

Role of stakeholders

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Role of Stakeholders and Corporate Social Responsibility (CSR): Shortcomings on the Implementation of a Governance-Perspective Based CSR in Indonesia

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Abstract:

Corporate Social Responsibility (CSR) program should become corporate's ethics and commitment of which orientation is overcome social, economic and environmental degradation problems around the business as well as meet the demands of global and sustainable development. Factual data shows that there are very few companies that implement CSR programs especially ones in accordance to the company's regulation and Indonesia, particularly East Java Government regulations. Based on the government regulation, CSR programs should be carried out based on and synchronized with the programs that become priorities in development of East Java. In addition, company should have coordination with the government of East Java in the implementation of CSR program in the area. The purpose of the study is to analyze the role of stakeholders in the implementation of CSR programs. The underlying theories used are theories of governance, corporate governance, CSR, role of government, role of the company, and role of the community. The research method used is qualitative research and the settings are the secretariat of CSR organizers of East Java and three companies implementing CSR programs. The findings show that: (i) TF-CSR and FC-CSR have yet been able to perform the tasks and functions as mandated by the CSR Regulation. Their roles are: (ii) conducting internal coordination among stakeholders, (iii) synergizing CSR program with the development programs established by the government of East Java and ones of the district/city governments; however such synergy has yet been taken place and the company's CSR program has never been implemented.

Keyword: Governance, CSR, coordination, program synergy

1. INTRODUCTION

The underlying concept of social responsibility concept that later becomes Corporate Social Responsibility (CSR) is "ideology-religious" interest. The underlying statement is that "every individual who owns property is a trusteeship with responsibility to God and society" (Bowen, 1953). Implementation of CSR program is voluntary work without any involvement from the government. The program later becomes a new paradigm for corporate development to reform business orientation from profit generation into environmental sustainability. The act of reform gets some responses from the government that change the approach and policy of CSR program; the program changes into one beneficial for stakeholders (corporation, government, and society).

Stakeholders are responsive towards CSR because the program gives three types of contributions to development program. The first contribution is to improve positive social change in both developed and developing countries. As the result, government adopts CSR program and encourages corporation to take active participations in social development (UN - Escap, 2010). The second is to overcome wealth deficit and fulfill national need of national facilities in competitive manner (Swift & Zadek, 2002). The last is to contribute in continuous development as well as become strategic solutions to social and environmental issues (European Commission, 2001).

There are two empirical problems function as research gaps in the study. The first is there are few corporations that conduct CSR program in the place where the study is conducted. Out of 4,263 foreign capital investment and domestic capital investment in East Java, there are only 39 companies implementing CSR program and making report of CSR-related activities they had to the government, 39 companies in 2011, 29 companies in 2013, and 26 companies in 2014 (East Java's BPM data, 2014). Secondly, environmental damage around the corporations has yet become serious attention. One example of environmental damage in Rungkut, a region in Surabaya where the study is conducted is puddle of water on the streets in rainy seasons. The streets in the area are flooded with water longer than those in other regions in Surabaya. The puddle of water is caused by clogging in waterways; the waterway is full of garbage and it has never become the attention of the corporations. The third is company's minimum attention towards socio-economic issues. The evidence is only few number of companies implementing CSR program in East Java; it shows how little attention corporations have for the social and economic condition. Based on the empirical problem, there is a pivotal need of improving role of stakeholders in order to optimize CSR program so that the program suits development of the interests.

2. THEORETICAL REVIEW

Corporate Social Responsibility (CSR)

CSR concepts formulated by the experts since the 1950s up to now can be divided into five terminologies. First, Carroll (1979), Epstein (1987), and McWilliams & Siegel (2001) use corporate social responsibility as terminology where CSR program emphasizes on corporate's voluntary acts to take care of internal social and environmental issues. Second, Frederick (1978) uses the term corporate social responsiveness CSR program and he later uses corporate social rectitude (Frederick, 1986). Wood (1991) uses corporate social performance as the terminology. It shows CSR program focuses on corporate's responsibility for taking care of its social condition and, at the same time, improve its performance. The third, Maignan & Ferrell (2000) and Matten & Crane (2005) use corporate citizenship as the terminology for CSR. CSR orientation emphasizes on corporate's responsibility towards the citizens and external condition of the corporation. The fourth, Clarkson (1998), Frooman (1999), Campbell (2006), Crouch (2006) and Basu & Palazzo (2008) use the term corporate stakeholders. Using the term, CSR program emphasizes on corporate's responsibility for both internal and external stakeholders. Finally, the European Commission (2001) uses the term strategic corporate social responsibility, while Scherer & Palazzo (2011) use political corporate social responsibility. The European Commission (2001)'s terminology encourages companies to involve CSR program into the company's strategic plan, and Scherer & Palazzo (2011) encourage the company to carry out CSR program as a joint program between the corporation and the government to fulfill the public good.

In the study, CSR concept is divided into two namely CSR concept and PKBL (*Program Kemitraan and Bina Lingkungan*) concept above, concept of CSR is related to (i) improving social and environmental condition (first classification), (ii) company's external stakeholder need (third classification); (iii) both company's internal and external stakeholders need (fourth classification), (iv) company's strategic plans

(fifth classification). Meanwhile, orientation of the *PKBL* concept is corporate performance as Wood (1991) and other experts' category as the second classification.

Role of Stakeholders

Government role in implementation of CSR program is in the form of mandating, facilitating, partnering and endorsing (Fox, Ward & Howard, 2002: iii; Bichta, 2003:9). Mandating role is related to implementation of legislation and various procedures to take care of and supervise investment and business activity. Facilitating role is related to government facilities for corporation in order to encourage social and environmental improvement as well as provide needed facilities to spread information. Partnering role is related to partnership program between government, business and stakeholders in implementation of CSR. The role is embodied in implementation of sectoral guidelines and standards as well as mobilization of resources. Endorsing role is related to political supervision and support from various sectors including giving rewards and punishment. The various roles are formulated in "legal framework" (McWilliams & Siegel, 2001) as what and how government should carry out its activities based on governance perspective (Frederickson et al., 2011: 242).

Government role focuses on various efforts to place CSR program as a common body of doctrine in a company where the company has to play important role in achieving mutual purposes of public policies and make the world a better place (Henderson, 2001: 28). The role is later integrated as government strategy starting from design, implementation to institutionalization (UN-Escap, 2010). Besides that, in CSR implementation, the company also attempts at playing mutual roles together with government in the form of partnership to create activities the company had established previously (Peters, 1997 and Andersen, 2004 as cited in Bult-Spiering & Dewulf, 2006, 16).

Role of society in CSR implementation is in the form of participation and empowerment. Society is not only as objects but also takes active participation to set goals, control resources and gives direction towards the implementation of the program (Korten as cited in Sjahrir, 1988). More specifically, role of the society is in the form of mental and emotional statement in group situation that encourages the society to contribute their ideas and feeling to achieve purpose of organization and together responsibility towards the organization (Tjokroamidjojo, 1984). Some examples of participation in the context are (i) ideas and opinions, (ii) materials (fund, goods, and equipment), (iii) efforts and willingness, and (iv) taking advantage of and carry out developmental service (Oakley et al., 1991). All forms of participation from the society become facilities for training for the sake of empowerment of the society so that the society can develop their skills and abilities. Process of empowering society is carried out using transfer of value that is expected to have positive impact towards community empowerment. Examples of the value are learning, equality, participation, co-operation, and social justice (Shaw, 2007). In practice, target of transferring value in empowerment program is to make the society understand and realize their skill, knowledge and ability so that they can make contributions to themselves, control their own lives and have power to build their own feature as their expectation (Shardlow, 1998).

Implications of Role of Stakeholders

CSR program is an implementation of governance perspective and therefore, it requires coordination among stakeholders, namely the state, private sector and civil society (UNDP, 1997). Even in sound governance perspective, local government "demands active citizen participation, through direct or indirect involvements, co-service delivery, co-production, and co-management" (Farazmand, 2004). Coordination among stakeholders is needed especially in solving problems of the society (Dwiyanto, 2004). Rhodes puts more emphasis on implementation of governance in self-organizing, interorganizational networks that are charged with policy-making (Rhodes, 1996) in line with complexity of policy issues, and to define the demanded policy issues (Stoker, 2000). Thus, partnership with non-government stakeholders is needed (Frederickson & Smith, 2003). Partnership should embrace need group, non-government organizations, political institutions and informal organizations that play important role in the government (Meier, 2010) including foreign institutions (Koppell, 2011 as cited in Frederickson et al, 2011) to provide service and public goods for the society. Stakeholder's involvement requires basic change in the process and nature so that the change alters government conception about how and what to do (Frederickson et al, 2011). On the other hand for private institution, synergic correlation between business person and government can be carried out with openness and honesty (Friedman, 1970). Besides that, corporation plays pivotal role to achieve mutual purpose in public policy and to make the world a better place (Henderson, 2001). Public and

private sector involvement in CSR implementation needs strategic partnership. Public and private sector involvement in CSR implementation requires strategic partnership approach that becomes responsibility of government and corporation (Hirschman in Moon, 2002). The strategic partnership can be applied in three stages, strategic, quasi-strategic and tactical level (Kokko & Mark-Herbert in Rotter & Özbek, 2010). Collaboration operation between government and corporation has to be embodied in three elements, namely business principle, key performance indicator, and CSR project (Sachs, et al., 2006). 3

Synergy for CSR program should be done among stakeholders. The cause is idea that CSR program is not only a form of new global corporation but also new societal governance (Moon 2007) even a mutual concept that complements each other and its goal is to overcome various socioeconomic and environmental issues through new governance concept and management (Steurer, 2010). Willingness among stakeholders is needed to determine whether or not CSR program synergy coming true so that the synergy creates establishment of roles and programs (Basu & Palazzo, 2008) which aims at fulfilling stakeholders' need (Freeman & Velamuri, 2005).

3. METHOD

The research method is qualitative study, specifically explorative research. The settings of the study are East Java government and three companies namely the corporation, SOEs, and LOEs; all of them are located in Surabaya and Sidoarjo. The focus of the study is role of stakeholders in CSR program that is divided into five, namely government role, corporate role, public role, coordination among stakeholders and program synergy. The sources of data are documents, phenomena, and informants, while the data collection methods are documentation, interviews and observations. The data are then analyzed using Miles, Huberman and Saldana (2014)'s interactive analysis technique using four stages, namely data collection, data condensation, data display, dan conclusions (drawing/ verifying).

4. DISCUSSION

Government Role in CSR Program Implementation

Role of East Java government in implementation of CSR program is embodied through the establishment of three regulations; they are (i) the 2011 Government Regulation Number 4 about CSR, (ii) the 2012 Government Decree number 52 about the implementation of the 2011 Government Regulation Number 4, and (iii) the Governor Decree number 188/63/KTPS/013/2015 about facilitating team in implementation of CSR in East Java in 2015. The purpose of the establishment of the 2011 Local Government Regulation number 4 is to manage establishment of CSR program in companies whose business activities are located in East Java and these companies' business involves or is related to natural resources. The government regulation states that each company is supposed to allocate some fund for CSR program and the fund is considered as regular spending of the money in reference to its requirements and responsibility.

Some verses in the regulation deliver three roles namely: (i) endorsing role where companies conduct CSR program for causes besides administrative sanction in the form of written warning (verse 20). Strength of punishment for violating the administrative sanction is very weak since it is in the form of written warning only. Sanction given is going to be more effective when government gives punishment in the form of revoking operating license; (ii) facilitating role where local government gives an award for company who strive for the implementation of CSR (verse 18 line 1). Facilitating role also means giving resource, facilities and incentives to company that carry out CSR program so that it continues bringing positive social and environmental change. Some facilities the government can give are easier procedure to get operating license or tax cut; and (iii) pathnering role in the Forum Corporation of CSR (FC-CSR) establishment. The FC-CSR is expected to become coordinator and agents for companies that have and have yet implemented CSR program in accordance to company, public and government's interest.

More detailed elaboration about the pathnering role embodied in the establishment of the Team Facilitation of CSR (TF-CSR) is stated in the 2012 Government Regulation number 52 and the Governor Decree number 188/63/KTPS/013/2015. One of the goals of the establishment of TF-CSR is to carry out the implementation and facilitate CSR for the corporation, SOEs, and LOEs. The tasks TF-CSR has are mainly in the form of (i) carrying out coordination, integration, synchronization, and synergy of provincial government's development program with CSR program, (ii) organize priority in provincial government's development program having synergy with CSR program, and (iii) conduct coordination with provincial

government to organize priority in provincial government's development program having synergy with CSR program.

Based on the tasks the TF-CSR has, East Java government expects implementation of CSR program to go hand in hand with concept of governance in terms of roles of stakeholders and principles. Related to the roles of stakeholders, CSR programs involve provincial government, local government and company as stakeholders. On the other hand, in terms of principles, there should be communication among stakeholders to discuss the program so that it caters need of the stakeholders.

Mandating role is carried out by East Java government to manage implementation of CSR program as positive response of the government in the form of legal framework (McWilliams & Siegel, 2001). The mandating role delivers some other roles such as facilitating, pathnering, and endorsing. The establishment of regulation is a form of law innovation about how and what government should do based on the governance perspective (Frederickson et.al, 2011). In the end, the establishment is expected to be the guideline for implementation of CSR program so that CSR program functions as social protection and strengthen national economic competitiveness (Haufler, 2001: 4) as well as giving contribution for sustainable development-oriented development (McWilliams & Siegel, 2001).

Government role in implementation of CSR program is taken by TF-CSR. Based on the findings of the study, TF-CSR has yet been able to carry out their tasks optimunly due to the lack of resources. Based on the Governor Decree number 188/63/KTPS/013/2015, the members of TF-CSR are the heads of government institutions, agency and bureau. In carrying out their tasks, members of TF-CSR formulare working programs and apply their tasks as they are supposed to. The members of TF-CSR tend to put more priority to carry out their tasks and responsibilities they have in their institutions. Regular task is given to one person from the bureau of funding of the National Agency of Regional Development; the person also has to carry out his/her main job as the staff for development funding. On September 2015, the regular tasks of TF-CSR are carried out by 2 practioners and 1 operator to help the practioners.

The laco of resource in TF-CSR as organization makes it difficult for members whose responsibility is to run the regular tasks to have coordination and synchronize the programs they have with hundred of companies in 38 cities in East Java. A newly-developed approach to overcome the problem is to have reformation within TF-CSR, changing it into CSR committee. CSR committee, might be called using another term, is established based on private and public partnership (PPPs). Developing institutions using PPPs in CSR management, based on Van Ham & Koppenjan's theory (2001) can be done using various methods such as (i) collaboration between both institutions within a short term, (ii) since both institutions are partnership, they have to bear any risks together; and (iii) both produce goods or service and implicitly both are expected to gain benefit from the joint-business.

Some advantages are obtained through collaboration in managing CSR using PPPs. They are (i) developing government capacity to develop well-planned solutions, (ii) facilitating creative and innovative approach, (iii) eliminate some time and money to run the program, (iv) transferring certain risk factor to the partner, (v) higher possibility to manage potentials so that they give more benefits to both partners, and (vi) having enough access to skills, experience and technology. Without accurate and responsible pattern of partnership as the one used currently, the implementation of CSR program has yet been optimum.

Role of Government in Implementation of CSR Program

Government role in implementation of CSR program is carried out by FC-CSR. The findings of the study show that in carrying out its tasks, FC-CSR gets help from 3 (three) coordinators from each company based on type of the company. Coordinator from corporation is *Astra Group*, coordinator from SOEs is *PTPN X*, and that from LOEs is *Bank Jatim*. One special note is since 2014 coordinator from SOEs is abolished by the Ministry of SOEs. Since the responsibility of FC-CSR is to encourage the companies to work together to run CSR program, FC-CSR should apply the concept of governance in the form of relationship among stakeholders. Hence, CSR program truly becomes a program that caters need among stakeholders as mentioned by the governance concept (UNDP, 1997).

The findings show that the role of FC-CSR in carrying out CSR program especially to collect and verify ideas for program planning from each member of the forum to match the program of the provincial government has yet been applied. Interpretation to be given with task is CSR program carried out in East Java is one that becomes interests of the stakeholders. In other words, CSR is not a program designed and run

exclusively by the company; the program is a synergy among stakeholders and attempts to channel their needs and interests. In conclusion, the role of the company is, aside from trying to put CSR program in a company as a common body of doctrine that has to be implemented by the company, it also attempts at playing important role to realize common goals of public policy and make the world a better place to live (Henderson, 2001: 28). Implication of the role is success and failure of planned CSR program becomes the responsibility of all stakeholders.

Based on the findings of the study, after the establishment of FC-CSR, the number of company that implements CSR program in East Java is declining. The data show that the companies that run and report the implementation of CSR program to TF-CSR are 29 companies in 2013 and 26 companies in 2014. From the 29 companies carrying out CSR program in 2013, 23 (79.23%) of them are SOEs, meanwhile 18 (69.23%) out of the 26 companies that run and report the implementation of CSR program in 2014 are SOEs. Since most of the companies are SOEs, most of their programs ($\pm 80\%$) are partnership that gives some funding as help to the society or small-scale and middle-scale business. In relation to the triple bottom line theory (Elkington, 1997), partnership program that provides some fund to help small-scale and middle-scale business may actually be seen as people-oriented program, but in fact it actually is a profit-oriented program that gives benefit to the company. The program requires the business to return the fund they had borrowed with some amount of interest, most frequently small amount of it. The fund has actually never been spent or increases from year to year.

The last role of the company based on the findings of the study show that performance of FC-CSR has yet been optimum. The cause is that members of FC-CSR who are appointed as coordinators do not have a legal document for their appointment; there was only a verbal statement from the forum. As the consequence, the coordinators do not have strong legal foundation or document that requires them to perform their tasks well. When FC-CSR can carry out their responsibility well, the company will be able to play their role to build partnership with the government which generates activities they are meant to conduct (Peters, 1997; Andersen, 2004 as cited in Bult-Spiering & Dewulf, 2006:16). Since the roles of the company have yet been optimum, government should reform FC-CSR so that the institution becomes a more active institution, followed by giving trust to the institution to carry out their tasks and rights as well as providing required facilities and resources.

Role of Society in Implementation of CSR Program

Based on the findings of the study, there are two roles of the society, public perception and participation. Robbins (1989: 97) defines perception as an impression obtained by individual through the five senses that is later analyzed (organized), interpreted and evaluated in order to get meaning. Implication of the theory is public perception towards CSR program becomes the underlying reason for their participation and active role in any activities of the program. In the study, public perception (target of the program) is divided into two, perception towards the program and perception towards program benefit. For the public with an access to information, they know the program and its benefits just like what happened in the interviews in *Auto-2000*, *CDC PT Telkom Regional 5 Jatim Balinusra* and *Bank Jatim*. On the other hand, the public without any access to information is going to understand CSR program and its benefits after the program is implemented similar to the result of the interviews in *Kampung Berseri*.

Public perception in the form of understanding of CSR program and benefit of the program becomes positive after the public has seen the implementation of the program. Having heard explanation about the program through socialization that becomes one of the program activities, the public can realize that the program is a good program and beneficial for the society. One conclusion to draw from perception theories from a number of experts is perception starts from receiving stimuli from the environment; the stimuli are going to be interpreted, perceived and transform into meaningful stimuli. Experience and learning are two inseparable factors in the process. Robbins (1989) states that there are three factors that affect individual perception. The first is individual himself/herself. An individual is going to interpret something based on his/her characteristics such as his/her value, interest, knowledge and experience. The second is targeted perception. Targeted perception is a phenomenon an individual understands in relation to his/her characteristics. The third is situation that refers to when and where an individual understands the targeted phenomenon.

The findings of the study show that the public has positive perception towards CSR program and they can feel the benefit of the programs because it meets the need of the society. The perception has positive

impacts toward its roles. Related to the role of the society and its correlation to FC-CSR and TF-CSR, the role of the society has yet been obvious. Public participation in the program is attending CSR program socialization hosted by TF-CSR and FC-CSR. Both institutions invited public, religious leaders, and representatives from the local government to the socialization of CSR program on the third week of March, 2015 as well as stakeholders to the CSR program gathering and road show on October 21 (CSR forum agenda, 2015).

Such condition is different from the public participation in CSR program carried out by the companies that become the setting of the study. The public has active participation in the CSR program implemented by *Astra Group (Auto -2000, LPB Astra, and Kampung berseri)*, *CDC PT. Telkom Regional 5 Jatim Balinusra*, and *PT Bank Jatim*. The public has actively participated in the CSR program carried out by *Auto-2000* which is divided into education, health, environment and other events. The program that specializes in training for employees is also attended by all of the employees. Later, the employees even become the resources in the implementation of CSR program, for example the cleaner production (improvement 6-R) program for all of the Astra Group installations. The attendees of CSR program for health like *KIAS* program hosted by corporate-SESR are people who are interested in mom and baby healthy living. People who have small and middle-scale business actively attend income-generating program for small and middle-scale business hosted by *LPB Astra* for small and middle-scale business especially one doing business with *Astra* in order to make their business an independent one.

Public participation in the implementation of partnership program hosted by *CDC PT. Telkom Regional 5 Jatim Balinusra* is in the form of participation as active community to become partner and get some funding for developing their business. The effort public does to get funding is writing a proposal to *PT Telkom* through the nearest *CDSA PT. Telkom*. Having obtained some fund, the public also actively joins training and counseling from *PT Telkom* until they become independent business person. Such participation is slightly different from the public participation in the implementation of CSR program hosted by *CSR Bank Jatim*. Public participation is in the form of giving ideas about a program to *SKPD* in each region, while another group of society simply accepts the program. For the society that belongs to small and middle-scale business group, public active participation to write a proposal to get some funding for their business is of necessities.

The examples of public active participation above are called participation as empowerment according to Oakley et al (1991) Public participation in the classification is carried out with steps when the public becomes the attendees in the training. Having attended the training, the public then has skills and abilities to develop their capabilities and business to gain public empowerment. Public participation should be a part of an activity so that the public or public group that becomes target of the activity can get direct advantage of the program. Active participation of the public in CSR program implementation is vital so that the public as active participants can decide which programs suit their needs and which ones that increase their income and develop their personality, independence and values to be applied and respected (Paul, 1987)

In the implementation of CSR program in *Kampung Berseri*, active participation from the public starts from the design, implementation until evaluation of the program (Findings of the Study, 2015). Even, more specific participation that distinguishes it from active participation of the society mentioned previously is that not only does the society participate actively, but the public also manage running CSR program including their willingness to spend some money to continue the program. One of the example is the public is willing to spend their money to buy water pump for WTP when the water pump in WTP is broken. The type of participation is more meaningful that Oakley et al (1991)'s classification for participation. The order of public active participation starts from giving ideas, efforts, and finally materials (money, goods and facilities).

Coordination among Stakeholders

Coordination among stakeholders in the implementation of CSR is really needed especially in solving problems related to the program implementation or public issues (Dwiyanto 2004). Various types of public issues in the study are the issues that become the targets of CSR program and those that become priorities for development of East Java, for instance health, education, and environment issues and efforts to increase public income to end poverty. Based on governance perspective, government, corporation and society should work hand-in-hand to overcome the issues. Solution to overcome the issues requires, according to Rhodes

(1996), internal and external organization that is immaterialized in the form of a policy. The policy should take complexity of issues related to the policy and issues around the policy into account (Stoker, 2000).

Involvement of some stakeholders to have coordination in order to solve various public issues using CSR program offered by a company is an approach that needs changing paradigm as authority. As the consequence, the paradigm requires basic change in its process and natures so that the change can alter conceptions about how and what government should do (Frederickson et.al, 2011). On the other hand, the company should engage in coordination and synergic correlation with government to match the company interests and that of the government so that transparent and honest CSR program can be implemented (Friedman, 1970), as the requirement to apply principles of good corporate governance which has four principles, accountability, fairness, transparency, and responsibility (Hasselgren, 2010: 4).

The establishment of FC-CSR facilitated by East Java government is actually a form of giving role to the company to apply coordinating function and program synchronization with other stakeholders. Therefore, the company plays pivotal role to achieve general purposes of public policy and make the world a better place (Henderson, 2001: 28). The government and company even engage in partnership program to realize some activities they have designed previously (Peters, 1997; Andersen, 2004 as cited in Bult-Spiering & Dewulf, 2006:16). In both sides, the role of government carried out by TF-CSR is to design CSR program and later have program coordination, integration, synchronization and synergy with other stakeholders. Looking at the tasks of FC-CSR and TF-CSR, it can be said that coordination among stakeholders in CSR implementation in East Java becomes an essential activity.

Coordination between stakeholders more particularly between TF-CSR and FC-CSR will run smoothly as long as TF-CSR becomes the trigger. The data shows that the coordination among stakeholders has yet been optimized because TF-CSR has yet been able to become strong triggers for other stakeholders which affect the tasks and responsibilities TF-CSR has. Task to have coordination among stakeholders is established through the 2012 Regulation and is run based on the internal coordination between TF-CSR and FC-CSR. Most of the time, the TF-CSR and FC-CSR coordination with the stakeholders are in the form of socializing the institutions including CSR program roadshow to the stakeholders through the academic, businessman, and government (ABG) meeting on October 2015. As the effect, the implementation of CSR program is considered as half-hearted, not serious program.

One attempt to enhance coordination among stakeholders in the partnership between TF-CSR dan FC-CSR especially the implementation of CSR program requires strategic partnership approach to realize company and government responsibility (Hirschman in Moon, 2002). The strategic partnership approach is carried out in three stages, strategic, quasi-strategic and tactical stages (Kokko & Mark-Herbert as cited in Rotter & Özbek, 2010). Strategic coordination should get the most attention to realize stakeholders' expectation to have long-term changes and innovations. In quasi-strategic level, change and innovation are used to achieve strategic goal and business and market excellence. In tactical level, change and innovation is used to fulfill short-term need of the stakeholders. In line with the thoughts, collaboration between government and company which in this context run by TF-CSR and FC-CSR has to be applied in three levels, business principle, key performance indicator, and CSR project (Sachs, et al., 2006).

CSR Program Synergy

CSR program synergy among stakeholders is carried out by collecting and verifying each member of the forum's ideas about any activities so that the activities have synergy with programs of the local government; such synergy enables the program to fulfill the interest of the company, local government and society as well as to ensure sustainability of the environment (the 2012 Government Decree Number 54, verse 5 line (1) point 2). The purpose of the program synergy is to make sure that the stakeholders' interests are accommodated in the formulated CSR program. The program synergy becomes vital because theoretically, CSR program is not a form of new societal governance instead of new global corporation (Moon 2007). Therefore, CSR program is a new approach used to fulfill the need among stakeholders especially based of the society in line with the development of governance concept. Steurer (2010) states that between new governance and CSR in fact became two complementary concepts to solve various problems in the society through responsibilities all stakeholders have. In the effort to synergize the program, strong willingness among stakeholders is needed in line to the establishment of the roles and the programs (Basu and Palazzo, 2008) that is oriented to fulfill stakeholder's need (Freeman & Velamuri, 2005).

The findings reveal that CSR program synergy among stakeholders in East Java has yet been optimally fulfilled due to lack of resources for TF-CSR as the pioneer in the program synergy. The program synergy can be achieved whenever TF-CSR has prepared the CSR program which had been designed previously and the implementation of program synergy among stakeholders becomes the next step. In reality, TF-CSR with the limitation it has has yet been able to design any CSR program until the time the study is conducted. Such condition causes no synergy between the CSR program, the development program of East Java government and that of regional government in East Java. One important note is the CSR program that has been synergized with the need of the stakeholders has to be stated in a mutual agreement in order that the program is going to be carried out and obeyed and eventually become performance indicators. Another finding of the study reveals that related to the program synergy, at the end of 2014 TF-CSR once worked with the TF-CSR of the regional government to start a program that becomes one program of the development program; however the program has yet been synergized with any corporate CSR program and development program.

Considering limited funding for development in East Java and the advantage of CSR program, CSR program synergy is of necessity. The benefits of CSR program synergy are (i) matching program, that means there will not be any overlapping between CSR program and the development program the government has been and is going to be implemented, including CSR program of which aim is to reach wider coverage of people who need the development program; (ii) supporting program, that means CSR program and the government development program are going to complement each other to bridge the limitation in the ongoing development program the government has, more particularly one about health and education which becomes the priorities. As the result, the established CSR program will enhance government development program especially one related to health and that fights illiteracy; and (iii) developing program, that means the established CSR program is going to develop the ongoing government development program.

Based on the elaboration, it is obvious that CSR program synergy can be used to overcome various issues related to the government development programs especially ones becoming development priorities. Related to such condition, government needs to respond CSR program as an effort to reach out to interest groups, nonprofit organization and political institutions (Meier, 2010). Even the informal organization is needed to play a pivotal role in the government or partnership efforts with non government stakeholders (Frederickson&Smith, 2003). Koppell adds that stakeholders need to involve the society in collaborative relationship among stakeholders. By giving opportunity to the society to participate in the collaborative relationship, it is expected that the public can have interaction with public and private institutions both national and international ones (Koppell, 2011 as cited in Frederickson et.al, 2011: 243).

5. CONCLUSION

Role of stakeholders in the implementation of CSR program, in East Java is carried out by TF-CSR as government representative and FC-CSR as company's representative without involving the public. Based on the findings of the study, the roles of both stakeholders are (a) internal coordination between the two stakeholders, and (b) accepting ideas about the CSR program from the regional government. The roles that have yet been applied by both stakeholders are (a) CSR program synergy with the development program in East Java and the regional government as well as the company's CSR program, and b) conduct CSR program socialization to corporation in particular so that they are interested in the implementation of CSR program. So far, SOES and LOEs are the ones carrying out CSR program and as the consequence, most CSR program is in the form of lending some funds to start or develop business.

To develop both TF-CSR and FC-CSR performance, it is suggested to reform these institutions into CSR committee so that it becomes more competent and professional in running CSR program. Human resource for CSR committee should be representatives from government, company (practitioners), the society, and academics who are expected to be competent and professional. By doing so, it is expected that (i) there is a regular monthly face-to-face meeting so that the stakeholders can have coordination and coordinations using electronic devices as media should be conducted all the time; (ii) CSR program synergy with the company should be conducted regularly every month in each city or location; (iii) CSR program socialization with the regional government should be conducted to each regional government and becomes a weekly agenda including introducing the program to new companies; and (iv) There is a 20% increase in the number of companies that implements CSR program each year in line with development in investment.

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