

CSR Management Toward Sustainability

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CSR Management toward Sustainability

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ABSTRACT

In the recent times, the development of Corporate Social Responsibility (CSR) is increasing globally. This is evidenced by the KPMG survey in 2008, which reported that a quarter of the Fortune Global 250 Companies surveyed during the year of 2007 to 2008 have included CSR strategy's objectives that communicated to the public. Corporate Social Responsibility (CSR) is a strategic corporate initiative that has been receiving an increased amount of attention internationally. It provides more benefits to an organization than simply reducing costs by environmental measures such as recycling and giving back to the community. CSR is needed by a corporate to go beyond their economic and legal obligations, and act responsibly towards multiple stakeholders including societies.

Many high profile corporations have failed to gain public confidence and are considered not trustworthy because of their dishonourable conduct. The cases show how important is the role of open the business with more responsibility towards stakeholders. The Corporate Social Responsibility (CSR) is a hot topic among the companies, representatives of

academia and NGO but also among the specialists that coming from a wide range of national and international administrative institutions. In Indonesia, CSR has been implemented by companies. Good management of CSR is needed and will cause a benefit for the company and the stakeholders. CSR is needed by a corporate to go beyond their economic and legal obligations, and act responsibly towards multiple stakeholders including societies. In order to achieve better understanding of CSR among practioners in Indonesia, they need capability to enhance in designing CSR Strategy

Key word : CSR, CSR Management, Sustainability

Back Ground

Towards 21st century, the development of Corporate Social Responsibility (CSR) is increasing globally. This is proven by the KPMG1 survey in 2008, which reported that a quarter of Fortune Global 250 companies surveyed during the year of 2007 to 2008 have included CSR strategy's objectives that communicated to the public (Choi, 2009)

Meanwhile, the Economist said that in 2007, nearly 30% company executives surveyed by the Economist intelligent unit, considered that CSR is an issue with the highest priority in their companies, while 40% executives put CSR as a high priority in their companies (Choi, 2009). CSR is important because in the information era. Consumers became an increasingly

¹ KPMG is profesional firm in USA which serves tax consultation and audit

conscious of the social aspects of products and companies (Shah & Chen, 2010). This is also confirmed by Lo and Sheu (2007) said that the dishonorable business act by companies towards stakeholders and prospective stakeholders in the future influences the profit they will get. Doing business with CSR is very different with traditional business. Doing business with CSR means that the businesses-men are running the business with more ethical and act responsibly toward multiple stakeholders and the societies. In Indonesia, many cases have shown the impact of doing dishonorable business act was the main reason of losing the investors, consumers and all the potential outcomes. The demonstration against management in Freeport, that was happened recently, showed us how important the company should engage the social responsibility not just in a piece of paper but should be well-planned and implemented. Not long ago, many consumers of cellular operators in Indonesia have protested against their cellular operators because of the unfairly praxis of business made them loose their phone's credit. While in USA, the public protested the dishonorable manner of business executives in Wall Street. They shouted criticism and protested against the government. Businesses has failed to demonstrate their performance through good act and behavior toward the stakeholders, if this has happened, they would have lose their reputation as well as the customers, investors and their chance to grow. CSR means the company have to make a dialogue with their stakeholders. Good management of CSR is needed because it will cause a benefit for the company and the stakeholders. CSR is

needed for a corporations to go beyond their economic and legal obligations, and act responsibly towards multiple stakeholders including societies. By better understanding of CSR among practioners especially in Indonesia, therefore it enhance designing a good CSR strategy.

Corporate Social Responsibility (CSR) has one meaning for companies, especially those that related to its natural resources, to balance the economic benefits and its contribution to economic, social, and environment for sustainable development. In Indonesia, the obligation for companies to do CSR activities listed in act no 40 of 2007 article 74 of the Limited Liability Company. In ⁷paragraph (1) Company that running the business activities in the field and or related to natural resources is required to implement the social and environmental responsibility.

⁷In paragraph (2) Social and environmental responsibility as referred in paragraph (1) is an obligation of the company to spare their budget and account as a cost of the company's implementation that carry out with regard to appropriateness and fairness.

In paragraph (3) Outlines of the company that did not carry out obligations as mentioned in article 1, subject to sanctions in accordance with the provisions of the legislation. In paragraph (4) it states further provisions regarding environmental responsibility and regulated by goverment regulations

www.depdagri.go.id/media/documents/2007/.../UU_No.402007.doc accessed on 31th March 2012) Regulation of CSR in Indonesia actually has been set by the government since 1994 with the issuance

of Decree of the Minister of Finance Republic of Indonesia. 316/KMK016/1994 on SME Development Program and the Cooperative State-Owned Enterprises, which later confirmed again by Minister of State Owned Enterprises no Kep-236/MBU/2003 which stipulates that every company is required to set aside after-tax profits 1% (one percent) of up to 3% (three percent), to carry out CSR programs. In addition, CSR is currently carrying out obligations by the government, not only obliged to state-owned companies only. Through Law No. 40 of 2007 article 74 of the Limited Liability Company (PT Act) and Act No. 25 of 2007 section 15 (b) and Article 16 (d) on Investment (UU AM), then any company or investor is required to conduct an implementation of corporate responsibility efforts that have been budgeted and accounted for as expenses of the Company. The policy has also set penalties for companies that do not run the obligations. Thus it should at this time, all companies in Indonesia have been doing CSR program is "aware" as a form of corporate social responsibility

CSR activities is implemented to preserve the sustainability of the natural environment directly or through cooperation with other stakeholders. CSR activities usually in the form of campaign environment, the provision of education and training, tree planting, creation of green open spaces and parks, saving natural resources that use in factories or stores, teaching up to the application of recycling and reuse of products.

Companies today must pay attention to keep on 3P (Profit, People, Planet) if they want to live sustainably. Thus the company cannot go only for

profit, but they must be involved in the fulfilment of social welfare (people) and actively preserving the world's attention to the larger CSR after the World Summit in Johannesburg in 2002 which emphasized the importance of social responsibility. The form of CSR programs also vary, not only on economic and social fields but only for health, education, and environment. In the economic field, the form of activities to do is build a community around the economy so as to improve the welfare of society through the development of micro, small and medium enterprises (SMEs). In this case the company provides capital assistance to SMEs so that SMEs can flourish. In addition the company also can help in the form of increased capacity such as providing training on micro-businesses. In area of education can be done through the provision of student scholarships ranging from primary school level up to post graduate, as well as doctoral programs and aid physical development and learning facility. While in the health sector can be done by organizing the training program Posyandu², improved child and maternal nutrition, creating a guide book for pregnant and lactating women and a variety of training which aims to improve public health.

Theoretical Framework

What is CSR and Why CSR?

² *Posyandu is abbreviation of Pos Pelayanan Terpadu, an integrated health services, conducted by primary health services in Indonesia*

The concept of social responsibility, as well as ethics, can be easily understood: to distinguish what is wrong and what is right and do the right thing, not to be good citizens. Corporate social responsibility related to the values adopted for the company to the public. Model to evaluate the social performance involves four criteria: economic, legal, ethical and policy

Numerous definitions are brought out to clear and make unbiased definition of CSR. A business with CSR is very different from traditional business. Corporate Social Responsibility (CSR) constitutes the care of act in serving the interests of the organization and external public. World Business Council for Sustainable Development (WBCSD) defines CSR as a commitment to contribute to the sustainable economic development, to work with the company's employees, employee's family members, local community members and community in general as the efforts of improving the quality of life. The definition of CSR is extremely diverse, depending on the vision and mission of the corporate that are matched to needs, desires and interests of the community. There are some definitions of CSR:

-Conducting social action (including concern for the environment), more than the limits required by regulatory legislation. (Iriantara, 2004:49)

-The commitment of business to contribute the sustainable economic development, working with company employees, employee's families, local communities (local) and community life. (The World Council for Sustainable Business Development)

Although it has many definitions, but essentially CSR is a form of giving back action from the corporate to the community. This can be done by way of doing business and generating, based on sincere intentions to provide the most positive contribution to stakeholders. The shapes of CSR (Iriantara, 2004:77) are divided into two:

a. Form of the action by given programs to the community and the reference value of CSR, an action against outside corporate or in relation with the environment outside of such corporate community and the natural environment. How does a corporate apply and meet the needs of the surrounding community

b. Leads to the ideal type of value in corporate that is used to implement or realize the actions in accordance with the social circumstances of the surrounding community. The correct interpretation of CSR is an expression of corporate objectives and values in building the entire relationship. The values are interpreted differently by the norms that exist within the company. Thus the form of the CSR program has two orientations. First, the CSR is the form of internal action on the program given by corporate to the community. Second, the external CSR leads to the ideal type of value in corporate that is used to realize the actions in accordance with the social circumstances of the surrounding communities (Budimanta, Prasetyo & Rudito, 2004:77). Wibisono (2007: 7) states in spite of the more popular, CSR has yet to have a single definition. According to Hasibuan and Sedyono (2006: 73) most people see CSR as initiatives to raise the reputation of a noble and generous action. Only a few

people view CSR as a philosophy that underpins the operations of the company. Hidayat (2009) describes the stages of the history of the CSR as follows:

The 1950's The early literature that discusses CSR in the 1950s called the CSR as a Social Responsibility (SR not CSR). Howard Bowen with his book entitled "Social Responsibility of the Businessman" can be regarded as a milestone in modern CSR

b. In the 1960s CSR is one of the famous scholars of the day was Keith Davis who managed to provide insight into the relationship between CSR with business strength. Word "corporate" involved in this. This could be due to the contribution Davis who has demonstrated a strong relationship between corporate social responsibility

c. 1970s. 1971, the Committee for Economic Development (CED) published the Social Responsibilities of Business Corporations. The 1970's also marked by the development of definitions CSR. In the article entitled "Dimensions of Corporate Social Performance", S. Prakash Sethi provided an explanation for the behavior of corporations, known as a social obligation, social responsiveness and social responsibilities

d. In the 1980s. This era was marked by efforts directed to better articulate more precisely what exactly is corporate responsibilities. In 1987 the United Nations through the World Commission on Environment and Development (WECD) published a report entitled Our Common Future. The report makes environmental issues as a political agenda that ultimately aims to promote development policy-making that is more sensitive to

environmental issues. This report became the basis of multilateral cooperation within the framework of sustainable development.

e. In the 1990's, Earth summit held in Rio De Janeiro in Brazil 1992 and was attended by 172 countries with the main theme of the Environment and Sustainable Development. The meeting resulted in Agenda 21, Rio Declaration, and several other agreements. The final outcome of the meeting emphasized the importance of Eco Efficiency used as the main principle of doing business and running the government. The concept of CSR starts echoing after convening World Summit on Sustainable Development (WSSD) in Johannesburg 2001, South Africa (Wibisono, 2007: 7)

³ Enderle and Tavis (1998) defined corporate social responsibility as "the policy and practice of a corporation's social involvement over and beyond its legal obligations for the benefits of the societies". According to the definition by Angelidis and Ibrahim CSR is a corporate social action whose purpose to satisfy social needs. Carrol's pyramid (2004) which has been developed since 1979 highlighted the company's social responsibility. In this pyramid we find the different dimensions of social responsibility.

Figure 1 : Corporate Social Performance Criteria



Source : A.B Carrol, "The Pyramid of Corporate Social Responsibility: Toward The Moral Management Stakeholders", in Business Horizons 34 (Juli-Agustus 1991)

Each floor of the pyramid corresponds to a particular type of interest

The first level, economic, corresponds to taking account of shareholders, board members, and their demands on return on capital invested. This is the core of social responsibilities. Creating profit is a form of this responsibility. By generating profit, the company gives return to their investors and stakeholders, also creating jobs and producing product and services

The second level, the legal, corresponds to taking account to compliance of the institutions operating on that sector. For example of illegal actions by the company is a fraud, sell defective goods, repairs or unnecessary procedures

The third level, the ethical, meets compliance and takes account of employees and competitors. Ethical responsibilities consisting of behavior that can not be placed into the realm of law and may not be related to the economic

interests of the company directly. In order to be ethical, decision makers must act with equality, fairness and impartiality

Highest level, the philanthropic, corresponds to taking account of environment as a whole aspect that becomes an important element in establishing the identity of the organization. The differences between the ethical and the philanthropic are the philanthropic action based not only on the ethical or legal perspective, but it is driven by stakeholder need. Philanthropic action is different from one company to another, such as giving donation, providing child care for employees until building school. Corporate Social Responsibility theory was born because of the demands of responsibility for themselves. Social responsibility is in the moral sphere, so that its position is not equal as law. Moral in social responsibility leads to action that is based entirely outward of an inner attitude. While the law emphasizes the outward attitude to the rules, however the action is not wrong, perhaps both, and in accordance with the view of moral, legal and cultural values of society. However, compliance alone can not serve as the basis to draw conclusions because we did not know the underlying motives or intentions (Daft, 2010: 183) According to IBLF (2003) that CSR is open and transparent business practices based on ethical values and respects to stakeholder, employees, communities and environment, which will contribute to sustainable business success. The dimensions of this definition emphasize on stakeholder and social environmental economic. Berger and Drumwright (2007) and Smith (2003) believe that CSR is an

important component of a dialogue between companies and their stakeholders such as their costumers, employee and investors.

Bhattacharya (2009: 257) reported that the majorities of Fortune 500 companies not only engage in social responsibility initiatives, but also devote considerable resources to reporting CSR activities to a wide array of corporate stakeholders. It also reported the study that identified the relationship between the CSR initiatives and returns to the company.

Mc Donalds and Lai (2011) do their study on bank consumers in Taiwan found that CSR particularly in consumer-centric initiatives have more powerful impact on consumers. Moreover, Murray and Vogel (1997) argued that CSR programs resulted in improved attitudes towards the firm. In practice, CSR activity should have some elements, such as (Rahman, 2009:13):

a). Continuity and sustainability are vital elements of CSR. CSR is a mechanism of activity that is planned, systematic and can be avaluated. Here are some principles of sustainability:

Sustainability Principles	Components
Technology	Creation, production and delivery of goods and services that are based on the organization and innovative technology that utilize natural resources, financial, social and effective,

	efficient and long-term economical
Governance	Corporate sustainability based on high standards of governance including management responsibility, organizational capacity, corporate culture and relationships with stakeholders
Stockholders	Demands agency, targeted at the the demanding needs of financial return, long-term economic growth, ensuring global competitiveness and to contribute to the intellectual capital
Industry	Sustainable companies should lead the sustainability in industry by demonstrating its commitment and publish its performance is superior
Community	Sustainable companies should encourage lasting social welfare through a rapid and appropriate response to rapid social change, increasing demographic, migratory flows, shifting patterns of

	cultural and educational needs of the life-long and continuing education.
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b) Community empowerment

CSR is different from the activities of a charity or philanthropy. Acts of generosity while helping the community but did not make it independent. One indication of the success of a CSR program is self-reliance is more on community than before the CSR program is present.

c) Two Airways

This means that the CSR program is two-way. Corporate is no longer a mere communicator, but also must be listening to the aspirations of the community. This can be done with a needs of assessment is a survey to find out the needs, desire, interest and wants of the public

Stakeholder Approach To CSR

One reason that makes it difficult to understand and implement the CSR is that managers must deal with the question, "responsible to whom?". From the point of CSR, organizations view of internal and external environments as diverse stakeholders. Stakeholders are groups inside and outside the organization who contribute to organizational performance. Each stakeholder has different criteria in determining an action because each stakeholder has different interests in the organization (Daft: 2010: 183). According to Freedman (1984), who defined the stakeholders, is any group or individual who can affect or are affected by the achievement of the organizations

objectives. Stakeholders' theory is an approach that is based on how to observe, identify, and explain analytically on various elements that form the basis of decision making and action in the conduct of business activity, then the mapping of relationships that exists in business activities. (Wahyudi et al , 2008: 74). In this case the business goals will lead to one goal that is imperative. Within the meaning of that business should be run in such a way that the rights and interests of all parties concerned (stakeholders) with the activity of the business world is guaranteed, noticed and appreciated. According to ODA (1995), if we see from various policy, program and government project, stakeholders can be grouped as follows: (Remirez, R: 1999: 67)

1. Primary Stakeholders

Primary Stakeholders are the interest of stakeholders who were involved directly with the policies, activities, and programs or specific projects. They should be placed as a key determinant in the decision making process, they include:

a. Community and public opinion leaders. Communities are those that are identified will benefit and or affected by a particular activity. While community leaders are members of the community by the community featured in a certain area and also considered as a party that can represent the aspirations of the community.

b. Public Institution is an institution who responsible in decision making process and implementation of decision

2. Secondary Stakeholders Secondary stakeholders is who has no connection

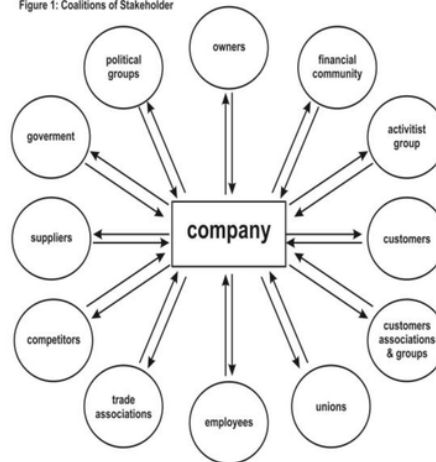
directly against the interests of a particular policy, program and project but had concern and voiced concerns that they contribute and influence on public attitudes and legal decisions of government. Secondary stakeholders consist of :

- a. Government officials in the area but has no direct responsibilities
- b. Government officials related to issues but has no direct authority
- c. Non Government Organization working in the area which in line with the plan, benefits and impact-arising
- c. Higher Education: group of academics who have an important influence in government decision-making

3. Key Stakeholders. Key stakeholder are individuals who are legally authorized in this decision. Key stakeholders are the level corresponding elements of the executive, legislative and agencies.

Figure 2 : Coalitions of Stakeholders

Figure 1: Coalitions of Stakeholder



Source : Brytting (1988) in Wahyudi, Isa and Busya Azheri in Corporate Social Responsibility (Prinsip, Pengaturan dan Implementasi) (2011: 82)

This view shows the parties and how it is important for the company. Most organizations are influenced by various interest groups. Investors and shareholders, employees, customers and suppliers are considered as the main parties concerned, which the company would not survive without these parties. Interests of investors, shareholders, and suppliers served by an efficient management. Officials expect job satisfaction, salary and good supervision. Customers want quality, security, and availability of goods and services. Important parties and the other is the government and the community, which in those years back has become increasingly important. Community made up of local government, the natural environment and quality of life. Social Responsibility should consider an impact to all of the authorities.

Nevertheless, organizations should be concerned of their stakeholders. Companies should be responsible over their business operations that will have an impact against the society and environment where the organizations existed. Companies must run their business not merely based on the short term of return but also create progress and welfare to their community. Freeman (1984 : 46) gives a very broad definition: A stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization's objective which could complete the list of stakeholders. This definition is widely acknowledged because of its "landmark" (Wood , 1991; Clarkson , 1995) position in stakeholder theory. Clarkson (1995) for instance, makes a distinction between primary and secondary stakeholders. A primary stakeholder group is one without whose continuing participation the corporation cannot survive as a going concern. Accordingly, Clarkson points out that a corporation itself can be viewed as a system of primary stakeholder groups. He defined secondary stakeholder groups as those who influence or affect, or are influenced or affected by, the corporation but they are not engaged in transactions with the organization and are not essential for its survival. Extant research indicates that CSR initiatives are successful in generating returns to the company to the extent that they foster strong and enduring relationships with stakeholders Waddock and Smith (2000) .

According to Waddock and Smith (2000) argue that "being a good global citizen in a relational context means treating well the

entire range of constituencies-stakeholders –who have invested their money in business. At the core of stakeholder theory is the idea that long term sustainability of a corporation is dependent upon procuring the cooperation of numerous constituents, including but not limited to shareholders (Donaldson and Preston, 1995; Freeman, 1984). Post et.al (2002) explain that stakeholders are essential for the successful functioning of a corporation because they provide resources to the company (e.g customers, investors and employees) form the industry structure (e.g supply chain associates and strategic alliances) and make up the sociopolitical arena (e.g communities and governments). They define stakeholders as individuals and constituents that contribute, either voluntarily and involuntarily, to (the corporation's) wealth-creating capacity and activities and who are therefore its potential beneficiaries and /or risk bearers.

Moreover, Post et.al (2002) explained that according to the stakeholder view, the central challenge for managers and theorists is to understand how to improve stakeholder and company relationships by delivering benefits to stakeholders through company's policies and activities. The corporation can be seen as a nexus relationship between a corporation and its various stakeholders with a goal of mutual gain. For stakeholders the benefits of interacting with the company may range from tangible and intangible, monetary and psychologically. It is important to note that what constitutes a benefit to one stakeholder may hold little value to another, and in some cases, rewards to one stakeholder may conflict with the interests of another stakeholder; for

example, closing a factory could benefit many investors even it harms the people employed there.

5 A stakeholder –centric model for understanding CSR. Shown in figure 3, it describes how CSR activity is perceived by individual stakeholder, produces benefits for individual stakeholders, gives influence to the relationship quality between the stakeholder and the company, and resulting in behavioral outcomes directed toward the company, the cause and other stakeholders. The model also delineates key contingency factors which moderate these primary linkages. (Bhattacharya, et.al 2009: 260)

Figure 3: A Model For Understanding Stakeholder responses to CSR

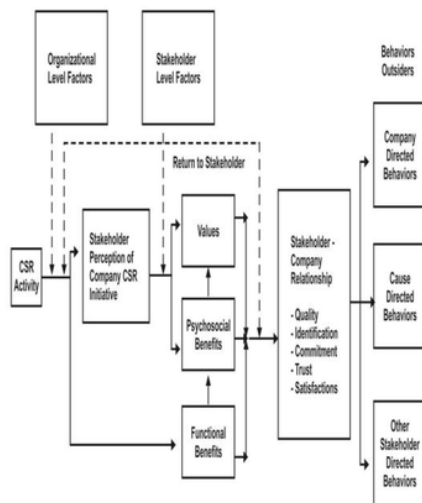


Figure 1: A Mode for Understanding Stakeholder Response to CSR

Source: Bhattacharya, C.B., et al. 2009, "Strengthening Stakeholder-Company Relationships Through Mutually Beneficial Corporate Social Responsibility Initiatives", Journal of Business Ethics (2009) 85: 257-272

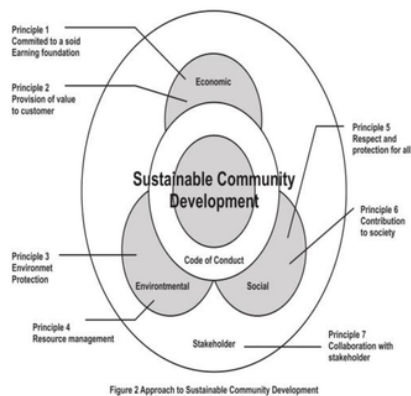
1 The model provides three of three main insights. First, it shows how stakeholders respond to CSR initiatives based on the degree to which the individual derives personal benefits as a result of the company engaging in CSR activity. Second, the model shows how the nature of stakeholder-company relationship is determined by the type of benefits that accrued to the individual. Finally the model underscores the importance of distinguishing between third –party measures of spending and the perceptions that stakeholders hold about the company's initiatives

Discussion

Clark et.al (1997) assesses sustainability by focusing on progress towards a system and persists. Their ideas of sustainability are really predictions both for the future and for the existing systems. Sustainability requires business to use resources in ways that meet the needs of the enterprise and its stakeholders today, while protecting, sustaining and enhancing future resources and the environment for future generations Sustainability contains linked intricately economic, social and environmental systems (as a unified system approaches). The notion of sustainability would also call for more general (instead of partial) and a more long term or a program (instead of a short term or a project). Thus the essence of sustainability is the system approach to

program management. Both program management and sustainability movements can be improved by mutual awareness of each other. To make sustainable development program to be real, great improvement and innovation must take place. By practicing suitability and program management organizations are able to maintain a dynamic equilibrium and are able to regenerate systems to maintain their viability. Sustainability of development program is a comprehensive management philosophy, embracing all aspects of the organization and involving its entire work force, as well as its customers and suppliers.

Figure 4: Approach to Sustainable Community Development



Source: Showa Shell Sekiyu, 2004 and World Bank Institute in Ciptono, W.S (2011), The Essence of Strategy Sustainability Execution

Wardani reported (2011: 147) potential of budget to run a CSR program is still very high. The potential of budget are from BUMN (state enterprise) and about 700

private enterprises. PIRAC research shows that CSR funds in Indonesia in 2011 reached more than 115 billion rupiahs, or about 11.5 million U.S. dollars from 180 companies that spent on 279 social events as recorded by the mass media. Average number of companies that donate funds for CSR is about IDR 640 million, or about 413 million U.S. dollars (Tanudjaja,2006). PIRAC's survey regarding potential corporate charity (2004) noted that 93% of companies give donations in the last 3 years, with the average amount donated IDR 236 million / year (MNC company) and IDR 45 million / year (local company). While the data released by the Minister, stating that the company's contribution to social programs and empowerment reached 20 trillion. Most of those funds has allocated for MSME program at such rates reached 8.38 trillion. The government set a budget for the state CSR at 5% of the profits, while private presentation is not specified but was obliged to set aside from profits that exist. Another potential is that local government has a fund of about of 12% and can be maximized to 20% (Wardhani: 2011: 147). CSR program can be synergized and in accordance with government program such as alleviation of poverty, primary health and basic education. CSR programs in Indonesia indeed play an important role in encouraging to creating a balance of development in the economic, social and environmental. A good company is a company that has a concern and responsibility towards the environment (Planet) and the welfare of society (People) do not merely look for mere economic gain (Profit). There are many companies that have not been aware of its obligations and still considers CSR program

as a waste of company funds program. There are still many companies that do not perform well. CSR is still perceived as a financial subsidiary program alone. In addition, there are many companies that claim to the activities of 'charity' as donate food or medicine to the affected communities is a form of CSR programs. There are some examples of how CSR is done in Indonesia:

CSR Program from Indosat aimed to grow, meet the provisions and to be care against community. CSR initiatives designed toward Program Indonesia had done by go-greening, Program Indonesia Belajar has given a scholarship and workshops for teachers, Program Indonesia Sehat that provide Mobil Klinik Sehat Keliling (Car-Mobile Clinic Healthy) and also Program Indosat Peduli has helped the community through disaster emergency response and Kampung Siaga (Village-Alert) program. Pertamina conducted their CSR initiatives in a whole operation area of four CSR initiatives strategic including education, health, environment, infrastructure and also disaster response. Priority of beneficiary are the surrounding community that living around the area of Pertamina. CSR initiatives comprises Program Pertamina and Education through Sains Olimpiade in university level (OSN-PTI), Pertamina Youth Program - PYP (Young Stakeholders Education), Pertamina Goes To Campus - PGTC (Workshop for academicians) and Pertamina Peduli Pendidikan (Education-Caring Program). Also, Pertamina and Health Program through cleft lip surgery and Program Bright With Pertamina which aimed to enhance the sight of the young generations through eye-check up and

donating eye glasses and dental check up for children (3) Program Peningkatan Infrastruktur dan Manajemen Bencana (Infra-structure Enhancement and Disaster Management) through improvement of public facilities such as roads, bridges, toilets and water supplies. (4) Pertamina and Environment Program through Green Planet. It covers go-greening and planting trees, mangrove conservation, CSR initiatives on shore- cleanliness, and Exhaust Emission Tests. Bank Mandiri allocated 280 billion rupiah during the 2011, about 4% from retained earnings in 2010. Bank Mandiri conducted their CSR for environment development programs through building religious facilities, public facilities, education and health communities. CSR initiatives of Bank Mandiri focused on pushing the growth of community welfare. Accordingly, Bank Mandiri did it consistently to search opportunities to complete the strategy and implementing CSR initiatives. CSR initiatives is completed by stating 3 pillars of activities, they were: Kemandirian Komunitas (Community Empowerment), Kemandirian Edukasi (Education Empowerment) and Friendly-Environment Facility. A CSR initiative of Unilever Indonesia has given the priority on the Community Development of Black Soy Bean Farmers. This program is built to bridge between the corporate needs and the farmers as suppliers. This program is inspired by the lack of supply for Bango-Soy Sauce as one of the Unilever Product. This program was helping the farmers to enhance the production of Black Soy Bean. Through this program, the farmer's problems such as the lowness of purchase price and the buyer uncertainty can be reduced, so it can improve the income of

the farmers CSR is a moral responsibility towards its strategic stakeholders particularly the community around the work area and CSR operation is not just a charity, in which CSR requires a firm in its decision-making in order to seriously take into account the effect of all stakeholders. This requires the company to create a balance between the interests of external stakeholders with diverse interests of shareholders, which is one of the internal stakeholders. Now, Indonesia is facing a more challenging and turbulencing era, and this will be a hinder for prosperity. Good CSR strategies will be fitted and designed to cope two benefits, that will causing benefits for the company and local community. CSR is needed for a corporations to go beyond their economic and legal obligations, and act responsibly towards multiple stakeholders including societies. Companies, both local, national or MNC can synergize their CSR with the agenda of Indonesia's government. CSR also needed to communicate strategically to the public. Daft (2010) believes that organizations that have a social responsibility to consider the effect of their actions for all parties for example, investors, shareholders, suppliers, employees met with management efficiency of resource use to derive a profit. Employees expect job satisfaction, salary and good supervision. The customers pay attention to decisions regarding the quality, safety and availability of goods and services. If any of satisfied groups interested parties became dissatisfied, then the organization's survival is threatened. Today more and more companies are realizing the importance of CSR-oriented approach to increase productivity and encourage

community self-reliance, one of the activities is to help small businesses, but the form of reinforcement is still partial separate program activities that are educational, economic, infrastructure and health. It is demanded good management of CSR that will give double the impact for the company and the community

Conclusions

CSR practices are not done to anticipate the reputation of corporation only, but also to develop growth and community development. Besides, the CSR initiatives should be done transparently. This is a must because if it isn't done with righteousness and transparent, the program will lead to destruct the social norms, values and environment. If it is occurred, the corporations would have got the negative image and sum of money would be wasted.

2. Companies should try to cover all the needs of stakeholders with the aim to build and foster positive and lasting relationships. To manage relationships with stakeholders appropriately, a company not only to adopt CSR as an integral part of the company's mission, but also must be effectively communicated to stakeholders. Apart, to overcome skepticism can go through the various actions taken by individuals in organizations and all organizations as part of the community in an environment where the company is cited

2. In legal operations, the government should prepare a solid regulation to organize CSR. In Indonesia, it is still unclear which parties that will be responsible to

coordinating and supervising the implementation of CSR that conducted by a private company. Law no 40/2007 has regulated that corporations which is running its business related to natural resources are required to do CSR programs. But there's still unclear about how if the corporate doesn't run its business that is not related to natural resources, are they also required to do a CSR initiatives?

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