



THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY COSTS TO ASSETS TURNOVER IN COMPANIES LISTED IN INDONESIAN STOCK EXCHANGE

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Abstract

The purpose of this study is to find out whether the cost of social responsibility which is issued by the company (employee welfare cost, environmental cost and community cost) either partially or simultaneously, effects the performance of mining and cement companies which listed on the Indonesia Stock Exchange (*BEI*) during the years 2006-2010. The test is carried out using multiple linear regression analysis.

Result shows that employee welfare cost, environment cost and community cost have not significant effect toward the *Assets Turnover* (ATO). Moreover, employee welfare cost and environment cost have positive correlation and insignificant to *Asssets Turnover* (ATO). However, community cost has negative correlation and insignificant to *Asssets Turnover* (ATO).

Key words : Cost of Corporate Social Responsibility, Activity Performance (*Assets Turnover*)

A. BACKGROUND

Nowadays, a company is regarded as an institution that can provide many benefits to society. It could provide job opportunities, provide goods for people, pay taxes, contribute to, and others (Sueb, 2001). However, it has also various problems, such as air pollution, toxicity, noise, discrimination, coercion, abuse, unlawful food production and other negative problems (Harahap, 2004 in Norhadi, 2009).

Cases of FreePort in Papua, Newmont in Sulawesi, Caltex in Riau, Nike in America, Bhopal in India, Lapindo, are forms of inequality of industrialization (Wibisono, 2007 in Norhadi, 2009). Herad and Bolce (Norhadi, 2009) found that negative externalities actually have been threatened onset of air and water pollution, noise, traffic, chemical waste, acid rain, radiation, nuclear waste, and much more disastrous, causing mental stress and physical disorders in people's lives everyday. Chapra (Norhadi, 2009) accusing misallocation of human and natural resources from company. Regarding negative externalities, at least company should be bear the following costs : (1)damage cost, (2)transaction costs, (3)cost avoidance, (4)abatement costs, and (4) philanthropic cost (Sueb, 2001 in Norhadi, 2009). Due to the externalities, companies has a broader responsibility which is social and environmental responsibility. Social responsibility is a widening of corporate responsibility to the environment, both

physically and psychologically (Chapra, 1983 in Norhadi, 2009). It may be implemented by investing in environmental friendly sectors, keeping the balancing of exploitation, waste recycling, increased social costs as well as other ways to maintain the environmental balance (Sueb, 2001).

Government has given recognition and encouragement for environmental management to all parties through Law no. 40 of 2007 on Limited Companies Chapter IV Article 66 paragraph 2b and Chapter V, Article 74. Both articles explain that the report should disclose their social responsibility, especially companies whose business activities related to natural resources should implement social responsibility. The other regulation is Decree No. KEP-04 / MBU/2007 about Partnership Program between government company and community development program.

To carry out its social responsibility, the company had to incur additional costs. Implementation of corporate social responsibility is a necessity of business or ethical demands that is relevant in the modern business operations. In Indonesia the corporate social responsibility of public company disclosure using different media, such as: 1) Disclosure environmental management cost in prospectus, 2) employee welfare costs presented in the notes of the financial statements, and 3) the cost of community presented in the annual report and 4) the cost of monitoring the product presented in the notes of the financial statements (Sueb, 2001 in Januarti and Apriyani, 2005).

According Hardono Mardiyanto (2010), industry standard ratios for Asset Turnover (ATO) is equal to 2.14 times. Based on data from Indonesian Capital Market Directory, the average Assets Turnover (ATO) on the mining and cement companies listed on Indonesian Stock Exchange was 0.78 times.

Moreover, Januarti and Apriyanti (2005) examined the effect of corporate social responsibility on financial performance. The results indicate that the variable of Employee welfare Costs and Community Cost partially have relationship with ATO and ROA significantly, while simultaneously there are no significant effect between Employee welfare Cost and Community cost with ATO and ROA. Moreover, Kristiawan (2007) in his study examined the effect of environmental costs, personnel costs, and cost of the financial performance of PT. Adiprima Suraprinta. The results showed that partially and simultaneously employee costs and environmental costs have a significant effect to Assets Turnover (ATO).

Furthermore, Primawati (2010) examined the effect of employee welfare cost and community cost of financial performance. The result indicate that variable of cost of employee welfare partially is not have an significant effect to ATO and ROA while the community have significant effect on ROA, and have negative effect significantly to ATO. Variable cost of employee welfare and community cost have significant effect simultaneously to ROA but no significant effect to ATO.

Based on this research, proxy of variables to be tested in this study are Employee welfare Costs, Environmental Costs, and Community Cost as an independent variable and Assets Turnover (ATO) as dependent variable. Asset Turnover (ATO) is used as the dependent variable because it indicate the level of efficiency to use assets to generate sales. The independent variables in this study are employee welfare costs, environmental costs and community costs because these variables are an important thing to maintain the company harmonious, balanced and in accordance with the environment, values, norms and culture.

In this study, mining and cement companies are chosen as the research object because the companies have a very complex operating activities and is associated with

the exploitation of natural resources (NR) in accordance with the Limited Company Act (PT) no.40, article 74, 2007 which contents explain that social responsibility is an obligation and if it is not implemented it will be penalized. Study period taken is 2006-2010, however before implement Law in 2007, corporate social responsibility is voluntary. From the description above, the authors conducted a study entitled: "The Influence of Corporate Social Responsibility Cost to Assets Turnover (ATO) in Companies Listed on Indonesian Stock Exchange"

B. LITERATURE REVIEW

Social Responsibility

There is no definition of corporate social responsibility that is universally accepted world-wide. However, there are some definitions of social responsibility raised by several organizations and experts (in Ardana, 2008). World Council for Sustainable Development defines that "Corporate social responsibility is the continuing commitment by business to behave ethically and Contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." Moreover, World Bank states that "Corporate social responsibility is the commitment of business to Contribute to sustainable economic development working with employees and their representatives, the local community and society at large to improve quality of life, in ways that are both good for business and good for development".

Furthermore, European Union defines that "Corporate social responsibility is a concept where by companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." However, Ricky W. Griffin and Michael W. Putay (2005), "Corporate social responsibility is a collection of organizational obligations to protect and improve the communities in which the organization is located." Bambang Wahyutomo (2003) also states that "Social responsibility is a commitment and the ability of businesses to implement social rights and obligations to social environment as a framework for creating a society care and partnerships."

According to ISO 26000, it defines as the responsibility of an organization for the impacts of those decisions and activities on society and the environment are realized in the form of a transparency and ethical behavior that is consistent with sustainable development and social welfare; considering stakeholder expectations, in line with the established laws and norms norms of international behavior, as well as integrated with the organization (draft 3, 2007)". Moreover, Company Law No.. 40 of 2007 Article 1, paragraph 3, defines it as "the company's commitment to contribute to sustainable economic development in order to improve the quality of life and environment is beneficial, both for the company itself, the local community, and society in general."

From these definition, it seems that there is no uniformity perceptions or point of view of the corporate social responsibility. However, the concept of corporate social responsibility is often a reference by various parties as expressed by Pambudi writing in the December 2005 edition of the SWA was led to the concept of the triple bottom line (TBL) of Elkington (1997) that known also by the concept 3P (Profit, People, Planet).

The concept 3P indicates that company other than pursuit of profit, should also pay attention to the welfare of society (people) and contribute to protecting the environment (planet). This concept could be explained as: (1) Profit, the company is oriented to seek economic advantage to continue operating and growth. (2) People, stressing the importance of a company's business practices that support interest labor and community welfare. This concept seeks to protect labor by opposing the child employee, paying fair wages, safe working conditions and interated working hours. MoreoverIs concept also ask companies to pay attention to health and education for employees and community. The last (3) is Planet, companies also should care to environment and sustainability of biodiversity. Some social responsibility program include greening the environment, provision clean water, improved housing, reduces waste production and processing wastes safe for the environment, and reduce carbon dioxide emissions or energy consumption.

According Mas'ud (1995) in Januarti (2005) social activities should be disclosed in the financial statements is shown in the following table:

Table 1
Social Issues Disclosed in
Financial Report on the Public

1. Production Control	1. Training	1. Monitoring Customer	1. Charity and Donation
2. Waste Industry Research	2. Education	2. Safety	2. Community Activity
3. Protection To Environment	3. Health & Safety	2. Development Community Idea	3. Population Activity
4. Energy Conservation	4. Pension	3. Cost for Costomer Interest	4. Local Government Participation
5. Natural Resources Conservation	5. Travelling	4. Quality Control	5. Social Group
6. Environment Protection Activity	6. Minority		
	7. Woman Worker Association		
	8. Work Accident		
	9. Industry Accident		
	10. Communication		
	11. Employee Benefit		

Sumber: Januarti (2005) page 233

The Costs that associated with the elements in the table 1 can be regarded as costs of corporate social responsibility. This study focused on the costs of social responsibility for employee welfare costs, environmental costs and community costs. However, cost of product is not used in this study because it is not supported by data to be categorized as a social responsibility cost.

Costs of Social Responsibility

Various social activities of the company in social responsibility can be defined as various activities undertaken by the company in order to improve social welfare in a corporate environment. The pattern of social activities can be grouped into four, namely

social activities for employees, community, environment and products. Cost of corporate social responsibility is divided into three.

First of all is **Employee welfare costs**, this cost incurred as a form of corporate social responsibility to employees. The elements as such as employee welfare , employee health benefits, and severance. Secondly, **environmental costs** which is cost of corporate concern for the environment surrounding the company's business activities impact the environment. The last is **Community Costs** which is cost as a manifestation of the company's concern for society in form of donations including social activity cost.

Media Disclosure of Corporate Social Responsibility

Indonesian companies does not have uniformity in choosing media to express social responsibility activities. This is due to the lack of Statement of Financial Accounting Standards (SFAS) specifically requires registration, measurement and reporting of activities of social responsibility. The disclosure of social responsibility activities is voluntary.

In addition, there is some provision for disclosure through the income statement, balance sheet, notes to the financial statements, explanations of directors, additional reports, newsletters, press conferences, or other media. Based on the results Sueb (2001), the cost of social responsibility and media disclosure of the most widely chosen by public companies in Indonesia are:

- a. Presentation the environmental management cost in prospectus 21.0%
- b. Cost of employee welfare is presented in the notes financial statements 35.1%
- c. The community cost presented in the annual report 15.0%
- d. Cost of monitoring products presented in notes of financial statements 3.8%

Variations in how to choose the media disclosure of corporate social responsibility seems to be based on the prevalence and for specific interests. For example, to disclose the environmental management costs, more companies choose the prospectus report. The unequal ways of expressing the company's social responsibility, because there is no clear standards on how the disclose the components of social costs.

Financial Performance

There are several definitions of performance that revealed by some experts, in the articles written by Mangkuprawira (2007). Schermerhorn, Hunt and Osborn (1991) defined it as "The performance of the quality and quantity of achievement tasks, whether committed by individuals, groups and companies". Furthermore, Stolovitch and Keeps (1992) defines as "Performance is a set of results that refer to achievement and implementation any work required". Moreover, Donnelly, Gibson and Ivancevich (1994) defines it as "Performance refers to degree of success in implementing tasks and ability to achieve the goals. The successful performance if the goals can be achieved "

Based on that definitions, it can be concluded that company performance is the performance of company's ability to achieve its objectives in good and bad work within a certain time period. Therefore, the company's performance is an indicator of Quality management decisions.

Financial Performance Measurement

In assessing performance company, it can be used a size or specific benchmarks. According Sartono (2001) performance analysis tool that used such as, financial ratios,

balanced scorecard and Economic Value Added. This study conducted using financial ratio analysis were obtained by comparing the company's financial in the financial statements.

According Sartono (2001), financial ratios are used to measure company performance company can be classified into four categories namely: (1) Liquidity Ratios, this ratio is used to measure a company's ability to meet its short-term liability. (2). Ratios Leverage / Levers, this ratio is used to describe the use of debt to finance operations or activities of the company. (3). Efficiency Ratio or Activity Ratios, this ratio is used to measure how effective company in utilizing all available resources. (4). Profitability Ratios, this ratio is used to measure the effectiveness company's operations or ability to generate earning.

To measure performance, this research use using Assets Turnover Ratio (ATO) as a proxy of performance activity. This ratio is chosen because it is relevant to take relationship between corporate social responsibility and economic performance. Assets Turnover (ATO) is used to measure how efficient the company use assets. This ratio is calculated as follows:

$$ATO = \frac{TotalSales}{Total Asset} \times 100\%$$

Relationship between Employee Welfare Costs and Assets Turnover (ATO)

Cost of employee welfare provided by the company as compensation for the work. Gibson et.al.1992 in Januarti (2005) state that job satisfaction came from various aspects such as, wages, promotion opportunities, policies and procedures, group membership, working conditions and benefits. Thus it can be said that employee welfare cost will increase job satisfaction that affects employee productivity and will have implications on the company's ability to generate income.

The cost an expression of its social responsibility towards employees can affect rising prices of company product . If consumers can not accept the increasing price, it will have implications declining in company ability in generate revenue. However, if company's have social concern for employee welfare, It wil get sympathy from the public, and they can accept the price and quality of the products, as a result, the company will have a good sales performance

Relationships Between Environmental Costs and Assets Turnover (ATO)

Belkoui & Karpik in Kristiawan (2007) states that cost incurred is a necessity as a result of the production process. These costs are incurred to handle environmental conditions such as environment management. Environmental degradation will impact the company's costs, and ultimately will lead to the company's losses. For example, a damaged of natural environment (air pollution, water, soil disturbance), resulting in increased costs and will impact on the productivity of the company so that the sales performance will decline.

If environment is not addressed it will cause pollution that will impact in the existence of the company itself. Conversely, if the company has a concern for the environment, it will improve the company's image. Public as consumers or users of the product will use the company's products and continue to use it that will impact on the increasing company's sales.

Relationships between Community Costs and Assets Turnover (ATO)

Marbun (in Januarti, 2005) states that there are costs incurred by the company to the community through implementation of corporate social responsibility towards the community. Corporate social activities can change the company's image in the community. Disclosure of the cost that providing social activities is expected to attract potential investors and consumers who pay attention to the activity as a form of corporate social responsibility implementation of social, so this could have implications on revenue generation performance (performance of corporate activity) through the sale.

Hypothesis

The main hypothesis proposed in this study are:

- H₁ : Employee welfare Cost has positive effect on ATO.
- H₂ : Environmental Cost has positive effect on ATO.
- H₃ : Community Cost has negative effect on ATO.
- H₄ :Employee welfare Cost, Environmental Cost and Community Cost has effect simultaneously to ATO.

C. RESEARCH METHODOLOGY

Population and Sample

The population in this study are companies listed on Indonesian Stock Exchange, represented by the Company's mining and cement. The sample in this study is mining and cement companies in Indonesia Stock Exchange 2006-2010 period by using purposive sampling. Samples were selected based on the characteristics. Under the new Limited Company Law issued in 2007, the company's criteria to be sampled are:

- a. Mining and cement companies listed on the Indonesia Stock Exchange (IDX) during the study period.
- b. Have financial statements in 2006, 2007, 2008, 2009, and 2010.
- c. It has a social responsibility report.

The company list can be looked in appendix 1.

Table 2
Sample based on Criteria

Mining & Cement Companies listed in Indonesian Stock Exchange	16
No Financial Statement 2006, 2007, 2008, 2009 dan 2010	(4)
No Social Responsibility Report that disclose Social Cost	(2)
Sample to study	10

Source: data proceed (IDX Statistik, 2010)

Variables

This study uses four variables which consist three independent variables and one dependent variable.

- a. Variable dependent is Performance activity. Assets Turnover is used to measure this performance as a proxy of activity performance. It measure how

efficient a company to manage asstes. The ATO Ratio is:

$$ATO = \frac{TotalSales}{Total Asset} \times 100\%$$

- b. Independent Variable is a variable that explain or influence other variables. The independent variables in this study are:
- Employee welfare costs
Employee welfare costs are costs incurred as a form of corporate social responsibility to employees. The elements as such as employee welfare welfare, employee health welfare , and severance.
 - Environmental costs
Environmental cost is cost of corporate concern for the environment surrounding the company's business activities impact the environment.
 - Community Costs
Community cost is cost as a manifestation of the company's concern for society in form of donations including social activity cost.

Source and Data Collection Method

Data used is secondary data. Data collected, processed and presented by other parties. It gather from Indonesian Stock Exchange (IDX website) at www.idx.co.id

Data Analysis Techniques

Data analysis techniques in this study are:

- Classical Test Assumptions
Classical assumption test done to know whether the regression model is appropriate.
- Multiple Regression Analysis
Regression methods made to proposed research model to predict the relationship between the independent variables with the dependent variable.
The model for analysis as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Notes :

Y = Company Performance (ATO)

a = Intercept model

b = regression model coefficient

X₁ = Employee Welfare Costs

X₂ = Environmental Costs

X₃ = Community Costs

e = error term model (variable residual)

D. ANALYSIS AND DISCUSSION

1. Result of regression equation

The result of regression equation is:

$$Y = 72.316 + 0,431X_1 + 19,090X_2 - 5,917X_3$$

The Interpretation of the equation are:

- The Constanta is 72.316. If X1 and X2 and X3 equal to 0, that means the company does not pay employee welfare, community cost and the environment cost, so the activity performance (ATO) will be increased by 72.316%.
- The coefficient X1 is 0.431. It states if X2 and X3 equal to 0, that means the company does not spend the environment cost and the community cost, so the activity performance (ATO) will increase by 0.431%.
- The coefficient X2 is 19.090. If X1 and X3 equal to 0, that means the company does not pay employee welfare and costs to the community, so the activity performance (ATO) will be increased by 19.090%.
- The coefficient X3 is -5.917. It means that if X1 and X2 equal to 0, that indicates the company did not pay employees' welfare and the environment cost, the activity performance (ATO) the company will decrease by -5.917%.

2. The determination coefficient (Adjusted R Square)

The determination coefficient (Adjusted R Square) is 0.045 or 4.5%. It means that the contribution influence of independent variables (social cost) on the activity performance (ATO) is 4.5% while the remaining 95.5% is influenced by other factors that are not included in this study

3. Testing of Hypotheses and Discussion

The influence of Employee Benefit Cost to Assets Turnover

Through the hypothesis test, Hypothesis 1 indicates that employee welfare cost variable has insignificant effect to Assets Turnover. This result accept the null hypothesis that employee welfare cost is not significant effect on asset turnover. According to the table 3, the coefficient of employee welfare cost is 0.431 with t value is 0.48 (<2.013) and a significance level is 0.962 (> 0.05).

Moreover, the coefficient result (0.431) means that the employee welfare cost is positively associated with assets turnover. Positive coefficient is caused by the increasing of product price produced by the company as a result of the emergence of additional costs to implement corporate social responsibility to employees. This surcharge is causing an increasing in product prices. Although there is a rising in consumer prices, consumer still receive the increasing product price without reducing consumption. It is caused by other factors that make consumers still continue to consume. It will have implications for the company's sales activity still remained elevated, although not significantly.

The results are consistent with the Primawati (2010), which states that employee welfare cost is not significant effect on the financial performance (Assets Turnover). A survey conducted by Cone / Roper in March 2001, showed that employees who work for companies that do a lot of charitable work will be proud with the policies. Conversely, there are some moral burden for employees who work at the company who put the business interest only without regard to the circumstances surrounding including employee welfare. This condition has implications for employee decision on determining which company they will worked (Puspita, 2009).

Table 3

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	72.316	8.949		8.081	.000
	Employee Welfare Cost	.431	9.004	.008	.048	.962
	Environmental Costs	19.090	9.749	.329	1.958	.056
	Community Costs	-5.917	18.607	-.049	-.318	.752

The influence of Environment Cost to Assets Turnover

Hypothesis 2 states that there are no significant influence between environmental costs variable and assets turnover. It means that the null hypothesis are accepted that indicates the environmental costs has no significance influence to assets turnover. According to table 3, the coefficient of the environmental cost is 19.090 with (t table) is 1.958 (<2.013) and a significance level of 0.056 (> 0.05).

It is also indicates that the environmental costs effect positively with assets turnover. The positive coefficient means that if companies have environmental concern with social responsibility to the environment, it will have an impact on sales performance, although is not significant. It is strengthened by several studies including:

- A survey of Ministry of Environment (MOE) conducted in September 2004 in the Tongo Sejong, Benete and Lahar, West Nusa Tenggara, showed that about 76 -100% of respondents stated that their income (fishing) declined after Newmont dispose tailings into Senunu Bay. It reached 120,000 tonnes tailings per day, or 60 times the amount of tailings Newmont in Buyat (WALHI, 2005).
- Data presented in SERASI magazine on May-June 2004 issue shows that 85 companies that participated in the assessment of environmental performance by the ministry of the environment PROPER period August 2003-February 2004, 42 companies including the companies operating in the sectors of Mining, Energy and Gas (PEM), and Industrial Agriculture and Forestry (MDD) (SERASI, 2004:45 Wijayanto, 2007).
- The CSR activity PT. Coca Cola Bottling Indonesia is directly to conservation of water resources. In addition, they engage in various environmental campaigns, Water for School Program, Love Water, and planting trees. They apply the green concept activity through the use of biopori tools or water absorption and recycling organic waste into organic fertilizer factories. In Bandung, PT. Coca Cola Bottling Indonesia in collaboration with the University of Padjadjaran and Bandung Islamic University and the surrounding community build Green Organic Farm (green house) which is plant nurseries for reforestation and learning for local residents. Moreover, PT. Coca Cola Amatil Indonesia (CCAI) in Bali has been replaced employees operating vehicles with E-Bike, the electric-powered motorcycle. It is able to reduce the contribution of carbon

dioxide to the atmosphere by 78% per unit, does not cause noise pollution, as well as having speed so it is safe and efficient to drive (Wijayanto, 2007).

Based on the results it can be concluded that social responsibility towards environment is very important for the company. It is an important factor for companies in obtaining raw materials to make their products. If environmental sustainability is not maintained, the company survival may also be disrupted so it will have implications on sales performance.

The influence of community cost to Assets Turnover

Through the test, hypothesis 3 states that there are no significant influence between community cost variable and assets turnover. It means that null hypothesis it is accepted that states there is negative relationship between community cost and assets turnover. According to the table 3 the coefficient of community cost is -5.917 with a t-value is -0.318 (< 2.013) and a significance level is 0.752 (> 0.05).

Furthermore, the result (-5.917) means that the community cost has negative influence to Assets Turnover. The increasing in social responsibility cost to the community could decline sales performance because the level of public awareness is still low on the cost of social responsibility. This results are consistent with the Primawati (2010), which states that the community cost has insignificant effect on financial performance (Assets Turnover).

The effect of Employee welfare Costs, Environmental Costs and Community Costs on Assets Turnover

Hypothesis 4 states that variable cost of employee benefits, environmental costs, and the community costs has insignificant effect simultaneously on asset turnover. These results can be seen in table 4 where the f-value equal to 1.786 (< 2.81) and a significance level is 0.166 (> 0.05). It means that the null hypothesis are accepted that states cost of employee benefits, environmental costs, and community cost simultaneously did not significantly affect the assets turnover.

It is strengthened by several studies including:

- The results of a survey on the relationship between corporate social responsibility and corporate image conducted by three independent international institution, Environics International (Canada), Conference Board (U.S.), and the Prince of Wales Business Leaders Forum (UK). The survey was conducted for 25 thousand customers in 23 countries, as outlined in the Millennium Poll on CSR in 1999 (Suharto, 2008). The survey showed that majority of respondents (60%) stated that corporate social responsibility as business ethics, healthy practice to the employees, the impact on the environment, are key elements in asses their performance. In term of business fundamentals variable, such as financial performance, company size, corporate strategy or management, only chosen by 30% of respondents. The others respondents (40%) even threatened to punish companies that do not implement social responsibility. Half of the respondents promised not to want to buy the company's products that ignore social responsibility and they also would recommend it to other consumers.

- According to a survey conducted by the Puspita Smith (2009), It found that 88% of consumers were more likely to buy a product that has a good social responsibility.
- Research conducted by the Center for Corporate Citizenship and the U.S. Chamber of Commerce Center for Corporate Citizenship in Puspita (2009) founded that 59% of 515 business executives believe corporate social responsibility activities will enhance the company image and reputation.
- Moreover, research conducted by Cone in 2005 in the U.S., show that 90% of 1,033 people surveyed said, they are not considering to buy products (goods and services) from a company that has a poor track record in social responsibility (Puspita, 2009).

Table 4

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6287.318	3	2095.773	1.786	.166(a)
	Residual	54514.206	46	1185.091		
	Total	60801.523	49			

Based on the results of the above, we can conclude that social responsibility is very important for the company's performance, especially for sales performance. It can be seen that consumers are more interested in buying and using products that produced by companies that have a good track record in society.

E. CONCLUSION AND SUGGESTION

The purpose of this study is to find out whether the cost of social responsibility which is issued by the company (employee welfare cost, environment cost and community cost) either partially or simultaneously, effects the performance of mining and cement companies which are listed on Indonesian Stock Exchange (*BEI*) during the years 2006-2010. The test is carried out using multiple linear regression analysis.

The result shows that:

- Employee benefit cost variable is insignificant effect to Assets Turnover and it positively associated with assets turnover. The coefficient of employee welfare cost is 0.431 with t value is 0.48 (<2.013) and a significance level is 0.962 (> 0.05).
- There are no insignificant effect between environmental costs variable and assets turnover and effect positively with assets turnover. The coefficient of environmental cost is 19.090 with (t table) is 1.958 (<2.013) and a significance level is of 0.056 (> 0.05).
- There are no significant influence between variable community cost and assets turnover and it has negative influence to Assets Turnover. The coefficient of community cost is -5.917 with a t-value is -0.318 (<2.013) and a significance level is 0.752 (> 0.05).
- Variables of employee welfare cost, environmental costs, and the community costs has insignificant effect simultaneously on asset turnover.

The f-value equal to 1.786 (<2.81) and a significance level is 0.166 (>0.05).

Based on the conclusion above, this research would like to propose the following suggestions:

- In this research, social responsibility cost variables only employee welfare cost, environmental costs, and the community costs. It is suggested to next research to add other proxy in social responsibility cost.
- This research object only mining and cement companies, the research object could be broader to all companies that listed in Indonesian Stock Exchange.

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Appendix 1.

Appendix 1

Company Samples

No	Emiten Code	Name Emiten	Listing Date
1	ANTM	Aneka Tambang (Persero) Tbk	27-11-1997
2	BUMI	Bumi Resources Tbk	30-07-1990
3	INCO	International Nickel Indonesia Tbk	16-05-1990
4	TINS	Timah (Persero) Tbk	05-12-1989
5	MEDC	Medco Energi Internasional Tbk	12-10-1994
6	PGAS	Perusahaan Gas Negara (Persero) Tbk	15-12-2003
7	PTBA	Tambang Batubara Bukit Asam Tbk	23-12-2002
8	SMCB	Holcim Indonesia Tbk	10-08-1997
9	SMGR	Semen Gresik (Persero) Tbk	08-07-1991
10	INTP	Indocement Tunggul Prakarsa Tbk	19-10-1995

Source: Proceed (IDX Statistik, 2010)