TECH FOR GOOD INSTITUTE

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What Impact Means to Digital Economy Companies in Southeast Asia

A Review of Stakeholders, Issues of Focus and Disclosures of Digital Economy Companies across SEA-6

Research Partner

NUS National University of Singapore | Centre for Governance and Sustainability
NUS Business School

About This Study

Digitalisation has and will continue to drive Southeast Asia's post-pandemic recovery and economic transformation. At the same time, the pace of this transformation has prompted close examination of the kind of growth that would best serve society and generations to come. As creators, distributors and users of digital technology, Digital Economy Companies (DECs) play an influential role to advance this agenda for Southeast Asia.

This study aims to understand how DECs in the six largest markets in Southeast Asia – Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam – currently frame their impact beyond delivering economic growth. Relying on publicly available information of 439 digital economy companies, this study identified the stakeholders and issues on which DECs chose to focus in 2022. This study also assesses how DECs publicly communicated and reported their non-financial performance. Data was collected with online media monitoring software Meltwater, on the basis of over 50 keywords related to key social, environmental and governance issues associated with the digital economy, as defined by the Global Reporting Initiative.

By understanding the way DECs currently think about their impact, this report seeks to serve as a catalyst for conversations and recommendations on how stakeholders in the digital ecosystem may align their interests for inclusive, equitable and sustainable growth across the region.

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About the Partners

Tech for Good Institute

The Tech for Good Institute (TFGI) is a non-profit organisation on a mission to leverage the promise of technology and the digital economy for inclusive, equitable and sustainable growth in Southeast Asia.

With a population twice the size of the U.S. and strong demographics, Southeast Asia's digital economy is evolving rapidly. Technology has and will continue to have a tremendous impact in aiding the region's development. We are optimistic about technology's potential to advance growth, within cultural, social, political and economic contexts that will shape the trajectory of innovation.

TFGI serves as a platform for research, conversations and collaborations focused on Southeast Asia while maintaining global connections. Our work focuses on topics at the intersection of technology, society, and the economy, and is intrinsically linked to the development in Southeast Asia. Through research, effective outreach and evidence-based recommendations, we seek to understand and inform policy with rigour, balance and perspective.

TFGI was founded by Grab with the goal of promoting a thriving and innovative Southeast Asia for all. We welcome opportunities for partnership and support, both financial or in-kind, from organisations and individuals committed to fostering responsible innovation and digital progress for sustainable growth in the region.

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For more information about the Institute, please visit www.techforgoodinstitute.org

About the NUS Centre for Governance and Sustainability

The Centre for Governance and Sustainability (CGS) was established by the National University of Singapore (NUS) Business School in 2010.

Its primary objective is to spearhead relevant and high-impact research on corporate governance and corporate sustainability issues that are pertinent to institutions, government bodies and businesses in Singapore and the Asia-Pacific. As a pioneer of thought leadership, CGS conducts public lectures, industry roundtables and academic conferences on topics related to governance and sustainability. CGS is the national assessor of corporate sustainability and corporate governance performance of listed companies in Singapore. In tandem with growing demands from consumers and investors for financial returns achieved with integrity, coupled with environmental and social considerations, CGS has a slew of research focusing on sustainability reporting in Asia Pacific, sustainable banking, nature reporting and climate reporting in ASEAN.

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Executive Summary

The digital economy is reshaping Southeast Asia, transforming lives and driving the region's development. Beyond catalysing economic growth, digitalisation can advance Southeast Asia for inclusive, equitable, climate-resilient and sustainable growth. Digital economy companies (DECs) play a vital role in realising this potential.

DECs in Southeast Asia are instrumental to realising sustainable growth and development through digital transformation.

Digital technologies are general purpose technologies. Digitalisation will be a horizontal enabler across all industries. As demonstrated during the pandemic, digital technologies have the potential to sustain, improve or transform society and the economy. By identifying and solving problems and gaps in the market, DECs have an important role in shaping the trajectory of digital transformation of Southeast Asia.

The stakeholder landscape for DECs is evolving rapidly.

Investors, customers and other businesses are currently prioritised as stakeholders by DECs. This is unsurprising, given that a majority of the companies are young and focused on scaling their businesses, However, as the digital economy matures, other stakeholder groups can be expected to gain importance for DECs.

Governments are currently not among the top stakeholders identified by DECs, but this is expected to change. The rapid growth of the digital economy, uncertainties around the impact of emerging technologies and social concerns over new business models are prompting greater scrutiny by the public and civil sectors. As governments respond, DECs will need to invest in engaging with regulators and policymakers.

In the meantime, investors, customers, employees and business partners have a crucial role to shape the trajectory of DECs to achieve financial return as well as positive impact for the region.

Expectations for DECs to operate responsibly are growing.

DECs are currently most likely to focus on cybersecurity, data protection, and diversity, equity and inclusion. DECs will need to shift from addressing immediate "licence to operate" issues to demonstrating responsibility for their products, services and operations, as demand for transparency and accountability gains momentum.

Looking ahead, DECs will be held accountable, not just from commercial and service delivery perspectives, but also from social, environmental and governance perspectives. For example, the environmental impact of operations is likely to attract greater scrutiny. Currently, while some listed DECs identified waste, circular economy, resource and energy efficiency among their top issues, while this was generally not the case for non-listed companies.

DECs have clear intentions for Tech for Good. The next step is action and targets

85% of DECs assessed expressed intention towards sustainability and impact as corporate information, while fewer than half have implemented initiatives to put these intentions into action. Only a quarter of DECs assessed have formally reported on their non-financial impact with clear metrics and targets. The “Say-Do-Act” gap exists, but there is opportunity for DECs to make a positive impact through non-financial metrics and clear goals.

DECs in SEA-6 are uniquely placed to deliver fit-for-purpose solutions to meet the needs of young, ambitious and mobile-native populations. Technology may enable and scale solutions, but innovation begins with identifying the right problems to solve and then driving adoption of solutions. DECs embedded within the markets they serve are well-suited to achieve all of the above.

For DECs to fulfil their potential in accomplishing Tech for Good, they must adapt with the changing regulatory, risk and market environment.

Increasingly, DECs are under pressure to demonstrate profitability while mitigating risk and demonstrating benefit to people and the planet. As digital technologies evolve rapidly, operating responsibly is a moving goalpost. At a minimum, DECs should consider measuring and communicating performance on:

- **Environment:** Scope 1, 2, 3 GHG emissions, Climate-related targets
- **Social:** Cybersecurity, Data protection, Product or service safety, Employee upskilling or reskilling, Employee wellbeing
- **Governance:** Anti-corruption, Compliance and Competitive behaviour

Southeast Asia presents significant opportunities for DECs to pursue areas that advance sustainable growth.

By supporting Southeast Asia’s developmental priorities, DECs can find a ready market for fit-for-purpose products and services that meet the needs of the region. By aligning with national priorities, DECs can demonstrate their capability to generate sustainable value to society, which in turn opens up opportunities for them to scale and grow.

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