# Corporate Social Responsibility (CSR): Mapping, Opportunities, Constrains, and Development Strategies in Bojonegoro Regency

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| ARTICLE INFO | ABSTRACT |
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| | The purpose of this research was to identify and map Corporate Social Responsibility (CSR) and its forms in Bojonegoro Regency, identify the problems, opportunities and constraints in realizing CSR in Bojonegoro Regency, and formulate the most ideal CSR model development strategy in Bojonegoro Regency to be applied in the future. The research design used in this research was a combination of qualitative and quantitative approaches. The results of this research were CSR Implementation Patterns, including: Partnership, Community Empowerment, and Charity. The capacity of CSR activities includes amount of funds, number of Beneficiaries, and characteristics of beneficiaries. In 2014 the amount of CSR funds was Rp. 30,257,550,000. The number of individual beneficiaries was 2,730 people, while the CSR beneficiaries in the form of groups were 55 groups, while those in the form of organizations were 170 organizations. There were 112 villages that became CSR beneficiaries. The capability of implementing CSR included: the implementation of the CSR program has been in accordance with the program's objectives when it was planned in accordance with the statement of 84% of companies. However, in the transparency sector, the CSR program had not been implemented optimally, it was approved by 76% of companies becoming the research respondents. The level of community participation in the CSR implementation was still low, as stated by 70% of companies. The sustainability of the CSR program had not run optimally marked by the level of program suitability that was still inappropriate. The synergy between companies and the government had not run smoothly, as research results only 68% of companies stated that it was appropriate. |

## INTRODUCTION

Corporate Social Responsibility activities or hereinafter referred to as corporate CSR

"coincide" with the regional development agenda, in which there is the potential for

overlaps between CSR activities and regional government development projects, such as the construction of educational and health facilities, infrastructure and so on. It is said to coincide because the fulfillment of public goods is the government's obligation. Along with an atmosphere of openness and a democratic climate, this situation often becomes source of conflict between the community and the company. To maintain and manage conflict, it is necessary to adopt a model and approach taken by the company and supported by government regulations. This was carried out by the government's response to the importance of CSR, for example, as seen from the issuance of Government Policy through the Decree of the Minister of State Owned Enterprises Number: Kep-236/MBU/2003, which requires all State Owned Enterprises to set aside a portion of their profits for community empowerment, known as the Partnership Program and Community Development Program (PKBL), whose implementation was followed up by the Circular Letter of the Minister of State Owned Enterprises, SE No. 433/MBU/2003 which is the implementation guide of the Decree of the Minister of State Owned Enterprises mentioned above. In addition to the regulations of the Minister of State Owned Enterprises, Indonesia has Law No. 40 concerning Limited Liability Companies, Law no. 40 of 2007 Chapter V concerning Social and Environmental Responsibility, Article 74: (1) Companies that carry out their business activities in the field and/or related to natural resources are obliged to carry out Social and Environmental Responsibilities, (2) Social and Environmental Responsibilities as referred to in paragraph (1) is a liability of the Company. which is budgeted and calculated as the Company's expenses whose implementation is carried out with due regard to propriety and fairness, (3) Companies that do not carry out the

obligations as referred to in paragraph (1) are subject to sanctions in accordance with the provisions of laws and regulations, (4) Further provisions regarding Responsibilities Social and Environment are regulated by Government Regulation.

Another legal basis is Law no. 25 of 2007 Article 15 which mentioned that every investor is obliged to: (1) apply the principles of good corporate governance; (2) implement corporate social responsibility; (3) make a report on investment activities and submit it to the Investment Coordinating Board; (4) respect the cultural traditions of the community around the location of investment business activities; (5) and comply with all provisions of laws and regulations.

On the other hand, the government provides incentives for companies that have carried out CSR through Law Number 36 of 2008 Article 6 paragraph (1) letters i, j, k, l, and m, in which it is emphasized that the amount of Taxable Income for Taxpayers in state and permanent establishment (BUT), determined based on gross income less costs to earn, collect, and maintain income, including among others: (1) donations in the context of national disaster management whose provisions are regulated by Government Regulations; (2) donations in the context of research and development carried out in Indonesia whose provisions are regulated by Government Regulations; (3) the cost of social infrastructure development whose provisions are regulated by a Government Regulation; (4) donation of educational facilities whose provisions are regulated by a Government Regulation; and (5) donations in the framework of sports development whose provisions are regulated by a Government Regulation.

In terms of the company's experience in carrying out CSR, initially the CSR program was based on the idea that the company was no longer seen as an exclusive profit-making entity for its shareholders but

also carried out a social mission for the surrounding community and viewed the business activities carried out as part of their existence in the midst of society. It is part of a business strategy for business continuity by reducing the resistance of the surrounding community. In fact, the substance of the existence of CSR is to strengthen the sustainability of the company itself by building cooperation between stakeholders facilitated by the company. Therefore, the development of CSR must refer to the concept of sustainable development.

This sustainability principle prioritizes growth, especially for the poor in managing their environment and the ability of their institutions to manage development, and the strategy is the ability to integrate economic, ecological, and social dimensions that respect ecological and socio-cultural diversity. Then in the development process, three core stakeholders are expected to fully support, namely: the company, the government and the community.

Based on Mulyadi's research (2003) from the Center for Population Policy Studies, Gajah Mada University, it was stated that the relationship between the three stakeholders in realizing the CSR program was still complicated. Several programs seek to increase community capacity, but in general their realization is oriented towards charitable activities in the form of establishing physical infrastructure such as the construction of school, health, transportation, sports, worship facilities and others. In this context, it is sometimes difficult to separate whether the construction of the facility is for the benefit of the community or for the company. For example, road construction, at a certain level is actually intended to facilitate the transportation of company activities. Even if it benefits the community, it is nothing but the impact of the development, not the main goal. In addition, CSR is not

intended to prepare the community after the realization of the program, coordination with local governments is lacking or never done, program implementation is generally designed by companies without involving the community and local government, program designs are not arranged systematically and so on. The result is that some CSR programs are not well targeted and the community does not feel the benefits for improving the economy and life. Meanwhile, the local government hopes that the CSR program can help solve: (1). Social problems, such as unemployment, poverty, education, health, and (2). Economic problems, such as empowerment of small/medium enterprises and so on.

In practice, CSR is often equated with charity, so that when a company distributes gifts to the community around the company, it is considered to be carrying out its social responsibility to the community. In fact, the concept of CSR is not the same as charity or philanthropy, which are more spontaneous in giving and have less long-term effects on the community in terms of their economic, social and cultural empowerment. According to Widiyanarti (2005), the CSR approach should be carried out holistically, meaning that the approach taken by the company is not only in business activities, but also moves from charity towards CSR which emphasizes the sustainability of community development. In essence, how with CSR, the community becomes empowered both economically, socially, and culturally in a sustainable manner so that the company is also able to continue to develop sustainably.

In this context, CSR is more defined as a long-term investment for companies. In the context of Indonesia in general, and Bojonegoro in particular, if companies, both state-owned and private companies (national and foreign) are willing to carry out CSR through a holistic approach, it will

undoubtedly contribute greatly to community development in the sense of increasing the welfare of families and communities as a whole. sustainability, especially those who are directly involved with these CSR programs. Especially in Bojonegoro, there are quite a lot of big companies that have to carry out CSR activities. These companies, both state and private (national and foreign), some of them have carried out what is known as Corporate Social Responsibility (CSR), although it has not been fully implemented with a holistic approach, even most of them are only carried out in the form of charity. .

As a result, the true meaning of CSR which is an important reason why businesses are willing to respond and develop CSR issues has not been fully achieved. Steiner (1994) mentions that there are three important reasons why business people want to respond and develop CSR issues with their business, first, companies are creatures of society and therefore must respond to community requests. When people's expectations of the company's function change, the company is obliged to also take the same action. Second, business interests in the long term are supported by the spirit of social responsibility itself. This is because the business and community arenas have a mutually beneficial (symbiotic) relationship. In the long term, the survival of the company depends on efforts to be responsible to the community as part of its business activities. On the other hand, the welfare of society also depends on the profits generated and the company's business responsibilities. Third, corporate social responsibility activities are one way to reduce or avoid public criticism, and in the end it will come to an effort to influence government regulations. If a company avoids government regulations by responding to a social demand, it also reduces the company's costs, because it is believed that the existence of government regulations in general will make costs more expensive and reduce the company's operation flexibility. If the three important reasons for the existence of CSR have been achieved, then conflicts that often arise between: "government - community – companies" will be eliminated, where these conflicts often harm not only the community, but also harm all parties (government, community, and companies), even in certain cases, the company is "forced" to stop its operations.

CSR practices that have been carried out by several companies in Indonesia have not shown significant results, especially when it is associated with community economic empowerment. This can be seen at least from macro indicators, where the number of poor people in Indonesia has increased from 16.66% in 2004 to 17.75% in 2006. The implementation of CSR by companies uses different patterns, such as the Community Development (CD). The CD pattern is a form of CSR that is currently widely practiced by large companies (corporations). The problem is whether the meaning contained in the CD has been implemented correctly. In the implementation of the CD, social capital can be utilized and utilized so that the meaning contained in the CD can actually be implemented. In order for the CSR program to be right on target, the involvement of the three stakeholders, including the company, community and government (local government) must be optimized. In implementing CSR programs, it is expected that these three elements will interact with each other, support each other, actively participate and synergize in a comprehensive manner.

## LITERATURE REVIEW
### Sustainable Development Concept

According to Todaro, development is how to develop the physical and spiritual life of the community. It does not only talk about statistical figures from industrial

production or national income alone. (Budiman, Arif, *et al*.; Corporate Social Responsibility; ICSD; Jakarta: 2008). Sustainable development is a paradigm idea that seeks to meet the needs of the present without compromising the ability of future generations to meet their needs (Budiman, Arif, *et al*; Corporate Social Responsibility; ICSD; Jakarta: 2008). The company as an entity that seeks to explore and exploit natural resources has an interest in conducting its business properly, legally and sustainably. The company does not necessarily exploit the existing natural resources indefinitely. Where natural resources are of common interest for human survival now and in the future. This paradigm is the foundation for the company in carrying out its business, by always involving itself to have good relations with the community. Good relations with the surrounding community will have a better impact on the company in operating its business. On the other hand, the community is able to provide control so that the company can think its business is oriented towards long-term development.

**Corporate Social Responsibility (CSR)**

Based on the Trinidad and Tobaco Bureau of Standards (TTBS), Corporate Social Responsibility is defined as a business commitment to act ethically, operate legally and contribute to economic development along with improving the quality of life of employees and their families, the local community and society at large (Budimanta , Prasetijo & Rudito, 2004, p.72). The World Business Council for Sustainable Development defines Corporate Social Responsibility as a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society as a whole (Iriantara, 2004, p.49). "Corporate Social

Responsibility is the company's commitment to improve the welfare of the community through good business practices and contributing part of the company's resources" (Kotler & Nancy, 2005, p.4). The CSR Forum defines Corporate Social Responsibility as a business carried out transparently and openly and is based on moral values and upholds respect for employees, communities and the environment (Wibisono, 2007, p.8).

So, it can be concluded that Corporate Social Responsibility is a company's commitment to make a long-term contribution to a particular issue in society or the environment in order to create a better environment. The contributions can be in the form of many things, for example: financial assistance, assistance from experts from the company, assistance in the form of goods, etc. It is necessary to distinguish between Corporate Social Responsibility programs and charity activities. Charity activities only take place once or temporarily and usually lead to public dependence on the company. Meanwhile, the Corporate Social Responsibility program is a sustainable program and aims to create public independence ("New CSR Paradigm", October 2006). Companies that run their business models based on the principles of business ethics and strategic and sustainable natural resource management will be able to grow a positive image and gain trust and support from the community (Wibisono, 2007, p.66). Philip Kotler and Nancy Lee also said that Corporate Social Responsibility has the ability to improve the company's image because if the company carries out its business governance well and follows the regulations set by the government, the government and society will provide flexibility for the company to operate in their area. This positive image will be a very valuable asset for the company in maintaining its survival when

experiencing a crisis (Kotler & Nancy, 2005).

Considering the importance of implementing Corporate Social Responsibility in helping companies create a positive image, companies should consider Corporate Social Responsibility not as a cost center but as a profit center in the future. The logic is simple, if Corporate Social Responsibility is ignored then an incident occurs. So the costs incurred for recovery costs may be greater than the costs to be saved by eliminating Corporate Social Responsibility itself. This does not include non-financial risks in the form of deteriorating the company's image in the eyes of the public (Wibisono, 2007). Many people see that CSR practices carried out by corporations are still limited to "cosmetics". The "cosmetic" nuance according to Wibowo (2006) is reflected in various aspects from policy formulation and program orientation determination, organization, funding, program execution, to evaluation and reporting. At the practical level, CSR only functions as public relations, corporate image, or the reputation and interests of the company to boost the value of shares on the stock exchange.

However, it is undeniable that the development of CSR implementation recently has also experienced a positive trend in community empowerment efforts. As stated by Kottler and Lee (2005), there has been a shift in the corporate approach in implementing CSR. Initially CSR was implemented within the framework of a traditional approach, where CSR implementation was considered a mere burden, now there has been an awareness that CSR implementation is an integral part of a corporation's business strategy, where CSR implementation actually supports the core of business goals.

The change in the direction of the development trend of CSR implementation in Indonesia has recently been intensely discussed by various groups (government, business people, academics, and NGOs). However, research related to CSR implementation has not been widely carried out, especially related to research on CSR implementation models based on the use of social capital. Research conducted is still around CSR practices that are currently ongoing, as done by Saidi (2002); Tanry Widiyanarti (2004); Fajar Nursahid (2006); Rusfadia Saktiyanti Jahya (2006); and Siti Adiprigan from Adiwoso Suprapto (2006).

From some of these research results, it can be generally concluded, among others: first, that business people generally see CSR practices as activities that have both social and business meaning. This means that the practice of CSR is still associated with improving the corporate image in the eyes of the public; secondly, the CSR practices carried out have not achieved the expected results in terms of economic, social, and cultural empowerment of the community. This was partly due to program policies that were too rigid, wrong implementation, and the unpreparedness of the prospective beneficiaries.

If the results of this research are related to the results of research that researchers have carried out related to the use of social capital in the rubber farming community (Badaruddin, 2006) and in the fishing community (Badaruddin, 2003), then the implementation of CSR is also closely related to the use of community social capital local. This is also reinforced by Ibrahim (2006) who mentions the need to re-strengthen the social capital of local communities through CSR.

**Utilization of Social Capital in CSR Implementation.**

The concept of social capital which become the focus of this research, according to Fukuyama in Ibrahim (2002), was first proposed by Lyda Hudson

Hanifan (1916) to describe the Ruaral School Community Centers. Coleman (1988) defines social capital as aspects of the structure of relationships between individuals that enable them to create new values (Lubis, 2002). Furthermore, Lubis (2002) stated that this concept became popular after being elaborated by a number of scholars in their studies such as Ostrom (1992); Putnam (1993, 1995, 1999, 2000); Fukuyama (1995); Adams and Someshwar (1996); Babbstone (1998); Pretty and Ward (1999); Krishna and Uphoff (1999); and Rose (1999). The World Bank as one of the world's financial institutions that distributes a lot of aid, especially to third world countries, is also interested in the results of studies that use the concept of social capital (see Dasgupta and Serageldin, 1999). The World Bank defines social capital as the norms and social relations inherent in the social structure of society that are able to coordinate actions in achieving goals.

Ostrom (1993) who tries to analyze development programs in Third World countries using the concept of social capital states that development that utilizes social capital shows a better success rate, so he concludes that social capital is one of the prerequisites for the success of a development program. Meanwhile Rose (1999) in her research in Russia found that social capital is the main element for the work of informal organizations in society as an alternative to formal organizations. Putnam (1993) and Fukuyama (1995) mention that social capital does not lie in individuals, but in groups, communities, and even at the state level. Putnam further stated that social relations are a reflection of cooperation and coordination between citizens based on active and reciprocal social ties. Putnam also mentions that trust, norms and social networks tend to be self-reinforcing and cumulative. Meanwhile Coleman (1988) who conducted a participatory study in Chicago defines

social capital based on its function, namely aspects of social structure which actors can use as resources to achieve their interests. This shows that the existing social structure also affects the workings of social capital in a society.

From the results of researches that have been carried out by several scholars, Lubis (2002) came to the conclusion that social capital has core elements which include: (1) mutual trust, including honesty, fairness, egalitarianism, tolerance and generosity; (2) social networks which include participation, reciprocity, solidarity, collaboration/cooperation, and equity; (3) institutions, which include shared values, norms and sanctions, and rules. The main elements of social capital are not something that grows and develops by itself, but must be created and transmitted through socio-cultural mechanisms within a social unit such as the family, community, voluntary association, state and so on.

The existence of a network of relationships between individuals, norms and beliefs, as part of social capital provides benefits in the context of the formation of collective cooperation in managing the sale of the rubber commodity of farmers collectively through an "auction" system which will strengthen the bargaining position of rubber farmers against the rubber traders who always try to exploit them through unilateral pricing. According to Putnam (1999), cooperation will more easily occur in a community that inherits a real stock of social capital, in the form of norms of reciprocity and a network of engagement between citizens.

In the context of Indonesia, research that uses the concept of social capital, among others, was carried out by Lubis (2002). Lubis' research (2002) found that communities that were able to take advantage of the potential of social capital had been able to contribute to improving the welfare of the village community through the income obtained from the

collective management of Lubuk Ban which was used for the construction of facilities and infrastructure in the village. However, the results obtained from the collective cooperation are only limited to improving the welfare of the village community and have not directly touched on increasing family income.

A research conducted by Badaruddin (2006) on the collective cooperation of rubber sales in Rao Subdistrict, Pasaman Regency, West Sumatra Province found that the collective sale of rubber under an "auction" system has contributed to increasing family income and improving the welfare of rural communities because rubber can be sold at a higher price. Improving the welfare of village communities through the construction of village facilities and infrastructure such as road repairs, mosque construction, madrasah construction, teacher salaries and others is obtained through donations given by rubber farmers whose amount has been mutually agreed upon. Badaruddin's (2003) research on fishing communities found that one of the factors that made it difficult for traditional fishing communities and labor fishermen to get out of the poverty trap was the low or undeveloped social capital within the community. Meanwhile, Ali Wafa (2003) in his research entitled The Urgency of the Existence of Social Capital in Social Groups in Central Java came to the conclusion that, social capital in the "Mardi Utomo" Farmer Group can work, because it is supported by strong trust, social control mechanisms, the same job as a farmer, and the goals of the social group where the supporting factors are in the existing social structure.

The results of Salman's research (1999) also found that the results of collective work (collaboration) by utilizing the potential of social capital in an effort to increase income in fishing communities have shown satisfactory results. Salman (1999) suggested that the results of collective work carried out by fishermen on Barrang Candi Island (Makassar) not only succeeded in increasing income temporarily, but also in breaking the bond of dependence on small fishermen (clients) on a number of large retainers (patrons), changing profit-sharing structure in the community towards a more democratic direction, as well as the embedded critical awareness of the importance of collective work among them in overcoming the problems they face.

Ohama (2001) also proposed a case of successful collaborative work in Central Luzon (Philippines), where collective work not only brought the farming community out of the poverty trap, but succeeded in creating social capital in the form of the birth and development of people organizations of "Ugnayang Magsasakang San Siomon (UMSS)". Some other cases are the experiences of a number of poverty reduction programs in various Latin American and Caribbean countries, such as El Salvador, Jamaica, Venezuela, Columbia, Argentina, and Bolivia. In some of these countries, efforts to reduce poverty have taken place by utilizing the potential of social capital known as "Government, Business, and Civic Partnerships for Poverty Reduction" (Fiszbein and Lowden, 1999).

Although some of the research results that have been described above show that the utilization of the potential of social capital in a community provides positive benefits, social capital is not something that grows and develops on its own, but must be created and transmitted through cultural mechanisms. As stated by Fukuyama (1995:26), that social capital is also something that is created and transmitted through cultural mechanisms such as religion, tradition, and historical habits.

The theoretical aspects related to CSR and social capital will be used as a theoretical orientation in understanding and explaining: patterns of CSR

implementation that have been carried out by companies (corporations), both state and private corporations; perception of stakeholders (beneficiaries) of CSR practices that have been carried out so far; CSR implementation model based on three stakeholders, including: Company – Community - Government/Local Government.

## Corporate Social Responsibility Model Philanthropy (Charity)

Philanthropy is one of the urgent concepts. This concept is at least relevant for the two main discourses that are currently attracting public attention and concern in Indonesia. First, the *pitumuka* crisis and its associated impacts (social conflict, displacement, increasing number of the state debt), which inflicted suffering on Indonesian people, especially on the disadvantaged or disadvantaged groups. Recovery efforts with no small social costs have been carried out, but the signs of basic recovery are not yet clear. Further recovery requires no small amount of social funds. Second, the agenda for re-enforcement of the community order (civic minded, civil society) which is related to the discourse of democratization, reconciliation, capacity building, empowerment or good governance. The link between generosity and the latter concepts is found in the basic element, including voluntary action (volunteerism) as a whole, called voluntary agendas or social movements, or the philanthropy sector, or the third sector.

## Community empowerment

Community empowerment as a strategy, has now been widely accepted, and has even developed in various literatures in the western world. The 1992 Social Development Summit in Copenhagen has also included it in various agreements. However, efforts to make it happen in development practice do not always run smoothly. Many thinkers and practitioners do not understand and may not believe that the concept of empowerment is an alternative solution to the development dilemmas they face. Those who hold to the old-model development theories are also not easy to adjust to the views and demands of justice. Those who are not comfortable with the concept of participation and democracy in development will not feel at ease with this concept of empowerment. Furthermore, it is also recognized that there are various biases towards community empowerment as a new paradigm of development.

Community empowerment is a concept of economic development that encapsulates social values. This concept reflects the new paradigm of development, which is "people-centered, participatory, empowering, and sustainable" (Chambers, 1995 in Kartasasmita, 1996). This concept is broader than merely meeting basic needs or providing a mechanism to prevent further impoverishment processes (safety net), which has recently been developed as an effort to find alternatives to the concepts of growth in the past. This concept developed from the efforts of many experts and practitioners to seek what, among others, Friedmann (1992) called alternative development, which requires "inclusive democracy, appropriate economic growth, gender equality and intergenerational equity".

The concept of empowerment does not contrast growth with equity, because as Donald Brown (1995) says, the two should not be assumed to be "incompatible or antithetical". This concept tries to escape the trap of "zero-sum game" and "trade off". It starts from the view that equity creates a broader foundation for growth and which will ensure sustainable growth. Therefore, as stated by Kirdar and Silk (1995), "the pattern of growth is just as important as the rate of growth". What is sought is, as Ranis said, "the right kind of growth", which is not a vertical one that

produces a "trickle-down", as has proven unsuccessful, but a horizontal one, it is "broadly based, intensive employment, and not compartmentalized" (Ranis, 1995).

The results of an assessment of various projects carried out by the International Fund for Agriculture Development (IFAD) show that support for production generated by lower-class communities has contributed to greater growth than the same investment in larger-scale sectors. The birth of the concept of empowerment as an antithesis to a development model that is less in favor of the majority people. This concept is built from the following logical framework: (1) that the process of concentration of power is built from the concentration of power of the factors of production; (2) the concentration of power in the factors of production will give birth to a working society and a marginalized entrepreneur community; (3) power will build a building or knowledge system, political system, legal system and manipulative ideological system to strengthen legitimacy; and (4) the systematic implementation of knowledge systems, political systems, legal systems and ideologies will create two groups of people, namely empowered people and underprivileged people (Prijono and Pranarka, 1996). In the end, what happened was a dichotomy, it is society in power and humans being ruled. To liberate the situation of mastering and being controlled, liberation must be carried out through a process of empowerment of the powerless.

The thought above is in line with the terminology of empowerment itself or what is known as empowerment which starts from the word power. Power in the sense of strength that comes from within but can be strengthened by strengthening elements absorbed from the outside. It is a concept to break the vicious circle that links power with wealth sharing. Underdevelopment and poverty that arise

in the development process are caused by imbalances in ownership or access to power sources. The long historical process has led to power dispowerment, it is the elimination of power in most people, as a result, people do not have adequate access to productive access which is generally controlled by those who have power. In turn, their economic backwardness causes them to be further away from power. That's how the vicious circle keeps turning. Therefore, empowerment is a two-way street. First, releasing the shackles of poverty, and backwardness. Second, to strengthen the position of the layers of society in the economic structure and power.

Conceptually, community empowerment is an effort to increase the dignity of the layers of society that in their current condition are unable to escape the trap of poverty and underdevelopment. In other words, empowering is enabling and empowering the community. In the concept of empowerment, according to Prijono and Pranarka (1996), humans are subjects of themselves. Empowerment process which emphasizes the process of giving the ability to the community to be empowered, encouraging or motivating individuals to have the ability or empowerment to determine their life choices. Furthermore, it is said that empowerment must be aimed at groups or layers of society that are left behind.

Empowerment in the context of society is the ability of individuals to combine in society and build the empowerment of the community concerned. A society where most of its members are physically and mentally healthy, educated and strong, must have high empowerment. Community empowerment is a basic element that allows a society to survive, and in a dynamic sense develop themselves and achieve progress. Community empowerment itself is the source of what in the political perspective is

called national resilience. This means that if the community has a high economic capacity, then it is part of the national economic resilience.

In this framework, efforts to empower the community must first begin by creating an atmosphere or climate that allows the community's potential to develop. Here the starting point is the recognition that every human being, every society, has potential that can be developed. This means that no society is completely without power, because otherwise it will become extinct. Empowerment is an effort to build power itself, by encouraging, motivating and raising awareness of its potential and trying to develop it. Furthermore, these efforts are followed by strengthening the potential or power possessed by the community itself. In this context, more positive steps are needed, apart from just creating a conducive climate and atmosphere. This strengthening includes concrete steps, and involves the provision of various inputs, as well as opening access to various opportunities that will make the community more empowered (Kartasasmita, 1996).

Thus, empowerment includes not only strengthening individual community members, but also their institutions. Instilling modern cultural values such as hard work, frugality, openness, responsibility and others which are a major part of the empowerment effort itself. The empowerment referred to in this study is the empowerment of the informal sector, especially the group of street vendors as part of the community that requires separate management from the government related to efforts to improve the quality of the resources they have which in turn will encourage an increase in business income/profit so able to contribute to regional revenue receipts from the regional retribution sector.

**Partnership**

Basically, the concept of partnership is a type of business entity in which the partners (owners) share the profits or losses of the business. Partnerships are often used in companies for tax purposes, as a partnership structure is generally not taxed on profits before being distributed to partners, while according to Hafsah (2000, p.43) "partnership is a business strategy carried out by two or more parties within a certain period of time to achieve mutual benefit based on the principle of mutual need and mutual improvement".

According to Dewanto in his thesis entitled Partnership Agreement with Plasma Core Patterns in Broiler Chicken Farmers in the Grobogan Regency, Central Java. The hallmark of a partnership is equality of position, no party is harmed and aims to increase mutual benefits through cooperation without mutually exploiting one another and the growth of mutual trust between them. In its implementation, according to Sulistyani (2004), it is inspired by the biological phenomena of organismal life and tries to bring it into understanding which is then divided into:

a) Pseudo partnership is a collaboration between two or more parties but does not actually carry out a balanced cooperation between one another.

b) Mutualism partnership is a collaboration of two parties (Journal of Public Administration (JAP), Vol. 1, No. 5, p. 953-961956) or more who are equally aware of the important aspect of doing partnerships, it is to provide more benefits to each other so that goals can be achieved optimally.

c) Conjunction partnership, partnership through fusion and development, is a partnership that is analogous to the life of a "paramecium". In the process of

life, "paramecium" performs conjunctions to get energy and then separate to further divide themselves.

The other partnership models that were developed based on the principles of organizational life in general are:

a) Subordinate union of partnership, this kind of partnership occurs between two or more parties who have status, ability, or power that is not balanced with each other.

b) Linear Union of partnership, this collaboration is carried out by organizations or parties who have relative similarities, both goals, missions, business or organization size/volume, status, and legality.

c) Linear Collaborative of partnership, this partnership does not distinguish the size or volume, status/legality, or strength of the partnering parties. The main pressure is the competitive visions and missions to complement one another.

While the patterns of partnership in accordance with the provisions of Law no. 20 of 2008 there are six patterns that may be carried out in the implementation of partnerships including:

a. Core Plasma Pattern

The Core-Plasma Pattern is a partnership relationship between small and medium-sized businesses or large businesses, in which medium or large businesses act as the core and small businesses as plasma, these companies carry out coaching starting from the provision of production facilities, technical guidance, to marketing. production (Salamon Niaga, Rudianto; p. 40). Meanwhile, according to Article 27 of Law No. 9 of 1995, the core plasma pattern is "a partnership relationship between small and medium-sized

businesses or large businesses as the core of fostering and developing small businesses that become their plasma in providing land, providing production facilities, providing technical guidance on business management. and production, acquisition, mastery and improvement of technology needed to increase business efficiency and productivity."

b. Sub-Contract Pattern;

According to Article 27 of Law No. 9 of 1995 that "the subcontracting pattern is a partnership relationship between small businesses and medium or large businesses, in which small businesses produce components needed by medium or large businesses as part of their production."

c. General Trading Patterns;

According to Article 27 of Law No. 9 of 1995, the general trading pattern is "a partnership relationship between small businesses and medium or large businesses, in which medium or large businesses market the products of small businesses or small businesses supplying the needs needed by medium businesses. or large business partners."

d. Franchise Pattern;

According to Article 27 of Law No. 9 of 1995, the franchise pattern is "a partnership relationship, in which the franchisor grants the right to use the license, trademark, and distribution channel of his company to the franchisee, accompanied by the assistance of management guidance."

e. Agency Pattern; and

According to Article 27 of Law no. 9 of 1995, the agency pattern is a "partnership relationship, in which

small businesses are given special rights to market goods and services of medium or large business partners."

## RESEARCH METHODOLOGY

The research design used in this research was a combination of qualitative and quantitative approaches. The combination model used in this research was a dominant-less dominant design (Creswell, 1994), where the qualitative approach was used as the dominant (qualitative-dominant), while the quantitative approach is used as the less dominant (quantitative-less dominant). A qualitative approach that emphasized proceduralism was intended so that researchers and the research process were not trapped in a rigid and stereotypic theoretical framework. With an emphasis on process, a diachronic search of data and information will be carried out to find out and understand in a coherent and complete manner regarding the patterns of CSR implementation that have been carried out by corporations, both State Owned Enterprises and private companies. The same treatment applied to identify and understand the social capital potential of the local community. The identification of the potential of social capital was data and information that was needed in making a model for implementing CSR based on social capital. A qualitative approach was also considered appropriate to obtain information about a social capital-based CSR implementation model applicable and effective for the wider community.

Meanwhile, a quantitative approach was used to obtain data that was able to provide information about stakeholder perceptions (CSR recipients) on CSR practices that had been carried out so far and also views from corporations regarding CSR implementation so far. Although it was not the focus, the views of the community around the implementation of CSR who did not receive direct assistance was also be sought for qualitative information to enrich the analysis material. Comprehensive knowledge and understanding of the above used as the basis for creating a replicable model of CSR implementation based on social capital.

The population of this research were all companies registered with the Department of Industry and Trade of Bojonegoro Regency. The companies had at least carried out assistance activities to other parties. The assistance provided was not aimed at increasing the company's sales. In this research, the entire population became the sample. To ensure that the sample complies with the criteria, the researcher made sure by checking the secondary data of company profiles registered with the Industry and Trade Office of Bojonegoro Regency.

The unit of analysis in this research was the company, while the respondents were representatives of companies that have CSR management tasks. The collection was divided into 2 (two), including: Primary Data and Secondary Data. Primary data collection was carried out by distributing questionnaires to respondents who met the criteria for this research. Questionnaire answers from respondents represented the company. In addition to distributing questionnaires, primary data was obtained by means of in-depth interviews with structured questions. Secondary data collection were collected from the processed data of others, in the form of documents, reports, publications, and so on. Descriptive statistical analysis was used to analyze the variables expressed by the frequency distribution, both in absolute numbers as well as frequency distribution and percentage.

## RESULTS AND DISCUSSION

The number of corporations that became the object of research were 54 companies. However, only 47 companies

were interviewed. 4 companies were not interviewed because they had not issued CSR, while 3 companies were not willing to be interviewed. The type of company that became the object of the research was 62% in the form of PT, 2% in the form of cooperatives, 8% in the form of CV, 9% of individual companies, and 13% of other business entities (KKKS). The business fields of the companies becoming the object of research were 21% in banking, 9% in transportation, 13% in mining, 11% in hotels, 6% in civil contractors, 4% in manufacturing companies, 2% in the food and beverage sector, 25 % was in other sectors. Companies becoming the object of research have an operational scope of 74% domestic companies, 6% multinational companies, 13% international companies, and 7% global or transnational companies.

Corporate Social Responsibility as a form of corporate concern for the internal and external environment, as the World Business Council for sustainable development CSR is a continuous commitment from businesses to behave ethically and contribute to economic development, while improving the quality of life employees and their families, as well as the local community and society at large. In terms of sustainable commitment, tangible measures are needed so that CSR can conceptually be implemented. The implementation of CSR, as according to ISO 26000 CSR is closely related to the responsibility of an organization for the impacts of its decisions and activities on society and the environment which is manifested in the form of transparent and ethical behavior that is in line with sustainable development and community welfare; taking into account stakeholder expectations, in line with established laws and international norms of behavior; and integrated with the organization as a whole.

Referring to the conceptual and understanding of CSR, according to ISO 26000, the implementation of CSR in Bojonegoro Regency in this research included: implementation mechanisms, fields and patterns, activity capacity, implementing capabilities, sustainability of business cooperation, strategies and implementation benefits, as well as forms and formulations of participation 3 (three) elements of government-Civil Society-company.

**CSR Implementation Strategy Analysis**

Siagian (2004) states that strategy is a series of decisions and fundamental actions made by top management and implemented by all levels of an organization in order to achieve the goals of the organization. Another definition of strategy as expressed by Craig & Grant (1996), that strategy is the setting of long-term goals and objectives of a company and the direction of action and allocation of resources needed to achieve the goals and objectives. From the research findings on the CSR implementation strategies carried out by companies in Bojonegoro, there were 3 (three) models, including:

a. Self/Directly Implemented Strategy, it is the implementation of CSR carried out by company personnel assigned according to the organizational structure of each company, without using resources from outside the company. In the direct model, the company submits the CSR program directly to the beneficiaries according to company policy, or according to community proposals. The distribution of CSR by the company uses its internal resources. Companies that carry out CSR themselves take advantage of their organizational structure, by placing CSR management in the division/manager of Public Relations/marketing and even by the secretary to the director. However, there are companies that have a special CSR division.

In Bojonegoro Regency, companies generally carried out CSR directly. Research findings explained that 49% of companies implemented an implementation strategy carried out directly, 28% did a combination strategy, by doing it themselves but also in collaboration with the government, the private sector (NGOs, Vendors, and Universities), 11% carried out it themselves and also involved the government. There was no company in implementing CSR has chosen a strategy that only involved the private sector (NGOs, vendors and universities). When it is viewed from the characteristics of companies that carried out their own CSR strategies, they were companies engaged in mining, hotels, oil and gas contractors, and manufacturing. Companies that involved the government and the private sector were mostly companies engaged in mining, 31% or 100% of companies in Bojonegoro in implementing CSR involving these parties. Companies that implemented CSR directly as many as 39% of companies worked in the banking sector, 26% worked in manufacturing and 9% each worked in the trade, hotel and mining sectors. Below was the graph illustrated the distribution of companies that carried out CSR themselves/directly.

**Graph 1. Companies that carried out CSR directly**
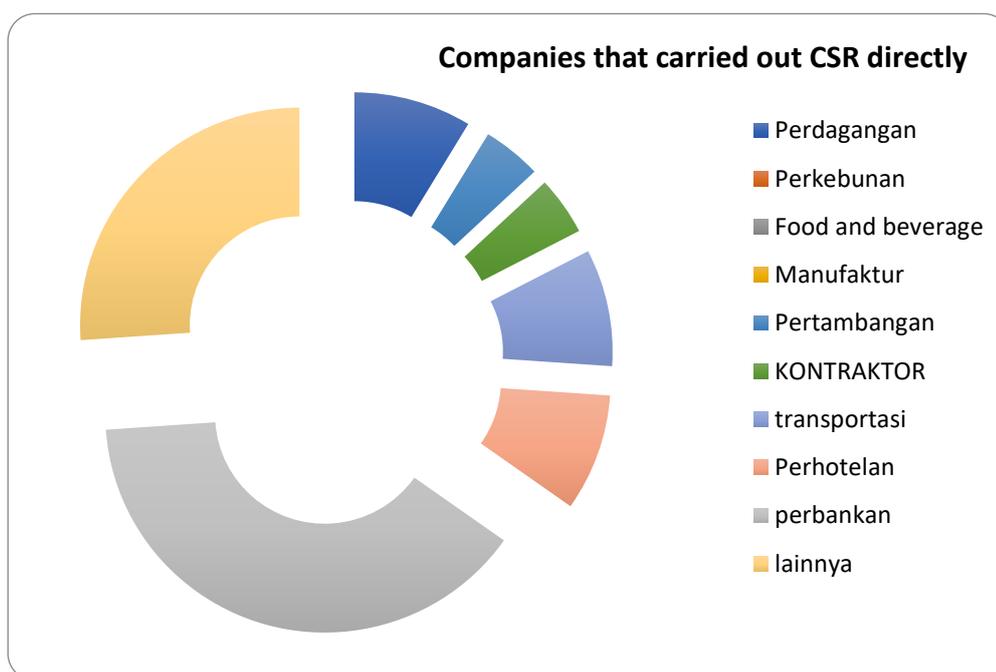


When it was viewed from the form of the company's institution, 83% were in the form of Limited Liability Companies (PT), 9% are in the form of Cooperation Contract Contractors (KKKS). KKKS is a party that had a Cooperation Contract with the Government of the Republic of Indonesia (SKK Migas). It was a Permanent Business Entity or a company holding management rights in a Block or Work Area that has the right to carry out exploration activities, oil and gas exploitation in Indonesia, (www.

wikipedia.org). Meanwhile, each 4% is in the form of Firms and Individuals (UD). The form of business entity Firma (venootschap onder firma) is a form of partnership to run the business of two or more people using a common name, in which the owner of the firm consists of several people who are in alliance and each member of the partnership submits personal assets as stated in the deed of establishment. company, (www.wikipedia.org). Meanwhile, a Limited Liability Company (PT), according to Law N0.40 of 2007 concerning Limited Liability Companies is a Limited Liability Company, hereinafter referred to as a Company, is a legal entity which is a capital partnership, established based on an agreement, conducting business activities with authorized capital which is entirely divided into shares and meet the requirements stipulated in the Act. The forms of CSR that were carried out directly by the company were in the form of food assistance for flood victims, mass circumcision, construction of places of worship, reforestation, and scholarships. The majority of CSR activities that were carried out directly/carried out themselves were in the form of charity activities. Companies that carried out direct CSR such as: Bank BTPN, BANK BTN, Bank Jatim, Bank BRI, Bank BCA, Bank PANIN, Bank Mandiri Syariah, Bank Danamon, and Bank BPR

**Graph 2. Companies that carried out their own CSR in terms of their institutional forms**
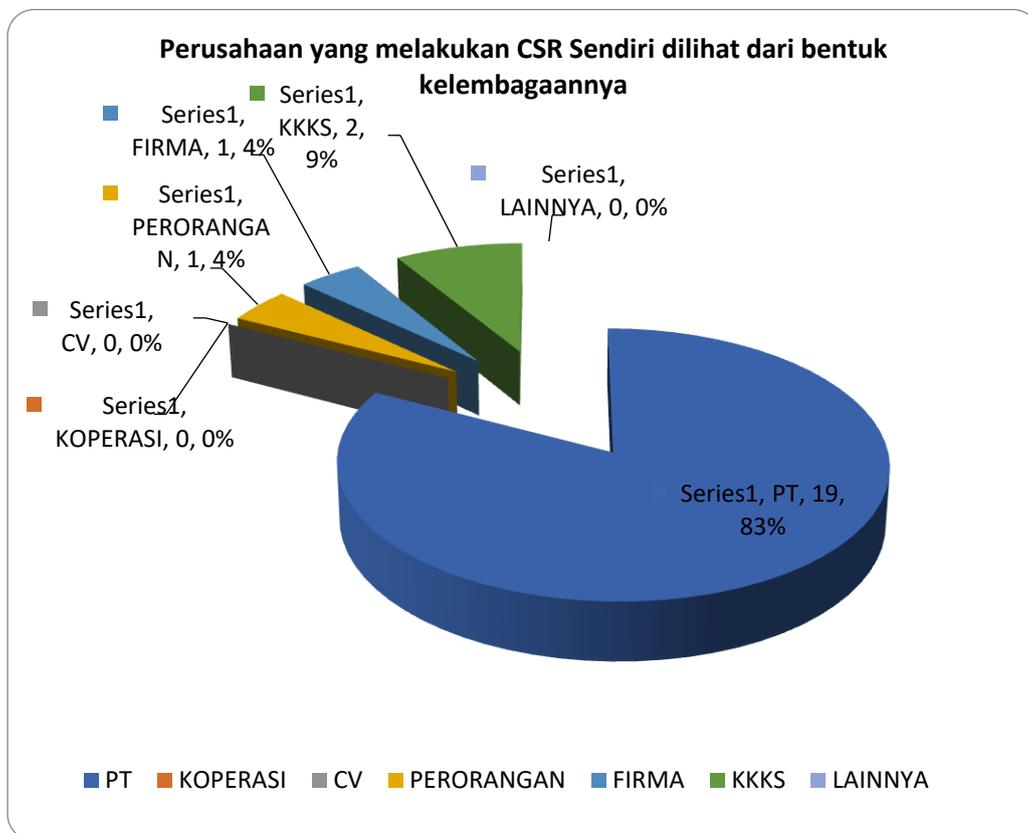
b. Cooperating with the Government
In Bojonegoro Regency, the next CSR strategy is to cooperate with the government. The form of cooperation is that the company distributes a number of resources (funds, production facilities, and other assistance) to the government, then the government distributes the resources (funds, production facilities, other assistance) of the CSR program to the beneficiaries.

Determination of the location, number of beneficiaries and targets are determined by the government as a partner company. The government in this case acts as an agent/distributor. The companies that use government agents in implementing CSR were mostly companies that work in the manufacturing/factory sector by 50%, while the remaining 50% are others.

**Figure 1. Corporate CSR Strategy in Collaboration with the Government**
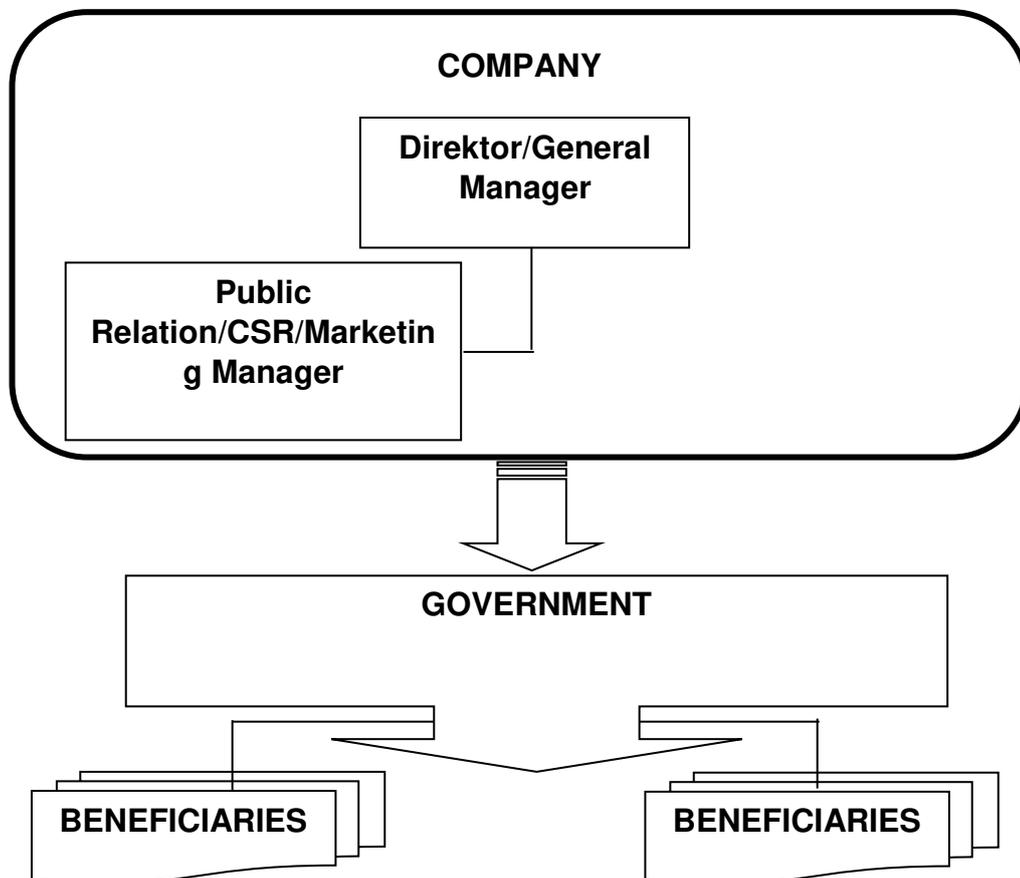


c. Collaborating with Private (NGOs, Universities, and Vendors)
In Bojonegoro Regency, the implementation of CSR used a strategy of working with the private sector as an agent. The private agents were NGOs, universities and vendors. NGOs are organizations founded by individuals or groups of people who voluntarily provide services to the general public without the aim of obtaining profits from their activities, (www.wikipedia.org). Meanwhile,

Higher Education (PT) (www.wikipedia.org) is an educational unit providing higher education. CSR vendors are companies that sell services to other companies. Implementation of CSR using NGOs agents for activities that are community empowerment, capacity building activities and development of productive economic enterprises. Meanwhile, CSR activities that use university agents were more focused on research activities, scholarships, and the creation of technological innovations. Companies that use vendor agents, for the implementation of CSR for the provision of production assistance, reforestation. The majority of CSR activities with NGOs agents were carried out by companies engaged in the mining sector, while companies that use vendors as agents are predominantly companies engaged in the financial services sector, and contractors, while universities have many collaborations with companies engaged in the mining, banking, and Food and beverage sectors.

**Figure 2. Corporate CSR Strategy with Private Agents (NGOs, Universities, and Vendors)**
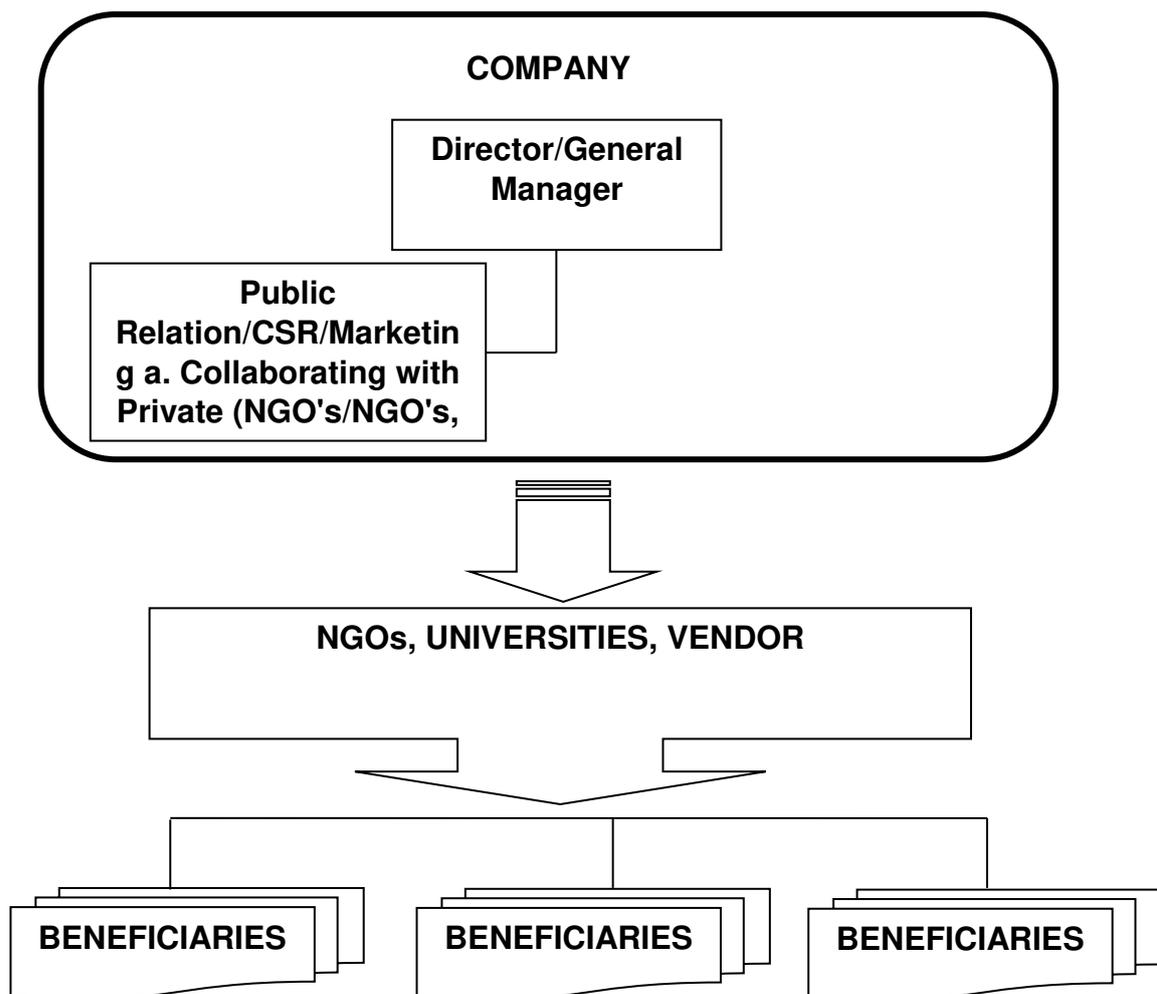
Companies implementing CSR were motivated by a sense of corporate social responsibility. As a form of a sense of togetherness with the community, 77% of companies agreed, 19% strongly agreed and the remaining 4% did not use this reason as a background for their company to implement CSR. Companies that were based on a sense of social responsibility and togetherness to the community, were companies engaged in the mining, manufacturing, transportation, banking and hospitality sectors. However, for companies in the trade sector there were those who carried out CSR not because of the form of social responsibility and togetherness with the community.

The company implemented CSR because it was motivated by the prevailing laws and regulations. As regulated in Law no. 25 of 2007 Article 15 Every investor is obliged to: (a) apply the principles of good corporate governance; (b) carry out corporate social responsibility. Regulated in Law no. 40 of 2007 Chapter V Social and Environmental Responsibility Article 74: Companies that carry out their business activities in the field and/or related to natural resources are obliged to carry out Social and Environmental Responsibilities. The implementation of CSR is further regulated in PP No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. Special binding regulations for oil and gas companies as regulated in PTK No. 017/PTK/III/2005 concerning Guidelines for Provision of Emergency Information, Guidelines for community development programs, and guidelines for public relations for cooperation contracts in the upstream oil and gas business environment.

State-owned companies have the obligation to issue CSR funds as per regulation PER-05/MBU/2007 CHAPTER II, Article 2 paragraph 1, Persero and Perum are obliged to carry out PKBL, paragraph 2, public companies can carry out PKBL based on the GMS. CSR expenditures by companies, especially for social activities, are given appreciation rewards in the form of tax reductions, as regulated in Law Number 36 of 2008 Article 6 paragraph (1) letters i, j, k, l, and m, where it is emphasized that the amount Taxable Income for domestic Taxpayers and permanent establishments (BUT), is determined based on gross income less costs to earn, collect, and maintain income, including among others: (a) donations in the context of national disaster management whose provisions are regulated by Regulation Government; (b) donations in the context of research and development carried out in Indonesia whose provisions are regulated by Government Regulations; (c) the cost of social infrastructure development whose provisions are regulated by a Government Regulation; (d) donation of educational facilities whose provisions are regulated by a Government Regulation; and (e) donations in the context of sports development whose provisions are regulated by a Government Regulation. Furthermore, it is emphasized in Government Regulation Number 93 of 2010 concerning Contributions for National Disaster Management, Contributions to National Disaster Management Research and Development, Educational Facilities Donations, Sports Development Donations, and Social Infrastructure Development Costs that can be deducted from Gross Income.

According to the data, companies that underlie that implementing CSR as part of compliance with laws and regulations were 61% of companies stated strongly agree, 19% agreed, while 11% of companies did not have an opinion. There were 9% of companies who disagree, CSR background was due to regulations, but companies preferred CSR activities based on ethics, morals and corporate social responsibility.

The company carried out CSR against the background of a sense of corporate moral responsibility, as a manifestation of its alignment with the community. The company implemented CSR not only because it fulfilled its obligations, but the company considered that the company's existence in the community had to be beneficial. This was manifested in the background of each CSR program based on moral responsibility and a form of siding with the community. The companies that underlie the implementation of CSR because of the above were 96%, of which 11% agreed, while 85% strongly agreed. However, there were 2% of companies that issued CSR not based on a sense of moral responsibility and a form of partiality to the community.

The perception of the company in implementing CSR as well as being intended as a promotional activity or building a public image with 51% stated that they strongly agreed with this perception, while 4% strongly agreed, 28% disagreed, 15% disagreed and 2% strongly disagreed. The picture above showed that CSR was very close to the promotion and branding activities of the company and its products or often called branding efforts. This showed that the company's business interests must still be taken into account in carrying out CSR. CSR was not only because of concern, not only because of the coercion of laws and regulations, but as a form of introduction to the public about the company's image and products issued by the company.

Companies with a mining business background were very dominant reasons for issuing CSR, one of which is for promotion or imagery, as crosstabs analysis below 67% agreed with this background, 17% strongly agreed and the remaining 16% disagreed. The implementation of CSR by the company was intended to secure the assets or activities of the company from disturbances in its environment. Companies based on this background were 51%, 9% strongly agreed, 21% disagreed, 15% were neutral and 4% strongly disagreed. It could be concluded that the implementation of CSR in general was part of the company's strategy to secure its assets from environmental disturbances from the surrounding community. Environmental disturbances from the community would have an impact on the company's operations, to overcome this the company implements CSR. As an illustration of the percentage distribution of the company's reasons for reducing environmental disturbances.

**Analysis Of Csr Implementation Mechanism**

Mechanism is a process that explains the stages of the program starting until the program ends. In general, the flow of the CSR implementation mechanism carried out by the company is through identification, monitoring and evaluation implementation planning, follow-up plans. In implementing the program, the company provides technical assistants to the beneficiaries, especially in carrying out CSR activities in order to achieve the program objectives. The CSR mechanism carried out by the company can be seen as shown below.

**Figure 3. CSR Implementation Mechanism**
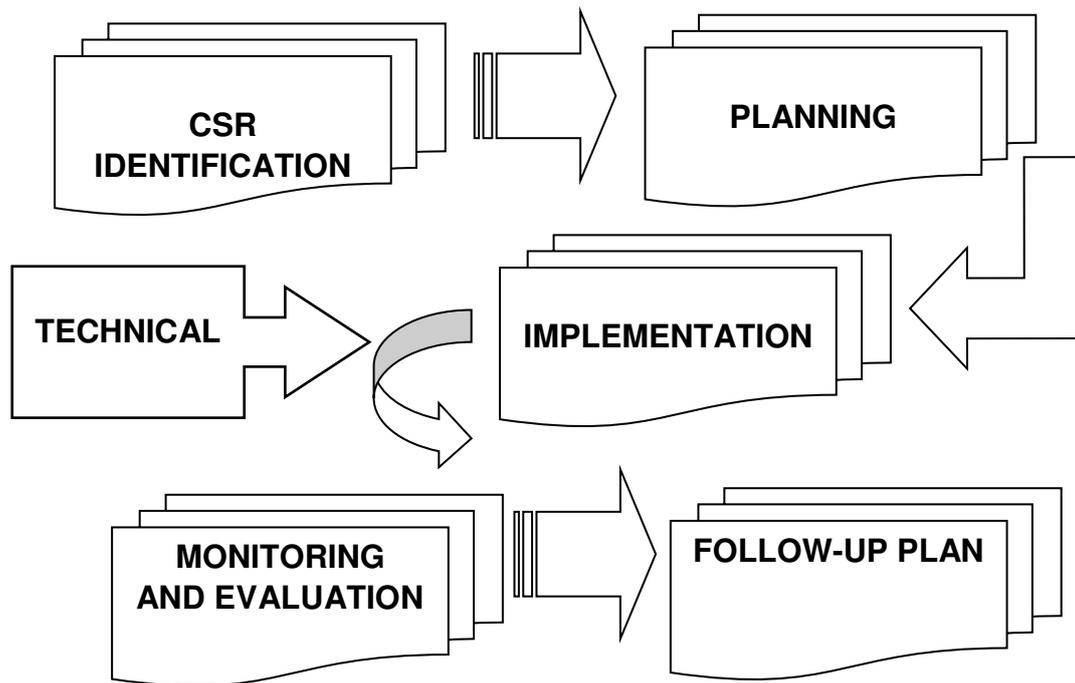
The stages of the CSR mechanism are as follows:

1) Identifying CSR. Identification was the first step taken by the company, it was activities to collect information, data, and facts about the CSR activities that would be carried out. Information, data, and facts obtained were used to be considered in planning CSR programs. Identification was carried out by the company itself. There were also companies in collaboration with NGOs and universities. Companies that identified CSR themselves without other parties, such as banks, transportation companies, and drinking water companies, while companies that cooperated with other parties in identifying CSR, including mining companies, Cooperation Contract Contractors (KKKS), oil and gas sector contractors. All companies identify CSR before carrying out CSR activities.

2) Planning, activities carried out by the company to determine the target, location, form, value, time, and benefits as well as the CSR management system. The CSR planning process was carried out internally by the company. Planning was carried out by the company at the beginning of the fiscal year. The planning process was carried out alone or carried out by the company in collaboration with NGOs or universities. The planning process was not all carried out by the company. Companies that did not carry out CSR planning carried out CSR based on suggestions from the surrounding community or activities to respond to major force events, such as floods, volcanic eruptions and so on. From the research results, it was found that not all companies carried out CSR planning. Companies that did not plan to carry out CSR activities,

such as EXTRAN, PO Dalimas, PO Daliprima, Hotel Nirwana, Griya Darma Kusuma, Giant Supermarket, CV. Athis Bojonegoro.

3) The implementation of CSR was carried out by the company by distributing CSR activities/programs to the beneficiaries. Companies that had made plans for CSR programs/activities carried out CSR according to the results of the plans made at the beginning, but companies that did not make plans beforehand carry out CSR after there was a request from the community around the company's operations.

4) Technical Assistant, is an activity to provide assistance (facilitation and consultation) to CSR beneficiaries. Technical assistant activities are carried out by the company to ensure the program can run according to plan. CSR activities that place Technical Assistants as part of the CSR mechanism are community empowerment programs. The CSR program in addition to trying to meet the physical needs of the beneficiaries is also to increase the capacity of the community, the transformation of knowledge to the community. The form of Technical Assistant is given to the community in the implementation of CSR, such as the preparation of proposals, preparation of financial reports, participatory planning of CSR activities by the beneficiaries. The company provides Technical Assistant to the beneficiaries by using agents from the private sector (NGOs and universities). However, in carrying out CSR, not all companies provided Technical Assistants in implementing CSR. Several companies that provided Technical Assistants included: Tripatra, JOB PPEJ, ExxonMobil Cepu Limited, Pertamina Asset IV, Pertamina EP Cepu. Meanwhile, outside companies did not implement it.

5) Monitoring and Evaluation. Monitoring is the process of collecting and analyzing information (based on established indicators) systematically and continuously about program/project activities so that corrective actions can be taken for further improvement of the program. In the implementation of monitoring carried out by the company by interviewing the beneficiaries, conducting Focus Group Discussions, reviewing community CSR reports, surprise inspections. However, not all companies monitor their CSR programs, there were some companies that did not monitor their implementation after doing CSR. Companies that did not carry out monitoring, mostly CSR programs in the form of disaster relief activities. However, companies that implemented CSR with a pattern of community empowerment always carried out that process. Monitoring was carried out by the company itself by forming a monitoring team, as well as by cooperating with NGOs and Universities that have such expertise.

Furthermore, the company evaluated its CSR program. Evaluation is the process of assessing the achievement of goals and disclosing program/project performance problems to provide feedback for improving the quality

of program. However, not all companies carried out program evaluations. Companies that carried out CSR in the form of responding to disasters did not evaluate CSR programs/activities. The evaluation was carried out by the company, either by itself or by the company in collaboration with NGOs and universities. Evaluation activities by the company were used to make a follow-up plan. Companies that did not monitor and evaluate their CSR programs included: PT. Sakalaguna/Indosat, RM. Apung, PO Dalimas, PO Daliprima, Griya Darma Kusuma, Giant Supermarket, CV. Athis Bojonegoro, Bank BCA, Bank Panin, Bank CIMB Niaga, Bank Mandiri Syariah, Bank Danamon, and BPR Bojonegoro

6) Follow-up Plan, the Company implemented a Follow-up Plan based on the results of monitoring and evaluation. The findings in monitoring and evaluation were followed up in the form of program improvements, as well as providing additional new programs to the community. The Follow-up Plan became the company's reference in carrying out further identification of the program. However, not all companies implement follow-up plans from the overall program results, as well as from the results of monitoring and evaluation. Companies working in the mining sector, both oil and gas operators and contractors of oil and gas companies carried out follow-up plans, including: Tripatra, JOB PPEJ, ExxonMobil Cepu Limited, Pertamina Asset IV, Pertamina EP Cepu. Meanwhile, outside the company, CV. Dewarna, CV. Margojoyo, PT. Telkomsel, PT. Jasa

Raharja, UD. Surya Pazia Group, and PT Andalan Mandiri Jaya.

**Analysis of Sectors and Patterns Of CSR**

There are 2 (two) areas of CSR carried out by the company, including: Productive Economic Business Development (UEP), and social community development.

1) UEP Development Sector

The areas of UEP development carried out by the company include: management, production, marketing, finance, and manpower. CSR activities for management, including training and mentoring. The training provided is in the form of training in marketing management, financial management, and business management. In addition to training, the provision of management assistance is also carried out with assistance by the company. Assistance is carried out in collaboration with NGOs and universities. The company's CSR is focused on UEP production activities, in the form of providing production facilities assistance, the use of appropriate technology, as well as improving the capabilities and expertise of Human Resources. The provision of such assistance is to increase the production capacity and quality of UEP's production. The company's CSR for marketing is given in the form of facilitating UEP by helping with promotions and partnering with the plasma core pattern. Promotional activities, the company provides product exhibition facilitation to UEP. Meanwhile, the activities are partnered with the plasma core pattern. The plasma nucleus pattern is a large company as the core, which provides land, production facilities, technical guidance, management, accommodates, processes and markets products, in addition to

producing the company's own needs. Meanwhile, Plasma is an MSME that provides the necessary manpower and equipment and the production results are accommodated by the core company. In Bojonegoro Regency the plasma nucleus pattern was carried out by PT. Gudang Garam with tobacco commodities.

2) Community Social Development Sector

CSR for social development is in the form of:

- awards, in the form of scholarships to outstanding employees or community members;
- social assistance, in the form of assistance in the form of money, goods and services to social/nursing homes, disaster victims and people with social welfare problems (PMKS);
- social service assistance, in the form of education, health, sports and social worker benefits; and
- Social protection, in the form of providing job opportunities for retired national/regional athletes and for people with disabilities.

3) CSR Implementation Pattern

The pattern of implementing the company's CSR program includes 3 (three) forms: Partnership, Community Empowerment, and Charity. The partnership pattern program is a program in the economic sector of the fishery, agriculture, animal husbandry, plantation sectors in the form of micro, small and medium enterprises through mutually beneficial business cooperation with companies or other parties in accordance with the business units of the target community. The partnership pattern as implemented by PT. Gudang Garam with tobacco farmers. Implementation of the partnership program, the company cooperates with agents or directly

implemented by the company itself. The Community Empowerment Program is a program in the fields of health, education, economy and the environment which is carried out through the full involvement of the community in planning the implementation and supervision of the program. In the community empowerment program there are main characteristics, namely there is community participation, there are capacity building efforts made to the community and institutions, there are efforts to establish institutions and build institutional systems, and most importantly there is knowledge transfer to the community/beneficiaries, for example, the CSR program implemented by ExxonMobil Cepu Limited, JOB PPEJ, Tripatra. Community empowerment programs carried out by companies always involve or use agents, especially companies in collaboration with NGOs/NGOs and universities.

Charity program is a direct assistance program in the form of money or/goods and services to people who experience vulnerability, emergency and disaster response situations, as well as to people who have achievements. The majority of CSR programs/activities in the form of charity are carried out by companies that are the research targets, such as flood disaster emergency response activities in Bojonegoro Regency, compensation to orphans, and mass circumcision. The implementation of the charity/charity CSR program was carried out by the company itself, but there are several companies that do it in collaboration with the government. As with the distribution of disaster assistance, the company cooperates with the Regional Disaster Management Agency (BPPD).

**CSR Capacity Activities**

The capacity of the CSR program is the number of beneficiaries, the characteristics of the beneficiaries, the value of the funds distributed to the beneficiaries, and the forms of activities received by the beneficiaries. In 2014 the amount of CSR funds disbursed by the company amounted to Rp. 30,257,550,000. However, not all of these funds have been recorded, because some companies do not want to mention the amount of their CSR funds. Funds of that amount were distributed to individual beneficiaries in the amount of Rp. 6,191,850,000, distributed to groups of Rp. 1,660.600.000, distributed to organizations of Rp. 2,285,250,000, distributed to villages of Rp. 8,711,700,000, and others with Rp. 11,462,250,000.

**Graph of the Amount of CSR Funds According to the Target for 2014 (in Rp.)**
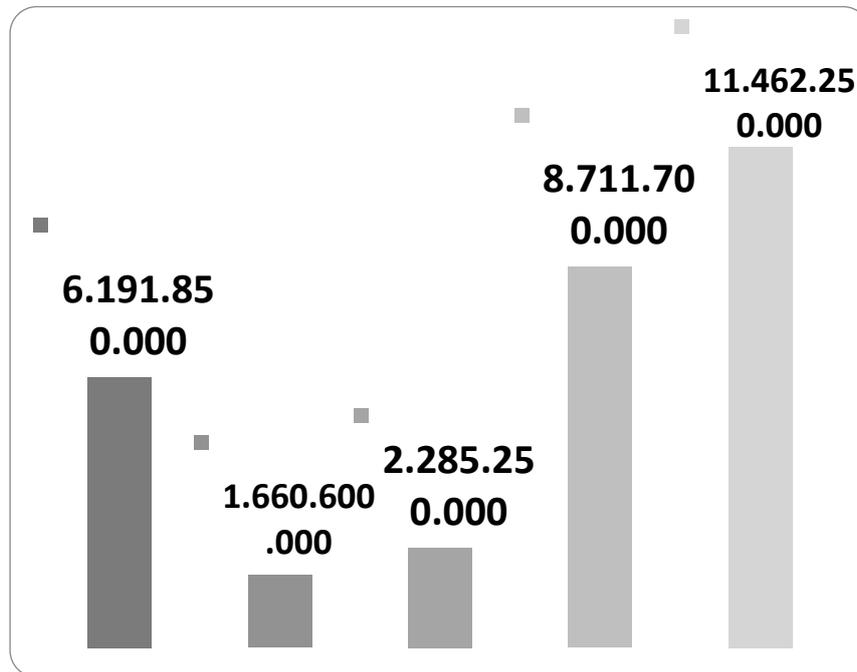


The characteristics of the company that distributed the highest CSR funds in the mining sector amounted to Rp. 15,360,000,000, followed by oil and gas contractors at Rp. 14,580,000,000. While the lowest was issued by companies working in the Food and beverage sector of Rp. 300,000.

**TABLE 1. Total of CSR Funds According to the Company's Business Fields**

| No. | Company Sector | Amount CSR (Rp.) |
|---|---|---|
| 1 | Trading | 49,000,000 |
| 2 | Plantation | 5,000,000 |
| 3 | *Food and beverage* | 300,000 |
| 4 | Manufacture | 4,000,000 |
| 5 | Mining | 15,360,000,000 |
| 6 | Contractor | 14,580,850,000 |
| 7 | Transportation | 8,000,000 |

| 8 | Hotels | 50,000,000 |
| 9 | Banks | 142,800,000 |
| 10 | Others | 57,600,000 |
| TOTAL | | 30,257,550,000 |

*Source: Primary Data Processed*

CSR programs in Bojonegoro were distributed to individual beneficiaries, groups, organizations and villages. The number of individual beneficiaries was 2,730 people, while the CSR beneficiaries in the form of groups were 55 groups, while those in the form of organizations were 170 organizations. There were 112 villages that became CSR beneficiaries. For the record, not all companies submit data on the number, target beneficiaries, for reasons of company management policy.

**CSR Implementation Capability**

CSR implementation capability was defined as the accuracy of program achievement with program objectives, accountable CSR program implementation, openness of CSR program implementation and high community involvement in program implementation. CSR implementers were able to achieve the objectives of the CSR program accurately as desired, the majority of companies or 84% agreed/believed that the implementation of the CSR program was in accordance with the program objectives at the time it was planned. Even 6% strongly agreed or strongly believed that the CSR program that had been planned had been appropriate and accurate as the program plan. 10% of companies were neutral or did not believe that the CSR program was accurate and appropriate. The implementer of the CSR program in its implementation can be held accountable, the form of accountability of the beneficiaries to the company providing the program is in the form of Accountability Report Documents, Handover Minutes. Accountability reports submitted to beneficiaries are in the form

of fund reports and activity reports. The CSR program was implemented

transparently, it was approved by 76% of the companies that were the research respondents, it means that the CSR program was believed by the company to have been implemented transparently. 10% of respondents even stated that they strongly agreed, it could be said that the company had carried out CSR activities very transparently. However, there are 14% of company respondents who were not neutral or did not believe in the transparency of the implementation of CSR programs.

The form of transparency of CSR programs/activities is by conducting socialization to the community using the media of village meetings, as well as through the mass media. The level of community participation in the implementation of CSR is one measure of the capability of implementing CSR. The community has a high participation in the implementation of CSR, from the research results, respondents stated that they agreed that if the community's participation was high in the implementation of CSR, this statement was stated by 70%, while 13% stated strongly agreed. This meant that the company strongly believed that community participation was high in the implementation of CSR. 2% of companies disagreed if it was said that community participation was very high in the implementation of CSR. The company considered the community inactive to be involved in program management.

The form of community participation in the implementation of CSR was in the form of community involvement as workers, implementing

committees, being involved in socializing CSR programs/activities. There was an interesting note from the research findings, that community involvement was more in program implementation, not involving the community in planning, monitoring, evaluation and accountability as well as developing follow-up plans. Community participation in planning aimed to ensure that CSR programs/activities were in accordance with the community's priority scale. Monitoring and evaluation involving the community encouraged program implementation to be in line with the initial planning and was able to provide information, data that was in accordance with conditions in the community.

**CSR Program Sustainability**

The sustainability of the CSR program was indicated by: (a) The level of conformity of the CSR program with government programs, values/norms in the community, and conformity to the needs of the community; (b) The level of complexity of the CSR program in its implementation, (c) The level of benefit of CSR programs for companies, governments, and

communities, as well as the level of success of CSR programs. The level of conformity of CSR programs with government programs, values/norms in the community, and conformity with community needs is indicated by: (1) very high compatibility between CSR programs and government programs, (2) very high compatibility between CSR programs and values/ norms in society, (3) very high conformity between CSR programs and the needs of the community.

From the research results, there was a very high level of conformity between CSR programs and government programs, 68% of companies agreed. It could be said that the CSR program was in accordance with the government program, but it was still not optimal where the company's confidence level had not reached 90%. In addition, 13% of companies stated that they were not sure or did not agree if the CSR program was in line with the government program. So that the synchronization of CSR programs with government programs had not gone according to common expectations.

**Graph 4. Compatibility of CSR Program with Government Program**
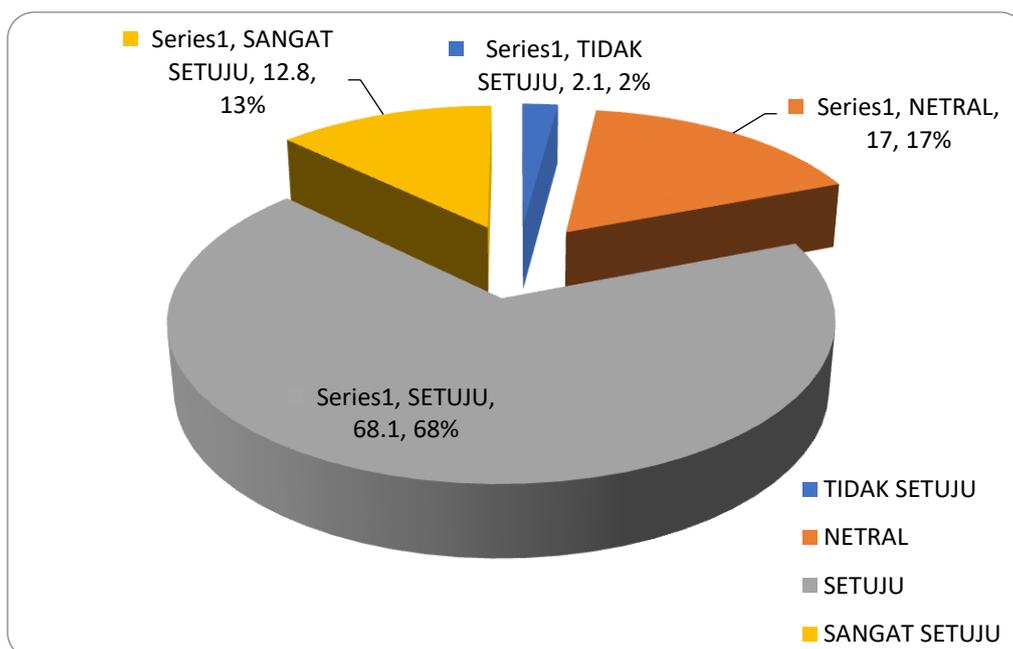
According to the company, the very high level of conformity between the CSR program and the values/norms in the community, had been going well, 87% of companies stated that they agreed and believed that the implementation of CSR was in accordance with the norms prevailing in the community, and 11% stated strongly agree. It could be concluded that the CSR program was in accordance with the values/norms of society. There was a very high level of conformity between the CSR program and the needs of the community, 68% of companies stated that it was appropriate but 21% said they did not agree or it could be said that the CSR program was not in line with the needs of the community. Judging from the level of complexity of the CSR program in its implementation. In general, disagree or 79%, it meant that CSR programs were not complicated, easy to implement. However, there were 9% of companies who strongly agreed, it could be said that CSR programs were complicated and not easy to implement. The complexity and difficulty of implementing the program was caused by the following:

- There were indications of a reduction in funds made by the community from the amount received by the committee,
- Limitations of the Code of Ethics
- Oil and gas companies had difficulty in allocating CSR funds, because all CSR funds allocated were obliged to obtain approval from SKK Migas,
- There were no general guidelines/technical guidelines made by the Regency Government,
- Community proposals cannot be fulfilled because the company did not have the necessary resources,

The sustainability of the CSR program was measured by the level of benefit of the CSR program for companies, the government and the community. There were 3 (three) indicators of the level of benefit of the CSR program, including:

- Benefits of the existence of a CSR program for the company
- Benefits of the existence of CSR programs for the government
- Benefits of the existence of CSR programs for the community

The CSR program was beneficial for the company. This was in accordance with the statement that 81% of companies agreed, 13% strongly agreed. It could be concluded that the company had benefited greatly from the implementation of its CSR programs. CSR programs could improve the image of the company in the community and the public. A positive image and image of the company could contribute to the sustainability of the company's business in the long term.

According to 74% of companies, the benefits of CSR programs for the government were very useful, 9% strongly agreed. This reflected that CSR programs could assist the implementation of government programs. With the resources owned by the company, it could accelerate development which was the duty and responsibility of the government. According to the company's CSR program, it was very beneficial for the community, as stated by 83% of companies who stated that they agreed, if the CSR program could benefit the community, 15% stated that they strongly agreed. The conclusion was that the CSR program implemented by the company was in line with the priority scale needed by the community.

**Corporate Governance**

The implementation of CSR by companies had dimensions of corporate

governance. CSR was carried out by the company because it caused the company's performance better. CSR was carried out because of the awareness to provide value and benefits to all stakeholders. CSR was carried out by companies as a form of company compliance with government regulations. The CSR implementation carried out by the Company focused on linkage and communication with all stakeholders, environmental impact management and efforts to overcome environmental problems, so that CSR carried out by the company can be accounted for in a transparent manner and in line with the code of business ethics and good corporate governance.

**Human Rights**

In implementing CSR, the company considered human rights to be a priority, intended to share so that the welfare of one's life/society was achieved. The implementation of CSR carried out by the company is intended for equity and justice. Where equity could be interpreted as a form of sharing resources for mutual progress, there was not only a desire to exploit, but also to help each other, maintained the sustainability of the environment and its ecosystem.

**Labor**

The implementation of CSR had dimensions on the welfare of the workforce. The measure of the implementation of CSR in responding to employment, according to ISO 26000 was prioritizing work safety, obeying labor regulations, and not hiring or recruiting underage workers. The dimensions of labor according to the company did not employ minors, pay salaries on time and were at least the same as the minimum payment (UMK) of Bojonegoro Regency, as well as other rights attached to the workforce. In this dimension, the company was still dominant and had not complied with the

provisions of ISO 26000, so improvements were needed on the manpower side.

**Problems Faced**

The problems faced by companies in implementing CSR programs were: some people thought that CSR was identical to the company's "tribute" to the community, the community's willingness to develop their own potential was low, the target community tended to be pragmatic (Considering CSR = Cash Assistance), and gap between the ability of managing community administration and the company. In order to solve problems faced in the implementation of CSR, the following efforts were carried out: holding meetings/socialization in the community, taking an intense approach in the community, conducting monitoring and evaluation, conducting CSR programs that lead to human resource development, establishing better relations with the government, synergizing CSR programs with government programs, and collaborating with multistakeholders

**Needs and expectations**

The follow-up plans for the implementation of CSR programs consisted of developing a more integrated sustainable program in line with government programs and in accordance with community aspirations, implementing CSR programs with community empowerment and partnership models, coordinating with the government to conduct monitoring and evaluation of CSR programs, encouraging issuance of CSR regulations in the regions, increasing transparency of CSR programs/activities to the government, implementing partnerships with other parties in the implementation of CSR. Then, the company's expectations for the implementation of CSR including: CSR programs were able to benefit the community, establish a harmonious relationship between the community and

the company and there was synergy between the government and the company. CSR programs are able to run continuously with the orientation of short-term and long-term success and benefits as well as community welfare

## POLICY IMPLICATION AND RECOMMENDATIONS

Some recommendations which could be carried out are the implementation of the CSR program needs improvement, especially in the sustainability program makers who are more integrated in line with government programs and in accordance with the aspirations of the community, implementing CSR programs with community empowerment and partnership models, coordinate with the government to carry out Monitoring and Evaluation of CSR programs, encouraging the issuance of CSR regulations in the regions in the form of Regional Regulations to program guidelines, increase the transparency of CSR programs/activities to the government, and implement partnerships with other parties in the implementation of CSR,

## CONCLUSION

There were 3 (three) strategies for implementing CSR for companies in Bojonegoro, including: (1) Self/Directly Implemented, it was CSR programs carried out by the company without involving parties outside the company; (2) CSR implementation strategy in collaboration with the government, in which the company distributed CSR programs to the government, which in turn distributes CSR programs/activities to beneficiaries; (3) Strategy for implementing CSR in collaboration with the private sector (NGOs, Universities, and Vendors). The company selected and determined the private sector to run the company's CSR program. Furthermore, the appointed

private sector distributes CSR programs/activities to beneficiaries. The private sector referred to in the CSR implementation cooperation was NGOs, Universities, and Vendors. NGOs/NGOs and Universities carried out CSR community empowerment and partnership patterns, while vendors worked together for CSR activities in the form of charity.

The background of CSR implementation was based on a sense of corporate social responsibility, as a form of a sense of togetherness with the community, where 77% of companies agreed. The company's CSR implementation was also motivated by a sense of corporate moral responsibility, as a form of siding with the community, as stated by 96% of companies. The implementation of CSR was motivated by the existence of laws, especially Law No.25 of 2007 concerning Investment, Law N0.40 of 2007 concerning Limited Liability Companies, PP No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. PTK No. 017/PTK/III/2005 concerning Guidelines for Providing Emergency Information, Guidelines for community development programs, and public relations guidelines for cooperation contracts in the upstream oil and gas business activities. The implementation of CSR by the company was also intended as a promotional activity or building a public image. The implementation of CSR by the company was intended to secure the assets or activities of the company from disturbances in its environment. Then, the mechanism for implementing CSR started from the process of identification, planning, implementation, monitoring, evaluation, accountability and follow-up plans. At this stage, technical assistant efforts were made. However, not all companies had implemented the CSR implementation mechanism, and only 13% of companies

carried out the CSR implementation mechanism.

There were 2 (two) areas of CSR implemented by the company, including: Productive Economic Business Development (UEP), and social community development. UEP's development areas include: management, production, marketing, finance, and manpower, while social development included: awards, in the form of scholarships to employees or community members who excel; social assistance, in the form of assistance in the form of money, goods and services to social/nursing homes, disaster victims and people with social welfare problems (PMKS); social service assistance, in the form of education, health, sports and social worker benefits; and social protection, in the form of providing employment opportunities for retired national/regional athletes and for persons with disabilities.

CSR Implementation Patterns were Partnership, Community Empowerment, and Charity. The partnership pattern program was a program in the economic sector of the fishery, agriculture, animal husbandry, plantation sectors in the form of micro, small and medium enterprises through mutually beneficial business cooperation with companies or other parties in accordance with the business units of the target community. The Community Empowerment Pattern was a program in the fields of health, education, economy and the environment which was carried out through full involvement of the community in planning the implementation and supervision of the program. The pattern of charity direct assistance programs in the form of money or/goods and services to people who experience vulnerability, emergency and disaster response situations, as well as to people who have achievements. The capacity of CSR activities covering the amount of funds, number of beneficiaries, and characteristics of beneficiaries. In 2014

the amount of CSR funds was Rp. 30,257,550,000. The number of individual beneficiaries was 2,730 people, while the CSR beneficiaries in the form of groups were 55 groups, while those in the form of organizations were 170 organizations and there were 112 villages that became CSR beneficiaries. Then, the capability of implementing CSR included the implementation of the CSR program had been in accordance with the program objectives when it was planned in accordance with the statement of 84% of companies. However, in the transparency sector, the CSR program had not been implemented optimally, it was approved by 76% of companies becoming the research respondents. The level of community participation in the implementation of CSR was still low, as stated by 70% of companies. The sustainability of the CSR program had not run optimally marked by the level of program suitability that was still not right. The synergy between companies and the government had not run well, as research results only 68% of companies stated that it was appropriate.

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