

The Barriers of Sustainability Reporting Practise in Village Forest Management Institutions (A Case Study on The Village Forest Management Institution of Bhuana Utama, Panji Village)

Ni Wayan Yulianita Dewi^{1,*} Putu Eka Dianita Marvilianti Dewi¹

Diota Prameswari Vijaya¹ Gusti Ayu Ketut Rencana Sari Dewi¹

¹ Department of Economics and Accounting, Universitas Pendidikan Ganesha, Singaraja, Indonesia

*Corresponding author. Email: yulianitadewi@undiksha.ac.id

ABSTRACT

The Village Forest Management Institution (LPHD) is a village community institution tasked with managing village forests based on the principles of sustainable forest management. The principles of sustainable forest management are in line with the principles of sustainable development. The purpose of this research is to reveal the obstacles faced by LPHD Buana Utama in applying the principles of sustainable development which are reflected in the implementation of sustainability programs and reporting. This study was designed using a qualitative approach. Data was collected using in-depth interviews, observation and documentation methods. Data analysis was performed using Miles and Huberman's interactive data analysis model. The findings of the study reveal that the main barriers to the implementation of sustainability reporting by LPHD Bhuana Utama are caused by: first, the management of LPHD Bhuana Utama does not yet have the knowledge and understanding of sustainability reporting. Second, LPHD Bhuana Utama does not yet have a special team in charge of carrying out sustainability reporting. And thirdly, the management of LPHD Bhuana Utama has not communicated with various stakeholder groups regarding the determination of social and environmental programs to be implemented.

Keywords: *village fores management, sustainability reporting.*

1. INTRODUCTION

Village forest is a state forest managed by the village and used for village welfare. Village forest is a form of social forestry. Social forestry was born from the change in the concept of forest management from previously state-based (State Base Development) to community-based forest management (Community Base Development).

The implementation of village forests aims to improve the welfare of local communities in a sustainable manner and ensure environmental sustainability. The main actors who manage village forests are village community institutions established by Village Regulations (*Peraturan Desa*) so that they are functionally within the village organization and are responsible to the Village Head. Village forest

management is based on two principles, namely: 1) does not change the status and function of forest areas and 2) there is a link between the community and forest resources because forests have social, economic, cultural and ecological functions. The principle of village forest management is in line with the three main pillars of sustainable development, namely economic, social and environmental. These three pillars must work in harmony. The implementation of the economic function of the forest should not sacrifice the social, cultural and ecological functions of the forest.

One of the village administrations in Buleleng Regency that has received a state forest management permit is Panji village. In 2019 the Panji village government through the Village Forest Management Institute (LPHD) Bhuana Utama of Panji Village obtained a permit to manage a protected forest covering

an area of 129 hectares [1]. This forest management permit in the form of a village forest provides an opportunity for the Panji village government to utilize forest resources optimally while maintaining the sustainability of its ecosystem. The sustainability of the forest ecosystem of Panji village, in addition to affecting the sustainability of the springs in Panji village, also affects the sustainability of water sources in several villages bordering the Panji village (Baktiseraga village, Sambangan village, Ambengan village and Tegah Linggah village) because these villages do not have forest areas as forest areas. water absorption region.

Viewed from the perspective of stakeholder theory, the success of the LPHD Bhuana Utama in carrying out its duties is strongly influenced by the harmonious relationship between the LPHD Bhuana Utama management and its stakeholders, namely the Panji village government, Panji village community, local government, central government and the Buleleng community in general. The Village Forest Management Institution Bhuana Utama as a village community institution under the village government must formally account for the implementation of its duties to the Panji village government and must morally account for its duties to the Panji village community, local government, central government and the Buleleng community in general. The Village Forest Management Institution Bhuana Utama management can use the sustainability report as a medium of accountability.

Sustainability reports are the final product of social and environmental accounting. Social and environmental accounting focuses on three aspects which are the three main pillars of sustainable development, namely economic, social and environmental aspects. The sustainability report contains the economic, social and environmental performance of an organization. Through sustainability reports, LPHD Buana Utama management can communicate their economic, social and environmental performance to their stakeholders. With good communication between the LPHD Bhuana Utama management and its stakeholders, it will be able to increase the potential for successful village forest management in accordance with what is stated in Law Number 41 of 1999 concerning Forestry. The economic, social and environmental information contained in the sustainability report can be used as an evaluation material for the implementation of the village forest management work plan. The results of this evaluation are used as the basis for developing a strategy for sustainable village forest management.

Accounting studies that have raised the issue of social and environmental accounting so far have mostly examined business entities using secondary data available on the Indonesia Stock Exchange (IDX) as research objects [2];[3];[4];[5];[6]. In this study, the

object of research is the barriers of sustainability reporting practices in LPHD Bhuana Utama

2. LITERATURE REVIEW

2.1. Stakeholder Theory

Stakeholders are all parties, internal and external, who can influence or be influenced by the company either directly or indirectly. According to reference Clarkson divides stakeholders into primary and secondary stakeholders. Primary stakeholders are parties who do not participate on an ongoing basis, the organization cannot survive. While secondary stakeholders are parties that influence or are influenced by the company, but they are not involved in transactions with the company and are not very meaningful for the survival of the company. The success of a company's business is determined by the company's management who is successful in fostering relationships between the company and its stakeholders. Stakeholders do not only consist of investors and creditors (shareholders), but also suppliers, customers, government, local communities, employees, regulatory bodies, trade associations, including the environment as part of social life. Financial and non-financial disclosures in the company's annual report can be said as a means of communication between management and stakeholders.

The development of stakeholder theory begins with the changing form of the company's approach in conducting business activities. According to [7] there are two forms of stakeholder approach, namely old corporate relations and new-corporate relations.

Old corporate relations emphasize the form of carrying out company activities separately where each function in a company does its work without any unity between these functions. The production department is only concerned with how to produce goods according to the target desired by the company's management, the marketing department only works with consumers without coordinating with one another. The relationship between leaders and employees and suppliers is one-way, rigid and short-term oriented. This causes each part of the company to have different interests, values and goals depending on the leadership of each function which sometimes differs from the vision, mission, and achievements targeted by the company. Relationships with parties outside the company are short-term and only limited to transactional relationships without any cooperation to create mutual benefit.

New-corporate relations emphasize collaboration between the company and all of its stakeholders so that the company does not only place itself as a part that works independently in the social system of society because professionalism has become the main thing in

this relationship pattern. The company's relationship with internal stakeholders is built based on the concept of usefulness that builds cooperation to be able to create the company's business continuity, while the relationship with stakeholders outside the company is not only transactional and short-term, but rather a functional relationship that relies on partnerships in addition to efforts to accumulate wealth. by the company, the company also strives to jointly build the quality of life of external stakeholders.

Viewed from the perspective of stakeholder theory, the success of the LPHD Bhuana Utama in carrying out its duties is strongly influenced by the harmonious relationship between the LPHD Bhuana Utama management and its stakeholders, namely the Panji village government, Panji village community, local government, central government and the Buleleng community in general. The Village Forest Management Institution (LPHD) Bhuana Utama as a village community institution under the village government must formally account for the implementation of its duties to the Panji village government and must morally account for its duties to the Panji village community, local government, central government and the Buleleng community in general. The Panji Village LPHD management can use the sustainability report as a medium of accountability. Sustainability Report is a report on the economic, environmental, and social impacts caused by the company's daily activities.

2.2. Sustainability Reporting

The world is currently experiencing an increasingly serious social and environmental crisis. The phenomenon of this social and environmental crisis globally can be seen from; (1) climate change and global warming, (2) damage to the natural environment and natural disasters, (3) energy crisis and resource scarcity, and (4) people's suffering due to poverty. In the local context of Indonesia, the social and environmental crisis can be seen from; (1) land burning and massive deforestation, (2) exploitation of natural resources and the environment, (3) pollution and environmental damage, and (4) poverty and socio-economic inequality.

The problem of social and environmental crises that are now facing the world originated from the industrial revolution which began in the 1850s. Accountants and accountancy who are an integral part of business processes (industrial development) are accused of being one of the causes of social and environmental crises. Financial statements as the final product of the conventional accounting process only take into account and report the economic impact of the company's activities and ignore the impact of the company's activities on the social and natural environment. The company's management performance is assessed based on financial indicators, namely the company's profit

growth resulting in exploitation of the social and natural environment by the company. The impacts of exploitation on the social and natural environment are environmental damage, burning and deforestation, pollution, social conflict, poverty, and climate change. Exploitation of the social and natural environment by the company, in the long term will threaten the sustainability of the planet earth, including humans who are one of the inhabitants of the planet earth.

Based on the above reality, conventional accounting that only focuses on economic performance (profit growth) must be transformed into accounting that supports sustainable development programs initiated by the United Nations organization, thus giving birth to accounting that has concern for the sustainability of the social and natural environment.

Currently, accounting experts have developed accounting concepts that consider the social and environmental aspects of organizations, such as; social accounting [8], social and environmental accounting [9], triple bottom line accounting [10], sustainability accounting [11], and integrated reporting [12].

The final product of social and environmental accounting is a sustainability report. Social and environmental accounting focuses on three aspects which are the three main pillars of sustainable development, namely economic, social and environmental aspects. The sustainability report contains the economic, social and environmental performance of an organization. Through sustainability reports, LPHD management can communicate their economic, social and environmental performance to their stakeholders. With good communication between the LPHD management and its stakeholders, it will be able to increase the potential for successful village forest management in accordance with what is stated in Law Number 41 of 1999 concerning Forestry. The economic, social and environmental information contained in the sustainability report can be used as an evaluation material for the implementation of the village forest management work plan. The results of this evaluation are used as the basis for developing a strategy for sustainable village forest management.

Sustainability reporting is an organization's practice of reporting transparent about its economic, environmental and/or social impacts, and therefore also includes its contribution - positive or negative - towards sustainable development goals. Information available through sustainability reporting enable internal stakeholders and external to form opinions and to make informed decisions about organizational contributions on sustainable development goals.

Sustainability reporting provides several benefits for organizations, namely:

1. Identify the weaknesses and strengths of business entities and management
2. Identify organizational risks and opportunities
3. Develop a management and goal setting system
4. Connect every department in the organization and encourage innovation
5. Source of competitive advantage in an effort to become a market leader

3. METHOD

This research is qualitative research with a case study approach designed to reveal the barriers of sustainability reporting practices in LPHD Bhuana Utama. The framework used in analyzing the research problem is the stages of the sustainability reporting process developed by the Global Reporting Initiative. The stages of the sustainability reporting process consist of the planning stage of the sustainability reporting process; identify and communicate with various stakeholder groups; determine the content of the sustainability report; compiling a sustainability report; and present a sustainability report

The subject of this research is LPHD Bhuana Utama, The Village Forest Management Institution is a village community institution in charge of managing village forests. The Panji Village Government through LPHD Bhuana Utama in April 2019 obtained a permit from the state to manage and utilize the protected forest in the Panji Village area. The Village Forest Management Institution Bhuana Utama in carrying out its duties must apply the principles of sustainable development (economic welfare, social justice and environmental conservation) so that the Panji village forest can remain sustainable and provide sustainable socio-economic benefits for the Panji village community. The object of this research is the obstacles to the practice of sustainability reporting at LPHD Bhuana Utama.

This study uses a qualitative approach so that the data collection techniques used are interviews, observations, and documentation studies. Interviews were conducted with the village head and Panji village community (members of the Village Consultative Body), the chairman and staff of the LPHD Bhuana Utama. Data collection with interview techniques was carried out to obtain information: history, vision, mission, goals, objectives and strategies of LPHD Bhuana Utama in carrying out their duties; systems and procedures implemented in Panji village forest management; Work plan and realization of the implementation of the work plan that has been determined; Village forest management accountability mechanisms; The assessment of the village government and the Panji village community is related to the social and economic contribution of village forest utilization for the Panji community.

Observations were made on various activities of the chairman and staff of the LPHD Panji village related to the implementation of economic, social and environmental programs. From the results of observations, it can be seen the interaction between the chairman and staff of the LPHD with the village government and the Panji village community in the village forest management process. Documentation is carried out on various documents related to regulations, permits and village forest management.

This study uses a qualitative data analysis model of Miles and Huberman in [13]. Miles and Huberman in [13] suggest that activities in qualitative data analysis are carried out interactively and take place continuously until complete, so that the data is saturated. The size of the data saturation is indicated by the absence of new data or information. Activities in data analysis include data reduction, data presentation as well as drawing conclusions and verification. The validity of the research data was tested using a triangulation technique of sources, methods and time

4. RESULTS & DISCUSSION

4.1. Planning of The Sustainability Reporting Process

The main goal in this stage is to be ready to start the process reporting. The Bhuana Utama Village Forest Management Institution does not yet have a special team tasked with carrying out sustainability reporting. This is because the management of the Bhuana Utama LPHD has other duties as management of the Bhuana Utama Village Owned Business Entity (BUMDesa). The management of BUMDes Bhuana Utama is focusing on expanding its business so that the work program of LPHD Bhuana Utama is being neglected. Panji village government should form another management to manage LPHD Bhuana Utama, considering that this institution has been formed for almost 2 years.

The management of LPHD Bhuana Utama should have knowledge and understanding of sustainability. Knowledge and understanding of sustainability will be the foundation for the management of LPHD Bhuana Utama in planning programs for sustainable forest management activities. Sustainable forest management is a form of forest management that has sustainable yield characteristics as indicated by: ensuring the sustainability of the production function of forest resources in the form of wood and non-timber; ensuring the sustainability of the ecological function of the forest and ensuring the socio-economic function of the culture for the local community.

Important problems that arise in forest management, such as overexploitation of forests without paying

attention to intensive maintenance, will only lead to increasingly complex problems. This is due to a decline in forest functions, especially ecological functions and social functions. In addition, economically it will only benefit one of the forest stakeholders which can lead to economic disparities.

In the context of forest management in Panji village, the management of LPHD Bhuana Utama does not yet have the knowledge and understanding of sustainability. The management of LPHD Bhuana Utama does not yet have a main program related to the sustainability of economic, environmental and social aspects in village forest management.

4.2. Identify and Communicate with Various Stakeholder Groups

The second stage in the sustainability reporting process is identifying and communicating with various stakeholder groups. Identification of various stakeholder groups is an important part of sustainability reporting. This relates to decisions regarding the content of the sustainability report. The result of the company's stakeholder engagement is a list of sustainability topics that are considered important by stakeholders. The sustainability reporting team should then review the list to provide recommendations to senior decision makers on the topic to be reported.

The success of the LPHD Bhuana Utama in carrying out its duties is strongly influenced by the harmonious relationship between the LPHD Bhuana Utama management and its stakeholders, namely the Panji village government, Panji village community, local government, central government and the Buleleng community in general. The Village Forest Management Institution (LPHD) Bhuana Utama as a village community institution under the village government must formally account for the implementation of its duties to the Panji village government and must morally account for its duties to the Panji village community, local government, central government and the Buleleng community in general.

However, in practice LPHD Bhuana Utama has not identified various stakeholder groups who have an interest in the sustainability of Panji village forest management. The Village Forest Management Institution (LPHD) Bhuana Utama has also not communicated with various stakeholder groups so it is not known what their expectations are for the debt management of Panji village.

The management of LPHD Bhuana Utama should communicate with various stakeholder groups and involve them in determining sustainability programs and strategies carried out in Panji village forest management. With multi-stakeholder cooperation in managing the Panji village forest, it will be able to

present solutions to problems that may arise in village forest management

4.3. Determine The Content Of The Sustainability Report

The main objective in this stage is to define the material aspects (what is important) and Boundary (where it is important) for the organization's sustainability report. This means defining a problem that is very important to achieve corporate sustainability goals, respond to stakeholder information needs, and manage the organization's impact on the economy, environment and society. These are matters that are directly related to the organization's strategy in village forest management.

In the context of village forest management by LPHD Bhuana Utama, forest management institutions have not been able to define material aspects (what is important) and boundaries (where it is important) for sustainability reports. This means that LPHD Bhuana Utama has not been able to define the issues that are critical to achieving the goal of sustainable forest management. This is because the Bhuana Utama LPHD management does not yet have the knowledge and understanding of sustainability and has not involved various stakeholder groups in village forest management planning.

4.4. Compiling A Sustainability Report

The main objective in this stage is to collect and analyze the information needed by the company to build the content of the sustainability report and manage its sustainability performance. Organizational sustainability reports are not only a means of communication but also a tool for change. Once an organization can measure an issue, it can manage it; and once the organization can manage something, then the organization can change it.

The management of LPHD Bhuana Utama in practice has not been able to collect and analyze the information needed to build the content of the fiber sustainability report to manage sustainability performance. This is due to the lack of knowledge and understanding of the LPHD Bhuana Utama management regarding sustainability. And the involvement of stakeholders in the planning of sustainability programs and the strategies used to realize these sustainability programs has not been carried out

4.5. Present A Sustainability Report

The main objective in this stage is to complete the report sustainability, which is then released to the public. Sustainability report is a form of report made by an organization in order to disclose or communicate its environmental, social, economic and good governance

performance to all stakeholders in an accountable manner.

In practice, the management of LPHD Bhuana Utama has not prepared a sustainability report. This is due to the lack of knowledge and understanding of the LPHD Bhuana Utama management regarding sustainability.

5. CONCLUSION

Village forest is a state forest managed by the village and used for village welfare. Village forest is a form of social forestry. Social forestry was born from the change in the concept of forest management from previously state-based to community-based forest management. The Village Forest Management Institution (LPHD) is a village community institution tasked with managing village forests based on the principles of sustainable forest management. The principles of sustainable forest management are in line with the principles of sustainable development

Panji Village is one of the villages in Buleleng Regency that has obtained village forest management rights since 2019. For the purpose of village forest management, the Panji village government established a village forest management institution named LPHD Bhuana Utama. The Village Forest Management Institution (LPHD) Bhuana Utama provides an opportunity for the Panji village government to utilize forest resources optimally while maintaining the sustainability of its ecosystem. The sustainability of the forest ecosystem of Panji village, in addition to affecting the sustainability of the springs in Panji village, also affects the sustainability of water sources in several villages bordering the Panji village (Baktiseraga village, Sambangan village, Ambengan village and Tegah Linggah village) because these villages do not have forest areas as forest areas. water absorption region.

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report on the economic, environmental, and social impacts caused by the company's daily activities.

The main barriers to the implementation of sustainability reporting by LPHD Bhuana Utama are caused by: first, the management of LPHD Bhuana Utama does not yet have the knowledge and understanding of sustainability reporting. Second, LPHD Bhuana Utama does not yet have a special team in charge of carrying out sustainability reporting. And thirdly, the management of LPHD Bhuana Utama has not communicated with various stakeholder groups regarding the determination of social and environmental programs to be implemented.

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