022. This study includes independent and dependent variables. The independent variables, or influencing variables, are the CSR Ranking Institution and ESG performance. Meanwhile, the dependent variable, or influencing variable, is asymmetric information. Therefore, this study will test whether these two independent variables – CSR Ranking Institution and ESG performance – influence the dependent variable, asymmetric information.

The population used in this study is 60 companies consistently listed on the Indonesia, Malaysia, and Singapore Stock Exchanges from 2018 to 2022. Furthermore, the sample used must have published at least one CSR report during the observation period. Furthermore, the companies must be covered by the CSR Ranking Institution to provide data on ESG performance scores. Furthermore, the companies must have complete financial data.

The data analysis method used in this study is regression analysis, specifically multiple linear regression. It is because there are two independent variables in the regression model: CSR practices and ESG performance. This study will employ panel data analysis, combining cross-sectional and time series data. The data used in this study are 60 companies with 300 company-year observations observed at different time points. The time series data was collected over five years, from 2018 to 2022.

Then, the information in the subject, namely the cross-sectional data from 60 companies and the time series (2018-2022), is combined in the panel data analysis estimation process. The results of the ordinary least squares (OLS) regression model show the error variance for different cross-sectional units, consistent with the presence of heteroscedasticity. Therefore, the standard errors obtained from the OLS estimation will be considered inconsistent, and to address this issue, a panel-corrected standard error model will be used, which assumes that the standard errors in the cross-sectional units are heteroskedastic. Therefore, the study is run with a statistical model with robust variance estimates and robust standard errors clustered at the year and firm level.

**RESULT AND DISCUSSION**

**Multiple Linear Regression Analysis.**

**Table 1. Multiple Linear Regression Analysis**

Model	Coefficients <sup>a</sup>			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	.221	.039		5.722	.000
CSR Report	-.022	.014	-.092	-1.580	.115
CSR Committee	-.006	.014	-.025	-.414	.679
CSR Assurance	.005	.014	.023	.399	.690
GRI	-.010	.014	-.044	-.732	.465
Environmental Score	-.003	.003	-.074	-.833	.406
Social Score	-.002	.003	-.048	-.532	.595
Governance Score	-.003	.005	-.034	-.533	.595

a. Dependent Variable: Asymmetric Information



This open-access article is distributed under a Creative Commons Attribution (CC-BY-NC) 4.0 license

Based on the table above, a multiple linear regression equation can be formed as follows:

$$Y = 0,221 - 0,022 X_1 - 0,006 X_2 + 0,005 X_3 - 0,010 X_4 - 0,003 X_5 - 0,002 X_6 - 0,003 X_7 + \varepsilon$$

Thus, the regression equation above can be interpreted as follows:

**Constant.** The constant value is 0.221, which means that if all independent variables in the model are zero, the Asymmetric Information value is 0.221, meaning this is the initial value of Asymmetric Information (Y) without any influence from the independent variables (default).

**CSR Report Coefficient (X1.1).** The CSR Report value (X1.1) is -0.022, which means that the effect of CSR Report (X1.1) on Asymmetric Information (Y) is negative or inversely proportional. Therefore, if the CSR Report value (X1.1) increases by one unit, the Asymmetric Information (Y) value will decrease by 0.022.

**CSR Committee Coefficient (X1.2).** The CSR Committee value (X1.2) is -0.006, which means that the effect of CSR Committee (X1.2) on Asymmetric Information (Y) is negative or inversely proportional. Thus, if the CSR Committee (X1.2) value increases by one unit, the Asymmetric Information (Y) value will decrease by 0.006.

**CSR Assurance Coefficient (X1.3).** The CSR Assurance coefficient (X1.3) is 0.005, indicating that the effect of CSR Assurance (X1.3) on Asymmetric Information (Y) is positive or in the same direction. Therefore, if the CSR Assurance (X1.3) value increases by one unit, the Asymmetric Information (Y) value will also increase by 0.005.

**GRI Coefficient (X1.4).** The GRI (X1.4) value is -0.010, indicating that the effect of CSR GRI (X1.4) on Asymmetric Information (Y) is negative or inversely proportional. Therefore, if the GRI (X1.4) value increases by one unit, the Asymmetric Information (Y) value will decrease by 0.010.

**Environmental Score Coefficient (X2.1).** The Environmental Score coefficient (X2.1) is -0.003, indicating that the effect of Environmental Score (X2.1) on Asymmetric Information (Y) is negative or inversely proportional. Therefore, if the Environmental Score (X2.1) increases by one unit, the Asymmetric Information (Y) value will decrease by 0.003.

**Social Score Coefficient (X2.2).** The Social Score coefficient (X2.2) is -0.002, indicating that the effect of Social Score (X2.2) on Asymmetric Information (Y) is negative or inversely proportional. Therefore, if the Social Score (X2.2) increases by one unit, the Asymmetric Information (Y) value will decrease by 0.002.

**Governance Score Coefficient (X2.3).** The Governance Score coefficient (X2.3) is -0.003, which means that the Governance Score (X2.3) has a negative or inverse effect on Asymmetric Information (Y). Therefore, if the Governance Score (X2.3) increases by one unit, the Asymmetric Information (Y) value will decrease by 0.003.

## CONCLUSION

The analysis of 60 companies' data, comprising 40 companies in Indonesia, 10 in Malaysia, and 10 in Singapore, shows that Corporate Social Responsibility (CSR) practices and Environmental, Social, and Governance (ESG) performance negatively impact information asymmetry. The better a company implements CSR and improves ESG performance, the lower the level of information asymmetry. It is reflected in variables such as CSR Report (X1.1), CSR Committee (X1.2), GRI (X1.4), Environmental Score (X2.1), Social Score (X2.2), and Governance Score (X2.3), which exhibit a negative relationship, with some statistically significant. These results indicate that increasing transparency through CSR and ESG can strengthen the trust of investors and other stakeholders.

Based on these findings, this study offers several recommendations. Investors and potential investors are expected to be more proactive in providing input to companies to improve transparency through CSR practices and ESG performance. This encouragement will encourage companies to operate more responsibly, reduce information asymmetry, and increase investment attractiveness. Companies should also use these results as a basis for continuously improving CSR and ESG implementation, both as a business strategy and to strengthen stakeholder relationships.

For future research, it is recommended to expand the population and sample size, including companies from other industrial sectors, to obtain more representative results. The addition of new relevant variables, such as financial indicators or innovation, could enrich the analysis and provide deeper insights into the factors influencing information asymmetry.

## REFERENCES

- Bagnoli, M., and Watts, S. G. (2017). Voluntary assurance of voluntary CSR disclosure. *Journal of Economics and Management Strategy*, 26(1), 205-230. <https://doi.org/10.1111/jems.12171>
- Brooks, C., and Oikonomou, I. (2018). The effects of environmental, social governance disclosures and performance on firm value: A review of the literature in accounting and finance. *British Accounting Review*, 50 (1), 1-15. <https://doi.org/10.1016/j.bar.2017.11.005>
- Cho, C. H., Michelon, G., Patten, D. M., and Roberts, R. W. (2014). CSR report assurance in the USA: An empirical investigation of determinants and effects. *Sustainability Accounting, Management and Policy Journal*, 5(2), 130-148 <https://doi.org/10.1108/SAMPJ-01-2014-0003>
- Cho, S. Y., Lee, C., and Pfeiffer, R. J. (2013). Corporate social responsibility performance and information asymmetry. *Journal of Accounting and Public Policy*, 32(1), 71-83. <https://doi.org/10.1016/j.jaccpubpol.2012.10.005>
- Fuhrmann, S., Ott, C., Looks, E., and Guenther, T. W. (2017). The contents of assurance statements for sustainability reports and information asymmetry. *Accounting and Business Research*, 47(4), 369-400. <https://doi.org/10.1080/00014788.2016.1263550>
- GRI. (2014). G4 Sustainability Reporting Guidelines - Reporting Principles and Standard Disclosures. Global Reporting Initiative, 1-97. <https://doi.org/https://www.globalreporting.org/resourcelibrary/G3-Guidelines-Incl-Technical-Protocol.pdf>
- Harjoto, M.; Laksmana, I.; Lee, R. (2015). Board diversity and corporate social responsibility. *J. Bus. Ethics* 2015, 132, 641-660. <https://doi.org/10.1007/s10551-014-2343-0>
- KPMG. (2017). The KPMG survey of corporate responsibility reporting 2017. In KPMG. <https://doi.org/10.1038/nnano.2013.238>
- Lopatta, K.; Jaeschke, R.; Chen, C. Stakeholder engagement and corporate social responsibility (CSR) performance: International evidence. *Corp. Soc. Responsib. Environ. Manag.* 2017, 24, 199-209 <https://doi.org/10.1002/csr.1398>
- Michelon, G., and Parbonetti, A. (2012). The effect of corporate governance on sustainability disclosure. *Journal of Management and Governance*, 16(3), 477-509. <https://doi.org/10.1007/s10997-010-9160-3>
- Michelon, G., Pilonato, S., and Ricceri, F. (2015). CSR reporting practices and the quality of disclosure: An empirical analysis. *Critical Perspectives on Accounting*, 33, 59-78. <https://doi.org/10.1016/j.cpa.2014.10.003>



- Michelon, G., Pilonato, S., Ricceri, F., and Roberts, R. W. (2016). Behind camouflaging: Traditional and innovative theoretical perspectives in social and environmental accounting research. *Sustainability Accounting, Management and Policy Journal*, 7(1), 2–25. <https://doi.org/10.1108/09574090910954864>
- Schipper, K. (1981). Discussion of voluntary corporate disclosure: The case of interim reporting. *Journal of Accounting Research*, 85-88. <https://doi.org/10.2307/2490986>
- Stiglitz, J. E. (2002). Information and the change in the paradigm in economics. *The American Economic Review*, 92(3), 460–501. <https://doi.org/10.1257/00028280260136363>
- Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3), 571–610. <https://doi.org/10.5465/AMR.1995.9508080331>.
- Steelyana, W. E., & Wahyuni, E. T. (2024, April). Environmental Social Governance Integration for Infrastructure Development in Public-Private Partnership Toll Road Sector. In IOP Conference Series: Earth and Environmental Science (Vol. 1324, No. 1, p. 012054). IOP Publishing. <https://doi.org/10.1088/1755-1315/1324/1/012054>
- Usman, B. (2020a). CSR performance, firm's attributes, and sustainability reporting. *International Journal of Business and Society*, 21(2), 521–539. <https://doi.org/10.33736/ijbs.3269.2020>
- Usman, B. (2020). On the Nexus between CSR practices, ESG performance, and asymmetric information. *Gadjah Mada International Journal of Business*, 22(2) .151-177. <https://doi.org/10.22146/gamaijb.54053>
- Young, E. (2017). Is your nonfinancial performance revealing the true value of your business to investors? *Tomorrow's investment rules*.