

## **CHAPTER IV**

### **THE ROLE OF PT UNILEVER IN INCREASING ENVIRONMENTAL MANAGEMENT**

For this chapter, the author will explain the role of PT Unilever in improve environmental management in Indonesia through USLP in 2017. This chapter will explain the effort of PT Unilever as multinational company in Indonesia in handling the waste. The Unilever Sustainable Living Plan (USLP) is one example of the responsibility and positive role given by PT Unilever to the community, thus this chapter will give the explanation on how USLP helps the community in supervising the reciprocity of multinational companies such as PT Unilever.

#### **A. The Positive Role of Multinational Corporation**

Public think about multinational companies is always negative. Negatives here are influenced by the negative impact that is always felt by the community. In fact, private companies have two impacts on their subsidiaries. The two impacts are positive and negative impacts, some people assume that the negative impact is more felt. This is in accordance with the character of the MNC who wants to master and use its natural resources.

In accordance with the MNC concept presented by Joan Sepro:

"A multinational corporation with foreign subsidies that extend the firm's production and marketing beyond the boundaries of any one country. Multinational corporations are not simply large corporations that market their products abroad, they are firms that have sent a package of capital, technology, managerial talent, and marketing skills to carry out products in foreign countries. In many

cases, the multinational production is truly worldwide, with different stages of production carried out in different countries.

Joan Spero adds that MNC believes that there are many activities or processes in a truly global private company. With this definition, MNC is known as a private company that does not originate from the host country that has a negative impact. This negative impact is in the form of environmental pollution, use of natural resources, and operationalizing the company in the host country.

In multinational companies that prioritize efficiency, this is what causes negative impact arguments to emerge. Efficiency here is carried out with activities carried out practically and costs incurred a little but get a lot of benefits. Nevertheless, there is still a positive impact from every activity of a private company. The positive impact that occurs can be in the form of technology transfer that previously did not yet exist in a country that was used as a host country. The opening of new jobs also made a positive impact from the presence of MNC companies.

Since 1885, PT Unilever has been officially established and since then the company has had two impacts on its surroundings. After developing, this private company began investing and also developing subsidiary branches in other countries. Multinational corporation involved in the increase of Foreign Direct Investment (FDI), investment activities carried out by PT Unilever also resulted in changes in FDI. Investment activities carried out by private companies with the aim of obtaining ownership rights over those in the host country. Nevertheless FDI has increased employment and the export value of host country. Of all this, it has become an attraction for every country to have a private company and certainly invest in its country (Mas'ood, 1997).

With the investment made by PT Unilever in Indonesia, the community also believes in the positive impact. Multinational companies such as PT Unilever also bring new technology,

encourage employment and increase the expertise of workers in Indonesia. The presence of PT Unilever in Indonesia helped increase the economy, sales and opening of small shops formed by this company. This means that the presence of PT Unilever companies can stimulate the growth of small businesses related to company needs.

## **B. PT Unilever Indonesia in Handling the Waste**

Since 1933, multinational companies that in the past had the name Lever Brothers and are now known as PT Unilever. The company began operations in one city in Indonesia, namely Jakarta. When it was first built, the company produced Lifebuoy brand bath soap. PT Unilever created the product on the grounds that it wanted to improve health throughout its subsidiaries. Because this is also in accordance with the pillars in the commitment that was built by PT Unilever, namely the Unilever Sustainable Living Plan.

The commitment has several programs that have been described in the previous chapter by the author. One well-known program is a garbage bank. Understanding waste banks is a place provided by the community or organization that aims to collect waste to be sorted manually. The garbage is obtained from garbage collectors who are already registered in the waste bank. The garbage depositor also comes from where the garbage bank is located. After depositing rubbish, the depositor will receive a reward that matches the deposited waste (Chandra, 2007).

PT Unilever established a waste bank program in line with the commitment of USLP which was established in 2010. From year to year the members of the waste bank fostered by PT Unilever are always increasing. This increase is based on the benefits felt by members of the waste bank. So as to make an increase in its members. Because it can be seen from the graph below that every year the members of the waste bank increase. When the number of members increases, it will also increase the number of waste banks throughout Indonesia. The number of Indonesian waste banks

increased significantly in 2016 to 2017. In 2017, the waste bank owned by PT Unilever was 6162.

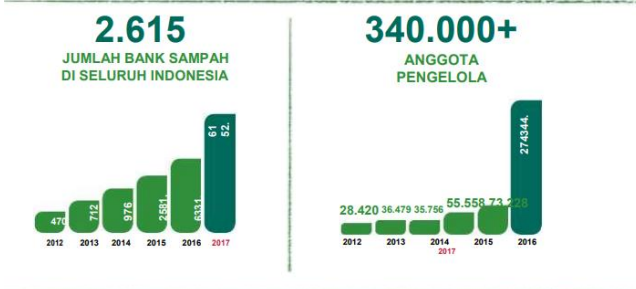


Figure 4.1 Total of Waste Bank Member

PT Unilever's waste bank is spread almost evenly in several major cities in Indonesia. Large cities that have implemented and given guidance on waste banks such as Medan, Jakarta, Bogor, Depok, Tangerang, Bekasi, Bandung, Magelang, Surabaya, Makassar, Yogyakarta and other major cities. The garbage bank distribution is carried out by PT Unilever in several parts of Indonesia because it can be used as a pilot. By looking at the benefits of a waste bank, other cities will automatically create waste banks voluntarily with groups or organizations within the area.



Figure 4.2 The Location of Waste Bank in

the Beginning



Figure 4.3 Location of Waste Banks in Indonesia

The picture above can explain how many garbage banks already exist in Indonesia. This condition increased significantly in 2017. There is a new emerging technology called CreaSolv. The use of CreaSolv technology is the process of re-packaging plastic packaging caused by PT Unilever (Muhibar, 2017). So by recycling plastic packaging this can facilitate the running of the waste bank too. Because the presence of a garbage bank and CreaSolv will minimize plastic waste generated by the company. So with that increasing number of garbage banks in Indonesia is increasing. One of the big cities in Indonesia, namely Yogyakarta, the city was used as the application of one of the programs of USLP's commitment.

Yogyakarta is a big city in Indonesia. The name of the city of Yogyakarta is taken from the name of the capital city of Ayodhya namely Yogya with the meaning of being prosperous. With such meaning, the desire for prosperity in the city of Yogyakarta is highly expected. Yogyakarta was established on February 13, 1755 and on that date coincided with the Giyanti Agreement. The agreement made the event of the division of the Islamic empire into two, namely Kasunan Surakarta and the Sultanate of Yogyakarta. Until

now the city is still a city of the Sultanate, the founder of the Yogyakarta Sultanate is Pangeran Mangkubumi or better known as Sultan Hamengku Buwono I (Dikpora, 2017).

As a small province with a population of 7,441,824 people, especially every year there is an increase in the number of people from outside the city (Badan Pusat Statistik Yogyakarta, 2018). This has resulted in high waste waste generated because students are more concerned with practicality than reducing waste. For example, with a high level of mobilization, students prefer to use instant products or fast food, which definitely requires plastic and paper packaging. This is what allows the opportunity to accumulate garbage in the city of Yogyakarta. So from that it is not wrong if Yogyakarta is made as one of the cities implementing the Corporate Social Responsibility (CSR) company PT Unilever.

### **The Waste Bank Suryo Resik**

The CSR program from Pt Unilever implemented in the city of Yogyakarta is a waste bank. There are 20 more garbage banks under the auspices of PT Unilever in this student city. One of the waste banks that was used as material for analysis by the author was the waste bank Suryo Resik. This garbage bank was established on September 8, 2013, but began saving activities on September 13, 2013. The name of the Suryo Resik garbage bank was taken from the word "Suryo", which is the prefix of the kelurahan name Suryodiningratan and the word "Resik" is taken from Javanese means clean.

In this way, the waste bank Suryo Resik wants the village to be clean. The location used for waste bank activities Suryo Resik can be said to be strategic because it is in the house of RT. Which is located at RT 44 RW 13, Suryodiningratan, Mantrijeron 2/822, Yogyakarta. Trash Bank Suryo Resik has a management organization like in general consisting of a chairman, vice chairman, treasurer, secretary and other administrators as shown in the following figure.

**SUSUNAN PENGURUS  
BANK SAMPAH SURYO RESIK  
RW 13 KELURAHAN SURYODININGRAN  
PERIODE 2018 - 2021**

DEWAN PEMBINA PENASEHAT	: KETUA RW 13 : Hj. Sugiharti
KETUA I	: Munjiyah,A.Mk
KETUA II	: Endah Marendah Ratnaningtyas,SE,MM
SEKRETARIS I	: Siti Ros Indah Sari,Amd
SEKRETARIS II	: Chleverrich Laksamani Budi Utami, SE
BENDAHARA I	: Yuni Purwanti
BENDAHARA II	: Supriyati
SIE PENCATATAN/PENIMBANGAN	: Kusmiyati
SIE PEMILAHAN	: Wasni Rini Pudji Utami
SIE PELATIHAN/KETRAMPILAN	: Sri Murdaningsih
SIE SIMPAN PINJAM/ USAHA	: Fadma Marti Astuti
SIE DOKUMENTASI	: Sri Surbandini Panut Hardono
SIE PENGEMBANGAN	: Drs. Isharyanto Cahya Dona,Amd
SIE HUMAS	: Surajiyo Sumardiyono

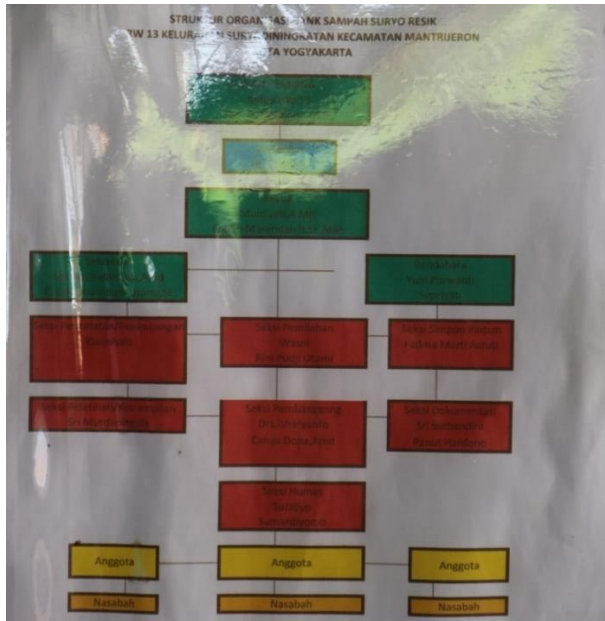


Figure 4.4 The Structure Organization of Suryo Resik

The waste bank Suryo Resik has a vision of creating a community that cares for the environment and pioneers community-based waste processing in the Suryodiningratan sub-district of Mantrijeron sub-district, Yogyakarta towards clean, green, cool and healthy urban villages and benefits all residents in the Suryodiningratan village with souls built in segoro amarto (Javanese) which means independence, discipline, caring and togetherness.

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With the vision as above, the waste bank Suryo Resik has the following mission:

1. Improve the health and welfare of the community.
2. Train and provide a forum for people to be creative in processing waste.
3. Managing a waste bank is like managing money in a bank.
4. Encouraging all residents of Suryodiningratan RW 13 to be a member of the waste bank Suryo Resik.
5. Make the Suryodiningratan urban area a clean, green and healthy village.
6. Save trash worth selling at the garbage bank Suryo Resik.
7. Realizing coolness by planting trees and to avoid pollution, from garbage to make a healthy environment.
8. Utilizing waste to increase people's income and reduce unemployment, especially small communities.
9. Utilizing household waste that is not worth selling, such as used household packaging, rice and food to process it with a composer.
10. Changing people's behavior regarding waste.

The initiative to establish the first garbage bank was from PKK mothers who were aware of the need for a level of cleanliness in Mantrijeron village. Through interviews conducted by the author to one of the administrators named Ibu Munjiyah and Ibu Yuni said that there were difficulties in persuading residents to join the garbage bank. In 2013 only five residents were members of the waste bank. The difficulty in getting members at that time was that residents were still not aware of the importance of environmental cleanliness and residents had not seen the results of saving at Suryo Resik. Year by year the increase in the number of members experienced by the garbage bank Suryo Resik is increasing. The initial establishment consisted of only five members and now in 2018 there are 153 members.



Figure 4.5 The Increase of Member

Member of the waste bank Suryo Resik, regardless of age, social status or area. The existence of an eight-year-old elementary school student who helped save garbage at Suryo Resik. The child was named Dilan, after being interviewed by the author he said that he could get extra money to buy snacks and packs of snacks he bought would be collected and then saved in a garbage bank Suryo Resik. The results will be given by Suryo Resik to the depositors in the form of money, basic needs and also savings and loans. The activity of depositing garbage is done on Sundays every two weeks.



Figure 4.6 Product of PT Unilever Indonesia

The picture above is also the result that will be obtained by the depositor in the waste bank Suryo Resik. Not only in the form of money, but household needs produced by PT Unilever are also provided as a result of depositing garbage. With this, the garbage depositor can also buy PT Unilever products by only collecting waste and then being taken to the waste bank. This will make it easier for the depositor and also not make the company lose money. PT Unilever always instills USLP in all ongoing company activities, this is done because of the desire for sustainable life in the company. The purpose of sustainable development is to improve people's welfare, namely to meet the needs of human life. Basically, sustainable development is intended to seek equitable development from time to time or in the future.

Sustainability development can be measured by three criteria, namely; (1) Absence of disposal of natural resources, (2) No environmental impacts and also pollution, (3) Activities carried out must increase useable resources or replaceable resources. According to KLH (1990) development (which is basically more economically oriented) sustainability can be measured based on three criteria, namely: (1) There is no waste of natural resource use or depletion of

natural resources; (2) No pollution and other environmental impacts; (3) Activities must be able to increase useable resources or replaceable resources (Jaya, 2004).

The waste bank Suryo Resik is established under the guidance of a private company, PT Unilver. The establishment of the waste bank is inseparable from the role given by PT Unilever. As one of the garbage banks fostered by PT Unilever, Suryo Resik has several roles. Every month PT Unilever provides training, socialization or assistance to waste banks that work with the company. On November 26, 2018, PT Unilever conducted training on batik with materials deposited by members of the waste bank Suryo Resik. The cement cement used paper is the main topic for batik training in November 2018. This training is given voluntarily by PT Unilever, this is also a form of social responsibility that it provides.

Skill training was also given to the waste bank Suryo Resik, the training was in the form of making waste creations caused by PT Unilever. This can also improve the economy of the members of the waste bank. The garbage collected by the depositors is in the form of plastic material that is generally known to take hundreds of years to break down into the soil. Plastic waste that is made will be more useful if it is used as a function, for example a member of the waste bank Suryo Resik makes bags made from used plastic products from PT Unilever. Not only making bags, other items made by members of the Suryo Resik garbage bank are hats, sandals, fake flowers and fruit plates. The presence of the Suryo Resik waste bank, which is fostered by PT Unilever, can make the environment healthier. Because of the reduction in waste that was realized from this company.

Not only plastic waste can be collected in Suryo Resik. There are a number of other dry waste that depositors can collect into the waste bank. Cans, used paper, newspapers, paper, iron, glass, beverage bottles and other materials that can be deposited by the

waste bank. The payment system carried out by the waste bank Suryo Resik is by recording in the savings book provided by PT Unilever.



Figure 4.7 The Example of Waste in Suryo Resik

*According to the leader of waste bank Suryo Resik “Peran yang diberikan oleh PT Unilver berupa bimbingan atau pendampingan dan stimulan. Bimbingan yang diberikan oleh PT Unilever kepada bank sampah Suryo Resik diadakan setiap satu bulan sekali. Contohnya pada bulan November yang diadakan pelatihan batik dengan bahan utama dari bungkus semen. Kemudian peran stimulan diberikan pada saat awal pembentukan bank sampah hingga sekarang. Stimulan ini berupa uang yang dapat digunakan untuk keperluan bank sampah. Uang tersebut tidak didapatkan dengan cara mudah, bank sampah Suryo Resik harus mengikuti lomba yang dilakukan oleh PT Unilever. Sehingga dengan cara itu bank sampah akan mendapatkan stimulan berupa uang”.*

The role of PT Unilever in the other Suryo Resik waste bank is stimulant in the form of money given to the garbage bank. Every private company that establishes a subsidiary in a country such as Indonesia naturally makes a Corporate Social Responsibility program. The stimulant role given to the garbage bank in collaboration with PT Unilever can be said to be the company's social responsibility program. Corporate Social Responsibility according to the World Business Council and Sustainability Development (WBCSD) is a continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of workers and their families and the local community and society in general. The implementation of corporate responsibility programs or CSR is one of the increasingly interesting global issues. This happened because of an increase in subsidiaries built in several countries around the world.

The giving of money by PT Unilever is not only given once at the beginning of the establishment of a garbage bank. Even now, the garbage bank Suryo Resik still gets the money earned from winning the race. PT Unilever always runs competitions once a year to give rewards to program members. Like the results obtained by the garbage bank Suryo Resik, they got Rp. 5,000,000 as the third winner of the waste bank competition conducted in the Special

Region of Yogyakarta. The money earned is always included in the waste bank cash and if you need to buy equipment, the money will be used (Munjiyah, 2018).