

Occupational Safety and Health as Indicator of Social Responsibility and Sustainability of Indonesian IDX-30

Ratri Atmoko Benedictus

Faculty of Psychology, Atma Jaya Catholic University of Indonesia
Human Factor Engineering Dept., Hochschule Niederrhein, Germany

ratrie.benedictus@atmajaya.ac.id

ABSTRAK

Global Report Initiative (GRI) menyajikan informasi tahunan tentang sejauh mana perusahaan-perusahaan dapat menilai peran strategik mereka dalam mendukung pembangunan yang berkelanjutan dari suatu negara. *Sustainability* sendiri salah satunya dapat diartikan bahwa perusahaan proaktif dalam melindungi kesehatan dan keselamatan dari tenaga kerjanya. Tujuan dari makalah ini adalah untuk mengidentifikasi pelaksanaan *Corporate Social Responsibility* (CSR), terutama pada aspek tanggung jawab terhadap pelaksanaan Keselamatan dan Kesehatan Kerja (K3) dari perusahaan yang termasuk dalam daftar IDX 30. Bursa Efek Indonesia menyatakan bahwa IDX 30 berisi 30 perusahaan dengan saham yang memiliki kapitalisasi dan likuiditas terbaik di Indonesia. Selain terkait dengan performa sahamnya, IDX 30 juga mempertimbangkan kondisi keuangan perusahaan, prospek pertumbuhan dan keberlangsungan usaha di masa yang akan datang. Data yang dianalisis dalam studi ini adalah segenap informasi tentang K3 yang ditampilkan pada *website* resmi dari 30 perusahaan yang termasuk dalam IDX 30 di tahun 2016. Hasilnya, meski diindikasikan bahwa perusahaan di daftar IDX 30 telah memenuhi standar minimum K3 yang diatur dalam regulasi Pemerintah, namun belum semua aspek-aspek K3 yang tercantum dalam GRI dipenuhi. Jenis bisnis yang dijalankan sangat mempengaruhi jenis aspek GRI yang diprioritaskan.

Kata Kunci: Kesehatan dan Keselamatan Kerja, CSR, *Global Report Initiative*, IDX 30

INTRODUCTION

This study inspired by study of Eigenstetter (n.d) about the analysis on the sustainability report of the DAX 30 which represents the 30 of largest and most liquid German companies at the Frankfurt Stock Exchange. Why Indonesia? Shauki (2011) argued that the concept of CSR is relatively new in Indonesia. Indonesia itself is categorized as a developing country in which CSR concept needs to be applied as mandatory. Even in the Indonesian Corporation Law in 2007 (*Undang-Undang Republik Indonesia Nomor 40 Tahun 2007 tentang Perseoran Terbatas*, n.d), companies are actually not required to allocate a certain percentage of their earning to conduct CSR activities. Nevertheless, Indonesian government then have Partnership and Environment Development scheme that obligates public sector organizations to allocate 1% to 3% of their earnings within these scheme. Indonesian society views CSR as a community

or social service activities by a company to show their social responsibilities beyond legal law. Several companies even established a particular unit or function for being responsible on their CSR activities which is commonly is a foundation body or *yayasan*, for example Yayasan Unilever Indonesia, Yayasan Dana Bakti Astra, Yayasan Pendidikan Astra, Yayasan Tri Putra, etc.

a. Corporate Social Responsibility

Concept of Social Responsibility is initially rooted on the concept of Corporate Social Responsibility that refers to the three dimensions of sustainability: economically, ecologically and socially (Eigenstetter, n.d). The development of Corporate Social Responsibility itself has grown out through years, deal with many diverse views and even does not meet a consensus of its definition (Carroll & Buchholtz, 2003). Furthermore, Carroll and Buchholtz then presented Carroll's four conceptualization as part of the pyramid of CSR. First part namely economic responsibilities which mean that business is executed and controlled under the financial effectiveness management, in order to obtain the fair prices for the product. Fair prices mean prices that society thinks represent the true values of the goods and services delivered and at the same time provide adequate profit for business to ensure its sustainable growth and to reward its investor. Second part is being responsible in the legal context. These part emphasizes that business is expected to operate laid down the laws and legal responsibility also reflects the society's view of codified ethics which complied by the business. The third part is ethical responsibility to address that laws are not adequate so that business need to relay on norms, standards and expectations that reflect a belief of what consumers, employees, shareholders, and the community regard as fair and respect for stakeholder' moral right. The last part is Philanthropic Responsibilities that reflect current expectations of business by the public and viewed as a social contract between society and society.

Crane et al. (2008) compiled and categorized the basic theory of CSR into four main theories. First theory is corporate social performance theory which suggests a business to be responsible for social problems created by its business or by other causes, beyond its economic and legal responsibilities. Second theory defined as shareholder value theory that concerned with shareholder utility maximization by obtaining profit through compliance with the "rules of game". The third theory is stakeholder theory and actually contrast with the shareholder theory in which the business ought to be managed for the benefit of its stakeholders, namely its customers, suppliers, owners, and local communities. This theory the can be consider as a CSR theory for providing a normative framework for business responsibilities towards society. The last theory is corporate citizenship theory that is reflected as business engagement to philanthropic responsibility which beyond the mandatory by law, but dedicates its business as a part of society.

The Global Reporting Initiative (GRI) (www.globalreporting.org, 2014), as an international non-profit network-based organization, promotes the use of a sustainability reporting as a strategy for organizations to be more sustain and contribute to sustainable development. The fourth version of GRI guidelines which was launched in 2013 had been developed more user friendly and increased its accessibility. For evaluation, guidance on how businesses and organizations can operate in socially responsible way is provided by ISO 26000 which is designed to assist organizations to optimally contribute to sustainable development,

encourage them to go beyond basic legal compliance, and to promote common understanding about social responsibility.

b. Aspect of Occupational Safety and Health

Occupational safety and health is considered as one of dimensions of Social Responsibility and Sustainability, particularly employee as stakeholder. Carroll and Buchholtz (2003) had written that concept of safety and health on the workplace emphasizes the quality of life among employees. It refers to the three strategic goals of OSHA (Occupational Safety and Health Administration). First goal focuses on a prepared workforce, such as increase employment, earnings and assistance, and provide information and tools about work. Second goal is on how a business should ensure the secure of its workers and their family by increase compliance with worker protection laws, protect worker benefits, and provide worker training and retraining. The last goal is to foster the quality of workplace by reducing the number of occupational injuries, illnesses, and fatalities, fostering equal opportunity among workers, supporting a greater life balance between work and family, and reducing the exploitation of child labor.

Table 1. Linkage between ISO 26000: 2010 and G4 of GRI Guidelines

ISO 26000: 2010 Clauses	GRI Reporting Principles and Standard Disclosures		
Health and safety at work	6.4.6	G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs
		G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender
		G4-LA7	Workers with high incidence or high risk of diseases related to their occupation
		G4-LA8	Health and safety topics covered in formal agreements with trade unions
Promoting social responsibility in the value chain	6.6.6	GA-LA14	Percentage of suppliers that were screened using labor practices criteria
		GA-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken
Resolving grievances	6.3.6	GA-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms

(Resource: Global Reporting Initiative, 2014)

Table 1 describes the integration between fourth version of GRI Guidelines and ISO 26000, particularly on the dimension of occupational safety and health within business. Fourth sub dimension as main standard on occupational safety and health are level of attendance of

total workforce in formal joint in safety and health committee, providing all information related to occupational diseases and injuries, identification toward workers with high injury or high risk of diseases, and formal agreements with trade unions on the safety and health topics. Another sub aspects actually written in another dimension of GRI, namely promoting social responsibility in the business' value chain which means a business is also capable to influence its networks in terms of managing their workforce properly, and resolving grievances which means how a business is sensitive to employee complaints and solve them.

c. IDX 30 in Indonesia

IDX 30 was initially launched on April 2012 by Indonesia's Stock Exchange to provide information for investors who trade large-cap shares with high liquidity (Paramaditha, 2012). IDX 30 consist of 30 company stocks from 434 company stocks who trade in Indonesia's stock exchange. Table 2 shows 30 companies which are listed in IDX 30 of 2016 and can be categorized into several sectors, such as consumer goods, communication technology, financial service, manufacturing, energy, retail, public service, and construction.

Table 2
30 most liquid companies at Indonesian Stock Exchange in 2016

No	Stock Code	Company	Business Type
1	HMSP	H.M. Sampoerna Tbk.	Fast-moving consumer goods: tobacco
2	TLKM	Telekomunikasi Indonesia (Persero)	Communication technology
3	BBCA	Bank Central Asia Tbk.	Financial service
4	ASII	Astra International Tbk.	Manufacturing
5	UNVR	Unilever Indonesia Tbk.	Fast-moving consumer goods
6	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	Financial service
7	BMRI	Bank Mandiri (Persero) Tbk.	Financial service
8	GGRM	Gudang Garam Tbk.	Fast-moving consumer goods: tobacco
9	BBNI	Bank Negara Indonesia (Persero) Tbk.	Financial service
10	ICBP	Indofood CBP Sukses Makmur Tbk.	Fast-moving consumer goods: food
11	UNTR	United Tractors Tbk.	Heavy equipment and Mining
12	KLBF	Kalbe Farma Tbk.	Fast-moving consumer goods: Pharmacy
13	INDF	Indofood Sukses Makmur Tbk.	Fast-moving consumer goods: food
14	TPIA	Chandra Asri Petrochemical Tbk.	Chemical Industry
15	PGAS	Perusahaan Gas Negara (Persero) Tbk.	Energy: Oil and Gas
16	INTP	Indocement Tunggal Prakarsa Tbk.	Mining Industry: Cement
17	EMTK	Elang Mahkota Teknologi Tbk.	Technology
18	SMMA	Sinarmas Multiartha Tbk.	Financial service
19	SMGR	Semen Indonesia (Persero) Tbk.	Mining Industry: Cement
20	ADRO	Adaro Energy Tbk.	Mining Industry: Coal
21	CPIN	Charoen Pokphand Indonesia Tbk.	Fast-moving consumer goods: food

22	LPPF	Matahari Department Store Tbk.	Retail
23	SCMA	Surya Citra Media Tbk.	Television
24	MIKA	Mitra Keluarga Karyasehat Tbk.	Public Service: health
25	MYOR	Mayora Indah Tbk.	Fast-moving consumer goods: food
26	TOWR	Sarana Menara Nusantara Tbk.	Communication technology
27	BDMN	Bank Danamon Indonesia Tbk.	Financial service
28	ISAT	Indosat Tbk.	Communication technology
29	WSKT	Waskita Karya (Persero) Tbk.	Construction
30	BSDE	Bumi Serpong Damai Tbk.	Construction

(Resource: Online directory)

METHOD

Data gathered from the information about occupational safety and health on the website of IDX 30's companies accessed from January to March 2017. However, not all companies provide those information clearly, not even in their annual reports. Therefore, a survey document was prepared and submitted to each company. Unfortunately, only three of the thirty companies responded. The information then analyzed with thematic analyze approach to figure out the level of implementation regarding occupational safety and health of each company.

RESULT

IDX 30 Companies are predicted to have adopted the Occupational Safety and Health standard according to the rules of the Indonesian government. Although, they provide information about its specific regulation system and procedure, but the actual data on performance is minimal is minimum. In general finding, business types likely affect the priority of GRI's Implementation. Description of the following results is based on selected issues of OSH from the sustainability reports of the IDX 30 on 2016.

a. OSH System and Management

Otherwise than comply with OSH standards regulated by law, several organization have extraordinary initiative to develop its own OSH system. More than that, they also place the OSH system as a strategic part of the organization that ensures organizational achievement, primarily by the company with high-risk work such as mining and chemical company.

Table 3
 Specific OSH Management System

Company	OSH Management System
Astra International	POPER & Behavior Based Safety
HM. Sampoerna	QEHSS Commitment & Mission Zero

Bank Central Asia, Telekomunikasi Indonesia	Post-employment health care benefits
Bank Rakyat Indonesia	general medical check-up & Pensioners Health Maintenance Program (Prospens)
Gudang Garam, United Tractors	Behavior Based Safety (BBS)
Chandra Asri Petrochemical	BBS, Safety Best Practice and Turn-Around Maintenance (TAM)
Indocement Tunggal Perkasa	Life Saving Rules (LSR), Key Performance Indicators, Heidelberg Cement Group Guidelines, & DuPont Consultancy
Adaro Energy	OHSAS 18001, ISO 9001 & Adaro Safety and Environmental Protection (ASEP)
Waskita Karya	K3LMP

b. OSH Committee

OSH committee is a group of employees who has strategic position in company's structure and responsible for formulating OSH's targets and overseeing its implementation. Generally, they are consist of leaders across functions in support of authority and show the image of leadership commitment in all matters of OSH. Committee meetings are also conducted regularly to maintain OSH management as a company priority. Several companies explicitly mentioned the existence of the OSH committee on their official website, among others United Tractors, Indocement Tunggal Perkasa, Semen Indonesia, Adaro Energy dan Mitra Keluarga Karyasehat.

c. Operational Data on Safety and Health Performance

Only a few of the IDX-30 companies that explicitly display OSH performance results in their official websites. Reported OSH's performance was not yet entrenched in Indonesia. Even often companies do not report cases of occupational accidents and diseases that being occurred. That is what makes the difficulty of getting actual data on accidents and occupational diseases that occurred in Indonesia. Good OSH performance relatively easy to be reported than poor performance. Only one company, namely Waskita Karya, even explicitly displays the current fatality report.

Table 4
OSH Performance

Company	Data Report
Astra International	Safety culture maturity level
Chandra Asri Petrochemical	HIRADC (Hazard Identification Risk Assessment and Determine Control)
Indocement Tunggal Perkasa	Work accident level dropped from 0.93 in 2015 to 0.19 times/millions of work hours, Safety working statistic measurement
Adaro Energy	Number of incidents declining from 437 cases in 2012 to 392 in 2013. Lost Day Rate also dropped from 6.71 to 4.54 during those reporting period.
Waskita Karya	Regular Audit (e.i. 4 fatality cases in 2016).

d. Employee's Capacity Building

Capacity building on this case meant programs that designed for fulfilling standard qualification on performing a particular work activity which required a strictly safety procedure. Hence, the company has an obligation to invest in the development programs demanded. Some companies explicitly mentioned on their website related to K3 capacity development programs, namely HM. Sampoerna with Defensive Driving Program, Indocement Tunggal Perkasa with OHSE Training Center (I-Shelter) Program, and Mitra Keluarga Karyasehat with Safety Brief. While companies that do not specifically mention the theme of the development program for the OSH capacity of their employees, among others Astra International, United Tractors, Kalbe Farma, Chandra Asri Petrochemical, Adaro Energy, Sarana Menara Nusantara, Bumi Serpong Damai dan Waskita Karya.

e. OSH Certification

Certification process is usually carried out and provided by external assessors and auditors. The main goal is often more to meet the standards demanded by customers, rather than as a pure initiative to increase OSH capacity of the organization. Table 2 displayed that OHSAS 18001 and ISO become most popular certificates which are obtain by company as an effort to show the excellent of its OSH performance.

Table 5
 Certificate for OSH

Company	Certificate
Astra International	OHSAS 18001 & SMK3
Telekomunikasi Indonesia	ISO 18001
Indofood	OHSAS 18001

Indocement Tunggal Perkasa	OHSAS 18001: 2007
Semen Indonesia	OHSAS 18001: 2007 & ISO 14001: 2004
Mitra Keluarga Karyasehat	Nuclear Safety and Security Award
Sarana Menara Nusantara	OHSAS 18001
Waskita Karya	ISO 9001, ISO 14001, OHSAS 18001, & Security Management System

f. Mutual Agreement

Eight companies explicitly states that establish a mutual agreement with the Labor Union, namely Astra International, Kalbe Farma, Indocement Tunggal Perkasa, Semen Indonesia, Adaro Energy, Bank Danamon, and Waskita Karya. Nevertheless, the role and contribution of Labor unions in Indonesia towards the resolution of OSH problems still needs to be improved. Each claims made tend to be asserted on increasing salary, compared to the proposed improvements on things that can reduce the rate of accidents and diseases at the workplace. Since most companies are often forced to follow the demand of salary increase, then they suddenly had serious money to spend for it. International Labor Organization (2014) actually predicted that economic reason badly affected the decline of occupational safety and health services.

g. Safety Transport

World Health Organization (2013) estimated that Worldwide, 1.2 million people are killed in road crashes each year and as many as 50 million are injured. Indonesia itself is the country with the highest rate of traffic accidents in the Southeast Asian region. Its reported number of road traffic deaths touched 31.234 victims with motorcycle accident as the biggest case, namely 36%. Although commercial and business vehicles, such as heavy trucks, contribute less than 1%, awareness of driving safely is being considered to counterbalance for the poor driving safety and conditions on public transportation in Indonesia. There are only two companies that confirm the OSH System related to the transportation process. HM. Sampoerna has Fleet Safety management system as responsibility for the distribution of its products to all regions of Indonesia. While, Indocement Tunggal Perkasa by installing its operational vehicle with Global Position System (GPS) & Radio Frequency identification (RFID). Both instruments are used to monitor the path of mobilization and ensuring efficient use of fuel.

h. Ergonomic, Healthy Workplace, and Promote Individual Well-being

Since a change in the concept of health is no longer the absence of disease, mental well-being is also increasingly a necessity that needs to be fought in addition to physical problems. Work with the support of ergonomic facilities is an initial strategy in ensuring psychological well-being and preventing accidents and diseases at workplace. Bank Central

Asia run cleanliness program, ensured harmonious interior layout and provided proper placement of facilities for its employees. Whereas, Kalbe Farma committed to establish Total Productive Maintenance to avoid man-machine interaction related accidents. Dusty and noisy work environment is handled by Semen Indonesia by implementing program of dust emission and noise reduction.

i. Obligating Safety for subsidiaries and contractors

OSH as a generative culture for the company must be obeyed by everyone involved in it, as well as the vendors. Therefore, company requires its subsidiaries and contractors to pay attention to their OSH and place it as a condition of business relationship sustainability. Astra International, Indocement Tunggal Perkasa, and Adaro Energy explicitly stated that contractor Safety Management System is implemented in the company.

j. Employee Grievance Management

Employee grievance defined as a complaint by an employee toward his or her organization regarding to all aspects of his or her employment. Employee's complaint initially triggered by dissatisfaction that was generally caused by following reasons, such as concerning wages, quality of supervision, general working conditions, and management policy. Employees articulated their grievance by filling opinion survey, being interviewed by employer, or directly writing, as long as the company provides its procedure. One of the companies from IDX 30 stating that having a management program for employee complaints is Bank Central Asia (BCA) with Halo SDM (66900) Program.

CONCLUSION

CSR or Social Responsibility in Indonesia is generally interpreted as a corporate activity for the community as its stakeholders. Even companies listed in IDX 30 also designed their activities as well. The use of ISO 26000 and GRI4 can help broaden the horizons and the scope of application of a company's social responsibility, although not all dimensions have been applied. Several companies from IDX 30 utilizes GRI to list within its sustainability report, such as Adaro Energy and Indocement Tunggal Perkasa. Many activities, particularly labor and health protection, are well regulated and fulfill the minimum standard of requirement accordance to national regulation, namely enrolling employees on the Social Security Employment Program and Social Security for Health Program. In the case of OSH systems, the company has already implemented minimum standards set by the government in the Law on Occupational Safety and Health System and Management. Some companies on its website explicitly include OSH as part of the company's CSR activities. This is evident that CSR is not only interpreted as a social activity in society, but also realize the quality of governance to internal employees as stakeholders.

Furthermore, the company developed the regulation on Occupational Safety and Health based on its business orientation. Companies with high-risk work, then apply the OSH rules strictly, including in the formulation of its targets, strategies and evaluation system. Some activities that go beyond those standardized are the establishment of OSH committees comprising leaders, employees and union representatives. This is important in Indonesia's collectivist culture where the involvement of various parties can demonstrate social

commitment to OSH issues. Unfortunately, only a few companies in the IDX 30 list which optimize the role of employee complaints management. While the Indonesian government has agreed to change the meaning of health is no longer simply the avoidance of physical illness, but also mentally. But the company's efforts have not been optimal as far as providing facilities and activities that are relevant to the psychological well-being. Management of employee grievance itself is expected to reduce psychological burden.

REFERENCE

- Carrol, A. B. & Buchholtz, A. K. (2003). *Business & Society: Ethics and Stakeholder Management*. Fifth edition. Ohio: South-Western
- Crane et all. (Eds.). (2008). *The Oxford Handbook of Corporate Social Responsibility*. New York: Oxford Universities Press.
- Eigenstetter, M. (n.d). *Analyse von Nachhaltigkeitsberichten mit Blick auf Verantwortung für Arbeits-und Gesundheitsschutz. Paper*. Krefeld: Hochschule Niederrhein
- Global Reporting Initiative. (2014). *GRI G4 Guidelines and ISO 26000:2010: How to use the GRI G4 Guidelines and ISO 26000 in conjunction*. Retrieved from www.globalreporting.org
- International Labor Organization (2014). *Safety and Health at Work: A Vision for Sustainable Prevention*. Retrieved from www.ilo.org/safework/info/publications/WCMS_301214/lang--en/index.htm
- Paramaditha, A.(2012, April 23). *Indonesia Stock Exchange to Launch Big-Cap IDX 30 Index*. *Reuters*. Retrieved from <http://uk.reuters.com/article/indonesia-index-idUKL3E8FN5TX2012-0423>
- Shauki, E. (2011). *Perception on Corporate Social Responsibility: A Study in Capturing Public Confidence*. *Corporate Social Responsibility and Environment Management*, 18, pp. 200-208. Retrieved from https://www.researchgate.net/profile/Elvia_Shauki/publication/230367824_Perceptions_on_Corporate_Social_Responsibility_A_Study_in_Capturing_Public_Confidence/links/5850692308ae4bc8993b6cc9.pdf
- Undang-Undang Republik Indonesia (n.d). *Undang-Undang Republik Indonesia Nomor 40 Tahun 2007 tentang Perseoran Terbatas*. Retrieved from <http://prokum.esdm.go.id/uu/2007/uu-40-2007.pdf>
- World Health Organization. (2014). *Global Status Report On Road Safety 2013: Supporting A Decade of Action*. Retrieved from http://www.un.org/en/roadsafety/pdf/roadsafety2013_eng.pdf

ACKNOWLEDGEMENT

I sincerely thank *Frau* Prof. Dr. Monika S. Eigenstetter, Head of Human Factor Department Hochschule Niederrhein Germany, who has introduced and gave scientific guidance regarding Business Ethic, and especially for her enthusiasm to contribute more to the improvement of Occupational Safety and Health in Indonesia.