

Analysis of Public Ownership and Management Ownership on the Implementation of the Triple Bottom Line in the Plantation Sector Listed on the Indonesia Stock Exchange

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Abstract

The purpose of this research is to find out and analysis of public ownership and management ownership on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange. This research was conducted through quantitative research. The type of data to be collected is secondary data. The sample in this study were 15 companies in the plantation sector. The data analysis technique used in this study used descriptive statistical analysis and panel data regression. The regression data panel consists of determination coefficient (R²) test, simultaneous (F) test, and partial (t) test. The results showed that determination coefficient (R²) test that public ownership and management ownership together are able to explain the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange. The simultaneous (F) test shows that public ownership and management ownership simultaneously have a significant effect on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange. The partial (t) test shows that public ownership partially has a significant effect on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange and management ownership partially has a insignificant effect on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange.

Keywords

public ownership; management ownership; triple bottom line



I. Introduction

Indonesia as a country that has great potential in the plantation sector, has become one of the largest plantation commodity-producing countries in the world. Many private companies are engaged in the plantation sector in Indonesia. The plantation industry is the strength and support of the national economy. The income from the plantation sub-sector has exceeded the oil and gas sector. Plantations play a very important role in the economic fundamentals of the Indonesian nation. So whatever happens to this industry, it will certainly have an impact on the national economy. Due to the large business cycle of the plantation sub-sector, the policies taken by each company will also have an impact on the national economy.

The economic condition of the population is a condition that describes human life that has economic score (Shah et al, 2020). Economic growth is still an important goal in a country's economy, especially for developing countries like Indonesia (Magdalena and Suhatman, 2020). Economic actors, basically have very important functions. Because it has two functions at once, namely as a supplier of all the needs of the community, both primary, secondary and tertiary. At the same time, they also function as absorbers of community labor, which can economically increase purchasing power (Ansari, T. 2019).

The emergence of the issue of the triple bottom line in the company was initially influenced by pressure from outside parties and the results of intensive research conducted by non-governmental organizations about the company's role in the surrounding community, the environment around the company that was increasingly damaged, the rights of neglected workers and workers who could afford it influence the company to improve company policies and make a real contribution to the community and the surrounding environment. As in the case of PT. Aneka Tambang Tbk environmental pollution occurs due to iron sand mining which has damaged the environment.

This will cause the coastal abrasion to be stronger and there will be changes in the shoreline that are increasingly heading inland. With these cases, the company should take part in implementing the triple bottom line to the community and stakeholders. Many companies in Indonesia have disclosed their social responsibilities. However, at the voluntary level, corporate social responsibility disclosures are compiled using items that focus on the concept of corporate social responsibility. In fact, corporate social responsibility comes from the concept of triple bottom line presented by Elkington (1997) which states that companies must implement this concept so that companies can be sustainable.

It is suspected that the ownership structure of the company can affect the transparency of information in the annual report in terms of the amount of public ownership compared to institutional ownership which is an insider party required to be disclosed in the annual report. This is also associated with pressure from shareholders so that companies pay more attention to their responsibilities to society so as to increase company value (Ardyanto, 2013).

Aligning the interests of owners with managers will have an impact on the policies taken by managers, such as debt policies and disclosure of corporate social responsibility. Debt policy is a financial decision that is sensitive to firm value. Firm value will increase if debt also increases, as long as interest payments are used to reduce taxes. However, at a certain point the use of debt is very risky due to default. Debt policy is a policy taken by the management. If the debt policy by the manager causes losses to the company, then the decision taken is the wrong decision.

Management ownership is a situation where the manager owns the company's shares or in other words the manager is also a shareholder (Tjeleni, 2013). The existence of management ownership in a company will lead to an interesting assumption that the value of the company increases as a result of increased management ownership.

The existence of management ownership of the company's shares is considered to be able to harmonize the potential differences in interests between the management of other shareholders so that problems between the agent and the principal are assumed to be lost if a manager is also a shareholder.

According to Itturiaga and Sanz (2000) managerial ownership structure can be explained from two points of view, namely the agency approach and the imbalance approach. The agency approach considers the managerial ownership structure as an instrument or tool to reduce agency conflicts among several claims against the company. The information imbalance approach views the managerial ownership structure mechanism

as a way to reduce the information imbalance between insiders and outsiders through the disclosure of information in the capital market.

The purpose of this research is to find out and analysis of public ownership and management ownership on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange.

II. Review of Literature

2.1 Triple Bottom Line

Triple bottom line where this theory gives the view that if a company wants to maintain its survival, then the company must pay attention. In addition to pursuing profit, companies must also pay attention to and be involved in fulfilling community welfare and actively contribute to preserving the environment.

a. Profit

Profit or profit becomes the main and most important goal in every business activity. It is not surprising that the main focus of all activities in the company is the pursuit of profit and boosting share prices as high as possible because this is the most essential form of economic responsibility to shareholders. Activities that can be taken to boost profits include increasing productivity and implementing cost efficiency. Increased productivity can be obtained by improving work management from simplification of processes, reducing inefficient activities, saving process and service time. Meanwhile, cost efficiency can be achieved if the company uses materials as efficiently as possible and cuts costs as low as possible.

b. People

People are stakeholders who are very important for the company, because community support is very necessary for the existence, survival, and development of the company. Therefore, the company needs to be committed to trying to provide the maximum benefit to the community. And it should also be realized that the company's operations have the potential to have an impact on the community. Therefore the company needs to carry out various activities that can touch the needs of the community.

c. Planet

Planet or environment is something related to all areas of human life. Because all activities carried out by humans as living beings are always related to the environment, for example the water they drink, the air they breathe and all the equipment they use, all of them come from the environment. However, most of the people still do not care about the surrounding environment. This is because there is no direct advantage that can be taken in it.

Because profit is the essence of the business world and it is a natural thing. So, humans as industry players are only concerned with how to make as much money as possible without making any efforts to preserve the environment. Whereas by preserving the environment, humans will actually get more benefits, especially in terms of health, comfort, in addition to the availability of resources that are more sustainable.

In the era of globalization, companies are not only concerned with economic aspects, but must pay attention to social and environmental aspects. Therefore, every company strives to fulfill activities related to paying attention to social and environmental interests. As Aulia and Kartawijaya's research (2011) states that a sustainable company is not only

pursuing financial gain, not only increasing shareholder value. between the company and various stakeholders.

2.2 Public Ownership

Public ownership means the number of shares owned by the public. The definition of public here is an individual party outside the management and has no special relationship with the company (Tjeleni, 2013). The greater the proportion of public share ownership, the more parties who need information about the company, so that many items of information are disclosed in the annual report. In addition, the larger the shares owned by the public, the more information will be disclosed in the annual report, investors want to obtain the widest possible information about where to invest and can supervise management activities, so that interests in the company are fulfilled.

Public ownership of shares can generally act as a party that monitors the company. Companies with large public ownership (more than 225%) indicate their ability to monitor management. The greater the public ownership, the more efficient the utilization of company assets and is also expected to act as a prevention against waste by management.

Companies whose shares are owned by the public will disclose greater social responsibility than companies whose shares are not controlled by the public. Companies that have been around for a long time will have greater social responsibility, due to the higher confidence of investors and the wider community. As a result, companies must provide the widest possible information to investors and the public at large, not only in the form of financial statements but also in the form of social responsibility disclosures.

2.3 Management Ownership

Management ownership is share ownership by the company's management as measured by the percentage of the number of shares owned by management. The managerial ownership structure can be explained from two perspectives, namely the agency approach and the imbalance approach. The agency approach considers the managerial ownership structure as an instrument or tool used to reduce agency conflicts among several claims against a company. The information imbalance approach views the managerial ownership structure mechanism as a way to reduce the information imbalance between insiders and outsiders through the disclosure of information within the company (Solihin, 2008).

Management ownership is also defined as a share ownership owned by the manager of the company itself. So that it affects the company's management pattern and the disclosure of the triple bottom line by the company. Because the structure of his responsibility is only on himself and his supervision is also less than optimal in the disclosure of the triple bottom line.

The higher the level of management ownership, the higher the level of carrying out corporate social responsibility programs. Management ownership has a positive effect on the expenditure of social responsibility programs with the aim of increasing company value. However, at a point where the company's value reduces and the limit has been reached, a negative relationship is found.

This relates to the company's share ownership. It would be different if the principals were people who sat in the management of the company itself. When associated with the concept of agency, the principal and agent become an inseparable party. So that management tends to do what they want. Therefore, the area of disclosure of the triple bottom line is definitely low. Disclosure information submitted is also different if the recipient of the information is not the person who conveyed the information.

III. Research Method

This research was conducted through quantitative research. Quantitative research is a systematic scientific study of the parts and phenomena and the causality of their relationships (Pandiangan, 2015). The purpose of quantitative research is to develop and use mathematical models, theories and/or hypotheses related to natural phenomena.

The type of data to be collected is secondary data in the form of quantitative data. Quantitative data is data in the form of numbers that can be calculated (Pandiangan et al., 2021). The data for this study were obtained from information on the official website of the Indonesia Stock Exchange with the website address (www.idx.co.id).

The population is a complete group of elements which are usually people, objects, transactions or events in which we are interested in studying or being the object of research (Pandiangan, 2018). The population in this study is the Plantation Sector Companies listed on the Indonesia Stock Exchange from 2017 to 2021 as many as 15 Plantation Sector Companies. The requirements for determining the sample of this study are as follows:

- a. Has been listed on the Indonesia Stock Exchange until 2017.
- b. Issuer's shares are actively traded during the observation period, namely from 2017-2021.
- c. Issuing financial statements from 2017-2021 and the financial statements have been audited by an Independent auditor who has obtained a license from the Financial Services Authority.

The sample is part of the number and characteristics possessed by the population (Pandiangan, 2018). So the number of samples in this study were 15 Plantation Sector Companies.

The data analysis technique used in this study used descriptive statistical analysis and panel data regression. Descriptive statistical analysis is statistical tools that function to describe or provide an overview of the object under study through sample or population data as it is. Descriptive statistics provide an overview or description of a data seen from the mean value, standard deviation, minimum value, and maximum value (Pandiangan et al., 2018). This test was conducted to make it easier to understand the variables used in the study. Panel data regression is a statistical method for analyzing two-dimensional panel data, and is widely used in the fields of social science, epidemiology, and econometrics. Panel data containing observations of various phenomena that are repeated over a certain time span for the same entity (Tobing et al., 2018). The regression data panel consists of determination coefficient (R^2) test, simultaneous (F) test, and partial (t) test.

IV. Results and Discussion

4.1 Description of the Plantation Sector

The Plantation Sector is one of the sub-sectors that has experienced the most consistent growth, both in terms of area and production. Overall, plantation area increased at a rate of 2.6% per year in the period 2017-2021, with the total area in 2017 reaching 21.3 million ha. Of several important plantation commodities in Indonesia (such as rubber, oil palm, coconut, coffee, cocoa, tea, and sugar cane), oil palm, rubber and cocoa grow more rapidly than other plantation crops with growth rates above 5% per year. The rapid growth of these three commodities is generally related to the relatively better level of profit from the exploitation of these commodities and also the government's policies to encourage the expansion of the area of these commodities.

In line with the area growth, plantation production has also increased consistently at a rate of 7.6% in 2017-2021, with a total production reaching 25.6 million tons in 2021. Crude palm oil from palm oil and rubber are the two commodities that have contributed the most dominant. Palm oil production is growing rapidly at a rate of 12.1% per year. Production growth of cocoa and coffee commodities was also relatively fast during this period. The increase in the prices of plantation products in 2021 is one of the factors driving the increase in production.

As one of the important sub-sectors in the agricultural sector, the plantation sub-sector has traditionally had a significant contribution to the Indonesian economy. As a developing country where job creation is an urgent problem, the plantation sub-sector has a significant contribution absorbed by the plantation sub-sector is estimated at around 19 million people. This number of jobs does not include those working in the downstream plantation industry. The contribution in providing employment is an added value, because the plantation sub-sector provides employment in rural and remote areas. because the provision of employment by the sub-sector is located in rural areas so as to reduce the flow of urbanization.

The plantation sub-sector is one of the sub-sectors that has an important contribution in terms of creating added value which is reflected in its contribution to gross domestic product. This is of course in line with the contribution of the plantation sub-sector to state revenues from the tax sector.

4.2 Descriptive Statistical Analysis

Based on the research results, it can be seen that the mean triple bottom line is 0.835, and the standard deviation is 0.581. The mean public ownership is 1.456, and the standard deviation is 1.083. The mean management ownership is 5.072, and the standard deviation is 0.982.

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4.4 Panel Data Regression

Hypothesis testing in this study uses the estimation results of the common effect model (CEM) regression model. The estimation results of this model are used to see determination coefficient (R^2) test, simultaneous (F) test, and partial (t) test. The estimation results from the common effect model (CEM) are as follows:

Table 1. Regression Data Panel Results
Common Effect Model (CEM)

Dependent Variable: Triple Bottom Line				
Method: Panel Least Squares				
Date: 20/12/21 Time: 22:51				
Sample: 2017 2021				
Periods included: 5				
Cross-sections included: 15				
Total panel (balanced) observations: 75				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.955110	1.353703	0.705554	0.4836
Public Ownership	19.12469	15.22800	1.255890	0.0010
Management Ownership	0.019437	0.057995	0.335154	0.7389
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.690585	Mean dependent var	0.401786	
Adjusted R-squared	0.527468	S.D. dependent var	1.930140	
S.E. of regression	1.901488	Akaike info criterion	4.340185	
Sum squared resid	188.0142	Schwarz criterion	4.918370	
Log likelihood	-133.9065	Hannan-Quinn criter.	4.569847	
F-statistic	3.123237	Durbin-Watson stat	2.650191	
Prob(F-statistic)	0.000004			

4.5 Determination Coefficient (R^2) Test

Based on Table 1, the estimation results using the common effect model (CEM), gives an determination coefficient (R^2) of R-squared 0.690585 which means that public ownership and management ownership together are able to explain the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange by 69,05% while 30.95% is explained by other variables.

4.6 Simultaneous (F) Test

Based on Table 1, the significance value of prob. (F-statistic) of $0.000004 < 0.05$ alpha. This shows that public ownership and management ownership simultaneously have a significant effect on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange. So that the selection of public ownership and management ownership as predictors of the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange is correct.

4.7 Partial (t) Test

Based on Table 1, public ownership partially has a significant effect on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange because value of prob. $0.0010 < 0.05$ alpha. Management ownership partially has a insignificant effect on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange because value of prob. $0.7389 > 0.05$ alpha.

V. Conclusion

The results showed that determination coefficient (R^2) test that public ownership and management ownership together are able to explain the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange. The simultaneous (F) test shows that public ownership and management ownership simultaneously have a significant effect on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange. The partial (t) test shows that public ownership partially has a significant effect on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange and management ownership partially has a insignificant effect on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange.

Suggestions in research are as input and also information for both the company and external parties of the company, especially potential investors who will invest their capital. Public ownership and management ownership in this study effect on the implementation of the triple bottom line in the Plantation Sector listed on the Indonesia Stock Exchange, so in making investment decisions, investors must pay attention to these two variables. By knowing this information, it is hoped that investors will get a profit, such as companies that have high solvency, will provide the widest possible information about the company's prospects and this needs to be analyzed by investors.

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