EMPIRICAL STUDY OF THE INFLUENCE OF STAKEHOLDERS ON CORPORATE SOCIAL RESPONSIBILITY

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Abstract

In essence, the company was formed with the aim of getting as much profit as possible. Behind it all, the company also has responsibility for various aspects that are affected by its business activities such as the environment and society. Therefore, the issuance of financial statements alone is not enough to maintain the trust that has been given by stakeholders to the company, so a corporate social responsibility report is also needed. Stakeholder theory is used to underlie this research. This study aims to determine the influence of stakeholders on the disclosure of corporate social responsibility. The object of this research is an oil palm plantation company listed on the Indonesia Stock Exchange (IDX) in the period 2017-2021 and the sampling of the research used non-probability sampling which resulted in a sample company with 25 issuers data. The results of the study showed that the results of the t test known that the media has effect on the disclosure of corporate social responsibility. Meanwhile, shareholders, government, and employees have no effect on the disclosure of corporate social responsibility. In accordance with the results of research media has sufficient evidence to have an influence with the disclosure of corporate social responsibility.

Keywords: shareholders, employee, government, media, disclosure of corporate social responsibility

Pendahuluan

Corporate social responsibility itself was introduced in Indonesia in the 1980s and its use has been growing since the 1990s. Starting in 2007, after the enactment of Law No. 40 of 2007 concerning the obligations of Limited Liability Companies, almost all companies have carried out *corporate social responsibility* and later ratified government regulation no. 47 of 2012 concerning the social and environmental responsibility of limited liability companies. Until August 1, 2012 when the Indonesian government implemented government regulation Kep-431/BL/2012 regulated in the Financial Services Authority (OJK) stating that every public company must report its corporate social responsibility activities in the annual report, otherwise it will be subject to sanctions has been regulated in Article 74 paragraph (1) in the Limited Liability Company Law (UUPT) and Article 34 paragraph (3) in the Investment Law (UUPM).

Stakeholder **Theory**

According to Archie B. Carroll Ann K. Buchholtz (2018) the definition of *stakeholder theory* is stakeholders who are groups or individuals with whom the organization interacts or has freedom. *Stakeholders* refer to people or organizations who influence or are affected by company decisions, policies and operations. The word *stake* itself when used as a verb has the meaning of marking territory by asserting ownership. *Stakeholders* in a company consist of various groups, namely customers, workers, shareholders, governments, suppliers, professional and trade associations, social and environmental activists and non-governmental organizations.

Corporate Social Responsibility

Corporate social responsibility (CSR) has been around since the 1980s and expanded its use in the 1990s. In Indonesia itself, CSR was formed through Law no. 40 of 2007 concerning limited liability companies which require companies or investors to carry out corporate social responsibility. Until 2012, Indonesia issued a government regulation Kep-431/BL/2012 which is regulated in the Financial Services Authority (OJK) stating that every public company must report its CSR activities in an annual report. Now, corporate social responsibility has become important for the development of corporate sustainability and can build a good and trusted image for a company.

Stakeholders

Stakeholders in the sense according to R. Edward Freeman (2010) have 2 meanings, namely, *narrow definition* and *wide definition* . *Narrow definition* is a stakeholder including groups that are important for the survival and success of the organization. Then, in a *wide definition* , stakeholders include all groups or individuals who can influence or be influenced by the corporation. According to R. Edward Freeman (2010) also, stakeholders (*stakeholders*) are divided into 2, namely, primary stakeholders (*primary stakeholders*) and secondary stakeholders (*secondary stakeholders*). In this sense, *primary stakeholders* are *stakeholders* who officially have a contractual relationship with the company. For example, employees, customers, communities, investors, and suppliers. *Secondary stakeholders* are stakeholders who do not officially have a relationship with the company. For example, business competitors, government, media, special interest groups, and customer advocate groups .

Government

As an agency with power related to regulating a country's regulations, the government is one of the stakeholders with impacts that can affect company activities because the government makes regulations that emphasize each company regarding CSR activities and their sustainability reports (Qisthi & Fitri, 2020) .

Employee

Employees are one of the most valuable assets for the company. Employees themselves are included as *intellectual capital* or also called human resources. With many trainings or knowledge learning that has been occupied by an employee, it can increase its value and quality.

Shareholders

Shareholders are organizations, groups, or individuals who purchase ownership rights/shares or who have already taken part in the ownership of the company. Companies with low share ownership tend to have poor social responsibility compared to companies with high share ownership.

Media

The development of the era until now, has made all information can be quickly accessed by any person or sector who needs information. The ease of gathering information is assisted by the internet. The internet is an information network that connects people all over the world.

Corporate Social Responsibility Disclosure

Reporting does not only stop until the report is finished, but also disclosure or reporting must be carried out or also commonly referred to as *corporate social responsibility disclosure* . The extent and scope of disclosure or reporting has its basis which is regulated in the regulations issued by the *Global Responsibility Index* (GRI) and the disclosure or reporting must be correct based on the values in GRI.

Hypothesis

Influence of Shareholders on *Corporate Social Responsibility Disclosure*

The better the results reported in the social responsibility report, the better their long-term investment and risk management will be. In a study conducted by Hamdani et al. (2017) stated that shareholders have an influence on CSR. With the emergence of a good CSR report, shareholders will be interested and consider adding their ownership in the company.

H_1: Shareholders influence *corporate social responsibility disclosure* (CSRD)

The Influence of Employees on *Corporate Social Responsibility Disclosure*

Nowadays, employees participate in assessing and paying attention to whether the company where they work is a company that has good social responsibility or not . The results of research from Chandra et al., (2021) reveal that corporate social responsibility has an influence on employees where disclosure of corporate social responsibility can increase employee productivity.

H_2: Employees influence *corporate social responsibility disclosure* (CSRD)

The Government's Influence on *Corporate Social Responsibility Disclosure*

Each company is required to issue a Corporate Social Responsibility Report as the responsibility of the company for its operational actions that have an impact on the community and the environment in the vicinity of the company 's operations as regulated in Article 74 paragraph (1) of the Limited Liability Company Law (UUPT).) and Article 34 paragraph (3) of the Investment Law (UUPM). In research Winalza & Alfarisi (2021) state that government ownership has an influence on CSR. With 50% government ownership of a company, a company has a high tendency to carry out corporate social responsibility disclosure because the activities carried out by government-owned companies tend to be more sensitive so that they are more closely monitored by stakeholders.

H_3: The government influences *corporate social responsibility disclosure* (CSRD)

The Effect of Media on *Corporate Social Responsibility Disclosure*

From the media, the public can participate in monitoring the activities of the company from whether they have taken the promised *corporate social responsibility* actions or what actions they will take in overcoming the impacts resulting from their business activities. Trijaya & Riswandari (2017) researchs shows the results that the media has an influence on CSR disclosure which can be seen when companies disclose their social activities directly on their official website, so it can make it easier for investors to know what social activities the company has done in a period.

H_4: Media influences *corporate social responsibility disclosure* (CSRD)

Research methods

Population and Sample

The object of research used in this study are companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021 for the financial year ending on December 31. Sample selection was carried out by *purposive sampling method* with sampling criteria, namely: (1) plantation companies listed on the Indonesia Stock Exchange in 2017-2021; (2) Companies that make *sustainability reports* stand alone in 2017-2021; (3) Companies that report financial statements after being audited and sustainability reports in a row for 2017-2021; (4) There is a GRI index in the sustainability report; (5) Companies that publish complete 2017-2021 sustainability reports. The total sample used is 5 companies using 5 years of financial statements and company sustainability reports so that the sample is 25 samples.

Results and Discussion

Descriptive Statistical Analysis

The results of descriptive statistical analysis show that the shareholder variable as a stakeholder shows a minimum value of 0.38 which represents Eagle High Plantation Tbk and a maximum value of 0.92 which represents Sinar Mas Agro Resources & Technology Tbk (SMART Tbk) and an average value of 0.6124 with standard deviation of 0.21826. The employee variable as a stakeholder shows a minimum value of 7,596 which represents Austindo Nusantara Jaya Tbk, a maximum value of 49,000 which represents Sinar Mas Agro Resources & Technology Tbk (SMART Tbk) with an average value of 27,106.88 and a standard deviation of 15,464.02. The government variable as a stakeholder displays a minimum value of 0 which represents Eagle High Plantation 2017-2018 and companies other than Eagle High Plantation, a maximum value of 1 which represents Eagle High Plantation Tbk in 2019-2021 with an average value of 0.12 and a standard deviation of 0.33 . The media variable as a stakeholder displays a minimum value of 8 which represents Sinar Mas Agro Resources & Technology (SMART Tbk), a maximum value of 871 which represents Austindo Nusantara Jaya Tbk with an average value of 169.96 and a standard deviation of 223.793. The sustainability report disclosure index variable displays a minimum value of 0.31 which represents Sawit Sumbermas Sarana Tbk, a maximum value of 0.99 which represents Astra Agro Lestari Tbk with an average value of 0.5044 and a standard deviation of 0.14225.

Coefficient Similarity Test

The results of the coefficient test that have passed the test are above 0.05 (> 0.05) so that all of the data can be tested at once

Classic assumption test

The classical assumption test includes: normality test, multicollinearity test, autocorrelation test, heteroscedasticity test. Overall, the results of the classical assumption test have passed the test

Multiple Regression Analysis

The results show that the constant value is shown at 0.364, which means that if the independent variables are shareholders, employees, government, and the media X = 0, then the value of the sustainability report disclosure index is 0.364. Shareholders independent variable -0.008 . The employee's independent variable is 0.364. The government's independent variable is -0.074. The media independent variable is 0.364.

$$CSRD = 0.364 - 0.008PS + 0.364KA - 0.074PE + 0.364ME$$

Coefficient of Determination Test (R^2)

From the test results, the value of R^2 (coefficient of determination) is at 0.326. From the previous criteria which stated that the R2 value used was between ^{0} to 1, then according to the table, the variables in this study could be explained at 0.326 and the remaining 0.674 was explained by other factors not included in this study.

F Uji test

The model feasibility test was conducted to determine whether all of the independent variables in this study had an influence on the independent variables being tested. The results of the model feasibility test show that the sig result is at 0.083. Thus, the simultaneous F test does not affect the dependent variable (0.083>0.05).

t test

The test results show that the significant shareholder variable on *corporate social responsibility disclosure* is 0.491 > 0.05, so the answer to the hypothesis is that Ha1 is rejected and H01 is accepted, which means that there is no influence of shareholders as stakeholders on the disclosure of corporate social responsibility (CSRD).

In the results of testing the employee variable on *corporate social responsibility disclosure* 0.208 > 0.05, the hypothesis answer is Ha2 is rejected and H02 is accepted, which means that there is no influence of employees as stakeholders on the disclosure of corporate social responsibility (CSRD).

In the results of testing the government variable on *corporate social responsibility disclosure* 0.226 > 0.05, the answer to the hypothesis is that Ha3 is rejected and H03 is accepted, which means that there is no influence of employees as stakeholders on the disclosure of corporate social responsibility (CSRD).

In the results of testing the media variable on *corporate social responsibility disclosure* 0.018 <0.05, the hypothesis answer is Ha4 accepted and H04 rejected, which means that there is an influence of the media as a stakeholder on the disclosure of corporate social responsibility (CSRD).

Discussion

Influence of Shareholders on *Corporate Social Responsibility Disclosure*

Based on the results of the tests that have been carried out, it shows that shareholders have no influence on *corporate social responsibility disclosure* to oil palm plantation companies (0.491 > 0.05). The results of this study are not in line with the research conducted by Hamdani et al. (2017) , and Hitipeuw and Kuntari (2020) which state that shareholders influence the disclosure of corporate social responsibility.

The Influence of Employees on *Corporate Social Responsibility Disclosure*

Based on the results of the tests that have been carried out, it shows that employees have no influence on *corporate social responsibility disclosure* in oil palm plantation companies (0.208 > 0.05). The results of this study are not in line with the research conducted by Chandra et al. (2021) whose research results state that with the existence of *corporate social responsibility disclosure* it will be able to increase employee productivity. They are an important resource for companies in carrying out company activities

The Government's Influence on *Corporate Social Responsibility Disclosure*

Based on the results of the tests that have been carried out, it shows that the government has no influence on *corporate social responsibility disclosure* in oil palm plantation companies (0.226> 0.05). The results of this study are in line with the research conducted by Winalza and Alfarisi (2021) which stated that with 50% government ownership of a company, a company has a high tendency to carry out *corporate social responsibility disclosure* because the activities carried out by government-owned companies tend to be more sensitive so that more monitored by stakeholders.

The Effect of Media on *Corporate Social Responsibility Disclosure*

Based on the results of the test, the media has a positive influence on *corporate social responsibility disclosure* in oil palm plantation companies (0.018 > 0.05). The results of this study are in line with research conducted by Trijaya and Riswandari (2017) , and Hitipeuw and Kuntari (2020) which state that the media has an influence on the disclosure of social responsibility. The media can be used as an intermediary for companies in reporting their CSR actions so that they can build trust with consumers.

Conclusions and suggestions

The results of this study indicate that there is sufficient evidence that the media has an influence on *corporate social responsibility disclosure* and there is not enough evidence that shareholders, employees, and the government have an influence on *corporate social responsibility disclosure* .

From the results of the discussion and conclusions that have been explained, the inputs and possibilities for companies to pay more attention to the disclosure of government stakeholders, employees and shareholders. If investors can consider the disclosure of government *stakeholders* , employees and shareholders. It is advisable for further researchers to be able to use other *stakeholder* variables where if they can have a simultaneous influence on CSRD, such as by replacing the shareholder variable with the institutional ownership variable.

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