

Conference Paper

The Mapping of Corporate Social Responsibility (CSR) Implementation Model Activities in East Java

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Abstract

This study aims to map the implementation model of Corporate Social Responsibility (CSR) in East Java, while the specific objectives are: (1) to identify the CSR implementation model done by CSR executing corporations in East Java; (2) identify the model of cooperation done by corporations with partners in East Java, and (3) identify the forms of activities organized by corporations through CSR in East Java. The study was designed on a regional scale with regencies/cities spread throughout the East Java Province. This research is an explorative study designed using the approach of Mixing Methods, which is a research with qualitative and quantitative approaches, which want to examine in depth a phenomenon (in-dept interview) exist in society by not manipulating the research variables (expose facto) and not connecting between variables statistically. Broadly speaking, data analysis was done using the following steps: (a) Grouping data according to the problems to be answered; (b) Analyze the data through the stages of checking, editing, and tabulation that are adjusted to the type of data. This stage is done both qualitatively and quantitatively; (c) Formulate the implementation model of Corporate Social Responsibility (CSR). The results show that: (1) The model of the implementation of CSR in the majority is in the form of charity, the rest is the pattern of organizing CSR with the nuances of empowerment. This charity-shaped implementation model will have an impact on the behavior and utilization of CSR funds by the target groups of CSR recipients. (2) The plasma core pattern is the most common model of collaboration done by corporations, while the agency model is the least cooperative model done by corporations. (3) The form of CSR activities that are mostly done by corporations is venture capital, while physical development is a form of CSR activities that are rarely done by corporations.

Keywords: Corporate Social Responsibility (CSR), Corporation, CSR implementation model

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1. Introduction

The development of CSR and corporate acceptance of CSR, like a snowball rolling up. The concept of social responsibility was first described by Howard R. Bowen in 1953.

After that, enrichment concept began from the 1960s to the present. The development of CSR concepts that occurred during the period of fifty years has changed CSR orientation a lot. If initially CSR activities are based more on philanthropic activities, at this time we see that CSR has become one of the corporate strategies to improve corporate image which will also influence corporate financial performance.

The emergence of the Earth Summit in Rio, Brazil in 1992 emphasized the concept of sustainability development as something that must be considered, not only by the state, but especially by companies whose capital strengths are increasing. The results of the Earth Summit Conference, agreed on a change in the development paradigm, from economic growth to sustainable development. In line with the introduction of sustainability development concept, the CSR concept has also been adjusted and developed in the frame of sustainability development. This is reflected in the definition of CSR provided by the Organization for Economic Cooperation and Development (OCED) as a "business contribution to sustainable development and that corporate behavior must not only guarantee returns to shareholders, wages to employees, and products and services to consumers, but they must respond to social and environmental and value."(Kartini: 2009)

As a result of the continued acceptance of the concept of CSR in the framework of Sustainable Development, all corporate impacts on the economy, social and environment must be reported by companies in their annual Sustainability Report. The Sustainable Report or Citizenship Report is now become a mirror that illustrates the extent to which corporate social responsibility toward their stakeholders. Community Development (comdev) is believed to be an actualization of PKBL / CSR which is more meaningful than just charity (Ambadar, 2008: 34). In the past four years Corporate Social Responsibility (CSR) has indeed become a trend in Indonesia. Many people talk about Corporate Social Responsibility (CSR) and more companies are implementing the program. However, socialization efforts need to be continually improved so that more corporations realize and understand the importance of CSR.

Admittedly, on the one hand large-scale industrial or corporate sectors have been able to contribute to national economic growth, but on the other hand the exploitation of natural resources by the industrial sector often causes severe environmental degradation. The general characteristics of large-scale corporations usually operate in an enclave or separately, and give impact to dual society perspective, which is the growth of two paradoxical economic characters in one area. Based on Slihin (2009: 10) there are two Corporate Social Responsibility, the first is internal and the second is external.

Internal matters involve transparency, so there is a good corporate governance. Among public companies are measured by information disclosure.

The implementation of CSR in Indonesia is based on the foundation of the constitution Law No. 40 of 2007 concerning Limited Liability Companies. The Law on Limited Liability Company Article 74 states that the company is required to do CSR. If not, the corporation will be subject to sanctions in accordance with the laws and regulations. Corporations that are obliged to do CSR are those whose business activities are related to natural resources. While corporations that do not using natural resources may doing CSR voluntarily. Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises is also a legal basis for the implementation of CSR in Indonesia. Based on these provisions, State-Owned Enterprises can provide financing from the allowance for annual profits allocated to Micro and Small Enterprises. The total allowance for program funding is a maximum of 2% of the net profit for the Partnership Program and a maximum of 2% for the Community Development Program.

The Constitutional Court (MK) in its ruling on April 15, 2009 rejected Kadin's material test lawsuit against Article 74 of Law Number 40 of 2007 concerning Limited Liability Companies regarding Social and Environmental Liability for companies relating to natural resources. Because the Constitutional Court's ruling is final and binding, it is better for us to look at the positive side, that is the synergy between the Article Social and Environmental Liability and the Income Tax Law 36/2008 article 6 paragraph 1 letter a which now imposes several types of social donations as costs, those are.

1. Scholarships, internships, and training;
2. Donations in the context of national disaster management whose provisions are regulated by Government Regulations;
3. Donations in the framework of research and development carried out in Indonesia whose provisions are regulated by Government Regulation;
4. The cost of developing social infrastructure whose provisions are regulated by Government Regulation;
5. Donation of educational facilities whose provisions are governed by Government Regulations: and
6. Donations in the context of sports coaching whose provisions are governed by Government Regulations

The implementation of CSR in the Province of East Java has been well developed, and this has indeed contributed significantly to the implementation of development in

the East Java region. Siswoyo (2009), out of 70 sample corporations (which held CSR) involved 22,617 targets of CSR recipients (consisting of individuals, community groups, organizations, districts) with a nominal value of CSR reaching Rp. 418,291,214,191.00. The forms of CSR activities done by corporations are very diverse, including the following:

1. Concern for customers,
2. Development of human resources through formal and non-formal education,
3. Green environment development,
4. Increased awareness of clean and healthy living behavior,
5. Providing support in community development and socio-economic environment

Therefore, it is necessary to formulate the management of CSR implementation in East Java, so that there is a common perception of the philosophy of CSR by the organizers or executors. Taking into account the priorities of development programs in East Java in poverty alleviation, job creation, education, health, and corporate interests in implementing CSR programs, the model for implementing Corporate Social Responsibility (CSR) programs is expected to contribute to development in East Java.

2. Research Objective

The General Purpose of this study was to map the implementation model of Corporate Social Responsibility (CSR) in East Java, while the specific objectives were 1. To identify the model of CSR implementation done by CSR executing corporations in East Java; 2. Identifying the model of cooperation done by corporations with partners in East Java, 3. Identifying forms of activities organized by corporations through CSR in East Java.

3. Method

The study was designed on a regional scale with regencies / cities spread throughout the East Java Province. This research is an explorative study designed using the approach of Mixing Methods, that is a research with qualitative and quantitative approaches, which want to examine in depth a phenomenon (indepth interview) exist in society by not manipulating the research variables (expose facto) and not connecting between variables statistically. This study concerns events that have occurred that relate to current conditions. This research will explore dynamic data individually through interview techniques,

observation, documentation and Focuss Group Discussion (FGD). Determination of the sample using purposive cluster sampling technique. Based on this technique (taking into account population homogeneity) samples are determined as many as 15 districts / cities.

The collected data is analyzed, directed to obtain an overview of the implementation model of CSR-PKBL in East Java. Thus it can be stated that the data analysis technique used is Discourcess Analysis. Broadly speaking, data analysis is done with the following steps: a) Grouping data according to the problems to be answered; b) Analyze the data through the stages of checking, editing and tabulation that are adjusted to the type of data. This stage is done both qualitatively and quantitatively; c) Formulate the implementation model of Corporate Social Responsibility (CSR).

4. Result and Discussion

4.1. Implementation model of CSR

The CSR implementation model includes charity and empowerment whose details can be seen in the following table.

TABLE 1: The CSR implementation model.

No.	Implementation Model	Total	Percentage
1	Charity	1444	63.67%
2	Empowerment	824	36.33%
Total		2268	100.00%

The most CSR implementation model (62%) is in the form of charity, the rest is the pattern of implementing CSR with empowerment nuances of 38%. The organizing in the form of charity will have an impact on the behavior and utilization of CSR funds by the target groups of CSR recipients. This is inline with the findings above that the implementation of CSR is not well planned, and generally didn't do Money and follow-up. The purpose of CSR is to empower the community rather than deceive the community. Empowerment aims to create an independent society. During this time CSR is mostly measured from the point of view of how much money you spend. Actually it's not just money, money is only part of the value because there is something that can't be valued with money. Intangible value, to what extent your company is active and proactive toward the environment. The social issue is often only understood as a form of generosity. In fact, generosity is only a small part of CSR.

Corporate perception that the task of empowering the community is the government's responsibility and the position of the company as a supporter. Therefore the corporation responds that activities involving government agencies should not be allocated costs. If government are involved in the implementation of CSR, but without contributing significantly to the financial aspects or infrastructure, it is generally perceived poorly addressed by the corporation. Looking at things like the above, it's time to think of an institution that is expected to be able to plan, organize, coordinate, mediate, facilitate, monitor and follow up. The institution can be a CSR Forum formed by the Government. The forum should consist of elements of the Government, Corporations, Target Communities, Universities, and other parties concerned to improve the empowerment model in the implementation of CSR.

4.2. Model of cooperation done by corporations with partners

The model of collaboration done by corporations with partners includes core plasma patterns, sub-contract patterns, general trade patterns, agency and franchise. Those model can be seen in the following table.

TABLE 2: The partnership cooperation model.

No.	Partnership Model	Total	Percentage
1	Core Plasma Pattern	403	46.16%
2	Sub-Contract Pattern	243	27.84%
3	General Trade Pattern	93	10.65%
4	Agency	8	0.92%
5	Franchise	126	14.43%
Total		873	100.00%

The plasma core pattern is the most common pattern of cooperation done by corporations, which is 46.16%, while subcontracting patterns are done by 27.84% corporations, then the franchise pattern is ranked third by 14.43% corporations and agency patterns are done by 10.65% and the least done is agency that is equal to 0.92%. The CSR is generally in the form of charity, the rest of the pattern of CSR implementation with this nuance of empowerment will have an impact on the behavior and utilization of CSR funds by the target groups of CSR recipients. This is inline with the findings above that the implementation of CSR is not well planned, and generally didn't do Money and follow-up.

4.3. Form of activities organized by the corporation

The forms of CSR activities include venture capital grants, soft loans, training, assistance, scholarships, institutional strengthening, and other forms of activities. Those form of activities can be seen in the following table.

TABLE 3: Form of CSR activities.

No.	Form of CSR Activities	Total	Percentage
1	Venture Capital Loan	892	38.82%
2	Soft Loan Business Capital	623	27.11%
3	Training	93	4.05%
4	Assistance	185	8.05%
5	Scholarship Award	87	3.79%
6	Institutional Strengthening	208	9.05%
7	Disaster Management	134	5.83%
9	Physical Development	76	3.31%
Total		2298	100.00%

The most frequent form of CSR activities done by corporations is the granting of venture capital that is 38.82%. While the forms of CSR activities outside the grant business capital successively are as follows: soft loan business capital (27.11%), institutional strengthening (9.05%), assistance (8.05%), disaster management (5.83%), training (4.05%), scholarship award (3.79%), and Physical development (3.31%). In this kind of practice, the target community that is the object of CSR perceives the corporation as a company that has a good brand image. For example, CSR funds are packaged in the form of providing business training, provision of free seeds, giving price relief for animal feed (paid behind with low prices without added credit interest). However, there are still various problems in the field related to the implementation of CSR by the company.

The opinion of some people is that CSR is identical to 'tribute' or corporate 'cash' assistance to the public. This condition does not provide a good climate for the utilization of CSR funds for the benefit of developing the activities of productive economic activities for the people who obtain them. This is due to people's perception that the funds do not need to be developed because of their gift nature. In addition, the company policy when the CSR program is mixed with partnership activities, so it is not clear the amount and form. This was done by the company under the pretext of integration and optimization of the benefits of CSR for the development of micro-small businesses under the guidance of the corporation. CSR is obscured by corporations in order to perceive 'convenience' or 'free training' by target communities who are also fostered by corporations.

Most people believe that CSR is an ordinary contribution that the company should do as a form of concern for the surrounding community. They generally understand that CSR is only intended for social activities in the company environment. The same perception is often done by corporations under the pretext of securing core competences from the company concerned. This shows that the nature of CSR implementation has not been fully understood substantially by both parties.

However, by not reducing the positive side of CSR activities that have been running, often the implementation in the field is still encountered various problems. Therefore, a formula is needed regarding the model of CSR implementation in East Java. The formulation of the management of CSR implementation does not mean limiting the freedom of corporations to implement their creative ideas. A corporation certainly has an interest in the model or form of CSR, which may be due to capacity reasons, or strategies related to the development of its business. However, the implementation model is still prioritized as a CSR implementation guide line in East Java, so there is a common perception of the philosophy of CSR by the organizing corporation or its executor.

5. Conclusion

5.1. Implementation model of CSR

The implementation model of CSR in the majority is in the form of charity, the rest is the pattern of organizing CSR with the nuances of empowerment. The pattern of organizing in the form of charity will have an impact on the behavior and utilization of CSR funds by the target groups of CSR recipients. This is in line with the findings above that the implementation of CSR is not well planned, and generally didn't do monitoring and evaluation also follow-up.

5.2. The model of cooperation done by corporations with partners

The core plasma pattern is the most common pattern of cooperation done by corporations. The next model of cooperation done by corporations with partners is subcontracting, franchising, general trade patterns, agency patterns and the least done is agency.

5.3. Form of activities organized by the corporation

The forms of CSR activities that are mostly done by corporations are venture capital grants. While forms of CSR activities outside of the successive venture capital funds include the following: venture capital soft loans, institutional strengthening, assistance, disaster management, training, scholarships, and development physical.

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