



**THE INFLUENCE OF CORPORATE ENVIRONMENTAL
RESPONSIBILITY (CER) DISCLOSURE TOWARD STOCK
PRICE CHANGES**

**(An Analysis at Mining Companies Listed in Indonesia Stock Exchange,
2006-2008)**

THESIS

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ABSTRAK

The purpose of this study was to determine the effect of corporate environmental responsibility (CER) disclosure to the changes in stock price. This research was conducted at mining companies listed in Indonesia Stock Exchange from 2006-2008 which published annual and/or sustainability report during the study period. This study used content analysis model based on Global Reporting Initiatives (GRI) G3 guideline to measure the CER disclosure and closing price at the end of month to see the changes in stock price. The result shows that t count - 0,308 is lower than t table ($t_{0.05,13}$) 1.771 and significance value 0.763 is bigger than $\alpha = 0.05$ means that the disclosure of CER have negative and not significance relationship toward stock price changes.

Keyword: corporate environmental responsibility, sustainability reporting, global reporting initiatives, stock price changes

CHAPTER I

INTRODUCTION

1.1 Background

Currently, along with technology and global economics development, the environmental issues becoming an interest topic to be studied. Indonesia as a developing country could not be separated from the environmental problem which the impact is increasingly felt day by day. The era of industrialization in one side, focuses on the use of technology as efficiently as possible, so sometimes ignore the environmental aspects. Nowadays, Indonesian public awareness about the importance of environment begins to grow slowly. 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 (syafendri, 2010)

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 Corporate Environmental Responsibility (CER) as a subsection of Corporate Social Responsibility (CSR)

Disclosure of social, ethical, environmental and sustainability aspect (SEES) now becomes a way for companies to communicate their form of accountability to stakeholders. Sustainability reporting as recommended by the Global Reporting

Initiative (GRI) is focus on three aspects; economic performance, environmental, and social. These three aspects are known as the Triple Bottom Line. The reporting is expected to have a positive relationship between the corporate social responsibility performance and Corporate Financial Performance (CFP) (Satyo, 2005).

Implementation of sustainability reporting in Indonesia is supported by a number of rules such as Law No. 23/1997 on environmental management, the rules issued by the Indonesian Stock Exchange on procedures and listing requirements and the Statement of Financial Accounting Standards (Sihotang, 2008). Reporting on the implementation of social and environmental responsibilities in a limited liability company annual reports in Indonesia have been required by Article 66 Paragraph 2 of Law No.40 / 2007 on Limited Liability Companies. Since the last few years Bapepam-LK has also issued rules that require emitter to disclose the implementation of Corporate Social Responsibility (CSR) in corporate annual reports (Darwin, 2008).

Though it has been supported by the regulations and laws, but the application of sustainability reporting practices in Indonesia is still considered low. This is based on research conducted by the Global Reporting Initiative (2004) showed that during the years 2001-2003, reporting on environmental and social information is just about one percent of all countries in Asia and Australia. Moreover, syafendri (2010) in his research about the practice of corporate environmental responsibility disclosure in Indonesia found that management of companies is still not concerned fully yet to CER disclosure.

CHAPTER V

CONCLUSION

This chapter provides conclusions drawn from findings and discussion presented in the previous chapter, followed by assessment of the potential limitations present in this study and possible future directions for research.

5.1 Conclusion

This research was conducted on mining companies listed in Indonesia Stock Exchange from 2006-2008 and published annual and/or sustainability reports during the study period. The purpose of this study was to determine the effect of corporate environmental responsibility disclosure (CER) to the changes in stock price.

The sampling method used was purposive sampling method based on the criteria established in order to obtain qualified companies to test the hypothesis in this study. The data used are secondary data obtained from ICMD, www.idx.co.id, and the official website of the sample companies. Data were processed using a simple regression model with SPSS 15.0 software tool where previous to the data processing, classical assumption test were performed in order to ascertain that data are normally distributed and satisfy the normality assumption.

Based on the analysis conducted, the results obtained are

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