

**A REVIEW OF CORPORATE  
ENVIRONMENTAL RESPONSIBILITY (CER)  
PRACTICES IN INDONESIA**



**THESIS**

*Submitted in Partial Fulfillment of the Requirement for  
Undergraduate Degree in Economics*

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2010**

## ABSTRACT

### **A Review of Corporate Environmental Responsibility (CER) Practices in Indonesia**

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*The aim of this research is to review the practices of Corporate Environmental Responsibility (CER) as subsection of Corporate Social Responsibility (CSR) based on Sustainability Report published by mining industry in Indonesia. This research use nine aspects and thirty indicators Environmental Performance stated by Global Reporting Initiative (GRI) G3 Guideline. There are five Sustainability Report were analyzed as the samples and will be classified as Reported or Not Reported. Then from Reported classification, it will be score as Completely and Partially Reported. The result of the study show that the applications of guideline for reporting on environmental performance within Indonesian companies in mining industry is still far from what the Global Reporting Initiative (GRI) G3 required.*

*Keywords: CSR, CER, SR, Mining Industry, GRI G3.*

# CHAPTER I

## INTRODUCTION

### I. Background

The issue of Corporate Environmental Responsibility has received importance and attention especially when the greatest challenge, global warming with its associated threats of climate change and other environmental problems were occurring in recent years had making our one earth is more prone to natural disasters and widespread ecological imbalances. Nowadays people do not just thinking about its own survival, but they are more concern and critical for the place where they make living, whether they act as an individual or a global society. One of the concerns could be seen toward corporate action in community and environment.

The demand for corporate to pay more attention to environmental issue are increase significantly. Corporate are forced to be more serious in dealing with environmental problems surrounding like environmental pollution, greenhouse gas emissions, large-scale exploitation of energy and natural resources. To respond this condition, corporate required disclosing the activities and efforts in tackling environmental problems by having CER (Corporate Environmental Responsibility) as a subsection of CSR (Corporate Social Responsibility).

By having this report, corporate is not just show their awareness and concern to the environmental problems, but also makes good sense for an

economic and social aspect. The report also can be use as a part of their business strategic in order to increases the value of company (Verecchia, 1983, in Sayekti, 2007) and hopes to get social legitimate and maximize the money strength in long period (Kiroyan, 2006).

As an important part of corporate strategy, this report can balance its responsibility between corporate profits (shareholders) and social goals (stakeholders). This statement is accordance with the concept of 3P, which are Profit, People and Planet.<sup>1</sup> Meanwhile, corporate is no longer stand on "single bottom line", which only focuses on corporate value reflected to its financial condition. But corporate must integrate on "triple bottom lines", which also focus on social and environment aspect. Here we can say that the goal of a business entity is not just to make a profit, but also considering the social welfare and protect the environment as well.

Previous research showed that the amounts of corporate reporting the information of CSR are increase in recent years and also the type of information reported (Ernst & Ernst, 1978; in Sayekti 2007, in Erlanda, 2008). One of the reasons caused by a lot of legal body try to define the framework and obligated corporate to implement CSR program in their daily activity. In other side, FASB as one of an Accounting Standard Board in America also obligated corporate to pay more attention to the issue by saying that:

"Financial reporting includes not only financial statement, but also other means of communicating information that relates, directly or indirectly, to

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<sup>1</sup> Stated by Global Compact Initiative (2002)

## CHAPTER V

### CONCLUSION

#### 5.1 Conclusion

Based on the discussion in previous chapters, the Author took some conclusions which are:

1. The Global Reporting Initiative (GRI) guideline is intended to serve as a generally accepted framework for reporting on an organization's environmental performance, but also for economic and social performance. It is designed for being used by organizations of any size, sector, or location. It takes into account the practical considerations faced by a diverse range of organizations – from small enterprises to those with extensive and geographically dispersed operations.
2. The GRI Reporting guideline contains general and sector-specific content that has been agreed by a wide range of stakeholders around the world to be generally applicable for reporting an organization's sustainability performance. It also consists of principles for defining report content and ensuring the quality of reported information. It also includes Standard Disclosures made up of Performance Indicators and other disclosure items, as well as guidance on specific technical topics in reporting.
3. The research found that the applications of guideline for reporting on environmental performance within Indonesian companies in mining

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