

CHAPTER I

INTRODUCTION

1.1. Background Research

Human inventions are developing every day. Technology and science are the two huge things those inventions ever produced. The idea behind is to help people live their lives better and easier in any good way. Educations, buildings, cars, communication tools, health drugs and so on are common things that people use every single day, especially those who live in developed country or city. Fairly said, technology and science can hardly be separated from people's lives. Along with them, people produce products and services, which now become most of the sources for income and business activity. Apart from being helpful, technology and science have done a great deal of contribution to crisis. Both inventions and innovations need huge resources, which comes from the nature. People took too many without noticing the bad effect that resulted from damaged nature, at which point affected world economics as well.

One of many inventions of technology and science is transportation. Although it is produced with a good purpose to helping people, it is also a concern for both nation and environment, since the technology and science of automotive resulted in bad effect to its surrounding. The bad effect caused mostly by pollution and nature waste, which is very dangerous for nature balance and human's safety and health. Japanese companies, as the first foreign partners

introduced, are well known to use natural and non-renewable resources efficiently, training PT Astra International Tbk's personnel on good housekeeping practices and operational efficiency. In the early year of 1980, the formation of the first Environment, Health & Safety (EHS) Committees focused on the awareness for fire and loss prevention. By the end of 1980s, as regulations on the environment were introduced, the Company saw the need for a means to monitor waste, and initiated an Environmental Laboratory which has supported affiliated companies in measuring wastewater usage. Nevertheless, end-of-pipe approaches did not prevail, for wastewater treatment plants are increasingly expensive to build and operate. The world trend towards Cleaner Production and Zero Waste were then introduced as a pro-active and more comprehensive way of dealing with pollution, determining more efficient processes and material substitutes less hazardous to human health and the environment.

PT Astra International Tbk, as one of the biggest leading automotive companies in Indonesia, and with the fact of both two-wheeler and four-wheeler automotive are in the lead, holds big responsibility towards Company surrounding, socially and environmentally. As PT Astra International Tbk tries to provide transportations, it is also an act of exploitation of nature to produce automotive which lead also to bad effect of pollution. The Company manages to deal with the problem through varieties of CSR (Corporate Social Responsibility) Programs, particularly in Environmental Sustainability Programs. The result from the operation of Environmental Sustainability Programs is considered to be a success, because it has minimalized nature waste and raised public awareness.

Nevertheless, the starting of those programs needs a large amount of funding. But, through that program, PT Astra International Tbk's profitability and business growth have known to be increased, despite the large amount of money spent. From that matter, Writer is interested to analyze the effect of Environmental Sustainability Programs towards profitability, specifically focused on the Earnings per Share (EPS) of PT Astra International Tbk.

1.2. Purpose of the Research

The research of the "Effect of Environmental Sustainability Programs toward Earnings per Share of PT Astra International Tbk" is conducted:

1. To evaluate the implementation of Environmental Sustainability Programs of PT Astra International Tbk
2. To evaluate the effect of Environmental Sustainability Programs towards Earnings per Share of PT Astra International Tbk
3. To obtain other advantages resulted from the operation of Environmental Sustainability Programs for PT Astra International Tbk and other parties.

1.3. Problem Formulation

One of the reasons behind a research idea is the experience of practical problems in fields, which are elaborated into problem formulation as follows:

1. How are the operations and compliances of Environmental Sustainability Programs of PT Astra International Tbk?

2. What are the advantages offered by the Programs?
3. What is the effect or influence that the Programs have toward Company's Earnings per Share?

1.4. Advantages of the Research

The research is not only written for requirement but also for other advantages. Writer sees the advantages to provide information and make analysis for the Company itself, for Writer, and for other parties who read this Thesis.

1. Advantages expected for PT Astra International Tbk

By doing this research, Writer hopes to be able to present useful information based on Writer's research and analysis regarding Indonesia's current environment condition, so that the Company can make more programs to fit in, which will give good impact also for Company's profitability through Earnings per Share.

2. Advantages expected for Writer

Writer is honored and proud to finally be able to write this Thesis. The advantages that writer feels are the opportunity to apply and practice all the theories and lessons learned in UPH, and also the opportunity to combine those theories and lessons with the reality of events occurring outside campus.

3. Advantages expected for other parties

Writer hopes to give valuable information also for other parties who read this Thesis, especially for those who hope to start a business, so they can pay more attention to the environment.

1.5. Research Methodology

Writer has formed Research Methodology in order to use, gather, and analyze data and information needed, through:

1.5.1 Data Resources

Data resources are divided into two categories:

1. Primary Data

Primary data is the main source data, which comes from textbooks, journals, magazines, newspapers, scientific researches, and articles.

Primary data is important in gathering and accessing all of the information needed in writing this Thesis.

2. Secondary Data

Secondary data is supplementary and supporting data for the primary one, which is gathered and gained through literature research.

1.5.2 Data Collection Method

To have a better analysis on the Topic, Writer adopts Literature Research as data collection method, which researches are taken from information provided

in varieties of textbooks and written media, as well as Internet. Furthermore, the most important resource for this research is based on financial disclosures and sustainability reports from PT Astra International Tbk.

1.5.3 Data Analysis Method

Writer applies Descriptive Method as a basic method in analyzing data. Descriptive Method will be applied to compare and combine theories and facts regarding the implementation of Environmental Sustainability Programs and the effect they have on Earnings per Share of PT Astra International Tbk. Descriptive Method is also used to summarize all data and information that had been gathered throughout the process of completing this Thesis.

1.6. Writing Scheme

Writer provides Writing Scheme as a big picture of all chapters that are about to be presented in this Thesis. Each chapter has its own specification and contains particular information regarding the topic. Moreover, each chapter provides information that will bring this Thesis into whole completion. Writer has divided this Thesis into five chapters:

CHAPTER I: INTRODUCTION

Chapter 1 gives information as to background research, problem formulation, purpose of the research, advantages of the research, research methodology and the writing scheme of this Thesis.

CHAPTER II: THEORITICAL BASE

The second chapter provides theoretical information and will be discussing the relevant theories regarding Thesis' Topic. Most of the theories will be taken from textbooks and what has Writer been studying in UPH. Other books, journals, reports and other relevant media will be needed to support the theoretical base.

CHAPTER III: RESEARCH METHODOLOGY

The third chapter provides specific information about the Case Study Object, Research Phases, Data/Information Collections Method, and Technique Analysis/Evaluation Case Study.

CHAPTER IV: ANALYSIS

The fourth chapter provides information that has been analyzed and focus on the implementation and operation of Environmental Sustainability Programs and the effect towards Earnings per Share of PT Astra International Tbk.

CHAPTER V: CONCLUSION AND RECOMMENDATIONS

The fifth and also the last chapter provide the summary of all analysis and Writer recommendation for Astra Company based on research that will be covered in this Thesis. Chapter five will also be answering the problems formulation that Writer has provided and Thesis' limitation.