

Corporate Social Responsibility in Perspective of Public Administration (A Governance Study)

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Abstract

The Implementation of CSR in Indonesia, most of them are not run in accordance with the existing theory because the government and society in CSR activities are not fully authorised to engage in these activities, due to the fact that private sector directly manages the CSR fund. Thus, the theory of governance puts three pillars as a principal provider of public service life, those are, (1) the state, (2) the civil society and (3) the private sector. CSR has to involve all parts or elements which know about CSR, with a focus on the implementation of CSR has to be published and transparent; the CSR Fund is administered by a forum / team through a memorandum of understanding facilitated by the government in accordance with its role as mandating, facilitating, partnering, and endorsing; the CSR forum consists of government, private sector, and society; the form of regional regulation on CSR by reference to Constitution Number 40 of 2007 on the Limited Liability Private sectors and Government Regulation Number 47 of 2012 on Corporate Social Responsibility so that CSR is considered as one of the important instruments in public administration.

Keywords: Corporate Social Responsibility (CSR); Governance; Mandating; Facilitating;

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1. Background

Good governance management, or better known as the good governance is considered not only able to open the greater possibilities for the development of democratic principles and values such as transparency, public participation, plurality and accountability but it is also because of the management and economy side which is considered being more efficient and responsive in public service. The effectiveness of government here does not just mean the ability of government to fulfil or achieve the policies and targets that have been predetermined, but also and mainly the ability of government to anticipate trends, developments and changes that will occur in the future.

The implementation patterns of a government which is centralised, is becoming less actual, so we need government, which is decentralised, emphasising the role of government as a regulator and facilitator to create a conducive climate in facilitating the interaction process of public social, political, economic in order to run orderly, controlled, democratic and effective.

In essence, the various developments and changes occurring today have led to strategic environmental of good governance either in social, politics or economics, it becomes very dynamic and full of surprises, turbulence and uncertainty. Such conditions make all organisations, either in the public sector, the private sector or the social sector by making the various fundamental changes and increasing its capacity to keep pace with developments and changes that occur so it remains to sustain the existence and usefulness for the benefit of larger society.

The lack of power of the society in facing the changes and problems has accumulated and caused the social frustration seen by the increase of social unrest, riot, as well as the symptoms of social disintegration. The facts also showed the existence of the crisis on the society, those are the improvement of poor, backward, isolated, and worse population. This condition was exacerbated by hunger, malnutrition, which led to the loss of social function and the loss of potential in fulfilling basic needs, such as food, clothing, shelter, health and education (Goeritno, 2012).

The existence of a constitution of obligation of the private sectors to implement CSR greatly assists the regional development, especially Kolaka so that the private sector is able to carry out its social responsibility as well. The government or public organisations have to be able to provide

"enabling environment" for CSR. World Bank (2002) classified four roles of the public sector in CSR: mandating, facilitating, partnering, endorsing. The appropriate technology was an alternative to overcome the problems encountered in the management of CSR. The technology had the potential to meet several criteria including converting natural resources; absorbing labor; stimulating domestic industry, and increasing society incomes.

Nationally, that is in order to accelerate the recovery of the national economy, accelerate the progress of village and face the global competition, it is necessary to accelerate rural development through the utilisation of the CSR programs for private sectors in various fields supported by the application and development of the appropriate technologies.

The contradiction toward the interests of private sector that is profit oriented and the interests of local communities is increasing. The central government takes a unilateral decision on investment policy in the region as determined without taking into account the interests of the surrounding local community. In fact, local people have social, cultural, political and economic rights over all available resources. In addition, local communities also have natural resource management mechanisms appropriate to their local social structure. Regarding this condition, the researcher will develop strategies and designs of CSR in the perspective of public administration in Kolaka District.

Kolaka is one of the regencies in Southeast Sulawesi province, which has abundant natural resources as supporting regional income, such as nickel, quartz sand, cocoa, oil palm plantation, and so on. The government of Kolaka always involves the private sector and the community in carrying out development activities. Then, the private sectors with CSR programs have provided a very significant change in the region for example contributing to the welfare of the community in the form of business loan capital assistance, community service organisation assistance, education assistance, health, and others. But the researcher found that the private sector performs activities both implementations, planning and evaluation without involving government and societies. Therefore, the authors expect the implementation of CSR will involve the three development actors, namely: government, the private sector and the community as the planner, evaluator, and the development actor.

2. Research Problems

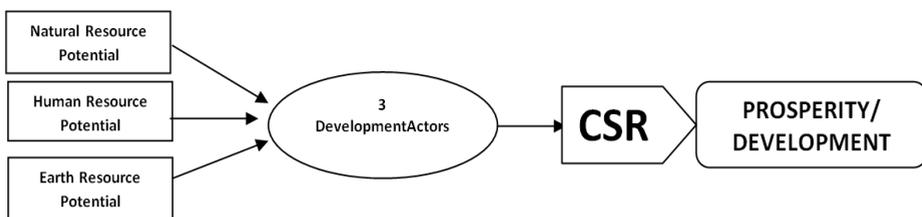
The researcher draws three questions as follows:

1. Explaining Corporate Social Responsibility (CSR) in Perspective of Public Administration (Governance Study in Kolaka Regency).
2. Doing evaluation of the implementation of Corporate Social Responsibility (CSR) in Kolaka Regency in Perspective of Governance.
3. Arranging and developing of the Public Policy Textbooks, especially about the Regional Government Programs of Kolaka Regency by involving private sectors and society in the utilisation of CSR fund.

3. Literature Review

CSR was born as an answer (positive response) of development actors in the region, those are, government and society in the development of science, technology, needs and challenges of life. CSR implements modern management concepts into practice (real world and society's behaviour) as an effort to optimise the production / income of a private sector in realising the regional development where the private sectors are operating, CSR has to be managed professionally.

Figure 1: The Engagement Flow of Development Actors



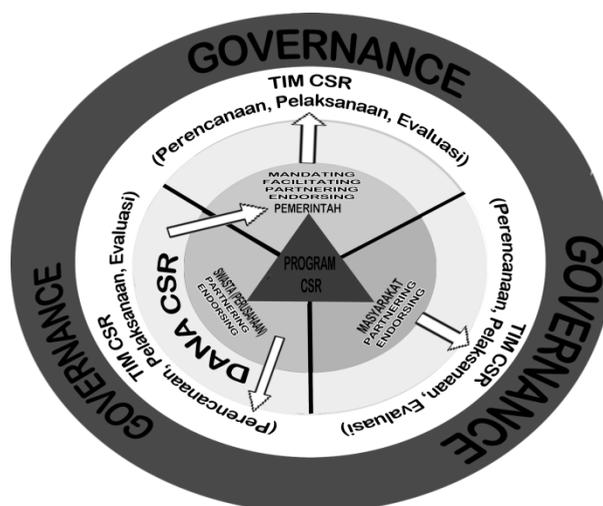
Sources: Author's own analysis and drawing

Its philosophy is humans need to live in prosperity, therefore, need to cultivate Resources (SD) provided optimally. The problem, CSR Program has not had the standard rules of the real management so that the stakeholders are still looking for the concept of thought that can be generally accepted by all parties. This condition demands the need for

participation of college to facilitate the establishment of CSR program implementation by involving the three development actors.

Achieving the optimal results, it is necessary to provide supported facilities and infrastructure; techniques or procedures (how the concept; trained human resources; and ability to detect the phenomenon surrounding the CSR implementation process which is run by the private sectors.

Figure 2: CSR in the Governance Concept



Sources: Author's own analysis and drawing

Later on, the concept of people-centered development is a developmental approach that views the creative initiatives of the people as the main resource and views their material and spiritual welfare as the goal which is going to be achieved through the development process. People-centered development respects and considers local initiatives and differences, so development supports an organisation-wide self-help system developed around the human and community-scale organisations (Korten 1988).

CSR implementation in Kolaka in perspective of governance with the involvement of CSR activities among government, corporations (private) and society as agents of development in the governance concept and public service is in sight. Because the governments, corporations (private),

and society join together to form a CSR team / forum facilitated by the government as the owner of an authority that governs a country / region has been in conformity with its role, these are mandating, facilitating, partnering and endorsing. Then the CSR team / forum is going to work in conducting the planning, implementation, and evaluation of development, how the essence of science and implementation of the CSR concept in perspective of public administration science towards the results of the engineering science and technology. As an illustration, depicted as follows:

The private sectors (private) in the model of application as the image is certainly going to reduce the workload of the private sectors. The private sectors are not the public sector that has to manage and focus on the profit management improvement. On the other hand the public (civil society) is also going to keep the private sectors from the outside encroachments of its involvement in CSR activities.

CSR forum has been formed to function doing the planning, implementation and evaluation of CSR activities that is going to result in a joint program in realising the regional development in Kolaka in accordance with the governance concept. However, in the formation of CSR team, it must be set forth in a memorandum of understanding without including the CSR funds in the budget. It is feared if it is included in the budget, the budget can be changed by the manager of the budget.

The model is very clearly a reference to the principles of the governance theory which holds that state or government in the global era is no longer believed to be the only institution or actor who are able to efficiently, economically and fairly provide various forms of public services, so that the governance paradigm considers the importance of partnership and network among the many stakeholders in the administration of public affairs, especially in the implementation of CSR.

4. Methodology

The research was conducted in Kolaka Regency of Southeast Sulawesi Province of Indonesia with the focus of research on private sectors both government and private.

This study used a qualitative approach with a variety of case studies as a consequence of the research objectives, which is to develop a deep description and explanation of the implementation of CSR in Kolaka Regency to find a solution of the problem. The reason for choosing a

qualitative approach is because it relates to the concept of title and formulation of the problem presented in the introduction that leads to the case study.

The type of research used in this study is descriptive research. This research seeks to describe the facts by presenting the evidences of the object of research empirically. Descriptive research design intends to observe completely and look for relationship with other concepts without testing the hypothesis or relationship in relation with this research. The object of research is *corporate social responsibility* in the perspective of public administration.

In this study, the researcher tried to describe how the facts found in the present, then analysed and interpreted these facts and made conclusions.

The research design used by the researcher was the form of case study, because the research was aimed to understand and explain the implementation of CSR, whether the implementation involved 3 (three) actors in accordance with the concept of governance and described the constraints faced by the private sectors in implementing Corporate Social Responsibility CSR. So that researcher was able to make an explanation of the existing phenomenon.

The research design categorised as a case study, is determined by the unit of analysis. In the preparation of this study, the researcher used the unit of organisation analysis. In this case, the unit of analysis used by the researcher were PT. AntamTbk, PT. SSB Pomalaa, Perusda Kolaka District, as some organisations involved in corporate social responsibility programs. The determination of these units of analysis was based on the objective considerations that the various indicators in the assessment of CSR program implementation in this study were more quickly detected by the approach to organisations.

The informants of this research were the people who really knew and /or were directly involved with the focus of the problem so that researcher could summarize the important information in the focus of research. In order to obtain data for the interest of research as well as the existence of representative outcomes, key informants were needed (considering this study is a case study), who understood and had connection with the issues under study / research through key informants Miles and Huberman, 1992 (as cited in Sugiyono, 2010). Key informants, initial informants were chosen purposively (purposive sampling). While the next informants were determined by way of "snowball sampling", which were selected scrolled to

show the level of information obey. The key intended informants were, the regent, head of private sectors, community leaders and target groups around private sectors that understand CSR programs.

Types of data used was qualitative data sourced from the interview, direct observation of the location of research and content analysis of written materials. The interview was about the corporate social responsibility in Kolaka Regency.

In this study, the data were obtained based on the source, could be classified from two sources, namely:

- a. Primary data, data obtained from interviews that the researcher did, based on the guidelines that have been made and the direct observation to respondents.
- b. Secondary data, data obtained from documents, records, reports or official archives, which could support the completion of the primary data.

The use of primary data and secondary data collectively was intended to complete each other tailored to the needs of the study. In addition, this was done simultaneously to compare the data obtained.

In order to answer the problem statements above, the researcher analysis the data based on Miles and Huberman, 1992 (as cited in Sugiyono, 2010) which consists of several stages:

1. Collecting information through interview from the key informants who were compatible to the research, then direct observation in the field to support the research conducted in order to obtain the expected data source;
2. Data reduction was the selection process, concentration of attention on simplification, the transformation of rough data arising from field notes during research. The purpose of the data transcript of this research (data transformation) was to select information which was deemed appropriate to the problem that became the research centre in the field;
3. Presentation of data (data display) was an activity of information collection in the form of narrative texts, network graphs, tables and charts aimed at sharpening the understanding of research on information selected, and then presented in the table or explanation description. However, the most commonly used for the presentation of qualitative research data was narrative text;

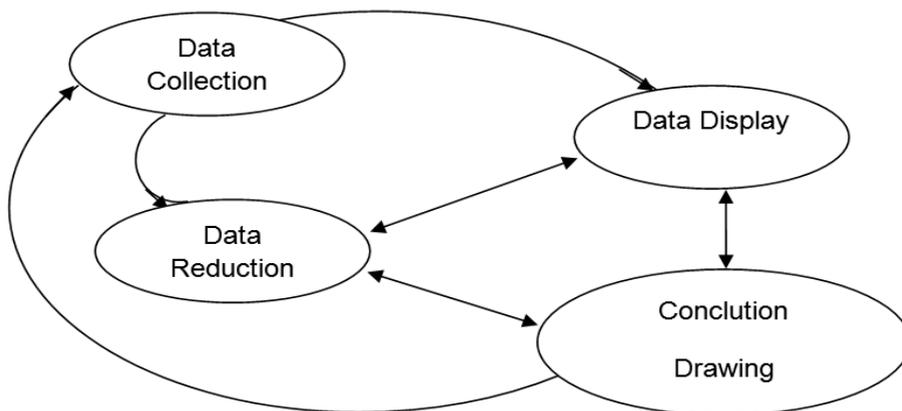
and

4. The final stage was the conclusion or verification, which searches for the meaning of explanatory patterns, possible configurations, cause and effect paths and propositions. Withdrawal conclusions were done carefully by verifying a review of the records in the field so that the data were validated.

This type of research is a verificative type that verifies theoretical propositions as well as describes and analyses the symptoms or objects studied. Thus the researcher departs from the siontological assumption that the existing reality is subjective and varied as understood by every informant, where truth / knowledge is socially constructed (Cresswell, 2003).

Using the interactive model data analysis Miles and Huberman (1994) as in the following figure:

Figure 3: Interactive Model



Source: Adapted from Miles & Huberman, 1994

5. Results and Discussions

Kolaka Regency Regional development programs in Kolaka Regency with the support of several regional private sectors through its CSR programs greatly assist the implementation of local government programs. But from the results of research and the observation of researcher, PT.

Antam has contributed significantly to the region especially Kolaka Regency. This is seen in the field of some development results in the implementation of both physical and non physical. PT. Antam in conducting CSR programs in accordance with its role to encourage and realise the welfare of the community. With the CSR program spurring the acceleration and development of infrastructure and providing a very significant change in the region, for example to help improving the welfare of the community through community empowerment such as, business capital loan assistance, community service organisation assistance, educational facilities, health, and other.

The implementation of CSR in Indonesia requires local government support, legal certainty, and social order guarantee. The government can take an important role without having to regulate in the current legal and political situation. The government can determine the areas of handling that become the focus, with the input of the competent parties. After that, the government facilitates, supports, and rewards the business people who want to be involved in this great effort. The government can also monitor the interaction process between business actors and other groups in order to have a fairer interaction process and avoid the process of manipulation or threat of one party against another.

In the policy of regional autonomy, of course, it takes a leader with readiness, creativity and innovation and has managerial ability in exploiting regional potency as a source of development economics in realising society's prosperity. Kolaka regency is one of the autonomous regions in Southeast Sulawesi, which since autonomous regions began to innovate development with various policies, and programs to realise the welfare of the community. In the problems of poverty and backwardness experienced by Indonesia, the government should be able to convince the private sectors to jointly build the region through CSR (Corporate Social Responsibility) by involving the community in these activities.

The government is also encouraged to reconsider policies that *de jure* or *de facto*, allow the export processing zones to operate without legal obligations in place elsewhere as well as provisions that exclude certain labor groups from certain rights and levels of protection, including in particular labor migrants work. Governments can ensure that applicable laws are consistent with internationally accepted principles in cases where they currently are not, and provide a substantially more definitive guide in

the application of law, which is presently considered by many people to be inconsistently interpreted.

As government is governing the development programs in the region is certainly very difficult to achieve without involving the business sectors because the regional expenditure budget is not able to finance all development programs simultaneously. The role of government in fostering conditions, facilitating, or providing incentives for private sectors to implement the CSR agenda or engage in social and environmental improvement programs.

As a facilitator, the government should develop fines and incentives that provide the right framework for fulfilling labor and environmental legislation. Such a mechanism can be linked to the relevant export licenses, export credit schemes, and so on. The government may also act as the principal organiser and facilitator of the national multi-stakeholders of the process initiatives as previously mentioned, as well as facilitate (and possibly provide start-up capital to finance) the development of local industrial initiatives.

As a partner, the government plays an important role in CSR programs. Strategic partnership is a tool to share the skills and inputs of the public, private and civil society sectors in addressing complex social and environmental problems. Combining public resources to business people and other actors improve complementary skills and resources to address issues on the CSR agenda, in this case, the government can play a role as a participant, convenor, or facilitator.

The government should engage in various programs as partners for the business sectors, the private sectors, civil society, and community organisations. In particular, government can work bilaterally and multilaterally with donors as well as civil society to build capacity for governance, law enforcement standards, and technical assistance programs at local labor inspectors. Likewise, government can form partnerships with donors and the private sectors to create programs that train suppliers in the environment of people in health and work safety management.

Then, the government in supporting local business initiatives that seek to promote better social and environmental practices in the workplace. The government as the determinant of a policy of course also serves to support and encourage the programs of private sectors both private and state, considers to support certain codes of behaviour and implementation

measures, which will allow private sectors to formally use the approved schemes for less frequent review by the government.

The private sectors in Indonesia have several important roles to contribute to the success of government programs in realising the society welfare and improving the quality of life of Indonesian people. One of these roles is to run corporate social responsibility (CSR) programs. The issue of corporate social responsibility continues to be an important issue either from the professionals, economy, government, or other programs. The existence of a private sector is required to empower the community through the implementation of corporate social responsibility.

Partnering intended here is how the private sectors are able to work professionally and build partnership with government and society. This means that in every external program undertaken by the private sectors, it must be known by the government as a partner in the development programs and involves the community in the implementation of programs.

PT. Antam Tbk Sultra, which is one of the largest private sectors in Kolaka is most likely to contribute directly to the downtown to review the implementation of this program. This review was conducted directly by BUMN commissioners who are very intense this year to implement the CSR program which prioritises the partnership approach that is to build cooperation with other parties either social institutions / non-government organisations, government agencies, educational institutions or others. This approach is intended to support a harmonious and balanced corporation relationship with the local community's environment, values, norms and culture. Therefore, the private sectors do not only exploit natural resources on a large scale in order to pursue economic benefits but must integrate social responsibility called CSR.

The form of community involvement in the management of CSR, especially on the results of the CSR program itself is also as a factor driving the realisation of sustainable CSR programs. The form of community involvement, the researcher divides into two types of society as one of the implementing actors of CSR programs and the community as a manager of CSR program results. Community involvement as CSR program implementer is seen in the form of private sector's cooperation with the third party. While the involvement of the community as a manager of CSR program results can be seen in efforts to develop the facilities and infrastructure provided by the private sectors of the community which is further governed by the community for the benefit of the community itself.

The role of civil society in the utilisation of various resources and capabilities needs to be channeled and reinforced by non-governmental and governmental organisations. That is, partnerships is a basic prerequisite. In the treasury of partnership, known as the term complementary core competencies. The technical, logistic, financial and human resource capacity of the corporation can be combined with social, economic, cultural and local knowledge. Of course also with the broader development framework of the government. Admittedly, creating a tri-sector (private-government-community) partnership in an equal position is not easy.

Corporate social responsibility is a kind of program implemented by the private sectors in accordance with the mandate of constitution number 40 in 2007 and government regulation number 47 of 2012, on social responsibility and environment of limited liability private sectors. Where CSR is identified with a development program that contains three important elements, namely: to take growth (growth), there must be intervention (human intervention), there must be a development plan (planner, implementer evaluator, beneficiaries), improving (fixing) in order to be better, to change (change).

5. Conclusion

This research focuses on the theory of good governance that places three pillars as public service providers namely the government, society and private sector. The three pillars then that play a role in governance. It is also due to a change of development paradigm by reviewing the role of government in development, which initially acts as a regulator and market player, becoming how to create a conducive climate and make infrastructure investments supporting the business world. Of course, this can be done if the community and the private sector itself have become more empowered.

The position of the government towards the implementation of CSR is closely related to the position of government, that is as the owner of authority to organise or regulator and as a manager and the person in charge of development, leader, initiator, or development Dynamist. For the creation of governance and as an effort to realise regional development, cooperation from various elements of society is required. Not only the government that has to greatly contribute, but also the private sector and

society itself have the same obligation. With a grass root development pattern, at least the existing development load in the government is reduced. The three components of governance are the government and its institutions; the society organisations which are traditionally outside the system of governance; and the private sector that was not previously involved.

From the description above, the researcher draws four points. At first, CSR aims to apply modern management concepts into practice (real world and society's behaviour) as an effort to optimise the production / income. Second, CSR is a government policy through the Constitution of the Republic of Indonesia Number 40 of 2007 on Limited Liability Private sectors (PT) on article 74 and the Indonesian Government Regulation Number 47 of 2014. Third, CSR is a government program that fits with the needs of society, able to answer the problems of society. Then, the resources have to be managed professionally and the private sectors does not damage the environment, and it is able to be easily utilised by the society and generates some extra values from social, economic and environmental aspects.

At last, since CSR is as an important instrument in public administration and this research is focusing on Kolaka conditions only, so for further research it is better to analyse the CSR instrument in another location which may be able include other CSR models.

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