

ANALYSIS OF FACTORS AFFECTING OHSD IN MINING SECTOR MANUFACTURING COMPANIES LISTED ON THE IDX

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Keywords

*OHSD Disclosure, Size, Leverage,
Profitability, Size of the Board of
Commissioners, Size of Shareholders*

ABSTRACT

Occupational Health and Safety (K3) is part of corporate social responsibility. K3 is our effort to create a healthy and safe work environment, so as to reduce the probability of work accidents/illnesses due to negligence which results in demotivation and deficiencies in work productivity. The research method used was a descriptive quantitative research method using descriptive statistical data, with sample selection using purposive sampling. The data used is secondary data from annual financial reports. The data were taken from annual reports, sustainability reports, and financial reports obtained from relevant sources. The research used multiple regression analysis methods with the help of the SPSS Version 26 program. The results show that size influences OHSD disclosures, Leverage does not influence OHSD disclosures, Profitability does not influence OHSD disclosures, Board of Commissioners size does not influence on OHSD disclosure, shareholder size influences OHSD disclosure. So this research can be used to look at the factors that influence the disclosure of OHSD.

INTRODUCTION

The concept of corporate social responsibility (CSR) has recently become a hot topic of discussion and has received a lot of attention in Indonesia. Corporate social responsibility disclosure (CSR disclosure) is carried out as a form of information transparency regarding environmental, social and good governance performance in an accountable manner (Firmansyah & Estutik, 2020; Kaymak & Bektas, 2017; Pratama et al., 2020). The disclosure of CRS should no longer be seen as a cost that can reduce the company's profit, but as a form of investment that can improve the company's positive image in the eyes of the public so that it can increase long-term profits and maintain the company's survival (Going concern). CSR disclosure is outlined in sustainability reporting which is guided by the disclosure standards in the Global Reporting Initiative (GRI) (Ismail et al., 2021; Sethi et al., 2017; Vigneau et al., 2015). The greater the negative impact of the industry on the environment, the wider

the responsibility. Because CSR activities are different, the disclosure is also different (Alkayed & Omar, 2023; Buallay et al., 2020; Einwiller & Carroll, 2020).

The Indonesian government has made regulations related to the implementation of corporate social responsibility. The first regulation related to the regulation is in Law Number 40 of 2007 concerning Limited Liability Companies in Article 74 paragraph (1) which states that Companies that carry out their business activities in the field and/or related to natural resources are obliged to carry out Social and Environmental Responsibility. Government Regulation of the Republic of Indonesia Number 47 of 2012 Article 2 which states that Every Company as a legal subject has social and environmental responsibilities.

Occupational Health and Safety as part of CSR disclosure can be influenced by many factors. These factors include size, leverage, profitability, independent board of commissioners and public share ownership (Astuti & Aminah, 2023; Budianto & Suyono, 2021; Viantiaraini et al., 2023). Occupational Safety and Health (K3) or HSE (Health Safety Environment) or OSH (Occupational Safety and Health) is a field related to the health and welfare of human beings working in an institution or project site. Occupational Health and Safety (OHSD) disclosure is an integral part of financial statements (Alves & da Conceição Ramos, 2022; Mavroulidis et al., 2022; Păun et al., 2020).

The disclosure of Occupational Health and Safety Disclosure (OHSD) is influenced by several factors, with company size being a primary one. Larger companies, as measured by total sales, average sales level, or total assets, tend to have more extensive OHSD due to a higher incidence of OSH issues and greater stakeholder expectations (Cahaya et al., 2017; Moussu & Ohana, 2016). OHSAS certification, particularly transitioning from ISO 18001 to ISO 45001, also correlates with greater OHSD (Bautista-Bernal et al., 2021; Tsalis et al., 2018). Financial leverage, reflecting a company's debt relative to equity, prompts broader disclosure to satisfy creditors and investors (Brown et al., 2021; Ho et al., 2022). Profitability, indicating a company's efficiency in generating profits, influences OHSD as well (Bayram et al., 2017; Nordlöf et al., 2017). Additionally, the board of commissioners, representing shareholders and overseeing management, plays a role in ensuring comprehensive OHSD (Cahaya et al., 2017). Lastly, the extent of public share ownership drives the need for detailed disclosures to meet investor demands for information and oversight (Sriayu & Mimba, 2013).

Many companies, governments, hospitals, insurance companies, manufacturing companies, mining companies, oil and gas companies, agricultural companies and so on employ Occupational Health and Safety Officers. There is a projection that Occupational Health and Safety Officers will be more in demand in the future as many companies need them. Occupational Health and Safety Officer is very important for companies to ensure that everyone works free from distractions and accidents so that they can save costs and increase productivity (Indonesia Safety Center, 2016).

This study aims to re-test and empirically prove that the factors of Size, Leverage, Profitability, Size of the Board of Commissioners and Public Share Ownership can affect OHSD disclosure. The study contributes by enhancing understanding of the determinants of OHSD disclosure in organizations, which could inform policy-making, corporate strategies, and future research in related fields.

The hypothesis used in this study is:

- 1) H_1 : Size affects OHSD
- 2) H_2 : Leverage affects OHSD
- 3) H_3 : Profitability affects OHSD
- 4) H_4 : The size of the Board of Commissioners affects OHSD
- 5) H_5 : Public Share Ownership Affects OHSD

METHODS

The research method carried out is a type of descriptive quantitative research. This research data is in the form of financial statements of manufacturing companies listed on the Indonesia Stock

Exchange (IDX) in the period 2019-2023. This study uses a data collection method with archival data methods or documents from relevant sources. The data source obtained in this study is by taking data from the Indonesia Stock Exchange (IDX) in the period 2019-2023.

In this study, the population used is manufacturing companies listed on the IDX of the mining sector. The technique used in sampling in this study, the author uses the purposive sampling method. The main samples taken are as follows:

1. Mining sector companies listed on the IDX from 2019-2022.
2. Publish its financial report & annual report consecutively.
3. Companies that earned profits during 2019-2022
4. Companies that own public shares

Table 1. Operational & Variable Measurement

No	Variable	Indicator	Scale
1	OHSD	$\frac{\sum x_{ij}}{n_j}$	Ratio
2	Size	Size = Ln x Total Aset	Ratio
3	Leverage	DER = Total Debt/Total Equity x 100%	Ratio
4	Profitability	Return On Asset = Net Profit/Total Assets x 100%	Ratio
5	Size of the Board of Commissioners	UDK = Number of Members of the Board of Commissioners/Number of Members of the Board of Commissioners x 100%	Ratio
6	Shareholder Size	UPS = Total Public Shareholding/Total Company Shares x 100%	Ratio

Information:

\sum = Total GRI 403 items disclosed

n_j = Total of all GRI 403 disclosure items, $n_j \leq 10$

Ln = Log n

RESULTS

Normality Test

The study used Kolmogorov-Smirnov test.

Table 2. Normality Test Table

Asymp. Sig. (2-tailed)	.200c,d
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Based on the results in the table above, it shows that the significance value of *Asymp. Sig.* (2-tailed) which is 0.200 where $0.200 > 0.05$ which indicates that the data is distributed normally.

Multicollinearity Test

Table 3. Multicollinearity Test Table

Coefficients ^a		
		Collinearity Statistics
Model		VIF
1	SIZE	1.184
	LEVERAGE	1.056
	PROFITABILITY	1.040
	UDK	1.150

UPS	1.037
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Based on the results of the Multicollinearity test from the table, it meets the requirements, namely if the tolerance value > 0.1 and the VIF value < 10 where the tolerance value of Size is $0.845 > 0.1$ and the VIF value of gold price is $1.184 < 10$, the Leverage tolerance value is $0.947 > 0.1$ and the VIF value is $1.056 < 10$, the profitability tolerance value is $0.962 > 0.1$ and the VIF value is $1.040 < 10$, The tolerance value of the size of the board of commissioners is $0.870 > 0.1$ and the VIF value is $1.150 < 10$, the tolerance value of the shareholder size is $0.964 > 0.1$ and the VIF value is $1.037 < 10$, so it can be concluded that there is no multicollinearity between independent variables in the regression model.

Heteroscedasticity Test

The study used the Glejser test can be used.

Table 4. Heteroscedasticity Test Table

Model	Sig.
(Constant)	.850
SIZE	.129
LEVERAGE	.691
PROFITABILITY	.868
UDK	.753
UPS	.240

In the results of the table calculation, it is known that the significance value of the size variable is $0.850 > 0.05$. The significance value of the leverage variable is $0.129 > 0.05$. The significance value of the profitability variable is $0.868 > 0.05$. The significance value of the variable size of the board of commissioners is $0.753 > 0.05$. The significance value of the variable of shareholder size is $0.240 > 0.05$. Based on this, it can be concluded that there is no heteroscedasticity between independent variables in the regression model.

Autocorrelation Test

The following table is the results of the Durbin-Watson Test.

Table 5. Autocorrelation Test Table

Model	Durbin-Watson
1	1.859

Based on the results of the Durbin-Watson test table 5, it is known that the DW value is 1.859. The DU value from the data of this study obtained from the DU value table is 1.7716. And the 4-DU value is 2.229. So it can be concluded that $DU < DW < 4-DU$ where $1.7716 < 1.859 < 2.229$. So it can be concluded that there are no symptoms or problems of autocorrelation. So that the multiple linear regression analysis can be continued and the data is declared to have no autocorrelation problems.

Multiple Linear Regression Analysis

Table 6. Multiple Linear Regression Analysis Table

Coefficients^a			
	Model	t	Sig.
1	(Constant)	3.169	.002
	SIZE	-4.466	.000
	LEVERAGE	-3.253	.002
	PROFITABILITY	.729	.468
	UDK	-.530	.598
	UPS	4.172	.000

The result of the multiple linear regression in the table above, can be used for a model that has the following equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Information:

1. Y = OHSD
2. X₁ = Size
3. X₂ = Leverage
4. X₃ = Profitability
5. X₄ = Size of the Board of Commissioners
6. X₅ = Size of the Board of Commissioners
7. a = Constanta
8. β₁ = Coefficient X₁
9. β₂ = Coefficient X₂
10. β₃ = Coefficient X₃
11. β₄ = Coefficient X₄
12. β₅ = Coefficient X₅
13. e = Error

$$\text{OHSD} = 0,813 + -0,031 + -0,040 + 0,008 + 0,176 + 0,007 + e$$

The interpretation of the multiple linear regression model for the data of this study is as follows:

- 1) The regression constant value of 0.813 means that when the independent variable is considered fixed, the OHSD value is 0.813.
- 2) The regression coefficient value for the size variable is -0.031, meaning that when the seize value is large, the OHSD level is not so high, while if the size is small, the OHSD level is high. Other variables that affect the OHSD value are considered to be fixed (constant).
- 3) The value of the coefficient for leverage is - 0.040, meaning that when the leverage is large, the OHSD level is not so high, while if the leverage is small, the OHSD level is high. Other variables that affect the OHSD value are considered to be fixed (constant).
- 4) The coefficient value for the Profitability variable is 0.008, meaning that when the profitability is large, the OHSD level is large, while if the profitability is small, the OHSD level is low. Other variables that affect the OHSD value are considered to be fixed (constant).
- 5) The value of the coefficient for the variable The size of the board of commissioners is -0.176, meaning that when the size of the board of commissioners is large, the OHSD level is not so high, while if the size of the board of commissioners is small, the OHSD level is high. Other variables that affect the OHSD value are considered to be fixed (constant).

- 6) The value of the coefficient for the shareholder size variable is 0.007, meaning that when the profitability is large, the OHSD level is large, while if the profitability is small, the OHSD level is low. Other variables that affect the OHSD value are considered to be fixed (constant).

Coefficient of Determination

Table 7. Determination Coefficient Table

Model Summary	
Model	Adjusted R Square
1	.347

From the table above, an R^2 value of 0.389 was obtained, meaning that the model formed was able to explain the variation of OHSD by 38.9%, while 61.1% was explained by other variables that affect OHSD but were not taken into account in this study.

Hypothesis Test (T Test)

Table 8. T-Test Table

Coefficients		
Model	t	Sig.
(Constant)	3.169	.002
SIZE	-4.466	.000
LEVERAGE	-3.253	.002
1 PROFITABILITY	.729	.468
UDK	-.530	.598
UPS	4.172	.000

From the results of the t-test in the table above, a p-value size value of 0.000 where $0.000 > 0.05$, a p-value leverage of 0.002 where $0.002 < 0.05$, a p-value of profitability of 0.468 where $0.468 > 0.05$, a p-value of the size of the board of commissioners of 0.598 where $0.598 > 0.05$, a p-value of shareholder size of 0.000 where $0.000 > 0.05$.

Discussion and Hypothesis

Based on the results, it is known that the variable size, leverage and size of shareholders have no effect on the OHSD value, while the Profitability and Size of the Board of Commissioners have no effect on the value of OHSD. So that if it is connected with the hypothesis prepared in this study, the following results are obtained:

- 1) The first hypothesis (H_1) was accepted because the significance value of 0.000 ($p\text{-value}$) < 0.05 , so it can be concluded that size has an effect on OHSD.
- 2) The second hypothesis (H_2) is accepted because the significance value of 0.002 ($p\text{-value}$) < 0.05 , so it can be concluded that the leverage value has an influence on OHSD.
- 3) The third hypothesis (H_3) was rejected because the significance value of 0.468 ($p\text{-value}$) > 0.05 , so it can be concluded that Profitability does not have an effect on OHSD.
- 4) The fourth hypothesis (H_4) was rejected because the significance value of 0.589 ($p\text{-value}$) > 0.05 , so it can be concluded that the size of the board of commissioners does not have an influence on OHSD.
- 5) The fifth hypothesis (H_5) is accepted because the significance value of 0.000 ($p\text{-value}$) < 0.05 , so it can be concluded that the size of the shareholder has an effect on the OHSD.

CONCLUSION

The study's results show that size affects OHSD disclosure, with the H_1 hypothesis accepted. The H_2 hypothesis is accepted, as leverage value influences OHSD disclosure. Profitability does not affect OHSD disclosure, with the H_3 hypothesis not accepted. The size of the Board of Commissioners does not affect OHSD disclosure, with the H_4 hypothesis not accepted. The size of shareholders also affects OHSD disclosure, with the H_5 hypothesis accepted. The results of the tests indicate that size, leverage, profitability, size of the Board of Commissioners, and size of shareholders all have significant effects on OHSD disclosure. These findings support the H_1 , H_2 , and H_5 hypotheses.

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