

Research Article

Social Sustainability Disclosures: Evaluating Sustainability Reporting in Indonesia and Malaysia

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Abstract. As the world's top producers of palm oil, Indonesia and Malaysia continue to face challenges in disclosing social issues through corporate sustainability reports. This study evaluates the disclosure of social sustainability issues in both countries, focusing on transparency and alignment with international standards, particularly the Global Reporting Initiative (GRI). Using a qualitative approach, the study analyzes secondary data of the palm oil corporate sustainability reports in Indonesia and Malaysia. Findings indicate that while both Indonesian and Malaysian firms report on social sustainability, there are differences in depth and focus. Malaysian companies disclose more consistently on occupational health and safety (GRI 403) and diversity (GRI 405), while Indonesian firms score higher on child labor (GRI 408) and non-discrimination (GRI 406), though overall disclosure in sensitive areas remains limited. The study attributes inconsistencies to regulatory differences, limited alignment with global standards, and varied stakeholder pressure. It offers insights for improving corporate accountability and guiding policy development in Southeast Asia.

Keywords: Indonesia; Malaysia; Social Issues; Social Sustainability; Sustainability Reporting.

1. Introduction

Environmental, social, and economic dimensions are the three essential pillars of a sustainable supply chain (Carter & Rogers, 2008). However, compared to the environmental and economic dimensions, the social dimension has received significantly less attention (Zorzini et al., 2015). Corporate managers often prioritize environmental and economic sustainability over social sustainability (Kusi-Sarpong et al., 2019).

In recent years, awareness of social issues within the context of sustainability has increased substantially (Govindan et al., 2021). Violations of social issues are particularly prevalent in sectors prone to labor exploitation, such as the palm oil and rubber industries. These industries have often come under scrutiny for unfair labor practices, including forced labor, low wages, and poor working conditions (Wulansari, 2017).

Indonesia and Malaysia are two of the world's leading producers of palm oil, rubber, and other plantation commodities, positioning them as key players in global supply chains (Sugarda et al., 2024). While these industries contribute significantly to national economic development, they have also been criticized for their adverse social and environmental impacts. Social sustainability challenges in these sectors often include labor issues such as labor abuses, forced labor, child labor, and underpayment, as well as negative social impacts on local communities (International Labour Organization, 2023).

Labour rights violations continue to be a deeply entrenched issue in palm oil supply chains across Southeast Asia. According to Mei et al. (2022), one of the key concerns is the lack of genuine respect for workers' rights to collective bargaining and freedom of association. While companies may formally recognize these rights, in practice, many worker unions are not truly independent, and workers often face implicit threats or fear of retaliation when they

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attempt to join the unions. This discrepancy between policy and practice highlights the systemic challenges in enforcing fundamental labour rights within the industry.

Another serious concern is the persistence of forced labour. Although not always enforced through physical coercion, certain exploitative practices create conditions that effectively trap workers in their jobs (Somiah et al., 2025). Somiah et al. (2025) explained that these include the withholding of wages, which compels workers to continue working in hopes of eventually being paid, and the imposition of recruitment fees, which can place them in debt bondage. Migrant workers are particularly vulnerable, often having their passports or identity documents retained by employers, thus limiting their freedom of movement. In addition, the imposition of unpaid, mandatory overtime under threat of job loss further contributes to a coercive work environment that qualifies as forced labour under international standards.

Child labour remains another endemic issue. Despite public commitments by palm oil companies to enforce "no child labour" policies, evidence still points to the involvement of children in plantation work (Ghani & Afriansyah, 2024). This is often driven by household economic insecurity, low adult wages, and the pressure of production quotas that require families to rely on child assistance to meet targets. These realities are exacerbated by weak monitoring and enforcement mechanisms, allowing the continued exploitation of child labour in the sector.

Low remuneration and wage-related exploitation are also widespread (Somiah et al., 2025). Workers frequently earn below minimum wage, with their pay tied to unrealistic working targets that they struggle to meet. Even when targets are reached, some companies fail to pay full wages or use temporary contract arrangements to avoid providing benefits. Such practices undermine income security and create cycles of poverty among plantation workers.

Finally, working conditions on many plantations are dangerous and tend to neglect worker welfare. Labourers are routinely exposed to toxic agrochemicals without proper protective equipment or safety training. Basic needs such as adequate housing, sanitation, and medical access are often unmet. In remote plantation areas, poor infrastructure further isolates workers from essential services, amplifying health risks and reinforcing systemic neglect.

Collectively, these labour rights abuses, ranging from violations of collective bargaining and forced labour to child labour, wage exploitation, and unsafe conditions, shows the troubling condition of the palm oil sector. As Mei et al. (2022) emphasize, addressing these systemic issues demands more than policy commitments; it requires meaningful implementation, consistent enforcement, and accountability mechanisms that empower workers and hold companies responsible for upholding international labour standards.

These issues not only threaten human dignity but also jeopardize market access by tightening international regulations. Therefore, the disclosure of social issues in sustainability reports is crucial to ensure that companies operate not solely for profit, but also in alignment with sustainability principles and social responsibility.

Sustainability reports have become a primary tool for communicating corporate social responsibility (CSR), encompassing social, economic, and environmental aspects (Aminah et al., 2024; Kuswanto, 2019). These reports function not only as a means of transparency but also as an accountability mechanism, enabling stakeholders to assess corporate contributions to sustainable development. Among the most widely adopted international standards for sustainability reporting is the Global Reporting Initiative (GRI), which provides guidance for companies in disclosing various issues, including labor practices, human rights, and social impacts on local communities.

Despite the growing importance of sustainability reporting, the quality and consistency of social issue disclosures remain a significant challenge in both Indonesia and Malaysia (Natalina, 2022). Differences in national regulations, corporate preparedness, and stakeholder pressure have contributed to varying levels of depth and transparency in disclosed information. While some companies report comprehensively using international standards such as GRI, others provide only general information or minimal compliance with local regulations.

One major factor contributing to inconsistencies in social disclosures is the lack of harmonization between national regulations and international standards (Khan et al., 2011). In Indonesia, sustainability reporting is governed by regulations on Corporate Social and Environmental Responsibility (TJSL), which mandate certain companies to publish CSR reports. Meanwhile, in Malaysia, Bursa Malaysia has issued the Sustainability Reporting

Guidelines, requiring listed companies to disclose sustainability-related aspects in their reports (Wong et al., 2019). Although both countries have their own policies, differences in scope and implementation have resulted in discrepancies in the quality, transparency, and accountability of social disclosures.

This lack of harmonization presents challenges for stakeholders, who increasingly demand more standardized and transparent reporting. Without alignment with international frameworks such as GRI or other global standards, companies in both countries risk losing stakeholder trust. Therefore, greater efforts are needed to align local regulations with international standards to improve the transparency, accuracy, and utility of social disclosures in sustainability reports.

Previous studies, such as Sarumpaet & Fauzi (2021) have examined social disclosures in Indonesia. The study found that the average disclosure level of modern slavery in 2018 annual reports was very low, with an average index score of only 0.1325 out of 13 items, and most disclosures were narrative in nature and favorable to the reporting entity. Building on this work, the present study compares the disclosure of social issues in sustainability reports of palm oil companies in Indonesia and Malaysia. It aims to assess differences in disclosure quality as well as variations in the regulatory landscape affecting social sustainability reporting in the two countries.

The objective of this study is to evaluate the extent to which companies in Indonesia and Malaysia disclose social issues in accordance with international standards such as GRI. Using a qualitative approach, this research analyzes secondary data obtained from sustainability reports, corporate websites, legal documents, and international organization reports, including those from the International Labour Organization (ILO) and the Walk Free Foundation. Through this analysis, the study seeks to identify gaps in reporting practices and the factors that influence the quality of social disclosures in sustainability reporting.

The findings of this study are expected to offer policy recommendations for aligning sustainability reporting regulations in Indonesia with international standards and to encourage companies to improve the quality of their social disclosures. Furthermore, the study may serve as a reference for the private sector to understand the importance of transparency in social issues as part of long-term sustainability. Enhancing corporate accountability in social dimensions is anticipated to strengthen social sustainability in Southeast Asia, supporting more inclusive and equitable economic development.

2. Literature Review

Social Sustainability in CSR Reporting

Social sustainability focuses on the fair and ethical treatment of individuals and communities within corporate operations, emphasizing labor rights, human rights, community engagement, and equitable development (Yawar & Seuring, 2017). In industries such as palm oil plantations, where labor exploitation and social injustices have been widely reported, social sustainability disclosure becomes critical for corporate accountability. Transparent reporting of social practices is essential not only to protect vulnerable stakeholders but also to enhance corporate reputation, secure investor confidence, and meet the growing expectations of socially conscious consumers.

GRI Standards for Social Disclosure

The Global Reporting Initiative (GRI) provides internationally recognized standards for sustainability reporting. The GRI Standards, particularly the GRI 400 series, offer detailed guidelines for the disclosure of social practices, including employment, occupational health and safety, diversity and equal opportunity, non-discrimination, child labor, and forced labor (Global Reporting Initiative, 2016). Adoption of the GRI Standards allows companies to align their sustainability disclosures with global expectations, offering a structured approach to reporting on social issues. In the plantation sector, GRI-based reporting can serve as an important mechanism to demonstrate corporate commitments to labor rights and social responsibility in global supply chains.

Institutional Theory

Institutional theory posits that organizational behavior is shaped by external pressures from regulatory frameworks, industry norms, and stakeholder expectations (DiMaggio & Powell, 1983). Companies may adopt particular disclosure practices not only based on internal motivations but also due to coercive pressures such as legal regulations, normative pressures

such as professional standards, and mimetic pressures such as copying practices of leading firms. In the context of Indonesia and Malaysia, differences in national regulations and international stakeholder pressures may influence the extent and quality of social sustainability disclosures in the plantation sector.

Stakeholder Theory

Stakeholder theory emphasizes that companies have obligations not just to shareholders but to all stakeholders, including employees, customers, suppliers, communities, and regulators (Freeman, 1984 as cited in Kwade et al., 2025). Transparent disclosure of social sustainability practices can help companies build trust, reduce risk, and maintain legitimacy among diverse stakeholder groups. In highly scrutinized industries such as palm oil, effective stakeholder engagement through comprehensive sustainability reporting is crucial for long-term business viability.

3. Materials and Method

This study uses a qualitative approach with document analysis of sustainability reports published by Indonesian and Malaysian palm oil companies. The subjects in the study were palm oil companies in Indonesia and Malaysia. The criteria used in selecting subjects were companies that published annual reports, sustainability reports, and other information through the company's website in 2023.

This study has the following stages:

- a. Collecting company report data
Sustainability reports can be accessed through the website www.globalreporting.org and the official website of each company.
- b. Using the GRI social sustainability disclosure assessment instrument
The instruments used to measure the social dimension are the indicators in the GRI G4 Guidelines. GRI indicators are claimed to have higher validity and accuracy than other indicators (Bhatia & Tuli, 2018). The GRI G4 guidelines cover economic, social, and environmental dimensions. There are 47 categories detailed into 91 indicators in the GRI G4 guidelines that explain disclosure items in corporate sustainability. The social dimension consists of several dimensions, namely:
 - 1) GRI 401 (Employment)
 - 2) GRI 402 (Labor/Management Relations)
 - 3) GRI 403 (Occupational Health and Safety)
 - 4) GRI 404 (Training and Education)
 - 5) GRI 405 (Diversity and Equal Opportunity)
 - 6) GRI 406 (Non-discrimination)
 - 7) GRI 408 (Child Labor)
 - 8) GRI 409 (Forced or Compulsory Labor)
 - 9) GRI 414 (Supplier Social Assessment)
- c. Making keywords of each GRI number
 - 1) GRI 401: "employment", "recruitment", "hiring", "termination", "employee benefits"
 - 2) GRI 402: "labor management relations", "collective bargaining", "freedom of association"
 - 3) GRI 403: "occupational health", "safety", "workplace safety", "health and safety"
 - 4) GRI 404: "training", "education", "career development", "training hours"
 - 5) GRI 405: "diversity", "equal opportunity", "gender equality", "minority groups"
 - 6) GRI 406: "non-discrimination", "anti-discrimination", "equal treatment"
 - 7) GRI 408: "child labor", "underage worker", "no child labor"
 - 8) GRI 409: "forced labor", "compulsory labor", "modern slavery"
 - 9) GRI 414: "supplier social assessment", "supplier evaluation", "supply chain", "social impact".
- d. Using python software to analyze the disclosure of each company.
- e. Score 0 to 3 was given to each GRI disclosure, where 0 is indicating no disclosure, 1 partial disclosure, 2 higher disclosure than partial, or 3 full disclosures.
- f. Conducting qualitative and quantitative analysis of the results, namely the number of companies that make disclosures, the number of disclosure points made, and the completeness of the explanation in the disclosure of social sustainability. Indicators are assessed by measuring how fully the company discloses information in percentage units.

- g. Drawing conclusions regarding the quality of social sustainability disclosure by palm oil companies in Indonesia and Malaysia.

4. Results

This study evaluated the implementation of Global Reporting Initiative (GRI) social standards in the CSR disclosures of selected Indonesian and Malaysian plantation companies. The evaluation focuses on key social indicators (GRI 401, 402, 403, etc.) to compare the level of disclosure and highlight strengths and gaps between the two countries. There were 16 Indonesian and 9 Malaysian palm oil companies that were analyzed. From their sustainability report, the social aspects of sustainability were checked using the GRI social sustainability disclosure assessment instrument. The result is shown in the table below.

Table 1. The Disclosure of Indonesian Palm Oil Companies.

No.	Company	GRI 401	GRI 402	GRI 403	GRI 404	GRI 405	GRI 406	GRI 408	GRI 409	GRI 414
1.	MGRO	3	1	3	3	3	3	1	1	1
2	AALI	3	3	3	3	3	3	0	3	3
3	ANDI	3	0	3	3	1	1	1	1	1
4	ANJT	1	0	2	1	0	0	0	0	1
5	BWPT	3	1	3	3	3	0	3	3	3
6	DNBP	3	1	3	3	3	3	3	1	2
7	GZCO	3	0	1	3	1	0	1	3	0
8	JAWA	1	1	3	3	3	1	1	1	1
9	LSIP	3	3	3	3	1	1	1	1	3
10	MAGP	3	3	3	3	3	3	1	1	1
11	PALM	1	0	2	2	1	0	1	1	0
12	SGRO	3	1	3	3	3	1	3	3	3
13	SIMP	3	3	3	3	1	1	1	3	3
14	SMAR	3	1	1	3	1	1	0	0	3
15	SSMS	3	3	3	3	1	3	3	1	3
16	UNSP	2	1	3	3	1	1	1	1	3

Table 2. The Disclosure of Malaysian Palm Oil Companies.

No.	Company	GRI 401	GRI 402	GRI 403	GRI 404	GRI 405	GRI 406	GRI 408	GRI 409	GRI 414
1.	Sime Darby Plantation Berhad	3	1	3	3	3	0	0	3	3
2.	IOI Corporation Berhad	3	3	3	3	3	1	3	3	3
3.	Kuala Lumpur Kepong Berhad	1	0	3	2	1	0	0	0	0
4.	Felda Golden Ventures	3	3	3	3	3	1	0	1	3
5.	United Plantation Berhad	3	3	3	3	3	3	3	3	3
6.	Genting Plantations Berhad	3	3	3	3	3	3	0	3	3
7.	TDM Berhad	3	1	3	3	1	0	0	1	3
8.	Johor Plantations Berhad	3	3	3	3	3	0	0	1	3

9.	TH									
	Plantations	1	1	3	3	1	0	0	0	1

The analysis revealed that Malaysian companies, on average, demonstrated slightly higher levels of disclosure compared to Indonesian companies. Specifically, Malaysian firms achieved higher average scores in six out of nine GRI social topics, notably in *Occupational Health and Safety (GRI 403)* and *Diversity and Equal Opportunity (GRI 405)*.

Conversely, Indonesian companies exhibited stronger disclosures in *Non-discrimination (GRI 406)* and *Child Labor (GRI 408)* indicators. Across both countries, *Training and Education (GRI 404)* and *Occupational Health and Safety (GRI 403)* were consistently reported with high completeness, indicating an emphasis on employee development and safety. However, low scores in *Child Labor (GRI 408)* and *Non-discrimination (GRI 406)* suggest that sensitive labor issues remain underreported, particularly among Malaysian companies.

Based on the data above, the comparative analysis was made between Indonesia and Malaysia, with the result shown below.

Table 3. Average Score per GRI Topic (Indonesia vs Malaysia).

GRI Standard	Indonesia Average Score	Malaysia Average Score	Higher
GRI 401 (Employment)	2.56	2.56	Tie
GRI 402 (Labor/Management Relations)	1.38	2.00	Malaysia
GRI 403 (Occupational Health and Safety)	2.63	3.00	Malaysia
GRI 404 (Training and Education)	2.81	2.89	Malaysia
GRI 405 (Diversity and Equal Opportunity)	1.81	2.33	Malaysia
GRI 406 (Non-discrimination)	1.38	0.89	Indonesia
GRI 408 (Child Labor)	1.31	0.67	Indonesia
GRI 409 (Forced or Compulsory Labor)	1.50	1.67	Malaysia
GRI 414 (Supplier Social Assessment)	1.94	2.44	Malaysia
Overall Average	1.92	2.04	Malaysia

Malaysian companies showed stronger reporting in labor management relations (GRI 402), occupational health and safety (GRI 403), diversity (GRI 405), and supply chain assessment (GRI 414). Indonesian companies were relatively stronger in disclosing non-discrimination (GRI 406) and child labor issues (GRI 408). Malaysia has slightly better scores for some topics but Indonesia is close behind.

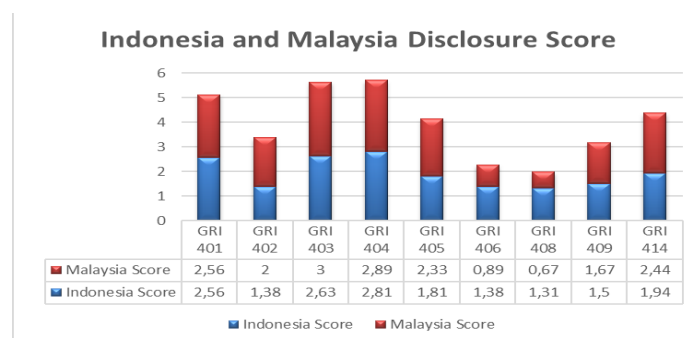


Figure 1. Comparison of Indonesia and Malaysia's disclosure scores across selected GRI social indicators.

This chart illustrates the average disclosure scores of companies in Indonesia and Malaysia for specific GRI social topics: Employment (GRI 401), Labor/Management Relations (GRI 402), Occupational Health and Safety (GRI 403), Training and Education (GRI 404), Diversity and Equal Opportunity (GRI 405), Non-discrimination (GRI 406), Child Labor (GRI 408), Forced or Compulsory Labor (GRI 409), and Supplier Social Assessment (GRI 414). Malaysian companies demonstrate stronger disclosures in most indicators, particularly in GRI 403, 404, and 414, while Indonesian companies perform

relatively better or comparably in GRI 406, 408, and 409. The results highlight cross-country differences in the emphasis and depth of social sustainability reporting.

4. Discussions

Malaysian companies demonstrated comparatively stronger reporting performance in several key social sustainability dimensions, including labor management relations (GRI 402), occupational health and safety (GRI 403), diversity and equal opportunity (GRI 405), and supplier social assessment (GRI 414). These areas reflect a greater organizational focus on workforce well-being and supply chain responsibility. On the other hand, Indonesian companies exhibited relatively stronger disclosures concerning non-discrimination (GRI 406) and child labor (GRI 408), suggesting a targeted approach to addressing human rights and social justice issues. While Malaysia marginally outperforms Indonesia in a broader range of GRI indicators, the gap between the two countries remains narrow, indicating that both are actively engaging with the GRI framework in their sustainability reporting.

These findings align with previous studies that highlight the challenges in achieving full transparency regarding sensitive social issues within the plantation sector in Southeast Asia. For instance, a research from (Latif et al., 2023) found that there are large differences of quality in sustainability disclosures in Malaysian plantation firms. Another research from (Apriwandi, 2022) indicates that the social disclosure in the Indonesian palm oil plantation companies listed in the stock exchange is weaker than environmental or general disclosures. This variation underscores the need for stronger regulatory frameworks and greater organizational commitment to holistic social sustainability reporting practices. Enhancing transparency across all relevant GRI social indicators will enable companies to better align with global expectations for environmental, social, and governance (ESG) accountability.

Based from the analysis of social disclosure in the sustainability reports, there were differences in the social disclosure between each country. Malaysia and Indonesia both has strength and weaknesses in their disclosures. The analysis of strength and weaknesses from each country is shown the table below.

Table 4. Strengths and Weaknesses per Country.

Indonesia's Strengths:	Indonesia's Weaknesses:
• GRI 404 (Training and Education): 2.81 • GRI 403 (Occupational Health and Safety): 2.63 • GRI 401 (Employment): 2.56	• GRI 408 (Child Labor): 1.31 • GRI 406 (Non-discrimination): 1.38 • GRI 402 (Labor/Management Relations): 1.38
Malaysia's Strengths:	Malaysia's Weaknesses:
• GRI 403 (Occupational Health and Safety): 3.00 • GRI 404 (Training and Education): 2.89 • GRI 401 (Employment): 2.56	• GRI 408 (Child Labor): 0.67 • GRI 406 (Non-discrimination): 0.89

Training and Education (GRI 404) and Occupational Health & Safety (GRI 403) are the best reported topics in both countries. In the contrary, Child Labor (GRI 408) and Non-discrimination (GRI 406) are serious weaknesses, especially in Malaysia. Indonesia shows relatively better disclosure regarding sensitive labor topics compared to Malaysia. Indonesia strengths are the disclosure of Training and education, and employment, while the weaknesses are disclosure in Non-discrimination and also child labor. Malaysia strengths are the disclosure of occupational health and safety, training and education, while their weaknesses are child labor and non-discrimination.

The results suggest that Malaysian palm oil companies exhibit a more structured and consistent approach toward social sustainability reporting, likely driven by stricter regulatory frameworks such as Bursa Malaysia's mandatory Sustainability Reporting Guidelines. Furthermore, Malaysia's exposure to international markets could further incentivize higher disclosure quality.

In contrast, Indonesian companies, while moderately transparent, display a more uneven reporting pattern. Companies were more likely to disclose on high-visibility issues such as employment benefits and workplace safety, but often underreported sensitive topics such as forced labor and discrimination.

These findings are consistent with Institutional Theory, which posits that firms respond to external institutional pressures such as laws, regulations, and stakeholder expectations (DiMaggio & Powell, 1983). Malaysian firms may experience stronger pressures both domestically and internationally to adhere to global sustainability norms.

The comparative findings highlight both progress and ongoing challenges in the implementation of social sustainability disclosures within the plantation sectors of Indonesia and Malaysia. While both countries show moderate to high levels of reporting on selected GRI standards, the emphasis appears to differ across specific indicators. Malaysian companies exhibit stronger performance in Occupational Health and Safety (GRI 403) and Diversity and Equal Opportunity (GRI 405), which may reflect more mature corporate governance practices and regulatory enforcement mechanisms in the region. This observation aligns with the study by Abdul Latif et al. (2023), which found that internal governance mechanisms—such as board size, the presence of women directors, and the existence of sustainability committees—significantly improve the quality of sustainability disclosures among Malaysian plantation companies. Additionally, Malaysia's blend of regulatory requirements and voluntary initiatives, including mandatory sustainability reporting by Bursa Malaysia, has driven strategic integration of CSR into business operations, leading to more consistent and impactful outcomes (Ariani & Ramadanthi, 2024).

In contrast, Indonesian firms showed higher average disclosure in *Child Labor* (GRI 408) and *Non-discrimination* (GRI 406), suggesting a targeted response to labor-related reputational risks and NGO pressure. However, both countries demonstrate underreporting in these sensitive topics, which could be attributed to a lack of verifiable data, the complexity of plantation labor dynamics, or the fear of negative stakeholder reactions. These gaps highlight the limitations of voluntary disclosure systems and suggest a need for stronger institutional support and standardized monitoring mechanisms. Moreover, the consistently high scores in *Training and Education* (GRI 404) and *Employment* (GRI 401) across both countries point to a growing corporate awareness of human capital development as a strategic asset.

The results suggest that Malaysian palm oil companies exhibit a more structured and consistent approach toward social sustainability reporting, likely driven by stricter regulatory frameworks such as Bursa Malaysia's mandatory Sustainability Reporting Guidelines. Furthermore, Malaysia's exposure to international markets—particularly the European Union's sustainable sourcing requirements—could further incentivize higher disclosure quality. In contrast, Indonesian companies, while moderately transparent, display a more uneven reporting pattern. Companies were more likely to disclose on high-visibility issues such as employment benefits and workplace safety, but often underreported sensitive topics such as forced labor and discrimination.

The differences in sustainability reporting between Malaysian and Indonesian companies can be better understood through the lens of Institutional Theory, which emphasizes the influence of formal and informal structures, cultural norms, and regulatory environments on organizational behavior. Malaysian companies' stronger performance in areas such as labor management (GRI 402), occupational health and safety (GRI 403), and supply chain social assessments (GRI 414) may be attributed to more mature institutional pressures and governance mechanisms. Malaysia's broader exposure to international markets and stronger alignment with global sustainability frameworks likely exerts coercive pressure on firms to adopt more comprehensive social disclosures. These findings are consistent with DiMaggio and Powell's (1983) concept of isomorphism, where organizations conform to industry norms due to regulatory mandates (coercive), mimicking leading firms (mimetic), or internalizing professional standards (normative).

In contrast, the Indonesian context reveals a different pattern of institutional influence. While Indonesia is making progress in adopting global reporting standards, companies there appear more focused on specific issues such as non-discrimination (GRI 406) and child labor (GRI 408), possibly due to localized stakeholder pressure or the monitoring from NGO's.

Stakeholder Theory provides another useful framework to analyze these results. According to Freeman (1984, as cited by (Priscilla Kwade et al., 2025) , firms are accountable not just to shareholders but to a wide range of stakeholders including employees, communities, suppliers, and regulators. Malaysian companies' broader disclosures across multiple GRI indicators suggest a strategic effort to engage diverse stakeholder groups and respond to growing societal expectations. By reporting on occupational safety and supply chain practices, Malaysian firms are addressing the concerns of both internal stakeholders (e.g., workers) and external ones (e.g., investors, NGOs, and global buyers).

Indonesian firms, while perhaps operating in a different stakeholder environment, appear to focus their reporting on socially sensitive issues such as child labor and discrimination. This targeted disclosure strategy may be driven by international NGOs and consumer advocacy groups, who frequently spotlight these issues in global supply chains. Thus, Indonesian firms may be responding more reactively to stakeholder pressure, prioritizing areas of highest reputational risk.

Together, these theoretical perspectives highlight that sustainability reporting is not merely a technical exercise but a socially embedded process shaped by both institutional constraints and stakeholder dynamics. Strengthening the institutional environment—through regulatory enforcement, industry standards, and capacity building—can lead to more uniform and credible sustainability disclosures. Likewise, fostering meaningful stakeholder engagement can encourage companies to go beyond compliance and adopt a more proactive approach to social responsibility.

The regulatory landscape significantly influences the quality and consistency of social sustainability disclosures. In Indonesia, the main legal basis for CSR and sustainability reporting is Article 74 of the Limited Liability Company Law (Law No. 40/2007), which mandates companies engaged in natural resource exploitation to carry out and report Corporate Social and Environmental Responsibility (TJSL). Further elaboration is provided through Government Regulation No. 47/2012, which outlines reporting obligations. However, these laws are relatively broad and lack detailed standards or enforcement mechanisms for specific social issues such as labor rights or discrimination. Moreover, the implementation of GRI Standards remains voluntary, and third-party assurance is rare.

In contrast, Malaysia has taken a more structured approach. Since 2016, Bursa Malaysia, the country's stock exchange, has required all listed companies to publish Sustainability Statements as part of their annual reports under the Main Market Listing Requirements. These requirements explicitly encourage alignment with global frameworks such as GRI and ISO 26000. In addition, the Sustainability Reporting Guide issued by Bursa Malaysia offers detailed guidance on reporting practices, stakeholder engagement, and materiality assessment. While the requirement remains relatively flexible, it has resulted in more comprehensive disclosures among listed companies, particularly on topics such as workplace diversity, occupational health and safety, and supply chain assessments.

This contrast illustrates the role of institutional pressure, as outlined in Institutional Theory. Malaysian companies operate within a tighter regulatory framework and a more mature capital market, which exerts normative and coercive pressures to report comprehensively. In Indonesia, where enforcement is weaker and requirements are less standardized, companies may adopt a more symbolic or selective approach to disclosure, particularly on sensitive social topics. These regulatory differences help explain the observed variations in the depth and quality of GRI-based social disclosures across the two countries.

Indonesia mandates CSR disclosure only for resource-based companies under Law 40/2007, Malaysia requires all publicly listed companies to comply with CSR reporting requirements as stipulated by Bursa Malaysia. This broader scope of mandatory disclosure in Malaysia suggests a stronger institutional commitment to transparency. Additionally, while the use of GRI standards remains voluntary in Indonesia, Malaysia explicitly encourages GRI-based reporting through official guidelines, contributing to more standardized and comparable disclosures. Enforcement mechanisms also differ significantly: Malaysia benefits from more structured monitoring and enforcement, whereas Indonesia continues to struggle with weak compliance oversight. Furthermore, third-party assurance practices, which enhance the credibility of sustainability reports, are rare in Indonesia but are becoming increasingly common in Malaysia. These institutional differences help explain the variation in disclosure quality observed across both countries and underscore the critical role of governance structures in shaping corporate sustainability practices.

Low disclosure levels on sensitive issues such as child labor (GRI 408) and non-discrimination (GRI 406) in both countries are particularly concerning. Several reasons may explain this pattern, which are fear of reputational damage, lack of verifiable internal data, weak internal auditing processes, cultural reluctance to openly discuss labor violations. As (Yawar & Seuring, 2017) highlighted, social issues are more challenging to disclose than environmental ones because of their deeply human, often controversial nature.

6. Conclusion

This study evaluated the extent to which plantation companies in Indonesia and Malaysia incorporate social indicators from the Global Reporting Initiative (GRI) Standards in their corporate social responsibility (CSR) disclosures. The findings demonstrate a growing commitment to social sustainability reporting across both countries, with many companies showing moderate to high levels of engagement. However, the depth, clarity, and consistency of these disclosures remain uneven, varying significantly by both topic and national context. Malaysian companies tend to lead in areas such as occupational health and safety and diversity and equal opportunity, which may reflect stronger regulatory frameworks and more mature CSR practices. Conversely, Indonesia shows relative strengths in addressing issues like non-discrimination and child labor, although overall scores remain modest.

Despite these advancements, several critical areas—especially those involving labor-related human rights concerns—require urgent and sustained attention. Indicators such as child labor (GRI 408) and non-discrimination (GRI 406) continue to be underreported or superficially addressed, suggesting a gap between policy commitments and actual implementation. This underscores the need for more robust regulatory oversight, clearer reporting guidelines, and independent third-party assurance mechanisms to enhance the credibility and comparability of sustainability reporting.

The comparative analysis also points to the potential benefits of cross-border learning and regional collaboration, where industry actors in both countries could share best practices and collectively elevate social reporting standards in the plantation sector. Moving forward, future research should consider longitudinal studies to track disclosure trends over time, as well as stakeholder interviews, including voices from labor groups, regulators, and civil society, to gain deeper insights into the motivations, barriers, and real-world impacts of CSR transparency. In conclusion, while the progress observed in both Indonesia and Malaysia is encouraging, it is clear that significant work remains to ensure that CSR reporting not only fulfills formal requirements but also serves as a genuine tool for improving labor conditions and protecting human rights in the palm oil industry.

Limitations and Suggestions

This study is subject to several limitations. First, the analysis is restricted to the plantation sector and may not generalize to other industries in Indonesia and Malaysia. Future studies could broaden the scope to include manufacturing, mining, or service sectors.

Second, the study relies solely on publicly disclosed information, which may not fully capture the actual practices within companies. Some firms may engage in substantive social sustainability practices without comprehensive external disclosure.

Third, the study employs a document-based content analysis, without direct engagement with corporate managers or stakeholders. Future research could incorporate interviews, surveys, or case studies to gain deeper insights into the motivations, challenges, and decision-making processes behind disclosure practices. Finally, longitudinal studies tracking changes in social sustainability reporting over time would be valuable to assess the impact of evolving regulations, stakeholder pressures, and international standards on corporate behavior.

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