A COMPARATIVE STUDY OF CSR DISCLOSURE IN SUSTAINABILITY REPORTS BETWEEN PT KALBE FARMA AND PT BIO FARMA TO EVALUATE THE INTENSITY OF GRI STANDARD COMPLIANCE

By: A Harindra Ramzyono Harits

Supervised by:
Prof. Eko Ganis Sukoharsono, SE, Mcom-Hons, CSRS, Ph D

Abstract
This study is focusing to explore a comparative study of CSR disclosure reports between PT Kalbe Farma and PT Bio Farma. The study is to find the degree of intensity of GRI standard of sustainability report of Kalbe Farma and Bio Farma and it would be compare each other. The method of this study is qualitative and using comparative study method. The analysis technique base carried out by Astini, Yuniarta and Kurniawan (2017). The findings in this study are from the GRI standard indicator and also GRI standard items, Bio Farma has a better disclosure items than Kalbe Farma has. Bio Farma at least served 50% from total 232 items of disclosure in their sustainability report.

Keywords: comparative study, CSR, pharmaceutical company, GRI standards, standard disclosure
**Research Background**

Indonesia, as a developing country, has a big role in supplying products to the developing globalization market. Indonesia, with huge manpower, in the last 20 years, has built many factories, especially in Jakarta. These factories are possible threats to the sustainability of the earth. Furthermore, each of the labor owns motorcycle and with the existing infrastructure, it causes more pollution (Tedjobuwono, Sukoharsono, and Saraswati, 2017).

In response to that problem, the Indonesian government has prepared a regulation for maintaining our natural resources from brutally exploited by company. The regulation set for protecting our nature is forcing the company to do CSR. It is regulated on constitutions of incorporated company number 40 article 76 verse number 1 to 5. The regulation is made for the implementations only, but the report till now is not mandatory. Is the report only for lip service? Or is the government not serious about the concern of CSR?

CSR itself for the business prospect is a significant aspect for the company sustainability. CSR is how companies manage their business processes to positively impact society through economic, environmental, and social actions (IBM, 2008 cited by Min, Desmoulins-Lebeault, and Esposito). According to economic, environmental and social, CSR must be reported. The disclosure of CSR could be communicated through media to the external parties. Indonesia corporate social responsibility reporting was voluntary disclosure (Dewi and Sukoharsono, 2013). Even though this kind of report is not mandatory according to BAPEPAM (*Badan Pengawas Pasar Modal dan Lembaga Keuangan*), it would help to reduce the gap between investor company and also an assurance for people surround the company.

Pharmaceutical industry is interesting sector to be discuss. The producing a medicine a vaccine and also vitamins that some people said that the product from pharmaceutical industry is save. Pharmaceutical product mainly is helping people from disease. But behind that, people has to concern about what waste that produced by the pharmaceutical industry. There is a B3 waste (*bahan berbahaya dan beracun*) that pharmaceutical company produces. Indonesian giverment is already care to pharmaceutical company waste with issuing Peraturan Pemerintah number 101 2014 according to the hazardous waste and toxic management. This could be a key point for the researcher to examine pharmaceutical company reports according to environment issue.

This study wants to compare Kalbe Farma and Bio Farma. Both of them are pharmaceutical company that released a sustainability report. According to the size and history, both of them are equal in size and age even though Kalbe Farma is a private company. The other reason was, Kalbe Farma and Bio Farma is implementing GRI standard as their guidelines to perform sustainability report.

This study discusses the company CSR program and how they disclose them in their Annual Report. The researcher would like to compare two reputable companies who run their business in the pharmaceutical sector. They are PT Bio Farma (PERSERO), and PT Kalbe Farma, Tbk. Bio Farma is vaccines producer company that was established in Indonesia since the Dutch East Indies era. The second company is private enterprises which runs the business also in pharmacy but in the medicine sector. Both of them are providing a good presentation according to their vision and mission about their sustainability report.
This research uses qualitative method which enables the researcher collecting the data in large number and formulating accurate conclusion (Sekaran & Bougie, 2013). This method also aims to understand the phenomenon experienced by the research subject such as behavior, perception, motivation, action, etc. holistically and in descriptive way in the form or words and language, in the natural special context using some scientific methods (Moleong, 2015). This method is written in the simple way that is easy to understand by the students in practitioners (Gibson, 2010).

This study uses comparative studies research because due to analyze the phenomenon around the researcher by comparing two data and create conclusion from data. Comparative study would be the best method for this research because the main idea of the researcher is to find the similarities and the difference between the object of the research. According to Sukoharsono (2006) being the part of the research is also important elements to construct and analyze object research.

This research is using secondary data. The secondary data would be conduct in this research because the object of the research is the financial report from the sustainability report of PT Kalbe Farma, Tbk and PT Bio Farma (Persero) for year 2017.

**Research Analysis Method**

Data analysis method that used in this research would be comparative study. Comparative study could be the best method for data analysis for this study. This study is using 2 data comparative and this data analysis method could be the best method for the analysis. The method is related because the data sources are come from 2 objects.

**Research Method**

The comparison conducted with some of indicators that would help the researcher for making objective result for the comparison. In this study, the use of content analysis is related to sustainability or sustainability reporting which is generally presented in the form of wording. Sustainability or sustainability reporting is carried out on all disclosures, namely general disclosure and disclosure of specific topics which are divided into 3 parts, namely economic, social, and environmental.

After searching the content analysis, the next step is to create a table containing PT Kalbe Farma Tbk and Pt Bio Farma sustainability reporting in the 2017 sustainability report for the presence or absence of the indicator component. Sustainability or sustainability reporting indicators based on GRI Standards 2016. The presence or absence of these indicator components is seen from the Annual Report and also the GRI Index contained in the sustainability report.

After creating an analysis table like the table above, the next step is to give a score on each GRI Standards 2016 item that is disclosed. One of the analysis techniques is carried out by Astini, Yuniarta, Kurniawan (2017). The steps in analyzing Kalbe Farma and Bio Farma sustainability performance reporting based on GRI Standards 2016 are:

1. Give a score for each GRI Standards 2016 item disclosed. The assessment criteria carried out using a score of 0-2, where:
   a. A value of 0 is given if there is no disclosure regarding the item.
   b. Value 1 is given if there is disclosure but it is not perfect.
   c. A value of 2 is given if the disclosure is done very well.
In total, the 2016 GRI Standards disclosed are 232 items, if the whole is expressed in full or full, the maximum value that can be achieved is 464.

2. After giving scores on each item contained in the sustainability report in accordance with the GRI 2016 guideline, then the level of disclosure of these items is calculated by dividing the number of items expressed by the number of maximum score items then multiplied by 100%.

3. After finding the percentage of overall disclosure of company items against the 2016 GRI guideline, then the sustainability performance assessment carried out by the companies in the sustainability report is conducted by looking at the suitability of sustainability reports based on the 2016 GRI Standards guidelines, which are divided into:
   a. 0% = Not Applied
   b. 1% - 40% = Limited Disclose
   c. 41% - 75% = Partially Applied
   d. 76% - 99% = Well Applied
   e. 100% = Fully Applied

4. The fourth step is discussion in the form of narration for brief comparison and explanation between two object
5. Then the last one continued with comparing depends on how many CSR act that the object did according to the triple bottom line framework.

Result of The Study

General Disclosure Result

First comparison come from the general disclosure from both sides of the research object. Both of them from Bio Farma and Kalbe Farma doing a great job to provide their general disclosure. For more information, Bio Farma sustainability report is already assured by third party, but Kalbe farma is not assured.

<table>
<thead>
<tr>
<th>Table 1. Percentage from General disclosure of P Bio Farma</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Total Number of GRI Standard Disclosure</td>
</tr>
<tr>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>56</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 2. Percentage from General disclosure of Kalbe Farma</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Total Number of GRI Standard Disclosure</td>
</tr>
<tr>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>56</td>
</tr>
</tbody>
</table>

The result from table that showed above, total number and also score from GRI criteria that provided by objects, Bio Farma provide more than Kalbe Farma. From the number of disclosure and also the number of score, we can assume that Bio Farma has a better sustainability report according to general disclosure than Kalbe farma has. Both sides are not reporting from GRI 102-19 until 102-39. That items included in governance section. But other items mostly similar and Bio Farma just lead 1 item than Kalbe. They result score has no big different in score and also percentage.

In researcher point of view, both of them are doing good. If its is compared in number of GRI disclosure that Kalbe farma provide, Bio Farma provide more than Kalbe. In fact, they are doing great job because all of GRI disclosure that they provide gets maximum point. It is indicated that no information missed from both of them that showed in their general disclosure at all. Bio farma and Kalbe farma result point would be partially applied.
Specific Disclosure of Economy

The second one is specific disclosure of Economy. The total of disclosure is 31 and the object could reach maximum score of 62. Same as table before, started with Bio Farma and continued with Kalbe Farma.

Table 3. Percentage from Specific disclosure in Economy from PT Bio Farma

<table>
<thead>
<tr>
<th>The Total Number of GRI Standard Disclosure</th>
<th>Maximum Disclosure Score (Maximum Score 2)</th>
<th>Total Disclosure of PT Bio Farma 2017</th>
<th>Total Disclosure Score</th>
<th>Disclosure Precentage (%)</th>
<th>(Total Score/ Disclosure Score Maximum*100 %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>62</td>
<td>16</td>
<td>32</td>
<td>51,6 %</td>
<td>62</td>
</tr>
</tbody>
</table>

Table 4. Percentage from Specific disclosure in Economy from PT Kalbe Farma

<table>
<thead>
<tr>
<th>The Total Number of GRI Standard Disclosure</th>
<th>Maximum Disclosure Score (Maximum Score 2)</th>
<th>Total Disclosure of PT Kalbe Farma Tahun 2017</th>
<th>Total Disclosure Score</th>
<th>Disclosure Precentage (%)</th>
<th>(Total Score/ Disclosure Score Maximum*100 %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>62</td>
<td>8</td>
<td>16</td>
<td>25,8 %</td>
<td>62</td>
</tr>
</tbody>
</table>

Table 3 showed that Bio Farma provided 16 out of 31 disclosure items. It is more than a half number from the total item of disclosure, and surprisingly they got the maximum score from all of the items they provide. While Kalbe from 31 items they only provide 8 points. A small percentage in total items that is provided but from 8 items, they got the maximum score.

Bio Farma, in economy disclosure, from the total of 6 sub categories, they reported only 3. Kalbe Farma just reported 2 out of 6 categories and just 1 item for each category. Kalbe lead with result of partially applied. Kalbe got the result of limited disclose according to their disclosure percentage.

The intensity result for Bio Farma who has 51,6% would be partially applied. For Kalbe Farma who has 25,8% of disclosure in this chapter would be marked limited disclose.

Specific Disclosure of Environment

Third one is specific disclosure of environment. Number of GRI items disclosure is 54. There are 8 sub items that included in specific disclosure of environment.

Table 5. Percentage from Specific disclosure in Environment from PT Bio Farma

<table>
<thead>
<tr>
<th>The Total Number of GRI Standard Disclosure</th>
<th>Maximum Disclosure Score (Maximum Score 2)</th>
<th>Total Disclosure of PT Bio Farma Tahun 2017</th>
<th>Total Disclosure Score</th>
<th>Disclosure Precentage (%)</th>
<th>(Total Score/ Disclosure Score Maximum*100 %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>108</td>
<td>27</td>
<td>51</td>
<td>47,2 %</td>
<td>54</td>
</tr>
</tbody>
</table>

Table 6. Percentage from Specific disclosure in Environment from PT Kalbe Farma

<table>
<thead>
<tr>
<th>The Total Number of GRI Standard Disclosure</th>
<th>Maximum Disclosure Score (Maximum Score 2)</th>
<th>Total Disclosure of PT Kalbe Farma Tahun 2017</th>
<th>Total Disclosure Score</th>
<th>Disclosure Precentage (%)</th>
<th>(Total Score/ Disclosure Score Maximum*100 %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>108</td>
<td>4</td>
<td>7</td>
<td>6,4 %</td>
<td>54</td>
</tr>
</tbody>
</table>

From Table 5 and 6 that showed above, we know that Bio Farma is better in providing information items according to GRI standard from specific disclosure of the environment. Kalbe only provides 4 items out of 54 items, small in number. Kalbe only provided information from water waste and effluents, and it is only one item from the total 5 items that included in that sub items, and the score for the items is not maximum.
according to fewer information that they provide. Overall Kalbe just got 7 points of score, and for the percentage is 6.4%.

For Bio Farma, they provide at least half of the total items in specific disclosure of the environment. From the total 27 items that they provided, some of them are not in the maximum score, they only got score 51. In 8 sub items for the environment, Bio Farma did not provide it at all in sub items materials and biodiversity. Their total percentage score would be 47.2% make them categorized as partially applied. The result from this sector would be one of indication that Bio Farma concern for the environment is higher than Kalbe Farma. Bio Farma is well known as a vaccines company, and there are seven types of medical waste according to the Indonesian Ministry of Health regulations in 2002, and Bio Farma has several of them that could be dangerous. So they are proving that Bio Farma has a big concern to the environment begins with providing a sustainability report with a good disclosure in the environment sector. Kalbe Farma in environment disclosure just 6.4% would be mark as limited disclose. The differences between them in this sector is too far.

**Specific Disclosure of Social Aspects**

Last one would be specific disclosure of social aspects. This is GRI disclosure that has the most items from all of 4 disclosure category. Divided into 19 sub aspects with 91 items on it.

**Table 7. Percentage from Specific disclosure in Social Aspects from PT Bio Farma**

<table>
<thead>
<tr>
<th>The Total Number of GRI Standard Disclosure</th>
<th>Maximum Disclosure Score (Maximum Score 2)</th>
<th>Total Disclosure Score of PT Bio Farma 2017</th>
<th>Total Disclosure Score</th>
<th>Disclosure Percentage (%) (Total Score Disclosure Score Maximum*100 %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>91</td>
<td>182</td>
<td>39</td>
<td>75</td>
<td>41.2 %</td>
</tr>
</tbody>
</table>

Bio Farma got more disclosure than Kalbe as usual. They got total 39 out of 91 items. For the percentage and total score is 75 and 41.2%. Make them got partially applied. From 39 items that they disclosed they just got 75 points, showed that they are not maximizing or less information on several items that they provide. From 19 sub items on social aspect disclosure, they provide 9 out of 19.

Kalbe disclose 14 items out of 91. Even though it is a small number, but they always maximizing in score with providing all of information according to what they disclose. Their disclosure percentage is low, just 15,4% make them got predicate limited disclose on social aspects. Social aspects could be the less items that both of the object informs. Bio Farma got more disclosure than Kalbe. They got 39 out of 91 items. For the percentage and total score is 75 and 41.2%. It makes them got partially applied. From 39 items that they disclosed, they just got 75 points. It showed that they are not maximizing or giving less information on several items that they provide. From 19 sub items on social aspect disclosure, they provide 9 out of 19.

Kalbe discloses 14 items out of 91. Even though it is a small number, but they always maximizing in score with providing all of the information according to what they disclose. Their disclosure percentage is low with 15.4%, it makes them got the predicate limited disclose on social aspects. Social aspects could be the fewer items that both of
the objects inform. 41,2% vs 15,4% of percentage score has a big different. Almost two times. Kalbe in this sector has a better result than the environment sector.

**Overall disclosure percentage score comparison**

This table below show the overall comparison score that earn by Bio Farma and Kalbe Farma according to items of disclosure and total score of their items.

**Table 9. Disclosure percentage of PT Bio Farma**

<table>
<thead>
<tr>
<th>The Total Number of GRI Standard Disclosure</th>
<th>Maximium Disclosure Score</th>
<th>Total Disclosure Score of PT Bio Farma 2017</th>
<th>Total Disclosure Score</th>
<th>Disclosure Percentage (%) (Total Score/ Disclosure Score Maximum*100 %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Disclosure</td>
<td>56</td>
<td>34</td>
<td>112</td>
<td>60,7%</td>
</tr>
<tr>
<td>Specific Disclosure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td>31</td>
<td>16</td>
<td>62</td>
<td>51,6%</td>
</tr>
<tr>
<td>Environment</td>
<td>54</td>
<td>27</td>
<td>108</td>
<td>47,2%</td>
</tr>
<tr>
<td>Social</td>
<td>91</td>
<td>39</td>
<td>182</td>
<td>41,2%</td>
</tr>
<tr>
<td>Total Disclosure</td>
<td>232</td>
<td>116</td>
<td>464</td>
<td>400%</td>
</tr>
<tr>
<td>The average score of disclosure</td>
<td>100 %</td>
<td>50 %</td>
<td>100 %</td>
<td>200,7%</td>
</tr>
</tbody>
</table>

**Table 10. Disclosure Percentage of PT Kalbe Farma**

<table>
<thead>
<tr>
<th>The Total Number of GRI Standard Disclosure</th>
<th>Maximim Disclosure Score</th>
<th>Total Disclosure Score of PT Kalbe Farma 2017</th>
<th>Total Disclosure Score</th>
<th>Disclosure Percentage (%) (Total Score/ Disclosure Score Maximum*100 %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Disclosure</td>
<td>56</td>
<td>32</td>
<td>112</td>
<td>58,9%</td>
</tr>
<tr>
<td>Specific Disclosure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td>31</td>
<td>8</td>
<td>62</td>
<td>25,8%</td>
</tr>
<tr>
<td>Environment</td>
<td>54</td>
<td>4</td>
<td>108</td>
<td>6,4%</td>
</tr>
<tr>
<td>Social</td>
<td>91</td>
<td>14</td>
<td>182</td>
<td>15,4%</td>
</tr>
<tr>
<td>Total Disclosure</td>
<td>232</td>
<td>58</td>
<td>464</td>
<td>400%</td>
</tr>
<tr>
<td>The average score of disclosure</td>
<td>100 %</td>
<td>25%</td>
<td>100 %</td>
<td>106,5%</td>
</tr>
</tbody>
</table>

Overall, both of the objects perform a good job with providing a sustainability report that is using GRI standard as their guidelines. It must be appreciated because using GRI standard as a guideline for composing sustainability report is complicated according since some criteria on every item has criteria they must follow. Using GRI standard is also part of an effort from the company to give more assurance according to their sustainability report. It also makes the researcher easier for comparing data because GRI standard could be one of the measurement for comparing data because in Indonesia CSR report is not mandatory, so every listed company with responsibility to inform their CSR report could make their own version of CSR report.

Bio Farma has a better result than Kalbe Farma has. The form number of items that they disclose in every aspect from general disclosure, economy, environment, and social aspects. The different is double. Kalbe Farma performs 25% of the total GRI
standard and Bio Farma performs 50% of them. It showed that Bio Farma is better in a number of items that they provide.

In disclosure score, with less of items that they provide, Kalbe Farma only missed a small number of items that they could not maximize in reach score. It could be the positive side from Kalbe that researcher could highlight. Bio Farma has more items to provide but less items that did not reach the maximum score. However, the number of items that is provided dominated and could be summarized that Bio Farma has a better sustainability report than Kalbe Farma.

Other information that has to be discussed is the style of report that the object provided. Bio Farma has a better report in an appearance than Kalbe Farma has. Not just from the information and page thickness but also from appearance in order to give information. The items of GRI disclosure is more organized than Kalbe Farma has. It makes the information according to the content of sustainability report easier to be understood.

In Kalbe Farma report, there is something that Bio Farma does not have. There is certain information on Kalbe Farma sustainability report that appears. Information that Kalbe Farma provide in their sustainability report is about regulation number 51 that released by OJK. They make their sustainability report by also providing information according to OJK regulation number 51 in a certain aspect. First one is in overall general disclosure, second in economic performance, the third one in procurement practices, next one in waste and effluents, and the last one in training and education for their employee. It indicates that a listed company like Kalbe Farma is following regulations by the government and also implemented it properly. The information provided by Kalbe Farma, unfortunately, is not included in this research indicator, but the researcher must inform what kinds of effort and information that the object provided.

Comparing CSR Act between Bio Farma and Kalbe Farma According to Triple Bottom Line Framework

The triple bottom line framework contains the idea that CSR consists of profit, people, and planet. It is related to GRI standard specific disclosure that consists of economy, environment, and social concern. Profit is represented with economy disclosure. Planet is represented by environment disclosure, and the last one, people are represented with social disclosure.

The triple bottom line could be connected with this study because this study is discussing GRI standard 2016. GRI standard contains of specific disclosure, economic, environment and also social disclosure. The three of them could be represented with the concept of triple bottom line framework because each point of triple bottom line represent in the specific disclosure of GRI standard.

The researcher already shorts from specific disclosures which items are included in the criteria from each category in triple bottom line framework. From economy disclosure total of 31 items, there are 13 items that could be matched with the triple bottom line framework. For environment, it has 30 items out of 54 items and for social has 34 items out of 91.

After observing the data from the table on the attachment side, Kalbe Farma has 1 out of 13 disclosures. From economy, Kalbe just discloses about spending on local supplies. Environment sector Kalbe also discloses one item; there is waste by type and disposal. For the social aspect, they got 3 out of 34 of disclosures. One from average hours of training and two items from marketing and labelling. From the total of 97 items, Kalbe Farma just got 5.
Bio Farma has a better result for their CSR act according to the triple bottom line framework. First one in the economy sector; they got 5 out of 13. Economy performance and indirect economic impact contribute 2 items each. The other point comes from market existence. Environment sector also has a bigger number of disclosure items than Kalbe has. Bio Farma got 11 out of 30. It comes from 7 sub items from the content in environment specific disclosure. Last criteria are the social aspect; Bio Farma has 14 out of 34 items that appear on their sustainability report. From 19 sub aspect in social aspect disclosure, 8 of them are giving points for Bio Farma social aspect.

Conclusion

The conclusion of this research is the usage of same measurement like GRI standard would be a better way to comparing report for CSR because Indonesia is not implementing CSR report as a mandatory report for company. But in certain environment like state owned company, it is necessary for the state owned company to make a CSR report. From all of items that included in GRI standard proved that the object could not reach above 50% in overall.

For the triple bottom line aspect, the researcher wants to show which company that care about CSR better. And the result is Bio Farma got a better score than Kalbe Farma. From 77 items of CSR in the GRI standard, Bio Farma providing 30 of them and Kalbe just provide 5 out of 77 items.

References


Global Reporting Initiative Standard General Disclosure

Global Reporting Initiative Standard Management Approach

Global Reporting Initiative Standard Secific Disclosure Economy

Global Reporting Initiative Standard Secific Disclosure Environment

Global Reporting Initiative Standard Secific Disclosure Social Aspects


research in the next decade: A critical review and reflection. Accounting, Auditing and Accountability Journal, 32(1), pp. 2-25.


