

# Conference Proceeding

The 1<sup>st</sup> International Conference and Call for Papers on  
Insuring Sustainable Business Strategy (ISBS)

**Managing Risk for Anticipating the Era of Volatility,  
Uncertainty, Complexity, and Ambiguity (MUCA)**

Semarang, Indonesia, 15<sup>th</sup> November 2018

ISBN : 979 - 26 - 0284 - 4

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## **PROCEEDING**

### **THE FIRST INSURING SUSTAINABLE BUSINESS STRATEGY (ISBS) 2018**

#### **Managing Risk for Anticipating The Era of Volatility, Uncertainty, Complexity and Ambiguity (VUCA)**

**Semarang, Indonesia**

**15 - 16 Nopember 2018**

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## **Speech from the Dean Faculty of Economics and Business, Dian Nuswantoro University**

Prof. Vincent Didiek Wiet Aryanto, Ph.D  
Dean Faculty of Economics and Business  
Dian Nuswantoro University, Semarang  
Indonesia

### **Foreword**

On behalf of the committee of ISBS 2018 (Insuring Sustainable Business Strategy) international conference at Dian Nuswantoro University in Semarang Indonesia, we would like to express our sincere gratitude to all distinguish Rector of Dian Nuswantoro University, AAMAI president, keynote speakers, all participants and presenters, committee for the contribution to succeed the conference. The first international conference of ISBS 2018 is followed by 350 participants from academicians and professionals from Indonesia, Thailand and Taiwan. This conference is in relation with eight reputable international journals from Scopus Q1 to Q3, four national accredited journals and five SINTA (Indonesian Science and Technology Index) journals. We have been notified that some conference articles have been pre-admitted on the journals.

The sustainability issue has a broad landscape and solutions are required in a variety of areas and mechanism to attain and manage it. The domains scope from environmental sustainability over organizational and business sustainability toward social sustainability. Pertaining the tools of sustainability, the scope from traditional engineering and management methodologies toward mechanism such as knowledge, learning, and creativity. The articles in this proceeding book addresses the entire sustainability problems space in a lesser and greater extent. However, though the dynamic properties come from management, technology, learning, individuals, organizations, community and society, everything is at simultaneously getting effect and cause. We put emphasis on business with the purpose to address primarily the companies and their businesses. Therefore, we entitle this international conference as “insuring sustainable business and strategy”.

Finally, we would like to deeply thank to all parties involved in this international conference such as sponsors, media, etc.

Semarang, November 8, 2018.

Prof. Vincent Didiek Wiet Aryanto, Ph.D  
Dean Faculty of Economics and Business Dian Nuswantoro University Semarang Indonesia

## CONFERENCE PROGRAM

**Venue: International Conference and Call for Paper at. Gumaya Tower Hotel, Semarang, Indonesia**

**Workshop on International Publication at. Building H Floor 1st, Universitas Dian Nuswantoro Semarang, Indonesia**

<b>Day 1, 15 November 2018</b>	
<b>Time</b>	<b>Session</b>
07.30 -08.30	Registration and Morning Coffee Break (E-Gamelan Performance)
08.30 - 09.00	Welcoming Performance of Traditional dance, National Anthem of Indonesia
09.00 – 09.20	Welcome Greetings and Opening Remark: <ul style="list-style-type: none"> <li>• <b>Dr. Nila Tristiarini, CSRA. (Chairman of Organizing Committee)</b></li> <li>• <b>Dr. Hendrisman Rahim, MA, FSAI, AAIJ, AMRP, CPIE, QIP (Chairman of The Indonesian Insurance Institute -AAMAI)</b></li> <li>• <b>Prof. Dr. Ir. Edi Noersasongko (Rector of Universitas Dian Nuswantoro)</b></li> </ul>
09.20 - 09.40	Keynote Speech: <b>Ahmad Nasrullah, S.E., MPacc (Director Of Insurance and Social Insurance Administration Organization of Health (BPJS Kesehatan) Supervisory II – Financial Services Authority (OJK))</b>  Token of Appreciation for Keynote Speaker
09.40 – 10.00	Gita Dian Nuswa Choir Performance
10.00 - 12.00	<b>Conference:</b> Session 1 (Moderator: Setyo Prasiyanto Cahyono, SS., M.Pd) <ol style="list-style-type: none"> <li>1. <b>Prof. Yahn-Shir Chen, Ph.D (National Yunllin University of Science &amp; Technology Taiwan)</b></li> <li>2. <b>Dr. Hendrisman Rahim, MA, FSAI, AAIJ, AMRP, CPIE, QIP (Chairman of The Indonesian Insurance Institute -AAMAI)</b></li> <li>3. <b>I Wayan Wijana (Deputy Director of Insurance Supervision I – Financial Services Authority (OJK))</b></li> </ol> Session 2 (Moderator: Juli Ratnawati, S.E., M.Si) <ol style="list-style-type: none"> <li>1. <b>Evan Lau, Ph.D (University Malaysia Serawak, Malaysia)</b></li> <li>2. <b>Prof. Hasan Fauzi, Ph.D, CA., CSRA. (Universitas Sebelas Maret Surakarta, Indonesia)</b></li> <li>3. <b>Dr. Nilmanee Sriboon (Thammasat University, Thailand)</b></li> </ol>
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12.15 - 13.30	Photo Session & Lunch Break
13.30 – 15.30 15.30 – 16.00 16.00 – 18.00	<b>Academia: (Meeting Room on the 6th floor)</b> Parallel Session 1 Afternoon Coffee Break Parallel Session 2

13.30 - 17.00	<b>Insurance Industry: (Ballroom)</b> Parallel Session <ol style="list-style-type: none"> <li><b>Joel Richard Hogart (Reliance Capital Management)</b></li> <li><b>Stephen Francis Bowey (Leapfrog Investment)</b></li> <li><b>Dr. Robby Loho, APAI, CIIB, AAIK, QIP, ICBU, ICPU, CPIE, AMRP, FMII, ANZIIF (SNR.ASSOC), CIP (Vice Chairman of The Indonesian Insurance Institute-AAMAI)</b></li> <li><b>Kevin Tan (The Malaysian Insurance Institute - AMII)</b></li> </ol> Moderator: Drs. Arizal E.R, AAINZ, QPI, AAIK, QIP
17.00 – 18.00	Afternoon Coffee Break & Distributing Certificate
19.00 – 22.00	Gala Dinner

<b>Gala Dinner, 15 November 2018</b>	
19.00 - 19.30	Registration
19.00 - 19.30	Band Performance
19.30 - 19.40	Welcome greeting: <b>Prof. Vincent Didiek Wiet Aryanto, Ph.D, MBA (Dean of Faculty of Economic and Business, Universitas Dian Nuswantoro)</b>
19.40 – 20.00	Speech: <b>Dr. Robby Loho, APAI, CIIB, AAIK, QIP, ICBU, ICPU, CPIE, AMRP, FMII, ANZIIF (SNR.ASSOC), CIP (Vice Chairman of The Indonesian Insurance Institute – AAMAI)</b>
20.00 – 20.15	E-Gamelan & Traditional Dance
20.15 - 20.30	Best Paper Award Announcement (3 best papers)
20.30 - 22.00	Performance/ Entertainment
22.00	Closing

### ***Workshop on International Publication & City Tour***

*Building H, 1st Floor*

<b>Day 2, 16 November 2018</b>	
<b>Time</b>	<b>Session</b>
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08.30 - 11.30	<b>Workshop: How to Get Published in a Reputable Journal: Top Tips From Editors in Chief (Evan Lau, Ph.D, University Malaysia Serawak, Malaysia)</b>
11.30 - 13.30	Lunch Break
13.30 - 15.00	City Tour : Semarang's batik (Javanese handwritten cloth) heritage (Kampung Batik Semarang)
15.00 - 16.00	Sam Po Kong Temple
16.00 - 17.00	Semarang food Shopping Centre (Bandeng Juwana) at Pamularsih Street
17.00 - 17.30	Lawang Sewu

## PARALLEL SESSION 1

### Session: Marketing Management and Behavior and E- Business

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Time: 13.30 – 14.10

Room: Ruby 1

Chair: Dr. Yohan Wismantoro, MM (Universitas Dian Nuswantoro)

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**Session: Marketing Management and Behavior and E- Business**

Date: 15 November 2018

Time: 14.20 – 15.10

Room: Ruby 1

Chair: Dr. Yohan Wismantoro, MM (Universitas Dian Nuswantoro)

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Time: 13.30 – 14.20

Room: Ruby 2

Chair: Vinko Satrio Pekerti, S.E., MBA (Universitas Dian Nuswantoro)

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Time: 14.30 – 15.20

Room: Ruby 2

Chair: Vinko Satrio Pekerti, S.E., MBA (Universitas Dian Nuswantoro)

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Chair: Usman, MT (Universitas Dian Nuswantoro)

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Date: 15 November2018

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**Session: Corporate Social Responsibility & Green Managemet**

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Room: Emerald

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Room: Emerald

Chair: Juli Ratnawati, M.Si (Universitas Dian Nuswantoro)

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Chair: Dr. Amron (Universitas Dian Nuswantoro)

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**Session: Risk Management and Insurance**

Date: 15 November 2018

Time: 17.00 –18.00

Room: Ruby 1

Chair: Dr. Amron (Universitas Dian Nuswantoro)

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Chair: Hertiana Ikasari, S.E., MM (Universitas Dian Nuswantoro)

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## **An Investigation of Greenhouse Effect : Commitment to Disclosure Gas Emissions Reporting in Central Java**

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### **Abstract**

*One of the consequence is the increase in the surface temperature of the earth which results in extreme climate change and disruption of forests and ecosystems on the earth. this has created an impact on the reduced ability to absorb carbon dioxide in the atmosphere. Indonesia is one of the largest contributors of greenhouse gas emissions in the world, and it is estimated that by 2020, its carbon emissions will reach 3 giga tons of CO<sub>2</sub>. To actualize a reduction in greenhouse gas emissions, there is a need for commitment from manager of a manufacturing company. Based on this description, the research aims to explore the dimensions of commitment to the disclosure of the greenhouse effect. As a new dimension, committed disclosure has never been conceptualized by previous studies. The data used in this study is primary data obtained through surveys of employees who are directly involved and sufficiently represent the attitude and behavior of the company. The researched company is a non-financial industrial company, located in Central Java Province. Of the 240 questionnaire files distributed to 37 companies, a total of 207 questionnaires were filled in completely by the respondents and became the research sample. The analysis technique used is exploratory factor analysis, which is used to extract the attributes of disclosure of the commitment dimension to the reduction of greenhouse gas emissions. Based on the literature study and forum group discussion (FGD) , we obtained various n attributes of disclosure dimension of commitment to the reduction of greenhouse gas emissions. Based on the results of factor analysis found 11 items dimensions of the gas emission disclosure commitment.*

**Keywords:** *Dimension Development, Committed Disclosure, reduction of greenhouse gas emissions.*

# **An Investigation of Greenhouse Effect : Commitment to Disclosure Gas Emissions Reporting in Central Java**

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## **Abstract**

*Countermeasurement of global warming is currently being advocated in the world, whereas one of its causes is green house gas emissions. One of the consequence is the increase in the surface temperature of the earth which results in extreme climate change and disruption of forests and ecosystems on the earth. this has created an impact on the reduced ability to absorb carbon dioxide in the atmosphere. Indonesia is one of the largest contributors of greenhouse gas emissions in the world, and it is estimated that by 2020, its carbon emissions will reach 3 giga tons of CO<sub>2</sub>. Disclosure of greenhouse gas emissions is still voluntarily done, therefore not all companies are obligated to disclose the information in their reports. To actualize a reduction in greenhouse gas emissions, there is a need for commitment from industry players. Committed disclosure in this study is defined as a willingness or obligation to extensively disclose the information in the company's annual report. As a new dimension, committed disclosure has never been conceptualized by previous studies.*

*In the first year a proportional survey was conducted on 207 respondents, whom are key employees in companies in Central Java. development of dimension began with the identification of committed disclosure measures from previous studies. The data used is obtained from the results of a survey of company players, we obtained 11 items of size that have been identified.*

*In the second year, investigation of relations between the committed disclosure to the reduction of greenhouse gas emissions was carried out using a structural equation model. In addition, according to Choi et al 2013, there were 18 disclosure items, therefore a check list would be carried out, thus it can be known how many items are disclosed by the company.*

**Keywords:** *Dimension Development, Committed Disclosure, reduction of greenhouse gas emissions.*

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## INTRODUCTION

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Fighting against global warming is a problem that is being fought in the world, where one of the causes is greenhouse gas emissions. Indonesia is one of the largest contributors to greenhouse gas emissions in the world, and it is estimated that by 2020 carbon gas emissions will be 3 gigaton CO<sub>2</sub>. Various efforts have been made to reduce greenhouse gas emissions, among others by Presidential Regulation No.61 of 2011, on the National Action Plan for Greenhouse Gas Emission Reduction (RAN-GRK). However, the implementation of greenhouse gas emission disclosure has only been done voluntarily therefore not all companies give the information in their reports. Therefore, to realize the reduction of greenhouse gas emissions, the commitment of industry players and disclosure should no longer be done voluntarily given the huge amount of carbon emissions produced by industries in Indonesia.

In fact, not all companies disclose the information in the report. Therefore, the industry is expected to reduce greenhouse gas emissions as the realization of corporate social responsibility / CSR. (Pradini, 2013). One of the regulations made by IAI as stipulated in PSAK No. 1 (revised 2009) paragraph twelve, mentioned: "Entities may also present, separate from financial statements, environmental reports and value added statements, especially for industries where environmental factors play an important role and for industries that consider employees as a group of report users who play an important role. The additional report is outside the scope of the Financial Accounting Standards ". The disclosure of greenhouse gas emissions is an example of an environmental disclosure, part of the additional statements set forth in the PSAK.

## I. LITERATURE REVIEW

One way that can be done by companies to legitimize their activities is by making public disclosure (Uyar, et al 2013). Disclosures in the CDP are divided into five broad categories: climate change, greenhouse gas emissions, energy consumption, greenhouse gas reductions, and carbon emissions

### **Theory of Legitimacy**

The theory of legitimacy states that the more intensive the industry produces in carbon the greater the pressure it gets. This is reinforced by research by Mckinnon and Dalimunthe (1993), Collet and Harsky (2005) who found that in Australia, steel, oil and gas industries often receive serious attention as sensitive political issues. Companies included in this industry are required to provide larger voluntary disclosure reports (in Choi, et al 2013), especially disclosures by carbon-intensive firms will greatly assist the company in gaining legitimacy from the community and as a form of responsibility. Thus, the theory of legitimacy focuses on the interaction between the company and the community environment (Ghozali and Chariri, 2007). To gain legitimacy, companies must communicate environmental activities by disclosing the social environment (Berthelot and Robert, 2011). Environmental disclosure is considered useful to restore, enhance and maintain the legitimacy that has been received (Hadjoh and Sukartha, 2013).

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## **Carbon Emissions**

Carbon emissions are defined as release of gases containing carbon into the Earth's atmosphere layer. Release occurs due to the combustion process of carbon in both singular and compound form. Martinez (2005) states that carbon emissions or greenhouse gases based on the source are divided into two, natural greenhouse gases and industrial greenhouse gases. Natural greenhouse gases are beneficial for living things because they can keep the earth's temperature warm at 6 ° C (Martinez, 2005) while industrial greenhouse gases are derived from industrial activities carried out by humans that make carbon dioxide levels more dense.

The industrial and energy sectors are human activities that produce a lot of carbon dioxide (Stolyarova, 2013). The industrial sector using energy sources from fossil fuels such as petroleum and coal has led to an increase in greenhouse gases in the Earth's atmosphere (Ministry of Environment, 2012). Any burning of fossil material will increase carbon emissions in the wild. This is exacerbated by illegal logging that can reduce the environmental capability to convert the carbon gas (United States Environmental Protection Agency, 2014).

### **Disclosure of Carbon Emissions**

One way that companies can take to legitimize their activities is by making public disclosure (Uyar, et al 2013). The area of disclosure can be done with reference to the questionnaire provided by the CDP (carbon disclosure project). The questionnaire focuses on how the company's condition is affected by global warming or the steps companies have taken to reduce greenhouse gas emissions (Jaggi and Freedman, 2011). Although disclosure of carbon emissions in Indonesia is a voluntary disclosure, companies should pay more attention to this matter since the last few decades of worsening environmental conditions and the widespread demands of the society to conserve a proper environmental conditions. Companies that disclose carbon emissions will benefit from getting legitimacy from stakeholders, avoiding threats, especially for companies that produce greenhouse gases such as increased operating costs, reduced demand, reputation risk risk), legal proceedings, fine and penalties (Berthelot and Robert, 2011).

## **II. METHODOLOGY**

The data used in this study is primary data obtained through surveys of employees who are directly involved and sufficiently represent the attitude and behavior of the company. The researched company is a non-financial industrial company, located in Central Java Province. Of the 240 questionnaire files distributed to 37 companies, a total of 207 questionnaires were filled in completely by the respondents and became the research sample. In addition to primary data, we used Focus Group Discussion (FGD) which aims to verify the measurement attributes of each dimension of commitment that has been validated

The analysis technique used is exploratory factor analysis, which is used to extract the attributes of disclosure of the commitment dimension to the reduction of greenhouse gas emissions that have been identified. In addition, we also used confirmatory factor analysis to validate the dimensions of commitment disclosure that is formed along with each of its measurement attributes. Analysis is carried out to ensure compliance with convergent validity,

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discriminant validity, and unidimensionality of each dimension. and the Delphi Study, to verify the dimensions of commitment disclosure that have been successfully formed along with measurement attributes

### III. RESULT AND DISCUSSION

Based on the database and the results of the verification on the number of companies registered in Central Java Province in 2017 as many as 97 companies consisted of large companies with employees of 100 people or more and the company is with the number of employees between 20 to 99 people. Based on industrial sector, there are 7 industry sectors which are grouped for analysis in this research, which are Agriculture, Mining, Basic Industry and Chemicals, Infrastructure, Utilities & Transportation, Consumer Good Industry, Miscellaneous Industry and Property, Real Estate and Building Construction. Furthermore, based on the company's emission category, most companies are medium-carbon emission category of 65.67%, followed by companies with low emission carbon category (18.88%) and high emission carbon (15.46%)

**Table 3.1:** Number of Sample by Companies' Emission Category

No	Companies' Emission Category	Percentage
1	Low Carbon Emission	15.46
2	Medium Carbon Emission	65.67
3	High Carbon Emission	18.88
	Total	100

The presence of PP 47 of 2012 which is binding, then the practice of disclosure of corporate environmental responsibility should increase. Efforts to achieve emission reduction targets, through the Green House Emission Reduction Movement (GRK) are closely linked to the role of the private sector in carrying out its environmental responsibilities. Based on the above data shows that there is still a high emission of carbon as much as 15.46%, it means that efforts need to be done to reduce greenhouse gas emissions. This will be achieved if it is supported by all levels of society. Some of the key findings identified through interviews of key person and company employees are as follows:

1. An understanding of global warming occurs because of the ozone layer is damaged, while the greenhouse effect occurs because of the increased concentration of carbonmonoxide gas due to combustion of coal gas oil. The impact on the earth's environment is getting warmer, the greenhouse effect is getting warmer and the effect in climate becoming anomaly, unpredictable.
2. There is a change due to the emission gases in the environment that causes the abnormal climate

- 
3. Effect of nitrogen gas on climate change, the creation of nitrogen generated from food waste, increased emissions of nitrogen gas can cause the greenhouse effect and become global warming

Based on these findings indicate that employees are aware of the existence of global warming caused by increased concentrations of carbonoxide gas resulting in greenhouse effect. Therefore, the effort to be done is to validate attributes of the disclosure of commitment dimensions to the reduction of greenhouse gas emissions.

Based on the literature study, we obtained various attributes of disclosure dimension of commitment to the reduction of greenhouse gas emissions.

1. Global warming is a global issue at the moment and is very important to look for solution
2. Greenhouse effect is a picture of global warming conditions that occur at home
3. A proper amount of greenhouse gases can protect the earth and stay warm in space
4. Excessive amounts of greenhouse gases causes global warming
5. CO<sub>2</sub> gas will not contribute to greenhouse gases except N, CH<sub>4</sub> and CFC
6. Efficient management by food producers can reduce food waste so that the environment is clean
7. Choosing local products
8. Information on eco-friendly behavior
9. Conducting activities and activities that enhance environmental sustainability
10. The existence of severe sanctions based on government regulation
11. Efficient use of food to contribute in reducing greenhouse gas emissions.

The next step taken is to see whether the multivariate normality is achieved for using the Maximum Likelihood estimation method

Data Examination

Multivariate Normality Test

**Table 3.2.** Assessment of normality (Group number 1)

Variable	min	max	skew	c.r.	kurtosis	c.r.
X1	4,000	7,000	-,507	-2,978	-,620	-1,821
X2	4,000	7,000	-,592	-3,475	-,268	-,787
X3	4,000	7,000	-,578	-3,393	-,408	-1,199
X4	4,000	7,000	-,577	-3,387	-,602	-1,768
X5	4,000	7,000	-,324	-1,903	-,567	-1,664
X6	4,000	7,000	-,526	-3,088	-,744	-2,186
X7	5,000	7,000	-,369	-2,167	-,984	-2,890
X8	5,000	7,000	-,411	-2,413	-1,019	-2,993
X9	4,000	7,000	-,433	-2,543	-,669	-1,963
X10	4,000	7,000	-,720	-4,231	-,711	-2,088
X11	5,000	7,000	-,161	-,943	-,561	-1,646
Multivariate					1,639	,697

Based on the table above, it shows the value of the critical ratio (c.r.) of the multivariate kurtosis coefficient generated is 0.697. Because of the value of c.r. this is much smaller than 2.58, so the multivariate data normality as a condition of using the Maximum Likelihood estimation method has been fulfilled. The next step is to conduct an outlier check.

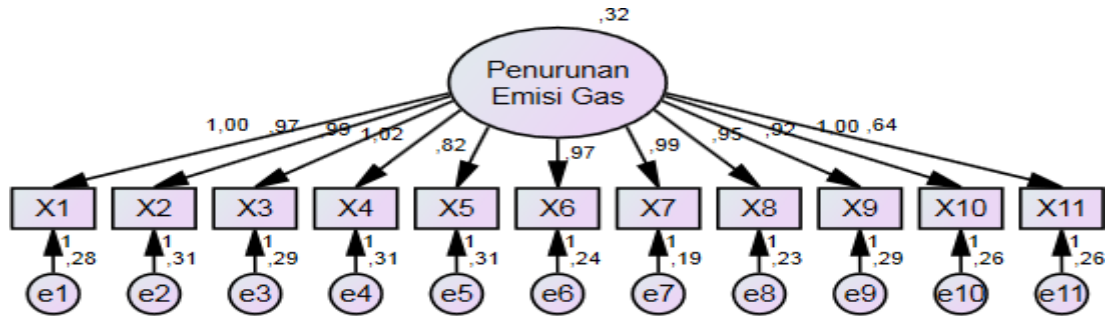
1) *Outlier Test*

**Table 3.3** *Outlier Test*

Observation number	Mahalanobis d-squared	p1	p2
113	26,605	,005	,665
123	26,416	,006	,325
158	26,326	,006	,120
10	25,963	,007	,049
119	24,747	,010	,057

Table 3.2 shows that there are no observations identified as outliers, because they have p1 and p2 values from Mahalanobis distance (Mahalanobis d-square) which are all greater than 0.1% (0.001)

**Figure 3.1** Goodness of Fit Model Evaluation



Chi Square = 59,215; Probability = ,062; DF = 44; NC = 1,346  
 GFI = ,949; AGFI = ,923  
 TLI = ,983; CFI = ,986; NFI = ,949; RMSEA = ,041

To get confidence whether the measurement model can be stated in accordance with the research data, then the calculation of the general compatibility test model measurement is carried out. Evaluation of the compatibility of the model is done by comparing the value of the model matched indices produced with the recommended model match index, as presented in the following table 5.7:

**Table 3.4** Evaluation of Compatibility Model Measurement

Fit Size	Value	Cut-off	Remarks
<i>P-value</i> dari Chi-square	0,062	> 0,05	Very good
Normed Chi-square (NC)	1,346	< 3	Very good
GFI	0,949	> 0,90	Very good
AGFI	0,923	> 0,90	Very good
TLI	0,983	> 0,90	Very good
CFI	0,986	> 0,90	Very good
NFI	0,949	> 0,90	Very good
RMSEA	0,041	< 0,08	Very good

Based on these results, the overall complete model is very good and acceptable.



## EVALUATION OF VALIDITY AND RELIABILITY OF CONSTRUCT

Evaluation of convergent validity, discriminant validity, and reliability was carried out using confirmatory factor analysis (CFA). Convergent validity indicates the extent to which each indicator of a construct is convergent or shares a proportion of variance. Convergent validity can be evaluated using standardized loading estimates, which is a minimum value of 0.5, or ideally above 0.7. In addition, all loading factors must be statistically significant (Hair et al., 2014).

### 1) Convergent Validity

Convergent validity indicates the extent to which each indicator of a construct is convergent or shares a proportion of variance. Convergent validity can be evaluated using standardized loading estimates, which is a minimum value of 0.5, or ideally above 0.7. In addition, all loading factors must be statistically significant (Hair et al., 2014).

**Table 3.5** Regression Weights: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
X11 <--- Reduction of gas emission	,636	,079	8,090	***	
X10 <--- Reduction of gas emission	1,003	,095	10,524	***	
X9 <--- Reduction of gas emission	,921	,094	9,826	***	
X8 <--- Reduction of gas emission	,951	,090	10,507	***	
X7 <--- Reduction of gas emission	,987	,089	11,117	***	
X6 <--- Reduction of gas emission	,973	,092	10,583	***	
X5 <--- Reduction of gas emission	,819	,091	8,997	***	
X4 <--- Reduction of gas emission	1,024	,101	10,180	***	
X3 <--- Reduction of gas emission	,993	,097	10,205	***	
X2 <--- Reduction of gas emission	,972	,098	9,947	***	
X1 <--- Reduction of gas emission	1,000				

Based on data processing shows all indicators have a p-value that is smaller than 0.001 (\*\*\*), so that all indicators are significant as a measure of the latent construct of reducing greenhouse gas emissions.

**Table 3.6** Standardized *Loading* Estimates

---

<b>Variable</b>	<b>Indikator</b>	<b>Deskripsi</b>	<b>Loading</b>
Emission reduction	X1	Global warming is a global issue at the moment and is very important to look for solution	0,730
Gas (PEG)	X2	Greenhouse effect is a picture of global warming conditions that occur at home	0,705
	X3	A proper amount of greenhouse gases can protect the earth and stay warm in space Dst	0,723
	X4	Excessive amounts of greenhouse gases causes global warming	0,721
	X5	CO2 gas will not contribute to greenhouse gases except N, CH4 and CFC	0,640
	X6	Efficient management by food producers can reduce food waste so that the environment is clean	0,748
	X7	Choosing local products	0,784
	X8	Information on eco-friendly behavior	0,743
	X9	Conducting activities and activities that enhance environmental sustainability	0,697
	X10	The existence of severe sanctions based on government regulation	0,744
	X.11	Efficient use of food to contribute in reducing greenhouse gas emissions.	0,578

---

Most of the indicators have a loading factor (estimated standard value) greater than 0.7, and only indicators X5, X9 and X11 which respectively have a loading value of 0.640; 0.697 and 0.578 against the PEG construct. Although these three indicators have a loading value below 0.7, they are still greater than 0.5 and are significant so that they can still be maintained.

Therefore, all indicators have a large enough loading factor and also statistically significant, so the convergent validity of this complete measurement model is fulfilled

## 2) Reliability

Reliability explains the internal consistency of each measurement indicator in measuring each of the latent constructs. Evaluation of reliability can be done using Cronbach's alpha statistics, composit reliability (CR), and average variance extracted (AVE). Each latent construct must at least have cronbach and CR statistics of 0.7 or higher, and AVE of 0.5 or higher (Hair et al., 2014).

**Table 3.7** Statistical Reliability Test  $\alpha$  Cronbach, CR, and AVE

Konstruk	Indicators	$\alpha$ Cronbach	CR	AVE
Reduction of gas emission	11	0,918	0,918	0,507

From the table above it can be seen that the latent construct of Gas Emission Reduction has alpha Cronbach and CR statistics which are all greater than 0.7. Besides that AVE for all constructs is also quite large, which is above 0.5. Thus it can be concluded that all constructs of Gas Emission Reduction are reliably measured by each indicator.

## IV. CONCLUSION

From the research that has been done, it can be drawn the conclusion as follows:

1. There are many companies who produce high carbon emissions in Central Java of 15.46%. This indicates the need for government oversight through sanctions imposed on violating companies
2. Respondents are aware of the understanding of global warming due to the presence of damaged ozone layer, while the greenhouse effect occurs due to the increased concentration of carbonoxide gas.
3. The impact on the earth's environment is getting hotter, the greenhouse effect is getting warmer, the greenhouse effect is getting warmer and the effect in climate becoming anomaly, unpredictable.
4. The attributes of disclosure of commitment dimensions to the reduction of greenhouse gas emissions consist of 11 items and 18 items of total disclosure of total greenhouse gases disclosed.
5. Common problems encountered:
  - a. Lack of commitment of company leadership to attempt to reduce greenhouse gas emissions
  - b. Planning to process waste is not good yet.
  - c. Plastic waste that does not decompose

- 
- d. There is leftover material, enough food left over
  - e. There are only few companies that disclose the total greenhouse gas emissions.
  - f. Consideration of costs and benefits in carbon disclosure will have a major impact on the company's finances, thus affecting the extent of disclosure.
6. Based on the Focus Group Discussion (FGD), it was obtained some input on the importance of using the principles of green industry, namely the use of technology with low carbon, which is supported by the application of 4Rs (reduce, reuse, recycle, and return) and competent human resources that will produce efficiency in raw materials, energy, water and the role of the government in terms of legal certainty for companies that violate

### **Limitations**

Limitations of this study are as follows:

1. The object of research is a company that diverse industrial sectors, so it does not focus and requires a long time to solve it.
2. The number of research objects has not been representative so the study is very limited.

### **Suggestion**

1. This study limits the existing companies in Central Java alone, so it needs to be considered in subsequent research to meet the full range of research results.
2. Subsequent research is able to use cecklist based on the Carbon Disclosure Project (CDP) questionnaire so that it can be known how many items of disclosure are made, considering the disclosure of gas emissions is not yet a mandatory disclosure
3. The results of this study after re-verification and established implementation methodology, may be used by companies to commit to reducing greenhouse gas emissions.

## **V. ACKNOWLEDGEMENT**

We would like to give thanks to Direktur Penelitian dan Pengabdian Masyarakat (DPRM) Kemenristek Dikti. for funding this study.

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