

The Implementation of Corporate Social Responsibility Policies to Overcome Poverty

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Abstract—This study is aimed to know the implementation of CSR policies to overcome poverty in Cirebon City and the factors that influence in the implementation of CSR policies. The study is conducted by using qualitative research methods with using case study strategies. The results showed that the implementation of the CSR policies is not optimal yet in overcoming poverty. Factors that influence the implementation of CSR policies relate to the content of policy and context of implementation as stated by Grindle. The crucial factors are the differences in interest among the regional government and companies and the weak of regional head leadership in embracing companies to implement CSR. Efforts that must be done to optimize the implementation of CSR policies are to build collaborative governance among the regional government and companies.

Keywords—policy implementation; Corporate Social Responsibility; collaborative governance

I. INTRODUCTION

One of the problems faced in regional development is the limited budget of the regional governments to finance the development programs. In this case, regional governments cannot possibly implement regional development programs by themselves. On the other hand, according to Law Number 23 of 2014 about Regional Governance, the realization of community welfare which is become the implementation of local governance goals requires community participation, including private sector or companies participation. These reasons encourage regional governments to cooperate and collaborate with the companies in implementing development programs.

Corporate Social Responsibility (CSR) is one of the programs carried out by cooperating or collaborating among the regional governments and companies. CSR policies in Cirebon City are based on Regional Regulation Number 14 of 2012 about Implementation of Corporate Social and Environmental Responsibility (CSER) in Cirebon City, and Mayor's Regulation Number 38 of 2016 about Implementation Guidelines for Regional Regulation Number 14 of 2012 about Implementation of CSER in Cirebon City.

According to the Mayor's Regulation Number 42 of 2015 about the Coordination Mechanism for Poverty Reduction in Cirebon City, CSR is one of program to overcome poverty. Another programs are Family Based Integrated Social Assistance Program, Community Empowerment Program, and Micro and Small Economy Business Empowerment Program.

This study is aimed to know the implementation of CSR policies to overcome poverty in Cirebon City, the factors that influence the implementation of CSR policies, and what effort that must be done to optimize the implementation of CSR policies.

II. RESEARCH METHODS

The study is conducted by using qualitative research methods with using case study strategies. The location of this study is in Cirebon City. Data collection is conducted through literature studies, observations, and interviews.

Informants in this study were members of the CSR Facilitation Team and several company leaders in Cirebon City. Determination of informants is using purposive and snow ball sampling technique.

Data analysis is carried out through the stages of data reduction, data display, verification and drawing conclusions. Testing of data validity is done by triangulation technique.

III. RESULTS AND DISCUSSION

The public policy process includes formulating the agenda, policy formulation, policy adoption, policy implementation, and policy evaluation [1]. Policy implementation is more important than the policy making because policies will only be a dream or plans that are neatly stored in the archive if it is not implemented [2].

CSR is one of pro-poor policies for development [3] and one of the public services carried out by the government to the poor [4]. According to World Bank, CSR is the commitment of business to contributes to sustainable economic, working with employees, their families, the regional community and society at large to improve their quality of life in ways that are both good business involved and its stakeholders [5]. CSR is philanthropic responsibility, and the key word is a good citizen. In this case, company beside gaining some profits, obey the law and behave ethically, they are also required to contribute directly to the community to improve the quality of life for all, which is known as nonfiduciary responsibility [6].

According to Cirebon Regional Regulation on CSR, the regional government has the right to determine the priority scale program for companies that will implement CSR. While the companies' obligation is in: (1) drafting and implementing

CSR activities by concerning regional government policies and applicable laws and regulations, (2) delivering plans, implementation and CSR evaluations from each company to the regional government, and (3) coordinate before the implementation of CSR in the written form to the regional government.

But in practice, from around 100 companies that implement CSR programs, only two companies carry out these obligations, they are BJB bank and PT. Telkomsel. While other companies implement CSR directly to the target group without cooperating, coordinating and collaborating with the regional government. These conditions cause many CSR programs become not synergistic with the regional government

programs, including poverty reduction programs. This can be seen from the increasing number of poverty in Cirebon City from 102,702 in 2011 to 109,250 in 2017 or increasing 6,548 people (6.4 %). This is quite ironic because Cirebon City has a local wisdom in the form of the testament of Sunan Gunung Jati namely Ingsun Titip Tajug lan Fakir Miskin (I Entrust You the Mosque and the Poor).

The implementation of public policy is influenced by several factors. Grindle [7], for example, suggests two factors that influence the implementation of public policy as a political and administrative process, namely content of policy and context of implementation, as it can be described as follow.

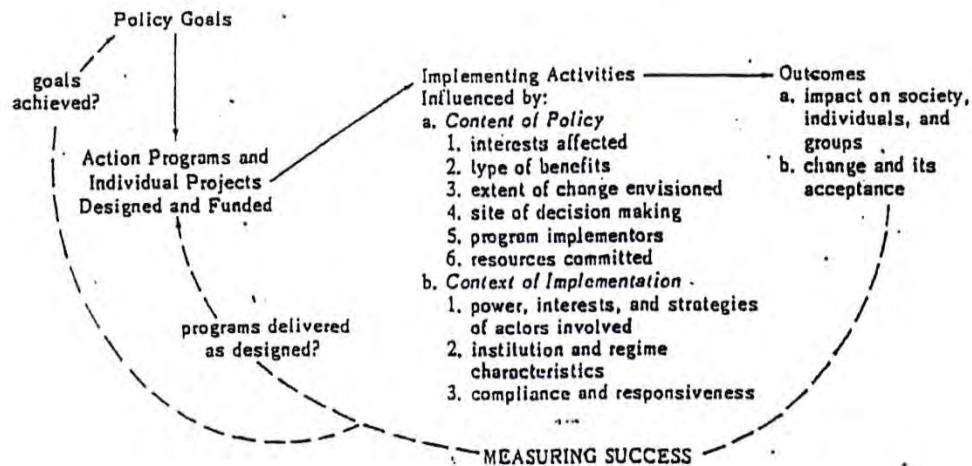


Fig. 1. Implementation as a political and administrative process.

According to Grindle's theory, the factors that influence the implementation of CSR policies in Cirebon City in content of policy are as follows:

A. Interests Affected

The regional government sets Regional Regulations on CSR so that CSR programs can synergize with regional government programs. But the regulation was mostly top down because it did not accommodate the interests of the companies, so many company leaders rejected the regulation because they feared it would harm the company. Although many company leaders can accept the regulation now, but the regulation legitimation become not optimal.

B. Type of Benefit

The regional government considers that CSR is very beneficial to finance programs that cannot be financed from the Regional Income and Expenditure Budget. But the companies considered CSR as an additional burden because so far the companies had already paid regional taxes and retributions, employees' salaries and other operational costs. This causes companies not to implement the CSR program seriously.

C. Extent of Change Envisioned

The companies through the CSR program is involved in the development as what has been done in Jakarta, Bandung, and Surabaya. The CSR program will also be directed at providing public services in line with to the vision and mission of the regional government such as the allocation for parks or public spaces, temporary landfill, handling street vendors, provision of public facilities, and others. However, this is difficult to actualize because companies generally implement CSR directly to the target groups without cooperating, coordinating, and collaborating with the regional government.

D. Site of Decision Making

CSR activities are companies autonomy, while the regional government only facilitates the synergizing CSR activities with local government programs. Therefore, the site of decision making in CSR is in company. However, this large companies autonomy cause the companies to ignore its obligation to collaborate with regional government in CSR program. The regional government itself is embarrassed if they have to beg to the company leaders to implement CSR program.

E. Program Implementors

Many companies carry out CSR program with poor quality and low cost, where small activities are exaggerated for the

promotion, marketing, and companies' image. Most CSR activities are giving charity or compensation to the poor people or orphans whose benefits are not sustainable to break away from the vicious circle of poverty. While CSR activities that are accordance with regional government programs require large cost such as school classroom renovation, building temporary landfill, providing ambulance, building sport facilities, and other. In this case, the companies does not want to lose money because the companies orientation, however, are profit oriented. This causes many activities in CSR program are to be pragmatic and less synergistic with The Five Priorities of Cirebon Development Agenda.

F. Resources Committed

There are around 100 large and medium companies in Cirebon City that have CSR program with potential CSR fund of 100 billion Rupiah per year. But these large number of companies and the relatively large potential of CSR funds cannot be used optimally to support regional government programs because cooperation, coordination and collaboration among the regional government and companies are not optimized yet. This is related to the companies' orientation (profit oriented) as explained above.

Meanwhile, the factors that influence the implementation of CSR policies in Cirebon City in context of implementation are as follows:

- Power, interest, and strategies of sectors involved: Regional government has the power to determine priority-scale programs for companies that will implement CSR and guide for the CSR programs. However, this power has not been implemented yet optimally because many companies carry out CSR programs because regional government's bargaining position is relatively weak towards companies.
- Institution and regime characteristics: The consensus in the form of the CSR Forum in 2017 has not yet been formed. The performance of CSR Facilitation Team is not optimal to facilitate the companies in the CSR program collaboratively. Besides that, weakness of the regional head leadership in embracing and facilitating companies to implement CSR programs in a coordinated, synergistic and integrated manner.
- Compliance and responsiveness: The factor that also influences the implementation of the CSR Program in Cirebon City is the lack of compliance of companies in implementing CSR Programs. The factor caused by the lack of rewards and punishment and weak of regional head leadership in embracing companies to implement CSR Program in line with the provisions in the Regional Regulation on CSR.

These factors cause the implementation of CSR policies in Cirebon City become not optimal, as it can be seen from only two of 100 companies that carry out CSR in coordinating and collaborating with the regional government. This condition causes the outcomes of CSR programs become not to be optimal. The outcomes themselves are aimed to be felt by the

society. However, it is not accordance along with local government programs in overcoming poverty in Cirebon City.

According to Hadna [8], a number of poverty reduction programs in Indonesia have not been able to meet the expected results because there are problems at the level of institutional governance. Therefore, Hadna emphasize the need for collaborative governance in poverty reduction programs to increase the effectiveness of the programs.

To make CSR program in Cirebon City become more effective, it requires optimal partnership through collaborative governance among the regional government and companies or private sector. Governance is very important in CSR because one of the DNA codes of CSR is good governance [9]. Governance is a way to direct processes that will influence decisions and actions in the private sector, public and citizens [10]. Governance is a set of efforts to coordinate and monitor activities that can maintain collaboration in partnerships or institutions [11]. Therefore, governance in CSR is carried out by collaboration in partnership or institutions among regional government and companies, or in other words, carried out by collaborative governance.

Collaborative governance is a collective process on how public holders working together with non-government stakeholders in the process of resolving public problems or creating public values [12]. *Collaborative governance is a governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets* [13]. Collaborative governance aims at to meet with the expected outcomes that cannot be achieved if carried out by the organization separately or individually [14]. So, through effective collaborative governance among the regional government and companies, the implementation of CSR policies in Cirebon City can be carried out optimally in the future.

IV. CONCLUSION

The implementation of CSR Programs to overcome poverty in Cirebon City has not been optimized yet because from around 100 companies, only two of them implemented CSR in coordination and collaboration with the regional government.

Factors that influence policy implementation as stated by Grindle [15] are also found in the implementation of CSR policies in Cirebon City, namely content of policy (consists of interests affected, type of benefit, extent of change is envisioned, site of decision making, program implementors, resources committed), and context of implementation (consists of power, interest, and strategies of sectors involved, institution and regime characteristics, compliance and responsiveness).

To optimize the implementation of CSR policies in is need to build effective collaborative governance among the regional government and companies through strong and sustainable consensus among those stakeholders. Through the collaborative governance, the implementation of CSR policies in Cirebon City will be more effective in the future.

To optimize the implementation of CSR policies, the CSR Facilitation Team must be able to carry out its functions properly in facilitating the companies in CSR program. Beside that, the regional government needs to provide CSR Awards to companies that have implemented CSR programs well and provide sanctions to companies that do not implement CSR programs.

According to the research, regional head has very important roles in implementation of CSR policies. Therefore, regional head must embrace the companies to implement CSR programs collaboratively through a massive and sustainable persuasive approach. Persuasive approach is also important to follow up consensus among the regional government and companies and to increase the compliance of companies to implement CSR consistently in accordance with the Regional Regulation on CSR.

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