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DO TAX AVOIDANCE AND FIRM OWNERSHIP MATTER FOR SUSTAINABLE FINANCE DISCLOSURE? EVIDENCE FROM THE LISTED BANKS IN ASEAN COUNTRIES

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ABSTRACT

Purpose: The rise of sustainability concern has brought the sustainable finance disclosure to the financial industry. Our study examines the effect of tax avoidance and firm ownership on sustainable finance disclosure in the Listed Banks in ASEAN Countries.

Theoretical framework: The study explores the sustainable finance phenomenon by following the concept of agency theory and institutional theory.

Design/methodology/approach: Using purposive sampling method, we generate a set of panel data with a total of 327 observations from 109 banks during 2017-2019, analyzed with panel data regression.

Findings: We discover that the level of sustainable finance disclosure in ASEAN banking industry is still low in overall, despite the practice in Singapore has been considerably high. Empirical analysis with panel data regression reveals that government ownership has positive effect on sustainable finance disclosure, emphasizing the role of government shareholders in boosting sustainable finance disclosure practice. Meanwhile, family ownership and tax avoidance exhibit no significant effect. This research contributes to the development of the literature as one of the initial studies investigating sustianable finance disclosure in ASEAN.

Research, Practical & Social implications: We also bring several implications for the improvement of sustainable finance disclosure in ASEAN banking sector. The enforcement for sustainable finance disclosure should be increased by maximizing the role of the government and business regulators. Banks should also participate properly in sustainable finance disclosure regardless of the financial and ownership aspects and thus can help achieve sustainable development goals.

Originality/value: The study provides new insights regarding the impact of tax avoidance and firm ownership in ASEAN banking sector.

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A EVISÃO FISCAL E A PROPRIEDADE DA EMPRESA IMPORTAM PARA A DIVULGAÇÃO DE FINANÇAS SUSTENTÁVEIS? EVIDÊNCIA DOS BANCOS LISTADOS NOS PAÍSES DA ASEAN

RESUMO
Objetivo: O aumento da preocupação com a sustentabilidade trouxe a divulgação de finanças sustentáveis para o setor financeiro. Nosso estudo examina o efeito da evasão fiscal e da propriedade da empresa na divulgação de finanças sustentáveis nos bancos listados nos países da ASEAN.
Referencial teórico: O estudo explora o fenômeno das finanças sustentáveis seguindo o conceito de teoria da agência e teoria institucional.
Desenho/metodologia/abordagem: Usando o método de amostragem intencional, geramos um conjunto de dados de painel com um total de 327 observações de 109 bancos durante 2017-2019, analisados com regressão de dados de painel.
Resultados: Descobrimos que o nível de divulgação financeira sustentável no setor bancário da ASEAN ainda é baixo em geral, apesar da prática em Cingapura ter sido consideravelmente alta. A análise empírica com regressão de dados em painel revela que a propriedade do governo tem efeito positivo na divulgação de finanças sustentáveis, enfatizando o papel dos acionistas do governo em impulsionar a prática de divulgação de finanças sustentáveis. Enquanto isso, propriedade familiar e elisão fiscal não apresentam efeito significativo. Esta pesquisa contribui para o desenvolvimento da literatura como um dos estudos iniciais que investigam a divulgação de finanças sustentáveis na ASEAN.
Implicações de pesquisa, práticas e sociais: Também trazemos várias implicações para a melhoria da divulgação financeira sustentável no setor bancário da ASEAN. A aplicação da divulgação de finanças sustentáveis deve ser aumentada maximizando o papel do governo e dos reguladores de negócios. Os bancos também devem participar adequadamente na divulgação de finanças sustentáveis, independentemente dos aspectos financeiros e de propriedade e, assim, podem ajudar a atingir as metas de desenvolvimento sustentável.
Originalidade/valor: O estudo fornece novos insights sobre o impacto da evasão fiscal e propriedade da empresa no setor bancário da ASEAN.

Palavras-chave: Divulgação, Finanças Sustentáveis, Evasão Fiscal, Propriedade Governamental, Propriedade Familiar.

¿IMPORTAN LA EVACIÓN DE IMPUESTOS Y LA PROPIEDAD DE LA EMPRESA PARA LA DIVULGACIÓN DE FINANZAS SOSTENIBLES? EVIDENCIA DE LOS BANCOS COTIZADOS EN LOS PAÍSES DE LA ASEAN

RESUMEN
Propósito: El aumento de la preocupación por la sostenibilidad ha llevado la divulgación de las finanzas sostenibles a la industria financiera. Nuestro estudio examina el efecto de la elusión fiscal y la propiedad de empresas en la divulgación de finanzas sostenibles en los bancos que cotizan en bolsa en los países de la ASEAN.
Marco teórico: El estudio explora el fenómeno de las finanzas sostenibles siguiendo el concepto de teoría de la agencia y la teoría institucional.
Diseño/metodología/enfoque: Utilizando el método de muestreo intencional, generamos un conjunto de datos de panel con un total de 327 observaciones de 109 bancos durante 2017-2019, analizados con regresión de datos de panel.
Hallazgos: Descubrimos que el nivel de divulgación de finanzas sostenibles en la industria bancaria de la ASEAN sigue siendo bajo en general, a pesar de que la práctica en Singapur ha sido considerablemente alta. El análisis empírico con regresión de datos de panel revela que la propiedad del gobierno tiene un efecto positivo en la divulgación de información financiera sostenible, lo que enfatiza el papel de los accionistas del gobierno para impulsar la práctica de divulgación de información financiera sostenible. Mientras tanto, la propiedad familiar y la elusión fiscal no muestran un efecto significativo. Esta investigación contribuye al desarrollo de la literatura como uno de los estudios iniciales que investigan la divulgación de finanzas sostenibles en la ASEAN.
Implicaciones de investigación, prácticas y sociales: también traemos varias implicaciones para la mejora de la divulgación de finanzas sostenibles en el sector bancario de la ASEAN. La aplicación de la divulgación de las finanzas sostenibles debe incrementarse maximizando el papel del gobierno y los reguladores comerciales. Los bancos también deben participar adecuadamente en la divulgación de finanzas sostenibles, independientemente de los aspectos financieros y de propiedad, y así pueden ayudar a alcanzar los objetivos de desarrollo sostenible.
Originalidad/valor: el estudio proporciona nuevos conocimientos sobre el impacto de la elusión fiscal y la propiedad de empresas en el sector bancario de la ASEAN.

Palabras clave: Divulgación, Finanzas Sostenibles, Elusión Fiscal, Propiedad Estatal, Propiedad Familiar.

INTRODUCTION

Information disclosure has become one of the most important aspect in corporate business communication (Zhang & Yang, 2021). It plays a significant role in managing the relationship with the stakeholders and brought various benefit such as creating impression (Chong & Rahman, 2020), image, reputation, and values (López-Pérez et al., 2018) to the firm. At the same time, corporate sustainability has drawn a massive attention in the business world. It becomes a important part in management decision making (Windolph et al., 2014), accounting practice (Gray, 2010; Schaltegger et al., 2006), and reporting practice (Amidjaya & Widagdo, 2020), specifically following the realization of sustainable development goals initiated by the United Nation (Wu & Clark, 2016). As a result, business entities are demanded to deliver positive impact of there operation on the society and environment (Tandoh et al., 2022). In response, business regulators around the world has set various attempt to support sustainable development goals from business firms (Patuelli et al., 2022), one of which is by practicing sustainable finance disclosure.

The practice of sustainable finance is not only relying on maximizing business profit but also contributing to environment, social, and governance. In practice, financial service industry is one of the most significant business sector that contributes to the realization of SDGs by providing the funding to other industry sectors for the sake of running their business. Many countries have appointed the financial sector as the initiator of sustainable finance practice. One of the regions that adopt this policy is the ASEAN region as the urgency of dealing with sustainability issues is considerably great.

In response to ESG isues, the business regulators in ASEAN countries released specific regulation that guides the practice of sustainable finance disclosure such as Vietnam with *State Bank of Vietnam* (SBV) regulation number 03/CT-NHNN about *Promoting Green Credit Growth and E&S Risks Management in Credit* and 1604/QD-NHNN about argument scheme *Development of Green Bank*, Singapura with *The Association of Banks in Singapore* (ABS) regulation about *Guidelines on Responsible Financing* and *The Monetary Authority of Singapore* (MAS), Indonesia with Otoritas Jasa Keuangan (OJK) regulation number 51 /POJK.03/2017, Kamboja with *The Association of Banks in Cambodia* (ABC) published Cambodia's sustainable finance principles and implementation guidelines in February 2019, and Thailand with *The Thai Bankers' Association* (TBA) regulatio about *Sustainable Banking Guidelines - Responsible Lending* supported by *Bank of Thailand.* In addition, the level of sustainable fincance disclosure in ASEAN sector is also considerably low due to participation issue of the firm. Therefore, an examination of sustianable finace disclosure in ASEAN financial sector becomes very interesting.

There are several factor less explored in the literature in regards with sustainable finance disclosure determinants such as tax avoidance. Indeed, tax avoidance has been a serious governance issue in global context (Oktaviani et al., 2023) including in ASEAN which is shown by the decrease in the average percentage of Corporate Income Tax in the last 10 years, from 25.1% in 2010 to 21.7% in 2020 (The Prakarsa & Tafja, 2020). In addition several variables that have been investigated in previouse studies show inconsistent result such as family ownership (Adomako et al., 2019; Al-Duais et al., 2021; Amidjaya & Widagdo, 2020; Doluca et al., 2018; Fuadah et al., 2022; Memili et al., 2017; Rees & Rodionova, 2015; Sahasranamam et al., 2020) and government ownership (Alshbili et al., 2020; Amidjaya & Widagdo, 2020; Chen et al., 2021; Fuadah et al., 2022; Karim et al., 2021; Kumar et al., 2022; Muttakin & Subramaniam, 2015) that are actualy common features in ASEAN business (Setiawan et al., 2022).

The study brings contribution to the literature development by providing a set of emphirical evidence of sustainable finance disclosure determinants in a multi countries setting using ASEAN countries. This fills the gap from previous studies that only examine one specific country. The study also provides practical implications for ASEAN listed banks in regards with sustainable finance disclosure practice. The remainder of the paper is structured as follows: Literature review, research method, reasearch and discussion and conclusion.

LITERATURE REVIEW

Agency Theory

The studies conducted in business field have extensively employ agency theory as the basis. In the context of the firm, the agency relationship is very broad, involving the relationship between stakeholders as principals and firm management as agents (Mäntysaari, 2010). The firm's management may desire to maximize their own interest and thus does not always move in line with the interests of the principal, although the principal assures that the agent acts to fulfil the interests of the principal. This conflict of interests causes a problem known as information asymmetry in which information is not balanced due to the unequal distribution between principal and agent (Scholtens & Kang, 2013). Firm management as the party that manages the firm, knows more about the firm's internal information than stakeholders.

Nonetheless, the information conveyed is occasionally not in accordance with the actual cases of the firm.

Agency theory is relevant in the context of corporate taxation (Crocker & Slemrod, 2005) in which the tax authority demands the firm to be compliant in tax payment in accordance with applicable regulations. Meanwhile, the firm is assumed to try to reduce the amount of taxes paid as possible. In addition, agency problems between shareholders and management. Information asymmetry will benefit managers who have more knowledge and the tax avoidance process can even be used as a conceal for managers to carry out activities that benefit themselves (Desai & Dharmapala, 2009). Thus, tax avoidance may not positively increase shareholder wealth in the presence of agency problems in the firm. The agency theory is also relevant in financial reporting and financial information disclosure to communicate with the stakeholders. Using the financial reporting and disclosure, the information asymmetry can be reduced to improve the communication between the firm and its stakeholders. Indeed, the stakeholders always need financial information as a basis for decision making process, specifically for market participants that need several important information such as financial performance and financing policy.

Institutional Theory

The institutional theory brings a general idea that an organization needs other organizations to encourage the organization to adapt to generally accepted social norms. Meyer & Rowan (1977) argue that in an effort to survive, an organization must earn the public's trust that it is a legitimate entity, and therefore worthy of support. Hence, organizations that prioritize legitimacy tend to adapt to external and social expectations from their environment. This causes a tendency that an organization will adopt the business practices of other organizations as a result of a process of institutional isomorphism (Di Maggio & Powell, 1983). Di Maggio & Powell (1983) identified three mechanisms of institutional isomorphism: coercive, mimetic, and normative. Sustainable finance disclosure is related to these isomorphism mechanisms (Fitriasari & Kawahara, 2018), specifically to bring changes to business firms to practice in which they will be enforced to practice sustainable finance disclosure. Further, information disclosure practice related to the sustainablility is getting more institutionalized as an attempt to achieve SDGs thanks to the increasing institutional pressure (Higgins et al., 2014). In practice, the response to the institutional pressure may depends on the owners of the company (Fitriasari & Kawahara, 2018) that affects the orientation and focus. Therefore, ownership factor may hold potentially significant role for sustainable finance disclosure (Amidjaya & Widagdo, 2020).

Hypotheses

Tax Avoidance and Sustainable Finance Disclosure

Tax avoidance is often regarded as one of the less ethical business practice (Thakur and Workman 2016). Tax avoidance is actually a governance issue that may bring negative implication on sustainability. Despite creating short term financial advantage, tax avoidance is potentially bad for long term and thus a firm cannot reach sustainability (Bird & Davis-Nozemack, 2018). More specifically, a firm that has aggressive tax avoidance behavior is more likely to be focusing merely on financial profit. Therefore, their attention to sustainability issue tend to be lower. Corporate tax behavior is indeed becoming a contributing factor in relation with business decision making in a corporation (Shakatreh et al., 2022). In regard with this, Mgbame et al. (2017) state that there is a negative relationship between sustainability performance and tax aggressiveness. Similarly, Sari & Tjen (2016) also conclude that the higher the level of the CSR disclosure, the lower the company's tax aggressiveness. Based on that, it can be expected that the sustainable finance disclosure in a firm with aggressive tax avoidance behavior is also lower. This is supported by previous study by Lanis & Richardson (2012) who documented that tax aggresiveness is related to lower social responsibility. In contrast, more responsible firms should be less aggressive (Landry et al., 2013) as they are concerned on stakeholder interests. To support this, (Adams et al., 2022) discover that firms that are less tax aggressive are more transparent about their financial activities in sustainability reporting. Finally the hypothesis is formulated as follows:

H1: Tax avoidance negatively affects sustianable finance disclosure.

Family Ownership and Sustainable Finance Disclosure

Family ownership is a common feature in ASEAN business. Family owners dominate the majority of corporate ownership in ASEAN across all industry sectors. In contrast to other companies with dispersed ownership or state ownership, family-owned companies and to be more closely held. This has significant implication in which public pressure maybe considerably lower (Eng & Mak, 2003) and (Ghazali, 2007). As a result, the company face less amount of public demand. This circumstances also applies in the context of sustainable finance disclosure. Family-owned companies will have quite lesser pressure and demands in regards with sustainable finance disclosure, both from the public and the business regulators. Therefore, family owned companies are less likely to engage a lot in sustainable finance disclosure. Being a family owned companies also enables the company to focus more on generating maximum financial profit possible thanks to facing less amount and pressure of public demand. Previous studies by Bennouri et al. (2018) evidence that family ownership has negative effect on information disclosure related to social, environmental and governance disclosure (Eng & Mak, 2003) and Ghazali (2007) also demonstrates that a sustainability information disclosure in family companies are considerably lower. Base of the argument above, the hypothesis is formulated as follows:

H2: Family ownership negatively affects sustainable finance disclosure

Government Ownership and Sustainable Finance Disclosure

Government ownership has held a significant portion in ASEAN business across various industries one of which is the financial sector. Being owned by government means that a company is the representation of the government (Amidjaya & Widagdo, 2020). Therefore, government owned companies are demanded more to contribute to sustainable development goals. Government owned companies are also obliged to comply to a business regulation issued by the regulators. Non-compliance cases by government owned companies will have negative impact on privately owned companies because even the government representation in business do not comply to the regulation. In the context of sustainable finance disclosure, government-owned companies will face higher level of public demand to practice sustainable finance disclosure to support the realization of sustainable development goals to improve public welfare (Muttakin & Subramaniam, 2015). Thus, government shareholder will create more pressure in regards with sustainability practice within the company (Alshbili et al., 2020). Previous studies by (Eng & Mak, 2003)and (Ghazali, 2007). Reveal that government ownership has positive effect on sustainability reporting. In addition, government owned companies are associated with higher level of social, environmental, and philanthropy activities so that they are more likely to have more disclosure related to these activities Said et al (2009) dan Ghazali (2007). Referring to the previous studies in the literature, the hypothesis is formulated as follows:

H3: Government ownership positively affects sustainable finance disclosure

MATERIALS AND METHOD

Population, Samples, and Research Data

The population of our study is all commercial banks that are listed in the domestic stock market in ASEAN countries. We employ purposive sampling to select the research objects by eliminating the banks with incomplete information. Our research data is secondary data obtained from WWF and the respective banks' annual report. Finally, the study generates a set of balanced panel data with a total of 327 observations from 109 banks during 2017-2019 period.

Research Variables and Measurement

The dependent variable that becomes the main focus of the study is sustainable finance disclosure measured with SFD disclosure index of which data is obtained from WWF. The independent variables consist of tax avoidance, government and family ownership. Tax avoidance is represented by the Effective Tax Rate Differential (ETR Differential). As for the ownership variables the measurement uses the percentage of shares owned. We also use control variable that consist of profitability measured with Return on Equity ratio and leverage measured with Debt to Assets ratio.

Data Analysis

We initiate the data analysis with a comprehensive descriptive analysis to obtain the general summary of our research data. The main analysis to test our research hypotheses is performed with panel data regression analysis. The regression equation is presented as follows:

$$SFD = a_0 + \beta_1 ETR\_DIFF + \beta_2 FAM + \beta_3 GOV + \beta_4 ROE + \beta_5 LEV + \beta_6 SIZE + e$$

Keterangan:

SFD = Sustainable Finance Disclosure
a = Constant
β_1- β_6 = Regression Coefficient
ETR_DIFF = Tax Avoidance
FAM = Family Ownership
GOV = Government Ownership
ROE = Return on Equity (Profitability)
LEV = Leverage
SIZE = Size

RESULTS AND DISCUSSION

Descriptive Statistics

We begin the analysis with descriptive statistics to gain a general summary of the research phenomenon. The result is presented as follows:

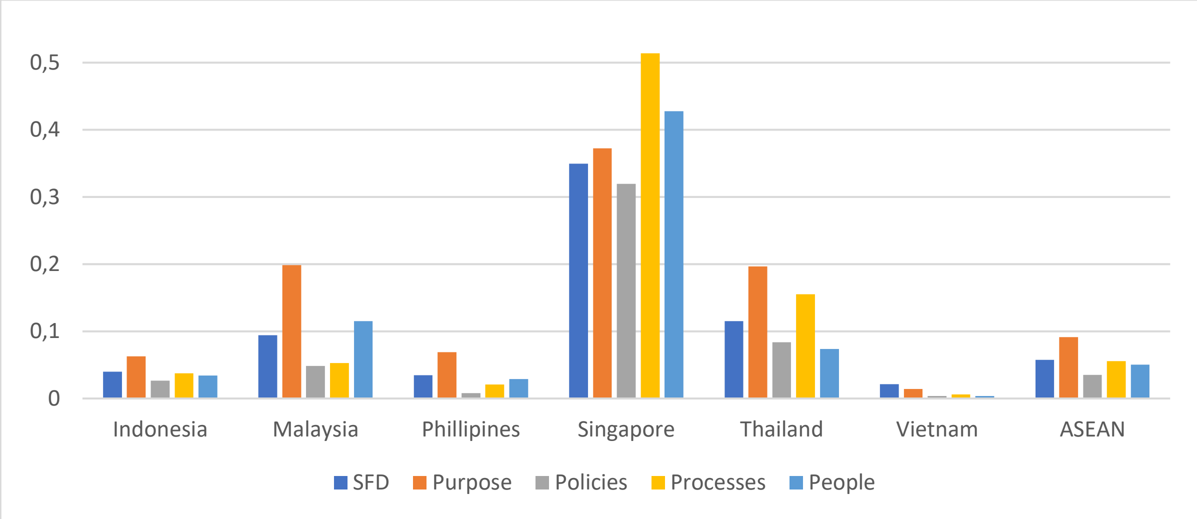
Table 1 - Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
SFD	351	0.057	0.124	0	0.723
Purpose	351	0.091	0.195	0	1
Policies	351	0.035	0.116	0	0.75
Processes	351	0.056	0.164	0	1
People	351	0.05	0.143	0	0.875
Products	351	0.053	0.137	0	0.75
Portfolio	351	0.028	0.062	0	0.475
ETR_DIFF	345	0.034	0.158	-0.887	0.87
GOV	327	0.138	0.254	0	1
FAM	327	0.206	0.285	0	1
ROE	330	0.094	0.109	-0.723	0.403
LEV	333	0.852	0.171	.063	2.875

Source: Prepared by the authors (2022)

Overall our result reveals that the sustainable finance disclosure in ASEAN Banks is still considerably low. The statistics demonstrate that the overall sustainable finance disclosure score is still at 5.7%. There is still a significant gap in which the highest disclosure score reaches 72.3% while the lowest is still at 0%, meaning that there are a lot of banks that have not implemented sustainable finance disclosure at all. A deeper analysis of sustainable finance disclosure score reveals that the disclosure practice is also still considerably low for all sustainable finance information category both purpose, policies, processes, people, products, and portfolio where the average score for these categories are below 10%. As for the independent variables, the finding demonstrates that government ownership is a common feature in ASEAN Banking sector with average value of 13,8%. Meanwhile, family ownership holds more significant proportion in ASEAN Banking sector with average value of 20,6%. Therefore, many of ASEAN Banks are family owned banks. Further, we find that the tax avoidance in ASEAN Banks in average is quite aggressive firm value with average values of 9.4%. We further conduct a deeper analysis to examine sustainable finance disclosure practice among ASEAN Banks.

Graphic 1 - Sustainable Finance Disclosure Level in ASEAN Banking Industry



Source: Prepared by the authors (2022)

We further perform a deeper analysis by using in-depth descriptive statistics to obtain a more comprehensive description of sustainable finance disclosure practice in ASEAN banking industry. The analysis is carried out for every sustainable finance disclosure dimension. We observe how far the sustainable finance disclosure has been implemented in ASEAN banking industry for every country that become our observation. The result exhibit that the overall implementation of sustainable finance disclosure in ASEAN banking industry is to below 10% for every dimension. Nevertheless, based on the countries, the implementation level varies quite significantly among ASEAN countries. Singapore has the best sustainable finance disclosure implementation in every category. Thailand and Malaysia have considerably better sustainable finance disclosure implementation as compared to the rest. Meanwhile, the rest of the order in terms of sustainable finance disclosure level is occupied by Indonesia, Philippines, and Vietnam of which implementation level is considerably low.

Table 2 - Panel Data Regression Estimation with Common, Fixed, and Random Effect

VARIABLES	Common Effect	Fixed Effect	Random Effect
GOV	0.127***	0.127	0.138***
	(0.0264)	(0.104)	(0.0378)
FAM	-0.0167	-0.0761	-0.0273
	(0.0261)	(0.131)	(0.0386)
ETR_DIFF	0.0438	-0.00314	0.00577
	(0.0402)	(0.0316)	(0.0297)
ROE	0.220***	-0.00250	0.0631
	(0.0613)	(0.0607)	(0.0539)
LEV	0.0377	-0.00134	0.00241
	(0.0365)	(0.0256)	(0.0246)
Constant	0.276***	0.0578	-0.00229
	(0.0492)	(0.0388)	(0.0320)

VARIABLES	Common Effect	Fixed Effect	Random Effect
Observations	327	327	327
R-squared	0.319	0.08	0.303
Number of NO	109	109	109

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1
Source: Prepared by the authors (2022)

We conduct the main analysis using panel data regression analysis. Based on the common effect, fixed effect, and random effect, the result reveals that the best estimation is using random effect approach following the statistics from Chow and Hausman test. The panel data regression analysis demonstrates that the government ownership exhibits positive effect on sustainable finance disclosure. However, the family ownership has no significant effect on sustainable finance disclosure. Also, tax avoidance exhibits insignificant effect on sustainable finance disclosure. Government ownership demonstrates positive effect on sustainable finance disclosure. The result is in line with the hypothesis development. This finding confirms several previous studies that find positive implication from government ownership on company's information disclosure specifically related to environment social and governances (Alshbili et al., 2020; Amidjaya & Widagdo, 2020; Eng & Mak, 2003; Ghazali, 2007; Said et al., 2009).

Indeed, the government is a manifestation of a body entrusted by the public to protect the environment (Amidjaya & Widagdo, 2020). Furthermore, one of government functions is to support the accomplishment of sustainability (Ilyas et al., 2020) and thus government will encourage its entities to contribute more to sustainability-related activities, including the disclosure aspect. Therefore, government shareholders plays significant role by applying more pressure (Muttakin & Subramaniam, 2015) and demanding more (Alshbili et al., 2020) to the company about the voluntary disclosure related to environment, social, and governance, specifically sustainable finance information. Our study emphasizes that the role of government shareholdings is crucial in improving the practice of sustainable finance disclosure in ASEAN Banks. The result also bring implication that higher participation from government-owned companies are required to boost public trust and encourage privately-owned companies to also give significant contribution to sustainability achievement, including sustainable finance disclosure. When government-owned companies have insignificant contribution to sustainability, it will have negative impact on privately-owned companies because even the government representation in business do not comply to the regulation.

Family ownership indicates no significant effect on sustainable finance disclosure. This result does not confirm our hypothesis that predicts negative effect. Based on this finding, it can be concluded that the family shareholdings may have followed the business paradigm shift that is not merely focus on financial performance (profit) but also towards sustainability (people and planet) (Tara et al., 2015). Family firms may also have a great concern for sustainability as an effort to align their interest with the stakeholder (Setiawan et al., 2022). Specific to the banking sector, the industry is highly regulated (Awang et al., 2016), meaning that banks should comply more to regulator's mandates (Park & Kim, 2020) without exception for sustainable finance practices (Dikau & Volz, 2021). Thus, the family owners cannot just set the goals of the company to go for maximum profit orientation as it is already irrelevant. In fact, there are several family-owned banks that have good sustainable finance disclosure. Nevertheless, the effect is not significant because the majority of family-owned banks have not practiced sustainable finance disclosure yet. In this case, indeed not all family firms wish to adopt sustainability practices (Memili et al., 2017).

Tax avoidances has no significant effect on sustainable finance disclosure that rejects our hypothesis. There is no tendency that a bank with a certain tax avoidance level will reduce or increase the possibility of sustainable finance information disclosure. There are several banks with tax avoidance that practice sustainable finance disclosure. There are also several banks without tax avoidance that do not practice sustainable finance disclosure. Indeed, tax avoidance activity more related to company's business strategy that may not possibly directly related to sustainable finance disclosure. Previous study conducted by (Landry et al., 2013) documented that corporate tax behaviours are not necessarily aligned with sustainability-related activities. Mohanadas et al. (2020) also finds no statistical support that CSR performance is related to corporate tax aggressiveness. This result is actually in line with previous studies by Baker et al. (2017) and Mohanadas et al. (2020) that obtain empirical evidence that tax avoidance is not statistically associated with sustainability-related business practices.

We further perform a deeper analysis by using the sustainable finance disclosure based on information category as dependent variable. By performing this analysis, we will be able to gain more insight whether the effect also applies to sustainable finance disclosure information category. The result is presented as follows.

Table 3 – Robustness Test

VARIABLES	(1) Purpose	(2) Policies	(3) Processes	(4) People	(5) Products	(6) Portfolio
GOV	0.159**	0.1000***	0.148***	0.0850**	0.137***	0.0553***
	(0.0622)	(0.0329)	(0.0500)	(0.0427)	(0.0440)	(0.0189)
FAM	-0.0639	0.00364	-0.00495	-0.0322	-0.0153	-0.00214
	(0.0640)	(0.0329)	(0.0509)	(0.0430)	(0.0447)	(0.0190)
ETR_Differential	-0.00232	0.0220	0.0180	-0.000673	0.0116	0.0119
	(0.0445)	(0.0386)	(0.0406)	(0.0419)	(0.0366)	(0.0195)
ROE	0.0783	0.110*	0.0881	0.0959	0.0475	0.0386
	(0.0818)	(0.0644)	(0.0733)	(0.0731)	(0.0658)	(0.0336)
LEV	0.000493	0.00526	0.00269	0.00836	0.00156	0.00246
	(0.0367)	(0.0333)	(0.0337)	(0.0354)	(0.0305)	(0.0165)
Constant	-0.00248	-0.0301	-0.0222	-0.0270	-0.0202	-0.00228
	(0.0502)	(0.0370)	(0.0431)	(0.0417)	(0.0385)	(0.0191)
Observations	327	327	327	327	327	327
Number of NO	109	109	109	109	109	109

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1
Source: Prepared by the authors (2022)

Based on the analysis, we find consistent result in all sustainable finance disclosure information category. The analysis provides robust result that the government ownership exhibits positive effect on sustainable finance disclosure in all information category. Based on this finding, it can be concluded that government shareholders' attention on sustainable finance disclosure has covered all information category both in purpose, policies, processes, people, products, and portfolio category. We also consistently find insignificant effect of the family ownership and tax avoidance on sustainable finance disclosure in all information category. Therefore, our result can be regarded robust.

CONCLUSION

This research attempts to investigate whether tax avoidance and ownership structure contribute in determining the level of sustainable finance disclosure in ASEAN banking industry. In order to answer the research question, our study explores the empirical evidence regarding the impact of tax avoidance and ownership structure on sustainable finance disclosure using quantitative analysis. Overall, our analysis reports that the implementation of sustainable finance disclosure in ASEAN countries is still considerably low. Singapore is way ahead of other ASEAN countries in practicing the sustainable finance disclosure. Thailand and Malaysia have slightly better practice than the rest of the countries although the level is actually still low. Meanwhile, Indonesia, Philippines, and Vietnam still have very low sustainable finance disclosure. Empirical investigation with panel data regression and analysis reveals that government ownership positively affects sustainable finance disclosure in which the government representation in business is a significant driver of compliance with regulation. However, family ownership has no significant affect, neither does the tax avoidance. Based on our findings, the study provides several implications. Firstly, the business regulators should set a strategic policy to improve the sustainable finance disclosure in ASEAN countries so that the banking sector can contribute significantly to sustainable development. Also, the banks should participate in sustainable finance disclosure practice regardless of the asset ownership or capacity. Therefore, it can be expected that sustainable finance disclosure can be optimized to support sustainable development. The study, however still contains a limitation in which the analysis is based only on quantitative analysis with secondary data. Future studies can extend the analysis by using mixed method with a combination of quantitative and qualitative analysis as well as primary and secondary data to obtain more comprehensive results.

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