
The Effect of Ownership Structure on Occupational Safety and Health Disclosures

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ABSTRACT

Purpose: This study aims to determine and analyze the effect of ownership structure on occupational safety and health disclosure in mining companies listed on the Indonesia stock exchange in 2020 - 2022 through the perspective of stakeholder theory.

Design/methodology/approach: The research method uses a quantitative approach with secondary data totaling 54 annual reports obtained using purposive sampling technique and data analysis techniques using multiple linear regression.

Findings: This study shows that foreign ownership and managerial ownership have significant positive influence on occupational safety and health disclosure, while institutional ownership has no influence.

Practical implications: The results of this study can be a consideration for the management of the company to design what is the right strategy regarding how the management maximizes the value of the company which will indirectly increase the benefits of managers who are also owners of the company.

Originality/value: This research is able to explain the factors that influence occupational safety and health disclosure

Paper type: Research paper

Keyword: *Ownership Structure, Occupational Safety and Health Disclosure.*

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I. INTRODUCTION

Corporate Social Responsibility disclosure is part of social responsibility accounting that communicates social information to stakeholders (Sari and Rani, 2015). One of the social and environmental responsibilities that needs to be disclosed is the Occupational Safety and Health Program. In accordance with the Global Reporting Initiative 4.0 (GRI) Occupational Safety and Health protection is part of the disclosure of corporate social responsibility and disclosing it in the annual and financial reports is included in the application of sustainability principles.

The number of work accidents in Indonesia is very high. In 2019 the number of work accidents in mining companies reached 157 work accidents. In 2020, there were 145 work accidents, and in 2021, the number of work accidents in mining companies reached 104 incidents with information on minor accidents totaling 36 incidents, severe accidents totaling 57 incidents, and fatal accidents totaling 11 incidents (Rizaty, 2022). Based on the national work accident data obtained, it shows that the number of work accidents that occur in Indonesia is still relatively high even though it tends to decrease from year to year with various kinds of prevention efforts that have been carried out by both companies and the government. Given the high number of accidents, it is important to investigate OHSPD practices in Indonesia.

This study uses the Stakeholder Theory perspective to explain the relationship between ownership structure and Occupational Safety and Health disclosure. Information related to Occupational Safety and Health disclosure can be used as a decision-making consideration for interested parties such as investors, creditors, shareholders,

customers, suppliers, and the community. Business success depends on the company's ability to maintain good relations with its stakeholders so that the social responsibility disclosure policy can be used as a decision consideration for interested parties such as investors, creditors, shareholders, customers, suppliers, and the community. and the environment, especially in the aspect of Occupational Safety and Health, must be integrated into the Corporate Governance Structure (Rashid, 2015).

Based on the Stakeholder Theory perspective, companies should be able to satisfy the interests of all stakeholders, not just shareholders. Ownership structure plays an important role in the corporate governance process, because it affects managers' incentives, determines the level of supervision and the level of corporate disclosure. This assumption gives confidence that ownership structure affects the disclosure of corporate social responsibility, especially in the field of Occupational Safety and Health. The ownership structure is believed to influence the course of the company's operational activities, which in turn affects the social responsibility program in order to achieve the company's goal of maximizing value (Fama and Jensen, 1983).

This argument is supported by several previous studies on the effect of ownership structure on disclosure of social and environmental responsibility, Occupational Safety and Health that have been conducted by Roman Cahaya (2012), Evangelinos et al. (2018), Jubaedah and Setiawan (2023), Pramita Sari and Staf Kopertis Wilayah (2016), Sari and Rani (2015). This study shows that ownership structure can be a consideration in the disclosure of corporate social responsibility, especially in the aspect of Occupational Safety and Health in order to increase the reputation and legitimacy of the company in the eyes of the public, but the results of this study are not convincing because there are differences in the results of the influence between variables.

Given the importance of a company publishing Occupational Safety and Health information in the Corporate Social Responsibility report, as well as the improvement of corporate ownership structure practices in each country that has different social and environmental characteristics, it is necessary to conduct further research to find out how the influence of ownership structure on Occupational Safety and Health disclosure in companies located in developed and developing countries, especially mining companies in Indonesia. Mining companies are one example of companies related to natural resources and have a high risk of accidents.

Only a few studies have shown that companies publish Occupational Safety and Health disclosure information in Corporate Social Responsibility reports at a satisfactory level. Deegan and Islam (2012) has analyzed eight Australian companies that provide detailed Occupational Safety and Health disclosures in management remuneration plans, primarily as a result of the company's failure to achieve Occupational Safety and Health objectives. In addition, Roca and Searcy (2012) found that Work Safety and Health information is highly required to be disclosed in Corporate Social Responsibility reports. They showed that high-risk industry sectors, such as mining, and the Oil and Gas industry, provide more Occupational Health and Safety information than the banking sector. This has attracted much attention from various stakeholder groups to investigate the factors that pressure companies in Indonesia to disclose Occupational Safety and Health.

This study contributes to the literature in several ways. First, it provides insight into the disclosure practices of occupational safety and health programs, which is an important part of employment-related Corporate Social Responsibility reporting that remains under-researched. Such investigations have rarely been examined in previous literature. Furthermore, this study uses the Global Reporting Initiative (GRI) as a disclosure benchmark. It is argued that the use of GRI is most representative of Corporate Social Responsibility issues around the world, including labor-related Corporate Social Responsibility issues in Indonesia (Roman Cahaya, 2012).

As said in stakeholder theory that the level of foreign ownership in the company will make managers try to disclose better Corporate Social Responsibility because foreign ownership in the agency is a party involved in the disclosure of Corporate Social Responsibility (Yani and Suputra, 2020). The existence of foreign ownership in the company, the demand for information will increase and diversify. Therefore, if the company has a contract with foreign investors in ownership and trading, Corporate Social Responsibility disclosure will be supported by the company (Yuliandari and Sekariesta, 2023). So that companies that have foreign ownership can motivate management to disclose company information more widely. This statement is supported by research (Guo & Zheng, 2021) which states that foreign ownership has an influence on the disclosure of Corporate Social Responsibility. This research is in line with research conducted Yuliandari and Sekariesta (2023) dan Yani and Suputra (2020), then the formulation of the hypothesis in this study is:

H1: Foreign Ownership has a significant positive influence on occupational safety and health disclosure

Institutional ownership is the proportion of shares owned by organizations or commercial entities. This institutional ownership also tends to be owned in large proportions, allowing managerial supervision to be tighter (Krisnawanto and Solikhah, 2019). This is because with a large amount of institutional ownership, the company will also maintain the company's image and reputation by disclosing its environmental social responsibility, one of which is the disclosure of occupational safety and health. With the implementation of this occupational safety and health disclosure program, it is hoped that it can build a good perception of institutional shareholders towards the company for its environmental responsibility disclosure. So the hypothesis in this study is as follows:

H2: Institutional Ownership has a significant positive influence on occupational safety and health disclosure.

The greater the manager's ownership in the company, the more productive the manager's actions in maximizing the value of the company which will indirectly increase the benefits of the manager who is also the owner of the company. Company managers will disclose social information in order to improve the company's image, even though they have to sacrifice resources for these activities. Therefore, the higher the level of managerial ownership, the higher the disclosure of Corporate Social Responsibility programs carried out (Sembiring, 2005). So the hypothesis in this study is as follows:

H3: Managerial Ownership has a significant positive influence on occupational safety and health disclosure.

II. METHODS

This research is causality research with a quantitative approach and secondary data. The population of this study uses mining companies listed on the Indonesia Stock Exchange in 2020-2022. Mining companies were chosen with the consideration that the mining sector is very vulnerable to work accident problems, and has an obligation to report finances to interested parties, both internal and external to the company. The financial report data used is go-public company data that has been audited by the Public Accounting Firm. The sampling method uses Purposive sampling with several predetermined criteria, namely, mining companies that provide annual reports or annual reports and sustainability reports or sustainability reports during 2020-2022 in a row, disclose their social and environmental responsibility information, and have all the information needed in this study. Based on these criteria, 54 company annual reports were selected that met the criteria as samples.

The dependent variable in this study is the disclosure of Occupational Safety and Health. The measurement of Occupational Safety and Health disclosure refers to the GRI G4 Index. This study uses the disclosure scoring method or disclosure index. If the company discloses the information as stated in the GRI index item, it will be given a value of 1, if it does not disclose it will be given a value of 0. If the company discloses all the information contained in the OHS item in the GRI, the maximum value of using this GRI index is 100%. This research refers to research Roman Cahaya (2012).

The independent variable in this study uses ownership structure with sub-variables of foreign ownership, family ownership, and managerial ownership. Foreign ownership refers to Jubaedah and Setiawan (2023) and Pramita Sari and Staf Kopertis Wilayah (2016) which are measured as the proportion of shares owned by foreign owners of the total shares issued by a company. While institutional ownership is measured as the proportion of shares owned by institutions to the number of shares issued by the company, this measurement refers to the research of Pramita Sari and Staf Kopertis Wilayah (2016). Managerial ownership refers to the research of Jubaedah and Setiawan (2023) and (Pramita Sari and Staf Kopertis Wilayah, 2016) which is measured as the proportion of ordinary shares owned by managerial parties to the total number of shares issued by the company.

The data collection method used is a literature-based document study. Where the data used in this study is secondary data obtained from financial report data and company annual reports.

This study uses the following equation to test the ownership structure of Occupational Safety and Health disclosure, as follows:

$$OHSPD = \alpha + \beta_1FRGN + \beta_2INST + \beta_3MNGR + e$$

Description:

OHSPD : Occupational Health and Safety Program Disclosure

α : Konstanta (Intercept)

β_1FRGN : Foreign Ownership

β_2INST : Institutional Ownership

β_3MNGR : Managerial Ownership

e : Error

III. RESULTS AND DISCUSSION

The results of descriptive statistical analysis of the research variables can be seen in Table 1 below:

Tabel 1. Descriptive Statistic

<i>Variable</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Mean</i>	<i>Std. Dev</i>
<i>FRGN</i>	98,86	.00	35,81	29,81

<i>INST</i>	100,00	.00	68,75	27,82
<i>MNGR</i>	87,42	.00	8,28	20,29
<i>OHSPD</i>	72,73	.00	38,72	20,91
<i>N</i>	54			

Source: Analyze Data, 2024

Notes: FRGN = Foreign Ownership; INST = Institutional Ownership; MNGR = Managerial Ownership; OHSPD = Occupational Safety and Health Disclosure Program

The results of descriptive statistical analysis of occupational safety and health disclosure variables, foreign ownership, institutional ownership, and foreign ownership are presented in Table 1. Occupational safety and health disclosure variables, foreign ownership, and institutional ownership have a mean value greater than the standard deviation so that the data on these variables are homogeneous. This shows that the data between one another does not have a far deviation of data. Meanwhile, managerial ownership has a mean value that is smaller than the standard deviation so that the data distribution on these variables is heterogeneous.

Tabel 2. Classic Assumption Test

<i>Criteria</i>	<i>Normalitas</i>	<i>Multikolonieritas</i>	<i>Heteroskedastisitas</i>	<i>Autokorelasi</i>
<i>A Sig K-S</i>	0,808			
<i>VIF</i>		<10		
<i>Glejser</i>			Sig>0,05	
<i>Durbin-Watson</i>				1,6800 < 1,944 < 2,320

Source: Analyze Data, 2024

Model Analysis

From the results of the adjusted R square test analysis, it is known that the adjusted R square value is 27.5%, so the independent variables consisting of foreign ownership (X1), institutional ownership (X2), and managerial ownership (X3) are able to explain 27.5% of changes in the dependent variable. While 72.5% is explained by other variables outside this research model. Each independent variable is able to explain 9.16% for each variable. This value is quite good, considering that there are actually many independent variables.

Classical Assumption Testing

The test results show that all classical assumptions have been met. In the normality test, the significance value shows 0.808 > 0.05, which means that the data distribution is normal and means that this research data fulfills the assumption of normality. The heteroscedasticity test results show a significant value of each variable is greater than 0.05, which means there is no heteroscedasticity in the regression equation so that the regression model is suitable for basic prediction. The VIF (Variance Inflation Factor) test results are smaller than 10 for all independent variables, which means there is no multicollinearity between the independent variables. The test results show the Durbin Watson value is 1.944, where this value meets the conditions $du < d < 4 - du$ which means there is no autocorrelation.

Tabel 3. Multiple Regression Analysis Results

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Sig.</i>
<i>Constant</i>	<i>51,72</i>	<i>2,75</i>	<i>18,78</i>	
<i>FRGN</i>	<i>-0,14</i>	<i>0,041</i>	<i>-3,49</i>	<i>0,01</i>
<i>INST</i>	<i>-0,06</i>	<i>0,044</i>	<i>-1,44</i>	<i>0,15</i>
<i>MNGR</i>	<i>-0,42</i>	<i>0,052</i>	<i>-8,106</i>	<i>0,00</i>

Source: Analyze Data, 2024

The results of multiple regression calculations using SPSS assistance, obtained the results as in Table 2. The regression results in Table 2 show that the form of the relationship between the dependent variable and the independent variables can be described in the multiple regression equation as follows:

$$OHSPD = \alpha + \beta_1FRGN + \beta_2INST + \beta_3MNGR + e$$

$$= 51,72 - 0,14 - 0,06 - 0,42 + e$$

Tabel 4. Summary of Hypothesis Test

<i>Variable</i>	<i>Sign Prediction</i>	<i>Coefficient</i>	<i>Prob α=0.5</i>	<i>Result</i>
<i>H1 Foreign Ownership</i>	<i>Positive</i>	<i>-0,14</i>	<i>0,01</i>	<i>Accepted</i>
<i>H2 Institutional Ownership</i>	<i>Positive</i>	<i>-0,06</i>	<i>0,15</i>	<i>Rejected</i>
<i>H3 Managerial Ownership</i>	<i>Positive</i>	<i>-0,42</i>	<i>0,00</i>	<i>Accepted</i>

Source: Analyze Data, 2024

From the results obtained by this study, it was found that there was no effect of institutional ownership on occupational safety and health disclosure. The results of this study are not in line with stakeholder theory, where in this stakeholder theory the company tries to increase the value of the company in the eyes of stakeholders by carrying out its social and environmental responsibilities, one of which is by disclosing occupational safety and health. The results of descriptive statistical analysis show that the level of corporate disclosure of the social environment, especially the disclosure of occupational safety and health, is quite low.

This is assumed because companies focus more on the implementation of social and environmental responsibilities compared to the disclosure of annual reports and sustainability reports. Only companies that really care about the environment have a high level of occupational safety and health disclosure.

IV. CONCLUSION

This study examines the effect of ownership structure proxied by foreign ownership, institutional ownership, and management ownership on occupational safety and health disclosure in mining sector companies listed on the Indonesia Stock Exchange (IDX). The results of this study confirm that there is no effect of foreign ownership and institutional ownership on occupational safety and health disclosure. However, managerial ownership has an influence on occupational safety and health disclosure. This means that managerial ownership has a tendency to have a fairly strong influence on occupational safety and health disclosure. The greater the manager's ownership

in the company, the more productive the manager's actions in maximizing company value which will indirectly increase the benefits of managers who are also company owners.

This study only uses disclosure scoring method or unweighted disclosure index to measure occupational safety and health disclosure, for further research can be developed by using weighted index or content analysis method.

This study has limitations in the use of samples that are only limited to mining companies listed on the Indonesia Stock Exchange (IDX) using data from 2020-2022 so that the information generated cannot be taken into consideration for non-mining companies listed in Indonesia.

For further research, it can use a larger research sample so that the research contribution is getting better. In addition, a more recent period in research is also better because it can describe the current situation.

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