

ABSTRACT

THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY OF JAPANESE SOGO SHOSHA IN INDONESIAN SOCIAL DEVELOPMENT 2006-2014

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Corporate Social Responsibility (CSR) is very closely related to social development where a company in carrying out its activities must be based on a decision that is not solely oriented to the economic aspect but must also consider the social and environment impact that may arise from the decision. *Sogo Shosha* is a term for Japanese multinational companies that are engaged in general trading. *Sogo Shosha* through CSR have responsibility to help the community to achieve sustainable development. Most crucial areas are environmental issues which become the main problems in the recent debates in the world. On the contrary, *Sogo Shosha* has been mentioned as one of the causes of environmental destructions.

Keywords: *Corporate Social Responsibility, sustainable development, Japan, Sogo Shosha, social development.*

INTRODUCTION

Corporate Social Responsibility (CSR) can be interpreted as a corporate mechanism to consciously integrate a concern for the social environment into operations and its interaction with stakeholders, which transcends social responsibility in the legal field. Basically CSR is a form of corporate responsibility towards stakeholders, where in general CSR has 3 definitions, namely:

- Business commitment to participate in sustainable economic development, work with company employees, local communities, employee families, and the general public as a whole in order to improve the quality of life together.
- Business commitments that are carried out ethically, operate legally, and contribute to improving the economy accompanied by improving the quality of life of employees including their families, communities or local communities.
- Carry out social actions, including the concern for the environment which is more than the boundaries that are required or required in the legislation.

CSR (Corporate Social Responsibility) is very closely related to Sustainable development where a company in carrying out its activities must be

based on a decision that is not solely oriented to the economic aspects (profit) but must also consider the social and environmental impacts that may arise from the decision. (Unknown, 2017)¹

In Indonesia, the term CSR was known in the 1980s. However, it has been increasingly popular since the 1990s. Just like the history of the emergence of CSR in the world where the term CSR arises when CSR activities have actually occurred. For example, natural disaster assistance, distribution of holiday allowances/THR², scholarships etc. Through the concept of a corporate social investment "seat belt", which was built in the 2000s. Since 2003 the Ministry of Social Affairs has been recorded as a government institution that has always been active in developing the concept of CSR and advocating for various national companies. In this case the social department is the initial actor of CSR activities in Indonesia. After 2007, Law 40 of 2007 concerning the obligations of Limited Liability Companies came out, almost all Indonesian companies had carried out CSR programs, although again the activities were still ongoing at the stage of seeking popularity and attachment to government regulations. For example, there are still many companies that will provide assistance if a company poster is

¹Unknown. (2017, December 19). *Mari Kita Belajar*. Retrieved December 19, 2018, from Pengertian CSR Menurut Ahli, Serta Manfaat, Fungsi dan Contoh CSR Perusahaan: <http://www.markijar.com/2017/12/pengertian-csr-menurut-ahli-serta.html?m=1>

²TunjanganHari Raya

attached to the recipient of the aid as a sign that the recipient of assistance has received assistance from the company. (Jhon Hardi, 2016)³

Sogo Shosha is a term for Japanese multinational companies that are engaged in general trading. Japan has around 1,100 companies, but only 17 companies can be classified as sogoshosha. Of the 17 sogoshosha there are only 9 sogoshosha companies that are really big and influential. Sogo Shosha has a large branch or factory in various countries in Asia, one of them is in Indonesia. Japanese Sogo shosha in Indonesia has various fields. Japan is Indonesia's largest business partner. In 2006 there were 783 Sogo Shosha Sogo Shosha in Indonesia. And experienced a significant increase in 2014.

Every sogo shosa is not only from Japan but throughout the world has an obligation to cultivate or build a village economy in the Sogo Shosha region. According to Wibisono in his book entitled "Dissecting the Concept and Application of CSR (Corporate Social Responsibility)", Wibisono explained that Corporate Social Responsibility (CSR) is a continuing commitment by the business world to act ethically and contribute to the economic development of the local community or society at large, together with an increase in the standard of living of workers and their families. (Wibisono, Yusuf, 2007)⁴

³Jhon Hardi. (2016, October 23). *Ringkasan Sejarah CSR Dunia ke Indonesia*. Retrieved December 19, 2018, from Ringkasan Sejarah CSR Dunia ke Indonesia: <http://jhonhardi.com/ringkasan-sejarah-csr-dunia-ke-indonesia/>

⁴ Page 152-153

In Indonesia, every Sogo Sosha has a Law on Corporate Social Responsibility (CSR), namely Law No. 40 of 2007 concerning limited liability companies. To further strengthen how CSR is regulated, the government established Government Regulation Number 47 of 2012 CSR Limited Liability Company which essentially states that every company has Corporate Social Responsibility (CSR).

RESEARCH QUESTION

Based on the above problems, the research question of the problem in this study is: "How is the implementation of CSR by Japanese Foreign Companies in Indonesia for Indonesian Social Development?"

THEORITICAL FRAMEWORK

1. Theory of International Cooperation

Increasing relations between countries at this time, it is appropriate to use the Theory of International Cooperation in this study, because all countries in the world cannot stand alone in meeting their needs especially in improving the development and progress of their country. Cooperation with other countries is needed because of the interdependence in accordance with the needs of each country. The development of the situation of international relations is characterized by a variety of international cooperation and the development of various aspects including economic rationalism in various regions that have brought the influence of the increasing socio-economic

problems that have more attention to countries in the world through a series of international cooperation.

Likewise, countries in the world are increasingly strengthening the position of global interdependence which seems to strengthen the position of global interdependence which seems increasingly real and the emphasis is on efforts to improve the welfare of a nation based on the principle of mutual trust, respect and respect. Cooperation in the fields of economics, politics, education, culture and security can be established by a country with one or another country.

2. Corporate Social Responsibility (CSR) Concept

The concept of CSR is discussed in various forums in a very dynamic manner. The meaning, approach and even terminology used are always debated. There are various terms that are used interchangeably to explain corporate social responsibility, namely: Corporate Citizenship, Sustainable Entrepreneurship, Triple Bottom Line, Business Ethics and Sustainability, Corporate Environmental Management, Business and Society, Business and Governance, Business and Globalization and Stakeholder Management (Panwar, Rajat, Tomie Rinne, Eric Hansen & Heikki Juslin, 2006).

There are various definitions of CSR, but there are no generally accepted definitions. However, a definition can be considered which includes all elements in accordance with the current mainstream about CSR proposed by the World Bank Group (Kiyoran, Noke, 2006), namely: "CSR is a business

commitment to contribute to sustainable economic development, through collaboration with employees and their representatives, their families, the local community and the general public to improve the quality of life, in ways that benefit both the business and development " .

According to Carroll (Maignan Isabelle & O C Ferrell, 2004) the topic of CSR has been written since the 1930s, among others, by Chester Barnard in 1938 entitled *The Functions of the Executive*, J.M. Clark in 1939 with the title *Social Control of Business* and Theodore Krep in 1940 entitled *Measurement of the Social Performance of Business*. Fortune magazine made a poll on social responsibility in 1946.

Howard R. Bowen's book, published in 1953 entitled *Social Responsibilities of the Businessman*, is the beginning of the period of scientific writing on CSR (Carroll, 1999; Panwar et. Al, 2006; Ostay and Loeb, 2002; Harribey, 2006; Balabanis, 1998, Maignan and Ferrell, 2004). The Bowen book was considered to have explained the doctrine of social responsibility which marked the beginning of a serious discussion about CSR in the modern era, which caused Bowen to be recognized as the "Father of Corporate Social Responsibility" (Maignan Isabelle & O C Ferrell, 2004).

The following presents various conceptual points of view on CSR (Maignan Isabelle & O C Ferrell, 2004):

1. CSR as a social obligation

This perspective was first put forward by Bowen, who defined CSR as an obligation for entrepreneurs to carry out policies, make decisions or follow all rules that are in line with the goals and values desired by the community. According to Carroll (Maignan Isabelle & O C Ferrell, 2004) social obligations can be divided into: (a) economic obligations (to be productive and economically viable), (b) legal and ethical obligations (obedient to the law and against values applicable values and norms), (c) philanthropic obligations (proactively contributing to the community).

2. CSR as an obligation to stakeholders

Since the mid-1990s a number of experts have argued that the term social obligation is too broad. They are of the view that the business world is not responsible to the community as a whole but is responsible for parties who are directly or indirectly affected by the company's activities. These parties are called stakeholders, which can be grouped into four groups: (a) organizational groups (eg employees, customers, shareholders and suppliers), (b) communities (eg local residents, interest groups) , (c) groups related to regulations (eg local government, judicial power) and (d) mass media (Maignan Isabelle & O C Ferrell, 2004).

3. . CSR as an ethics driven

The view that CSR as a form of social responsibility and responsibility towards stakeholders shows that CSR practices are motivated by personal interests so that the business world gets legitimacy among its constituents. Such an approach shows that they do not have positive and selfless commitments. By giving philanthropic contributions only, the company is considered to be only adjusting to social norms and this can be seen as an attempt to show corporate power in a paternalistic manner. Therefore some experts propose an ethics-driven view of CSR that assesses the merits of company activities not based on social obligations or obligations towards stakeholders. For example in the process of decision making and procedures, companies must provide opportunities to all parties that have a relationship with the company based on the values of equality, freedom and justice.

4. CSR as a managerial process

These three perspectives explain the factors that drive the business world to implement CSR. On the other hand, a number of experts explain CSR by using concrete organizational processes and often termed corporate social responsiveness. For example, Ackerman (Maignan Isabelle & O C Ferrell, 2004) describes three main activities in corporate social responsiveness: (a) monitor and assess

environmental conditions, (b) understand stakeholder requests, and (c) design and policies to increase impact positive towards the company.

Maignan and Ferrell (2004) suggest that it is difficult to compare and combine multiple points of view because each expert considers social responsibility using a different perspective, which includes (a) the business world in general, (b) the company individually and (c) decision maker. Various studies on CSR use various perspectives such as normative perspectives (by paying attention to the obligations of the business community to society as a whole), managerial approaches (how can companies succeed in managing CSR?) Or instrumental perspectives (how can CSR be beneficial to the company?).

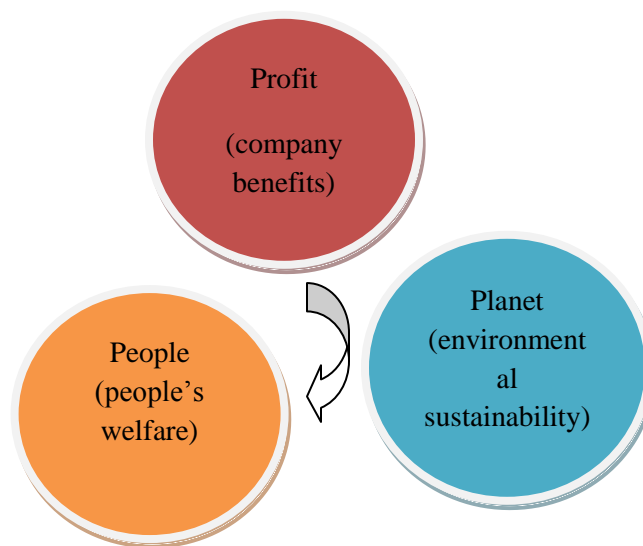
But Gardiner and Lacy (Gardiner, Louise , & Peter Lacy, 2005) argue that the attention of the business community to social and environmental responsibility is initially triggered by various scandals and various pressures from non-governmental organizations, policy makers, consumers and the media. Later the responsibility of the business community to the community has been seen as an opportunity for the business world not only to protect themselves from a variety of risks and to maintain reputation, but also to strengthen relationships with stakeholders, improve corporate strategy and internal management.

According to Hartman (Yeriko Putra Widenta, 2011) CSR is the responsibility of the company towards the community related to business operations so that the company must identify stakeholder groups and combine their needs and interests in the process of making operational and strategic decisions. According to Hartman (Yeriko Putra Widenta, 2011) in general CSR is an approach where companies integrate social care in their business operations and in interactions with stakeholders (stakeholders) based on the principle of voluntary and partnership. And how to give an influence on the economic, social and environmental fields. According to Hartman (Yeriko Putra Widenta, 2011) looking at some of these aspects in the economic field, CSR is expected to increase or influence a form of economy, in the legal aspect the company is required to follow every applicable regulation concerning CSR, in the sense that every company has a good scale local and foreign companies must carry out corporate social responsibility in accordance with applicable legal regulations, if viewed in terms of ethics and contribution to corporate social issues must play an important role in maintaining ethics in the activities of the company such as paying attention to the resulting impacts, and maintaining environmental conditions.

The term CSR began to be used since the 1970s after John Elkington developed three important components of sustainable development, namely economic growth, environmental protection, and social equity, which was also initiated by The World Commission on Environment and Development (WCED)

in Brundtland Report (1987). Elkington emphasized that CSR is packaged in three focus, abbreviated as 3P, which stands for profit, planet and people. The description, a good company does not only pursue mere economic profit (profit). It also has a concern for environmental sustainability (planet) and people's welfare (people).

Triple Bottom Line :



From the picture above, it can be understood if profit is an orientation that must be pursued by companies to obtain economic benefits so that their businesses can continue to operate and develop. Then, people interpreted the company to be concerned about the welfare of the people around them operating. Various models have been implemented by the company in providing CSR funds, such as providing scholarships for students around the company, establishing education and health facilities, strengthening the capacity of the local economy

and so on. While the planet, is intended as a form of concern for the company to the environment.

Sustainable development is expected to be a view for every corporation so that in its business activities it does not adversely affect the environment. The various CSR activities commonly carried out in relation to this are reforestation, provision of clean water facilities, improvement of settlements.

HYPOTHESIS

Based on the problem formulation and theoretical framework, the hypothesis used in this study to answer how is the implementation of CSR by Japanese Sogo Shosha in Indonesia for Indonesian Social Development is the implementation of CSR mechanisms implemented by Sogo Shosha in the region by collaborating with the Government Regional (*Pemda*) level I / II.

RESEARCH METHODOLOGY

In this study the method used is collection from related companies:

1. Collecting data on CSR activities conducted by Sogo Shosha by sending a fax / e-mail / telephone directly to the company to obtain information on CSR activities carried out by Sogo Shosha.

Insetted :

- Complete database of Japanese companies in Indonesia
- Fill in the letter that will be sent to Sogo Shosa to conduct research at the related Sogo Shosha

2. Visit some Sogo Shosha directly.
3. The results of the study will be categorized based on the type of Sogo Shosha at least 10 (ten) Sogo Shosha, classifying the form of CSR implementation of Sogo Shosha and the year the problem occurred.

Discussion

Indonesia as a developing country carries out development in various fields. One of the development priorities in Indonesia is the development in the economic field. Economic development requires the participation of all stakeholders. One of the important pillars in economic development is activities carried out by national and foreign companies that carry out their business activities in Indonesia. The activities carried out by the company have a positive and negative impact. The positive impact that occurs is the availability of capital that is strongly needed to encourage the country's economic growth and also open employment that is needed by the community. While the negative impact of the depletion of natural resources, the impact of environmental damage and the creation of social inequality in the community. Therefore, in order to create a harmonious relationship between the community and the company collaboration is needed, where the community receives the benefits of the presence of companies in its area to manage and utilize natural resources.

The discourse about Corporate Social Responsibility has become more prominent after this concept was normatively established in Article 74 of Law

Number 40 Year 2007 concerning Limited Liability Companies (Undang-Undang Perseroan Terbatas/UUPT). Previously, similar provisions also contained in Article 15 of Law Number 25 of 2007 concerning Investment (Undang-Undang Penanaman Modal/UUPM). The Company Law changes the terminology of CSR with the term "social and environmental responsibility". The Capital Market Law prefers to continue to use the term CSR companies are required to be companies that carry out their business activities in the field of and / or related to natural resources. For companies that ignore these obligations, sanctions will be imposed.

The company has an obligation to implement Social and Environmental Responsibility / CSR. The company is no longer an entity that is only selfish or taking profit. CSR is an idea where companies no longer faced responsibilities that are based on a single bottom line, namely corporate value that is reflected in its finances. However, corporate responsibility must be based on social and environment. It has become a fact that the resistance of the surrounding community in various places and time surfaced towards companies that were considered not to pay attention to the social, economic and environmental aspects. Many companies have been protested, their operational licenses have been revoked and even damaged by communities around the company's location due to environmental damage, as the company only pays and exploits natural resources in the area, without taking into account environmental factors. Besides that, the lack of attention and responsibility of the company towards the workforce and the welfare of the surrounding community.

There are two things that can encourage companies to implement CSR, which are from external drivers and from internal drivers. Including the category of external drivers, for example the existence of regulations, laws and the obligatory analysis of environmental impacts. The Government through the Ministry of Environment has implemented a Proper Audit (company performance improvement assessment program). The drivers within the company mainly come from the behavior of management and company owners (stakeholders), including the level of concern. The responsibility of community development responsibility.

There are four benefits obtained by the company by implementing CSR, First, the existence of the company can grow and be sustainable and get a positive image from the wider community. Second, companies are more likely to gain access to capital. Third, companies can maintain the quality of human resources. Fourth, companies can improve decision making on critical matters (critical decision making) and facilitate management of risk management.⁵

The tension that often occurs between a company and the community or the community around the company is located in general, where there is a lack of commitment and implementation of social and environmental responsibility. Often the company's interests are shared with the interests of the community. Indeed, companies and communities have mutual cooperation which has implications for two forms. First, inside-out linkages, companies have an impact on society through normal business operations. Second, outside-in-linkages,

⁵Muhammad Arief Effendi, *Implementasi GCG melalui CSR*, hal 7

where external social conditions also affect the company. For the community, good CSR practices will increase the added value of the company in an area, because it will absorb labor and improve social quality in the area. Local workers who are absorbed will get protection for their rights as workers. If there are indigenous people / local communities, CSR practices will respect the existence of traditions and local culture.

Effective CSR requires an active civic role. At least there are three regions where the community can show its role:

a. Campaign against companies carrying out business practices that are not in line with the principles of CSR through various lobbying and advocacy activities.

b. Develop competence to increase capacity and build institutions related to CSR

c. Develop a multi-stakeholder initiative involving various elements from the community, companies, and government to promote and improve the quality of CSR implementation.

At this time, CSR can be considered as a future investment for the company. The interest of capital owners in investing in companies that have implemented greater CSR, compared to those who do not implement CSR. Through CSR programs effective communication and harmonious relationships can be built between the company and the surrounding community.

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The existence of a CSR program conducted by Sogo Shosha is a facility for Indonesian people for Social Development through the education sector, environment sector, and health sector.

Sogo Shosha in detail is a group of Japanese commercial companies is a commercial company with assets, access, and profits far greater than other commercial companies. The term *Sogo Shosha* itself first appeared in 1954 in commercial company magazines. To be called a *Sogo Shosha* a company must have the ability to continue to be on the top of the company - commercial

company and show that the economic capability of the company is located above average.

Sogo Shosha which operates in Indonesia there are approximately 300 companies, but the author can only mention a few *Sogo Shosha* who have CSR

Table 2.1 Pillar of Social Development with Sogo Shosha

that is very influential for Social Development which includes 3 (three) pillars, are economic pillar, environmental pillar, and societal pillar, among others PT . Toyota Motor Manufacturing Indonesia, PT. Amerta Otsuka Indonesia Indonesia, PT. Nissan Motor Corporation, PT. Kramayudha Tiga Berlian, PT. Isuzu Astra Motor Indonesia, PT. Sony Coeoporatin, PT. Yamaha Indonesia Motor Manufacturing, and Kansai Paint Indonesia and other companies where these companies are Japanese companies that contribute to Social Development in Indonesia through CSR programs. The great Japanese *Sogo Shosha* written above even until now it is still trading with Indonesia. Company commodities - these companies are various, such as metal, food, clothing, vehicles, and energy source material. The existence of *Sogo Shosha* in Indonesia has been around for decades.

No.	Pillar of Social Development	Corpoation / <i>Sogo Shosha</i>
1	Education	<ol style="list-style-type: none"> 1. PT. Toyota Motor Manufacturing Indonesia 2. PT. Kramayudha Tiga Berlian Motors 3. PT. Isuzu Astra Motor Indonesia 4. PT. Yamaha Indonesia Motor Manufacturing 5. PT. Marubeni Indonesia
2	Environment and Health	<ol style="list-style-type: none"> 1. PT. Toyota Motor Manufacturing Indonesia 2. PT. Toyota Astra Motor 3. PT. Amerta Indah Otsuka Indonesia 4. PT. Nissan Motor 5. PT. Sony Corporation

Conclusion

The researcher concludes the answers from the focus of the existing research, that the CSR programs implemented in Indonesia covering assistance in the fields of education sector, health sector, and environmental sector. As addition, CSR programs also contributed to the field for the development of current multinational enterprises. The CSR activities carried out the regional needs that have been agreed upon by both

parties, namely state actors (Local Government) and non-state actors (*Sogo Shosha*) as the organizers of CSR.

The concept of CSR contained in the Limited Liability Company Law also covers the environment. This Law uses the terms Social and Environmental Responsibility. This law regulates the obligation for companies related to natural resources to carry out social and environmental responsibilities.

Sogo Shosha through CSR have responsibility to help the community to achieve sustainable development. Most crucial areas are environmental issues which becomes the main problems in the recent debates in the world. On the contrary, *Sogo Shosha* has been mentioned as one of the causes of environmental destructions.

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