THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN INDONESIA: A CASE STUDY APPROACH

Dr. Taufan Maulamin, SE, Akt, MM
STIASI Institute of Social Sciences and Management
INDONESIA

ABSTRACT

There have been a lot of companies in Indonesia who say that they have implemented Corporate Social Responsibility (CSR) programs, but in reality there are still many who have never run it at all. The Act related CSR has been established and even the improvements have been done several times but quite many problems are still found in its implementation, whereas, as we know that Indonesia is a country with the 4th largest population in the world and has abundant natural resources in which the market economy of Indonesia is the State Owned Companies and Private Business Groups that play an important role. The research was carried out to know what the problems and challenges in CSR implementation. To obtain a clear point of view from the participants, in-depth interviews were employed in this study. This study also employed questionnaires to triangulate the instruments. In-depth interviews were conducted to obtain the perception of the participants on CSR, while questionnaires were distributed to support the data gained from the interviews. The research proved that until now not all companies have implemented CSR program well.

Keywords: Corporate Social Responsibility (CSR), Natural Resources, Corporation.

INTRODUCTION

Corporate Social Responsibility (CSR) as a form of corporate policy that aims to provide a positive impact on stakeholders becomes increasingly important. In fact, CSR has become an international business norm in which every company is required to show social and moral responsibility. Acceptance and approach to CSR is very heterogeneous for every company, both in developed and developing countries.

CSR programs have started in Indonesia since Act No. 40 of 2007 on Limited Liability Companies and Law Number 25 of 2007 on Capital Investment were issued. As for the contents of Law Number 40 of 2007, Article 74 states: 1) The company which conducts its business activities in the field and / or related to natural resources shall be obliged to carry out Social and Environmental Responsibility. 2) Social and Environmental Responsibility as referred to paragraph (1) shall be the obligation of the company which is budgeted and calculated as an internal cost in which the implementation is conducted with due consideration to the properness and reasonableness, 3) The company which does not fulfill the obligation as referred to paragraph (1) shall be subject to appropriate sanctions with the provisions of legislation, 4) Further provisions on Social and Environmental Responsibility shall be regulated by a Government Regulation. Whereas in article 25 (b) of the Capital Investment Law states that every investor is obliged to carry out corporate social responsibility.
In implementing the CSR program, there are several basic principles of social responsibility that must exist (Jalal, 2011), namely: Accountability, Transparency, Ethical Behavior, Respect for Stakeholder Interests, Compliance with Law, Respect for Norms of International Behavior, and Enforcement of Human Rights. The implementation of CSR should consider the above principles, so that it can be done properly. However in its implementation, the CSR in Indonesia still raises many problems either in society, government or company itself. There are still many people who do not want to participate or involved in CSR activities. They just want to get help in the funds (philanthropy). There are also a lot of corporations that run their CSR just to improve the image or reputation. There are many companies in Indonesia who claim to have conducted CSR activities, but in reality it is often seen only as a program to fulfill their obligations in implementing the Act Number 40 of 2007 and Act Number 25 of 2007 and just because they want to do good to "look good." Whereas, the CSR program should actually be implemented on the basis of a great sense of concern to do good for the achievement of public welfare.

A false understanding of CSR has made the concept of CSR even more vague and unclear. Ironically, the mixed CSR and social activities are not properly understood. In the concept of sustainable development and community empowerment, the concept of CSR should be done in the long term through programs that can touch the joints of community life. That means CSR must have an economic and social impact. But in its development, there are still perceptions and misconceptions about understanding and the implementation of CSR in Indonesia. There are still many institutions and industries that provide different understanding and scope to see the concept of CSR.

The purpose of this paper is a review of problems in the implementation of CSR in Indonesia so that improvements can be done by related parties in order to make an important contribution to the country development.

LITERATURE REVIEW

Corporate Social Responsibility commonly abbreviated as CSR may not be a foreign word to hear by us. However, this word is also often misunderstood by many parties. Many companies regard CSR as a social enterprise activity that shows generosity. However, it really is not that simple. Corporate Social Responsibility (CSR) refers as the voluntary or willing activities conducted by a company to carry on in a social, economical and environmentally sustainable ways. According to Luthans and Doh (2012), CSR is the action undertaken by a company to facilitate society beyond the direct interest of the company and requirements of the law. European Commission (2011) defined CSR as “the responsibility of enterprise for their impact on society and outlines what an enterprise should do to meet that responsibility.” Horrigan (2010) argued that defining CSR is confusing and difficult because there has worldwide disagreement about what justifications prevail for CSR, what counts as CSR, what responsibilities it does etc. No global definition yet exists regarding corporate social responsibility. According to Lantos (2001), there are three kinds of CSR, ethical, altruistic and strategic. Ethical CSR is the demand for firms to be morally responsible to prevent injuries and harm that could be caused by their activities. Altruistic CSR is true voluntary caring, even at possible personal or organizational sacrifice. Lantos (2002) states that strategic CSR is exhibited when a firm undertakes certain caring corporate community service activities that accomplish strategic business goals.
As a result of the narrow understanding of CSR, many companies end up performing CSR activities in the same form, i.e. social activities, donation, and environment cleaning activities. So, if it is seen from the purpose of these activities, the most important thing is it is able to make the public happy, forget the problems that occur, live prosperous within a certain time that depends on the existence of the company, and so forth. Indeed, the main aspect of CSR is the environment as said by John Elkingston's in Isa Wahyudi & Busyra Azheri (2011: 44) but it should relate to activities that concern with sustainable development.

Wibisono (2007) states that there are three categories of corporate paradigms in implementing CSR program, firstly, the company is merely lip service and compulsion, secondly as an effort to fulfill obligation (compliance). CSR is implemented because there are regulations, laws and regulation that force it, for example, since there is a control in the market (market driven) aspect, thirdly, is not just a compliance, but more than an obligation (beyond compliance) or (compliance plus). It is implemented because there is a genuine drive from inside (internal driven).

While Saidi and Abidin (2004: 64-65) state that there are four models or patterns of CSR commonly applied by companies in Indonesia, namely:

1. Direct involvement in which the company runs a CSR program directly by organizing its own social activities or handing donations to the community without intermediaries.
2. Through the foundation or social organization of the company where the company established its own foundation under the institution or group. This model is an adoption of a model commonly applied in many corporations in developed countries.
3. Partnering with other parties in which the company conducts CSR through cooperation with social institutions / non-governmental organizations (NGO), government agencies, universities or mass media, both in managing funds and in carrying out its social activities.
4. Joining a consortium. The company becomes a member or support a social institution for a particular social purpose. Compared to other models, this pattern is more oriented towards grant-making companies serving as "development grants". The consortium or other such institutions trusted by the companies that support them pro-actively seek cooperation partners from the operational institutions and then develop mutually agreed programs.

Many people understand CSR as a charity activity only. To understand the correct CSR, we must refer to ISO 26000, the World CSR Guide agreed by more than 160 countries, including Indonesia. The Indonesian Chamber of Commerce through the CSR Committee has developed a CSR Guideline based on ISO 26000. According to ISO 26000, social responsibility can be carried out by all types of organizations, i.e. companies and non-companies, including private institutions, law firms, foundations, cooperatives, associations, mass organizations and trade unions.

The definition of social responsibility according to ISO 26000 is the responsibility of the organization for the impact of decisions and activities on society and the environment in a transparent and ethical manner, contributing to sustainable development. The scope of CSR according to ISO 26000 is “Organizational governance, human rights, labor practices, fair business operations, consumer issues, the environment, and community engagement and
development.” So, social responsibility is not just donation or philanthropy since both are mentioned in ISO 26000 as a small part of social responsibility.

In short, CSR is a concept in which an organization, especially a company has various forms of responsibility to all its stakeholders, among which are consumers, employees, shareholders, community and environment in all aspects of the company's operations covering economic, social, and environmental aspects. Therefore, CSR is closely related to "sustainable development", i.e an organization, especially a company, in carrying out its activities must base its decisions not solely on economical aspects such as profit or dividend rate, but also to weigh the social and environmental impacts that arise of its decisions, both in short term and for the longer term.

According to Kotler and Lee (2005), there are six alternatives of CSR programs that a company can choose by considering the company's objectives, program type, potential benefits to be gained, and stages of activities. Kotler and Lee (2005) mentioned six categories of programs, namely:

1. Cause Promotions
2. Cause Related Marketing
3. Corporate Societal Marketing
4. Corporate Philanthropy
5. Community Volunteering
6. Socially Responsible Business Practice

Companies that use the Cause Promotions program type provide some funds as a form of CSR contribution or other resources to raise awareness of a social issue or to support fundraising, community participation, or to recruit volunteers to support social issues. Companies can initiate and manage their own Cause Promotion activities as proposed by Kotler and Lee (2005: 23): "The corporation may initiate and manage the promotion on its own".

Companies that implement CSR with Cause Related Marketing (CRM) program commit to contribute a certain percentage of their earnings to a social activity based on the size of the product sale. The potential benefits of the CRM program are the joining of new customers through the implementation of CRM, the reach of specific niche markets, can increase sales of the company's products and build a positive brand identity in the eyes of customers. Steps in implementing CRM program as stated by Kotler and Lee (2005:111-112):

"...beginning with a situation assessment, setting objectives and goals, selecting target audiences, determining the marketing mix and developing budget, implementation, and evaluation plans”.

While in Corporate Societal Marketing (CSM) program, the company develops and conducts campaigns to change people's behavior with the aim of improving public health and safety, preserving the environment, and improving people's welfare. The CSM campaign focuses more on encouraging behavioral changes related to several issues: health issues, accident / loss protection, the environment and community involvement (Kotler and Lee in Solihin: 2008). Companies with Corporate Philanthropy programs directly contribute in the form of charity of cash grants, donations and the like, as stated by Kotler and Lee (2005: 44):

“Corporate Philanthropy is a direct contribution by a corporation to a charity or cause, most often in the form of cash grants, donations and or in kind services”.
Corporate Philanthropy is a corporate action to give back to the community some of its wealth as an expression of gratitude for the contribution of the community, as written by Kakabadse, Nada Kakabadse and Rozuel (2000: 26):

“Corporate philanthropy refers to the firm giving back to society some of wealth it has created thanks to society’s input”.

Philanthropy refers to giving or donating goods, funds or voluntary services for humanitarian purpose. For example, donating money to the earthquake affected people. Corporate social responsibility and corporate philanthropy are not similar. Godelnik (2012) argued that many people do mistake regarding corporate social responsibility and corporate philanthropy and he added corporate philanthropy is one of the dimensions of CSR. Corporate philanthropy is mostly used in organizational strategy to increase their brand image. Business organizations can learn from philanthropy and use it in their CSR program.

Through the Community Volunteering program, the company supports and encourages employees, franchisees or retail partners to volunteer their time to help local community organizations and societies targeted by the program. Community Volunteering is a CSR activity involving employees such as performing school renovation and teaching for 1 day in schools. Profits that can be obtained by the company through Community Volunteering activities are the creation of a sincere relationship between the company and the community, contributing to the achievement of corporate goals and improving employee satisfaction and motivation.

Socially Responsible Business Practice (SRBP) according to Kotler and Lee (2005:208) is: “where the corporation adapts and conducts discretionary business practices and investments that support social causes to improve community well-being and protect the environment.” The Company has conducted business practices beyond the established ethical standards based on regulation. The communities referred to the above mentioned explanation are employees of companies, suppliers, distributors, non-profit organizations and the public sectors who are partners of the company, and society in general. Welfare in question is health, safety, and the fulfillment of psychological and emotional needs.

The implementation of CSR in the company will create a climate of mutual trust in it which will increase the employee motivation and commitment. Consumers, investors, suppliers and other stakeholders have also proven to be more supportive of socially responsible companies, increasing their market opportunities and competitive advantage. With all these advantages, companies that implement CSR will show better performance and increase profits and growth.

**METHODOLOGY**

This study employs In Depth Interview and Self Completed Questionnaires as data collection techniques. Semi-structured interviews was chosen because it allowed the researcher the opportunity to direct the interview more closely, to have a pre-determined set of questions while simultaneously allowing the interviewees sufficient flexibility to shape the flow of information given (Wilkinson and Birmingham, 2003). May (2001) states that the semi-structured interview gives the interviewer the freedom to probe beyond the answers in a manner which would appear prejudicial to the aims of standardization and comparability. It is also adaptable, flexible, and relatively unstructured and open ended. The interviewer can ask more questions, if the answer does not come up to expectations (Robson, 2002).
addition, Robson (2002) also says that it is appropriate to use the interview when the individual perceptions of processes within a social unit are to be studied. This study involved the following participants for in depth interview, namely 3 (three) officers of Non Government Organizations (NGO) to obtain information regarding their perspectives on the implementation of CSR, 3 (three) leaders of private companies to gain the data on their knowledge and understanding on CSR, and 1 (one) representative of local government to obtain information regarding the policy of CSR and its implementation. Beside in depth interview, this study also employed self-completion questionnaires as the instrument of data collection which served as triangulation and were distributed to 25 plant managers whose manufactures are located near community settlements to gain information about their knowledge and understanding on CSR.

Questionnaire was designed in a semi-standardized one which contains a moderate structure and cut down open-ended questions to a minimum as well as Wisker (2001) suggested to put the most simple and obvious questions at the beginning and make them more complicated since this will keep the participants with us and not make them confused at the start. In this study, triangulation was employed in order to increase the validity. Before the interview and distribution of questionnaires, the author piloted them to two colleagues, requesting their opinion and modifications were made accordingly. Then, it was known that the open ended questions should be limited to prevent misunderstanding of the meaning of each terminology. Finally, the method of ‘triangulation’, whereby the author obtained the information not only from the questionnaires was employed in this study. The above factors are to extent and ensure the validity of the study.

FINDINGS AND ANALYSIS

NGOs’ Officers data

From the interviews with the NGOs’ officers, it is known that the implementation of CSR in Indonesia has been regulated by Act Number 40 of 2007 regarding Limited Liability Company, which is regulated in Chapter V Article 74 paragraph (1), (2), (3), (4) in which it regulates how the company is responsible for social and environmental problems arising from the implementation of corporate activities. The existence of this law does not necessarily force the company to implement CSR, because this law does not give clarity to the sanction if a company does not implement CSR. The article (paragraph 3) only explains that companies that do not perform the obligations as referred to paragraph (1) shall be subject to sanctions in accordance with the provisions of laws and regulations. But it is not explained what kind of sanctions are imposed.

In addition, the understanding of the word "social" in the English language actually means things related to society, so it is not related to the "social soul" (like helping and contributing), while in Indonesia, the word perceived so. Therefore, when CSR is translated into Indonesian, the Ministry of Social Affairs considers the activity to be under its coordination. In the world agreement, CSR is related to business, not ‘social’ in the perception of Indonesia, but a sustainable business. So, there must be a common perception and understanding of it so that there is no more ambiguity in its implementation.

Actually, CSR is a form of corporate responsibility to overcome the impact of its industrial activities (impact management). The tobacco industry has exploited the public’s lack of understanding about the substance and concept of corporate social responsibility (CSR). The cigarette industry in Indonesia builds its business reputation with CSR program, wrapped
imaging with a wide range of fields of activity, from education, sports, music, film festivals and performing arts. The events are also not free from advertising or promotion of the tobacco company.

"Up to the present time, activities conducted by tobacco companies in the context of CSR are not efforts to overcome the impact. So far, cigarette industry only provide assistance to sectors that require financial assistance, rather than solve the problem of the impact caused by the manufacturing industries." This statement is in accordance with what is stated by European Commission (2011) that defines CSR as "the responsibility of enterprises. CSR experts in the world do not hesitate to declare that the tobacco industry cannot be considered as a socially responsible industry." Ironically, the positive image-making efforts of the tobacco industry are actually supported by officials who should be role models in society. In CSR activities, the cigarette industry is holding community leaders, local officials and even state officials.

The concept, strategy and implementation of the CSR program is actually not just giving a donation, or for the basic needs only, and then finished. "But the best program is one that can refer to its sustainability as community empowerment and should start abandoning a charity concept that proves to be unsustainable and less educational." This is in accordance with the definition of social responsibility according to ISO 26000 which states that organizations are responsibility for the impact of decisions and activities to society and the environment in a transparent and ethical manner contribute to sustainable development.

Today there are many companies that build schools or colleges with CSR related missions. Colleges built in general are classy universities with international standard. But in reality the schools or colleges set very high tuition fees so that people who live surroundings also cannot enter into such schools or universities. This is clearly incompatible with the objectives of the CSR program.

Speaking about regulations that have been changed several times, instead of correcting the ambiguity and strengthening the mandatory concept, Government Regulation (PP) No. 47/2012 actually makes the concept of CSR as a mandatory in Indonesia becomes increasingly unclear. In fact, there is none of the sentences in PP No. 47/2012 which orders the company to include CSR funds in the internal budget. "To my point of view, the presence of PP 47/2012 is actually just to state that CSR is no longer mandatory for companies in Indonesia and in practice, later this new rule will potentially become an additional tool for managers and owners of corporations who have been reluctant to perform their social obligations.

**Corporate Leaders’ data**

From the interviews with the heads of companies, it is known that from the regulations set by the government, there is uncertainty of which companies and what kind of CSR is required. Do all companies have the same obligation to implement CSR? If CSR is the liability of each company, then the voluntary value of CSR will be lost. Ultimately, this is due to the commitment and awareness of each company, since the foundation of the CSR is theoretically more voluntary. One of the three corporate leaders interviewed even said that "CSR activities should only be required for companies that have made a profit, if the company has not made a profit then CSR is not required."
Several years ago, CSR programs were not well socialized in the community and there was no clear rule on the implementation of CSR among the corporations. Even, there were still differences of views among the government institutions on CSR. However, at this time the concept of standardization of CSR implementation began to emerge. Some of them are even quite detailed about how CSR should be implemented and documented. There is SA 9000, ISO 26000 for CSR management standardization, while the GRI (Global Report Initiative) more regulates the issue of international reporting standard which is better known as Sustainability Report where there are more than 70 questionable criteria. The Indonesian government has also issued its own standardization system which they call PROPER with the establishment of corporate responsibility level that is represented in colors ranging from black, red, blue to green. The black groups are those who do not practice CSR at all. The red groups are those who start implementing CSR practices, but view them only as a cost component that will reduce their profits. The blue group is a company stating that CSR practices will bring positive impact on its business as it is not a cost and the green is a company that has placed CSR on its core strategy and the heart of its business. CSR is not only considered as a mandatory, but a necessity that serves as a social capital.

A good company must have good management. How to find out? That is by auditing the expenditure. The CEO of the company cannot determine the CSR funds that will be spent annually. However, the board of directors should discuss this matter to shareholders regarding CSR funds and CSR strategies to be undertaken. A company's CSR can impact the firm's value on the stock exchange. Actually, now it is not difficult to get a CSR reference from the concept, management strategy, program development to the preparation of success indicators since various CSR forums and research have provided all of these things. Even some consultant offices that previously may only serve management, marketing, branding to customer service began to glance at a new business that is providing a CSR consulting service for its customers.

The three leaders agree that whatever concept is used, will not be effectively implemented if at the time of program preparation the company does not try to conduct need analysis first in terms of field survey. However, some companies have started to approach the CSR by implementing baseline surveys of target community stakeholders, then set the needs assessment analysis based on baseline survey earlier. Baseline survey is required by manufacturing industries with permanent beneficiaries such as plantation companies, mining, oil / gas and factories in which their business activities have a direct impact on the condition of the community surroundings.

In addition to the baseline survey and needs assessment analysis, companies also need to undertake a social impact assessment that measures the level of beneficiary satisfaction (in this case the community) to understand whether programs considered important and good for them are also considered equally important. "We strive to implement CSR in accordance with government regulations and also create programs periodically in accordance with the needs of surrounding communities, especially those living around the factory area." This statement is in accordance with the opinion of Wilson (2003) which states that the stronger the company have a good relationship with stakeholders, it is easier for the company to achieve its business objectives and vice versa, if the company has a bad relationship with stakeholders, it is increasingly difficult for the company to achieve its goals.

Of the three heads of companies interviewed, two said that the most frequent activities in the context of CSR in the company is a direct assistance program because people can
immediately perceive the outcome and get the help provided. This is known as Philanthropy.
This statement is in accordance with what Kotler and Lee (2005: 44) who state that "Corporate Philanthropy is a direct contribution by a corporation to a charity or cause, most often in the form of cash grants, donations and or in kind services". While only one person says that the programs organized are programs that focus on community empowerment, which concerns the environment and sustainability. This is in line with what is expressed by Kotler and Lee (2005: 208) that Socially Responsible Business Practice (SRBP) is "where the corporation adapts and conducts discretionary business practices and investments that support social causes to improve community prosperity and protect the environment."
Such company has realized that their responsibility is no longer merely economic activity to create profit for the sake of business continuity, but also social and environmental responsibility.

Government Representative Data

Indonesia became the first country in the world which organizes CSR activities in the form of Corporate Law or Limited Liability Company. On April 4, 2012, the Government issued Government Regulation (PP) No. 47 of 2012 on Social and Environmental Responsibility of Limited Liability Company (TJSL). As stated in Article 74 paragraph (4), PP. 47/2012 is a direct mandate of Act No. 40/2007 regarding Limited Liability Company. Three months before Act No. 40/2007 was issued, the Government had introduced the concept of CSR through Act no. 25/2007 regarding Investment and the Article 15 Sub-Article b of Act No. 25/2007 stating that "every investor is obliged to perform corporate social responsibility."

Every local government expects CSR programs to help solve social problems, such as unemployment, poverty, education, health, and housing, in addition to solving environmental problems faced by local governments. This indicates that the company is required to assist local governments to support the regional development program. The responsibility of the government on the welfare of the community and the preservation of the environment will not bear the burden alone, but requires participation of the private parties, in this case corporates, in order to accelerate the development and increase the welfare of the community.

The implementation of CSR is generally influenced by several factors, firstly, related to the commitment of its leader, company establishment, and tax system. This is in line with what is said by Wibisono (2007) that corporate leaders who are not responsive to social problems, will not concern with the CSR. Secondly, it is determined by the level and establishment of the company. Third, the regulation and taxation system also become decisive factors. The more conducive the regulation or the greater the tax incentives provided, the more potential it would be to encourage companies to contribute to society.

From the interview with the government representative, it is known that there are still many obstacles in the implementation of CSR. Not all companies have run their CSR programs. Until now there are enterprises that implement CSR just to raise its reputation alone. There are also corporations that run their CSR just to fulfill the obligation to implement the regulation. So there are still not many companies conduct CSR because of their awareness. This statement is also in accordance with what is stated by Wibisono (2007) that there are three categories of corporate paradigm in implementing CSR. Firstly, the company is merely following the rules only, meaning that CSR is practiced more because of external factors, either controlling social aspect (social driven) as well as environmental control (environmental driven). Many corporations are deliberately trying to boost the image by implementing its CSR programs. Right now, where there is a demand for companies to
implement CSR programs, there are still many of them try to avoid it. Even if there is a concern to the surrounding community, it is only in terms of donation for certain events, such as the celebration of the Independence Day or during the fasting month. Secondly, as an effort to fulfill obligation (compliance). CSR is implemented because there is a regulation and law enforcement and there is a control in market driven. Third, not just a compliance but more than an obligation (beyond compliance) or (compliance plus). Implemented because there is a genuine drive from inside (internal driven). The company has realized that its responsibility is no longer merely economic activity to create profit for the sake of business continuity, but also social and environmental responsibility. A company is called successful if the managers can also improve the welfare of the surrounding community.

Associated with the practice of CSR, entrepreneurs are categorized into four groups, namely groups of black, red, blue and green. Black groups are those who do not conduct CSR at all. They are entrepreneurs who run the business solely for their own sake. This group does not care about the environmental and social aspects surrounding it in running the business, not even paying attention to the welfare of its employees. The red groups are those who start implementing CSR practices, but view them only as a cost component that will reduce their profits. The prosperity of new employees is noticed after employees are noisy or threaten to strike. The blue group is a company that assesses CSR as a program that will have a positive impact on its business as it is an investment, not a cost expense and the green group is a company that has put CSR not as a mandatory but a necessity which serves as a social capital.

Questionnaires Data

In this study, 25 questionnaires were distributed to the factory managers to get perceptions and understanding of plant leaders about CSR. From the distributed questionnaires, it is known that 72% say that CSR is a mandatory, while 28% say that CSR is voluntary program to help the surrounding community, as illustrated in Figure 1 below.

Figure 1: Perception on CSR as Compliance or voluntary

![CSR as Compliance or Voluntary Activities](image)

From the distributed questionnaires, it was found that the CSR pattern applied based on 4 models of CSR by Saidi and Abidin (2004: 64-65), it is known that 32% of companies run their CSR by organizing their own social events, 12% carrying out its CSR activities through its self-established foundations, 52% of companies prefer to partner with social institutions or NGOs, and universities to manage their CSR activities, and only 4% join the consortium, as shown in Figure 2 below.
Of the six alternative programs as proposed by Kotler and Lee (2005), it is found that 6 (24%) of companies running their CSR activities in the form of Cause Promotion, 2 companies (8%) do it in the form of Cause Related Marketing, 3 (12%) carry out CSR activities in the form of Corporate Societal Marketing. While Corporate Phylanthropy is a well-selected model of activity by companies, namely 9 corporations (36%), Community Volunteering are selected by 4 firms (6%), and only 1 company (4%) can already be categorized as Socially Responsible Business Practice in implementing the CSR.

CONCLUSION AND RECOMMENDATION

From this research, it can be concluded that not all corporations in Indonesia have implemented CSR. Some companies still consider that CSR is not an obligation. From this research we also know that there are still many companies implementing CSR only through an easy and instant program just like donation and fundraising from the society, while not
many companies have been implementing CSR with sustainable programs. The government to date has not yet specified what sanction is applied for corporations who do not obey the regulation on CSR, so clear explanation on it should be made. Besides that, the government also has to think about how effective the supervision is done so that companies are not arbitrary avoid the obligation to implement CSR.

REFERENCES


