Performance Assessment and Implementation of the Triple Bottom Line on Industrial Companies Listed on the Indonesia Stock Exchange

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Abstract

This study aimed to determine the performance appraisal and implementation of the triple bottom line in industrial companies listed on IDX. This research uses descriptive quantitative research. The annual report is analyzed using the content analysis method, which collects data using observation and analysis techniques on messages from documents to produce an objective and systematic description. The type of data used in this study is secondary cross-sectional data collected through documentation techniques. Based on the non-parametric test that has been carried out, it can be concluded that the disclosure of triple bottom line reporting in Indonesia is still very minimal. It is suspected that the company did not use the annual report to communicate between the company and its stakeholders. It is possible that the company only uses the yearly report as information for shareholders and potential investors.

Keywords: Performance, Implementation, Triple Bottom Line, Industry, Environment.

A. INTRODUCTION

The company carries out its operational activities that will directly or indirectly interact with the environment. The economic resources used by the company all come from the community. So the company should be responsible for the management results to its stakeholders (Lopez & Valle, 2020). The intense competition between companies in achieving maximum profit can trigger an attitude of exploitation of natural resources without paying attention to the consequences, both on the balance of the environment, employees, and the ecosystem itself (Junior et al., 2018).

The government discusses social and environmental responsibility in order to achieve sustainable economic development and to improve people's quality of life and the environment, which benefits the firm, the local community, and society in general. Article 74 stipulates the obligations of all-natural resource companies to carry out social and environmental responsibilities, including SME scale companies.
This has become necessary for companies to carry out environmentally and socially responsible activities or CSR (Corporate Social Responsibility) (Burki et al., 2018). For this reason, companies are encouraged to apply the single bottom line theory, which is only pursuing profit. Still, companies must use the Triple bottom line, which is profitable for the company and must benefit humans and the surrounding environment. It is known that the Triple Bottom Line concept is a concept developed by John Elkington in mid-1999 in his book "Cannibals with Forks: the Triple Bottom Line of 21st Century Business," which explores the importance of profit, planet, and people (Svensson et al., 2018). Based on data from several countries in ASEAN regarding various industries that are aware of environmental conservation, it can be seen in the following figure:

![Figure 1. Disclosure State in ASEAN](source: Riset Centre for Governance, Institution, and Organization National University of Singapore Business School)

CSR is now the responsibility of organizations, particularly businesses, who have obligations to all of their stakeholders, including consumers, employees, shareholders, communities, and the environment, in all facets of business operations, including economic, social, and environmental responsibilities (Birkel & Muller, 2003; 2021; Biswas & Srivastava, 2018).

Suppose you look at the enforcement of the law regarding the responsibility of industry in Indonesia to participate in maintaining and preserving the environment. In that case, it can be concluded that the government should penalize the company for all violations through administrative sanctions, verbal warnings, freezing of business activities and investment facilities, or revocation of business activities and investment facilities in order to mitigate environmental damage caused by production activities or industrial operations in Indonesia (Digdowiseiso & Sugiyanto, 2018; Waluyo et al., 2019). Based on Figure 1, Indonesian companies tend to be low in implementing industrial responsibility in various aspects, still inferior to Malaysia, Singapore, and Thailand. The level of disclosure of responsibility between multiple elements is presented in the following figure:
It can be seen from the figure that the implementation of CSR by various industries in Indonesia, especially regarding environmental issues, is still relatively low. This is very clear because people often still complain about industrial waste, which is very detrimental to the company’s environment. Companies that are very concerned about the concept of sustainability will certainly translate this principle into the company's strategy and operating processes (Digdowiseiso et al., 2020; Suharyono & Digdowiseiso, 2021). After ensuring that every aspect of the company is running following the sustainability principle, the company must also measure performance and then communicate this to stakeholders in a performance report that covers three main aspects, namely economic, social, and environmental. This form of reporting is known as Triple Bottom Line Reporting (Minang et al., 2021; Taufik et al., 2021). This measurement and reporting have one important goal, namely building trust, responding to needs, and maintaining the company's reputation, but it is also helpful in encouraging continuous internal improvement and achieving competitive advantages over the capital, employees, suppliers, and consumers in the long term (Rashidi et al., 2020; Nikolaou & Tsalis, 2018).

Management in a business must embrace the economic growth paradigm as a motivator for long-term company development, as businesses are critical to economic development. Along with economic performance measured in terms of firm earnings, it also demands two other measures, namely social and environmental responsibility, collectively referred to as the Triple Bottom Line idea (Bamgbade et al., 2019). Triple bottom line reporting is a progression from conventional accounting, which withholds information, resulting in increased
agency costs, to sustainable accounting. TBL is gaining traction in corporate and other organizational management because it captures the essence of sustainable development through the lens of business success. The TBL program's development is based on the concept of sustainable development, which results in the establishment of a corporate image and numerous metrics for assessing the company’s performance and reputation, such as financial capabilities, product and service quality, and customer focus (Munoz et al., 2018). The company’s performance can be seen from internal aspects, including leverage, profitability, liquidity, and company size. In contrast, as a form of company responsibility to stakeholders, external factors are the percentage of foreign ownership (Mastrocinque et al., 2020).

The type of company based on risk to environmental impacts is grouped into two, namely: high profile risk and low profile risk (Ahmad & Wong, 2019). Types of high profile risk industries are generally companies that get the public spotlight because their operating activities intersect with broad interests so that if there is negligence in securing the production process and production results, it can be fatal for the community, for example, the mining industry, plantations, and others. On the other hand, the low profile risk industry type does not get the public spotlight if it experiences negligence in its operations, for example, the banking industry (Rozandi & Digdowiseiso, 2021; Sugiyanto & Digdowiseiso, 2017).

When viewed more deeply, the impact of environmental damage caused by the company’s performance is very worrying because the air levels around the company’s operational locations are getting worse due to the level of air pollution produced, and when the rainy season will result in floods and landslides caused by stockpiling and dredging mountains. excessive (Halkos & Nomikos, 2021; Lukman, 2021). In addition, the company’s operational location is very close to the settlements of surrounding residents, so it has a significant impact on the community; therefore, there needs to be a review for this company in carrying out its operational system (Lukman, 2020; Arif & Karmila, 2019). From the explanation above, the main problem can be formulated, namely the disclosure of the Triple Bottom Line in applying Environmental Management Accounting in industrial group companies listed on the Indonesia Stock Exchange.

B. LITERATURE REVIEW

Tri Bottom Line Concept

Management in a business must unearth the economic growth paradigm as a motivator for establishing a sustainable business, as the business plays a critical part in economic development. Triple bottom lines reporting is a development of thinking from conventional accounting, which refuses to disclose, which leads to
additional agency costs towards sustainability accounting (Digdowiseiso et al., 2020). The concept of TBL is gaining traction in business and other organizations because it encapsulates the spirit of sustainable growth through a company’s success. The following figures illustrate the TBL concept:

![The Triple Bottom Line of Sustainability](image)

**Figure 3. Concept of Triple Bottom Line of Sustainability**  
Source: Waste for Change

According to the image, there are three primary components of the triple bottom line in the economic circle, which suggests that the corporation must prioritize earnings in order to survive. The social process requires the business to make a commitment to the community in order to maximize its advantage. The environmental circle implies that all firm activities are inextricably linked to the environment; hence, we must pay great attention to the operational activities of the organization (Aust & Muller, 2020).

Combining economic and social considerations results in a just world or a balanced environment; combining social and environmental considerations results in a livable world or a decent environment. By contrast, the climate and economy will combine to create an environment conducive to rapid economic expansion. When these three factors are united, sustainable development or sustainable business development becomes possible (Suharyono & Digdowiseiso, 2021). Managers of a company have different initiatives in disclosing sustainability reports; in Indonesia, this disclosure is still voluntary. Sustainability reports provide added value through the transparency of social and environmental activities and become a particular point for a company.
Asian developed countries tend to be more open in disclosing TBL than developing countries; this should be a concern for large companies in Indonesia considering the positive side of TBL. Agyeiwaah (2019) in his research, states that disclosures in developed countries are very detailed and in-depth. The regulator, in this case, the government in developed countries, creates exceptional environmental and social disclosure standards. In their research, Zaid et al. (2018) stated that ecological disclosure in Indonesia tends to below. Waluyo et al. (2019), analyzing TBL disclosure in Indonesia and Japan, noted that environmental exposure in Japanese companies is higher; this study shows the differences in regulations and culture in the two countries.

The development of the TBL program is based on the concept of sustainable development, which results in the growth of the company’s image and several other factors that are used to evaluate the company’s performance and reputation, such as financial capability, product and service quality, and customer focus (Ritala et., 2018). The company’s performance can be seen from internal aspects, including leverage, profitability, liquidity, and company size. In contrast, external factors as a form of company responsibility to stakeholders are the percentage of foreign ownership (Bastas & Liyanage, 2019).

**Global Reporting Initiative**

GRI is a non-profit organization dedicated to economic sustainability. GRI develops one of the world’s most credible standards for sustainable reporting, environmental reporting, social governance, Triple Bottom Line (TBL) reporting, and corporate social responsibility (CSR) reporting. Numerous firms make extensive use of the GRI Guidelines. The guidelines are used by over 3,000 organizations and 60 countries to create sustainability reports. The GRI guidelines apply to businesses, public bodies, small businesses, non-governmental organizations, and industry associations, among others (Miska et al., 2018). GRI’s mission is to standardize environmental reporting requirements, including environmental audits. Environmental transparency is a critical requirement for businesses operating within the scope of the GRI. The GRI invites members to report on their environmental performance based on a set of predefined criteria (Digdowiseiso & Sugiyanto, 2021; Sugiyanto et al., 2018).

Sustainability reports can be understood as a measurement, disclosure, and accountability of an organization’s performance in achieving sustainable development goals reported to stakeholders from both internal and external parties (Digdowiseiso & Zainul, 2020). The sustainability report shows the company’s concern for stakeholders concerning the aspects that have been reported. Stakeholder theory presupposes that a company’s existence is contingent upon stakeholder support, and thus company activities must consider stakeholder...
approval. Social and environmental disclosure are then viewed as a means of communication between a business and its stakeholders (Kravchenko et al., 2019).

Adhipradana and Daljono (2014) conducted previous research on the effect of financial performance, company size, and corporate governance on the disclosure of sustainability reports in twenty-five (25) companies that disclosed sustainability reports and twenty-five (25) companies that did not disclose sustainability reports between 2008 and 2011. The result of this study is that there is a difference between companies that disclose sustainability reports and companies that do not reveal sustainability reports.

Research conducted by Dahlia and Siregar (2008) with a sample of 77 companies listed on the IDX found that CSR affects the company's financial performance. In Indonesia, the average CSR disclosure is still relatively low; as researched by Aras et al. (2018), CSR Disclosure in manufacturing companies in 2010-2011 averaged 27.10. This is reinforced by Fuady (2013) in his research analyzing the differences in triple bottom line disclosure in companies in Indonesia that are included in the high-risk environmental industry and socially high-risk industry categories.

**Hypothesis**

In this study, the hypotheses formulated to support the answers to the problems that have been proposed are prepared as follows:

H₀: There is no difference in the theme of disclosure made by industry groups listed on the IDX in 2019-2021 period.

H₁: There are different themes of revelation made by industry groups listed on the IDX in 2019-2021 period.

**C. METHOD**

This research uses descriptive quantitative research. The annual report is analyzed using the content analysis method, which collects data using observation and analysis techniques on messages from documents to produce an objective and systematic description. The type of data used in this study is secondary cross-sectional data collected through documentation techniques. While the sampling method used is a purposive sampling technique. In determining the sample, descriptive research, the number of models must be met at least 10% of the population. Analysis of research data using descriptive techniques, namely Relative Frequency (fi) and Average (x) (Flygansver et al., 2018).
D. RESULT AND DISCUSSION

Based on the method used, the population of companies that meet the criteria is 345 companies, so the sample taken is 69 companies with the criteria as the number of assets of large companies, and the possibility of social disclosure made by companies with significant assets is higher than companies with little support. Companies listed on IDX are grouped into nine groups of companies engaged in the agricultural sector, including agriculture, service and investment, various industry, consumer goods industry, finance, real estate & building construction, utilities & transportation, mining, infrastructure, trade, essential industry & chemicals, and property.

Table 1. Sample Composition Based on Company Assets

<table>
<thead>
<tr>
<th>Asset Value (Billion)</th>
<th>Agr</th>
<th>BIC</th>
<th>CGI</th>
<th>Fin</th>
<th>IT</th>
<th>Min</th>
<th>MIS</th>
<th>PR</th>
<th>TS</th>
<th>Σ</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥ 5,000</td>
<td>5</td>
<td>4</td>
<td>13</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>5</td>
<td></td>
<td>39</td>
<td>56.52</td>
</tr>
<tr>
<td>4,000 – 4,999</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,000 – 3,999</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6</td>
<td>8.70</td>
</tr>
<tr>
<td>2,000 – 2,999</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td></td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>17</td>
<td></td>
<td>24.65</td>
<td></td>
</tr>
<tr>
<td>≤ 1,999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1.46</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>11</td>
<td>7</td>
<td>13</td>
<td>4</td>
<td>2</td>
<td>9</td>
<td>7</td>
<td>14</td>
<td>69</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Data Proceed

The form of disclosure made by the sample companies is described in three conditions: qualitative narrative, non-monetary qualitative, and quantitative monetary. In the sample companies, the elements that support the disclosure theme are described entirely in the form of a qualitative narrative. Some features are equipped with non-monetary information, and some components are described in monetary units.

Overall Variable Test Results

Data processing was carried out using SPSS version 12 software with Kruskal Wallis’s non-parametric statistical test tool. The calculation results for the overall test are presented in the following table:

Table 2. The Results of Data Processing Using the Kruskal-Wallis Non-Parametric Test Tool

<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>Elements of Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>6.808</td>
</tr>
<tr>
<td>df</td>
<td>2</td>
</tr>
<tr>
<td>Asymp Sig.</td>
<td>.034</td>
</tr>
</tbody>
</table>

Kruskal Wallis Test
The decision to reject or accept the proposed hypothesis is made by comparing the statistical value of Kruskal Wallis with the statistical significance of the Chi-square table. H0 is accepted if the calculated statistical value is smaller than the table statistic value and rejected if the opposite occurs (Lukman, 2021). In addition, it is also carried out based on probability, if prob. > 0.05, then H0 is accepted, but if the opposite occurs, then H0 is rejected.

Table 3. Chi-Square for 5% and 10% Significance

<table>
<thead>
<tr>
<th>df</th>
<th>Chi_5</th>
<th>Chi_10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3.8516</td>
<td>2.7044</td>
</tr>
<tr>
<td>2</td>
<td>5.8816</td>
<td>4.5041</td>
</tr>
<tr>
<td>3</td>
<td>7.8236</td>
<td>6.1515</td>
</tr>
<tr>
<td>4</td>
<td>9.9367</td>
<td>7.6683</td>
</tr>
<tr>
<td>5</td>
<td>11.0508</td>
<td>9.2454</td>
</tr>
<tr>
<td>6</td>
<td>12.4817</td>
<td>10.5335</td>
</tr>
<tr>
<td>7</td>
<td>14.0562</td>
<td>12.0260</td>
</tr>
<tr>
<td>8</td>
<td>15.4082</td>
<td>13.2527</td>
</tr>
</tbody>
</table>

Source: Data Proceed

Based on the results in table 2 above, it can be seen that the statistical value of Kruskal Wallis' count (the same as the Chi-Square calculation) has a value of 6.808. The statistical value of the table is known by looking at the Chi-square table, for df (degrees of freedom) = 2, and the level of significance = 5%. From the Chi-square table below, it can be seen that the statistical value of the table obtained is 5.991. So that the value of Kruskal Wallis's arithmetic statistic is greater than the statistical value of the table or, in other words, H0 is rejected, it can be concluded that there are differences in disclosure themes between sample industries groups. The following table can also be seen in the Asymp column. Sig has a value of 0.034, or the probability has a value <0.05, which means H0 is rejected.

Variable Test of All Variables

The results of Kruskal Wallis' calculations for testing all variables are presented in the following table:

Table 4. Test Results for all Variables

<table>
<thead>
<tr>
<th></th>
<th>Social</th>
<th>Employment</th>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>10.558</td>
<td>17.386</td>
<td>28.058</td>
</tr>
<tr>
<td>df</td>
<td>8</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.219</td>
<td>.017</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Data Proceed
Based on the table above, it can be seen that the statistical value of Kruskal Wallis’ value and its comparison with the statistical value of the Chi-Square table is as follows:

- Social theme: $10.558 < 15.5073$
- Employment theme: $17.385 > 15.5073$
- Environmental theme: $28.058 > 15.5073$

For the social theme, Kruskal Wallis’s arithmetic value is greater than the table statistic value. The probability value is $0.219$, so $H_0$ is accepted, which means that there is no difference in the social theme in the disclosure composition between industrial companies groups.

Meanwhile, for the theme of Employment and the environment, Kruskal Wallis’s calculated statistical value is greater than the table's statistical value. In addition, the probability value of the two variables has a value $< 0.005$. This means that for these two themes, $H_0$ is rejected, meaning that for the theme of Employment and the environment, there are differences in disclosure between groups of industrial companies.

**Group Average Results in Each Disclosure Theme**

The following presents the average disclosure of each sample industry group:

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Social</th>
<th>Employment</th>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.25</td>
<td>0.31</td>
<td>0.44</td>
</tr>
<tr>
<td>Basic Industry</td>
<td>0.02</td>
<td>0.20</td>
<td>0.10</td>
</tr>
<tr>
<td>Consumer Goods Industry</td>
<td>0.29</td>
<td>0.11</td>
<td>0.09</td>
</tr>
<tr>
<td>Finance</td>
<td>0.43</td>
<td>0.09</td>
<td>0.02</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>0.66</td>
<td>0.19</td>
<td>0.00</td>
</tr>
<tr>
<td>Mining</td>
<td>0.63</td>
<td>0.19</td>
<td>0.66</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>0.31</td>
<td>0.38</td>
<td>0.14</td>
</tr>
<tr>
<td>Property, Real Estate &amp; Building Construction</td>
<td>0.27</td>
<td>0.13</td>
<td>0.04</td>
</tr>
<tr>
<td>Trade, Service &amp; Investment</td>
<td>0.24</td>
<td>0.13</td>
<td>0.02</td>
</tr>
<tr>
<td><strong>Total Average</strong></td>
<td><strong>0.37</strong></td>
<td><strong>0.19</strong></td>
<td><strong>0.17</strong></td>
</tr>
</tbody>
</table>

Source: Data Proceed

The average group results in each disclosure theme are described as follows:

**Social Theme**

The total average disclosure of social themes is $0.327$. The complete average disclosure of social themes is the highest among the other three themes due to the large number of disclosures made by companies; there are 48 companies ($70\%$) of the total 69 sample companies in this study.
The group with the highest average is companies engaged in the infrastructure sector, while the group with the lowest average disclosure is from the Basic Industry group. Following are the groups of companies with the highest to lowest average, presented as follows; Infrastructure (0.66), mining (0.63), Finance (0.43), Miscellaneous (0.31), Consumer Goods Industry (0.29), Property, Real Estate & Building Construction (0.27), Agriculture (0.25), Trade, Service & Investment (0.24) and Basic Industry (0.24).

**Employment Theme**

The total average disclosure of social themes is 0.19. The entire average disclosure of social themes is the highest among the other three themes due to the large number of disclosures made by companies; there are 48 companies (70%) of the total 69 sample companies in this study. With a qualified workforce, the company will benefit because it can carry out its activities with more optimal results without being hampered by Employment conditions. Employment is also a company asset that is valuable in monetary terms and has other values that cannot be expressed in units of money (Oliviera et al., 2019).

The following are the groups of companies with the highest to lowest average, presented as follows: Miscellaneous (0.38), Agriculture (0.31), Basic Industry (0.20), Infrastructure (0.19), mining (0.19), Property, Real Estate & Building Construction (0.13), Trade, Service & Investment (0.13), Consumer Goods Industry (0.11), and Finance (0.43).

**Environmental Theme**

The total average disclosure of social themes is 0.17. The entire average disclosure of social themes is the highest among the other three themes due to the large number of disclosures made by companies; there are 26 companies (38%) of the total 69 sample companies in this study.

The group with the highest average is the Mining group. Group of mining companies whose production activities are taking mining materials from the earth's bowels and then processing these mining materials into something that has a high economic value, of course, is very vulnerable to environmental conditions around it. Restoring environmental conditions as before is the responsibility of companies that take advantage of natural resources (Zulmasyhur, 2018).

The number of elements disclosed by the company is influenced by various factors, including the following: 1) The company has made disclosures in the previous period, so there is no need to disclose it again; 2) the company does not feel the need to disclose certain elements, this happens because they perceive these elements as standard. For example, the company does not disclose the granting of leave to employees or concerns about gender equality because it considers the information to...
be something that is natural and is deemed to be insignificant; 3) the annual report has been designed for the benefit of shareholders so that the information needed by other stakeholders is not disclosed in the annual report. The company chooses other media for a disclosure other than to shareholders, and 4) the company’s level of concern is still low.

E. CONCLUSION

Based on the non-parametric test that has been carried out, it can be concluded that the disclosure of triple bottom line reporting in Indonesia is still very minimal. It is suspected that the company did not use the annual report to communicate between the company and its stakeholders. It is possible that the company only uses the yearly report as information for shareholders and potential investors. Another fact that causes the low number above is that the company does little to do with the surrounding environment.

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