

Practice of Disclosure Accounting Social Responsibility

Dimita Purba¹, Duma Megaria Elisabeth¹, Syafruddin Ginting² and Iskandar Muda²

¹Student Postgraduate, Faculty Economic and Business, Universitas Sumatera Utara, Medan Indonesia

²Lecture Faculty Economic and Business, Universitas Sumatera Utara, Medan Indonesia

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Abstract: PT. Toba Pulp Lestari is a paper production company founded in 1983 in Porsea sub-district. PT. Toba Pulp, one of the companies that applies Corporate Social Responsibility, is a company's commitment to build a better quality of life together with related parties, especially the surrounding communities and the social environment in which the company is located in an integrated manner with its business activities in a sustainable manner. The purpose of this study was to determine the application of Corporate Social Responsibility (CSR) and the impact on the profitability of PT. Toba Pulp Lestari, Tbk. The method of data collection used is documentation and literature study. The research method used in the study was descriptive. The results of the study show that PT. Toba Pulp Lestari, Tbk, which every year pays for CD (Community Development) / CSR funds by 1% of net sales. To implement CSR means the company issues a number of costs. Final costs will be burdensome which reduce perceptions as high as profitability of companies will decrease. Still, by implementing CSR, the corporate image will increase both the loyalty of consumers to the highest level. This results in a level of profitability that will affect the indirect results.

1 INTRODUCTION

In maintaining its existence, the company should be separated from the community as its external environment. There is a reciprocal relationship between the company and the community. Every company around the world will prepare various planned activities to improve the existence of the company and become a Good Business company.

One of them is by implementing Corporate Social Responsibility (CSR) activities. CSR is an agreement from The World Business Council for Sustainable Development (WBCSD) in South Africa in 2002 aimed at encouraging all companies in the world to create sustainable development

CSR is transparent in expressing activities which is conducted by companies related to social activities, where disclosure is only limited to company financial information, but is also expected to provide information about the impacts caused by company activities, especially those related to the environment and problems social

Guaranteed sustainability of the company if the company conducted by its responsibilities is not only limited to shareholders but the company must

also pay attention to the social and the environment that becomes the company's operations

The community will give a negative response to the company that is considered not to pay attention to the economic, social and environmental conditions. This negative response from the community will threaten the sustainability of the company.

At present economic decisions are taken only by considering the performance of the financial information which is realized to be irrelevant by investors and company management. The purpose of this study is to determine the social responsibility accounting at PT. Toba Pulp Lestari, Tbk and recognize of social responsibility activities. And recognize the impact of Corporate Social Responsibility (CSR) on profitability at PT. Toba Pulp Lestari, Tbk.

2 THEORETICAL FRAMEWORK

2.1 Stakeholder Theory

Friedman (1962) in (Ghozali, Imam, dan Chariri, 2007) stated that the company's main goal is to maximize the prosperity of its owners. So according to him, stakeholders are only defined as owners. In the end, the Stakeholder Theory emerged by Freeman (1983) in (Ghozali, Imam, dan Chariri, 2007) which explained the involvement and role of stakeholders in promoting CSR towards the company. According to him, stakeholders consisting of customers, competitors, merchant associations, media, environment, distributors, government, consumer protection institutions, local communities, and business people have active participation that is very much needed in the successful implementation of CSR. This makes the existence of a company strongly influenced by the support provided by stakeholders to the company (Ghozali, Imam, dan Chariri, 2007)

Stakeholder theory considers the position of stakeholders more powerful. This stakeholder group is the main consideration for companies in disclosing and / not disclosing information in financial statements. In view of stakeholder theory, companies have stakeholders, not shareholders (Belkaoui, Ahmed Riahi, 2006).

Corporate Social Responsibility is a corporate strategy to satisfy the desires of stakeholders, the better disclosure of Corporate Social Responsibility by the company, the stakeholders will be more satisfied and will give full support to the company for all its activities aimed at raising performance and achieving profit.

2.2 Legitimacy Theory

The legitimacy theory and stakeholder theory are theoretical perspectives that are within the framework of the theory of political economy. Because the influence of the wider community can determine the allocation of financial resources and other economic sources, companies tend to use environment-based performance and disclosure of environmental information to justify or legitimize corporate activities in the eyes of the public (Gray, Rob, 1995)

(Ralf, 2007) revealed that the explanation of the strength of the organization's legitimacy theory in the context of corporate social responsibility in developing countries is twofold; First, the capability to place profit maximization motives makes a clearer picture of the motivation of the company to increase its social responsibility. Second, the legitimacy of an organization can be to include cultural factors that form different institutional pressures in different

contexts. Legitimacy can provide a powerful mechanism for understanding voluntary disclosures for the environment and social activities carried out by the company, and this understanding will lead to critical public debate, furthermore the legitimacy theory shows researchers and the wider community of ways to be more sensitive to the content of disclosure company (Tilling, 2004)

Corporate Social Responsibility practices carried out by the company aim to align themselves with community norms. With good disclosure of Corporate Social Responsibility, it is expected that the company will gain legitimacy from the community so that it can improve performance aimed at achieving corporate profits.

2.3 Signaling Theory

According to (Harahap, 2007) signal theory (signaling theory) explains why companies have the urge to provide financial reports to external parties. The company's push to provide information is because there is information asymmetry between company management and outsiders (investors)

The company will present an annual report on the company's CSR activities or reports on the implementation of GCG (Good Corporate Governance) in the company.

The purpose of this additional report is to provide additional information about the company's activities as well as a means to provide signals to stakeholders on other matters, for example providing signals about the company's concern for the surrounding area, or a sign that the company is not only provide information based on regulatory provisions but provide more information for stakeholders. These signals are expected to be positively accepted by the market so as to be able to influence the company's market performance reflected in the market price of the company's shares.

According to Morris in (Harahap, 2007), information asymmetry can occur if one party has a more complete signal of information than the other party. Information asymmetry occurs if management does not convey all information obtained in full so that it affects the value of the company reflected in changes in stock prices because the market will respond to existing information as a signal.

According to (Drever, 2016) signaling theory emphasizes that the reporting company can increase the value of the company through its reporting.

2.4 Corporate Social Responsibility (CSR)

Conceptually, there are many notions of social and environmental responsibility, better known as Corporate Social Responsibility (CSR).

According to Lako in the book CSR and Reform of the Business & Accounting Paradigm (Lako,

2011), CSR is a continuing commitment of a company to be economically, legally and ethically responsible for the impacts of its economic actions on the community and the environment and proactively make efforts sustainable efforts to prevent potential negative impacts on society and the environment and improve social and environmental quality

A world organization The World Business Council for Sustainable Development (WBCSD) in (Belkaoui, Ahmed Riahi, 2006) defines CSR as follows:

“Continuing Commitment by business to be have ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

According to the CSR Study Circle, the definition of CSR is the earnest effort of business entities to minimize negative impacts and maximize the positive impact of their operations on all stakeholders in the economic, social and environmental spheres to achieve sustainable development goals.

According to (Agus, 2011) that corporate responsibility is not only limited to economic responsibility, namely how to maximize profits to increase shareholder equity, but also must be socially responsible and environmentally (environmental responsibility) integrally.

2.5 Corporate Social Responsibility Reporting

CSR disclosure itself is interpreted as part of the social responsibility accounting that communicates social information to stakeholders. The disclosure or reporting of CSR implementation is reported in the Sustainability Reporting. Sustainability reporting is a practice of measurement, disclosure and accountability efforts of organizational performance in achieving sustainable development goals. Sustainability reporting must provide a balanced and reasonable picture of the sustainability performance of an organization, both positive and negative contributions

Nationally applicable guidelines are regulations that apply in Indonesia. Corporate Social Responsibility has been ratified as the company's obligation in Article 74 of Law Number 40 of 2007 concerning Limited Liability Companies (Company Law) on July 20, 2007 (UU Perseroan Terbatas No. 40 Tahun 2007, 2007) and Government Regulation No. 47 of 2012 concerning Social Responsibility and Environment of Limited Liability Companies (PP 47/2012)

According (Harahap, 2007), explained three (3) form corporate social responsibility, “(a) Corporate

Philanthropy, (b) Corporate Responsibility, dan (c) Corporate Policy”.

In addition there are 5 (five) possible areas where social responsibility is located, namely (1) Net Profit Contributions, (2) Donations to the environment, (3) Public Donations, (4) Donations to Human Resources, (5)) Product or Service Contribution.

According to Thomas W Zimmerer in a book written by Suryana (2006: 18) there are several kinds of accountability, namely: "

- 1) Responsibility to the environment,
- 2) Responsibility to employees,
- 3) Responsibility to customers,
- 4) Responsibility to investors,
- 5) Responsibility to the community "

Corporate Social Responsibility (CSR) is a mechanism for an organization to voluntarily integrate attention to the environment and socially into its operations and its interactions with stakeholders, which exceeds organizational responsibility in the legal field. The company's social responsibility is expressed in a report called Sustainability Reporting. Sustainability Reporting is reporting on economic, environmental and social policies, the influence and performance of organizations and their products in the context of sustainable development.

3 RESEARCH METHOD

The data used by the author is secondary data, namely annual report PT. Toba Pulp Lestari, Tbk in 2014-2017, company profile, company brief history, company organizational structure. Sources of data obtained through various sources, namely literature, articles, internet sites relating to research conducted.

Data collection techniques in this study are library documentation and study. The variable and operational definition variable on this study is as follows:

1. Corporate Social Responsibility (CSR) is a concept that organizations, especially (but not only), companies are having various forms of responsibility towards all stakeholders, including consumers, employees, shareholders, communities and the environment in all aspects company operations that cover economic, social and environmental aspects
2. Profitability or ability to obtain profits is a measure of the percentage used to measure the extent of the firm to produce a level that can be received. On research profitability is proxied by ROA (Return on Assets)

The data analysis technique used in this study is descriptive data analysis technique, which is an analytical method that describes a situation objectively, so as to obtain a solution to a problem faced by the company.

4 ANALYSIS

The approach and stages of the PT CSR program. Toba Pulp Lestari, Tbk namely Joint Community Planning:

1. Hold a Meeting with Community Leaders and Village Representatives.
2. Make an agreement on the type of program as needed: Integrated Agriculture Program (IFS), namely: livestock, fisheries, agriculture; infrastructure; education; health and others.
3. Implement the program in accordance with the agreement with the community.

The form of Corporate Social Responsibility implemented by PT Toba Pulp Lestari is Community Development

CSR program activities in 2014-2016:

- Community relation
- Community services

PT Toba Pulp Lestari's assistance in education in the form of assistance in the right to grant scholarships to outstanding students, and repair of elementary school buildings in Pangombusan village, Siruar Village, in Tangga Batu I village and development of PAUD schools in North Siantar Village

-Community Empowering

Implementation programs related to providing wider access to the community to support their independence, such as the formation of cooperatives managed by the community. And providing direct assistance to the community such as giving livestock, and assistance in agriculture.

The company management, sets the social costs incurred by PT. Toba Pulp Lestari Tbk which is equal to 1% of net sales. Comparison of social costs to net sales from 2014 - 2016 can be seen in table 1 below:

Tabel 1: PT. Toba Pulp Lestari, Tbk Comparison of social costs to net sales Tahun 2014 – 2016

Year	Net Sales	Social Cost	Proporsi
2014	Rp. 1.503.505.018.608,99	Rp. 15.035.050.186,089	1 %
2015	Rp. 1.327.644.239.093,14	Rp. 13.276.443.390,913	1 %
2016	Rp. 1.157.635.388.115,83	Rp. 11.576.353.881,158	1 %

Tabel 2: CSR Disclosure PT. Toba Pulp Lestari, Tbk 2014-2016

Descriptions	2014	2015	2016
Economics	5	6	5
Environment	9	17	19
Labour	3	7	11
Human rights	0	0	0
Social	1	1	1
Product	0	0	1
Total	18	31	37
Index CSR	0.22	0.39	0.46

Of the overall indicators above, the results obtained in 2014 were 18, 2015 had an increase of 31, and in 2016 had an increase of 37. For the CSR Index obtained by the company in 2014 was 0.22. In 2015 it began to increase to 0.39. In 2016 also had an increase from the previous year to 0.46

To measure company profitability by using Return On Assets (ROA). ROA gives an idea of how much efficient management is in using its assets to generate profits

Tabel 3: Calculation of ROA at PT. Toba Pulp Lestari, Tbk

Year	Net Profit	Total Aset	ROA
2014	USD 1.575	USD 330.234	0,47 %
2015	(USD 2.752)	USD 333.904	(0,824 %)
2016	USD 37.492	USD 339.428	11,046 %

Source : PT Toba Pulp Lestari, Tbk

5 RESULTS

PT Toba Pulp Lestari Tbk has been established since 1983 under the name of PT Inti Indorayon Utama in Parmaksian District, this company is engaged in the manufacture of pulp. Since the establishment of this company, there have been many conflicts with the

community. This happens because the company does not carry out its corporate social responsibility

Since operating again in 2003 to become PT Toba Pulp Lestari this company has a new paradigm that will be run by the company. The company implements Corporate Social Responsibility starting from a commitment in the new paradigm in 2003 namely:

1. Use of environmentally friendly technology
2. Sustainable management of forest resources
3. Social responsibility:
 - a. Prioritizing the son of the local area
 - b. Cooperating with business partnerships with local communities
 - c. Set aside funds for social contributions for community development by 1% of Net Sales per year
4. Accepting independent institutions to oversee the implementation of the company's new paradigm.

To implement CSR means the company will spend a number of costs. Same is the case with PT. Toba Pulp Lestari, Tbk, which annually issues CD / CSR funds of 1% of net sales. This results in a level of profitability that will affect and also affect the net profit (loss) of the company.

The accounting treatment for the Company's CSR is the CSR costs incurred by the company listed in the company's profit and loss report which shows that it is recorded as other expenses in the company's profit and loss statement.

6 CONCLUSIONS

1. In general, CSR at PT. Toba Pulp Lestari has been implemented based on the applicable provisions, namely the provisions of Law Number 40 of 2007 concerning Limited Liability Companies as a regulation that covers the implementation of CSR corporate social responsibility in Indonesia and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibilities of Limited Liability Companies as regulations implementation.
2. The implementation of the PT. Toba Pulp Lestari, Tbk with a variety of programs implemented, namely the use of environmentally friendly technology, sustainable forest resource management, prioritizing local area sons to become company employees, conducting business partnerships

with local communities, setting aside funds contributing an average of 1% of net sales per year as social costs incurred

3. The CSR of PT Toba Pulp Lestari has a role in community welfare including:
 - a. Through Community Relations
 - b. Through Community Service
 - c. Through Community Empowering
4. Implementation of corporate social responsibility or CSR of PT. Toba Pulp Lestari as a whole has had a positive influence on the community, both communities around the area of the company operate
5. It can be concluded that social accounting or accounting for social responsibility is a report or new obligation that must be included in the financial statements of each company which will be a reflection or description of the condition of the company in the short term and especially the long term.

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