

Social Responsibilities Commitment:

Study on Mining Companies in Indonesia

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Abstract—This paper aims to portray the social commitments in the sustainability reporting of mining enterprises in Indonesia. This research was using content analysis as a tool of study, by completing throughout symbol coding from the thirty-four social items of Sustainability Reporting of six mining enterprises listed in the Indonesia Stock Exchange in the year 2019. The afterward step is verifying the symbol or message systematically, then constructing the results. The research discoveries that all the companies in this research are committed to the social aspect, with a different emphasis. The greatest social aspect reveals are to commit to occupational-health-and safety. The next important aspect is to improve the life quality of the communities by continuously expanding impacts, following by plan, and apply community encouragement programs that are essential and powerfully impactful. Further, the corporates also give more attention to connect with the nearby communities and create significant changes for well living standards. Meanwhile, this study is qualitative research, it suggested for the upcoming research to develop in quantitative research.

Keywords—social responsibility, sustainability reporting, education introduction

I. INTRODUCTION

The idea of social sustainability originated as a continuation of previously established ideas of economic sustainability and environmental sustainability. This idea originated at a meeting held in Johannesburg in 2002, which was inspired by the reasons that the previously established concepts of economic sustainability and environmental sustainability have not been able to lift the welfare of communities in countries around the world, and the need for economic sustainability to match development welfare in the Southern as well as Northern countries. Against this context, in the business world, a common vision is developed which is gradually globalizing and leads to liberalization realizing the unification of rules for the level of human well-being, namely the principle of social sustainability. These three principles became a benchmark in subsequent innovations for corporations to carry out social responsibility that is familiar with the idea of corporate social responsibility (CSR).

The world's most used framework for CSR is the Global Reporting Initiative (GRI). This standard is the basic principles to be included in the Sustainability Report (SR), consist of a fair, match up to, consistent, timely, see-through, and truthful. The GRI is a neutral organization founded by the Environmentally Friendly Economics Alliance and the Tellus Institute in the US [1]. CSR applies to all partnerships between a company and all stakeholders, including clients, staff, families, owners or investors, governments, suppliers even rivals.

Mining companies, most of whose raw materials come from nature, are required to carry out environmentally friendly mining operations, they are also required to heed the three aspects of CSR in their sustainability reports, that are: economic responsibility (GRI 200), environmental responsibility (GRI 300) and social responsibility (GRI 400). Companies must always prioritize environmental conservation aspects in carrying out mining activities. Besides, in mining operational activities, mining companies must always adhere to good technical principles or good mining practices, by carrying out good planning and internalizing the prerequisites for safety and environmental preservation. Mining companies must realize that their existence is not only for profit, but also required to have a commitment and participate in sustainable economic development to improve the quality of life and a beneficial environment, both for the company itself, the local community, and society in general.

According to Republic Indonesian Act No. 40 in the year 2007 regarding Limited Liability Companies, every enterprise should commit referred to Social and Environmental Responsibility. Mining companies whose main activities are in the mining sector and most of its production processes use natural resources directly, the implementation of Corporate Social responsibility (CSR) is an obligation for the company, even if it is not implemented it will be subject to sanctions [2]. Therefore, companies must have a social impact on the community and the surrounding environment. By carrying out this responsibility, it will support the formation of corporate dealings harmonious, steady, the environment, ethics, rules, and culture of the neighborhood community. This is important to note because a company cannot last long in litigation unless

individuals involved in the business and the local community follow the minimum ethical requirements [3].

The increasing universal understanding of restricting natural capital, destroying wealth, and expanding it through knowledge such as big data and cloud computing in personal citizen's business, raise an understanding of the importance of business ethics as a social standard in society. However, approaching entrepreneurial ethics as a standard that business follows is not a simple one. Standards are followed to justify legal authorization and consider existing business ethical practices [4]. Socially the corporation has a responsibility for the wider community's needs, not just the company's financial needs [5]. The CSR commitment creates a difference in the financial performance of a company [6]. Meanwhile, the economic profitability of CSR activities is considered as an additional cost that can be used for other purposes [7]. Likewise, mutual funds financing in socially responsible investments shows that these investments' financial returns differ depending on the fund's CSR operationalization [8]. Therefore, this study concentrate on how is the company's social commitment to the environment and society? Social commitment is a form of awareness to return some of the benefits obtained by the company to the community.

The social responsibility of mining companies is very high, the majority of post-mining company management duties have to be responsible not only for the economic and environmental aspects but also for the social aspects threatened by mining operations, as well as for the local communities that are affected by the mining process. The uniqueness of this research is on the research method that explores the social commitment from the mining company through the text. The social commitments of the observed firms were explored one by one in the items required by the GRI 400-1 through 400-19. What distinguishes it from previous research, this study emphasizes content analysis, whereas most of the social responsibility studies use lots of quantitative data like the study done by Haifa [7] and Whyatt [9].

II. RESEARCH METHODS

The type of this research is qualitative research. In this examination, the analysis of content is used as a research method. Content analysis is a study that reviews the quality of the material in the mass media produced or written. The content analysis technique is: coding symbols, capturing logos or full message, and understanding them [10]. This approach analyzes the content of the text and, at the same time, explains the links to relevant information in the content analysis. The content analysis approach is a technique for concluding a particular, systematic, and generalist message using different characteristics [11].

In this research, information is obtained from corporate reporting on the social commitment of mining companies listed on the Indonesian Stock Exchange (IDX) in 2019. As of April 2019, the mining companies listed on the IDX consisted of 47 companies, but only six (6) enterprises announced their

sustainability reports. This sustainability reporting of six companies used as the samples are PT. Bumi Resources, PT. Bukit Asam, PT. Petrosea, PT. Aneka Tambang, PT. Vale Indonesia, and PT. Timah.

This study begins by testing the disclosure of GRI 400 on the sustainability reporting of the six mining companies that were observed. Each standard consists of several sub-standards, which must be followed one by one to identify the organization's social requirements. The total subsets of norms contained in this study were thirty-four (34) subsets spread over GRI 400-1 to 400-19. Thus, the sample size in this study was 6 mining companies multiplied by 34 GRI standard subsets, which is 204 samples.

III. RESULTS AND DISCUSSION

The use of economic resources originating from the community causes the company to interact directly or indirectly with its social environment. Positive aspects of the use of economic resources can increase the welfare of the community which is called social benefits. Meanwhile, the negative aspects can reduce the welfare of society or what is known as the social cost. The implementation of corporate social responsibility arises from the company's management vision because the company's future management vision requires the disclosure of additional information in the company's financial statements.

On the other side, mining operations must meet company commitments and initiatives that will help to minimize harmful impacts on the environment and refurbish undesirable effects from mining. The mining company should deeply attentive to its dedication to appropriate mining practices to preserve environmental sustainability by dropping the damaging effects of mining doings. Consequently, the mining enterprises and its management, staff, and other stakeholders should commit to ensuring environmental sustainability by reducing the negative impacts of the mining process. The analysis began with the review of GRI disclosure 401 until 419 that reported in the Sustainability Report of companies observed. The number of social-aspect commitment observe in the companies can be seen in Table 1.

83.3% or 5 of the 6 companies observed have a commitment to new employee recruitment and employee turnover except for PT. Vale Indonesia (GRI 401-1). Effective recruitment requires accurate and accurate information continuously regarding the number and qualifications of individuals required to carry out all work within. Recruitment issues are important for an organization or company in terms of labor procurement. If the recruitment process goes well, many qualified applicants submit their applications, thus the company's chances of getting the best employees will be wide open, and will allow for a low turnover of employees in and out. High turnover of staff not solely negatively affects the profit of the business, however conjointly the productivity of the workers, services provided by the companies, and the experiences of the customers. Therefore, the reduction of

employee turnover has become a strategic issue for many organizations [12]. Employee turnover is also influenced by the organizational culture inherent in the minds of employees who feel uncomfortable with the company's situation, which results in them choosing to leave the company.

83.3% or 5 out of 6 enterprises are obligated to given benefits to full-time workers not offered to temporary or part-time staff, except for PT. Vale Indonesia (GRI 401-2). A loyal employee is a valuable asset for the company, in a dynamically changing reality the company is required to more often use various forms of flexible work alternatives, which focus on the company's needs while also paying attention to the needs of employees [13]. Employees will be loyal if the company makes efforts to make employee welfare policies. Employee welfare is carried out by the company to increase employee comfort and productivity without reducing wages so that workers are happy and satisfied, free from fatigue, can improve employee intellectuality, and provide a better life and health for employees.

100% or all observed companies care about occupational, health, and safety (GRI 403-1). A healthy workforce can work productively therefore employee morale is expected to improve. Companies as employers can simultaneously improve the welfare and safety of their entire workforce [14]. An integrated approach to employee health and well-being can reduce costs for employers, including employee absence, decreased productivity at work, insurance, and disability claims, and the elimination of redundant roles and services [15]. Security and health at work is a significant factor which can influence the efficiency of the employees.

83.3% or 5 out of 6 businesses are concerned with the types of injuries at work and the rates of incidents at work, occupational illnesses, missed working days and absences, as well as the number of job-related deaths except for PT. Bumi Resources not stating clearly (GRI 403-2). As a virtuous enterprise, companies should respect the integrity and human rights of individuals and societies.

TABLE I. THE SUMMARY OF MINING COMPANIES DISCLOSURE ON SOCIAL ASPECTS

Disclosure	Quantity of disclosure						
	<i>Bumi Resources</i>	<i>Bukit Asam</i>	<i>Petrosea</i>	<i>Aneka Tambang</i>	<i>Vale Indonesia</i>	<i>Timah</i>	<i>Total</i>
GRI 401	3	3	3	2	0	3	14
GRI 402	1	0	0	0	1	2	2
GRI 403	3	4	2	4	4	4	21
GRI 404	3	2	3	2	0	3	13
GRI 405	1	0	2	0	1	1	5
GRI 406	1	1	1	0	1	1	5
GRI 407	0	0	1	0	0	0	1
GRI 408	1	1	1	0	0	1	4
GRI 409	0	0	1	0	1	1	3
GRI 410	0	0	1	0	0	1	2
GRI 411	1	0	0	0	0	1	2
GRI 412	1	0	0	0	0	1	2
GRI 413	0	2	2	1	2	1	8
GRI 414	1	0	0	1	0	1	3
GRI 415	0	0	0	0	0	0	0
GRI 416	1	0	0	0	2	0	3
GRI 417	0	1	0	0	1	0	2
GRI 418	0	0	0	0	1	1	2
GRI 419	1	0	0	0	0	0	1
Total Disclosure	19	15	17	10	13	20	94
Percentage	55,88%	44,12%	50%	29%	38%	59%	

83.3 % or 5 of the 6 companies listed as paying attention to health and safety issues that protected by structured trade union agreements except for PT. Petrosea didn't state implicitly (GRI 403-3). Companies must understand the world of labor, one of the things that need to be known is the Collective Labor Agreement between the company and employees. This is very important for the sake of an agreement between the company and its employees that mutually benefit each other. A collective working agreement is an agreement which is the result of negotiations between a trade union/labor union or several trade unions/labor unions registered at the agency responsible for manpower affairs and an entrepreneur, or several entrepreneurs or a group of entrepreneurs, which contains working

conditions, rights, and obligations of both parties. Unions and companies have a dialogue about each other's thoughts related to the future of the company in the future to make a common dream come true. Companies that expect high environmental performance must fully comply with applicable laws and standards so that the products produced use components that have been agreed upon by international and regional environmental treaties and conventions, awareness of national and local environmental laws and regulations, and awareness of national environmental standards in their fields [16]. After reaching a common thinking frequency, employees and the company can support each other and become a solid team.

83.3% or 5 of the 6 enterprises headed with employees at high risk of work-related injuries or harmful diseases, except PT. Petrosea (GRI 403-4). Companies need to pay attention to occupational safety and health not only in the form of training but also facilities that ensure that work accidents can reach zero. Zwanikken and Zwetsloot stated how to achieve zero accident principles, there are: (a) preventing all accidents from occurring; (b) every accident is unacceptable; (c) company management proactively advertises that accidents must be prevented; (d) learning from accidents is considered the key to the success of zero accidents [17]. Companies must avoid the occurrence of diseases in workers which are caused by or exacerbated by their work.

Except for PT. Vale Indonesia (GRI 404-2), 83.3%, or 5 out of 6 companies agree to initiatives to develop employee skills. Increasing employee skills will provide benefits for the company in the future. Companies can determine the skills needed now and in the future so that their employees have the skills to work. The list of employee skill needs could be used as the basis for providing training and employee development thus organizational goals can be achieved, and provide encouragement for employees to achieve superior performance levels [18]. Besides, the company can answer the challenges of the times, increase productivity and achievement. A company needs to make a skills diagram to find out what jobs are needed for the successful performance of an organization [19]. Human resource development in the company can improve employee competence in the mechanism of using new technology properly so that the company can prepare employees for higher positions in the future.

83.3% or 5 of 6 businesses are concerned with the percentage of workers receiving daily performance and career evaluation except for PT. Vale Indonesia (GRI 404-3). Transparent reporting will create trust between the company and its employees. Management will find out what workers are doing, and know the problems employees face during tasks. Concise job reports can help improve efficiency for employees. Not a few organizations have trouble delivering work reviews, so they don't know the specifics of the everyday activities workers conduct. In a transparent reporting framework, however, administrators may find it easier for their workers to track and provide feedback.

83.3 % or 5 of 6 businesses, except PT. Aneka Tambang (GRI 406-1), are bound by instances of discrimination and corrective action. Mining companies have to minimize unfair discrimination of staff and the community around them. With the local community, the business must continue to grow and evolve, creating harmonious partnerships in a sustainable climate. Thus, the company's presence could provide the widest possible profit and fulfill stakeholders' desires, namely consumers, business partners, government, shareholders, employees, and the local community, to create a stable, autonomous, and environmentally sustainable society.

66.67% or 4 of the 6 companies concerned operations and suppliers that pose a serious risk of child labor accidents (GRI 408-1). Mining companies must prevent human rights abuses, including forced and child labor, gender inequality, and exploitative and dangerous work practices that threaten the health of the workers. Violations that take the form of a systemic undertaking by subsidiaries and their suppliers relating to low wages, the use of target and piece rates where employees are compensated on a non-working hour basis, and the use of a complex system of financial and other sanctions. Another thing to avoid is the casual hiring of women which makes them vulnerable to violence.

The most committed company measured by the number of GRI disclosures is PT. Timah, with a total of 20 out of 34 items requested by GRI or 59%. In second place PT. Bumi Resources, the number of standards disclosed is 19 out of 34 required to be disclosed or 56%. In the third rank, PT. Petrosea disclosed 17 of the 34 standards required or 50%. In fourth place, PT. Bukit Asam revealed 15 standards out of 34 standards requested or 44%. Ranked fifth, PT. Vale Indonesia with total disclosure of 13 out of 34 items or 38%. The last rank of PT. Aneka Tambang, with the total disclosure of 10 items from 34 items requested by GRI or 29%. All the companies observe have the commitment to social issues as a request by GRI Standard but with different materiality context.

Companies that seeking contributions from corporate social initiatives have a positive picture as the first gain of responsible engagement, decreased risk in reputation and uncertainty, then strengthened partnerships with partners, and even increased revenue [7]. The companies observed can be said to behave ethically as a company will carry out social activities. The disclosure of social activity reporting from the six companies studied shows that these mining companies have a strong commitment to social aspects as required by the GRI 400, especially regarding commitments to worker health and safety, including in preparing for employee welfare both during and after retirement. The companies observed are also committed to social activities by preparing for the growth of knowledge and skills of their employees, as well as involving local communities in various company activities and reducing the social impact of mining on the surrounding communities. The companies will be proactive towards social and political constituents. Thus, the companies hope to get a positive image from the disclosure of its social commitment to the public.

All the companies were obligated to build a code of ethics for their purposes. The key reasons given centered on maintaining the corporate culture, preserving the dignity of the workers, and trying to make ethics a central organizational competence. The organizations that replied seem to be working to uphold their ethical principles by formalizing these principles in their codes, and their workers recognizing those values [9]. Support and maintenance of codes in the hope that practices, processes, priorities are consistent with corporate principles, ideology, and, culture. The strategies developed by organizations to enforce their codes demonstrate their social commitment to the process.

IV. CONCLUSION

The establishment of a mining company can create social problems such as conflict between the community and the company, the decline in the quality of public health, a change in people's mindset and a change in the social structure of the community. For this reason, the company must care socially about the community in the mining environment. In GRI, the social impact of this company is assessed using the GRI 400 standard, which is divided into several themes in GRI 401 to 419.

The research results show that all companies observed care for jobs, health, and safety. 83.3% of companies observed have a commitment to new worker enrollment; commit to giving benefits to permanent workers; concerned with the several forms of injuries at works and the rates of occupational injuries, workdays lost and absences as well as the number of workplace deaths; be attentive to health and safety problems under the formal labor union agreements; workers who experience a high risk of injury or adverse diseases at work; agreed to programs to improve employee skills; a regular performance and job appraisal percentage of workers; and bound by discrimination cases and disciplinary action. From the thirty-four things of the six companies observed in the GRI 400 disclosure concluded that social contributions were made by all companies but of different significance.

For further studies, researchers can analyze mining companies in Indonesia that do not make sustainability reports whether they have a social responsibility and disclose it in their annual reports. Research on social commitment can also be carried out for other types of companies both in Indonesia and Asia. Since the study is qualitative, a quantitative study has been suggested for future studies.

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