

# The Dimensions of Effectiveness of Corporate Social Responsibility (CSR) In Improving Sustainability Development (Study on Communities of Seven Tribes in the Area of PT Freeport Indonesia

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**Abstract:-** Approach in this research is quantitative whereas research purposes this is (1). Quantify the data and make a generalization of results of samples from a population, (2). The number of sample that are plentiful, (3) done in a structured, (4). Data analysis using statistical and (5). The results of research to provide recommendations (Maholtra, the 2004). With the analysis of the effectiveness of the corporate social responsibility of PT Freeport Papua as well as observations made using the scope of time (time horizon) are cross section or the one shoot, which means the data retrieved from a specified time. The results showed that Corporate Social Responsibility, is an activity conducted by the company in order to implement the economic responsibility to stakeholders or stakeholders such as how to obtain profits and raise the price of the stock or the legal responsibilities to the Government are already well underway. 2} PT Freeport Indonesia, recognized corporate social responsibility has been held, but test and analysis research describes activity Corporate Social Responsibility the company has yet to give effect to the improvement of the welfare of society, 3) testing statistics explained that the external factors include (a) the Central Government/region (investors, local government, stability Security Area); (b) the level of participation of the community; (c) human resources Capacity; (d) Institutionalcapacity, not much effect and give a strong impact against the efforts of increasing welfare as well as the sustainability of development in the area of mining work PT. Freeport Indonesia 4.) Internal factors include the size of the enterprise, Leverage, profitability, the structure of Ownership has no effect and give impact on the welfare of the community improvement efforts and the sustainability community development the seven tribes as part impact of the activities of the PT. Freeport Indonesia. 5) Cultural values community positive and significant effect against the Sustainability Development by implementing Corporate Social Responsibility.

**Keywords:-** *Development, Dimensions, Sustainable, Culture, Society.*

## I. INTRODUCTION

Corporate Social Responsibility (CSR) is now already no stranger anymore among the general public, as the company's response to the environment of the community. CSR related to social responsibility, social well-being and management of the quality of life of the community. Industry and the corporations in this role to encourage a healthy economy taking into account environmental factors.

Various corporate activities bring a real impact to the quality of human life be it against the individual, the community, and throughout life. The occurrence of deforestation, global warming, environmental pollution, poverty, ignorance, disease, access to clean water and life, sustained until finally emerged the concept of corporate social responsibility or CSR.

Many companies still haven't realized the role of the reel to the CSR program running however when their business facing a problem with the local communities that they realized the importance of the program. In terms of CSR programs must be designed in such a way with a mature and sustainable strategy in accordance with the vision of their business.

Corporate social responsibility or known by the term Corporate Social Responsibility (CSR), is an important aspect that needs to be done in company operations. It is not merely meet the regulations for the mining company as set forth in law No. 22 of year 2001, as well as to a limited liability company (PT) is regulated in the law No. 40 year 2007, 74 article but rather in logically there is a causal effect, whereby when the company's operations gives a negative impact, it will appear a negative response is far greater than the public or the environment is harmed.

In the essence of corporate social responsibility is a form of giving back from corporate to stakeholders. This can be done by way of doing business and generating based on sincere intention to provide the most positive contribution on stakeholders. Thus, corporate social responsibility it should not constitute a simple social activities alone, but rather the company's program that pays attention to the interests of stakeholders associated stakeholders both internal and eksternal stakeholders, as well as the environment in which the company operates.

In the global context, the term Corporate Social Responsibility began to be used since the 1970 's and has become increasingly popular, especially after the presence of the book *Cannibals With Forks: The Triple Bottom Line in 21st Century Business* (1998), by John Elkington. Develop three essential components of sustainable development, namely, economic growth, environmental protection, and social equity, which was initiated by the World Commission on Environment and Development (WCED) in the Brundtland Report (1987), Elkington Pack the CSR into three focus: 3 p, stands for profit, planet and people. Good companies do not only hunt down a mere economic profit (profit) but also has a concern for environmental sustainability (planet) and the welfare of society.

The obligation for companies to implement a Corporate Social Responsibility (CSR), in the last few years is an important issue that has become a contentious and much attention by various circles. These issues not only in the homeland, Corporate Social Responsibility has become a global issue that got widespread attention from among the market participants, the heads of State of the United Nations (UN), financial institutions and international business. The emergence of the Global Compact, the Global Reporting Initiative (GRI), and ISO 26000 on CSR indicated that CSR is becoming crucial issues as well as global business agenda must gained serious attention from business and the corporate world.

Phenomena Corporate Social Responsibility in Indonesia. Many companies still haven't realized the important role of CSR programs to run their business however when face problem with Community local then only they realized the importance of the program. In terms of CSR programs must be designed in such a way with a mature and sustainable strategy in accordance with the vision of their business.

An overview of the concept of ideal CSR above along with rules that enclosing them, does not correspond to what actually happened on the field. In realization of the landscape, the controversy centered on local communities around the company's operations, particularly the extractive company or provider of natural resources (SDA). Extractive companies operating in Indonesia are required to conduct CSR programs for the local community, as provided for in the law on oil and gas regulating community development around the realization

and guarantee the rights of indigenous peoples (Law No. 22 of year 2001).

However, the problem is in addition to the implementation not yet fully meet the rules, programmer of community development or community development (CD), the underlying problems haven't touched that face society. Generally these programs empower communities so that they are ready to face the mining of the post-war period. This means that the company has not been able to program community development effort with either because of the estuary of the community development program is community empowerment (Ife: 2006)

The production process is done by the company giving job opportunities for local people. Regardless of the amount, some of the people who live around the companies get the chance to work at the company. In addition, the production process stimulates the emergence of activities economic activities in the area of operations.

This condition allows to increase the income of local communities. However this condition can turn otherwise when the extraction process stops due to its natural resources could not be exploited again. Then the society before getting the opportunity to increase revenue, did not have that opportunity again.

It would be worse if at the time the companies' contract period is up and must be leaving the area of operations, it still has the problem of physical damage and pollution of the environment due to the production process He did. This is very detrimental to local communities because of the environmental damage it can cause erosion, flooding, and landslides. While the pollution could interfere with health and economic activity.

Phenomena Corporate Social Responsibility (CSR) in Freeport Indonesia. PT Freeport one of the biggest mining company in Indonesia which is located in Papua, which was discovered in 1936 by his journey until the year 2016 is inseparable from the prolonged conflict with local people, both related customary land with, breach of customs as well as social and economic disparities. Yet work optimally Freeport run programs corporate social responsibility (Corporate Social Responsibility) well, but they had the ability to carry it out. It can be seen from the variety of interests both internal and external conflict which causes liability companies carry out CSR programs running less maximum.

Conceptually clarified a number of aspects that can be used as a reference to measure CSR programs are already well is how wages and remunerasi for workers as well as management of the environment surrounding the company. Program execution SCR Freeport Indonesia is not purely delete mistake for what was done in the past by giving gifts to the communities surrounding the program (seven tribes) are judged successful if able to empower society. In carrying out CSR programs to understand

whether its implementation already are in the right track, then also do the run has been running well.

Freeport has developed into a company with an income 2.3 billion us dollars per year, its existence has provided direct and indirect benefits of Indonesia where the 33 billion us dollars from the years 1992-2004 has given the Government Indonesian. According to the New York Times in December 2005, the amount paid to the Government of Indonesia between Freeport tahun1998-2004 reaching almost 20 billion us dollars. The Government of Indonesia, the people of Papua and Freeport has approved the renewal of a contract investment of Freeport Indonesia with the signing of a contract of investment for 30 years to come.

The company is already carrying out social responsibility to society and the environment, this is evidenced by employing the people of Papua in the mining areas and conservation of the environment. In fact if seen from the viewpoint of the company that the huge investments done in Papua should benefit in terms of financial resources for the long term because it is related to the interests of the shareholders of the company.

With the signing of the contract means that all parties involved understand and understand the content of the contract, so Freeport must perform their obligations towards the Government, society and the environment in accordance with the contents of the contract. Freeport has provided compensation to the community, but cannot be denied that there are some communities that others do not get compensation.

On the other hand, also taking place in the region of impoverishment in Mimika, whose income is only about \$132/year, in 2005. The welfare of the inhabitants of New Guinea not tick ride with the presence of Freeport are there in the area they live. In the area of operation of Freeport, the majority of the indigenous population were below the poverty line and forced scavenge the remaining gold from waste Freeport. In addition to the problems of economic inequality, also damaging Freeport mining activities environment and cause massive human rights violations.

Those who do not obtain compensation supported by parties that reject the existence of Freeport and or those who seek personal gain, always trying to interfere with the company's operating activities either through the mass media or by assault directly into the mining area, so many innocent employees have been victims of such assaults.

Freeport is committed to manage and minimize the impact of its operational activities on the environment and to return land reclaimed and greenwash affected. Through the environmental policy, Freeport is committed to carry out the management and practices good environmental practices, provides resources that are fit enough to meet the responsibilities and make improvements continuously against environmental performance at any location of the activities. Freeport also has a strong commitment to

supporting research scientific in order to understand the environment around Freeport operates, as well as perform comprehensive monitoring to determine the effectiveness of management practices.

In addition, Freeport also works with government agencies, local communities, as well as non-governmental celebrated charge, to improve environmental performance. In this case the Freeport subscribes to the principles of sustainable development frameworks of the International Council on mining and metals Sustainable DevelopmentFramework of the international Council of this Mining and Metals (ICMM), where Freeport members include: (1) implementation of Environmental Audits. Environmental audit conducted Freeport produces information for managers about the current environmental performance as well as help identify improvement opportunities Palaung. (2) The Program management of the Trailing.

In the program of Corporate Social Responsibility (CSR) conducted by Freeport, USAID and the Diocese of Timika then obtained a model that will develop an advanced to the life of the fishermen. The heaviest fishing constraints is if there is no ice factory, where adequate fish auction including fishing port, means the provision of fuel oil (FUEL) and cold storage. Along vibizconsulting built a CSR model that has never been applied before. Fishermen will be able to compete because of the development of human resources becomes the starting point of the establishment a tough fishing communities. ([www.vibislearning.com](http://www.vibislearning.com)).

Based on the CSR activities conducted there actually being a company, the company's effort to pay attention to stakeholders but still sounded some events related to the opposition of the community with the company. As 21 February 2006 took place against the expulsion of locals who do the gold panning from the remnants of waste production of Freeport at times Blurred Wanamon.

Another issue that is allegedly the company CSR programs has not run a maximum of which needs to be highlighted is the conflict of rights between seven major tribes of the caterpillar which triggered the question of illegal mining. Borrow Notes MandessyArri&RuditoBambang, (2011) explained the illegal mining Activities often on land seizure endless plots resulted in the occurrence of conflicts between tribes who do these activities. Another problem that arises is the existence of a difference between the perception of local people from seven tribes (around the Freeport) with the Government of Indonesia and the company's own associated areas of what is now the territory of the Freeport Indonesia mine.

The implementation of the autonomous region is also an issue which must be faced by Freeport in the area. Also with increased public awareness will be denied their rights to participate govern the Organization of the State, the community started want to benefit from the existence of

Freeport that operate around the area of the seven tribes of indigenous land. This phenomenon is supported by the demands of the application of the concept of Corporate Social Responsibility both locally through a variety of national community action through the legitimacy of the law.

"A Model of Sustainability Development in Community Relations seven tribes in the area of PT Freeport Indonesia".

#### ➤ *Problem*

1. How does the internal factors affecting the effectiveness of corporate socialresponsibility in improving Sustainability Development Society of seven tribes in the area of PT Freeport Indonesia?
2. What factors affect the external effectiveness in boosting corporate socialresponsibility Sustainability Development Society of seven tribes in the area of PT Freeport Indonesia?
3. How do I model corporateresponsibility in improving social Sustainability Development Society of the seven tribes in the area of PT Freeport Indonesia?
4. What are some of the Efforts already accomplished, is being taken and should be taken in improving the Sustainability Community Development seven tribes in the area of PT Freeport Indonesia?

## II. A REVIEW OF THE LITERATURE

#### ➤ *The Theory of Planned Behavior (Theory of Planned Behavior)*

Theory of planned behavior is a theory that emphasizes on the rationality of human behavior is also on the belief that the target behavior is under the control of individual awareness. Theory of Planned Behavior is a theory developed by Ajzen (1988) which was the development of a Theory Reason Action (TRA) proposed by Ajzen and Fishbein (1967).

Related to the Theory of planned behavior with the participation of the budget that is related to the behavior of the apparatus. Not only internal and external factors into consideration in determining the behavior but also a skill which is owned be the deciding factor for determining the behavior of a problem. On the theory of TPB it there are three components that underlie behavior i.e. subjective norms, attitudes and behavior of the control.

First, the attitude of the associated behavioral beliefs then gives rise to a positive attitude (favorable) or negative (unfavorable) against a particular behaviors. If the authorities deem participation useful then it will participate, and vice versa. Through the participation of subordinates involved in the budgeting process by contributed ideas and information related to the budget, in addition to active communication with the supervisor in terms of determining the tasks, objectives and targets will be achieved is reached, the subordinate can be beneficial to complete the task.

Second, the subjective norms resulted in the formation of the perception of pressure (pressure) to do social action or subjective norm related to the belief that others encouraging or discouraging individuals from behave. In this case how the perception of the employer against the participation or contribution to make subordinate in the process of preparation of the budget.

A third, identical to model behavior that is expressed by Fishbein and Ajzen (1967), i.e. the difficulty to get accepted behavior. Controls the behavior associated with confidence about the availability of support and resources or the drag behavior, so in this case the support of superiors to allow subordinates to participate in budgeting. It can be said that the participation of officials in the preparation of the budget can hone their knowledge of budgets.

Theory of planned behavior refers to the theory that States that behavior is the function of information or stand out on beliefs that such behavior. Can only people have different kinds of beliefs to a behavior, but when faced with a certainan event, only a few of these from the belief that arise to influence behavior. A little bit of confidence here's what stands out in affect individual behavior (Ajzen,1991).

#### ➤ *The Concept Of Corporate Social Responsibility*

CSR is an approach whereby companies integrate corporate social responsibility in their business operations and in their interaction with stakeholders (stakeholders) based on the principles of volunteerism and partnership (Nuryana, 2005). Some other names that have similarities or even often identified with this CSR, among others, Granting/Charity Company (Corporate Giving/Charity), the Generosity of the company (Corporate philanthropy), Corporate (Corporate Societal Relations Community/Public Relations), and community development (Community Development). The fourth of that name can also be seen as a dimension of CSR approach or in the context of Corporate Social Investment (Corporate Social Investment/Investing) are driven by motives that spectrum runs from the motif of "charity" to "empowerment" (Brilliant, 1988:299-313).

Therein lies the importance of CSR settings in Indonesia, in order to have the power set, connective power and thrust. The original nature of voluntary CSR needs to be upgraded into a more CSR are mandatory. Thus it can be expected that the contribution of the business world who participated in the systematic and measurable to improve the welfare of society. The policy of pro-society and the environment like this is urgently needed amid the flow of neoliberalism. Vice versa on the other hand, the public also cannot go around doing the demands to the company, in the hope that's located outside the limits of the applicable rules.

The issue of CSR can be It is said as the parameter to the proximity of the revival era Community (civil society). Therefore, it should not only engaged in CSR aspects of

philanthropy (i.e. humanitarian impulses which are usually sourced from the universal norms and ethics to help fellow and fight for equitable social) as well as the level of strategy, but rather should propagate rise to the policy level (policy) more macro and real.

#### ➤ *Sustainability Development*

Sustainability has a broad sense and until today did not exist. When translated, this means ongoing sustainability. But many experts state that the perception of equality between the understanding of sustainability with the sustainability development.

Experts define sustainability with different perceptions. Understanding sustainability development according to the Brundtland Report (1987) in: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" or when translated, sustainable development is development which can meet the needs of today without sacrificing the ability of future generations to meet their needs.

Szekely (2005) States that sustainability is how to build a society in which economic, social and ecological goals must be balanced. One of the most frequently used approach to measuring corporate sustainability is the triple bottom line approach. The approach involves three dimensions:

1. Environmental (environmental); measuring the impact on resources such as air, water, waste emissions.
2. Social (social); related to corporate governance, motivation, incentives, security and health, human resource development, human rights and ethical behavior.
3. Economic (Economics); refers to the measurement of maintenance or improvement of the success of the company for example, technology and innovation, collaboration, knowledge management, purchasing, processing and reporting of sustainability.

In a variety of these definitions can be drawn the conclusion that in the concept of sustainability is the most important is how we leverage existing environmental resources effectively, efficiently and economically.

In addition we should also avoid it or spending, unnecessary risks and avoid the waste so that it does not spend reserve environmental resources, improve energy efficiency and material for future generations.

### III. RESEARCH METHODS

This research uses a quantitative approach where this approach is used with a purpose (1). Quantify the data and make a generalization of results of samples from a population, (2). The number of samples that are plentiful, (3) done in a structured, (4). Data analysis using statistical and (5). The results of research to provide recommendations (Maholtra, the 2004). With the analysis of the effectiveness of the corporate social responsibility of PT Freeport Papua as well as observations made using the

scope of time (time horizon) are cross section or the one shoot, which means the data retrieved from a specified time.

### IV. RESEARCH RESULTS

On this chapter describes an overview of research results and their analysis of the data as well as discussion in the final part of his model analysis of the research findings. The results of the research and the discussion be disaggregated. In this study using analysis tools namely software Partial Least Square (PLS). As for the explanation and discussion of the results of the study are as follows.

The description of the object of Research Data presented in this study using a sample, namely PT. Freeport Indonesia in Timika Regency located Papua Province. The reason researchers using company Freeport Indonesia as the sample is because researchers want to focus on the purpose of the research that is described and describe a theoretical model of how the model disclosure of corporate social responsibility in enlightening the public seven tribes in the region of PT. Freeport Indonesia.

The data retrieved by searching directly through the website as well as the dissemination of the questionnaire online sample-related research. Research issues conducted more than 6 (six) months, it is intended to better reflect the current conditions.

Based on techniques of snow-ball combined with simple random on the basis of a list of the population obtained are government officials, indigenous territories, owners shall House and community campus, while other groups, namely the activists of NGOS, communities (including women's figures, religious figures and customs), as well as the character of youth or students by asking to the competent parties about the effectiveness of corporate social responsibility in enlightening the society of seven the tribes in the area of operations, then retrieved a sample as many as 200 respondents pertaining to or have a direct impact on corporate social responsibility program. As for the procedure for the selection of the sample are as follows:

This study tested a model of Corporate social responsibility disclosures related to the relations of interests and cultural values of the seven tribes in the mining area of PT Freeport Indonesia. On the latent variable (invalid constructs) in this study there are measurements which are reflexive, i.e., the direction of the arrow of the latent variable (invalid constructs) heading to size, which means it assumes latent variable affects the measurement of invalid constructs and assumptions of the relationship causality of latent contract to indicators. Model reflection is often referred to as the principal factor indicator measurement covariance models which are affected by or reflecting latent invalid constructs a variation of latent invalid constructs. Give this model an alleged that changes to the latent invalid constructs will give change in size (indicators).

The latent variable (invalid constructs) as follows: (a) the effectiveness of Corporate Social Responsibility has indicators (Internal factors, external factors). Next communityCulture have Variable indicator (Behavior/habits). Likewise, the variable the value of the community have an indicator (Valueempowerment). Assess Measurement Model (Outer Model)

Model measurements (Outer Model) used to test the validity and reliability of the statement or list of questionnaires are used, so that the retrieved data is valid and reliability. The validity is measured by convergent and discriminant validity, while reliability with composite reliability (Arifin 2010). Arifin, Zainal. 2010. The evaluation of the Learning principles, techniques, procedures, Teen Rosdakarya, Bandung.

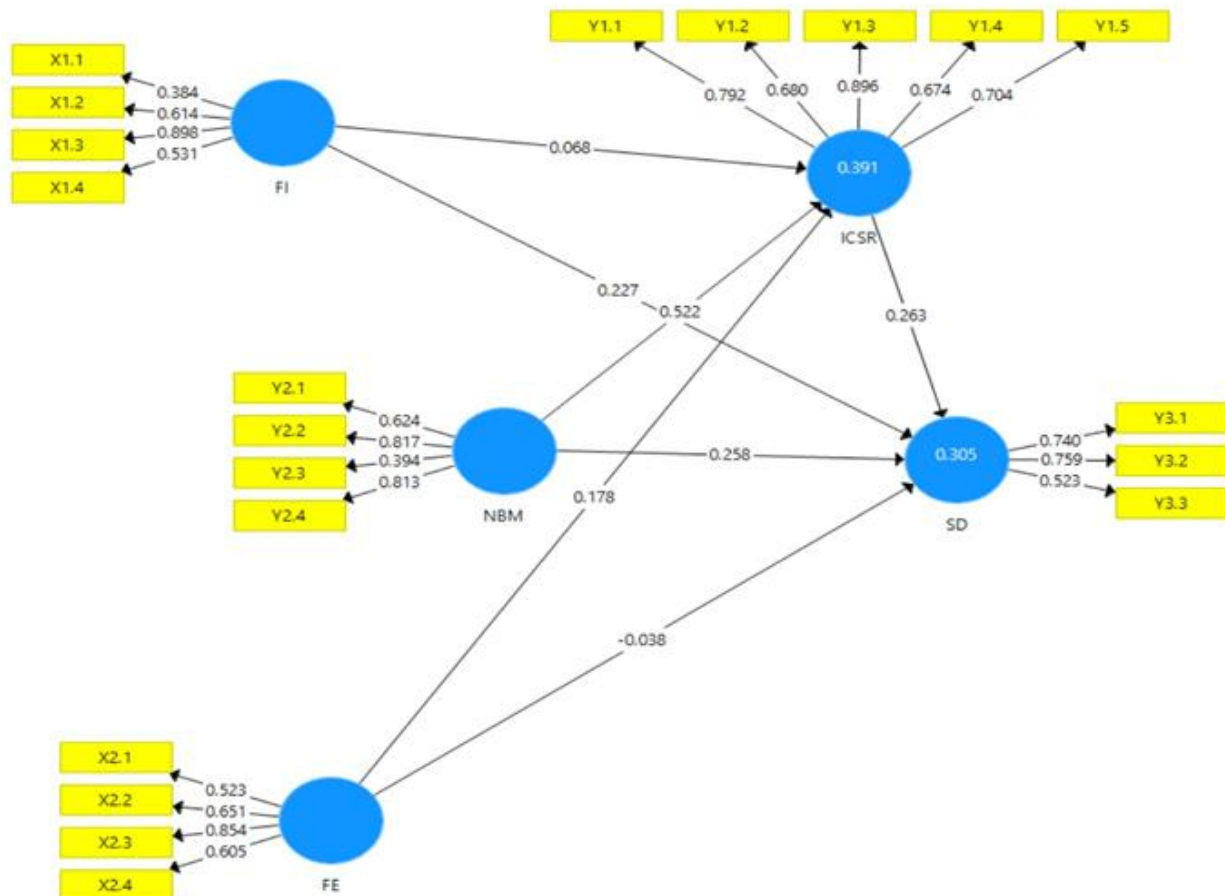


Fig 1:- test result PLS (2017)

Description:

- Fi: Internal Factors
- FE; External Factors
- ICSR: CSR Implementation
- NBM: Cultural Values Of Society
- SD: Sustainability Development

Based on the test results of the outer model above, there are several indicators that have a value of outer loading indicator, so  $0.50 <$  mustexcluded from the model. These indicators are the X and Y values 1.1 2.3 as for the test results to the outer model after the promulgation of several indicators, as follows

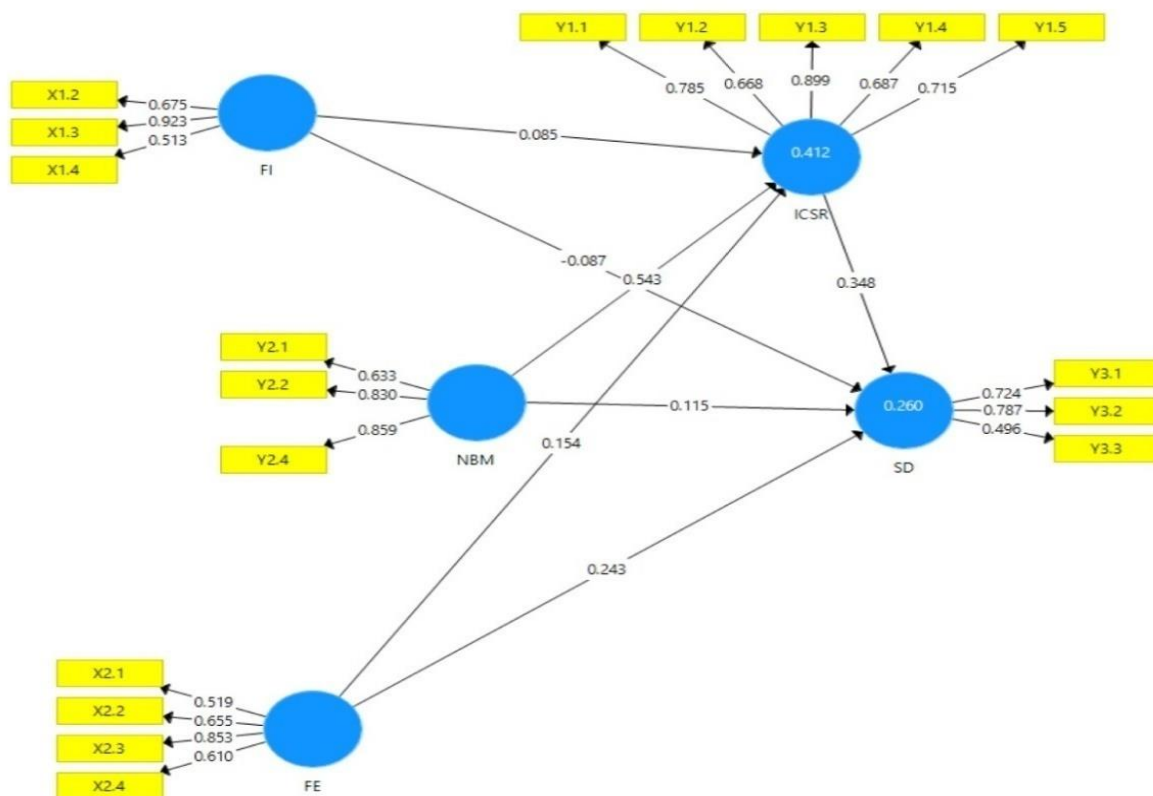


Fig 2:- test result PLS (2017)

➤ *Convergent Validity Test*

Convergent validity test is done to find out the validity of an indicator is used. Indicators stated valid value or weight factor loadings ranged above 0.50. Test weight or factor loadings each variable can be seen in table 1

|      | FE    | FI    | ICSR  | NBM   | SD    |
|------|-------|-------|-------|-------|-------|
| X1.2 |       | 0,675 |       |       |       |
| X1.3 |       | 0,923 |       |       |       |
| X1.4 |       | 0,513 |       |       |       |
| X2.1 | 0,519 |       |       |       |       |
| X2.2 | 0,655 |       |       |       |       |
| X2.3 | 0,853 |       |       |       |       |
| X2.4 | 0,610 |       |       |       |       |
| Y1.1 |       |       | 0,785 |       |       |
| Y1.2 |       |       | 0,668 |       |       |
| Y1.3 |       |       | 0,899 |       |       |
| Y1.4 |       |       | 0,687 |       |       |
| Y1.5 |       |       | 0,715 |       |       |
| Y2.1 |       |       |       | 0,633 |       |
| Y2.2 |       |       |       | 0,830 |       |
| Y2.4 |       |       |       | 0,859 |       |
| Y3.1 |       |       |       |       | 0,724 |
| Y3.2 |       |       |       |       | 0,787 |
| Y3.3 |       |       |       |       | 0,496 |

Table 1:- Convergent Validity Test table  
Source: author of 2019

Based on Table 1 above, it can be concluded that the data are valid and have been attached to the values converging are good because it has a value of convergent validity with the factor loading > 0.50.

➤ *Test The Discriminant Validity*

Test the discriminant validity is performed to find out the correlation between latent variables with every indicator. Indicators stated valid if the value of cross loading the entire indicator used in forming a latent variable is greater than on the correlation of latent variable against another. The value of cross loading each variable described in table 2. Table

|      | FE    | FI    | ICSR  | NBM   | SD    |
|------|-------|-------|-------|-------|-------|
| X1.2 | 0,655 | 0,675 | 0,218 | 0,136 | 0,100 |
| X1.3 | 0,853 | 0,923 | 0,357 | 0,223 | 0,321 |
| X1.4 | 0,412 | 0,513 | 0,060 | 0,090 | 0,086 |
| X2.1 | 0,519 | 0,173 | 0,169 | 0,125 | 0,241 |
| X2.2 | 0,655 | 0,675 | 0,218 | 0,136 | 0,100 |
| X2.3 | 0,853 | 0,923 | 0,357 | 0,223 | 0,321 |
| X2.4 | 0,610 | 0,634 | 0,137 | 0,168 | 0,017 |
| Y1.1 | 0,277 | 0,264 | 0,785 | 0,511 | 0,449 |
| Y1.2 | 0,275 | 0,265 | 0,668 | 0,423 | 0,488 |
| Y1.3 | 0,319 | 0,297 | 0,899 | 0,455 | 0,372 |
| Y1.4 | 0,289 | 0,271 | 0,687 | 0,468 | 0,199 |
| Y1.5 | 0,209 | 0,210 | 0,715 | 0,388 | 0,195 |
| Y2.1 | 0,177 | 0,130 | 0,309 | 0,633 | 0,321 |
| Y2.2 | 0,211 | 0,181 | 0,477 | 0,830 | 0,301 |
| Y2.4 | 0,195 | 0,211 | 0,583 | 0,859 | 0,252 |
| Y3.1 | 0,211 | 0,141 | 0,268 | 0,243 | 0,724 |
| Y3.2 | 0,190 | 0,184 | 0,454 | 0,318 | 0,787 |
| Y3.3 | 0,288 | 0,294 | 0,191 | 0,151 | 0,496 |

Table 2:- Convergent Validity Test table  
Source: author of 2019

Based on Table 2 above, shows that the value of the correlation of invalid constructs with item measurement is larger than the size of the other invalid constructs, it This showed the latent invalid constructs have been predicting variable block size on invalid constructs are better than the size of the block on the other.

➤ *Test the Average Variance Extracted (AVE)*

Test AVE done to find out the value that indicates the magnitude of the variant of the indicators was conceived. The value of the variable is declared valid the entire AVE in a value range over 0.50 AVE. The value of the AVE can be seen in table

|      | Average Variance Extracted (AVE) |
|------|----------------------------------|
| FE   | 0,550                            |
| FI   | 0,523                            |
| ICSR | 0,571                            |
| NBM  | 0,609                            |
| SD   | 0,564                            |

Table 3:- Test Average Variance Extracted (AVE)  
Source: author of 2019

Based on table 3 above, the value of the AVE to each variable > 0.50. So, it can be concluded that all variables can be said to be valid.



➤ *Test Composite Reliability*

Test of composite reliability is carried out to find out the value that indicates the extent to which a measurement tool can be trusted. The entire variables declared reliable when values above 0.70 loading. The value of the composite test reliability can be seen in table 4.

|             | <b>Composite Reliability</b> |
|-------------|------------------------------|
| <b>FE</b>   | 0,760                        |
| <b>FI</b>   | 0,757                        |
| <b>ICSR</b> | 0,868                        |
| <b>NBM</b>  | 0,821                        |
| <b>SD</b>   | 0,715                        |

Table 4:- Test Average Variance Extracted (AVE)  
Source: author of 2019

Based on Table 4 above, the value of the composite reliability for each variable > 0.70. So, it can be concluded that the whole in this study meets the criteria because it has reliable composite reliability. So it can be said that this research model has fulfilled the criteria test partial least square with the size of the outer model.

➤ *Cronbach's Alpha test*

Cronbach's alpha test is done to find out the value that indicates the extent to which a measurement tool can be trusted. The entire variables declared reliable when values above 0.70 loading. The value of cronbach alpha test can be seen in table 5

|             | <b>Cronbach's Alpha</b> |
|-------------|-------------------------|
| <b>FE</b>   | 0,713                   |
| <b>FI</b>   | 0,703                   |
| <b>ICSR</b> | 0,810                   |
| <b>NBM</b>  | 0,673                   |
| <b>SD</b>   | 0,723                   |

Table 5:- Alpha Cronbach's Test table  
Source: PLS (2019)

Based on Table 5 above, the value for each variable alpha cronbach > 0.70. So, it can be concluded that the whole in this study meets the criteria because it has reliable cronbach alpha. So it can be said that this research model has fulfilled the criteria test partial least square with the size of the outer model.

➤ *The Structural Model Or Inner Model*

• *R Square*

The r-square function to see the value of the significance of the latent variables. The value of r square can be seen in table

|             | <b>R Square</b> | <b>R Square Adjusted</b> |
|-------------|-----------------|--------------------------|
| <b>ICSR</b> | 0,412           | 0,399                    |
| <b>SD</b>   | 0,260           | 0,238                    |

Table 6:- test of the R Square  
Source: PLS (2019)

Based on Table 6 above, the coefficient of determination r square shows that CSR Implementation capable of variable explained by Internal factors, factors of Eksternal and cultural values the community amounted to 39.9%, the rest is explained by other factors outside the model of 60.1%. Sustainability Development capable of Internal Factors, explained the factors Eksternal, CSR Impelentasi and cultural values the community amounted to 23.8% and the rest can be explained by other variable of 76.2%.

• *Hypothesis Testing*

The test results obtained from testing hypothesis bootstrapping by using Smart software PLS help 3.0. The test results presented in figure.

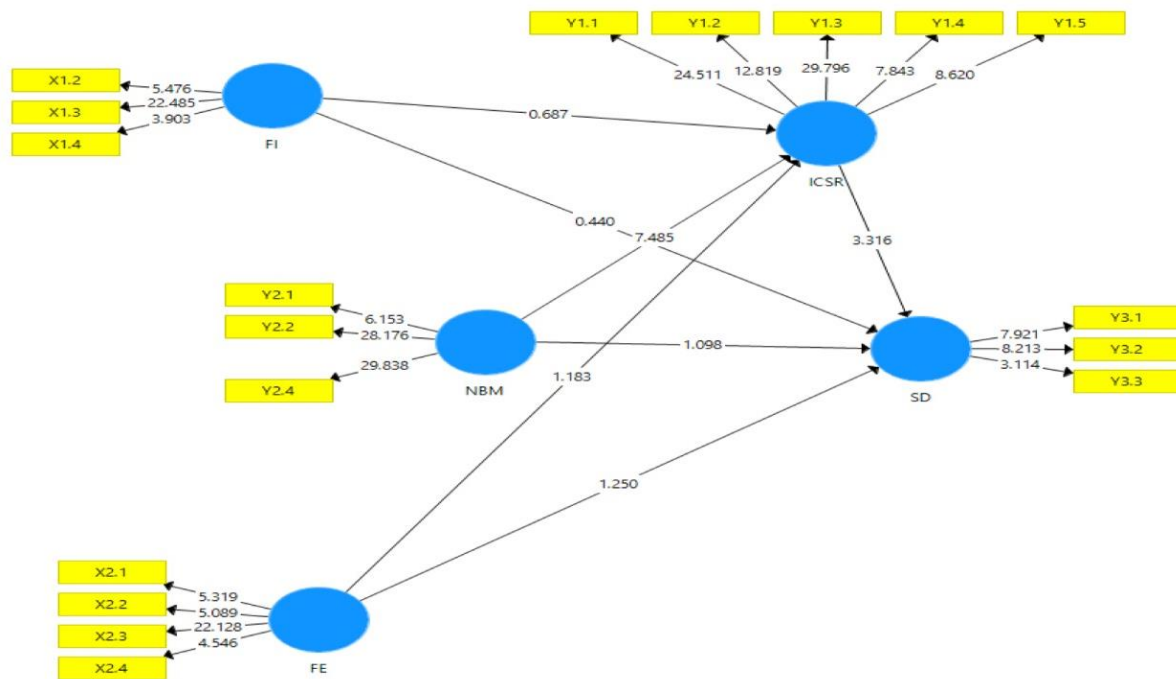


Fig 3:- Picture of Bootstrapping

• *The T-Statistics*

Exogenous variables revealed a significant variable endogenous in statistics > t results table 1.96 (Sig = 5%). The results of the t statistic of each variable can be seen in Table 7.

|                   | Hypothesis | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics ( O/STDEV ) | P Values | Description |
|-------------------|------------|---------------------|-----------------|----------------------------|--------------------------|----------|-------------|
| FE -> ICSR -> SD  | H8a        | 0,054               | 0,054           | 0,053                      | 1,008                    | 0,314    | Rejected    |
| FI -> ICSR -> SD  | H8b        | 0,029               | 0,036           | 0,048                      | 0,614                    | 0,539    | Rejected    |
| NBM -> ICSR -> SD | H8c        | 0,189               | 0,201           | 0,064                      | 2,940                    | 0,003    | Accepted    |

Table 7:- The Results Of Hypothesis Testing The Influence Of Indirect (Indirect Effect)

Based on Table 7 above, the value of t statistics external factors in Sustainability Development through CSR implementation is smaller than the value of 1.008 t 1.96 table then it can be inferred that the external factors do not affect Sustainability Development through the implementation of CSR, so H1.An in decline.

The value of t statistics Internal factors in Sustainability Development through CSR implementation is smaller than the value of 0.614 t table 1.96 then it can be inferred that the Internal Factor has no effect against the Sustainability Development through Implementation of CSR, so H1. an in decline.

A value of the t statistic value of popular culture on Sustainability Development through CSR implementation 2.940 is greater than 1.96 table t value then it can be inferred that cultural values influence on Community Sustainability Development through the implementation of CSR, so H2 in receipt

|                       | Hypothesis | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics ((O/STDEV)) | P Values     | Description     |
|-----------------------|------------|---------------------|-----------------|----------------------------|--------------------------|--------------|-----------------|
| <b>FE -&gt; ICSR</b>  | H2         | 0,154               | 0,144           | 0,130                      | 1,183                    | <b>0,238</b> | <b>Rejected</b> |
| <b>FE -&gt; SD</b>    | H5         | 0,243               | 0,204           | 0,194                      | 1,250                    | <b>0,212</b> | <b>Rejected</b> |
| <b>FI -&gt; ICSR</b>  | H1         | 0,085               | 0,100           | 0,123                      | 0,687                    | <b>0,492</b> | <b>Rejected</b> |
| <b>FI -&gt; SD</b>    | H4         | -0,087              | -0,046          | 0,198                      | 0,440                    | <b>0,660</b> | <b>Rejected</b> |
| <b>ICSR -&gt; SD</b>  | H7         | 0,348               | 0,363           | 0,105                      | 3,316                    | <b>0,001</b> | <b>Accepted</b> |
| <b>NBM -&gt; ICSR</b> | H3         | 0,543               | 0,553           | 0,073                      | 7,485                    | <b>0,000</b> | <b>Accepted</b> |
| <b>NBM -&gt; SD</b>   | H6         | 0,115               | 0,117           | 0,105                      | 1,098                    | <b>0,273</b> | <b>Rejected</b> |

Table 8:- The Results Of Hypothesis Testing Direct Influence (Direct Effect)

Based on the chart above, the value of 8 t statistics External factor against the implementation of CSR (Hypothesis 2) of 1.183 smaller than t table 1.96 and value 0.238 value of P is greater than the specified 0.05 significance so as to inferred external factors have no effect against the implementation of CSR.

The value of t statistics External factor towards Sustainability Development (Hypothesis 5) of 1.250 is smaller than q and P value of 1.96 table value of 0.212 is greater than the specified significance 0.05 so that External Factors can be summed up has no effect against the Sustainability Development.

The value of t statistics internal factor against the implementation of CSR (Hypothesis 1) of 0.687 smaller than t table 1.96 and the value of the P value of 0.492 is greater than the specified significance 0.05 so that no external factors can be summed up effect on the implementation of CSR.

The value of the statistic t factor against internal Sustainability Development (Hypothesis 4) of 0.440 smaller than t table 1.96 P value and value of greater significance from 0.660 specified 0.05 so that External Factors can be summed up has no effect against the Sustainability Development.

The value of CSR implementation statistics t against the Sustainability Development (7 Hypothesis) of 3.316 is greater than 1.96 table t and P value of 0.001 is smaller than the specified significance 0.05 so that CSR can be concluded implementation influence on Sustainability Development.

The value of the statistic t factor value of popular culture against the implementation of CSR (Hypothesis 3) of 7.485 is greater than 1.96 table t and P value of 0.000 value smaller than the specified significance 0.05 so that cultural values can be inferred Community effect on the implementation of CSR.

The value of the statistic t factor cultural values of society towards Sustainability Development (Hypothesis 6) amounting to 1.098 is smaller than q and P value of 1.96 table value of 0.273 is greater than the specified significance 0.05 so that it can be concluded Community cultural values has no effect against the Sustainability Development.

## V.DISCUSSIONS

The First Hypothesis Testing: There Are Internal Factors Influence The Implementation Of Corporate Social Responsibility (CSR) Pt. Freeport Indonesia.

The value of t statistics internal factor against the implementation of CSR (H1) of 0.687 smaller than t table 1.96 P value and value of the larger significance of 0.492 specified 0.05 so that it can be summed up the factors of Internal has no effect towards the implementation of Corporate Social Responsibility (CSR). Based on the results of the analysis of the statistics was issued temporary conclusions can be that Internal factors the company provide input that insufficient against the implementation of Corporate Social Responsibility (CSR).

The research is in line with previous findings which give evidence that the disclosure social and environmental responsibility is affected by many factors, such as profitability, corporate social accounting, size, cost accounting, business ethics, leverage, environmental performance, the size of the Board of commissaries research for example Al-Tuwaijr, et al., (2004) and Suratno, et al., (2006) found a significant positive relationship between environmental performance to financial performance, Ingram and Frazier (1980); Freedman and Wasley (1990) found no significant relationship between the environmental performance with environmental disclosure, while Bewley and Li (2000); Hugnes, et al. (2001); Patten (2002) States the existence of a negative relationship between the two.

The case is also not in line with the research on the relationship of CEO Tenure and Social Responsibility Disclosure, according to research conducted by the Barnea and Rubin (2006), CEO Tenure has a positive relationship with disclosure responsibilities social (CSR).

To strengthen the analysis of the internal factors that include: (a) the size of the company; (b) Leverage; (c) Profitability; and (d) the structure of Ownership, then researchers wear opinion Shen (2003) cited by Zubaidah (2003) States that the characteristics of the CEO is very important in Corporate Governance, therefore, would be relevant in Corporate reporting Governance.

Different levels on the CEO'S tenure will affect both leadership development CEO is also a chance to control management. The extent of the performance and tenure of CEO affects the level of Corporate Governance reporting, it hasn't been much done research on it.

Still in Shen (2003), States that the longer the term of the CEO then he will reveal lower or fewer practices corporate governance because he will choose a secure position of power.

Meanwhile, the suraman research results about how big the relationship Power CEO explained the positive effect on performance of the company delivered Han, dkk (2016) and Combs, et al (2007). While the results of the research of Noval (2015) described the CEO'S Power is not so great that provide input on performance the company reinforced by the opinions of Jansen and Macklin's (1976) that States the greater the ownership of shares by management of the strong tendency of management to optimize the use of resources resulting in the increase in the company's performance.

The results of these research findings also show that PT. Freeport Indonesia need not be too great because the CEO authority to give will make the company experienced a brief performance of its business. Because the power and authority granted to a CEO are limited due to limited controlled the majority shareholder who made shareholders make a unilateral company decisions or authoritarian.

It can also be further explained that the research results to internal factors not in keeping with some of the earlier research conducted Fitriyani&siti M (2013) describes the influential environmental performance significant against disclosure Corporate Social Responsibility (CSR). Ivana Siregar (2013) fined the relationship positive environmental performance with the disclosure of Corporate Social Responsibility (CSR). NI WayanOktariani& Ni Putu Sri HartaMimba (2014) found social accountability positively impact on the lives of the people.

YudhantaSambharakreshna (2009) mentions the Environmental Accounting and Environmental Management Accounting has a significant role in the business strategy of the company. NI Luh Sari &

Immediately Kade I GustiNgurahAgungSuaryana (2013) find disclosure Corporate Social Responsibility (CSR) a positive effect against financial performance while the second describes the findings of the test simultaneously demonstrated that the interaction foreign ownership variable have no effect significantly against the disclosure of Corporate Social Responsibility (CSR) with the company's performance.

Likewise, the results of this research in line with the opinion of the Combs dkk (2007) which explains that the power of the CHIEF EXECUTIVE refers to the potential to utilize the ownership or CEO position to pursue a goal of his own.

Based on the results of testing in internal also shows that CSR is not that big implementation gave the impact being so mean toward sustainability development is shown in Table 5.8 which means with no CEO reshuffle give such great impact to the development of the community's seven tribes in the area of customs in the mining area of PT Freeport Indonesia.

In agency theory provide the assumption that each individual is motivated by its own interest giving rise to the conflict of interests agents. The parties are motivated to maximize the fulfilment of economic and psychological needs, among other things in terms of obtaining investment, loan, or contract compensation and bonuses. Conflict of interest has increased mainly because the principal cannot monitor activity to ensure daily CEO Chief Executive Officer (CEO) works according to the wishes of shareholders.

Still in Agency theory States that any environmental protection activities reduce economic success because the company will issue a cost for environmental protection efforts, when companies focus on social responsibility rather than maximizing profits, it resulted in a decline in the efficiency of the company and the company will fail to optimize the use of resources, good company assets or capital from shareholders.

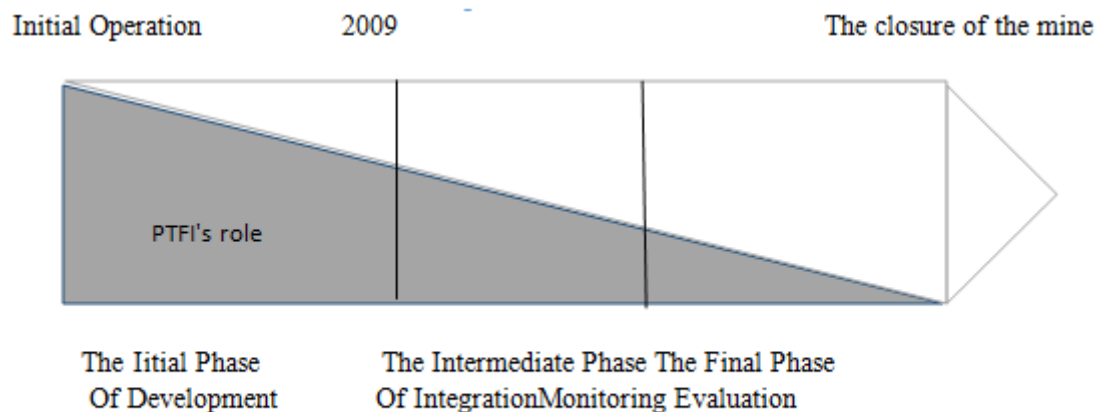
Statistical test results explained that internal factors company that viewed from the aspect of (1) the size of the company; (2) leverage; (3) Profitability; (4) the structure of the Ownership at the time of research was conducted to provide information or have an impact on the continuation of the economic society of the seven tribes in the mining area of PT. Freeport Indonesia on how the importance of the four aspects mentioned above are not yet complainant well by the community and the employees who work at the company.

Relates to the internal factors in the company if it is associated with the task and responsibility of the preservation of natural resources and sustainable development in order to achieve the eight commitments agreed upon the entire leadership of the PT Freeport Indonesia will be as follows:

- comply with all things related to the obligations of the Setup, and the provisions of environmental legislation, environmental commitments voluntarily followed and conditions environmental policy FCX (Setup, liability associated with environmental aspects PT Freeport Indonesia).
- Seeking environmental protection and the prevention of environmental pollution.
- Seeking continuous improvement by implementing environmental management systems to improve environmental performance by setting goals and objectives based on a valid data and is based on proper science, with the reassessment of the goal set out in the Environmental management plan and Environmental Monitoring Plan as well as through internal audits or external audits regularly.
- ensure that environmental considerations become an integral part at every stage of planning, an engineering and operation.
- working with communities around work areas with the principles of mutual respect and develop active partnerships.

- Supports energy efficiency programme with the reduction, reuse, and recycling (3R) and responsible disposal of products used in operations.
- contribute to the conservation of biodiversity and integrated approaches to land use plans.
- Ensure that the policy is documented, communicated to all employees and all those who worked to represent the company, and is open to all parties.

High commitment towards Sustainability Development already implanted since the beginning the company started operations in New Guinea. Research information that pass through statistical analysis is expected as a very important input materials for the company if the company wants to get the Sustainability Development by implementing Corporate Social Responsibility the company must make improvements- improvements continuously conducted so that the goals can be achieved, as seen in Figure 5.4 as follows:



### Work Towards Sustainable Development

Fig 4:- The Strategy Of PT Freeport Indonesia  
Source: PT. Freeport Indonesia, 2019

Figure 4 providing such information is taken from the page (<http://ptfi.co.id>) explains that the company will establish and encouraging sustainable development partnership, participate in an important dialogue with stakeholders (stakeholders), as well as ensure efficiency, transparency, and accountability in order to optimize the resources allocated for community development programs so that the creation of the independence and the ability of the community to enhance their quality of life.

According to Lee (2007), explained that Corporate Social Responsibility (CSR) is no longer seen solely corporate moral responsibility, but Corporate Social Responsibility (CSR) can be viewed as part of a corporate strategy that is used to improve the performance of the company. While the results of this research also outline the four elements most important to explain that the company: (1) the size of the company; (2) leverage; (3) Profitability; (4) the structure of ownership, don't be the reason or

consideration of the different stakeholders (stakeholders) to know in four elements was important, but that desired the stakeholders at the time of the research conducted is a party the company must improve its image in the community.

See pictures of 4. It can be explained that the companies already have a strong grounding in determining strategic Corporate Social Responsibility (CSR) programs. When the company implement program or activity the company also have considered carefully about what input is needed with the involvement of outside parties such as viable social Institution in the form of container nonprofit agencies in helping to implement and carry out the strategy of Corporate Social Responsibility (CSR).

The process of reorganize cooperation with stakeholders, since the results of the statistical tests provide information that the internal factors have little impact in implementing the strategic Corporate Social Responsibility

(CSR) by the company, Despite being very well designed, but become useless at the moment because it is negative.

Improve strategic Corporate Social Responsibility (CSR) company like that delivered Baron (2006) there are two interrelated matters underlying a company doing strategic Corporate Social Responsibility (CSR) can improve the company's performance; and improve the environmental quality of the Community company operates in place that will eventually support the sustainability of the company's life.

Researchers conducted interviews with a number of employees of the company online by giving any questions related to the size of the company with the retrieval decision, the stakeholders, using the scale of perception one up with the five are employees answer later on a scale of strongly agree, this shows that the size of the company also gained a great Nain against the application of Corporate Social Responsibility (CSR). While the measurement of Profitability relating to align enterprise as well as seen also the size of the company's equity from the answers of the respondents are also on a scale satisfying, this indicates that the Profitability also have linkages that strong against the application of Corporate Social Responsibility (CSR) to sustainable development for society of seven tribes in the mining area of PT Freeport Indonesia.

The Second Hypothesis Test: The Influence Of External Factors Against The Application Of Corporate Social Responsibility (CSR) Pt. Freeport Indonesia.

The value of t statistics External factor against the implementation of CSR (H2) of 1.183 smaller than t table 1.96 and value 0.238 value of P is greater than the specified significance 0.05 so that External Factors can be concluded no effect towards the implementation of CSR. Based on the results of the statistical analysis summary was issued can be while that Company is still external factors also provide input that insufficient against the implementation of Corporate Social Responsibility (CSR).

Research findings such as those described above, provide information that PT. Freeport Indonesia has not been able to provide many benefits for society, such as: providing job opportunities, providing the required goods for the consumption society, pay taxes, give a donation, and others. But in addition to the advantage of the existence of many companies give rise to various social issues and the environment, such as air pollution, poisoning, noise, coercion, discrimination (Sueb, 2001).

PT Freeport Indonesia as a business person must realize that not merely produce high profit, but contribute to the environment where the company stands. Responsibility to the environment that is intended is the basic concept of Corporate Social Responsibility (CSR) (SikAsik and Nazar, 2015).

Such thinking is based on the view that the mining company is a socio-economic change agents for the

community around the mining site. The assumption, the mining company will bring as well as current investments, the citizenry, isolation and prying open access community against the outside world.

With the presence of the mining company, will be built the necessary infrastructure of various communities, such as roads, power, watersupply, transportation, and communication networks. However, the assumptions as outlined above, the current need to be changed.

Currently seven tribes inevitably had to accept the fact that they could not fail to mention, namely the presence of Freeport Indonesia in their life and activity. Freeport Indonesia has entered the niche-niche lives of seven tribes in depth and presents new problems for them.

New issues such as loss of customary rights over the land, the destruction of socio-economic system, destruction of the environment and natural resources due to changes in the ecosystem, including the occurrence of various acts of violence that can be categorized as the prolonged human rights violations.

The above issues have been shattering traditional Cosmology destroy seven tribes and in depth has been shaking up the socio-cultural and economic governance. The question is getting weight with the forced displacement of citizens settlements, cultural and social impoverishment and cultural disintegration.

Another issue that is allegedly the company CSR programs has not run a maximum of which needs to be highlighted is the conflict of rights between seven major tribes of the caterpillar which triggered the question of illegal mining. Borrow Notes Mandessy Arri & Rudito Bambang, (2011) explained the illegal mining Activities often resulted in the seizure of land plots which result in the occurrence of conflicts between tribes who do these activities. Another problem that arises is the existence of a difference between the perception of local people from seven tribes (around the Freeport) with the Government of Indonesia and the company's own associated areas of what is now the territory of the Freeport Indonesia mine.

The implementation of the autonomous region is also an issue which must be faced by Freeport Indonesia in the area. Also with increased public awareness will be denied their rights to participate govern the Organization of the State, the community began to want to benefit from the existence of Freeport Indonesia which operates around area of indigenous land seven tribes. This phenomenon is supported by the demands of the application of the concept of Corporate Social Responsibility both locally through a variety of national community action through the legitimacy of the law.

So too can be explained further that the results of testing hypotheses related to external factors which consists of (a) the Central Government/region (investors, Regional Security, the stability of the region); (b) the level of

participation of the community; (c) the capacity of the human resources and Institutional capacity (d), does not give such great impact against the application of Corporate Social Responsibility.

The involvement of Freeport Indonesia in the program of Corporate Social Responsibility still dilators background with multiple interests, one of which is to avoid losses due to real Indonesia Freeport from the reaction of society (demonstration) the irregularities of the Freeport Indonesia to manage the surrounding environment.

Sustainable environmental management or often called Sustainable DevelopmentdaleMulayadi (2003) describes the elements of the corporate involvement in the Corporate Social Responsibility program that is the motive of maintaining the security of production facilities, motif comply with the agreement of the contract work, and moral motives to provide social services in local communities.

The concept of Corporate Social Responsibility which is often done is with the method of sustainable development or often called sustainable Development. But is this sustainable development really can reduce or prevent increasing damage the environment is this program is clearly highlights how in order to accommodate all forms of social responsibility over the impact the company's activity on the community around that fits the concept i.e. sustainable development, especially with the emphasis on the improvement of the environment.

Statistically analysis provide interesting information, namely the presence of Freeport Indonesia is not so large positive value to society 7 (seven) tribe, despite so many programs and activities conducted Freeport Indonesia to local community, may also be due to the public only see presence of Freeport Indonesia at the time this research was carried out, because the company did not provide results in such financial expectations of local communities, but Corporate Social Responsibility is actually going to give good results directly or indirectly in corporate finance in the future.

External analysis is thus not in accordance with the opinion of Wibisono (2007) in the implementation of Corporate Social Responsibility there are five pillars of Corporate Social Responsibility activities, namely creating a reliable human resources and empowerment the community, maintaining harmony with the surrounding communities, running a good business governance, maintaining environmental sustainability and can foster a positive image and won the trust and support of the community.

View Sulistiyani (2004) States the partnership model should ideally reflect the Division of equal to the three actors of development, namely the Government, the private and the public. Equal partnership model would give a positive image for the company with the apply transparent and participatory partnerships develop.

According to Kotler and Lee (2005), that Corporate Social Responsibility in the field of social can improve Corporate Image, for example, a company that has been providing family allowances/scholarships for employees or to the public. Their viewpoints to the company will certainly be different, thus indirectly increasing the company's image.

The results of statistical tests that are done to the company's external variables include: (1) local government/Centre (investors, local government, regional securitystability; (2) the level of the participation community; (3) human resources capacity; (4) the institutional capacity, statistically do not provide reinforcement to the application of Corporate Social Responsibility.

The existence of the company has yet to contribute judging then statistics based on the data field interviews involving multiple stakeholders. External factors when the interview was conducted has been able to contribute to the establishment of Corporate Social Responsibility, this indicates that the company always build good communication with community leaders, the Government area and security apparatus in maintaining the stability of the security around the mining area.

Whereas in so doing exploration companies cannot relinquish responsibility either to the environment or the communities that exist around the mining area, if companies want to retain sustainability, then the company should pay attention to either the public or the environment.

View of the company towards Corporate Social Responsibility as in convey Wibisono (2007) in his research Thesis DwiEndah Mira Manurung, (2012) the explain some of the viewpoints of the company Corporate Social Responsibility as following: (1) just the preamble or forced to. Companies practicing Corporate Social Responsibility because the external driven (external factors), environmental driven (due to environmental issues and reputation driven (because it wants to boost the image of the company); (2) in an effort to fulfill the obligations (compliance); (3) Corporate Social Responsibility was implemented due to the sincere encouragement from within (internally driven).

The Third Hypothesis Testing: The Influence Of The Cultural Values Of Society Against The Implementation Of Corporate Social Responsibility (CSR) Pt. Freeport Indonesia.

The value of the statistic t factor value of popular culture against the implementation of CSR (Hypothesis 3) of 7.485 is greater than 1.96 table t and P value of 0.000 value smaller than the specified significance 0.05 so that cultural values can be inferred Influential community against the implementation of Corporate Social Responsibility (CSR).

Based on the results of the statistical analysis summary was issued while the can that the culture of the community of seven tribes still also provide input that

insufficient against the implementation of Corporate Social Responsibility (CSR).

Research findings such as those revealed in the statistical analysis provided information cultural values measured aspects of Kinship (1); (2) the Customary Rights; (3) the behavior/habit; and (4) the local politics, have a positive value for Freeport Indonesia, if managed in a maximum of five aspects, is in line with the opinion of Elkington (in Faradilla, 2012) companies who want to craft a Sustainability Report should be adopted triple bottom line accounting method which is an extension of traditional accounting concept that contains only a single bottom line i.e. the results of the financial result of the company's economic activity.

While Novianty (2011) declaring the real Corporate Social Responsibility is a concept and a program that appears on a voluntary basis, because the company considers important so should be formulated in such a way. So in the concept of Corporate Social Responsibility are a variety of aspects such as culture, values, competencies, ethics of company history even the basis of acting by all parties to the internal management of the company.

The community around a corporate environment according to Suparlan (1990), the community is a collection of a number of people in a certain place which shows the existence of possession norms to live together even though it included a variety of layers or social environment. According to Suharto (2005) that the public can mean two concepts, namely: (a) community as a spot along a geographic region; (b) community as a common interest i.e. the similarity of interests based on culture and identity.

According to Paharizal and IsmantoroDwiYuwono (2016) explains the mining interests of Freeport Indonesia didn't hesitate to create conflict and Division in the land of Papua. Social Accounting, as delivered Cahyati (2008), is a tool useful for companies in social activity in express their financial statements, given investors and potential investors in taking business decisions or investments not only pay attention to the financial aspect, but also pay attention to aspects of the corporate responsibility to society.

Meanwhile, Otto, (2003) gives explain that the environment is not viewed solely as a resource that should be exploited, but preferably as a place to live that requires the existence of harmony between man and life neighborhood life. Quality of the environment it can be resized by using quality of life as a reference, i.e. in a high quality environment, there is potential for the development of high-quality life.

While Marfai, (2013) describes introduction to the ethics of the environment and local wisdom explained that the establishment of an industry or factory will produce waste that affects the environment and the ecosystem it inhabits the good society, as well as ground water are there nearby. Along with that then happens to also decrease the

quality of the environment that have an impact on the quality of life of the community.

The results of these research findings is also in line with the research of Wang and Juslin (2009) also shows the existence of a link between a culture with the implementation of Corporate Social Responsibility. Where research This resulted in a a new definition regarding Corporate Social Responsibility, namely Harmony Approach to Corporate Social Responsibility (HCSR).

Harmony Approach to Corporate Social Responsibility appears because it considers that the concept of Corporate Social Responsibility West used does not correspond to the reality of the Chinese market and not consider the culture China. The results of his research declaring the existence of the link between the implementation of Corporate Social Responsibility and wisdom of traditional cultures, will help the company to implement Corporate Social Responsibility with his own and provides a new way for companies in an effort to improve the performance of its Corporate Social Responsibility.

Connect with popular culture, usually corporate or business venture in carrying out Corporate Social Responsibility activities are always in tune with the culture or tradition of the local community, with the expectation of the community or environment companies can participate giving appreciation and feel the benefits from the implementation of Corporate Social Responsibility.

In this case, according to Giddens (Budimanta et al., 2008:14) the impact of globalization is happening today, not only has the economic dimension but also has a political dimension, technology and culture. Such thinking also will affect the way of thinking among entrepreneurs in respect of its business strategy. Corporates are no longer viewed as the outside of the community but the company has become part of the community itself. From this fact the corporate layout in a heterogeneous community.

The Fourth Hypothesis Testing: The Influence Of Internal Factors Towards Sustainability Development Pt. Freeport Indonesia.

The value of the statistic t factor against internal Sustainability Development (Hypothesis 4) of 0.440 smaller than t table 1.96 P value and value of greater significance from 0.660 specified 0.05 so that External Factors can be summed up has no effect against the Sustainability Development. Based on the results of the statistical analysis can preached a summary of Internal Company Factors that while still providing input that is insufficient against the Sustainability Development.

Research findings as presented above, provide information on sustainable development after the company not doing exploration as it happens in some countries. According to Szekely (2005) States that sustainability is how to build a society in which economic, social and



ecological goals must be balanced. One of the most frequently used approach to measuring corporate sustainability is the triple bottom line approach. The approach involves three dimensions: (1) Environmental (environmental); measuring the impact on resources such as air, water, waste emissions; (2) Social (social); related to corporate governance, motivation, incentives, security and health, human resource development, human rights and ethical behavior; (3) Economic (Economics); refers to the measurement of maintenance or improvement of the success of the company for example, technology and innovation, collaboration, knowledge management, purchasing, processing and reporting of sustainability.

The results of these findings, indirectly also provides information that in the concept of sustainability is important is how the company utilizes the available environmental resources more effectively, efficiently and economically.

The company should also avoid it or spending unnecessary risk and avoid the waste so it does not spend reserve environmental resources, improve energy efficiency and material for future generations.

The concept of sustainability is a concept that is interpreted through the three dimensions viz. economic sustainability, environmental sustainability, and social sustainability. Remember this concept provides many benefits for the company, is expected to implement the mandatory reporting of sustainable companies to add value to the company. Because the importance of this report should get the attention of regulators.

The presence of the company PT. Freeport Indonesia has yet to give a meaningful impact on society of the seven tribes, it is seen from the Statistics analysis results do provide value to communities that are in the mining area is directly or indirectly.

Given the impact of the presence and activities of the production company PT. Freeport Indonesia damage the environment and harm the community, for example the impact of wastes production and many case of public discontent are popping up, either with regard to environmental pollution, as well as the exploitation of large magnitude against energy and natural resource damage that causes natural get criticism from society.

Ansatisfaction community that inhabited the region of PT. Freeport Indonesia mining begin to feel the changes the State of the environment (ecology), information disclosure, conflict and culture changes to the citizens in the area of mining of sesame. Environmental campaigners who voiced environmental workers have started not unstoppable again and inevitably to be faced by the company as well as other stakeholders. Advances in technology, communications and telecommunications and the more support the flow of information disclosure, so the presence of the companies start getting rejections from the local community.

The Fifth Hypothesis Testing: External Influences Towards Sustainability Development Pt. Freeport Indonesia.

The value of t statistics External factor towards Sustainability Development (Hypothesis 5) of 1.250 is smaller than q and P value of 1.96 table value of 0.212 is greater than the specified significance 0.05 so that external factors can be summed up has no effect against the Sustainability Development.

Based on the analisis statistics can be inferred that the external factors which include (a) the Central Government/region (investors, REGIONAL Security, the stability of the region), (b) the level of participation of the community; (c) HUMAN RESOURCES capacity; (d) institutional capacity, in statistics contribute little towards the implementation of Corporate Social Responsibility (CSR).

Findings of the field is associated with the Mkarim income, (2003), explained that despite the existence of a commitment which has resulted in various agreements in sustainable development, environmental trend remain is still deteriorating. This is evident from the more the magnitude of the scale and intensity of environmental disasters that occurred in some areas, such as flood, drought due to material and hazardous waste spills and toxic, and rising disease in plants. Other environmental problems are real as well as the destruction of land and property, destruction of forests, the depletion of biodiversity, as well as the more stride water sources.

Relates it, Hosmer (1995) States that "in the longrun, Corporate Social increase trust and possibly reduce transaction costs". Kotler (2005) also argued that the company's participation in various forms of social responsibility can provide many benefits to the company (Orlitzky and Waldman 2009). There is a symbiotic relationship between Mutualism Company with the surrounding communities. Prihatiningtias (2012) holds corporate social responsibility currently has become a crucial issue because the company expected by the community to be able to demonstrate their commitment to real through action.

The larger the stone thrown into a pond the greater also the waves thereof. The more narrow the broad pond, the bigger the waves crashing over the edge anyway. This is the result that can pull from the mining projects in remote communities, (Salim, 2003), (Ondi, 2003). Extractive industries produce waste land and the remains of the mineral deposits in the form of tailings from mines copper, gold and silver. The deeper the hole was dug, the more ordinary wastes discarded anyway through the river or a special pipeline to the sea.

Sixth Hypothesis Testing: The Influence Of The Cultural Values Of Society Towards Sustainability Development Pt. Freeport Indonesia.

The value of the statistic t factor cultural values of society towards Sustainability Development (Hypothesis 6) amounting to 1.098 is smaller than q and P value of 1.96 table value of 0.273 is greater than the specified significance 0.05 so that it can be concluded community cultural values has no effect against the Sustainability Development.

Based on the results of field data through networking list now online and manual to several key informant in giving responses between the cultural values of the seven tribes with Sustainability Development PT. Freeport Indonesia concluded that age and the size of the company as well as the name of the company was not fully made the seven tribes community were satisfied with the service that was provided in the form of education, health and basic infrastructure in the mining area of impact.

Borrowed opinions of Salim, (2003), which says in each development model "economy" is a system with the environment assystem. The dominant determines is an "economic interests", as a result of environmental interests placed under economic interests. While Riyaldi (2002), during the Indonesia forgot to incorporate the environmental costs in calculating economic benefits. "A matter of economic benefits must take into account the environmental costs caused by pollution, waste and costs required to improve the environment damaged by the area utilized for the economy".

Second opinion source above, strengthen the author's analysis that PT. Freeport Indonesia was supposed to improve the cultural approach is done in developing the sustainable development after the end of the post production with more involving community in building and developing the sector nonagricultural development as the mines, plantations, forest production of non-timber and tourism as an alternative source of income when the mining is already a stop operation again.

Seventh Hypothesis Testing: Implementation Of Corporate Social Responsibility (CSR) Towards Sustainability Development Pt. Freeport Indonesia.

The value of t Statistics "implementation of Corporate Social Responsibility (CSR) towards Sustainability Development (7 Hypothesis) of 3.316 is greater than 1.96 table t and P value of 0.001 is smaller than the specified significance 0.05 so that It can be concluded implementation Corporate Social Responsibility (CSR) to Sustainability Development.

Based on the information that is captured through the now related with the application of Corporate Social Responsibility (CSR) corporate showed good results, views based on statistics obtained author when perform data analysis to look at the measurements that are used include the following: (a) economic (Profit/Non-profit Companies); (b) education; (c) the health field; (d) the field of the environment (community welfare and environmental quality); (e) indigenous rights (G4/GRI HR8; The total

number of incidents of violations involving rights of indigenous people and actions taken).

The application of Corporate Social Responsibility (SCR) is the main focus of the company in line with the opinion of the Cowen et al. (1987) which channeled Sembiring (2005), theoretically large companies will not escape from the pressure, and larger companies have more operating activity and provide a greater influence on the community, and will probably have more shareholders who will always pay attention to social programs that made the company so that disclosure of information on social enterprise opportunities. It also results in larger companies, are required to show or reveal its social responsibility.

Likewise the opinion of Belkaoui (1989) in Anggraini (2006) suggests that companies that perform social activities will disclose in the financial statements. Most of the studies conducted by the researchers who suggested this find evidence that social information needed by the users of the financial statements. The analyst, banker and others involved in the study were asked to do a ranking against accounting information. Accounting information is not limited to traditional accounting information has been assessed so far, but also other information that is relatively new in the discourse in accounting. They put corporate social activity information on the position of a moderately important.

Hypothesis testing H8a: influence of Internal factors influence on Sustainability Development through implementation Corporate Social Responsibility (CSR).

The value of t statistics Internal factors in Sustainability Development through implementation Corporate Social Responsibility (CSR) is 0.614 is smaller than the value of t is 1.96 table then it can be inferred that the Internal factors have no effect against Sustainability Development through implementation of Corporate Social Responsibility (CSR), so the H8. a in decline.

Set out the results of the taken field data networking with online question form deployment techniques and manual record-keeping related to internal factors company that allegedly has a great influence towards sustainable economic development through the implementation of Corporate Social Responsibility (CSR) which includes: (a) economic (Profit/Non-profit Companies); (b) education; (c) health; (d) the field of the environment (community welfare and environmental quality); (e) indigenous rights (G4/GRI HR8; The total number of incidents of violations involving rights of indigenous people and actions taken) have yet to raise the value of the satisfaction of the community.

Hypothesis testing H8b: influence of External Influential Factors towards Sustainability Development through implementation Corporate Social Responsibility (CSR).

A value of the statistic of external factors in the Sustainability Development through implementation

Corporate Social Responsibility (CSR) is 1.008 is smaller than the value t table 1.96 then it can be inferred that the external factors do not affect Sustainability Development through implementation of Corporate Social Responsibility (CSR), so the H8. b in decline.

Testing statistic for external factors with the Sustainability Development through the implementation of Corporate Social Responsibility (SCR) and each size has been set up in each of the parameters used, after a the analysis does not provide satisfactory results statistically.

The results of these field findings, as well as provide information that presence company PT. Freeport Indonesia as long as it has not fully increase the satisfaction of local people who are not well compensated by the company.

Event background eight commitments that have been made, then the PT. Freeport Indonesia committed to stakeholders outside the company through the program of Corporate Social Responsibility (CSR). The program is devoted to supporting economic growth and run a sustainable development initiatives in order to help create the welfare of society, in particular the villages around the company. However, many people who doubt whether the program of Corporate Social Responsibility (CSR) which was carried out by big companies, including PT Freeport Indonesia has been able to give a positive impact to the social environment.

Another issue that is supposedly the program of Corporate Social Responsibility (CSR) the company has not run a maximum of which needs to be highlighted is the conflict of rights between seven major tribes of the caterpillar which triggered the question of illegal mining. Borrow Notes MandessyArri&RuditoBambang, (2011) explained the illegal mining Activities often on land seizure visit plots resulted in the occurrence of conflicts between tribes who do these activities. Another problem that arises is the existence of a difference between the perception of local people from seven tribes (vicinity of the PT. Freeport Indonesia) with the Government of Indonesia and the company's own party related area which is now the mining area of PT. Freeport Indonesia.

Previous studies provide evidence that the disclosure social and environmental responsibility is affected by many factors, such as profitability, corporate social accounting, size, cost accounting, business ethics, environmental performance, leverage, size Commissioner for example Research Council of Al-Tuwaijr, et al., (2004) and Suratno, et al., (2006) found a significant positive relationship between environmental performance to financial performance, Ingram and Frazier (1980); Freedman and Wasley (1990) found no significant relationship between the

environmental performance with environmental disclosure, while Bewley and Li (2000); Hugnes, et al. (2001); Patten (2002) States the existence of a negative relationship between the two.

Hypothesis testing H8c: influence of cultural values influence on Community Sustainability Development through implementation Corporate Social Responsibility (CSR).

A value of the t statistic value of popular culture on Sustainability Development through implementation Corporate Social Responsibility (CSR) is greater than the value of 2.940 t 1.96 table then it can be inferred that the cultural values of the community effect towards Sustainability Development through implementation of Corporate Social Responsibility (CSR), so that receipt. H8c

Based on the test of the cultural values that include: (a) the Kinship; (b) Customary Rights; (c) Behavior/habit; (d) the local politics with Sustainability Development through Corporate Social Responsibility (CSR) showed good results. The information provide input that to not feel satisfied with the product development community programs or activities done during this, but it should be kept should make improvements by increasing alternative postgraduate programs the end of mining as well as the always engaging the public seven tribes as customary rights owners who are more real.

Community development programs that deliver sustainable impact such as: (a) economic impact (GRI EC1-G4/EC9; Economic Performance, Market Presence, The Economic Impact Of Indirect Procurement Practices); (b) environmental impact (GRI G4/EN1-EN34: materials, energy, water, biodiversity, emissions, Effluents and waste, products and services, compliance, transportation, etc., the top supplier of Environmental Assessment, Complaint Mechanisms of environmental issues) and (c) social impact (GRI G4; Labor/LA1-LA6, HAM/HR1-HR12, society/SO1-SO11, the responsibility of product/PR9 PR1-) need to do continuous improvement by not forgetting the value of community life the seven tribes as the owner of birthright.

An overview of Sustainability Development in the page (<https://ptfi.co.id>), providing the information as part of information disclosure to convey so many strategic programs that have been done and will be done PT. Freeport Indonesia in fulfilling the mandate of the triple bottom lines, i.e. profit, people and planet (3 p) seen from some programs of Corporate Social Responsibility (CSR) that rests on this principle is usually a greening of the environment, the provision of water supply, improvement of the settlement, the development of tourism (keoturisme). To more clearly presented

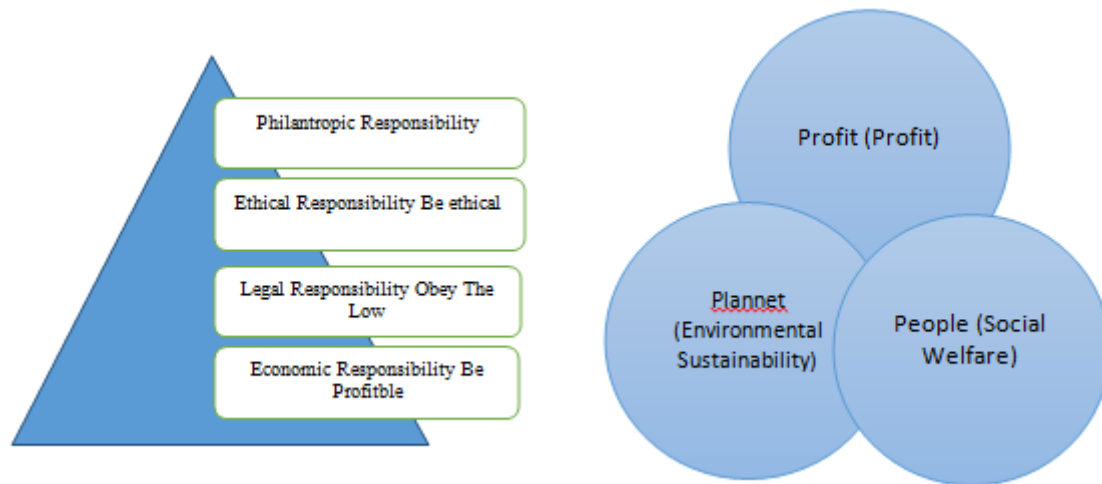


Fig 5:- Corporate Social Responsibility(CSR)

Source: B. Carrol&amp;Porter, (2002)

Thus, a poor corporate image and frequently appears in the media, clearly does not support the smooth operations of the company and are counter-productive against the efforts of increased productivity and profits. It is now increasingly recognized that the company, as a business person, would not be able to continue to grow, if a blind eye or did not want to know the situation and condition of the social environment where he lives.

In that regard, the application of Corporate Social Responsibility (CSR) is seen as a necessity. Corporate Social Responsibility (CSR) is not only a responsibility but also an obligation. Corporate Social Responsibility (CSR) is a business role and should be part of the business policy. Then, businesses not only take care of the problems of profit, but also as an institution of learning. Business must contain the social consciousness of the environment around.

The application of Corporate Social Responsibility (CSR) in Indonesia has increased both in quantity as well as quality. In addition to the diversity of activities and manage them increasingly varied, as seen from a financial contribution, the amount gets bigger. Research PIRAC in 2001 suggests that funds Corporate Social Responsibility (CSR) in Indonesia reached more than 115 billion rupiah or about 11.5 million u.s. dollars from 180 companies spent on social activities 279 recorded by the mass media. Although these funds are still very small when compared with the Fund's Corporate Social Responsibility (CSR) in the United States, as seen from the cumulative figures, the development of Corporate Social Responsibility (CSR) in Indonesia is quite encouraging. The average number of companies who donated funds for activities (CSR) is about 640 million rupiah or around 413 million per activity. As a comparison, in the U.S. portion of the funding of Corporate Social Responsibility (CSR) in 1998 reached 21.51 billion and year 2000 reached 203 billion dollars or about 2,030 trillion rupiah (Saidi, 2004:64).

What motivates the companies doing Corporate Social Responsibility? The following description depicts

the three stages or different paradigm. 1). The first stage is the corporate charity, i.e. encouragement of charity based on the religious motivation. 2.) the second stage is the corporate philanthropy, namely humanitarian impulses which are usually sourced from the universal norms and ethics to help fellow and fight for social equity. 3). The third stage is corporate citizenship, that is, the motivation of citizenship for the sake of realizing social justice based on the principle of social involvement (Saidi, 2004:69).

## VI. CONCLUSION

Corporate Social Responsibility, is an activity conducted by the company in order to implement the economic responsibility to stakeholders or hareholders egg how to earn profits and raise the price of stocks or legal liability to the Government are already well underway. 2} in general the presence of PT Freeport Indonesia, admittedly has been carrying out various activities in the framework of corporate social responsibility, but testing and analysis done through the This research explains that the company's Corporate Social Responsibility activities has not been much give effect for the improvement of community welfare and sustainable development of mining in the region. 3) test results of statistics explained that the external factors include (a) the Central Government/region (investors, Regional Security, the stability of the region); (b) the level of participation of the community; (c) human resources Capacity; (d) Institutionalcapacity, not much effect and give a strong impact against the efforts of increasing welfare as well as the sustainability of development in the area of mining work PT. Freeport Indonesia 4.) Internal factors include (a) the size of the company; (b) the Leverage; (c) Profitability; (d) the structure of Ownership is not much effect and give impact on the welfare of the community improvement efforts and the sustainability community development the seven tribes as part of the impact the activities of PT. Freeport Indonesia. 5) factors cultural values of the community in a positive and significant effect against the Sustainability Development by implementing Corporate Social Responsibility.

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