EFFECT OF THE LEVEL CHARACTERISTICS IMPLEMENTATION OF CSR IN INDONESIA TOWARDS THE COMPANY'S RELATIONSHIPS WITH THEIR STAKEHOLDERS

Desy Dwi Aprillia, Hermin Rahayu Pertiwi & Annisa Maghfirah
Faculty of Human Ecology
Bogor Agricultural University
aprilliadesy@gmail.com

ABSTRACT

Sukada et al. (2007) defines Corporate Social Responsibility (CSR) as a management efforts undertaken every business entity to achieve the goals of sustainable development based on balanced pillar of economic, social and environmental, to minimize negative impacts and maximize positive impacts on each pillar. In 2007, Indonesia became the first country to regulate CSR into a regulation by passing the law about corporate number 40 which regulates the social responsibility. Generally, the implementation of CSR by companies in Indonesia has been well through community empowerment in many sectors. On the other hand, there are some companies that do not maximize the application of CSR in corporate development. This condition is suitable with the Sukada’s theory (2007), stated that CSR has a level characteristics, namely: charity, philanthropy, and corporate citizenship. The concept of CSR is still a learning experience for some companies that so many years have concept about finding the maximum profit is the only responsibility of the company. Actually companies also have a responsibility towards the environment, both the social and physical environment. Therefore, the research is made to analyze the impacts of different CSR on the company based on the company's relationship with their stakeholders. The method will be used for research is the study of literature. This research is expected to show that the differences in the level of the characteristics of CSR undertaken by the company have different impact on the company's relationships with stakeholders.

Field of Research: CSR, CSR characteristics, relationships with stakeholders

1. Introduction

Corporate Social Responsibility (CSR) is a concern that the company set aside some of the profits (profit) for the benefit of human development (people) and environmental (planet) in a sustainable manner based on appropriate procedures and professional (Marlia 2008). According to Asyhadie (2008), CSR can be defined as a company's commitment to account for the impact of its operations in the social, economic, and environmental, as well as continually keep these impacts contribute benefits to society and the environment. The concept of corporate social responsibility emerged as a result of the fact that it is basically the natural character of every company is looking for maximum benefit without regard to the welfare of employees, society and the natural environment. Along with the increased awareness and sensitivity of the company's stakeholders the concept of social responsibility emerged and became an integral part to the company's survival in the future. Corporate social responsibility can be defined simply as a concept that requires companies to meet and consider the interests of stakeholders in its operations for profit. The mean of stakeholders is shareholders, employees (workers), customers, local communities, government, non-governmental organizations (NGOs), and others (Jonathan 2007).
The process in performing its social responsibility, the company focus is on three things: (profit), community (people), and environmental (planet). The company must have an adequate level of profitability because earnings are the foundation for the company to grow and maintain its existence. Sufficient profits will make the company can share dividend to shareholders, giving just compensation to employees, allocate part of profits accruing to the growth and development of business in the future, pay taxes to the government, and give the expected multiplier effect to the community. Having regard to the public, companies can contribute to improving quality of life. Attention to the community to do with the way companies conduct activities and policies designed to improve the well-being, quality of life and community competence in various fields. According to Wibisono as proposed by Ronny Irawan (2008), the company gained some advantages for implementing social responsibility, among others: to maintain and boost the company's reputation and brand image; worth getting a license to operate (social license to operate), to reduce the risk of the company's business; widen access to resources; expand the access to the market; reduce costs; improve relations with stakeholders, to improve relations with regulators, and improve employee morale and productivity.

The existence of CSR in Indonesia is regulated in Law Number 40 of 2007 on Limited Liability Companies, Article 74 paragraph 1, which states that "The company that runs its business activities in the field and/or related to the natural resources required to carry out social and environmental responsibility". However, in the course of CSR in Indonesia many problems and obstacles it faces, such as CSR has not been socialized properly in society. This causes the CSR program has not been rolling with it should be, because the general public do not understand the purpose of the CSR program, the things he can do and how people can collaborate with corporate procedures (Susiloandi 2008). On the other hand, the tendency of companies to gain maximum profit, and differences in the characteristics enterprises in implementing corporate social responsibility is also a critical issue in the implementation of CSR in Indonesia, thus adversely affected the development of the company. Therefore, the need for synergy between the business (corporate), community members, stakeholders, and government to continuously build and create a more prosperous society and a quality environment will determine the success of nation building.

2. Workplace Experiences

Corporate Social Responsibility is an improved quality of life that has meaning the ability of human beings as individual members of the community to be able to respond to the social conditions that exist and be able to enjoy and take advantage of the environment, including changes in existing as well as maintain. In Indonesia, the discussion continues about the concept and travel of CSR. There is agreement and disagreement, especially when the government is specifically made law on social responsibility, which in Article 74 of the Company Law. The issue of Corporate Social Responsibility (CSR) is growing not only social, but has entered into aspects of business and restructuring corporation. Increasingly, CSR is no longer seen as a case of necessity, but as a necessity. Than originally considered as a cost, are now beginning to be positioned as an investment (Ash’ari 2009).

A review in the Magazine Marketing Edition (2007), states that the most recent debate on CSR is about the impact of the program on corporate profits. The offender is required to join the program thinking that can support corporate sustainability and CSR activities themselves. In this case, the company's strategy should be responsive to conditions that affect the business, such as global change, new trends in the market, and the unmet needs of stakeholders. Issues related to the impact, the Global CSR Survey could not show how important CSR. Survey in 10 countries shows that the majority of consumers (72%), said it was buying products from a company and recommend it to others as a
response to CSR by the company. In contrast, 61% of them are already boycotti ng products from companies that do not have social responsibility (Ash'ari 2009).

Corporate Social Responsibility (CSR) in Indonesia increasingly popular use since the 1990's. Some companies have actually been doing CSA (Corporate Social Activity) or "corporate social activities". Initially, though not named as CSR, in fact approaching the concept of CSR action represents a form of "participation" and "caring" company for social and environmental aspects. Social care establishments primarily based on the reason that the company's activities have an impact (for better or worse) for the environmental and socio-economic communities, particularly around the company operates. In addition, the owner of the company is actually not just shareholders, but also stakeholders, namely the parties interested in the existence of the company. Stakeholders may include employees and their families, customers, suppliers, community enterprises, non-governmental organizations, the media and the government as regulator (AB Susanto 1997).

One example of a mining company enough to contribute to the national economy of Indonesia, illustrates the importance of CSR for the sustainability of the company's operations, especially the relationship with stakeholders. CSR company is engaged in many fields such as health, education, infrastructure, and grants. CSR program can be health-feeding for pregnant women and children under five, and education aimed to provide scholarships for children of employees of the company, while the infrastructure visible from the street development, mosque or infrastructure. The company considers when all fields can be repaired it will positively impact their relationship with the rest of stakeholders.

3. Workplace Dissonance

Problems that still exist in the implementation of CSR in Indonesia namely stakeholder needs unsuitable. According to Susanto (1997), the community is one of the stakeholders who have contributed to the survival of a company. Therefore, the company with the necessary form of communication and cooperation both as a corporate partner. One form of corporate social responsibility that is often applied in Indonesia is community development. Companies that promote this concept will emphasize social development and capacity building so that it will explore the potential of the local community into the company's social capital to advance and develop. In addition to creating socio-economic opportunities, employment with the desired qualifications, it is also able to build its image as a friendly and caring environment, and the growing sense of trust from the public. Taste has slowly emerged from the community so that people feel that the company's presence in the area they will be useful and beneficial.

The concept of Corporate Social Responsibility involves responsibility partnerships between governments, agencies, community resources, as well as local communities. This partnership is not a passive or static. Partnership is a shared responsibility among stakeholders socially (Asy'ari 2009). Companies in Indonesia generally understand CSR only as a philanthropic activity. Although there is awareness that CSR is not just a charity, which is to realize that CSR is trying to contribute to the development and sustainable community development, but it is rather collide with the convening of program options.

CSR programs are still dominated by infrastructure support activities and donations to various religious activities, prevention and health hazards for disaster relief. If there are long-term programs such as the quality of coaching education and healthcare environment, was still fragile and questionable sustainability. This view is motivated by the large downtrend conduct CSR programs alone, yet it appears the awareness to hold a strategic partnership with elements of civil society, local government and a number of other institutions, both in terms of compliance with long-term planning of regional development, as well as about matching resources with business and other local governments. The
pattern of long-term partnership is significant pressure on the substance responsible for the sustainability of the social, economic and environment is a shared responsibility.

4. Effects on Subsequent Intentions

All people, groups and organizations essentially have a social responsibility on the environment. Social responsibility is an ethical or organization and the ability to do well on the social environment based on rules, values and needs. Doing good a part of social life and in terms of intelligence, and so doing good is one element of spiritual intelligence (AB Susanto 2002). Efforts to be able to maximize the positive and minimize the negative impacts of presence of the company, the implementation of CSR should support the core business objectives of the company. Therefore, Philip Kotler and Nancy Lee (2005), gives an interesting note to be underlined: "that in a company once did, the idea and implementation of CSR is worth fighting for and marketed to corporate staff other both horizontally (to the other) and vertically (to subordinates or superiors) ". As one of the instruments to encourage realizes the idea of economic equality, social justice and environmental sustainability, CSR implementation is the responsibility of the company in a comprehensive sense.

Good implementation of this instrument requires the translation of the values of social and environmental ethics further in the organization. Prerequisites this requires a process that may not be short and should be more comprehensive than it has done in most companies today. On the one hand, if the implementation can be implemented either as a form of corporate social responsibility to stakeholders, it would seem that the company and stakeholder relationships are formed in accordance with the expectations of each party. Both mutual support and benefit from these implementations. Stakeholders, such as the community can benefit from the use of natural resources by the company, while the company can take advantage of the natural resources are expected as a factor of production. In addition, the relationship of cooperation and communication should also be established with other stakeholders, such as community organizations, governments, and other parties as a partner of the company. This will form a good balance in the use of and accounting for the use of natural resources.

5. Theoretical Framework

Figure 1: Theoritical framework of the study

Focus of this study is to examine the effect of the level characteristics implementation of CSR’s company to the relationships between company and their stakeholders (Figure 1). The instrument analysis which used to see the level characteristics implementation of CSR’s company is adopted from Sukada’s theory (2007). This theory presents three level characteristics implementation of CSR’s
company, which is Charity, Philanthropy, and Corporate Citizenship. The variable of relationships between company and their stakeholders will be analysed by Domini’s theory (1997). Domini present four classifications of relationships between company and their stakeholders, that is strong, occasionally strong, occasionally poor, and poor. For attain the objective of this study, writers will made reference to the other theory too which is related to the topic of this study.

6. Methodology

6.1 Sample and data collection method

This study uses the secondary research method or literature study. The sources of this study are books, articles, internet, regulation, erudition, and the other sources which is related to the objective of this study. Writers used the secondary research method because writers hope the written scientific evidence is adequate to prove that the level characteristics implementation of CSR influence to relationships between company and their stakeholders. The other reason of the use of this method is the fact that writers is the active student in college, so the secondary research is more enable to use than primary research.

6.2 Instrumentation

The following table shows the variable of the level characteristics implementation of CSR and the variable of relationships between company and their stakeholders. This variable is adopted from Sukada (2007) dan Domini (1997).

Table 1: Instrumentation of the study variables

<table>
<thead>
<tr>
<th>Study Variables</th>
<th>No. of Items</th>
<th>Source of Scale</th>
<th>Type of Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>The level characteristic implementation of CSR</td>
<td>7</td>
<td>Sukada (2007)</td>
<td>3-points Likert scale</td>
</tr>
<tr>
<td>Relationship between company and their stakeholders</td>
<td>7</td>
<td>Domini (1997)</td>
<td>5-points Likert scale</td>
</tr>
</tbody>
</table>

7. Finding & Discussion

7.1 Reliability analysis

We used a secondary data, so we used literacy data in any research, one of them are thesis research for secondary data in the form of company profiles and an overview of CSR programs that have been implemented by the one of the private company which has specialization in coal company. Questionnaires were taken from a mining company CSR indicators standardization issued by the Business for Social Responsibility. Indicators are classified into five dimensions contained in SERVQUAL method of thus company classifying community development programs in seven areas, namely the development of agribusiness, health and sanitation, education and training, infrastructure development, development of Small and Medium Enterprises (SMEs), conservation of nature and culture, as well as strengthening the capacity of community and government. Empowerment programs company is
directed towards the development of natural resources that is renewable and is aligned with the East Kutai regency government programs. Regarding CSR program that has been run by this company is not fully effective, because overall there are some variables that are below the average gap. Based on the gap analysis of the negative gap values obtained on all variables. This indicates that the communities as beneficiaries are still not satisfied with the performance of CSR programs that have run this company, so the performance of the CSR program should be further enhanced. In improving the effectiveness of CSR programs, this company must consider several aspects that support the effectiveness of the program. Aspect is the aspect of individuals, groups and organizations. By using quadrant analysis of each of the variables that are in the first quadrant (priority) are classified into three aspects, which can be used in the formulation of strategies to improve the effectiveness of CSR programs company. Variables are referred to individual effectiveness is the ability of officers to assist the community, the alertness of officers in response to local requests for assistance, sincerity in upholding the interests of the public officials who assisted. For the effectiveness of which is a good communication link between the company and the community, life skills training programs are used by people for everyday life and educational programs carried out in a sustainable manner (continuity of educational programs).

In contrast to the effectiveness of the organization in this case is this company, variables which includes monitoring and evaluation of CSR programs, and caring corporate citizen complaints about means of shelter and care to the surrounding environment. The results of the analysis of the implementation of CSR this company shows that in every district there are variables that should be prioritized to be addressed by the company. Broadly speaking, the variable is almost present in all regions of the target this company. The variables in question are communications, the quality of human resources as professional assistants, program evaluation and monitoring, corporate responsiveness, consistency of the program, and concern for environment. Thus, in general it can be said that in order to achieve an effective CSR program, this company should consider variable. Based on the scope of the study, further research is expected to not only be based on an assessment of the community as beneficiaries but also involves the government as policy makers related to the implementation of the Corporate Social Responsibility of a company on a specific area.

7.2 Descriptive analysis

Based on the study were obtained from a study circle that CSR is an institution focused dealing with CSR. CSR stated that there had not yet reached the stage characteristics of corporate citizenship. This was confirmed by the absence of performance on these characteristics, and then the relationship between the three stakeholders, namely corporate, government, community (residents and NGOs) helped each other, reaching the goal of sustainable community development principles. According to the theory of the triple bottom line (Elkington 1997) of their own entity there. Allegations that with the low level of CSR is the characteristic pattern of relationships between stakeholders not be too good, in terms of what motivates just part of life and holistic so as not to bind to one another, then the problem is only solved for a while, such as disaster nature requiring immediate assistance and the recipient solely devoted to the needy, CSR is considered as an obligation. While riding at a later stage, the level of philanthropy characteristics based on the application of the rules have been decided, usually have universally valid and reach wider society with a program planned and organized, at this level between stakeholders established closer relationships and mutual aid, but only a formality and common interests certainly quite different from the highest levels of citizenship in the form of contributions corporate CSR internalized within the company itself, of course, perfection is an institutionalized form a partnership between stakeholder interconnected.
In the workplace experience, we give the explanation of one of the mining companies in Indonesia, which also received an award from their CSR performance. If further analysis of the instruments defined CSR program is one example in the health sector, activities such as the distribution of milk and vitamins for pregnant women and children under five when seen from the motivation is still considered adaptation to the conditions sosiodemographic. The mission to improve the health conditions of the people as a matter of local communities, the management of the program was limited to short-term and unsustainable, the organizing committee is still shaped, beneficiaries belonging to the poor and poor health, the contribution of the program is still relatively social grants, and inspiration to carry out activities only based on the obligation. Therefore, based on the results of this analysis it is still classified as CSR activity level characteristics in charity. Relationships between stakeholders sometimes considered weak, based on the instruments used the results of the analysis of the program there is still controversy between stakeholders and harmony and not closely related. So it is still very difficult when creating an integrated and comprehensive program.

8. Conclusion and Future Recommendation

Based on the above results, showed that not all CSR has implemented CSR to achieve corporate citizenship, despite the fact that some companies have earned awards for its CSR program. Therefore it is very important to know how much the level of characteristics of a CSR program changes. Companies should interpret the deeper meaning of CSR itself is actually included in the company's.

References
