

Policy implementation

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POLICY IMPLEMENTATION OF INSTITUTIONAL FRAMEWORK OF CORPORATE SOCIAL RESPONSIBILITY PROGRAM

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Abstract

The Implementation of CSR programs in Indonesia was carried out by two different institutions, namely the government and private companies. Both have different institutional and legal basis although the goal to be achieved is the same that is to reduce environmental degradation and improve people's welfare. The institutional framework of the CSR program is in fact an important topic in the planning of institutional work programs, in order to avoid overlapping of programs and costs. This paper will describe the results of the author's research and answer the question of: what is the institutional framework of the CSR program, whether implemented by public or private companies ?; And how the different impacts of the institutional frameworks of both institutions are on the performance of the CSR program. The result of the research shows that the institutional framework of CSR program in private company is planned together with the preparation of work program of other fields, so it becomes unity with the company's work program. Meanwhile, in government companies partly formulated simultaneously with other programs, and some others formulated partially. The institutional framework of different CSR programs, resulting in the performance of different CSR programs. The performance of CSR programs in private companies has more positive impact on program objectives than government companies.

Keywords: CSR program institutional framework, CSR program performance

I. Introduction

Implementation of CSR programs in Indonesia is implemented with two institutional models. It is based on different legal bases and different corporate characters. Nevertheless, that the institutional CSR program is required for every company, "so that CSR programs do not overlap with other programs in the company" (Porter and Kramer, 2006). The UN-ESCAP study indicates that the institutional CSR program is required and instructs the management of the company to plan the CSR program in conjunction with the preparation of the overall enterprise plan, "starting from the design, implementation and institutionalization" (UN-ESCAP, 2010). This simultaneous planning is needed in the hope of adequate resource support, able to accommodate stakeholder interests,

and realize cooperation between stakeholders and companies. [Meier, (2010), and Frederickson et al. (2011)].

Referring to the provisions of the normative description governing the implementation of CSR programs and Partnership and Community Development Program (PCDP), it appears that there is a shift in the nature of the implementation of voluntary CSR programs into legal obligations. Companies that do not implement CSR programs will also be subject to administrative sanctions. In addition, the different regulatory references that require BUMS to implement CSR programs and for SOEs to implement the Partnership and Community Development Program as described above, result in management of CSR program management in contrast to the management of PCDP .

The formulation of CSR programs in conjunction with other corporate programs, on the other hand, aims to increase supervision in relationships among stakeholders, in order to avoid deviant goals (Chotray and Stoker, 2009). The authors also agree that the institutional CSR program with other corporate programs, is the embodiment of the governance framework, which strives to balance the use of program resources and responsibilities. Thus the institutionality of CSR programs and other corporate programs actually seek to achieve social and economic goals, both individually and in groups (Clarke, 2004).

Furthermore, the CSR program becomes the obligation of the company to bear its financing as a form of business commitment (business ethics, and business responsibility) which is intended for improving social conditions and reducing environmental degradation. Even in recent developments that the CSR program was initiated by Elkington (1997), developed by companies to respond to and contribute to global regulation and public goods provision" (Scherer and Palazzo, 2011). Thus, CSR programs for companies that need to realize accountability and transparency (Graham et al., 2003).

The problem of research is that by implementing different regulations for government companies and private companies, it has implications for different institutional models in terms of program orientation as well as from resource support. In relation to this the authors wish to analyze various institutional data of CSR programs, aimed at answering the question of: what is the institutional framework of CSR programs, whether implemented by public or private companies ?; and how the different impacts of the institutional frameworks of both institutions are on the performance of the CSR program.

II. Method and Materials

This study aims to describe and analyze the institutional framework of the CSR program, with a qualitative explorative approach. Research focus: institutional framework of CSR program covering: program planning, resource support, and accountability. This research was conducted in two companies, namely: Astra Group company, Telkom Indonesia company. The research data are sourced from: i) phenomenon consisting of: factual data and information obtained

through interview and observation of researcher on CSR program implementation: a) Astra Group Company [Auto 2000 Waru, as subsidiary of Astra Group company in East Java; Astra East Java Business Development Institution, as the business development agency of Astra Group in East Java for micro small and medium enterprises (MSMEs) program; and “Kampung Berseri”, as the home village of Astra Group's CSR program to the social environment due to the impact of production process and products produced by Astra Company]; and b). Company of “Telkom Regional 5 Jatim Balinusra”, that site is at Community Development Center (CDC); ii) Informants, selected by the researcher purposively; and iii). Documents or data and information that has been codified by the institution that organizes and conducts the CSR program. Research instrument: self-researcher, interview, and observation. Technical analysis of data using interactive model perspective (Miles, Huberman and Saldana, 2014)

III. Results and Discussion

1. CSR Program on Astra Group Company

Astra Group's philosophy (Catur Dharma) and its long-term business strategy (Astra roadmap 2010-2020) serve as a reference for its CSR program formulation. In terms of theory, that both his philosophy and CSR programs are inspired by the concept of the triple bottom line (Elkington, 1997). The CSR program formulation is then applied to: each of its subsidiaries and SESR corporate. Currently, Astra Group's East Java Company has 5 divisions: automotive, astra financial services, heavy equipment and mining, infrastructure and logistics, and information technology. The formulated CSR program must meet four areas, namely: education, health, environment, and income generation. Details of CSR programs and activities must be tailored to the core business. The Astra East Java Business Development Institution focuses CSR programs on training for the development of community incomes and MSMEs, especially those linked to the Astra business network. SESR Corporate focuses CSR programs on community development through the "Kampung Berseri" program, which is a form of corporate responsibility to communities affected by the company's operations.

The elaboration of the four targets of Astra Group's corporate CSR program with Elkington's theory, embodied in the areas of education, health and income generation is the embodiment of the concept of "people". This CSR program is purposely devoted to the development of education and skills of all employees and communities around the company. The training program for the development of business management, aims to improve business management capabilities, so the ultimate goal is to improve the welfare of the community. The program in the field of environment is the embodiment of the concept of "planet". Programs in this field, is expected to realize the environment with a variety of biodiversity around the company to be better and can support the sustainability of business ventures. Implementation of the

concept of people and the planet, is expected to support the company's business, so that in the end will be able to realize increased profit.

As explained earlier that the CSR program at Astra Group, has been placed on a strategic plan in order not to overlap with the company's program is expected to "strengthen the company's long-term competitiveness" (Porter and Kramer, 2006). The elaboration of the CSR program into the strategic plan has been formulated as the conceptual framework presented by UN-ESCAP (2010). The realization is that there is an integrated CSR program with CSR values and behavior to all employees. Subsequently, the CSR program in every subsidiary of Astra Group is one of the indicators of the performance evaluation of subsidiaries that must be reported to the holding company periodically.

At this time, the company Astra Group, trying to become a pioneer company that implement CSR program. One of the implications of CSR programs implemented by the Astra Group foundation is to channel funds to the community and MSMEs through training that is established at the Business Development Agency. The goal to be achieved by the company Astra Group in 2020 by integrating CSR program in the company's strategy is to be the only icon of private companies in Indonesia in the eyes of the world. Branding "Satu Indonesia" which is proclaimed is expected that "if you know Indonesia know Astra" (interview result, March 11, 2015). Implementation of CSR programs on corporate strategy in the short term requires considerable cost or sacrifice, but this program according to Vaughn (1999) is an "investment" or "Goodwill Bank" that can produce long-term benefits of the company. The gains in question are biased in the form of "financial gain" [McWilliams and Siegel (2001)] or profit in the form of "a positive impact on the development of a company's business" (Carroll, 2001).

Since 2012, the Astra group has set up a CSR program in a village that lacks a touch of government development program called "Kampung Berseri". Selection and determination, using the criteria that "villages with low economic and social status, relatively homogeneous citizens, good cooperative nature, good governance, and easy access to socialization and supervision" (interview with branch head, April 29, 2016). The selection and determination, carried out jointly between: the company Astra, Government and society. At the time of formulation and implementation of the CSR program, the three stakeholders, directly involved and give each other input in accordance with their respective interests. At the time of evaluation, the three stakeholders were also involved together as well as the concept of governance (UNDP, 1997).

2. CSR program on Telkom Regional 5 Jatim Balinusra Company

Telkom Regional 5 Jatim Balinusra Company as a state-owned enterprise, is obliged to run two kinds of CSR program, namely CSR program, referring to Law 40/2007 and Partnership and Community

Development Program (PCDP) with reference to Minister of SOE Regulation no. PER-08 / MBU / 2013 on Partnership Program of SOE with Small Business and Community Development Program. Telkom Regional 5 Jatim Balinusra Company as a research site, only implement PCDP or not implement CSR program. All CSR programs are implemented by SGM CDC corporate in Bandung.

Conceptually, the CSR program has the same program and activity objectives as the partnership program and the community development program. Practically this program is divided into two programs, namely partnership program (PP) and Community Development Program (CDP). Both programs have different program targets and channels; Namely: first, the objective of the PP aimed at the development of business community or community groups, so it becomes a business that is found; Second, the channeling of PP is done by channeling in the form of funds for additional business. While CDP targets are dedicated to: victims of natural disasters, education and or training, improving public health. The distribution of CDP financing is given to the beneficiaries in the form of goods (non money). Thus the financing mechanism of the CDP is the same as the CSR program.

The implementation of PDCP Telkom Regional 5 Jatim Balinusra company is in line with the vision of "being a role model of PDCP management in SOE environment", mission and strategy that tends to take the interest of society and become a strategic part of company business, and contribute to the improvement of economy and quality of life of society and employees. In detail, the partnership program is intended for community development, especially the community groups that are expected to be empowered. This is as Shaw (2007) points out, that values in community development, will have an impact on community empowerment.

According to the results of research shows that the PP conducted by the company Telkom Regional 5, in addition to providing capital assistance, also provides assistance, especially business management financial issues for SMEs. Through these mentoring, the partners will have financial skill, so that the assisted partners after obtaining the maximum capital assistance of Rp. 20 million and short term [maximum 2 (two) years], with loan service of 6% / year and loan maximum 3 (three) loan period, can become "business entrepreneur". Thus, the partnership program is merely to empower the community as Shaw (2007) describes as a model of community development, protection and conservation of the environment, and to provide access to community empowerment. The CDP is prioritized for programs and activities of "education and training development", compared to 7 programs and other activities such as: natural disaster relief, community health facility development, public facilities development, development and improvement of religious facilities, environmental conservation, Poverty, and operational expenses.

Referring to the results of the above research that PCDP is distributed by Telkom Regional 5 Jatim Balinusra Company, more is given to PP than with CDP. In connection with the Elkington (1997) concept, PCDP, Telkom Regional 5 Jatim Balinusra companies tend to lead to increasing "people" in order to increase people's economy compared to "planet" and "profit". PCDP priorities on PPs will have an impact on the company's "profit" in the long term. Community economic improvement program is a form of awareness of Telkom Regional 5 Jatim Balinusra Company in the form of social obligation, social responsibility, and social responsiveness (Sethi cited Carroll 1979). In fact, when oriented to corporate citizenship, is one way to improve a company's reputation, increasing competitive advantage.

Partnership program, Regional Telkom Regional 5 Jatim Bailnusra tried to prevent to prevent bad loans. Some of the efforts undertaken prior to being set up as partners of CDC managers The Telkom Regional Company always conducts surveys and conducts dialogue with potential partners and comunity development sub area (CDSA) managers. This pattern is intended to build relationships among stakeholders and determine the truth to the ability of prospective partners to obtain a joint capital loan. As a result, the joint discussion between CDSA managers and partners has led to the accountability of assisted partners to calculate their capabilities, making it useful for CDSA managers to account for the ability of partners to leadership as a form of administrative accountability or hierarchical accountability [Bar Cendon (1999)]. In addition, there is a sharing between CDSA managers and the built partners, beneficial to the assisted partners as beneficiaries of the program, understanding of their capabilities. Thus that sharing between managers CDSA with established partners is a form of moral accountability CDSA manager to the target group who received the program [Romzek and Dubnick 1987].

Based on the discussion on the implementation of the above program, the elaboration of the research findings formula as follows:

1. Implementation of CSR programs in the three companies, namely: first, Astra Group Company, Telkom Regional 5 Jatim Balinusra Company, is an integral part of corporate strategy. Thus, CSR programs can be guaranteed sustainability in running the business. The determination of the program and the amount of funds and their allocation is determined through the General Meeting of Shareholders (GMS). In the present era, for CSR programs to have strength in implementation and strategic value must be integrated with the company's business strategy (UN-ESCAP, 2010). At the design stage, CSR programs need to be convinced to all stakeholders, that CSR programs are a form of response to economic, social and environmental demands including anticipating risks due to social impacts of business practices. Then the CSR program is incorporated into the company's strategy and followed by the preparation of adequate resources. At the implementation stage, the program that has been proclaimed in the strategic plan is implemented using all resources owned and evaluated and monitored in accordance with the stages

of the activity. At the institutional stage, the integration of CSR program into the system, culture and corporate values is implemented. If the CSR program has been included in the company's strategic framework, the program can be optimally implemented and minimize the mix of CSR programs with other programs, and coordination between programs can be implemented well, so the attention to CSR programs is not interrupted with the company's strategic program.

2. The CSR program implemented in the two companies, has been implemented by its own unit of work, so that its performance is measurable and accountable, both its work program and the utilization of its funds. This data shows that the existence of corporate accountability of the three companies to implement the mandate of legislation both formulated and established by the Government and the Company. Establishment of its own implementing unit within CSR program, showing professional accountability in carrying out its duties and responsibilities in accordance with professional standards and codes of ethics. The professional standards and codes of ethics referred to are integrated into organizational activities, and are part of a set of rules, frameworks, and principles governing organizational activities (Bar Cendon, 1999). If the CSR program is implemented with professional executors, then each performance will be accountable both administratively and legally to corporate managers as well as to the government and to the public. Such responsibility is mandatory, because the program plan, CSR program budget is determined and agreed through the GMS forum.
3. The CSR program implemented by Astra Group and **Telkom Regional 5 Jatim-Balinusra** company is only adapted to the management of the company and has not been synchronized with the development program becoming the priority development program in East Java. However, in reality the CSR programs undertaken by the two companies are interrelated and complementary. Thus, the CSR programs run by both companies are just a corporate strategy ... as a response to a variety of social, environmental, and economic pressures" (European Commission, 2001). In addition, the CSR programs implemented by both companies are strived to respond to the values, interests of stakeholders, which when managed by the company will create the company's long-term existence (Harrison and St John cited Freeman and McVea, 2001: 22).

IV. Conclusion

The result of research can be formulated that institutional framework of CSR program at Astra Group Company, Telkom Regional 5 Jatim Balinusra Company has been planned together with the preparation of company work program in some other fields, so that CSR program and other fields become one with company work program. Thus, the support of resources has also been taken into account alongside the program planning. The difference is that the source of CSR program financing for private companies has been planned and calculated as

the cost of the company, while in the government company that the CSR program is planned based on the remaining business results set aside in the previous year. Thus the implementation of CSR programs on private companies has strength compared with government companies.

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