Comparative Research Implementation of CSR (Corporate Social Responsibility) in Various Sectors of the Indonesian Stock Exchange

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ARTICLE DETAILS

ABSTRACT

Purpose: Up until now, no study has compared how CSR (Corporate Social Responsibility) is implemented across different business sectors. This article's purpose is to close this knowledge gap by examining how businesses across many industries modify and incorporate social responsibility into their fundamental business practices to draw in both domestic and foreign investors.

Design/Methodology/Approach: The study employs a descriptive quantitative research design, utilizing secondary data collecting via examination of annual reports or company sustainability reports from the three primary industries that are listed on the Indonesian Stock Exchange (BEI) and frequently engage in voluntary corporate social responsibility.

Findings: The analysis's findings demonstrate how the three sectors embrace the idea of social responsibility, albeit with various implementation strategies. The major consumer sector is more focused on the environment, the technological sector focuses on social issues, and the finance sector prioritizes corporate social responsibility from an economic perspective.

Implications/Originality/Value: Offers a global perspective on corporate social responsibility (CSR), pertinent data and analysis for investors from different nations, and the potential to grow into a significant global resource for the community at large for comprehending how CSR affects sustainable investment choices in the global market.

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Introduction

Although Indonesia scored seventh out of eleven Southeast Asian countries for its CSR reporting, the region as a whole ranked fifth for CSR reporting in the global CSR report (CSR, 2023). The purpose of this ranking is to spread knowledge about sustainability, namely the application of corporate social responsibility (Mariappanadar, Iris, Robin, & Michael, 2022). As of the end of February 2023, 845 Indonesian firms were registered on the Indonesian Stock Exchange, or IDX (Indonesian Stock Exchange) (Maghiszha, 2023). Nevertheless, among the 845 companies listed on the Indonesia Stock Exchange (IDX), only a few have managed to achieve a ranking in the Asia Sustainability Reporting Rating. Only 37 companies received a rating, with 5 companies achieving platinum status, 29 companies with a gold rating, and 3 companies with a bronze rating. Consequently, the implementation of CSR methods is still relatively low (Nccr.id, 2021).

Numerous requests for corporate responsibility in assessing company activities in terms of social impact and environmental impact have been made by stakeholders, including the government, society, media, investors, and activists (Nashirorun Nisa, Erma, Eni, & Fatchan, 2021). The stakeholders most in need of corporate social responsibility (CSR) are investors, as financial reports by themselves do not fully convey the company's development viewpoint (Gerasimova, Rogulenko, Postnikova, & Postnikova, 2023) and CSR helps investors make future projections (Irina, 2023). According to (Songhe, Hui, Yuxuan, & Minmin, 2023) investors are another significant participant in the business.

Investors are increasingly considering the sustainable performance of a company when making decisions, including its implications on the environmental and social sectors (Vásquez-Ordóñez, Lassala, Ulrich, & Ribeiro-Navarrete, 2023) as belief in businesses solely focusing on profits has dwindled (Sari, 2010). Thus, businesses across a range of industries use CSR to enhance their performance, collaboration, and competitiveness in order to draw in investors (Pandey & Das, 2022). Additionally, investors must take into account any violations of their corporate social responsibility (CSR) obligations, comply with legally binding human rights obligations (Francis Maïnkade, 2023), and offer direct redress to impacted communities (Zhao, et al., 2022). When deciding which industry to invest in, this may be the primary factor that investors take into account (Smith, Lau, & Dumay, 2022).

As corporate interest in CSR grows, some businesses are finding it difficult to integrate Environmental, Social, and Corporate Governance (ESG) initiatives into their core strategies to satisfy stakeholder expectations and corporate management goals of maximizing shareholder value (Ding & Hu, 2022). In order to redevelop its products, management even purchased a bankrupt company that produced environmentally friendly goods (Jitmaneeroj, 2023). The company's objective is to draw in major customers who desire to be environmentally conscious without compromising on performance or price (GreenBiz, 2009). This is consistent with CSR's goal of achieving the utmost quality of life (Hsueh, De Massis, & Gomez-Mejia, 2023), which means businesses must help improve the environment and enhance people's overall life satisfaction (González-De-la-Rosa, Armas-Cruz, Dorta-Afonso, & García-Rodríguez, 2023). For the benefit of the general public, businesses must also incorporate efficient high-performance work systems and create environments that support opportunities for active informal learning (Yongbo, Taehyoung, & Jangsoon, 2023).

According to (Stojanović, Sofranova, Arsić, Milošević, & Mihajlović, 2022), CSR implementations have demonstrated the highest financial profitability over an extended period. As a result, many investors consider CSR and financial reports equally important, identifying themselves as 'ethical investors' (Bu, Rotchacl, & Bu, 2023). Income constitutes the primary aim for every business entity, yet in various sectors, major companies have initiated the implementation
of CSR process strategies (Songhe, Hui, Yuxuan, & Minmin, 2023). These strategies include satisfying societal demands (Chavan, Gowan, & Vogeley, 2023), encouraging stakeholder involvement in local projects, and providing detailed reports on social and environmental activities. Consequently, CSR has become a significant activity that affects financial performance across all corporate sectors (Pandey & Das, 2022).

Numerous studies on the application of CSR in various sectors have only examined one sector or have compared the application of CSR in various industries within that sector. Up until now, no study has particularly compared how CSR (Corporate Social Responsibility) is implemented across different business sectors. To address this knowledge gap, this article proposes a research focus on CSR implementation across sectors on the Indonesia Stock Exchange (IDX). It does this by examining how businesses in various sectors modify and incorporate their social responsibility concepts into their core business practices to attract both domestic and foreign investors and promote economic growth (Fawaiq, 2023).

**Literature Review**

For businesses that are listed on the Indonesia Stock Exchange (IDX), corporate social responsibility (CSR) implementation is crucial. Companies now have to be accountable for more than just making a profit because social and environmental issues are becoming more complex (Pandey & Das, 2022; Ripoll Concepción, Briones-Peñaalver, de Nieves-Nieto, & Bernal-Conesa, 2023). The goal of this review of the literature is to give a thorough overview of the CSR implementation across the board on the Indonesian Stock Exchange. Numerous studies with an emphasis on CSR practices cover different facets of the CSR field. These studies have brought to light differences in corporate social responsibility (CSR) practices between businesses, as well as elements that affect the caliber of CSR disclosures and their effects on employee welfare and other areas. Despite their disparate methodologies, these studies collectively offer a more thorough understanding of CSR issues.

Research by (Pandey & Das, 2022; Songhe, Hui, Yuxuan, & Minmin, 2023) demonstrates this. Additionally, though from distinct angles, (Vásquez-Ordóñez, Lassala, Ulrich, & Ribeiro-Navarrete, 2023) look at a variety of CSR-related topics. The CSR practices are a major focus of these three studies. (Songhe, Hui, Yuxuan, & Minmin, 2023) identify factors that influence the effectiveness of CSR reporting; (Pandey & Das, 2022) explore CSR initiatives within both public and private companies in India; and (Vásquez-Ordóñez, Lassala, Ulrich, & Ribeiro-Navarrete, 2023) quantify how CSR impacts workers' quality of life. All in all, three studies offer a complementary perspective on comprehending corporate social responsibility (CSR), emphasizing differences in practices, variables affecting disclosure, and the effects on different areas. Even though these studies differ in methodology and emphasis, taken as a whole, they offer a more thorough understanding of CSR issues.

A comparable approach to corporate social responsibility (CSR) can be found in study performed by (Chavan, Gowan, & Vogeley, 2023), (Bu, Rotchadl, & Bu, 2023), and (Ripoll Concepción, Briones-Peñaalver, de Nieves-Nieto, & Bernal-Conesa, 2023), as well. Concentrating on the implementation of CSR, the research explores its effects on both businesses and society as a whole. They watch how businesses implement corporate social responsibility (CSR) and how that affects business performance, ties with the community, and social impact. The contribution of environmental, social, governance, and social impact CSR indicators to corporate success is examined in these studies.

Other than that, within the realm of CSR and stakeholders, especially investors, the research findings by (Stojanović, Sofranova, Arsić, Milošević, & Mihajlović, 2022; Pilgrim & Bohnet-Joschko, 2022; Smith, Lau, & Dumay, 2022), complement each other. Stakeholder management in
the social media age is highlighted in (Pilgrim & Bohnet-Joschko, 2022), offering insightful information for CSR management. (Stojanović, Sofranova, Arsić, Milošević, & Mihajlović, 2022) emphasizes the significance of comprehending investor expectations and placing an emphasis on long-term relationships with stakeholders, especially investors. (Smith, Lau, & Dumay, 2022) examines the impact of Chinese foreign direct investment in Australia, evaluating the perceived credibility of CSR reports in the energy sector. All of these studies highlight the significance of stakeholders, particularly investors, in corporate social responsibility (CSR) and stress the need to comprehend their expectations and impact on a company's CSR. Using a different methodology, the study's findings paint a complete picture of how interactions with investors affect the perceptions and practices of corporate social responsibility.

Out of all the earlier studies mentioned above, none of them have particularly compared how CSR (Corporate Social Responsibility) is implemented across different business sectors. To address this knowledge gap, this article proposes a title for an in-depth analysis comparing CSR practices in various industries at the Indonesia Stock Exchange (IDX). It also explores different approaches to CSR, underscoring the crucial role that stakeholders, especially investors, play in advancing CSR within companies.

Methodology
This study uses a quantitative descriptive research design to investigate corporate social responsibility (CSR) practices in Indonesia in depth (Febriani, Fikri, & Nurabiah, 2023; Dea, Adani, & Fikri, 2023). Secondary data is the method used to collect the data, specifically CSR reports of companies listed between 2020 and 2022 on the Indonesian Stock Exchange (www.idx.co.id) or the IDX website.

Businesses that voluntarily disclose their CSR initiatives and operate in a variety of IDX sectors make up the research's population. Because these three industries most frequently engage in voluntary CSR, the financial, primary consumer, and technology sectors make up the sample for this study (GPT-3.5, 2023).

The most recent set of guidelines from the Global Reporting Initiative (GRI), consisting of 120 indicators across four main aspects: general disclosure, material, economic, environmental, and social topics was used to measure the value of CSR practices in this study (www.globalreporting.org). Regarding the assessment of CSR reports, the assessment is given according to 120 existing indicators. If a company successfully implements one indicator, the value given is 1, and this applies to 120 indicators. In other words, if a company successfully implements all 120 indicators, then the maximum score they get is 120.

Results And Discussion

| Table 1: Statistical analysis of CSR values in the financial sector |
|-----------------|---|---|---|
|                | 20 | 21 | 22 |
| Sum Total GRI  | 3.712 | 4.062 | 4.333 |
| Mean           | 35.0 | 38.3 | 40.9 |
| Highest        | 89 | 108 | 89 |
| Lowest         | 0 | 0 | 0 |

'Throughout 2020–2022 period, there are 106 companies in the financial sector.

Source: Authors' Compilation from Research Data Processed (2023)

Important findings from financial sector research are revealed. As evidenced by the sector's greatest
score of 108 points in 2021 which was very near to a perfect score of 120 points corporate social responsibility (CSR) has been incorporated into its core operations. Nonetheless, there are notable differences in 2022, with the highest score being 89 points. Since some businesses in this industry don't even submit CSR reports, the annual minimum value is 0. In spite of this, the average CSR score for the financial sector is still rising, rising to 40.9 in 2022 from 35 in 2020 and 38.3 in 2021. This demonstrates how businesses are investing more in social projects and sustainable projects to improve the environment and society. The aforementioned findings underscore the significance of transparency and uniform reporting in corporate social responsibility endeavors, given their notable impact on investor determinations. Investors are more inclined to invest in these financial sector companies with a higher CSR value.

Figure 1: The financial sector's average Corporate Social Responsibility (CSR) score according to the GRI aspect
Source: Authors' Compilation from Processed Research Data (2023)

According to Figure 1, the average CSR value of the financial sector for each GRI indicator aspect shows a positive trend from 2021 to 2022, demonstrating the sector's dedication to enhancing sustainable performance. The general disclosure component, however, stayed stable at 20.9, suggesting room for improvement in the financial sector's CSR reports' transparency. The average score for the material topic aspect dropped from 2.5 in 2021 to 2.4 in 2022, reflecting shifting priorities and difficulties the financial industry faced in identifying pertinent issues. Conversely, the average scores for the economic, environmental, and social aspects have been rising annually from 2020 to 2022, which is indicative of the financial sector's efforts to bolster their positive influence on social contribution, sustainability, and environmental protection. The financial sector is perceived as a socially, environmentally, and economically responsible player when its GRI score rises in these three areas. This can make them more appealing to investors who are concerned about sustainability issues and enable them to take an active role in bringing about positive changes to the environment and society.

Table 2: Statistical analysis of CSR values in the primary consumer sector

<table>
<thead>
<tr>
<th></th>
<th>Year 20</th>
<th>Year 21</th>
<th>Year 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum Total GRI</td>
<td>3.585</td>
<td>4.817</td>
<td>5.125</td>
</tr>
<tr>
<td>Mean</td>
<td>31.7</td>
<td>42.6</td>
<td>45.4</td>
</tr>
<tr>
<td>Highest</td>
<td>84</td>
<td>99</td>
<td>106</td>
</tr>
<tr>
<td>Lowest</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*Throughout 2020–2022 period, there are 113 companies in the primary consumer sector.

Source: Authors’ Compilation from Research Data Processed (2023)
The average Corporate Social Responsibility (CSR) score for the primary consumer sector increased between 2020 and 2022, as Table 2 illustrates. This industry is getting close to achieving a perfect CSR score of 120 points, with the highest-scoring company seeing annual increases. The maximum CSR score was 84 points in 2020; it increased to 99 points in 2021 and 106 points in 2022. This demonstrates how CSR practices and concepts are gradually being incorporated into the main consumer sector's daily operations. However, because some businesses don't submit sustainability or annual reports, the minimum CSR score stays at 0 points annually. This is critical to the sector's sustainability because investors' evaluations of the social responsibility and performance of primary consumer companies can be influenced by the average CSR score.

![Figure 2](image-url)  
*Figure 2: The primary consumer sector's average CSR (Corporate Social Responsibility) score according to the GRI aspect  
Source: Authors' Compilation from Research Data Processed (2023)*

According to Figure 2, the general disclosure aspect will significantly worsen in 2022, with a value of 22 compared to 23.1 in 2021. Similarly, the material topic aspect declined throughout 2022, pointing to difficulties in informing stakeholders about pertinent information and issues. But every year (from 2020 to 2022), the primary consumer sector sees notable advancements in social, environmental, and economic spheres without suffering a downturn. This sector benefits when the value of these three factors is raised. The primary consumer sector has the potential to draw in more investors who are concerned with sustainable business practices and corporate social responsibility as its value continues to rise. Additionally, these enhancements may help these industries gain a better reputation among the general public and customers, which may boost sales.

### Table 3: Statistical analysis of CSR values in the primary technology sector

<table>
<thead>
<tr>
<th></th>
<th>Year</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Sum Total GRI</td>
<td>678</td>
<td>1.147</td>
<td>1.374</td>
</tr>
<tr>
<td>Mean</td>
<td>19.9</td>
<td>33.7</td>
<td>40.4</td>
</tr>
<tr>
<td>Highest</td>
<td>58</td>
<td>67</td>
<td>78</td>
</tr>
<tr>
<td>Lowest</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*Throughout 2020–2022, there are 34 businesses in the technology sector.  
Source: Authors’ Compilation from Research Data Processed (2023)*

The average value of corporate social responsibility, or CSR, in the technology sector has risen annually across the 34 companies that were the subject of the study. The score increased from 19.9 in 2020 to 33.7 in 2021 and reached a peak of 40.4 in 2022. Even though it is still far from the ideal score of 120 points, the highest CSR score per year has increased as well. In the coming years, the technology sector could approach perfect scores with this steady increase. Raising this CSR value can attract more investors and enhance the company's standing in the technology industry. But this
industry also faces issues that are similar to those in other industries, like some businesses that don't submit sustainability reports or annual reports, in which case the minimum CSR value is zero annually. Investors should take this into account because the median corporate social responsibility (CSR) technology sector has a significant impact on how investments are made.

Based on guidelines from the Global Reporting Initiative (GRI), the average CSR (Corporate Social Responsibility) value in the technology sector increased significantly between 2020 and 2022. This indicates that businesses in this industry are paying more and more attention to their social obligations. Technology companies' average CSR score in general disclosures was 13.5 in 2020; it increased to 18.2 in 2021 and then to 20.6 in 2022. This rise is indicative of the technology industry's resolve to increase accountability for their social media accounts in a more open and transparent manner. An upward trend in CSR performance, especially in the environmental and social domains, stands out as a significant observation within the technology sector. This indicates businesses in the technology sector are becoming more conscious of their social and environmental obligations. They have implemented tangible measures, like cutting carbon emissions and funding social programs like community empowerment and education.

This rise is indicative of the technology industry's commitment to and awareness of these crucial issues. Overall, as seen in Figure 3, the technology industry has improved its corporate social responsibility (CSR) during the 2020–2022 period, with improvements in disclosure and a stronger emphasis on social and environmental issues. This demonstrates the technology industry's commitment to social responsibility and the beneficial effects it hopes to have on the environment and society.

### Table 4: An examination of the CSR values statistically in the three primary industries that participate in voluntary CSR most frequently

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>N</th>
<th>MEANS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>The Financial Sector</td>
<td>106</td>
<td>35,0</td>
<td>38,3</td>
</tr>
<tr>
<td>The Primary Consumer Sector</td>
<td>113</td>
<td>31,7</td>
<td>42,6</td>
</tr>
<tr>
<td>The Technology Sector</td>
<td>34</td>
<td>19,9</td>
<td>33,7</td>
</tr>
</tbody>
</table>

Source: Compilation by the authors from processed data (2023)

Between 2020 and 2022, the Indonesian Stock Exchange lists 106 companies in the financial sector, 113 companies in the primary consumer sector, and 34 companies in the technology sector. This demonstrates investors' keen interest in consumer-related businesses as well as their growing focus on the technology sector as a high-growth potential industry in the digital age.
Mean CSR across three sectors is increasing from 2020 to 2022. Out of the three primary sectors, in 2020 the financial sector had the top mean CSR performance. In 2022, the consumer sector retained its position with the top mean CSR rating, but in 2021 it outperformed a higher average value. This trend persisted into 2022. This illustrates how CSR practices have evolved over time across various industries. But between 2020 and 2022, the most notable increase in mean CSR value occurred in the technology sector. The mean CSR value in the technology sector surged from 19.9 in 2020 to 40.4 in 2022 in a span of only three years. This is indicative of the technology industry’s dedication to bolstering its corporate social responsibility (CSR) practices, positioning it as the sector most visible in terms of ongoing social and environmental responsibility improvement.

The financial sector achieved a relatively high total CSR average score of 114.2. Within the cumulative mean sector scores throughout the recent three years, signifying that businesses in this sector have prioritized social responsibility. This indicates that they are aware of the profound effects that financial institutions can have on the environment, the economy, and society. Effective CSR implementation can boost consumer and investor confidence and have an impact on sector investment. In contrast, the financial sector’s accumulated average CSR value is lower 119.7 than that of the primary consumer sector. This illustrates how highly devoted businesses in this industry are to fulfilling their social obligations. With a focus on topics like sustainability, the environment, and consumer welfare, the majority of businesses in the primary consumer sector have incorporated corporate social responsibility (CSR) into their everyday operations. A strong brand reputation, gained trust from consumers, and an attractive investment portfolio is all enhanced by a high corporate social responsibility (CSR) value. However, when compared to other major sectors, the technology sector has a slightly lower cumulative average CSR value (94.1). These average values show how prepared different technology sector companies are to incorporate CSR into their daily operations. But businesses in the technology sector also have a big influence on the environment and society, especially when it comes to technological innovation. This demonstrates that there is a chance for technology sector businesses to concentrate more on corporate social responsibility and the benefits it can bring. To gain a better understanding of CSR implementation in different sectors and its effects on company sustainability and performance on the Indonesia Stock Exchange (IDX), one can utilize the average value of CSR practices.

The variations in CSR values across all current industries can be attributed to the impact of multiple internal and external factors, including stakeholder pressure, regulations, and company culture, which determine the extent of a company's engagement in CSR practices. The decisions of investors to invest are greatly influenced by the CSR values found in each sector of the IDX (Indonesian Stock Exchange). Investors who are concerned about corporate social responsibility find this appealing, and as a result, some regard businesses with elevated CSR performance as entities dedicated to ethical and sustainable practices, potentially mitigating risks associated with extended-term investments.

![Figure 4: Average CSR Values for the Technology Sector by GRI Aspect Over 3 Years (2020-2022)](source: Authors' Compilation from Research Data Processed (2023))
In the years 2020–2022, each of the three sectors places a particular emphasis on a different facet of GRI. Implementing CSR (Corporate Social Responsibility) practices and principles in economic aspects and disclosing material topics are receiving increased attention from the financial sector. This is because the financial sector's primary activities are linked to finance and investment, which explains its close relationship with economic aspects. As a result, they frequently stress the financial benefits of corporate social responsibility as well as the significance of sharing pertinent information with stakeholders on material subjects. This may play a significant role in a business's attempts to draw in investors who focus more on economic disclosures when making investment decisions.

In the meantime, the disclosure related to general, environmental, and social issues typically receives greater attention from the primary consumer sector. This is because businesses in this industry interact directly with customers and the broader community. The products and services they offer can significantly influence both the environment and society. Consequently, businesses in the primary consumer sector are motivated to emphasize social and environmental disclosure in their daily operations. By concentrating on this area, businesses in the primary consumer sector can improve their public perception of their brands and draw in new funding.

However, it is evident that the technology sector places a greater emphasis on social aspects and general disclosure, even though GRI is currently unable to compete in the primary consumer and financial sectors in all respects. The technology industry has proven to be very committed to sustainable concepts and practices. This is evident from the fact that the technology sector was chosen to be one of the industries with the highest frequency of voluntary CSR disclosures and the one that saw the largest increase in the value experienced notable variation from 2020 to 2022 when compared with two other industries. Companies in the technology sector may benefit greatly from the regular increases in value since they may draw the interest of potential investors. Investors are crucial in motivating businesses to implement improved CSR procedures. Investors can encourage companies to adopt stronger and more sustainable social responsibility by considering the value of corporate social responsibility (CSR) and how it affects each sector. For investors in particular, this article offers insightful guidance that will help them in their endeavors to improve corporate social responsibility.

**Conclusion**
The financial sector is likely to adopt CSR practices and principles more prominently in material economic aspects between 2020 and 2022. In contrast, general disclosure of social and environmental aspects is typically given priority in the primary consumer sector's CSR practices and principles. However, when compared to the other two sectors, the technology sector has seen the largest average value increase, with the average CSR value rising from 19.9 in 2020 to 40.4 by 2022. This indicates a good increase in the efforts made by companies in this sector to increase their social responsibility, even though it has not yet caught up to the remaining sectors in all aspects covered by the GRI indicators.

The research contributes by providing the global perspective on corporate social responsibility (CSR), pertinent data, and analysis for investors from different nations. It serves as a key resource for the global community in comprehending how CSR influences decisions regarding sustainable investments worldwide.

**Reference**


