

Analysis Reporting Disclosure of Corporate Social Responsibility Disclosure of Manufacturing Companies

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Abstract:- This research was conducted with the aim of: (1) testing and analyzing the influence of public share ownership on CSR; (2) test and analyze the influence of managerial ownership on CSR; (3) testing and analyzing the influence of institutional ownership on CSR. This study uses secondary data obtained from the Indonesia Stock Exchange including Public Ownership, Managerial Leadership, and Institutional Ownership in the company's 34 Annual Report in the 2012 period. Data were analyzed using the SPSS 21. The results of this study indicate that: (1) Public Ownership has a positive and significant effect on CSR; (2) Managerial Ownership does not have a significant effect on CSR; (3) Institutional ownership does not significantly influence CSR.

Keywords:- CSR, Public Share Ownership, Managerial.

I. INTRODUCTION

The last few years have been many companies realize the importance of corporate social responsibility program (CSR) as part of business strategy. The practice of corporate social responsibility in Indonesia has been regulated in Law Number 40 Year 2007 on Limited Liability 74. Berdasarkan article of Law Number 40 Year 2007 on Limited Liability article 74, the company will conduct its operations in related fields the natural resources required to fulfill its social responsibility. According to William (2012) CSR is very closely related to sustainability.

Sustainability report reflection that illustrates the extent of corporate social responsibility towards their stakeholders. Report of the Global Reporting Initiative (GRI), which is expressed in the World Business Council for Sustainable Development (1999) is a standard of sustainability reporting guidelines that can be applied and widely accepted. In 2003, a World Bank study found that the GRI is the most influential global standards both on the practice of corporate social responsibility (Berman & Webb, 2003 in Alberto). The latest GRI reporting guidelines is the Global Reporting Initiative (GRI) G3.1 which is based on six categories that need to be disclosed by the companies. These categories include categories of economic, environmental, social form of labor practices and decent work, human rights, society and product responsibility. In any discussion of these categories has its own indicators that will be measured as an assessment of sustainability reporting. Until now, only a few companies in Indonesia who have expressed their CSR in a separate report.

This is because in Indonesia itself there is no standard or standard guidelines on CSR reporting. Therefore, companies that have implemented CSR or sustainability report makes most still refer to the Global Reporting Initiative reporting guidelines.

At the company's chemical and basic industry sectors tend to have the potential to damage the environment, especially during the production process takes place where in industry sector banyak mengeluarkan waste and certain substances that are sometimes toxic, polluting ranging from water pollution that small rivers are already contaminated with chemicals derived from waste disposal companies, air pollution causes the air smells that interfere with breathing and can damage the ozone layer that jeopardize the survival of all creatures of the earth. If this is not handled properly by the company it will be a bad impact to the community and environment.

This research refers to research Defri (2012) which analyzed the comparison of disclosure of corporate social responsibility in mining companies listed on the Stock Exchange by the Global Reporting Initiatives (GRI), which concluded that the level of disclosure of social responsibility of mining companies in Indonesia as a whole is still very low. Research conducted by Santy (2012) concluded that CSR reporting in Indonesia and Australia is still relatively weak. One conclusion of the study conducted by Nadia (2008) states that the disclosure of CSR with the GRI G3 standard, for most indicators expressed by many large and small-cap companies are economic and product responsibility. So in this study wanted to analyze reporting the disclosure of corporate social responsibility in the company's chemical and basic industry sectors listed on the Stock Exchange the period 2011 is based on the Global Reporting Initiative G3.1 standards. Based on the description of the background of the research problems can be formulated as follows: "How CSR reporting based on GRI G3.1 guidelines standards on chemical and basic industry companies listed in Indonesia Stock Exchange period 2011? ".

II. LITERATURE REVIEW

A. Definition Keberanjutan Report (Sustainability Report)

Sustainability Report is the practice of measurement, disclosure and accountability check on the performance of the organization in achieving sustainable development goals to stakeholders both internally and externally. "Sustainability Report" is a general term that is considered to be synonymous with other terms to describe a report on the impact of economic, environmental, and social (eg, triple bottom line, corporate responsibility reporting, etc.).

B. Global Reporting Initiative - GRI

GRI is an organization which provides a framework for sustainability reporting that can be adopted by all types of organizations in all countries. GRI organization established by the United States-based non-profit that is the Coalition for Environmentally Responsible Economies (CERES) and the Tellus Institute, with support from the United Nations Environment Program (UNEP) in 1997. GRI is a multi-stakeholder, network-based organization. Central secretariat based in Amsterdam, Netherlands. Secretariat to act as a liaison to coordinate the activities of many partners GRI network. GRI has regional offices, Focal Point in Australia, Brazil, China, India and the United States. Network includes more than 600 global Stakeholders and key support organizations around 30,000 people representing various sectors and the constitution.

GRI also building strategic partnerships with *United Nations Environment Program, the UN Global Compact, the Organization for Economic Co-operation and Development, International Organization for Standardization* and many others.

Reporting guidelines Global Reporting Initiative (GRI) is a cornerstone of the GRI sustainability reporting framework. GRI Guidelines This report was published in 2006. However, after the publication of these guidelines, there is improvement recommended by the boards of directors and the latest version was published in 2011 which GRI G3.1. These guidelines are divided into two parts:

➤ Part 1 - Principles and Guidelines for Reporting

- The principle for determining the content of the report are: Materiality, Stakeholder, Konteksdan Completeness of Sustainability.
- Principle to establish the quality of the report: Balance, Comparison, Accuracy, Timeliness, Clarity and Countability.
- The principle to set a limit on the report.

➤ Part 2 -Standard Disclosure

- Strategy and Analysis
- Organization profile
- parameters Reports
- Governance, Commitments, and Engagement
- Management Approach and Performance Indicators

GRI reporting framework that includes guidelines for reporting, sector guidelines and other resources allow for greater transparency of organizations, environmental, social and governance performance of the economy. Transparency and accountability and build stakeholder trust the organization, and can lead to many other benefits. Thousands of organizations, of all sizes and sectors can use the GRI reporting framework to be able to understand and communicate their sustainability performance.

Standard disclosures in the Global Reporting Initiative G3.1 Guidelines for performance approach described there are different categories. Starting from the first category is the economical aspects. In this category will be seen from their impact on the organization's stakeholders in economic conditions in the local economic system level, national, and global. Then in the environmental category will be seen from how much impact their company is against nature, both animate and inanimate, including ecosystems, land, water, and air. For the category of labor practices and decent work addresses the impact of the company's views on labor practices and decent work. Then in the category of human rights will be discussed on how human rights in the practice of companies that include non-discrimination, freedom of association, child labor, indigenous rights, and forced labor, and compulsory labor. In the category of community and charity will be seen from the organization impacts on local communities, and menejelaskan risk of interactions with other social institutions. Lastly on the category of product responsibility which discusses how a product can influence customers regarding health and safety, information, labeling, marketing, and privacy.

C. Research Accomplished

Research on CSR reporting relating to the GRI standard G3 Guidelines has been done by several researchers. Defri study (2012) found that the level of disclosure 22 mining companies in Indonesia can be seen that there are only two mining companies that meet the standards of GRI G3.1 namely. Aneka Tambang Tbk and PT. Coal Mine Bukit Asam Tbk. Even based on the discovery Defri (2012) Other related disclosure level of corporate social responsibility report of the mines in Indonesia as a whole is still very low because it does not reach 50% of CSR reporting standards set by GRIGuidelinesG3.1. Similarly, research conducted by Santy (2012) concluded that CSR reporting in Indonesia and Australia is still relatively lemah. Di Indonesia, environmental performance is an indicator of the most widely expressed, it

can be concluded because of the views of companies in Indonesia more revealing environmental issues compared to other problems. While in Australia, economic performance and decent labor practices are the two most commonly reported indicator.

Research conducted by Putranti (2012) at PT. Generation of Java-Bali found that the company did not disclose some of the items on each standard in detail in the sustainability report but on the whole aspect of the line reported besarnyadan PT. Generation Jawa Bali (PJB) is not based on the Global Reporting Initiative (GRI G3) reporting sustainability report. Making the sustainability report PT. Generation Jawa Bali (PJB) refers Handbook CSR Policy and Implementation Guidelines are made olehperusahaan. Further research conducted by Nadia (2008) produced some conclusions related to the disclosure of CSR with the GRI G3 standard: first, the indicator most widely expressed by large and small-cap companies are economic and product responsibility, with the greatest narrative disclosure forms. Second, not all components are presented in the GRI G3 disclosed by companies large and small market capitalization.

III. RESEARCH METHODS

This research uses descriptive approach with content analysis method. Consideration of using content analysis in this study because this study focused on the extent or amount of disclosure of corporate social responsibility (Amran, 2009). The data used in this research are secondary data from annual reports (annual report) and social responsibility report (sustainability report) for 45 chemical and basic industry companies in Indonesia obtained through a source from the Indonesian Stock Exchange (BEI) as well as the official website of the respective each company.

The data obtained were processed with content analysis that the data processing is based on 84 indicators of GRI

G3.1 being variable. Methods of data analysis used in this study is a checklist. Checklist done by looking at the disclosure of corporate social responsibility in six categories: economic, environmental, labor practices and decent work, human rights, society and product responsibility. Category on the checklist is based on 84 indicators of the GRI G3 (Global Reporting Initiatives). (Sutantoputra, 2008).

IV. RESULTS AND DISCUSSION

At the company's basic industry and chemical industry, CSR will be disclosed under the six categories of the main indicators GRI namely economic performance, environmental performance, labor practices and decent work, human rights, community and social services, and the latter is the responsibility of the product on companies base and chemical industry sectors. Disclosure of the calculation using the checklist has been done before it for its CSR disclosure sum frequency can be determined. GRI indicators that are used are the GRI G3.1 totaling eighty four indicators. Any disclosure the company against these indicators rated 1 to the available information. Then the results of the value of each category divided by the respective number of indicators and the firm's total by 45 and multiplied by 100%.

Information that can be obtained from Table 1.1 below was to determine the percentage of disclosure of corporate social responsibility in the corporate sector and the chemical basis by each category contained on GRI G3.1. By calculating the frequency of reporting, we can know the level of reporting category, for example, to the category of economic performance, the disclosures in the chemical and basic industry companies, the frequency is obtained as much as 115 or as much as 28.17% of the total disclosure. As for human rights just as much as 45 or 9.09% of total disclosure. This gives a lot of information that the indicators are of concern to be reported in the company's base and chemical industry is an indicator of economic performance, while an indicator that less attention is human rights.

| No. | Category Disclosure | Frequency Disclosures | Percentage Disclosures |
|-----|---------------------------------|-----------------------|------------------------|
| 1 | Economic performance | 115 | 28.17% |
| 2 | Environmental performance | 205 | 15.18% |
| 3 | Labor Practices and Decent Work | 132 | 19.56% |
| 4 | Human rights | 45 | 9.09% |
| 5 | Community and Social | 111 | 24.67% |
| 6 | Product responsibility | 86 | 21.23% |

Table 1:- Percentage of CSR disclosure by GRI (Source: Data processed researchers)

From table 1 above can be seen that for the economic performance category obtained the number of disclosure items 115 of 9 economic indicators or equivalent (28.17%) disclosure. These results indicate a company's disclosure regarding the economic performance that is wide enough to explain everything something related to the company's

financial performance base and chemical industry. Category economic performance is most widely expressed regarding the impact of the financial and other risks due to climate change as well as the chances for the activities of the organization disclosed by 33 companies. Then for the acquisition and distribution of economic value directly,

including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to donors and the government was expressed by 26 basic industry and chemical company. For indicators discussed the standard ratio range of the lowest wage compared to local minimum wage at significant locations where operations are only one company who express them.

Then to the frequency of disclosure of environmental performance category in chemical and basic industry companies disclosed 205 of 30 environmental indicators item or by 15.18%. For indicators discussed the initiative to get their products and services based energy-efficient or renewable energy, as well as the reduction requirements energy requirements as a result of these initiatives was expressed by 24 companies and indicators related initiatives to reduce the environmental impact of products and services and extent of impact the reduction into performance indicators disclosed by 22 companies. For some environmental performance indicators discussed the value of biodiversity is less used as information disclosure favorites. Few companies reported.

In the category of labor practices and decent work, the number of frequency of disclosures reported there were about 132 companies from 14 items indicators or 19.56%. There are three indicator categories of labor practices and decent work are more often used as a favorite disclosure by the company. For indicators which discusses the workforce by type of employment, contract work, and the area expressed by 21 companies whereas for indicators that discussed the program of education, training, counseling / guidance, prevention and risk control local to help employees, family members and community members regarding serious diseases / dangerous disclosed by 29 companies. For indicators also discussed health and safety issues covered in formal agreements with employee unions expressed by 20 companies. This indicates that the labor practices and decent work which is favored in the disclosure of information reporting is about caring for the health and safety of workers.

Furthermore, to the category of human rights, the number of frequency of disclosures reported to the company by 45 of the 11 items indicators or 9.09%. In this category the disclosure of each item indicator less noticed by chemical and basic industry companies. It is apparent that the disclosure is only expressed in a percentage of 9.09%, much smaller than the other categories indicator. In the category of human rights of the most widely disclosed by companies is an indicator that addresses the amount of time training for employees in terms of the policies and as well procedures related to human rights aspects that are relevant to the organization's activities, including the percentage of employees who have undergone training. The indicator is expressed by 11 companies.

Community and social categories disclosure frequency indicators produced as many as 111 of 10 item indicators or by 24.67%. In the category of community and social enterprise base and chemical industry has become the second favorite to information disclosure after the economic performance category. For indicators discussed the negative impact of the company and can inflict on the community and the company can immediately undertake preventive and indicators for the prevention of negative impacts on the community enterprise is an indicator of the most widely items disclosed. Both indicators are equally disclosed by 33 companies. This proves that the company cares about the social and community issues. Evidently a lot of companies which have implemented social programs ranging from education, health and welfare of the community both around and outside the area of the company. As for the indicators disclosures that discuss the percentage amount of business units that have a risk of corruption and the number of legal actions against anti-competitive violations are reportedly still relatively low.

The last category is the responsibility of product produced as much as 86 disclosure frequency of 9 items indicators or 21.23%. In this category of disclosure favored the company in third place after the social and community category. Indicators that discuss relevant life cycle stage where the impact of products and services related to health and safety were assessed for improvement, and percentage of products and services category that is important should follow these procedures become more frequent indicator items disclosed. This indicator is expressed by 14 companies. Similarly indicators will discuss about the type of product and service information required by procedures and percentage of significant products and services associated with the required information disclosed by 27 companies. For items indicators are still lacking in terms of disclosure contained in the item indicators discussed the violations of regulations concerning the type of products and services both in quantity and practice.

In the calculation of CSR for each chemical and basic industry companies based on GRI G3.1 guidelines, there are three companies that obtain results nearly perfect percentage CSR disclosure that the company Indocement Tungal Prakasa Tbk with a percentage of 91.67%. In this company all categories clearly expressed. Starting from the category of economic performance are disclosed that as many as 9 items indicators, environmental performance is expressed by 23 of the 30 items of the indicator, labor practices and decent work disclosed that as many as 15 items indikator, human rights revealed as many as 9 out of 11 items indicators, social and community expressed many as 8 out of 10 items indicator, and product liability disclosed that as many as 9 items indicator.

As for the two other companies are Cement and Holcim Indonesia Tbk Indonesia Tbk with a percentage of 60.71% and 63.10%. Cement Indonesia Tbk revealed the category of economic performance as much as 7 of 9 items indicators, for categories of environmental performance of companies revealed as many as 13 of the 30 items of the indicator, labor practices and decent work revealed as many as 9 out of 15 items indicators, for categories of human rights there are 8 of 11 item indicators disclosed, social and community expressed many as 8 out of 10 items indicators, and for the category of product liability is disclosed as much as 5 of 9 items indicator. At the company Holcim Tbk revealed the economic performance category as many as 7 of 9 items indicators, for the category of the company's environmental performance is revealed as many as 16 of the 30 items of the indicator, labor practices and decent work revealed as many as 9 out of 15 items indicators,

Subsequent calculations for each sub-sector base and chemical industry. CSR which occupies most appropriate percentage of the standard indicators of GRI G3.1 is the cement sub-sector with the disclosure of 71.83% while the percentage of CSR on porcelain and glass sub-sector (11.51%), metals and the like (15.27 %), chemicals (12.70%), plastics and packaging (13.21%), fodder (15.47%), wood and processing (15.47%), and pulp and paper (22.05%) , This indicates that the disclosure of CSR in the chemical and basic industry sectors is still low.

V. CONCLUSION

This study describes the CSR report which consists of six categories according to the guidelines of the Global Reporting Initiative in basic industry and chemical companies, concluding that the categories of economic and social performance is an indicator of the most widely expressed. As for the environmental performance categories actually get the percentage reporting less. And in Indonesia, environmental activities often become the main topic and often published. In addition to a percentage of CSR disclosure of each sub-sector base and chemical industry also remains under GRI standards.

Therefore, researchers concluded that the disclosure of CSR reporting at the company base and chemical industry in Indonesia is still relatively weak. It can be seen from a total of 45 companies, only two companies reported CSR in the form of ongoing reports that Holcim Indonesia Tbk and PT Indocement Tungal Prakasa Tbk. From the data obtained, two companies that reported sustainability report received the highest percentage based on the GRI disclosure G3.1. Sedangkan for CSR in the form of an annual report is also still relatively low. The average disclosure is still below 50% of the GRI standards. In addition, the chemical and basic industry companies in Indonesia tends to reveal a lot of information in the annual report of the sustainability report.

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