

# Corporate Social Responsibility Legal Framework in Southeast Asia: Comparing Indonesia, Malaysia, and Thailand

Martono Anggusti<sup>1</sup>, Fitri Yanni Dewi Siregar<sup>2\*</sup>, Ruetaip Chansrakao<sup>3</sup>

<sup>1</sup> Faculty of Law, Universitas HKBP Nommensen, Medan, Indonesia.

<sup>2</sup> Faculty of Law, Universitas Medan Area, Medan, Indonesia.

<sup>3</sup> Faculty of Humanities and Social Sciences, Valaya Alongkorn Rajabhat University, Pathum Thani, Thailand



: fitriyannidewisrg@gmail.com

Corresponding Author\*



## Abstract

**Introduction:** Corporate Social Responsibility (CSR) has evolved over time, reflecting changes in corporate thinking and practices regarding their relationships with society and the environment.

**Purposes of the Research:** This research aims to analyze the regulation and implementation of CSR in Indonesia to compare it with CSR regulations in other Southeast Asian countries, namely Malaysia and Thailand.

**Methods of the Research:** This research is a normative legal study that emphasizes a conceptual and legislative approach.

**Results of the Research:** The development of the concept of CSR began in the 18th century by Robert Owen, who provided facilities for employees. CSR rapidly evolved in the 20th century, with large companies in the US establishing social departments. Milton Friedman's thinking about profit as the primary goal of business and John Elkington's concept of the "triple bottom line" also influenced the development of CSR. CSR functions as the moral responsibility of companies towards society and the environment, implemented through transparency, ethics, and responsible business decisions. In Indonesia, CSR has been regulated by law since 2007, with the aim of improving the quality of life and supporting sustainable development. A comparison of CSR regulations in Indonesia, Malaysia, and Thailand shows that although their goals are similar, namely to encourage corporate contributions to social and environmental development, their approaches differ. Indonesia implements strict legal obligations, Malaysia combines voluntary elements with supportive regulations, while Thailand prioritizes a cultural and voluntary approach with government recognition. Thailand is recognized as the best example in the implementation of CSR in ASEAN, with a higher quality of implementation compared to other countries.

**Keywords:** Comparative Law; Corporate Social Responsibility; Southeast Asia.

Submitted: 2025-04-03

Revised: 2025-07-19

Accepted: 2025-07-19

Published: 2025-07-20

How To Cite: Martono Anggusti, Fitri Yanni Dewi Siregar, and Ruetaip Chansrakao. "Corporate Social Responsibility Legal Framework in Southeast Asia: Comparing Indonesia, Malaysia, and Thailand." *SASI* 31 no. 2 (2025): 188-200. <https://doi.org/10.47268/sasi.v31i2.2984>

Copyright © 2025 Author(s)



Creative Commons Attribution-NonCommercial 4.0 International License

## INTRODUCTION

Corporate Social Responsibility (CSR) is a concept where companies have a responsibility towards the surrounding community and environment.<sup>1</sup> CSR encompasses a range of actions taken by companies to have a positive impact on stakeholders, including consumers, employees, shareholders and local communities.<sup>2</sup> CSR is a company's obligation to operate

<sup>1</sup> Imen Khanchel, Naima Lassoued, and Rym Gargoury, "CSR and Firm Value: Is CSR Valuable during the COVID 19 Crisis in the French Market?," *Journal of Management and Governance* 27, no. 2 (2023): 575-601, <https://doi.org/10.1007/s10997-022-09662-5>.

<sup>2</sup> Nurul Barizah, "Access and Benefit Sharing of Biodiversity for Empowering Local Communities; Case Studies in Selected Countries," *Review of International Geographical Education Online* 11, no. 4 (2021): 190-95, <https://doi.org/10.33403/rigeo.800636>.

sustainably by paying attention to social, environmental and economic aspects. In Indonesia, CSR is known as "Social Environmental Responsibility and Corporate Environment".<sup>3</sup> Corporate social and environmental responsibility in Indonesia is an integral part of business practices that aims to make a positive contribution to society and the environment.<sup>4</sup> Corporate social and environmental responsibility is a company's commitment to contribute to sustainable economic development by paying attention to the balance between economic, social and environmental aspects.<sup>5</sup> This includes efforts to improve the quality of life of the community and the environment around the company.

In general, CSR has become an increasingly important global phenomenon in the context of multinational corporations (MNCs).<sup>6</sup> CSR refers to a company's responsibility to contribute to social and environmental well-being, beyond legal obligations and financial profits. In the era of globalization, MNCs operate in various countries by adopting neoliberal principles, which often reduce the role of the government in the economy.<sup>7</sup> MNCs such as PT Freeport Indonesia and PT Newmont have shown how foreign investment can impact the environment and local communities.<sup>8</sup> CSR emerged as a response to the challenges faced by society due to industrial activities, including dehumanization, gender inequality, and lack of transparency.<sup>9</sup> Companies are being called upon to be more transparent and accountable for the social impact of their operations, thereby fostering better relationships with stakeholders.

CSR is evolving globally and is regulated by legislation in various countries. In Indonesia, CSR is regulated by Law Number 40 of 2007 concerning Limited Liability Companies (Limited Liability Company Act), which states that companies operating in the natural resource sector are obligated to carry out social and environmental responsibilities. Furthermore, Government Regulation Number 47 of 2012 on the Social and Environmental Responsibility of Limited Liability Companies (Government Regulation CSR) regulates the obligation of companies to prepare an annual work plan related to CSR, including the activities and budget required for its implementation. This research aims to analyze the regulation and implementation of CSR in Indonesia for comparison with CSR regulations in other Southeast Asian countries, namely Malaysia and Thailand. The comparison between Malaysia and Thailand focuses more on Malaysia as a country with a common law system and Thailand as a country with a civil law system, which will then be linked to the development of CSR regulations in each country. Two research questions are addressed in this study: (i) the history of the development of the idea and regulation of CSR in the world and Southeast Asia, and (ii) a comparative legal analysis of the regulation and implementation of CSR in Indonesia, Malaysia, and Thailand.

---

<sup>3</sup> I Gede Agus Kurniawan et al., "Legal Reform in Business Dispute Resolution: A Study of Legal Pluralism in Indonesia, Vietnam, and Thailand," *Journal of Law and Legal Reform* 6, no. 2 (April 30, 2025): 69–116, <https://doi.org/10.15294/jllr.v6i2.21128>.

<sup>4</sup> Lelisari Lelisari, Hamdi Hamdi, and Imawanto Imawanto, "Kemunduran Pengaturan Tanggung Jawab Sosial Perusahaan Dalam Sektor Pertambangan Mineral Dan Batubara," *Jurnal IUS Kajian Hukum Dan Keadilan* 9, no. 2 (2021): 404–21, <https://doi.org/10.29303/ius.v9i2.907>.

<sup>5</sup> Farhan Zeb Khaskhelly et al., "Corporate Social Responsibility through Collaboration in the Supply Chain: Insights into a More Sustainable Economy," *Reviews of Management Sciences* 5, no. 1 (2023): 50–62, <https://doi.org/10.53909/rms.05.01.0196>.

<sup>6</sup> Xuhui Peng et al., "Institutional Isomorphism Pressure and Multinational Corporations' Environmental and Social Performance," *Applied Economics Letters* 30, no. 17 (October 2023): 2424–34, <https://doi.org/10.1080/13504851.2022.2097628>.

<sup>7</sup> Muhammad Budiana, "The Influence of Multinational Corporations on Global Political Decisions," *Journal of Student Collaboration Research* 1, no. 3 (2024).

<sup>8</sup> Peng et al., "Institutional Isomorphism Pressure and Multinational Corporations' Environmental and Social Performance."

<sup>9</sup> Tahniyath Fatima and Said Elbanna, "Corporate Social Responsibility (CSR) Implementation: A Review and a Research Agenda Towards an Integrative Framework," *Journal of Business Ethics* 183, no. 1 (2023): 105–21, <https://doi.org/10.1007/s10551-022-05047-8>.

## METHODS OF THE RESEARCH

This research, which focuses on analyzing the regulation and implementation of CSR in Indonesia for comparison with CSR regulations in other Southeast Asian countries, namely Malaysia and Thailand, is a normative legal study.<sup>10</sup> As a normative legal research, this research focuses on the analysis of the CSR concept and comparative law. The primary legal materials in this research are the Limited Liability Company Act, Government Regulation CSR, and regulations in Malaysia and Thailand that regulate CSR. Secondary legal materials are books, journal articles, and research results that discuss CSR and its development. Non-legal materials are legal dictionaries. The analysis of legal materials is carried out prescriptively where the analyzed legal materials are then formulated into legal recommendations to answer the problem formulation.<sup>11</sup> The approach used is a conceptual and legislative approach.

## RESULTS AND DISCUSSION

### A. History of the Development of CSR Ideas and Regulations in the World and Southeast Asia

CSR in the world reflects the evolution of corporate thinking and practice in interacting with society and the environment.<sup>12</sup> An English textile entrepreneur, Robert Owen, is considered the pioneer of the CSR concept in the 18th century. He introduced the idea of social responsibility by providing housing, health, and education for employees.<sup>13</sup> In the early 20th century, large corporations in the United States began forming corporate social or philanthropy departments tasked with providing assistance to charitable organizations.<sup>14</sup> Howard R. Bowen can be considered the founding father of modern CSR practice. In his book, he argued that businesses have a social responsibility to consider the impact of their decisions on society.<sup>15</sup>

CSR practices are beginning to be adopted more widely around the world. Here, a debate emerged, sparked by Milton Friedman, who stated that the primary responsibility of business is to increase profits.<sup>16</sup> This view sparked a discussion about the limits of corporate social responsibility. Friedman in his article entitled "The Social Responsibility of Business is to Increase its Profits," which became a turning point in thinking about CSR.<sup>17</sup> A further development regarding CSR was that the Earth Conference in Rio de Janeiro emphasized the importance of corporate social responsibility in the context of sustainable development.<sup>18</sup> This is a momentum for many companies to integrate sustainability

---

<sup>10</sup> Suteki and Galang Taufani, *Motodologi Penelitian Hukum (Filsafat, Teori, Dan Praktik)*, Cetakan 3 (Depok: RajaGrafindo Persada, 2020).

<sup>11</sup> I Made Pasek Diantha, *Metodologi Penelitian Hukum Normatif Dalam Justifikasi Teori Hukum* (Jakarta: Kencana, 2017).

<sup>12</sup> I Gede Agus Kurniawan et al., "The Business Legal Policy in Indonesia, Ghana, and Vietnam: A Perspective from the Theory of Dignified Justice," *Lex Scientia Law Review* 9, no. 1 (2025): 1535–65, <https://doi.org/https://doi.org/10.15294/lslr.v9i1.18096>.

<sup>13</sup> Fatima and Elbanna, "Corporate Social Responsibility (CSR) Implementation: A Review and a Research Agenda Towards an Integrative Framework."

<sup>14</sup> Felicia Naatu et al., "Pro-Environmental Values' and Consumer Behavior in Base of the Pyramid Market: Ghana," *Competitiveness Review* 34, no. 4 (2024): 807–31, <https://doi.org/10.1108/CR-02-2023-0026>.

<sup>15</sup> I Gede Agus Kurniawan et al., "The Philosophical Approach to the Existence of Business Law: Comparison of Indonesia, Vietnam, and Ghana," *Jurnal Hukum Bisnis Bonum Commune* 8, no. 1 (2025): 55–76, <https://doi.org/https://doi.org/10.30996/jhbhc.v8i1.12382>.

<sup>16</sup> Rui Albuquerque, Yrjö Koskinen, and Chendi Zhang, "Corporate Social Responsibility and Firm Risk: Theory and Empirical Evidence," *Management Science* 65, no. 10 (2019): 4451–69, <https://doi.org/10.1287/mnsc.2018.3043>.

<sup>17</sup> Al Fauzi Rahmat et al., "Overseeing Cyber-Neighborhoods: How Far the Indonesian National Police Effort in Handling Cybercrime?," *International Conference on Public Organization* 209, no. Iconpo 2021 (2022): 549–55.

<sup>18</sup> Mujahiddin, Arifin Saleh, and Yurisna Tanjung, "Konstruksi Sosial Pada Praktik Pemberdayaan Masyarakat Berbasis Green Economic Di Desa Pematang Serai Kabupaten Langkat," *Jurnal Indonesia Sosial Sains* 2, no. 9 (2021): 1511–24, <https://doi.org/10.36418/jiss.v2i9.418>.

principles into their operations. John Elkington introduced the concept of the "triple bottom line" which includes profit, planet, and people, emphasizing that companies must pay attention to economic, environmental, and social aspects.

CSR is a concept that requires companies to operate by considering the social and environmental impacts of their activities. In the context of community morality, CSR serves as a bridge between business interests and social needs, creating an ecosystem where all parties benefit.<sup>19</sup> CSR can be defined as a company's moral responsibility towards its stakeholders, including local communities. According to ISO 26000, CSR is the responsibility of organizations for the impacts of their decisions and activities on society and the environment, manifested in transparent and ethical behavior.<sup>20</sup>

Companies are required to implement CSR for several fundamental reasons, both in terms of law and business ethics. Through CSR, companies can increase public trust in them. By showing concern for the environment and society, companies are not only considered to be pursuing profit, but also contributing positively to the community.<sup>21</sup> CSR helps companies build a positive image in the eyes of the public. Companies that are active in social activities tend to have a better reputation than those that do not, which in turn can attract more consumers and investors. By implementing CSR, companies can expand access to markets and resources. Involvement in social activities can open up new opportunities for businesses and improve relationships with various stakeholders, including governments and investors.<sup>22</sup> In addition to the legal aspect, CSR is also part of the company's ethical responsibility towards society and the environment. Companies are expected to contribute to creating sustainable social and environmental welfare. Companies that are active in CSR often experience increased financial performance.<sup>23</sup> Investors tend to be more attracted to companies that demonstrate a commitment to social and environmental responsibility.<sup>24</sup> Therefore, CSR is not merely a legal obligation but also a crucial strategy for companies to build strong relationships with communities and other stakeholders, ensuring their business sustainability in the future. Consequently, CSR implementation should not only be seen as a legal duty but also as a moral commitment that can positively contribute to society.

CSR offers several benefits to communities, including enhancing community well-being through programs in education, healthcare, and economic empowerment. Companies can contribute to environmental conservation through initiatives in waste management and resource sustainability.<sup>25</sup> CSR helps build good relationships between companies and local

---

<sup>19</sup> Sung Hoon Ko, Ji Young Kim, and Yongjun Choi, "Consumers' Corporate Social Responsibility Perception and Anti-Consumer Awareness: Roles of Compassion and Corporate Social Responsibility Authenticity in South Korea," *Behavioral Sciences* 13, no. 8 (2023): 2–7, <https://doi.org/10.3390/bs13080622>.

<sup>20</sup> Haitian Wei, Rasidah Mohd-Rashid, and Chai Aun Ooi, "Corruption at Country and Corporate Levels: Impacts on Environmental, Social and Governance (ESG) Performance of Chinese Listed Firms," *Journal of Money Laundering Control* 27, no. 3 (2024): 559–78, <https://doi.org/10.1108/JMLC-06-2023-0102>.

<sup>21</sup> Mazmur Pardede, "Corporate Governance, Corporate Social Responsibility, And Firm Risk: The Case Of Indonesian- Listed Firms," *Jurakunman* 16, no. 2 (2023): 281–98.

<sup>22</sup> Jenny Kristiana Matuankotta and Eric Stenly Holle, "State Recognition and Respect for the Rights of Customary Law Communities in the Maluku Islands Region in the Exploitation of Forest Resources," *SASI* 28, no. 1 (April 2022): 107, <https://doi.org/10.47268/sasi.v28i1.852>.

<sup>23</sup> Mufti Eky Juliansyah Sumarto, Abdul Rokhim, and Moh. Muhibbin, "Analisis Konsep CSR Dan Sistem Tanggung Jawab Sosial Dan Lingkungan Pada Perseroan Terbatas Yang Berasaskan Keadilan Dan Kepastian Hukum," *PERSPEKTIF* 13, no. 2 (April 2024): 498–506, <https://doi.org/10.31289/perspektif.v13i2.11226>.

<sup>24</sup> Daniel Hrcza Matthew Hodgson, Yarik Kryvoi, 2021 *Empirical Study: Costs, Damages and Duration in Investor-State Arbitration* (The British Institute of International and Comparative Law (BIICL), 2021).

<sup>25</sup> I Gede Agus Kurniawan et al., "The Business Law in Contemporary Times: A Comparison of Indonesia, Vietnam, and Ghana," *Substantive Justice International Journal of Law* 7, no. 2 (December 18, 2024): 114–41, <https://doi.org/10.56087/substantivejustice.v7i2.297>.



communities, increasing public trust in the company.<sup>26</sup> Community-based CSR is not just about fulfilling legal obligations, but about creating a real positive impact for communities. By involving communities in the planning and implementation of CSR programs, companies can ensure that initiatives are relevant and beneficial to all involved. This not only strengthens the company's position in the market but also contributes to sustainable social, economic, and environmental development.

The importance of CSR in building a company's image while providing sustainable benefits for society is also recognized by Indonesia in its legislation. In Indonesia, CSR has been accommodated in legislation since 2007, when Law Number 40 on Limited Liability Companies was passed, requiring companies to consider the social and environmental impact of their business activities. Furthermore, Government Regulation Number 47 of 2012 on the Social and Environmental Responsibility of Limited Liability Companies (Government Regulation CSR) emphasizes that every company must implement CSR as part of their social and environmental responsibility. The main goals of CSR are to improve the quality of life for communities, reduce the negative impact of business operations on the environment, build better relationships with stakeholders, and support sustainable development programs. Over time, CSR has evolved from a mere philanthropic act to an integral part of global business strategy, with more and more companies recognizing the importance of social responsibility in building reputation and long-term relationships with stakeholders.<sup>27</sup> There are several types of CSR activities that can be carried out by companies, including:<sup>28</sup> a) Community Relations focuses on communication and good relations between companies and the community; b) Community Services aims to provide services to meet community needs, such as education and health; c) Community Empowering focuses on efforts to improve the quality of life of the community by providing better access to independence.

From the various types of CSR described above, each company strives to implement effective CSR programs, enabling them to contribute to social and environmental well-being while achieving sustainable business goals. The historical development of CSR, as described above, reflects the evolution of corporate thinking and practices in interacting with society and the environment. CSR's origins can be traced back to the 18<sup>th</sup> century with textile entrepreneur Robert Owen, who introduced social responsibility through employee amenities. In the 20<sup>th</sup> century, large corporations in the United States began establishing social departments to provide philanthropic assistance. CSR practices expanded further, influenced by Milton Friedman's emphasis on profit as the primary responsibility of business, as well as global conferences such as the Earth Summit and John Elkington's "triple bottom line" concept. CSR serves as a company's moral responsibility towards society and the environment, manifested through transparency and ethics in business decisions.<sup>29</sup> CSR is not only a legal obligation but also a strategy to enhance corporate image, expand markets, and build positive relationships with stakeholders. In Indonesia, CSR has been regulated by legislation since 2007, aiming to improve the quality of life for

---

<sup>26</sup> Lina Maulidiana, *Pengaturan CSR Menuju Pembangunan Berkelanjutan*, 1st ed. (Bandar Lampung: AURA, 2018), <https://doi.org/10.31227/osf.io/v8e4r>.

<sup>27</sup> Subhabrata Bobby Banerjee, "Decolonizing Deliberative Democracy: Perspectives from Below," *Journal of Business Ethics*, no. 0123456789 (2021), <https://doi.org/10.1007/s10551-021-04971-5>.

<sup>28</sup> Rahni Andeka Pertiwi et al., "Prospect of Mineral and Coal Mining Policy," *Communale Journal* 1, no. 2 (2023): 101-14, <https://doi.org/10.22437/communale.v1i2.25879>.

<sup>29</sup> I Gede Agus Kurniawan et al., "Intellectual Property Rights and Ethics: A Comparison of Philosophical Approaches in Northern and Southern Countries," *Kosmik Hukum* 25, no. 1 (January 31, 2025): 106, <https://doi.org/10.30595/kosmikhukum.v25i1.24489>.

communities and support sustainable development. Types of CSR activities include community relations, community services, and community empowerment, focusing on communication, social services, and community empowerment. Each company is expected to implement effective CSR programs to create a positive impact on society and the environment, while achieving sustainable business goals.

## **B. Comparison of CSR Regulation and Implementation Laws in Indonesia, Malaysia, and Thailand**

The regulation of CSR as a global phenomenon is indeed enshrined in various laws and regulations across numerous countries. This research focuses on a comparative legal analysis of the regulations and practices of CSR in Indonesia, Malaysia, and Thailand. CSR regulatory reforms in Indonesia are governed by several legal instruments aimed at ensuring that companies make positive contributions to society and the environment. Article 74 of the Limited Liability Company Act mandates companies operating in sectors with significant environmental and social impact to implement social and environmental responsibilities. Companies are required to prepare annual reports detailing their CSR activities. Furthermore, the Government Regulation on CSR elaborates on the implementation of CSR as stipulated in the Limited Liability Company Act. This regulation outlines reporting procedures and the types of CSR activities companies must undertake, emphasizing that CSR programs must align with the social and environmental needs of the surrounding community. Beyond these two primary regulations, CSR is also implicitly regulated in the Financial Services Authority's regulations and the Environmental Law, which govern environmental management and the obligation of companies to mitigate the negative environmental impacts of their operations.

In Indonesia, companies operating in the natural resource sector are obligated to implement CSR both within and outside their operational areas. This obligation includes: a) Prepare an annual work plan for CSR activities after obtaining approval from the board of commissioners or GMS; b) Include budget realization for CSR implementation in the company's annual report, which must be accounted for to the GMS; c) Facing sanctions if they do not carry out CSR obligations in accordance with statutory provisions. The implementation of CSR in Indonesia can take the form of various activities, including: a) Human Resource Development; b) Community empowerment in the economic sector; c) Improving community welfare; d) Environmental conservation; e) Providing assistance to the community.

Overall, CSR regulations in Indonesia aim to encourage companies to not only focus on profits, but also play an active role in social and environmental development. Similar to regulations in Indonesia, CSR regulations in Malaysia include various regulations and initiatives aimed at encouraging companies to contribute to social and environmental development. Malaysia's Companies Act 2016, while not explicitly regulating CSR, provides a framework for companies to implement their social responsibilities.<sup>30</sup> Companies are expected to report their CSR activities in their annual reports. Bursa Malaysia requires listed companies to disclose information about their CSR activities in their annual reports.<sup>31</sup> This

---

<sup>30</sup> Haruna Babatunde Jaiyeoba et al., "Corporate Social Responsibility as an Effective Promotional Tool for the Malaysian Halal Certified Companies in the Era of Covid-19," *Journal of Islamic Marketing* 14, no. 2 (January 2023): 317–41, <https://doi.org/10.1108/JIMA-09-2020-0287>.

<sup>31</sup> Fazreena Mansor et al., "A Descriptive Analysis of Corporate Social Responsibility Research: Evidence from Malaysia," *Malaysian Journal of Social Sciences and Humanities (MJSSH)* 8, no. 8 (August 2023): 24–66, <https://doi.org/10.47405/mjssh.v8i8.2466>.

aims to increase transparency and accountability to stakeholders. The Malaysian government, through various ministries, encourages CSR practices by developing programs that focus on community empowerment, environmental protection, and sustainable development.<sup>32</sup> Malaysia is also committed to implementing the ISO 37001 anti-bribery management standard as part of its CSR initiatives

In Malaysia, CSR is not only considered a voluntary activity, but also has several aspects that can be related to the laws and regulations that govern companies. Although CSR is generally a voluntary initiative, some court decisions or Malaysian government regulations can affect how companies implement CSR, for example in terms of environmental protection, workers' rights, or transparency in corporate activities.<sup>33</sup> Although Malaysia is a common law country, to date, there are no court decisions that specifically focus on CSR in a very specific sense. However, there are some decisions that deal with broader legal aspects, such as environmental responsibility or workers' rights that include elements of CSR. Some things related to CSR in Malaysian law include:<sup>34</sup> a) Companies Act 2016. Although CSR is not explicitly regulated in this act, it regulates the obligation of companies to be responsible for their business activities, including environmental management and transparency to shareholders; b) Environmental Regulation. Legislation relating to environmental protection, such as the Environmental Quality Act 1974, may relate to CSR as companies are required to comply with standards that may include waste management and sustainability; c) Court Decisions Regarding the Environment. In some cases, companies that carry out activities that damage the environment can be faced with legal action. This includes cases related to waste management, pollution, or damage to ecosystems that are part of social and corporate responsibility.

CSR programs in Malaysia often focus on community development, including education, health, and economic empowerment. Companies are encouraged to collaborate with non-governmental organizations (NGOs) in implementing these programs. Malaysia has expressed its readiness to serve as a pilot location for CSR programs within ASEAN. This demonstrates the country's commitment to leading CSR initiatives in the region. Despite the supportive legal framework, the implementation of CSR in Malaysia still faces several challenges. While there is a requirement to report CSR activities, this reporting remains voluntary for many companies, potentially leading to a lack of transparency. The level of commitment to CSR can vary between large and small companies, as well as across different industrial sectors. Overall, CSR regulations in Malaysia aim to encourage companies to not only focus on financial profits but also to play an active role in social and environmental development.

CSR regulation in Thailand is unique and differs from many other countries. CSR in Although there are no laws explicitly regulating CSR, several guidelines and policies encourage companies to participate in social and environmental activities. CSR practices in Thailand are heavily influenced by Buddhist traditions and the economic philosophy

---

<sup>32</sup> Shinta Widyastuti Shinta Widyastuti, Masripah Masripah, and Dianwicakasih Arieftiara Dianwicakasih Arieftiara, "Comparative Study of Corporate Governance and Culture in Indonesia and Malaysia: The Effect on Tax Avoidance and Corporate Social Responsibility," *Global Business Finance* 29, no. 9 (October 2024): 14–28, <https://doi.org/10.17549/gbfr.2024.29.9.14>.

<sup>33</sup> Riska Septi Ariani, Hwihanus Hwihanus, and Fernianda Wahyu Ramadanthi, "Development of Corporate Social Responsibility Implementation (Study in Indonesia and Malaysia)," *Journal of Economics, Assets, and Evaluation* 1, no. 4 (June 2024): 10, <https://doi.org/10.47134/jae.v1i4.346>.

<sup>34</sup> Adel Ali Al-Qadasi, Belal Ali Ghaleb, and Sumaia Ayesh Qaderi, "Unlocking the Power of Internal Audit Function (IAF) and Corporate Social Responsibility (CSR): Enhancing Integrated Reporting Quality in Malaysian Companies," *Managerial Auditing Journal* 40, no. 1 (January 2025): 1–29, <https://doi.org/10.1108/MAJ-02-2024-4236>.

known as the "Sufficiency Economy," introduced by King Rama IX. This philosophy emphasizes sustainability, balance, and social responsibility as integral components of economic development. To encourage corporate commitment to CSR, the Stock Exchange of Thailand (SET) awards companies demonstrating strong CSR performance. This includes recognizing companies that make positive contributions to society and the environment.<sup>35</sup>

While CSR is voluntary, supporting regulations exist for CSR reporting. Companies listed on the SET are encouraged to report their CSR activities, although this reporting remains voluntary. Within the ASEAN context, Thailand is often considered a best-practice example in CSR implementation. It serves as a benchmark for other countries in CSR practices due to its strong cultural approach and the support from both the government and society for corporate social responsibility. Overall, CSR regulation in Thailand demonstrates that despite the absence of binding legal obligations, CSR practices remain robust through voluntary initiatives, cultural support, and recognition from relevant institutions.<sup>36</sup> This approach creates an environment where companies feel motivated to contribute to the welfare of society without any legal coercion.

Thailand is recognized as the best country in implementing CSR in the ASEAN region. Several factors that support this position include<sup>37</sup>: a) Quality of CSR Implementation: According to research by the Centre for Governance, Institutions, and Organizations at the National University of Singapore, Thailand achieved the highest score in CSR implementation quality with a score of 56.8 out of 100. This indicates that companies in Thailand have a better understanding and implementation of CSR practices compared to other countries such as Indonesia and Malaysia, which scored 48.4 and 47.7 respectively; b) Cultural Approach and Economic Philosophy: CSR practices in Thailand are heavily influenced by local culture and the "Sufficiency Economy" philosophy introduced by King Rama IX. This philosophy encourages companies to operate sustainably and be responsible towards society and the environment; c) Regulations and Awards: Although CSR is voluntary in Thailand, the government and related institutions reward companies that demonstrate a high commitment to social responsibility. The Stock Exchange of Thailand (SET) also encourages CSR reporting as part of corporate transparency and accountability; d) Exemplary Leadership: The strong influence of state leaders in encouraging CSR practices is also an important factor. The role models of community leaders and business leaders contribute to increasing awareness of social responsibility among companies. Thailand has set a high standard for CSR implementation in ASEAN through a combination of high-quality implementation, cultural support, encouraging regulations, and leadership by example. This makes Thailand a benchmark for other countries striving to improve their CSR practices.

**Table 1. Comparison of CSR Regulations In Indonesia, Malaysia, and Thailand**

CSR Regulations	Indonesia	Malaysia	Thailand
-----------------	-----------	----------	----------

<sup>35</sup> Nooch Kuasirikun and Philip Constable, “‘Boats Need Water and Tigers Need Jungle’ - Locally Constructed Corporate Social Responsibility in Thailand,” *Accounting, Auditing & Accountability Journal* 38, no. 2 (February 2025): 730–59, <https://doi.org/10.1108/AAAJ-06-2023-6526>.

<sup>36</sup> Supaporn Prasongthan, “The Effect of Employer Attractiveness and CSR on Recruiting Potential Gen Y Workers: Investigation of the Tourism Industry in Thailand,” *Journal of Management World* 2024, no. 4 (December 2024): 301–11, <https://doi.org/10.53935/jomw.v2024i4.390>.

<sup>37</sup> Prasongthan.



<b>CSR Legal Obligations</b>	Mandatory for companies in the natural resources sector.	Not explicit, but regulated in the 2016 Companies Law and other regulations.	Voluntary, no legal obligations.
<b>CSR Reporting</b>	Must report CSR budget and activities in the annual report which is accountable to the GMS.	It is mandatory to disclose CSR information in annual reports, but it is voluntary for many companies.	Voluntary, but companies listed on the Stock Exchange of Thailand (SET) are encouraged to report CSR.
<b>Main Focus of CSR Activities</b>	Human resource development, economic empowerment, environmental preservation, community welfare.	Community development, education, health, economic empowerment, environmental protection.	Community development, environment, and focus on the philosophy of "Sufficiency Economy".
<b>Approach Regulasi</b>	There are regulations governing the obligation to implement CSR and sanctions for those who violate it.	There is no explicit regulation, but there are court decisions and regulations regarding environmental protection and workers' rights related to CSR.	There is no legal obligation, but it is encouraged through awards from the Stock Exchange of Thailand and government policy.
<b>Government and Institutional Support</b>	Legislation regulates CSR in detail and encourages sustainable implementation.	The government, through the ministry, encourages CSR through programs that focus on community empowerment and sustainable development.	The government supports CSR with awards from the Stock Exchange of Thailand and policies that support sustainability principles.
<b>Cultural Influence</b>	Not specifically mentioned.	Influenced by culture and social values, although CSR is more influenced by regulations and industrial sectors.	Sangat dipengaruhi oleh filosofi ekonomi "Sufficiency Economy" yang menekankan keberlanjutan dan keseimbangan sosial.
<b>Sanctions and Rewards</b>	There are sanctions for companies that do not implement CSR according to the provisions.	There are no explicit sanctions related to CSR, but reporting and transparency can affect a company's reputation.	There are no sanctions, but companies that demonstrate high commitment to CSR can receive awards from the Stock Exchange of Thailand.
<b>Commitment to Sustainable Development</b>	Focus on sustainable social and environmental development, with clear rules.	Encouraged to contribute to social and environmental development, although CSR reporting is still voluntary.	Focus on sustainability and community well-being, driven by cultural principles and economic philosophy.

(Source: Author's Analysis)

CSR regulations in Indonesia, Malaysia, and Thailand have different approaches, although their goals are similar, namely to encourage companies to contribute to social and environmental development. In Indonesia, CSR is strictly regulated through laws and regulations, with companies being required to implement and report their CSR activities, and facing sanctions if they do not comply with the provisions. In Malaysia, although CSR is not explicitly required, companies are expected to report their CSR activities in their annual reports and are regulated by several laws related to social and environmental responsibility. In Thailand, CSR is voluntary, influenced by local culture and the philosophy of the "Sufficiency Economy", with government support through rewards and encouragement to report CSR activities. Overall, the three countries have the same goal of integrating CSR into corporate practices, but their approaches differ. Indonesia emphasizes legal obligations, Malaysia combines voluntary aspects with supportive regulations, while Thailand utilizes a cultural approach and voluntary initiatives with rewards to encourage companies to participate in CSR. Thailand is recognized as the best example of CSR implementation in the ASEAN region, with better implementation quality compared to other countries.

## CONCLUSION

CSR has evolved over time, reflecting changing corporate thinking and practices regarding their relationship with society and the environment. Beginning in the 18th century with Robert Owen's provision of employee amenities, CSR further developed in the 20th century through the social departments of large US corporations. The thinking of Milton Friedman, emphasizing profit as the primary business focus, and concepts such as John Elkington's "triple bottom line" have significantly influenced CSR's development. CSR functions as a company's moral responsibility towards society and the environment, implemented through transparency, ethics, and responsible business decisions. In Indonesia, CSR has been legally mandated since 2007, aiming to improve the quality of life and support sustainable development. CSR activities encompass community relations, social services, and empowerment, focusing on communication and positive impacts on society and the environment while supporting sustainable business objectives. CSR regulations in Indonesia, Malaysia, and Thailand demonstrate that while the overarching goal—encouraging corporate contributions to social and environmental development—is consistent across these nations, their approaches differ significantly. Indonesia employs a strong legal mandate, Malaysia integrates voluntary elements with supportive regulations, and Thailand prioritizes a culturally driven, voluntary approach complemented by government recognition and incentives. Thailand is widely acknowledged as a leading example of CSR implementation within ASEAN, exhibiting superior implementation quality compared to its counterparts.

## REFERENCES

- Al-Qadasi, Adel Ali, Belal Ali Ghaleb, and Sumaia Ayesh Qaderi. "Unlocking the Power of Internal Audit Function (IAF) and Corporate Social Responsibility (CSR): Enhancing Integrated Reporting Quality in Malaysian Companies." *Managerial Auditing Journal* 40, no. 1 (January 2025): 1-29. <https://doi.org/10.1108/MAJ-02-2024-4236>.
- Albuquerque, Rui, Yrjö Koskinen, and Chendi Zhang. "Corporate Social Responsibility and Firm Risk: Theory and Empirical Evidence." *Management Science* 65, no. 10 (2019):

4451-69. <https://doi.org/10.1287/mnsc.2018.3043>.

- Ariani, Riska Septi, Hwihanus Hwihanus, and Fernianda Wahyu Ramadanthi. "Development of Corporate Social Responsibility Implementation (Study in Indonesia and Malaysia)." *Journal of Economics, Assets, and Evaluation* 1, no. 4 (June 2024): 10. <https://doi.org/10.47134/jeae.v1i4.346>.
- Banerjee, Subhabrata Bobby. "Decolonizing Deliberative Democracy: Perspectives from Below." *Journal of Business Ethics*, no. 0123456789 (2021). <https://doi.org/10.1007/s10551-021-04971-5>.
- Barizah, Nurul. "Access and Benefit Sharing of Biodiversity for Empowering Local Communities; Case Studies in Selected Countries." *Review of International Geographical Education Online* 11, no. 4 (2021): 190-95. <https://doi.org/10.33403/rigeo.800636>.
- Budiana, Muhammad. "The Influence of Multinational Corporations on Global Political Decisions." *Journal of Student Collaboration Research* 1, no. 3 (2024).
- Diantha, I Made Pasek. *Metodologi Penelitian Hukum Normatif Dalam Justifikasi Teori Hukum*. Jakarta: Kencana, 2017.
- Fatima, Tahniyath, and Said Elbanna. "Corporate Social Responsibility (CSR) Implementation: A Review and a Research Agenda Towards an Integrative Framework." *Journal of Business Ethics* 183, no. 1 (2023): 105-21. <https://doi.org/10.1007/s10551-022-05047-8>.
- Jaiyeoba, Haruna Babatunde, Shahoriyer Hossain, Hamzah Mohd Salleh, and Amal A.M. Elgharbowy. "Corporate Social Responsibility as an Effective Promotional Tool for the Malaysian Halal Certified Companies in the Era of Covid-19." *Journal of Islamic Marketing* 14, no. 2 (January 2023): 317-41. <https://doi.org/10.1108/JIMA-09-2020-0287>.
- Khanchel, Imen, Naima Lassoued, and Rym Gargoury. "CSR and Firm Value: Is CSR Valuable during the COVID 19 Crisis in the French Market?" *Journal of Management and Governance* 27, no. 2 (2023): 575-601. <https://doi.org/10.1007/s10997-022-09662-5>.
- Khaskhelly, Farhan Zeb, Ali Raza, Hemal Azhar, Nida Zehra Zehra, Muhammad Hassan Safdar, and Maryam Khokhar. "Corporate Social Responsibility through Collaboration in the Supply Chain: Insights into a More Sustainable Economy." *Reviews of Management Sciences* 5, no. 1 (2023): 50-62. <https://doi.org/10.53909/rms.05.01.0196>.
- Ko, Sung Hoon, Ji Young Kim, and Yongjun Choi. "Consumers' Corporate Social Responsibility Perception and Anti-Consumer Awareness: Roles of Compassion and Corporate Social Responsibility Authenticity in South Korea." *Behavioral Sciences* 13, no. 8 (2023): 2-7. <https://doi.org/10.3390/bs13080622>.
- Kuasirikun, Nooch, and Philip Constable. "'Boats Need Water and Tigers Need Jungle' - Locally Constructed Corporate Social Responsibility in Thailand." *Accounting, Auditing & Accountability Journal* 38, no. 2 (February 2025): 730-59. <https://doi.org/10.1108/AAAJ-06-2023-6526>.
- Kurniawan, I Gede Agus, Fradhana Putra Disantara, Mac Thi Hoai Thuong, and Briggs Samuel Mawunyo Nutakor. "The Business Law in Contemporary Times: A

Comparison of Indonesia, Vietnam, and Ghana." *Substantive Justice International Journal of Law* 7, no. 2 (December 18, 2024): 114–41. <https://doi.org/10.56087/substantivejustice.v7i2.297>.

Kurniawan, I Gede Agus, Putu Aras Samsithawrati, Ni Ketut Supasti Dharmawan, Fradhana Putra Disantara, and Ruetaitip Chansrakaeo. "Legal Reform in Business Dispute Resolution: A Study of Legal Pluralism in Indonesia, Vietnam, and Thailand." *Journal of Law and Legal Reform* 6, no. 2 (April 30, 2025): 69–116. <https://doi.org/10.15294/jllr.v6i2.21128>.

Kurniawan, I Gede Agus, Putu Aras Samsithawrati, Fradhana Putra Disantara, Briggs Samuel Mawunyo Nutakor, and Mac Thi Hoai Thuong. "Intellectual Property Rights and Ethics: A Comparison of Philosophical Approaches in Northern and Southern Countries." *Kosmik Hukum* 25, no. 1 (January 31, 2025): 106. <https://doi.org/10.30595/kosmikhukum.v25i1.24489>.

Kurniawan, I Gede Agus, Putu Aras Samsithawrati, Fradhana Putra Disantara, Mac Thi Hoai Thuong, and Briggs Samuel Mawunyo Nutakor. "The Business Legal Policy in Indonesia, Ghana, and Vietnam: A Perspective from the Theory of Dignified Justice." *Lex Scientia Law Review* 9, no. 1 (2025): 1535–65. <https://doi.org/https://doi.org/10.15294/lslr.v9i1.18096>.

— — —. "The Philosophical Approach to the Existence of Business Law: Comparison of Indonesia, Vietnam, and Ghana." *Jurnal Hukum Bisnis Bonum Commune* 8, no. 1 (2025): 55–76. <https://doi.org/https://doi.org/10.30996/jhbbs.v8i1.12382>.

Lelisari, Lelisari, Hamdi Hamdi, and Imawanto Imawanto. "Kemunduran Pengaturan Tanggung Jawab Sosial Perusahaan Dalam Sektor Pertambangan Mineral Dan Batubara." *Jurnal IUS Kajian Hukum Dan Keadilan* 9, no. 2 (2021): 404–21. <https://doi.org/10.29303/ius.v9i2.907>.

Mansor, Fazreena, Siti Hasziani Ahmad, Roslina Ali, Fadli Dali, and Ratha Krishnan Suppiah. "A Descriptive Analysis of Corporate Social Responsibility Research: Evidence from Malaysia." *Malaysian Journal of Social Sciences and Humanities (MJSSH)* 8, no. 8 (August 2023): 24–66. <https://doi.org/10.47405/mjssh.v8i8.2466>.

Matthew Hodgson, Yarik Kryvoi, Daniel Hrcka. 2021 *Empirical Study: Costs, Damages and Duration in Investor-State Arbitration*. The British Institute of International and Comparative Law (BIICL), 2021.

Matuankotta, Jenny Kristiana, and Eric Stenly Holle. "State Recognition and Respect for the Rights of Customary Law Communities in the Maluku Islands Region in the Exploitation of Forest Resources." *SASI* 28, no. 1 (April 2022): 107. <https://doi.org/10.47268/sasi.v28i1.852>.

Maulidiana, Lina. *Pengaturan CSR Menuju Pembangunan Berkelanjutan*. 1st ed. Bandar Lampung: AURA, 2018. <https://doi.org/10.31227/osf.io/v8e4r>.

Mujahiddin, Arifin Saleh, and Yurisna Tanjung. "Konstruksi Sosial Pada Praktik Pemberdayaan Masyarakat Berbasis Green Economic Di Desa Pematang Serai Kabupaten Langkat." *Jurnal Indonesia Sosial Sains* 2, no. 9 (2021): 1511–24. <https://doi.org/10.36418/jiss.v2i9.418>.



- Naatu, Felicia, Ilan Alon, George Kofi Amoako, and Dekuwmini Mornah. "Pro-Environmental Values' and Consumer Behavior in Base of the Pyramid Market: Ghana." *Competitiveness Review* 34, no. 4 (2024): 807–31. <https://doi.org/10.1108/CR-02-2023-0026>.
- Pardede, Mazmur. "Corporate Governance, Corporate Social Responsibility, And Firm Risk: The Case Of Indonesian- Listed Firms." *Jurakunman* 16, no. 2 (2023): 281–98.
- Peng, Xuhui, Xinjian Cui, Yunqian Bai, and Yanjing Xu. "Institutional Isomorphism Pressure and Multinational Corporations' Environmental and Social Performance." *Applied Economics Letters* 30, no. 17 (October 2023): 2424–34. <https://doi.org/10.1080/13504851.2022.2097628>.
- Pertiwi, Rahni Andeka, Berliandy Haposan Manik, Azzahra Ayu Praditha, and Nur Safitri. "Prospect of Mineral and Coal Mining Policy." *Communale Journal* 1, no. 2 (2023): 101–14. <https://doi.org/10.22437/communale.v1i2.25879>.
- Prasongthan, Supaporn. "The Effect of Employer Attractiveness and CSR on Recruiting Potential Gen Y Workers: Investigation of the Tourism Industry in Thailand." *Journal of Management World* 2024, no. 4 (December 2024): 301–11. <https://doi.org/10.53935/jomw.v2024i4.390>.
- Rahmat, Al Fauzi, Dyah Mutiarin, Ulung Pribadi, and Eka Rahmawati. "Overseeing Cyber-Neighborhoods: How Far the Indonesian National Police Effort in Handling Cybercrime?" *International Conference on Public Organization* 209, no. Iconpo 2021 (2022): 549–55.
- Shinta Widyastuti, Shinta Widyastuti, Masripah Masripah, and Dianwicakasih Arieftiara Dianwicakasih Arieftiara. "Comparative Study of Corporate Governance and Culture in Indonesia and Malaysia: The Effect on Tax Avoidance and Corporate Social Responsibility." *Global Business Finance* 29, no. 9 (October 2024): 14–28. <https://doi.org/10.17549/gbfr.2024.29.9.14>.
- Sumarto, Mufti Eky Juliansyah, Abdul Rokhim, and Moh. Muhibbin. "Analisis Konsep CSR Dan Sistem Tanggung Jawab Sosial Dan Lingkungan Pada Perseroan Terbatas Yang Berasaskan Keadilan Dan Kepastian Hukum." *PERSPEKTIF* 13, no. 2 (April 2024): 498–506. <https://doi.org/10.31289/perspektif.v13i2.11226>.
- Suteki, and Galang Taufani. *Motodologi Penelitian Hukum (Filsafat, Teori, Dan Praktik)*. Cetakan 3. Depok: RajaGrafindo Persada, 2020.
- Wei, Haitian, Rasidah Mohd-Rashid, and Chai Aun Ooi. "Corruption at Country and Corporate Levels: Impacts on Environmental, Social and Governance (ESG) Performance of Chinese Listed Firms." *Journal of Money Laundering Control* 27, no. 3 (2024): 559–78. <https://doi.org/10.1108/JMLC-06-2023-0102>.

Conflict of Interest Statement: The author(s) declares that research was conducted in the absence of any commercial or financial relationship that could be construed as a potential conflict of interest.

**Copyright:** © AUTHOR. This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License. (CC-BY NC), which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

SASI is an open acces and peer-reviewed journal published by Faculty of Law Universitas Pattimura, Ambon, Indonesia.

