

THE IMPLEMENTATION OF CORPORATE SOCIAL  
RESPONSIBILITY BY PT. TELEKOMUNIKASI SELULAR  
IN BANTUL REGENCY

A BACHELOR DEGREE THESIS



By:

RAHARDIAN NOVIANTARA

Student ID : 08410151

Program of Study : Law

ISLAMIC UNIVERSITY OF INDONESIA

FACULTY OF LAW

YOGYAKARTA

2012

**THE IMPLEMENTATION OF CORPORATE SOCIAL  
RESPONSIBILITY BY PT. TELEKOMUNIKASI SELULAR  
IN BANTUL REGENCY**

**A THESIS**

Presented as Partial Fulfillment of The Requirements to obtain  
The Bachelor Degree in the Business Law Department, Faculty of Law,  
Islamic University of Indonesia

By:

**RAHARDIAN NOVIANTARA**

No. Mahasiswa : 08.410.151

Program Studi : International Business Law

**INTERNATIONAL PROGRAM  
FACULTY OF LAW  
ISLAMIC UNIVERSITY OF INDONESIA  
YOGYAKARTA  
2012**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

A THESIS

**THE IMPLEMENTATION OF CORPORATE SOCIAL  
RESPONSIBILITY BY PT. TELEKOMUNIKASI SELULAR  
IN BANTUL REGENCY**

This bachelor degree thesis has been examined and approved by the advisor to be submitted in the front of the Board of Examiners in an oral exam on the date of

April 30, 2012

Yogyakarta, March 20<sup>th</sup>, 2012

Content Advisor,



(Dr. Siti Anisah, SH., M. Hum.)

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

A THESIS

**THE IMPLEMENTATION OF CORPORATE SOCIAL  
RESPONSIBILITY BY PT. TELEKOMUNIKASI SELULAR  
IN BANTUL REGENCY**

This bachelor degree thesis has been examined and approved by the advisor to be submitted in the front of the Board of Examiners in an oral exam on the date of

30 April 2012



Yogyakarta, March 20<sup>th</sup>, 2012

Language Advisor,

(Herman Felani, SS., MA.)





A THESIS

THE IMPLEMENTATION OF CORPORATE SOCIAL  
RESPONSIBILITY BY PT. TELEKOMUNIKASI SELULAR  
IN BANTUL REGENCY

Defended Before the Board of Examiners

On April 30, 2012

And Declared Acceptable

Yogyakarta, April 30, 2012

Examiners

Signature

1. Chief of Examiner : Dr. Siti Anisah, SH., M. Hum.
2. Examiner I : Nandang Sutrisno, SH., LL.M. M. Hum. Ph.D
3. Examiner II : Drs. Agus Triyanta, MA., MH., Ph.D

International Program  
Law Department  
Universitas Islam Indonesia  
Dean,

DR. H. Rusli Muhammad, SH., M.H.  
NIP. 195406121984031001



## PAGE OF MOTTO AND DEDICATION

### Provehito in Altum – 30 Seconds to Mars

“Hidup itu bagaikan sebuah roda, kadang kita berada di atas, kadang kita berada di bawah. Bahkan ada kalanya roda itu bocor atau ngobeng”



I Dedicated This Thesis For:

My beloved parents

My brother

My friends who help me finish this thesis

## ACKNOWLEDGEMENT

Praise to Allah SWT for the completion of this thesis. Without His guidance, help and blessing, I believe this thesis would never have been completed. I also believe that this thesis titled “The Implementation of Corporate Social Responsibility by PT. Telekomunikasi Selular in Bantul Regency” will be never being done without any help, support and pray from many people.

My gratitude will be addressed to persons who are mentioned below;

My beloved mother Sudarti Mobonggi for bring me to this world and teach me how to be a man.

My beloved father Mudjiharjo for becomes a good husband and good father for his family. Someday, I will be a man like you dad.

My beloved brother Rubiantoro for all support he gave to me, especially on the financial support.

Dr. Siti Anisah, SH. M.Hum as my supervisor and also my favorite lecturer, I love the way you explain in class, mam, also the joke you gave me in class of course. That was why I want you to be my supervisor mam, thank you.

All my lecturers in International Program Faculty of Law which I cannot mentioned one by one, thank you for all lesson I get as long as I study in here. May Allah SWT bless you.

Putri Dhewi Asmoko for coffee, burgers and love songs you gave to me.

To my best friends Christiana D. Leimena, Aldhila S. Rumecko, M. Faruq, Andika Wirawan, Dwi Budi S. , Anang Seputro, Resky Melinda.

Vanda Satriadi P., Lucky S. Wicaksono., Ariyo Priyambodo., Anditya Hutama P., Marlia Tety G., Ernawati, Meiske Iriyani, Putri Yeanita M., Annisa Syaufika Y. R., Reshika Perwita I., Astrid Paramitha, Rachmadevi Desria R., Yonnika Maharani, Muhtar Yogasara, Alnair Adimas S.

Suhu Fridlis Irmawan for the guidance in this thesis.

Adam W. M., Jiwo N. P., Nurangga F., Vladimir Allendra., Ahmad Ikham, Lena, Thietis D., Ayoe M., and all my family in international program of faculty of law, I am sorry guys I cannot mention you one by one.

Many other I cannot mentioned here because I am afraid this paragraph will be longer than my thesis. Finally, the writer hopes that this thesis will be useful for the goodness.

Yogyakarta, March 18, 2012

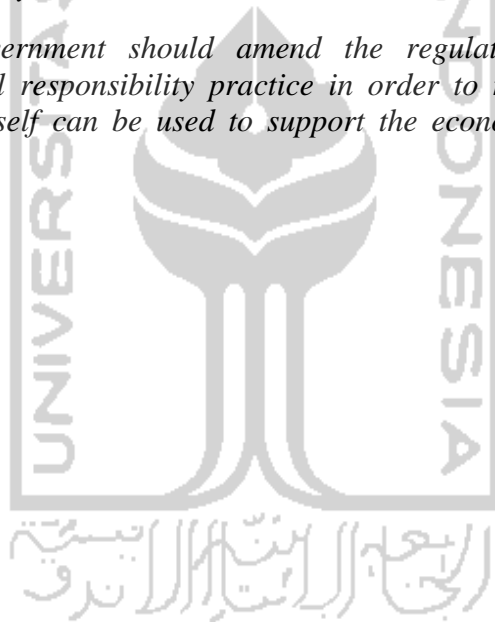
Rahardian Noviantara

## ABSTRACT

*Corporate social responsibility is one of the business ethics that have to be fulfilled by the company in order to apply the good corporate governance. The corporate social responsibility is obliged by several regulations such as Law number 25 Year 2007 related to Investment and Law number 40 Year 2007 related to Limited Liability Company but it is not explained in detail, which was why there are the some misinterpretation from the companies when they perform corporate social responsibility.*

*PT Telekomunikasi Selular tried to implement the corporate social responsibility in Bantul regency in form of community development program namely “Kampung Bebek” but there is no regulation which specifically regulated about community development so what has been done by PT Telekomunikasi Selular is similarly with donation rather than community development.*

*The government should amend the regulation which regulated the corporate social responsibility practice in order to make the corporate social responsibility itself can be used to support the economical development of the state.*



## Table of Content

Cover.....	i
Content Advisor Approval Page.....	ii
Language Advisor Approval Page.....	iii
Page of motto and dedication.....	iv
Acknowledgement.....	v
Abstract.....	vii
Table of content.....	viii
<b>CHAPTER I: INTRODUCTION</b>	
A. Context of Study.....	1
B. Statement Question.....	8
C. Objective of Study.....	8
D. Theoretical Frameworks.....	8
E. Research Procedure.....	13
F. Systematic of Writings.....	15
<b>CHAPTER II: CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY</b>	
A. Good Corporate Governance.....	17
B. Corporate Social Responsibility.....	36
<b>CHAPTER III: REGULATION REGARDING CSR AND IMPLEMENTATION OF CSR BY PT. TELEKOMUNIKASI SELULAR</b>	
A. Regulation on Corporate Social Responsibility.....	45
B. The Implementation of Corporate Social Responsibility by PT. Telekomunikasi Seluar in Bantul Regency.....	55

## CHAPTER IV: CONCLUSION AND RECOMMENDATION

A. Conclusion.....	75
B. Recommendation.....	76
Bibliography.....	



## CHAPTER I

### INTRODUCTION

#### A. Context of Study

Corporate Social Responsibility should be not recognize as responsibility because it is voluntary, but it should be recognized as mandatory since it was obligated by the regulation and there are some kinds of sanction towards the business actor if they are not perform it.

In many countries, the company in running its business activities are required to provide health services and retirement, encouraging racial and gender diversity in the use of employment and promotion practices, provided financial support for education and formulate and adopt environmental friendly technologies.<sup>1</sup>

These recent days, there are lots of companies who practice philanthropy by establishing social foundation such as Bill Gates with Gates Learning Foundation, Rockefeller Foundation, Ford Foundation, Toyota Foundation, and Yayasan Prasetya Mulya in Indonesia.<sup>2</sup> Those foundations is operated under the main company to organize and held social activity of the main company.

Based on that reality, nowadays there are so many company applied “triple bottom line” principle which is means that the measurement of performance of a

---

<sup>1</sup> Hasnati, *Peranan Komite Audit dalam Organ Perseroan Terbatas dalam Kerangka Good Corporate Governance*, FH UII Press, Yogyakarta, 2004, p.56

<sup>2</sup> *The Essence of Good Corporate Governance, Konsep dan Implementasi Perusahaan Publik dan Korporasi Indonesia*, YPPMI & Sinergy Communication, 2002. P.182



company holistically by adding not only economical performance in form of profit but also measurement of social care and environmental care.<sup>3</sup> Basically, this concept combined three aspects when a corporation ruins its business activity; there are people, planet, and profit. So the corporation is obliged to be responsible for the impact of their business activity toward society, can be workers or customers, the environment where the business activity taken place, including to the society that lived there. However, the corporation itself has main purpose to get profit as much as possible.

The idea of triple bottom line principle arise because of there is a kind of improvement in the business management from the shareholder-focused into stakeholder-focused. When at the first time the corporation only gaining profit for itself nowadays they also take care on the stakeholder interest which has direct or indirect relation with the corporation. The business activity itself resulting profit not only for the corporation, but also society and the environment.

The company is condemned to give contribution not only for the shareholders but also for the society, since the business activity done by the company directly or indirectly giving impact for the society, especially for the company who conducting business activity in the natural resources sector whereas the business activity will damaging the natural environment condition. Even though the business activity is not in the natural resources sectors but there will be impact also for the society is condition. That was why the company have to

---

<sup>3</sup><http://www.yuswohady.com/2008/10/24/triple-bottom-line/> Last retrieve 13<sup>th</sup> October 2011

responsible for the impact of their business activity towards the society and environment nearby where the business activity taken place.

Thus, the company is expected to show a different face, more humane and has a high social concern for others. Idealized image of the company is eliminating the bad image to the business activities that developed during this time, where the business is currently considered dirty and full of trickery.

Concern surrounding the company towards society is one manifestation of corporate responsibility to society. Compliance to run the company in accordance with existing regulations is another form of responsibility from the company.<sup>4</sup>

In Indonesia there is some regulation which regulated the corporate social responsibility, mentioned in Article 15 Section b Act Number 25 Year 2007 on the Investment which explained more details in the Article 74 Act Number 40 Year 2007 on the Limited Liability Company. Corporate social responsibility is no longer, as responsibility since it is not voluntarily, but it is mandatory and there is a kind of sanction if the company did not perform it.

This regulation arising controversy between the business actors whereas beside becoming a profit gaining entity, the company also condemned to be become a kind of public serving entity since the company have to give contribution for the society.

---

<sup>4</sup> Nyoman Tjager, et. al, *Corporate Governance, Tantangan dan Kesempatan Bisnis bagi Komunitas Bisnis Indonesia*, PT. Prehallindo, Jakarta, 2003 p.144

According to K. Bartens, this is a difficult problem to solve. Indeed, the company is an inanimate object, but the company as a legal entity that is controlled by business actors, who must bear this moral responsibility.<sup>5</sup> There is no doubt that the company as a legal entity has a legal responsibility besides moral responsibility, moral responsibility, where it can be a reflection of the company.

Even though the corporate responsibility itself becoming mandatory from the regulation for the company but there is no clear regulation provide by the state to perform the corporate social responsibility. More over there is a differences perception between those regulations. Explanation of Article 15 letter B Act Number 25 Year 2007 about Investment Law states that what is meant by "corporate social responsibility" is the responsibility inherent in each investment companies to keep creating a harmonious, balanced, and in accordance with the environment, values, norms, and culture local ".<sup>6</sup> Meanwhile in Article 1 paragraph 3 Act Number 40 Year 2007 about Limited Liability Company Law, stated that social and environmental responsibility are the company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment is beneficial, both for the company itself, the local community and society at large.

The definition of Corporate Social Responsibility from the regulation on Investment and Limited Liability Company indicated that there is different point

---

<sup>5</sup> Kees Bartens, *Pengantar Etika Bisnis*, Kanisius, Yogyakarta, 2000, p.291

<sup>6</sup> Explanation of Article 15 Section b Act No 25 Year 2007 related to Investment

of view between them. Investment law see that Corporate Social Responsibility is an effort from the company to establish a harmonize relationship with the environment nearby. Meanwhile regulation on Limited Liability Company separated the social responsibility and the environmental responsibility. Investment law used triple bottom line principle as based for the company to perform corporate social responsibility. Even though at last both of this regulation aimed to corporate social responsibility as commitment of the company to support the sustainable economic development in order to improve the quality of life and the environment.<sup>7</sup>

Corporate social responsibility itself including into corporate governance. Corporate governance itself is a kind of regulation and system of how the company is worked; it is controlling the relation between the shareholders, board commissioner, executive staff, and the other related stakeholders.

In order to survive in the middle of economical crisis and another problem such as uncertainty of regulation, low rate of investment, the company has to apply good corporate governance. Whereas the company needs to create a good relationship with the internal party such as shareholders, board commissioners and executive staff also good relationship with the external party such as government, supplier, competitors, and society of course.

---

<sup>7</sup> <http://www.djpp.depukumham.go.id/hukum-bisnis/84-tanggung-jawab-sosial-perusahaan-corporate-social-responsibility-dan-iklim-penanaman-modal.html> last retrieve 7 December 2011

The corporate social responsibility itself used by the government to support the sustainability development since the corporate social responsibility itself have mandatory characteristic. Based on the Limited Liability Company Law, the regulation regarding Social Responsibility and the Environment aims to achieve sustainable economic development in order to improve the quality life and environment that are beneficial to the Company itself, the local community, and society at large.<sup>8</sup>

The company can support the sustainable development through the community development program whereas this kind of program has aim to creating an independency of economic for the society whereas the company support and encourage the community to become a productive community.<sup>9</sup>

Telkomsel is one of cellular telecommunication provider operates in Indonesia. Based on market share and revenue share, Telkomsel is the market leader with customer basis reaches 72.1 million customers. This number represents approximately 50% of Indonesia total market.<sup>10</sup>

For Telkomsel, corporate social responsibility itself not only for improvement and increasing the quality of the society at large, moreover it is about the principle of professional management towards the customer, environment and human resources in order to develop the potency that owned by community and social environment. In 2009, Telkomsel donating Rp. 450

---

<sup>8</sup> Explanation of Regulation Number 40 Year 2007 related to Limited Liability Company.

<sup>9</sup> <http://www.antropologiindonesia.com/128-Comdev-Sebagai-Suatu-Bentuk-CSR.htm>  
last retrieve 26 December 2011

<sup>10</sup> <http://www.telkomsel.com/about/csr/2674-Sustainability-Report.html> last retrieved 7 December 2011

millions to establish “Kampung Bebek” in Bantul, the location in the Bangi village, Timbulharjo, Sewon. This fund is used to establish 48 stall and to buy 2.640 ducks.<sup>11</sup>

This program is a form of compromised between PT Telkomsel and PT KKI (Kampoeng Kearifan Indonesia) which supported by Bantul regional government, JOGLO TANI in the training and supervision of the targeted farmer and Yayasan Khaula Karya as the organization who develop the Farmer Owned Enterprise model.<sup>12</sup>

With its corporate social responsibility, PT Telkomsel supports the government to develop it economic condition. By supporting local business actors, PT Telkomsel trying to establish an economical independent from those small business actors.

Whereby the implementation of corporate social responsibility is mandatory but there is no clear regulation to regulate how to implement the corporate social responsibility on the matters of context of social responsibility.

Whereby the implementation of corporate social responsibility is based on the Act Number 40 Year 2007 related to Limited Liability Company is mandatory that the implementation is derived by the existing regulation to regulate.

---

<sup>11</sup> <http://www.yipd.or.id/main/readnews/12454/> Kampung Bebek; Program CSR untuk Angkat Ekonomi Lokal, Produktivitas Telur Tinggi, Cash Flow Usaha Lancar. Last retrieve 13rd october 2011.

<sup>12</sup> <http://www.kabarbisnis.com/read/281318> last retrieve 7 December 2011

## **B. Statement Question**

1. What is legal basis that used by any company to perform Corporate Social Responsibility in Bantul regency?
2. How is the implementation of Corporate Social Responsibility done by PT Telekomunikasi Selular in Bantul regency?

## **C. Objective Research**

1. How to get an understanding about what is legal basis used by companies to perform corporate social responsibility in Bantul regency.
2. How to get an understanding about the implementation of corporate social responsibility by PT Telekomunikasi Selular in Bantul regency.

## **D. Theoretical Frameworks**

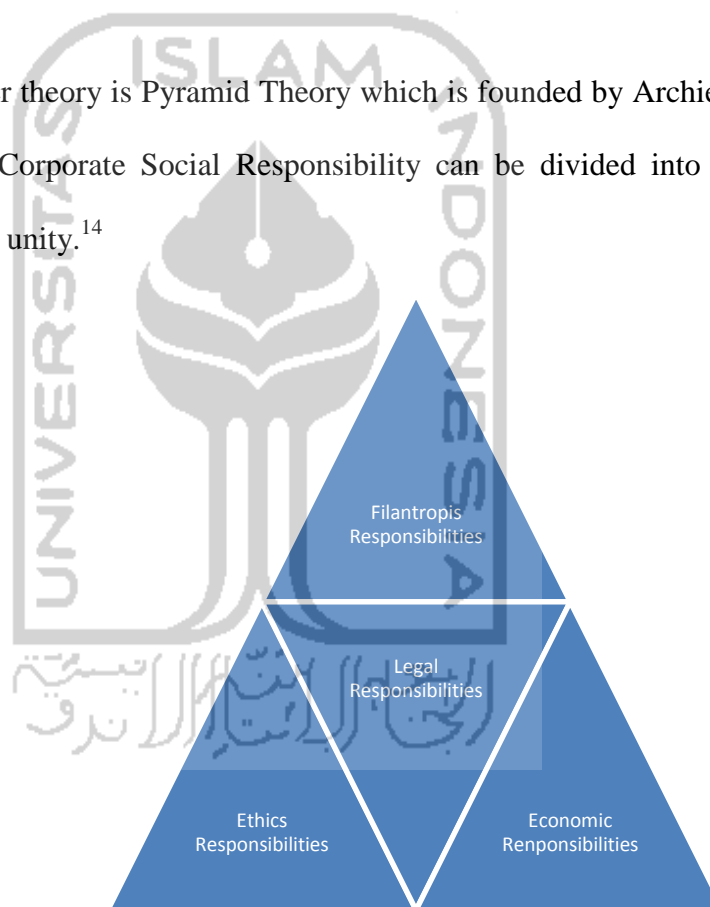
There are some theories which can be used as the basic for the implementation of corporate social responsibility by a company. The first theory is Triple Bottom Line theory which popular since it is used by John Elkington 1997 through his books "*Cannibals with Forks, the Triple Bottom Line of Twentieth Century Business*". He explained the triple bottom line concept as economic prosperity, environmental quality, and social justice. Means that a corporation has purpose beside to gaining profit but also fulfill the prosperity of the society also actively contributing in the environmental protection (people, planet, profit).<sup>13</sup>

---

<sup>13</sup> Nur Maemunah Permata Sari dan Luluk Kholisoh, Pengaruh Karakteristik Perusahaan Terhadap *Corporate Social Responsibility Disclosure* pada Perusahaan Manufaktur. [http://gunadarma.ac.id/library/articles/graduate/economy/2009/Artikel\\_21205473.pdf](http://gunadarma.ac.id/library/articles/graduate/economy/2009/Artikel_21205473.pdf) last retrieve 13rd October 2011

In this thesis will be specific on the “people” principle whereas the practice of corporate social responsibility is case in the form of community development. The community development itself have main purpose to improve the economic quality of the people by supporting business activity done by the local community in order to achieve independency in economic for the local community.

The other theory is Pyramid Theory which is founded by Archie B. Carrol that stated the Corporate Social Responsibility can be divided into four steps which become a unity.<sup>14</sup>



Pyramid Theory 1

According to Carroll “corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience

---

<sup>14</sup> *Ibid*



to the law are foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time, and talent”

Based on the illustration above, the corporations it has some responsibilities that have to be fulfilled. It has to a corporation who has ethics when they are conducting business activity, to be an obedient to regulation, and to be a corporation who capable to gain profit, therefore the corporation has to be a good corporation.

In this theory, the position of corporate social responsibility is in the legal responsibilities since the corporate social responsibility is becomes mandate from the Article 15 section b Act Number 25 Year 2007 related to Investment and Article 74 Act Number 40 Year 2007 related to Limited Liability Company.

Beside in the legal responsibilities position, corporate social responsibility is now including into ethic responsibilities also. Since nowadays company needs to apply the good corporate governance whereas one of the principles of good corporate governance is corporate social responsibility.

The next theory is Enterprise Theory. Based on this theory, company is considered as social institution which operated to fulfill the needs of the stakeholders. This theory stated that the company itself is not only looking profit

for the shareowners or the company itself but also giving benefit for the government and the society also.<sup>15</sup>

The understanding of this theory has broader scope than the entity theory but there is no clear definition of the scope and applicability. Enterprise theory is basically based on the principle that emphasizes the stakeholders.

This theory is not strong enough to be used to apply good corporate governance because this theory is too broad and there is no clear explanation. However, there is an indication that company should perform corporate social responsibilities.

The last is Stakeholders Theory. Stakeholder theory is based on the understanding that beyond the shareholders, there are some other party who has interest on the corporate action and decision.<sup>16</sup> In this theory, the stakeholder is a group or an individual who gets profit from or get damages from and the people who has been violated or respected by the corporate action. People who including into stakeholder are shareholders, creditors, workers or labor, customers, suppliers, society or community as general.

The Corporate Social Responsibility itself is including into good corporate governance whereas the company itself regulated by the system that will added

---

<sup>15</sup> Ridwan Khairandy and Camelia Malik, *Good Corporate Governance, Perkembangan Pemikiran dan implementasinya di Indonesia dalam Perspektif Hukum*, Kreasi Total Media, Yogyakarta, 2007. P.14

<sup>16</sup> R. Edward Freeman, *A Stakeholder Theory of the Modern Corporation*, in L.B. Pincus (ed.), *Perspectives in Business Ethics*, Singapore: McGraw Hill, 1998, p. 171-181. <http://djoe2x.wordpress.com/2010/01/25/tentang-teori-csr/> last retrieve 13rd October 2011

the value of the stakeholders. Stakeholder is any parties who have interest in the business activity done by the company, directly or indirectly.

Theoretically, stakeholder can be divided into two kinds, there are:<sup>17</sup>

1. *Primary Stakeholders* which are: share owners, investor, employers, manager, supplier, business partners, and society.
2. *Secondary Stakeholders* which are: government, business institution, social group of citizens, academician, and business rivals.

This thesis will be focused on the secondary stakeholders because the problem is related with the relationship between the company and the government whereas the mandate that given by the government for the company to held corporate social responsibility.

The main idea of the corporate social responsibility itself is relevant with one of the purpose from the good corporate governance, whereas the company is condemned to increasing the contribution on the national economic development, especially for the state owned enterprise

Basically this theory is condemned the corporation to take a lot of consideration before make a decision or action because the impact will be retrieved not only by the corporation itself.

The proper theory to be applied in Indonesia is the stakeholder theory, whereas as stated in the Article 1 Section 3 Act Number 40 Year 2007 related to

---

<sup>17</sup> Hamud M Balfas, *Hukum Pasar Modal Indonesia*, PT Tatanusa, Jakarta, 2006 p.231

Limited Liability Company, the corporate social responsibility is used to support the sustainable economic development in order to improve the quality of life and the environment is beneficial, both for the company itself, the local community and society at large.

Since Indonesia is a developing country, the economical approach will be more accepted rather than environmental approach as provided by triple bottom line theory. This theory is more relevant to be applied in Indonesia rather than the others.

#### **E. Research Procedure**

##### **1. Object of Study**

The objects of this research are:

- a. The legal basis that used by a company to implement corporate social responsibility in Bantul regency.
- b. Implementation of Corporate Social Responsibility by PT. Telekomunikasi Selular in Bantul regency

##### **2. Classification of data**

This research is using primary data which are from the interview or observation related to the problems discussed in this research. The purpose of this data is to identify the data systematically in order to answer the problems. Secondary data are divided into:

##### **a. Primary legal material:**

- 1) Act Number 25 Year 2007 related to Investment.

2) Act Number 40 Year 2007 related to Limited Liability Company.

b. Secondary legal material;

1) Literatures

2) Text book

3) Law journals

4) Document related to Corporate Social Responsibility

5) Articles from newspapers

6) Internet sources

c. Tertiary legal material:

1) Black's law dictionary

3. Data collection

Secondary data are collected from library research, document study, and interview with specific subject. In addition, it is taken from collecting, learning, and understanding the act, documents, textbooks, and articles from newspaper or internet sources which are related to the study of the research.

4. Approach of the study

This research is a normative legal research which identifies legal norms and views. The objective is to understand and answer the object of study by using juridical normative approach method.

## 5. Data analysis

The data collection is organized by selecting the data related to the problem discuss in this research. It is structured in a descriptive way in order to answer the problem in a descriptive analysis. The data are collected, managed, and used to answer the problems. Collected data are analyzed qualitatively and descriptively that takes data related to the problems that are analyzed so that it can be elaborated descriptively and qualitatively. Moreover, it also portrays facts, goes into effect, and bears with the applicable law aspects. The steps are defined as follow:

- a. Classification of the data collection based on the problems of the research.
- b. Systemized of data collection.
- c. Systemized data is analyzed to achieve conclusion.

## F. Systematic of Writings

Chapter I contains an introduction which encompasses these following parts: context of study, statement question, objective of research, theoretical frameworks, research procedure, systematic of writing.

Chapter II contains theoretical review which contains the explanation about corporate good governance and the explanation of corporate social responsibility in brief.

Chapter III contains analysis that examine on the existing regulation that regulate about corporate social responsibility. Also the implementation of corporate social responsibility by PT. Telekomunikasi Selular in Bantul Regency.

Chapter IV provides the conclusion and recommendation which are made based on the previous analysis that has been done.



## Chapter II

### CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

#### A. Good Corporate Governance

Corporate governance is founded in the 1840 in the England, Europe, and United States of America. Even though at that time, corporate governance is in form of exhortation or anecdote.<sup>18</sup>

In the modern age, the word “corporate governance” itself firstly used by Cadbury Committee in the 1992 on their report which later on recognized as Cadbury Report. The Cadbury Report, titled Financial Aspects of Corporate Governance, sets out recommendations on the arrangement of company boards and accounting systems to mitigate corporate governance risks and failures. These recommendations have been adopted in varying degree by the European Union, the United States, the World Bank, and others.<sup>19</sup>

There are some definition of corporate governance, first is according to Cadbury Committee, corporate governance is a set of rules that define the relationship between shareholders, managers, creditors, the government, employees and other internal and external stakeholders in respect to their rights and responsibilities.<sup>20</sup>

---

<sup>18</sup> Nyoman Tjager, et. Al., *Corporate Governance, Tantangan dan Kesempatan Bisnis bagi Komunitas Bisnis Indonesia*, PT. Prehallindo, Jakarta, 2003

<sup>19</sup> [http://zantrio.com/dictionary/cadbury\\_report.php](http://zantrio.com/dictionary/cadbury_report.php) last retrieve 27 December 2011

<sup>20</sup> Forum for Corporate Governance in Indonesia, *Basic Principles of Corporate Governance*, 2002



Secondly is according to Organization for Economic Cooperation and Development (OECD), corporate governance is the structure through which shareholders, directors, managers of set board objective of the company, the means of attaining those objectives and monitoring performance.<sup>21</sup>

According to [businessdictionary.com](http://businessdictionary.com), the corporate governance is the framework of rules and practices by which a board of directors ensures accountability, fairness, and transparency in a company's relationship with its all stakeholders (financiers, customers, management, employees, government, and the community). The corporate governance framework consists of (1) explicit and implicit contracts between the company and the stakeholders for distribution of responsibilities, rights, and rewards, (2) procedures for reconciling the sometimes conflicting interests of stakeholders in accordance with their duties, privileges, and roles, and (3) procedures for proper supervision, control, and information-flows to serve as a system of checks-and-balances.<sup>22</sup>

The other is according to Wahyudi Prakarsa, corporate governance is an administrative mechanism which regulates the relationship between management of the company, commissioner, director, shareholders and another stakeholder. This relation is manifested in some kind of rule of play and incentive system as

---

<sup>21</sup> Ha-Sung Jang, *Corporate Governance and Economic Development: The Korean Experience, in Democracy, Market Economics, and Development An Asia Perspective*, Farrukh Iqbal and long-Il You (eds), The World Bank, Washington, DC, 2001, p.73

<sup>22</sup> <http://www.businessdictionary.com/definition/corporate-governance.html> last retrieve 28 December 2011

framework which needed to determine the aim of the company and the method of how to achieve the goal and also the monitoring of company is performance.<sup>23</sup>

From those definition above we can make conclusion that corporate governance is a kind of regulation or method how to maintain a relationship between the company and the stakeholders, internally or externally.

Along with the growth of the global economy, as well as awareness grows for more attention to the principles of corporate governance, and this is not limited to markets that are growing or the economy in the transition process. All countries are concerned to improve the way their companies work. Even the most advanced economies are now considering the practice of good corporate governance.<sup>24</sup>

Nowadays, the company is forced to apply good corporate governance when they conducting their business activity. The good corporate governance applied by a company is now used as the consideration when an investor wants to make an investment decision. This tendency is clearly to see now, whereas the company who applied good corporate governance is becoming a character of international investment. This character indicates by the possibility if the company to gain fund from the entire world, not only from domestic investor. The

---

<sup>23</sup> Wahyudi Prakarsa, *Corporate Governance: Suatu Keniscayaan, in Jurnal Reformasi Ekonomi*, vol. 1 no.2 (Oktober-Desember 2000) p.20

<sup>24</sup> Nyoman Tjager, et. al. , *op.cit* p.48

main idea is that the good corporate governance is needed by a company who wants to attract investor and joining in the global capital market.<sup>25</sup>

The application of good corporate governance makes the management of the company becomes more focused since there was distribution of work, responsibility and the monitoring authority. The proper application of good corporate governance is becoming a tool to attract the credence from the customer, investors, prospective investors, and the other stakeholders. That was why the good corporate governance principle has to achieve with high standard to support the business activity, for the development of business, the increasing of profit gaining, and additional value for the stakeholders, also to improve the company business ability in order to achieve long-term business activity.<sup>26</sup>

In the United States, the separation between the chairperson and chief executive officer is now more favored by many investors. Most countries in Europe are pressed to give more attention to the interests of minority shareholders and greater transparency in mergers and acquisitions. In Japan disclosure issues and practices of the council became a prominent issue and require improvement. In Australia, Britain, France, Germany, and Sweden is efforts, long-term importance in the field of corporate law and regulation of takeovers are being encouraged.<sup>27</sup>

---

<sup>25</sup> Republika, *Privatisasi BUMN, Pasar Modal dan Upaya Implementasi GCG*, Monday, 9 October 2006

<sup>26</sup> Ridwan Khairandy dan Camelia Malik, *op.cit*, p. 140

<sup>27</sup> William Witherell, *Corporate Governance: A Basic Foundation for the Global Economy*, in *OECD Observer*, 11 September, 2000 p. 3-4

Damage to Indonesia's economy has spread to all sectors cannot be repaired with financial assistance from the IMF. Efforts should be directed to a consistent national policy reform process; this is not seen in most Asian countries hit by financial crisis since 1997, which affects the slow process.<sup>28</sup>

Good corporate governance can be shown as a foundation to build a trust between the managers of the company, shareholders and their creditors, so that the investment can be done in the company which at the end will support the economic recovery of Indonesia.<sup>29</sup>

The latest report of Global Competitiveness Report published by the World Economic Forum that analyzes economic competitiveness through two approaches, namely the approach of economic growth and microeconomic approach to show that Indonesia's economic competitiveness ranking fell three ranks from rank 64 in 2001 to 67 in 2002, and the power microeconomic competitiveness ranking dropped 9 levels from 55 to 64.<sup>30</sup>

There are indications of linkages between the financial crisis and the prolonged crisis in Asian countries with weak corporate governance.<sup>31</sup> The previous business strategy such as family conglomerated management, good relation with the government, protectionism, and intervention cannot be applied anymore nowadays. Internationalization of markets including financial and capital

---

<sup>28</sup> Michael Teng, *Corporate Turn Around, Nursing A Sick Company Back to Health*, Prentice Hall, Inc, Singapore, 2002 p.25-30

<sup>29</sup> M. Irsan Nasarudin and Indra Surya, *Aspek Hukum Pasar Modal Indonesia*, Kencana, Jakarta, 2004 p.96

<sup>30</sup> KOMPAS, Saturday, 16 November 2002

<sup>31</sup> Ha-Sung Jang, *loc.cit*

market liberalization requires corporations to implement good corporate governance in their business activities in the interests and demands of the shareholders. Even though good corporate governance cannot fix the financial crisis, at least this system can provide a new basic of corporate management which independency, transparency, professionalism, and social responsibility become the main principles of conduct.

The Implementation of good corporate governance in Indonesia is influenced by the cultural and historical factors whereas those principles is connected each other and have strong relation with the elements of the society. Those factors becoming the obstacles for the government to apply its decision for the society besides the plurality of the Indonesian society which also becomes obstacles to create a kind of management concepts and or good management as substance of good corporate governance as stated in Law Number 40 Year 2007 related to Limited Liability Company.<sup>32</sup>

According to OECD, there are some principles that has to be fulfilled by a company in order to apply good corporate governance such as; the rights of shareholders, the equitable treatment of shareholders, the role of stakeholders in corporate governance, disclosure and transparency, and the responsibility of the

---

<sup>32</sup> Wahyono Darmabrata, *Implementasi Good Corporate Governance dalam Menyikapi Bentuk-Bentuk Fiduciary Duty Direksi dan Komisaris Perseroan Terbatas*, Jurnal Hukum Bisnis, Vol. 22, No.6, 2003, p.31

board.<sup>33</sup> Actually those good corporate governance principles can be simplified into fairness, transparency, accountability, and responsibility.<sup>34</sup>

Fairness is a same treatment between the shareholders, especially to minority shareholders and foreign shareholders by delivering the important information also preventing distribution of shares by its owner and insider trading. This principle manifested among others by creating corporate regulations that protect the interests of minorities; by creating guidelines and corporate behavior or policies that protect corporate insiders against bad deeds, self-dealing, and conflicts of interest. Define roles and responsibilities of the Board of Commissioners, Directors, and Committees, including remuneration system; present information in a reasonable and prioritize Equal Job Opportunity.<sup>35</sup>

Transparency principle is providing appropriate information and accurate and transparent about all the things that are important to corporate performance, ownership, and stakeholders. This principle is done by develop an accounting system based on accounting standards and best practices that ensure the existence of financial reporting and good quality disclosure; developing information technology and management information system to make sure there is a measurement of company is performance and effective decision making by board commissioner and directors; developing enterprise risk management that make

---

<sup>33</sup> Wahyono Darmabrata, *Implementasi Good Corporate Governance dalam Menyikapi Bentuk-Bentuk Penyimpangan Fiduciary Duty Direksi dan Komisaris Perseroan Terbatas*, Jurnal Hukum Bisnis, Vol 22, No 6, Year 2003 p.6

<sup>34</sup> Misahardi Wilamata, *Hak Pemegang Saham Minoritas dalam Rangka Good Corporate Governance*, Program Pasca Sarjana Fakultas Hukum Universitas Indonesia, Jakarta, 2002, p. 2-3

<sup>35</sup> Nyoman Tjager, et. al. , *op.cit* p.50

sure the significant risk already been identified, measured, and can be managed in the clear tolerance level; announced the empty office position transparently.<sup>36</sup>

Accountability is based on the balanced power of Board Commissioner, Manager, Shareholders, and Auditors. This is was a form of management responsibility towards the company and the shareholders. These principles are implemented by preparing Financial Statement at the appropriate time and proper manner; develop Audit and Risk Committee to support the functions of supervision by the Board of Commissioners; develop and reformulate the role and function of Internal Audit as a strategic business partner Based on the best practice. Transformation into a Risk Based Audit; maintain a responsible contract management and dispute handling; law enforcement with a system of rewards and sanctions; use the External Auditors qualified and professionalism based.<sup>37</sup>

Responsibility is covered the matters related to the fulfillment of the corporate social responsibility from the company as the part of the society.<sup>38</sup> The company has to fulfill its responsibility to the shareholders and the stakeholders based on the law and the regulation. The company has to support the rule of law, by obey the taxation regulation, employment and safety regulation, health regulation, environment regulation, consumer protection regulation, and prohibition on the monopoly and unfair business competition regulation.<sup>39</sup>

---

<sup>36</sup> *Ibid.*

<sup>37</sup> *Ibid.*

<sup>38</sup> Ridwan Khairandy dan Camelia Malik, *op.cit*, 2007. P. 84

<sup>39</sup> Misahardi Wilamata, *op.cit*, p. 70

The responsibility principle is shows that a good corporate governance should recognized the existence of the stakeholders and also require an active cooperation between the company and the stakeholders in order to achieve welfare by providing a field of work for the people which supported by healthy financial condition of the company. This cooperation is very helpful for the company is performance and company action which socially responsible.<sup>40</sup>

The responsibility principle is different with the accountability principle, whereas responsibility principle is connected with corporate social responsibility so that the company is considered as social institution among the society.<sup>41</sup>

According to United Nation Development Program, there are some principles that have to be applied by the company in order to use good corporate governance, there are<sup>42</sup>:

#### 1. Participation

Every citizen has the right to make decisions, either directly or intermediary, or institutions that represent their interests, which was established on the basis of freedom of speech and be able to participate constructively.

#### 2. Rule of Law

The principle of rule of law is explained that the law must be fair and everyone has positions that were same in the legislations that apply to ensure the enforcement of human rights.

---

<sup>40</sup> *Ibid*, p. 71

<sup>41</sup> Ridwan Khairandy dan Camelia Malik, *op.cit* p. 86

<sup>42</sup> Munir Fuady, *Perlindungan Pemegan Saham Minoritas*, CV Utomo, Bandung, 2005, p.46



### 3. Transparency

Transparency should be based on the free flow of information, where the processes, institutions, and information directly received by the parties who need the information and that information must be able to understood and monitored.

### 4. Responsiveness

Responsiveness means that the institution and the business activity done by the company have to be able to give service to the stakeholders.

### 5. Consensus Orientation

This consensus orientation explained that the corporate governance principle becoming a bridge between some different interests for the larger interest in the policy or in the application.

### 6. Equity

This principle means that every citizen have same opportunity to improve and maintain its prosperity.

### 7. Effectiveness and Efficiency

There should be a guarantee that the institution and the business activity will be able to produce something which already programmed with the available resources.

### 8. Accountability

This principle means that the decision maker in the private sector governance and the civil society have responsibility towards the public and the other stakeholders institution.

## 9. Strategic Vision

In this principle, the leading party should apply corporate governance perspective and human development is far ahead in line with the necessary programs for development.

The terms Good Corporate Governance itself actually refers to how the company is manager to manage the company properly, correctly, and full of integrity. That was why the good corporate governance principle covers all aspect of organization, business and the culture of the company.<sup>43</sup>

In Indonesia, Government of Indonesia established a special institution called the National Committee on Corporate Governance (KNKCG) based on the State Minister of Economy, Finance, and Industry Coordinating Number: KEP-31/M.EKUIIN/06/2000. Main tasks of KNKCG is to formulate national policies and make recommendations regarding good corporate governance, as well as initiate and monitor the improvements in corporate governance in Indonesia.<sup>44</sup> In 2004 the Government of Indonesia extends the task of this institution through Minister of Economic Affairs Coordination Number: KEP-49/M.EKON/II/TAHUN 2004 on the Establishment of National Committee on the Corporate Governance Policy. This institution is consisting of professionals in the public sector, private sector, as well as academics and nongovernmental

---

<sup>43</sup> *Ibid*, p.39

<sup>44</sup> Gusti Amri, Sejarah Lahir GCG dan Perkembangannya di Indonesia, <http://gustiphd.blogspot.com/2011/10/sejarah-lahir-gcg-dan-perkembangannya.html> last retrieved 1st March 2012

organizations.<sup>45</sup> This institution is publishing guidance for a company to apply good corporate governance. According to this committee, there are 13 principles which have to be considered by the company in order to apply good corporate governance which stated in Ref. 4.0 dated 31 March 2001 such:<sup>46</sup>

#### 1. Shareholders

- a. Protection towards the shareholders as regulated in the existed regulation such as;
  - 1) Rights to attend and vote in the General Meeting of Shareholders
  - 2) Rights to get material information related to the company in time and regularly in order to give possibility for the shareholders to make an investment decision based on the information that they have.
  - 3) Rights to retrieve a sum of profit gained by the company equal with the share he owned.
- b. Rights of shareholders to obtain complete and accurate information in furtherance of the General Meeting of Shareholders.
- c. Rights of the shareholders to get equal treatment based on the classification that each shareholder has an equal footing.
- d. Shareholders who have controlling interests should use his influence with the full responsibility (accountable). Minority shareholders may not use its rights under the legislation.

---

<sup>45</sup> Mas Achmad Daniri, *Reformasi Corporate Governance di Indonesia*, Jurnal Hukum Bisnis, Volume 24, No.3, 2005. P.21

<sup>46</sup> M. Irsan Nasarudin and Indra Surya, *op.cit* p. 100-105

## 2. Board Commissioners

- a. The board of commissioners is responsible and have authorities to overseeing the actions of directors and provide advice if deemed necessary. Each board member must be characterized by trust and have the experience and skills necessary to carry out their duties.
- b. Composition of the board of commissioners must be such that it enables effective decision making, precise and fast, and can acting independently so that they can carry out their duties independently and critically.
- c. The board of commissioners shall comply with the Articles of Association of the Company and the applicable legislations in carrying out their duties and oversees the board of directors in order to always comply with Articles of Association and applicable legislations.
- d. The board of commissioners meetings should be done regularly. The board of commissioners sets the disciplines of a meeting; summary of the meeting shall be made by including a different opinion from the meeting participants.
- e. The board of commissioners shall be entitled to access corporate information in a timely manner and complete.
- f. In its annual report, the directors must be explicitly listed if there are business relationships between Commissioners and the board members or directors of the company and an explanation of the business relationship.

- g. The board commissioners are prohibited from taking personal advantage from corporate activities other than salary and benefits he received as a member of the board of commissioners.
- h. The board of commissioners must determine that a transparent system for the appointment of the executive, the determination of executive salaries and benefits and the assessment of executive performance.
- i. The board of commissioners should consider to establishing a nomination committee for the selection and appointment of executive; Remuneration committee to construct a system of remuneration and allowances and other facilities; Insurance committee to perform regular assessments and provide recommendations on the type and amount of insurance covered by the company; Audit committee, whose members come from the commissioners to support the implementation of the task of the board of commissioners.

### 3. Directors

- a. Directors shall be accountable for performance of its duties to shareholders through General Meeting of Shareholders.
- b. Composition of the board of directors shall be such as to allow effective decision making, precise and fast, and can acting independently so that they can carry out their duties independently and critically.
- c. In performing their duties of directors must comply with the Articles of Association of the company and applicable statutory regulations.
- d. The boards of directors are prohibited from taking personal advantage from corporate activity, other than salary, benefits, and stock-based

compensation he received as a member of the board of directors based on the decision of General Meeting of Shareholders.

- e. A board meeting must performed periodically. Directors set disciplines of the meeting. Summary of the meeting shall listed dissenting opinion from the participants.
- f. Board of Directors shall establish an effective system of internal controls to secure the investment and asset liability.
- g. Directors must notify the audit committee if the board requires a second opinion regarding to important accounting.
- h. Directors shall hold and save the List of Shareholders and the Special Register in accordance with the legislations and regulations.

#### 4. Audit System

- a. The external auditor must be appointed by the General Meeting of Shareholders from candidates submitted by The board of commissioners based on the recommendation of the audit committee and is free from the influence of commissioners, directors and interested parties within the company (stakeholders)
- b. The board of commissioners shall establish an audit committee consisting of one or more members of the board of commissioners.
- c. The board of commissioners and directors must ensure that the external auditors and internal auditors and the audit committee have access to information about the Company which needs to carry out their audit tasks.

- d. Unless required by applicable legislations, internal and external auditors and the audit committee shall keep confidential the information obtained while performing their duties.
- e. General Meeting of Shareholders shall sets internal rules that are binding and regulate various aspects of the audit including the qualifications, rights and obligations, responsibilities and activities of the external and internal auditors.
5. Company Secretary
- a. Directors are encouraged to appoint a company secretary who acts as a liaison officer and can be assigned to administer and store the documents of the Company.
- b. Secretary of the company shall have adequate academic qualifications in order to carry out the tasks and responsibilities well.
- c. Company secretary is responsible to the directors of the company. Company secretary shall ensure that the company complies with the regulations of the applicable disclosure requirements.
6. Stakeholders
- a. Rights of interested parties based on applicable legislation or contract made the company with employees, customers, suppliers and creditors and the community around the business activity of the company taken place and other interested parties shall be respected corporation.

- b. Interested parties were given an opportunity to monitor the fulfillment of the applicable legislation by the board and to submit input on the matter to the board of directors.

## 7. Disclosure

- a. The Company must disclose important information in the Annual Report and Financial Statements of the Company to its shareholders and relevant government agencies in compliance with applicable legislations in a timely manner, accurate, clear and objectively.
- b. Besides the ones listed in the Annual Report and Financial Statements as required by the applicable legislations, The Company shall take the initiative to not only disclosing matters that required by the legislation, but also an important matter for decision making by investors, shareholders, creditors and other interested parties.
- c. The Company should actively disclose how the company has implemented good corporate governance principles contained in these guidelines and the deviation from or non-compliance with these principles includes the reason.
- d. The Company shall ensure that all information that could affect company's stock price and product from the company is a secret until the announcement was made on the price to the public.

## 8. Secrecy

The board of commissioners and directors of the company are responsible to maintain the confidentiality of company information.



## 9. Insider Information

The commissioners and directors who own shares in the company as well as any "insider" (as intended in the legislation in the field of capital market policies) are prohibited from abusing the important information relating to company. Information relating to the takeover plan, the merger, and share buybacks are generally considered the "Inside Information".

## 10. Business Ethic and Anti Corruption

Commissioners, directors and employees of the company are prohibited from giving or offering, either directly or indirectly, something valuable to the customer or a government official to influence or as a reward for what he has done and other measures in accordance with the applicable legislation.

## 11. Donation

Funds, assets, or profits that the company collected for the benefit of the shareholders should not be used for the benefit of political donations.

## 12. Obedience to the legislation on health protection, safety, and environmental conservation

Directors must ensure that the company, factories, shops, offices, and business locations and other the company facilities should meet the applicable legislation with respect to environmental, health and safety.

## 13. Equal Work opportunities

Directors must use the work skills, qualifications, and criteria related to employment as the sole basis in making decisions about the working relationship between the company and employees.

In 2006, KNKCG refine the guidelines that have been published in 2001 to conform to the development. In the GCG in 2001 the main priority is the disclosure and transparency, while the things that refined in the 2006 Code of Corporate Governance are:<sup>47</sup>

1. Clarifying the role of the three pillars of support (the State, businesses, and communities) in the context of creating a conducive situation to implementing good corporate governance.
2. Basic guidelines for the implementation of business ethics and code of conduct.
3. Completeness of the Company's organ as the supporting committee for the board of commissioners (audit committee, risk policy, nomination committee and remuneration committee, corporate governance policies).
4. Management functions of the company by the Board of Directors which includes five terms in the implementation of Good Corporate Governance such as management, risk management, internal control, communications, and social responsibility.
5. Corporate obligations towards the stakeholders other than the shareholders such as employees, business partners, and society as well as users of products and services.
6. Statements about the implementation of Good Corporate Governance.
7. Simple guidance of the implementation of Good Corporate Governance.

---

<sup>47</sup> Gusti Amri, *loc. Cit.*

Actually the corporate social responsibility itself is including into the stakeholder principle whereas the company have respect the rights the interest party from the business activity done by the company.

## **B. Corporate Social Responsibility**

Corporate social responsibility is one of the business ethics that have to be fulfilled by the company in order to apply the good corporate governance. The corporate social responsibility itself is a social responsibility toward its own employee (internal) and society outside the company, which is the population near the company itself (external).<sup>48</sup> Beside to gain profit as much as possible for the company itself, a company have obligation to increase the prosperity of the society because some of staff and another stakeholders of the company itself is the society nearby. So indirectly by gaining profit for the company, it will also give contribution to the society, to give salary for the employee as the example.

According to the Law Number 40 Year 2007 related to Limited Liability Company, one function of the company itself is to become a pillars to support the national economical development.<sup>49</sup>

There is some other legislation which regulates the obligation to perform corporate social responsibility. Since there is no regulation which specifically regulated about the corporate social responsibility, this obligation is mentioned in several legislation such as:

---

<sup>48</sup> Nyoman Tjager. *op. cit.* P.144

<sup>49</sup> See, Article C consideration of Regulation No. 40 of 2007 related to Limited Liability Company.

1. Law Number 23 Year 1997 related to Environmental Life Management

The obligation to perform corporate social responsibility mentioned in several articles such as;

a. Article 6 section 1

Every citizen has obligation to maintain the preservation of function from environmental life also prevent and recover the pollution and damage.

b. Article 6 section 2

Every citizen who performing business activity and/or activity have obligation to give the true and accurate information related to the environmental life management.

c. Article 16 section 1

Every caretaker of the business activity and/or activity have obligation to control the waste as result of the business activity and/or activity.

d. Article 17 section 1

Every caretaker of the business activity and/or activity have obligation to control the hazardous and poisonous material.

2. Law Number 8 Year 1999 related to Consumer Protection

This Law regulated a lot about the obligation and responsibilities of the company towards the consumer. The consumer protection itself has aim to increase the awareness from the company about the importance of honest and responsibility in the business activity. The other things that regulated in this law are the prohibitions for the business actor, standard clause, and responsibility of the business actor.

3. Law Number 25 Year 2007 related to Investment

The obligation to perform corporate social responsibility mentioned in several articles such as;

a. Article 15 section b

Every investor is obliged to implementing corporate social responsibility

b. Article 16 section d

Each investor is responsible to preserve the environmental life.

c. Article 16 section e

Each investor is responsible to create safety, healthy, convenience, and welfare for the workers.

4. Law Number 40 Year 2007 related to Limited Liability Company

The obligation to perform corporate social responsibility mentioned in Article 74 section a that stated ‘The Company which runs its business activities in the field of and / or related to the natural resources required to perform Social and Environmental Responsibility’

Besides have a mandate from the regulation, the company has a kind ethic responsibility that has to be fulfilled. The company is awareness towards the society nearby is one of the examples from social responsibilities of the company towards the society nearby. Meanwhile subservience of the company to role the business activity based on the positive law is another form of responsibility.<sup>50</sup> So basically, the company did not only have obligation from the regulation, but also from the business ethic. Company is not an organism, but company as a legal entity who managed by the business actors that have social responsibility burden also. Therefore, the company itself as a legal entity has moral responsibility

---

<sup>50</sup> Nyoman Tjager, *op. cit.* P.144

besides of legal responsibility, whereas this moral responsibility becomes a reflection of company is images in the society.<sup>51</sup>

### **1. Definition of Corporate Social Responsibility**

There are some definition about corporate social responsibility such as John Elkington's stated that Corporate Social Responsibility is a concept that organization especially (but not only) corporations, have an obligation to consider the interests of customers, employees, shareholders, communities, and ecological considerations in all aspects of their operations. This obligation is been to extend beyond their statutory obligation to comply with legislation.<sup>52</sup>

Based on the online dictionary, corporate social responsibility is a company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship (1) through their waste and pollution reduction processes, (2) by contributing educational and social programs, and (3) by earning adequate returns on the employed resources. See also corporate citizenship.<sup>53</sup>

According to the leading provider of information, training, research, and consultancy services on sustainable business practices in Asia, CSR Asia. CSR is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders.<sup>54</sup>

---

<sup>51</sup> K. Bertens, *op. cit*, P.291

<sup>52</sup> John Elkington, *Cannibals with Forks, The Triple Bottom Line of Twentieth Century Business* <http://www.johnelkington.com/activities/articles.asp> last retrieved 24 December 2011

<sup>53</sup> <http://www.businessdictionary.com/definition/corporate-social-responsibility.html> last retrieve 24 December 2011

<sup>54</sup> <http://www.csr-asia.com/aboutus.php> last retrieve 24 December 2011

Meanwhile According to European Commission, CSR is “the responsibility of enterprises for their impacts on society”. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.<sup>55</sup>

According to Indonesian CSR Awards, definition of corporate social responsibility is commitment and effort companies that operate legally and ethically, to minimize the risk of the company's presence, contribute to Social Development, Economic and Environment and sustainable development in order to improve the quality of life of stakeholders.<sup>56</sup>

According to Law Number 40 Year 2007 related to Limited Liability Company, corporate social responsibility is the Company is commitment to participating in sustainable economic development in order to improve the quality of life and environmentally beneficial, both for the Company itself, the local community, as well as society in general.<sup>57</sup>

From the some definitions above, we can make a conclusion that corporate social responsibility is company is effort to make a kind of good relationship between the company itself and the related stakeholders, not only internal

---

<sup>55</sup> [http://ec.europa.eu/enterprise/newsroom/cf/\\_getdocument.cfm?doc\\_id=7010](http://ec.europa.eu/enterprise/newsroom/cf/_getdocument.cfm?doc_id=7010) last retrieve 24 December 2011

<sup>56</sup> <http://www.csr.cfdcenter.or.id/csr-award/dasar-pemikiran-indonesian-csr-awards-2011/definisi-csr-award-2011.html> last retrieve 26 December 2011

<sup>57</sup> See, article 1 section 3 of Regulation Number 40 of 2007 related to Limited Liability Company.

stakeholders but also external stakeholders. The company itself is treated as a “human” rather than legal entity anymore since it is not only bear rights and obligation but it is condemned to be a good existence that has good business ethic and social ethic also. The corporate social responsibility is not only condemned by the law, but also by the business practice ethics whereas the company itself will have its own identity from the society is judgments. When the company done some good things, then the company will get good reputation in the society. One of the good things that can be done by the company is corporate responsibility itself.

Since nowadays the major problem in the society is poverty which triggers more problems such as lack of education, low rate of health and another social problem, many of the company used this sector as their corporate social responsibility action.

## **2. Requirements for Corporate Social Responsibility**

Since the regulation is too broad and there is no clear method that has to be done by the company to perform corporate social responsibility, so there are some methods that used by the company. But at least there are some requirement that has to be fulfilled by the company as stated in some regulation such as appropriateness and reasonableness as stated in the article 74 section (2) Law Number 40 Year 2007 related to Limited Liability Company that stated “Social and Environmental Responsibility as referred to in paragraph (1) is liabilities of the Company are budgeted and accounted for as expenses of the



Company implementation is done by considering the appropriateness and reasonableness.<sup>58</sup>

From the regulation above we can make conclusion that there are some elements in there such as; the corporate social responsibility is budgeted for as expenses of the company. Besides that, the implementation of corporate social responsibility should considering the appropriateness and reasonableness principle.

In the state owned enterprise, there is more complex regulation which determines the percentage of money which can be used in the determination and use for the partnership program. This partnership program has aim to improve the business capability of the small business actors so that they will be resilient and self-sufficient through the use of funds from the profits of State Owned Enterprise. According to Article 8 Decision of State Owned Enterprise Number KEP-236/MBU/2003 related to Partnership Program State Owned Enterprises with Small Business and Environment Maintenance Program stated that:<sup>59</sup>

1. Article 8 section 1 stated that:
  - a. Allowance for profit after tax of 1% (one percent) up to 3% (three percent);
  - b. The results of interest on the loan, deposit and current accounts or from funds the Partnership Program after deducting operating expenses;

---

<sup>58</sup> See, article 74 section (2) Regulation Number 40 Year 2007 related to Limited Liability Company

<sup>59</sup> See, KEPUTUSAN MENTERI BADAN USAHA MILIK NEGARA NOMOR KEP-236/MBU/2003 TENTANG PROGRAM KEMITRAAN BADAN USAHA MILIK NEGARA DENGAN USAHA KECIL DAN PROGRAM BINA LINGKUNGAN

- c. The delegation of the Partnership Program funds from another state, if there is any.

2. Article 8 section 3 stated that:

The amount of funds of the Partnership and Environment Maintenance Program income derived from the allowance after taxes referred to in paragraph (1) and paragraph (2) defined by:

- a. General Meeting of Shareholders for the private company;
- b. Minister for State Owned Enterprise.

3. Article 8 section 5 stated that:

Partnership Program Funds and Environment Maintenance Programs derived from profit after tax allowance as referred to in paragraph (1) and paragraph (2), paid to the program unit Partnerships and Environment Maintenance Programs no later than 1 (one) month after the determination as referred to in paragraph (3).

4. Article 8 section 6 stated that:

Bookkeeping Partnership Program funds and Environment Maintenance programs carried out separately from the state owned enterprise bookkeeping coach.

From those regulation above we can make conclusion that there are some requirement for a company to perform a corporate social responsibility, there are:

1. The fund that will be use to held the corporate social responsibility is coming from the profit of the company after the company pays the tax to the state.
2. The nominal of money which used to perform the corporate social responsibility is between 1% up to 3% of the profits of the company.
3. The nominal and the concept program must be approved by the general meetings of the shareholder for the private company.

4. The fund that will be used for the corporate social responsibility, in this thesis that specifically on the community development is delivering to the community so the fund is under control of the community, not the company.
5. The fund that used for the corporate social responsibility program is separated from the bookkeeping of the company which means that the funds that already delivered to the community is no longer belongs to the company.

### **3. Function of Corporate Social Responsibility for the Company.**

Most of the company, especially private company is motivated to held corporate social responsibility action since there are some benefits for the company who perform it. Even though the benefits are not in the economic values but it is giving advantage on the business activity done by the company, some of the corporate social responsibility benefits for the company is;<sup>60</sup>

- a. Maintain and boots the reputation of the brand and images of the company.
- b. Getting a license to operate socially.
- c. Reduce the risk of the company is business.
- d. Widen access to resources for business operations.
- e. Open up wider market opportunities.
- f. Reduce costs, such as the impact of waste disposal.

---

<sup>60</sup> Hendrik Budi Untung, *Corporate social responsibility* , Sinar Grafika, Jakarta, 2008, p. 1

- g. Improve relations with stakeholders.
- h. Improve relations with regulators.
- i. Increase employee productivity morale.
- j. Opportunity to get an award.

From those benefits mentioned above we can find that some of it is related to the stakeholders, not only for the company. Since the government itself is also become external stakeholders from the company so the company needs to make a good relationship with the government. As the regulators, government has authority to control the business activity of the company itself. That was why the company have to perform corporate social responsibility as condemned by the regulation in order to get attention from the government, can be an permission to access natural resources that owned by the government or to conduct business activity on the territory of the government itself.

In the United States circulated discourses that if a company participates in social issues, not only the company will look good in the eyes of consumers, investors, and financial analysis, but the company will have a good reputation in the eyes of Congress, or even inside courtroom when involved in a case.<sup>61</sup>

In Indonesia, without any required, basically the company needs CSR. Those who have been aware of the importance of reputation would no longer thought to run CSR merely to meet the regulations. Because one of the main benefits of

---

<sup>61</sup> Philip Kotler dan Nancy Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*, John Wiley and Sons, Inc, Hoboken, New Jersey, 2005, p. 10 quoted from <http://bismar.wordpress.com/2009/12/23/tanggungjawab-sosial-perusahaan/> last retrieve 26 December 2011

CSR is that it has the potential to be a solution for the problems that often occur in the relationship between the company and the local community: the inability to understand and accept each other. These problems lead to a breakdown of the niche between the company and its stakeholder is interaction.<sup>62</sup> At this point that CSR plays a bridge between companies and stakeholders in the vicinity. Implementation of good corporate social responsibility programs will lead to a constructive relationship between the company and the environment also the society. This can be a trigger for the public to have a good perception of the company. Thus, the emotional appeal of the public will lead to the development of the good reputation of the company itself. Conversely, the public also get sincere help from the company.

#### **4. Models of Corporate Social Responsibility**

There are some models of corporate social responsibility, since the regulation is too broad and unclear, so the company can have its own interpretation about corporate social responsibility. There are some corporate social responsibilities in form of donation, charity, environmental protection, improvement social welfare of the employee, community development, etc.

According to Philip Kotler and Nancy Lee, there are six categories of corporate social responsibilities activities, they are;<sup>63</sup>

##### **1. Social Activity Promotions (Cause Promotions)**

---

<sup>62</sup> <http://www.republika.co.id/berita/csr/tanya-jawab-csr/11/11/02/lu10s8-perusahaan-sekelas-apakah-yang-berkewajiban-mengeluarkan-dana-csr> Last retrieve 8 January 2012

<sup>63</sup> Philip Kotler and Nancy Lee, *loc. cit.*

In this activity, company providing funds or another resources owned by the company to improve the awareness of the society towards a social activity or to support fund raising, participation of the society, or volunteer recruitment for specific activity.

Persuasive communication in order to create awareness towards a social problem is main focus from this corporate social responsibility activity.

## 2. Marketing Related to Social Activities (Cause Related Marketing)

In this corporate social responsibility activity, company has commitment to donating some of the profit gained by the company for a social activity which the proportion of donation is equal with the number of sold product. This activity usually based on the specific product in specific period of time and specific social activity.

## 3. Corporate Social Marketing

In this corporate social responsibility activity, the company is developing and performing campaign to changes the social behavior with aim to improve the health and safety of the society, to maintain the environmental life and also increasing the prosperity of the society.

## 4. Corporate Philanthropy Activities

In this corporate social responsibilities activity, the company gives donation to the specific group of society. This donation usually is in form of cash money, aid package, or free services.

## 5. Community Volunteering

In this corporate responsibility activity, the company encourages the employee, retail business partner, or the franchise owner to providing their time voluntarily to support the local society's organization or specific group of the society which become the target of the program.

## 6. Socially Responsible Business Practice

In this corporate social responsibility activity, the company is performing exceeding business activity as obligated by the legislations and conducting investment which supporting the social activities that have purpose to improve the prosperity of the community and maintain the environmental life.

The terms community is including to the employee, supplier, distributor, organizations which become the partner of the company, also the society at large. Meanwhile the word prosperity itself is including the healthy aspect, safety, and fulfillment of the psychology and emotional needs.

### Chapter III

## REGULATION REGARDING CSR AND IMPLEMENTATION OF CSR BY PT. TELEKOMUNIKASI SELULAR

### A. Regulation on Corporate Social Responsibility

According to article 1 section 1 Law Number 40 Year 2007 related to Limited Liability Company which stated that Limited Liability Company, hereinafter called the corporation, is a legal entity which formed by a capital alliance, established under the agreement, performing business activities with a total authorized capital divided into shares and meet the requirements stipulated in this Law and its implementing regulations”.<sup>64</sup>

The main essence from those sentences is that the limited liability company is a legal entity which basically considered as an entity which bears rights and obligation to act as a human that have separated property from its founder and can sue and be sued in front of court.<sup>65</sup>

That was why based on this explanation, the company can be given an obligation from the state to perform corporate social responsibility as stated in the Article 74 Section (1) of Law Number 40 Year 2007 related to Limited Liability Company which stated “The Company which runs its business activities in the

---

<sup>64</sup> See article 1 section 1 Regulation Number 40 Year 2007 related to Limited Liability Company

<sup>65</sup> Chidir Ali, *Badan Hukum*, Alumni, Bandung, 1987, p. 19



field of and / or related to the natural resources required to perform Social and Environmental Responsibility.”<sup>66</sup>

Besides in the Law Number 40 Year 2007 related to Limited Liability Company, the corporate social responsibility is obligated also in the Article 15 section b which stated that every investor have to perform corporate social responsibility instead of performing good corporate governance as stated in the section a of same article. So basically there is some regulation which regulated about corporate social responsibility in Indonesia;

1. Law Number 40 Year 2007 related Limited Liability Company in Chapter V Article 74 section (1), (2), (3), and (4) that stated:<sup>67</sup>
  - (1) The Company is running its business activities in the field and / or related with the natural resources required to implement the Social and Environmental Responsibility.
  - (2) Social and Environmental Responsibility as referred to in paragraph (1) is an obligation of the Company are budgeted and accounted for as the company cost, and the implementation is done by considering the appropriateness and reasonableness.
  - (3) Company which does not carry out the obligations referred to in paragraph (1) is subjected to sanctions in accordance with the provisions of legislation.
  - (4) Further provisions on Social and Environmental Responsibility is regulated by Government Regulation.

Explanation of Article 74 paragraph (1) further explains that this provision have aim to keep creating a harmonious relationship of the

---

<sup>66</sup> See Regulation Number 40 Year 2007 related to Limited Liability Company

<sup>67</sup> see Article 74 Regulation Number 40 Year 2007 related to Limited Liability Company

Company, balanced, and in accordance with the environment, values, norms, and culture from local society.<sup>68</sup>

What is meant by "the Company which carries out his business activity in the field of natural resources "is the company that has business activities on the managing and exploitations of natural resources.<sup>69</sup>

What is meant by "The Company that runs its business activities relating to the natural resources s the Company who do not manage and do not utilize the natural resources, but its activities have an impact on the ability of the function of the natural resources.<sup>70</sup>

- a. Law Number 25 Year 2007 related to Investment in article 15 that stated every investors have obligation to:<sup>71</sup>
- 1) Applying the principles of good corporate governance
  - 2) Implement corporate social responsibility
  - 3) Make report on the investment activity and submit it on the Investment Coordinating Board.
  - 4) Respect the cultural traditions of communities around the location of business activities of the investment taken place.
  - 5) Comply with all applicable legislations and regulations.

---

<sup>68</sup> Explanation of Article 74 Regulation Number 40 Year 2007 related to Limited Liability Company

<sup>69</sup> Ibid

<sup>70</sup> Ibid

<sup>71</sup> See Regulation Number 25 Year 2007 related to Investment

Explanation on the article 15 (b) further explain that “corporate social responsibility” is the responsibility inherent in each investment company to keep creating harmonious relations, balanced, and in accordance with the environment, values, norms, and culture of the local society.<sup>72</sup>

This Law Number 25 Year 2007 also gives a kind of sanction for those business actors who did not implementing the corporate social responsibility in the article 34 that stated:<sup>73</sup>

- 1) Individual or business entity as referred to in Article 5 that do not performing the obligations specified in Article 15 can be subjected into:
    - a. Written reminder.
    - b. Limitation of business activity.
    - c. Suspension of business activity and/or investment facilities or,
    - d. Revocation of business activities and / or investment facilities.
  - 2) Administrative sanctions as referred to in paragraph (1) is given by institutions or agencies authorized in accordance with the provisions of the legislation.
  - 3) In addition to administrative sanctions, business entity or individual business may be subject to other sanctions in accordance with the provisions of legislation.
- b. Draft of Bantul Regent Regulation related to Licensing Services and non-licensing in the Field of Investment.

The regional government has rights to control and to manage its own region since the promulgation of Law Number 32 Year 2004 related to Local Government which have main purpose to accelerate the establishment of welfare society through the improvement, service, empowerment, and

---

<sup>72</sup> Explanation of Article 15 (b) Regulation Number 25 Year 2007 related to Investment.

<sup>73</sup> See Article 34 Regulation Number 25 Year 2007 related to Investment.

participation community, as well as increased competitiveness of the regions with respect to principles of democracy, equality, justice, privilege and specificity a region in system of the Republic of Indonesia.<sup>74</sup> Based on Article 1 section 5 this regulation, the local government can get regional autonomy right.<sup>75</sup> This right gives authority for the local government to control its autonomous region.<sup>76</sup>Based on this regulation, the Bantul local government promulgated some regulation in order to be used as legal basic of how the government governs its region, including to regulate about licensing services and non-licensing in the field of investment.

In the Draft of Regent Regulation related to Licensing Services and non-licensing in the Field of Investment, there is a kind of obligation for the investor as stated in article 12 section (2) such as:

- h. Performing Corporate Social Responsibility
- J. Respecting the local culture and tradition of the society near the business activity of investor taken places.
- l. Allocating funds for the gradual recovery of the location that meets the eligibility standards of living environment for companies who exploited the natural resources that are not renewable. That the implementation in accordance with the provisions of the legislation.

---

<sup>74</sup> Consideration point a of Regulation Number 32 Year 2004 related to Local Government

<sup>75</sup> Regional autonomy is the right, authority, and obligations of the autonomously to regulate and manage their own affairs and interests of local communities in accordance with regulations the legislation. See

<sup>76</sup> Autonomous Region, hereinafter called the area, is unity legal community has boundaries that authority to regulate and administer the affairs of government and interests of local communities own initiative based on aspirations of the people within the Unitary Republic of Indonesia.

Beside that in this draft of regulation also give responsibility for the investor to maintain harmonious live environment as stated in the Article 12 section (3) point d.

In the Draft of Bantul Regent Regulation, the corporate social responsibility is mostly influenced by investment regulation as regulated in Act Number 27 Year 2007 related to Investment, whereas the corporate social responsibility is considered as a rehabilitation program, not a program to developing the society near the business activity taken place. This regulation focused the corporate social responsibility into rehabilitation of the impact done by the investor is business activity as mentioned in Article 12 Section (2) part 1. this article strictly mentioned about rehabilitation of the location where the business activity done by the investors taken places.

Actually the impact from the business activity itself not only in the location or the environment where the business activity taken place but also the social cultural of the society itself, whereas at the previous time the society in Bantul regency mostly worked as peasant or farmer but since the advance of business activity in Bantul region trigger the society to work in the company as a employee with various reasons, monthly salary for example. From this example we can see that the company has responsibilities in the social changes of the society, which was why the company should be burden with a kind obligation to recover or at least minimizing the impact from their business activity towards the local society.

This draft of Bantul Regent Regulation is mostly focused on the license rather than the implementation of corporate social responsibility. That was why there are various implementation of corporate social responsibility from several companies in Bantul regency.

Based on the explanation above it can concluded that the fulfillment of corporate social responsibility are obliged to the company, where thus company which mentioned should applied good corporate governance principal and maintain the corporate social responsibility. Whereby based on the condition that corporate social responsibility is a mandatory based on the existing rules that regulated about it, there is no reason for any company to not do the corporate social responsibility as one of their corporate act.

The corporate act is act that entitled to develop a society as consequences from a business that have been done by the company where it leads and consume by the society itself. Where the company cannot stance on the condition to survive if there is no economic dealing from the society, there for the condition of corporate social responsibility are mandatory since the existing regulation obliged about it.

#### **B. The Implementation of Corporate Social Responsibility by PT Telekomunikasi Selular in Bantul Regency**

Actually the corporate social responsibility itself can be performed in a form which did not related to the business activity done by the business actors itself, as long as the negative impact from the business activity done by business

actors is already minimize and the residue impact already been compensated. After those requirements are fulfilled by the business actors, then they can use their effort to improve their positive impact for the society. However they still have to make priority on field on their business activity taken place.<sup>77</sup>

Since established in 1995, PT. Telekomunikasi Selular as a telecommunications business actor in this country to observe the incredible developments that occurred in society due to the development progress of Information and Communication Technology. It is inevitable that the development of ICT, particularly in the telecommunications field has a very significant impact, including on the economic, social and cultural of the society.

The growth of PT Telekomunikasi Selular is in the responsible corridor by involving the stakeholders to develop together with the company. PT Telekomunikasi Selular put forward the spirit to continue to contribute positively to the development of the nation through community development programs that they do. On the other hand, Telkomsel also continue to participate in minimizing the environmental impact caused by their business processes, including through the approach to the use of renewable energy.<sup>78</sup>

As a subordinate of PT. Telekomunikasi Indonesia Tbk, PT Telekomunikasi Selular is also obliged to comply with the rules of TELKOM Group and various corporate governance principles, such as Sarabanes-Oxley Act

---

<sup>77</sup> Dwi Kartini, *Corporate Social Responsibility, Transformasi Konsep Sustainability Management dan Implementasinya di Indonesia*, Refika Aditama, Bandung, 2009 p.41

<sup>78</sup> <http://www.telkomsel.com/about/csr/8750-Our-Approach.html> last retrieved 21 January 2012

(SOA)<sup>79</sup>. The five principles that they applied in good corporate governance is the responsibility, accountability, fairness, independence and transparency.<sup>80</sup>

In their implementation, they cooperated with various parties and of course with the local stakeholders. They done this consistently so that their programs provided for specific target and will eventually sustained. The main objective of the implementation of social programs was to increase the capacity of communities, both through education and training, empowerment and various other things.<sup>81</sup>

With this we can conclude that PT Telekomunikasi Selular applied socially responsible business practice whereas in their corporate social responsibility activity, they done exceeding business activity from the standard determined by the regulation also performing investment which supporting social activity with aim to improve the prosperity of the society and maintain the environment. The terms society is means to the employee, company, supplier, distributor, organizations which becomes partner of the company and the community as whole. Meanwhile the prosperity is refers to healthy, safety, fulfillment of psychology and emotional needs.<sup>82</sup>

---

<sup>79</sup> Sarbanes-Oxley Act is designed to support financial calculation in the executive certification of public company are required for financial results, which are accelerated to quarterly reports and annual financial results, a brief report of any event that materially affect the company's financial condition. Adjustment is achieved in this way will require an increase in corporate data infrastructure and reporting capabilities. In this case, the Sarbanes-Oxley Act is one of the new instructions that govern the company and consented to the disclosure.

<sup>80</sup> <http://www.telkomsel.com/about/csr/8750-Our-Approach.html> last retrieved 21 January 2012

<sup>81</sup> <http://www.telkomsel.com/about/csr/8752-Care.html> last retrieved 21 January 2012

<sup>82</sup> Dwi Kartini, *op.cit*, p.73



Some activities which including into socially responsible business practice are;<sup>83</sup>

1. Establishment of facility which surpassed the determined safety and environment security level.
2. Developing the improved production process of goods and services, such as elimination of dangerous material usage and elimination of the chemical usage to support the food plantation.
3. Discontinuing the product offer that indicates has dangerous impact to health of human even though it was legal product.
4. Determining the supplier based on the criteria of their willingness to apply and maintain the sustainability development activity.
5. Determining the most environmental friendly for manufacture company and packaging material company with several criteria such as; those companies has aim to optimizing the use of resources, applying renewable resources and preventing the poisonous waste to the environment.
6. Applying transparency towards the material of product which used including to the source to obtain the material, dangerous potency of the product including to information which can be useful for the consumer.
7. Developing any programs to support the prosperity improvement for the society

The indication that PT Telekomunikasi Selular is applied socially responsible business practices is that the implementation of corporate social

---

<sup>83</sup> *Ibid*

responsibility action in the form of community development which have aim to improve the prosperity of the citizen by empowering them.

Community development is a systematically effort to improve the strength of a disadvantaged groups of society to be more independent. Community development is aimed to specific group of society which having problem, so the scope of community development is narrower if we compare with corporate social responsibility which have broader target.

There are some definitions of community development, according to United Nations, Community Development can be tentatively defined as a process designed to create conditions of economic and social progress for the whole community with its active participation and the fullest possible reliance on the community's initiative.<sup>84</sup>

While according to Tropman, locality development is a way to strengthen community and to educate them through experience that directed in order to be able to perform activities based on their own ability to improve the quality of their own lives as well.<sup>85</sup>

The other definition is according to Jack Rothman, locality development is a community development model that emphasizes the full participation of all citizens.<sup>86</sup>

---

<sup>84</sup> United Nation, 1995, in Jack Rothman, *APPROACHES TO COMMUNITY INTERVENTION*

<sup>85</sup> Tropman, John E. et.al., 1996., *Strategies of Community Intervention, Macro Practice*. 5th.ed., F.E. Peacock Publishers, INC., Itasca Illinois. In <http://blogs.unpad.ac.id/rsdarwis/?p=8> last retrieve 1 January 2012

<sup>86</sup> Op.cit Jack Rothman

From some definition above we can make conclusion that locality development or called as community development is a development of the society in order to improve their social welfare rate with their participation, not only depends on the external party outside the community itself.

There is some example of community development programs done by PT Telekomunikasi Selular such as Cell Phone Technician Training. As a form of social awareness towards fellow in the month of Ramadan, Telkomsel held a cell phone technician training, involving 100 youths in six locations, such as: Jakarta, Malang, Purwokerto, Yogyakarta, Cikampek, and Medan. The training took place on 19 August to 2 September 2010 is an ongoing program for the second time, after successfully conducted similar training for the first time on a series of TELKOMSEL siaga 2009. The training program focuses on basic engineering supplies and the mobile phone repair business strategies in order to open the discourse to the young men who become participants in order to develop their potential in entrepreneurship. This training is a combination of theory and practice, ranging from the introduction of mobile phone components, repair equipment, to simulate various cases of damage to your phone and how to handle.<sup>87</sup> It shows that PT Telekomunikasi Selular done this program sustain since when the program held in the 2009, PT Telekomunikasi Selular done same program which held in the next year so it is indicates that PT Telekomunikasi Selular have intention and commitment to empowering the society through this program.

---

<sup>87</sup> <http://www.telkomsel.com/about/news/719-CSR-Telkomsel--Pelatihan-Teknisi-Ponsel-bagi-Anak-Jalanan-dan-Anak-Cacat.html> last retrieve 21 January 2012

Community development is a concept of community-based public policy as an effort that aimed to helping the communities to help themselves. In its development, this concept has evolve on its values, not only regarding its domain is shifted from a state monopoly into the public domain, but now even becomes the corporate domain that its main purpose is the profit-oriented institutions.<sup>88</sup> This terms also recognized as locality development whereas actually have same aim which is to help the community to be autonomously and capable to improve their own social welfare.

The most important aim of community development is to bring about the changes in the Rural Society. These changes are in fact intended at development of the Rural Society. Community development project aims at all-around development people. It aims at involving people, particularly of the rural areas in the development activities. In fact as Mr. S.K. Dey has stated the community project is a well throughout plan to arrange the affairs to the community is an arbitrary manner. Really speaking community development is a process a method and a programmed for improvement of the rural life. It is an attempt to bring about a social and economic transformation of the village life through efforts of the people themselves.<sup>89</sup>

This concept is very suitable for Indonesia since the citizen of Indonesia is still under economic problems. They will never survive if they only waiting for government respond, so the government also encourages the private sector to

---

<sup>88</sup> <http://www.antroplogiindonesia.com/128-Comdev-Sebagai-Suatu-Bentuk-CSR.htm>  
last retrieve 26 December 2011

<sup>89</sup> <http://www.preservearticles.com/201105076372/what-are-the-aims-and-objects-of-the-community-development-projects-under-rural-sociology.html> last retrieve 1 January 2012

support the community development. There are some kind of regulation which regulated the stated owned enterprise to held “partnership program” whereas this program have aim to improve the ability of the local community to improve their social welfare.

In Bantul regency, PT Telekomunikasi Selular done community development program by cooperating with PT KKI (Kampoeng Kearifan Indonesia) which supported by Bantul regional government, JOGLO TANI in the training and supervision of the targeted farmer and Yayasan Khaula Karya as the organization who develop the Farmer Owned Enterprise model.<sup>90</sup>

“The program is part of the program entitled Villages Asri Telkomsel. Through that program we provide assistance worth Rp450 million includes construction of 48 stables and provision of 2640 ducks, "said Director of Finance Telkomsel Triwahyusari at the inauguration of Kampung Bebek.<sup>91</sup> The program was a concern in Bantul is empowerment for the 24 heads of households with basic skills activities have been owned, namely the maintenance of duck poultry.

In addition, to support the smooth running of business processes is also given food warehouse equipped with feeding engine, barn eggs, hatching house, four-engine hatching, six ducklings cage, six cages rearing brood stock, eggs manufacturing space, and infrastructure cluster.

PT Telekomunikasi Selular is not continuing this program because the aim which expect is achieved. The question arise when it was only performed one time

---

<sup>90</sup> Kabarbisnis.com *loc.cit*

<sup>91</sup> <http://www.inilah.com/read/detail/92080/telkomsel-bangun-kampung-bebek/> last retrieve 21 January 2012

only by the PT Telekomunikasi Selular which make this program looks like a donation, not a community development programs which usually performed sustain. However the main aim of community development is empowerment of the society, especially to the susceptible and weak group of the society so that they will have capability to fulfill their basic needs so that they will own freedom in the matters of free from starvation, idiocy, from pain and not only freedom to express their mind. Community development itself makes this group of people be able to reach the productivity resources which can increase their income and providing them the goods and services that they need. As the other important aim of the community development is the participation of the society in the development process and decision-making process which have impact to their live.<sup>92</sup>

There are some principles that have to be applied in order to succeed the community development, Jim Ife and Frank Toseriero divided into some principles, there are:<sup>93</sup>

a. Development in a whole

Which means that the community development is consisting of economic, political, cultural, environmental and spiritual or individuals which representing many core aspects of community life. Community development programs needs participation of the society as a whole.

The situation among the six dimensions above is interrelated

---

<sup>92</sup> Edi Suharto, *Membangun Masyarakat Memberdayakan Rakyat, Kajian Strategis Pembangunan Kesejahteraan Sosial & Pekerjaan Sosial*, PT Refika Aditama, Bandung, 2005, p. 58

<sup>93</sup> Jim Ife and Frank Toseriero, *Community Development: Community-Based Alternatives in an Age of Globalisation*, Pearson Education Australia.

relationships between one and another. Social worker should be able to see the possibility of an association of those dimensions. The entire development of the community should aim at building community. Community development involves in the strengthening of social interaction with society, uniting the community, and forming a community to communicate among themselves who can bring them to the discussion, understanding and social activities.

b. Sustainability

The principle of sustainability means that the consumption of resources that cannot be updated can be reduced, and if possible can be eliminated. The development of the community should have a goal to minimize dependence on non-renewable resources, and can replace with a renewable resource.

c. Empowerment

Empowerment is the goal of community development. Empowerment provides an expressive form of resources, opportunities, knowledge, and skill that can be used to enhance their capacity in order to determine its future, to participate and influence the lives of surrounding communities.

d. community ownership

Community development is a basic concept of community ownership and is a key principle to enlarge the community care and to try to make it in society when there is no sense of belonging to society. There are

two levels, namely ownership of the nature of matter or material, such as land, buildings, ownership of processes, structures such as the provision of health services and education.

e. Independence of the community

Community and social workers need to think critically carefully before applying for government funding or other forms of support or participate in government programs.

f. Steps of development

Successful community development activities that will move in accordance with the steps the community itself, and a successful social worker will be able to assess the pace and action, not encouraging people to move quickly. Community development is a process of learning to pay attention to the community and can attract a community social worker to try to speed up the processes by telling people what to do more extensive and more polite, but with a persuasive suggestion, before the requirement can be said clearly by the community its own.

g. Community development

The entire development of the community should aim at building community. Community development involves in the strengthening of social interaction with society, uniting the community, and forming a community to communicate among themselves who can bring them to the discussion, understanding and social activities.



h. Process and outcome

The process and results of visits is very important for the social work community and also both are viewed as an integrated phenomenon. When performing the social work, community will always be dealing with social problems and results. Problems associated with the process should always be the result and vice versa. Community development is not only concerned with results, but also the process itself. Processes in community development will involve various stakeholders, a variety of techniques, a variety of strategies, all of which must be integrated and provide the opportunity for people to learn.

i. Participation

Community development should always try to maximize participation, with the goal of everyone in the community to actively engage in the process and community activities. The more people who actively participate, the more ideal society ownership and entry process will be realized.

An empowerment of people always leads to the community, the community is narrow area of people to interact each other. in that circumstances there are some dependency from one to the other, their dependency is a mutual consent where it leads to the development of the society itself. Empowerment of society directly empowers the people also, there are some definition about the

empowerment of the society itself, depends on the goal, process, and the way how to empower the society, there are:<sup>94</sup>

1. Empowerment which have purpose to improve the dominance of the weak or unfortunate groups.<sup>95</sup>
2. Empowerment is a process to make a person is strong enough to participating, share control over, and influencing towards activities and organizations which affecting their lives. Empowerment is emphasizing the person to get skills, knowledge, and power which can be used to influencing his own lives and the others which related to him.<sup>96</sup>
3. Empowerment refers to an effort to re-allocating the power to changes the social structure.<sup>97</sup>
4. Empowerment is a method whereas the society, organizations, and community are directed to be able for controlling (or control over) its own live.<sup>98</sup>

What has been done by PT Telekomunikasi Selular is refers to empowerment that based on some definition above whereas PT Telekomunikasi Selular in its corporate social responsibility program is trying to emphasizing the person to get skills, knowledge, and power which can be used to influencing his

---

<sup>94</sup> Edi Suharto, *Pembangunan, Kebijakan Social dan Pekerjaan Sosial: Spektrum Pemikiran*, Lembaga Studi Pembangunan STKS, Bandung, 1997, p. 210-224

<sup>95</sup> Jim Ife, *Community Development: Creating Community Alternatives, Vision, Analysis and Practice*, Australia: Longman, 1995

<sup>96</sup> Ruth J. Parsons, James D. Jorgensen, Santos H. Hernandez, *The Integration of Social Work Practice*, Brooks/Cole, California, 1994

<sup>97</sup> Swift C. and G. Lenin, *Empowerment: An Emerging Mental Health Technology*, Journal of Primary Prevention, USA, 1987

<sup>98</sup> Rappaport j, *Studies in Empowerment: Introduction to the Issue*, Prevention in Human Issue, USA, 1984

own lives. In the Bangi village, the local society is already having skill to conduct basic duck poultry, what they do not have at that time is money to funding their duck poultry activity. That was why PT Telekomunikasi Selular funding their business activity in order to empower them to able to expand the business activity. Besides that, through the assistance by PT Telekomunikasi Selular educate them with some kind of advance business activity whereas the duck breeder from Bangi village can expand their market through the advance of communication technology and also they can make variation of product since PT Telekomunikasi Selular give tools to create salty eggs product.<sup>99</sup>

For another example is the Cell Phone Technician Training done by PT Telekomunikasi Selular, this program is one of the routine activity that performed Telkomsel since 2008 is an entrepreneurial program 'cell phone technician training "given to waifs and stray, the disabled and former drug addicts.—. The program provides opportunities for disadvantaged marginal in terms of economic to achieve non-formal education. Through this training, beneficiaries can develop their capacities for self became the capital in entrepreneurship in the future.<sup>100</sup> PT Telekomunikasi Selular also providing guidance to the pulse outlet entrepreneurship with the venture capital concepts. The target of this program is 1,000 outlets aged 6-12 months provided the capital for the provision of business tools (mobile phones), user guide, reseller number, and outlets make over with a standardized design. As it grows these outlets will granted more comprehensive

---

<sup>99</sup> [www.inilah.com](http://www.inilah.com) op.cit

<sup>100</sup> <http://www.telkomsel.com/about/csr/8752-Care.html> last retrived 4 February 2012

development such as coaching and counseling.<sup>101</sup> These are the method done by the PT Telekomunikasi Selular to empower the society, by providing education and tools or funds to help the society developing its business activity.

According to Jim Ife, empowerment consist of two main understanding, there are power and weak group. Power not only means to political power in narrow meaning, but in the matter of power or dominance of client over:<sup>102</sup>

1. Personal options and life opportunity: capability to making decision about life style, domicile, job.
2. Definition of needs: capability to determine the needs according to his desire and aspiration.
3. Idea or opinion: capability to express and contributing his idea in a forum or free discussion without any pressure from another party.
4. Organizations: capability to reach, using and influencing the society is organization such as social welfare organization, education organization, and healthy organization.
5. Sources: capability to mobilize formal sources, informal and social.
6. Economic activity: ability to taking benefit and managing the production mechanism, distribution, and goods also services exchange.
7. Reproduction: capability which related to birth, childcare, education and socialization.

---

<sup>101</sup> *Ibid*

<sup>102</sup> Jim Ife, *Op. Cit* p.61-64

The community development program performed by PT Telekomunikasi Selular is in the field of economic activity, whereas the economical problem becomes the main issue in the society nowadays. They are having commitment to actively participate taking a part in answering the various social problems that exist in the society. They combine the resources that they have in designing the company is social programs, including in the field of ICT (Information & Communication Technology), and good quality of human resources.<sup>103</sup>

It is difficult to determining the success rate if we took the profit gained by the duck breeder in Bangi village by taking consideration on how much money they get from this business activity. At least they can independently fulfill their needs from the profit they get from this business activity. According to Prof. Dr. Dwi Kartini there are some indicator that she is suggested to be fulfilled by the company in order to succeeding its corporate social responsibility program, there are:<sup>104</sup>

#### 1. Leadership

- a. The corporate social responsibility program is can be categorized as successful if it gets the support from the top management of the company.
- b. There is Philanthropy awareness from the board director as the basic of the program implementation.

#### 2. Proportion of Donation

---

<sup>103</sup> <http://www.telkomsel.com/about/csr/8752-Care.html> last retrieved 6 February 2012

<sup>104</sup> Dwi Kartini, *Op. Cit* p.54

Corporate social responsibility is designed not merely to the budget range, but also on the maximum level of absorption from the target corporate social responsibility program, if the area is large, then the budget should be larger. The size of the budget is not a guarantee that the program will be successful.

### 3. Transparency and Accountability

- a. There is an annual report of the corporate social responsibility program.
- b. There is a kind of social audit and finance whereas the social audit is related to the examination of how far the corporate social responsibility program relevant with the needs of the society, the company will get feedback from the society correctly by interviewing the society as the target is program.

### 4. Coverage Area

There is identification of corporate social responsibility program target in an orderly and rational based on a predetermined priority.

### 5. Planning and Monitoring and Evaluation Mechanism

- a. In the planning process, there must be ensured that there is an involvement of multi-stakeholders in every steps of the program.
- b. There is an awareness to respect the local wisdom, there is contribution from the stakeholder in the planning step, and acceptance of the local culture of the society.

c. There is a blueprint policy which become the base of the program is implementation.

#### 6. Stakeholder Engagement

a. There is a regular coordination mechanism with the stakeholders, especially the society.

b. There is a mechanism that guarantees the participation from the society in the every steps of the program.

#### 7. Sustainability

a. There is a transfer of role from the company to the society.

b. The growth of sense of belonging from the target of the corporate social responsibility program towards the program itself and the result of the program, so that the target can give contribution to maintain the program running well.

c. There is partner program optional whereas can guarantee that without the existence of the company, the program still can be continued.

#### 8. Outcome

a. There is a documentation of the result of the program that shows the death or sick rate of the society is reduced (in the field of health), the quality increase of the human resources and the reduced rate of the un-educated people in the society (in the field of education), or another parameter which related the corporate social responsibility program that performed by the company.

- b. There is a change from the perspective of the society.
- c. There is a dynamic economic impact gained by the society.
- d. There is a community empowerment.

Those criteria are assessed by quality, not quantity. As stated above, the huge number of donation does not become guarantee that the corporate social responsibility program will be succeeded and how much the profit gained by the duck breeder in Bangi village in this case is cannot be used as standard to determine this program is success or not. The main point from the corporate social responsibility is that the fund given by the company can be used to develop the society and the corporate social responsibility program done by PT Telekomunikasi Selular in Bangi village shows indication that the target society is developing, and again it is cannot be determined by how much profit they gained from this duck poultry business activity.

Through this the program young mothers in Bangi village is not only have activity parenting and take care of the household. They also have other activities to support the family incomes. Breeders are women who join in Cooperation of Bangi Mandiri breeding ducks in the village of Bangi, Sewon, Bantul it. There are at least 45 women from 45 families in the village was incorporated in the farmer is groups. Through farmer group, mothers who become victims of the earthquake are learning to join in organization and try to become independent.<sup>105</sup>

---

<sup>105</sup> <http://itikdanbebek.blogspot.com/2009/07/pemberdayaan-perempuan-di-bantul.html> last retrieved 8 February 2012



By the explanation above, it can be ensure that social responsibility that held by PT. Telekomunikasi Selular in Bantul held once time where based on doctrine the corporate social responsibility should be continuously and it always reviewed in every years of responsibility. Where it works as control mechanism to seek either PT. Telekomunikasi Selular have done the corporate act as like as stated in the existing regulation.



## Chapter IV

### CONCLUSION AND RECOMMENDATION

#### A. Conclusion

Based on what has been stated in two chapters before, it can conclude that:

1. In Indonesia, corporate social responsibility is compulsory since the government regulate under article 74 Law Number 40 Year 2007 about Limited Liability Company. In other circumstances the corporate social responsibility also regulated in article 15 section b Law Number 25 Year 2007 about Investment Law, where thus two Law have been stipulated but there are to clear regulation and other government regulation which explain about the implementation of it. In Bantul, the government of Bantul tries to strength the corporate social responsibility performance by preparing the local regulation which regulate about the performance of any business actor who does the business there. Without any guidance how to perform and implement the corporate social responsibility, the company used it as own approach based on their main business activity. They use corporate social responsibility as a tool to minimize their negative impact which arises from their business activity.
2. The implementation of corporate social responsibility done by PT Telekomunikasi Selular in Bantul regency is in the form of developing the community. This method is taken by PT Telekomunikasi Selular since they are already succeeded to minimizing their negative impact from their business activity. The community development program as form of the corporate social

responsibility in Bantul regency is implementation from the socially responsible business practice applied by PT Telekomunikasi Selular. The socially responsible business practice itself is including to the good corporate governance, as obligated by Article 15 Section a Law Number 25 Year 2007 related to Investment.

Unfortunately, the community development performed by PT Telekomunikasi Selular in Bantul regency looks like donation because it is only performed one time and not sustainable.

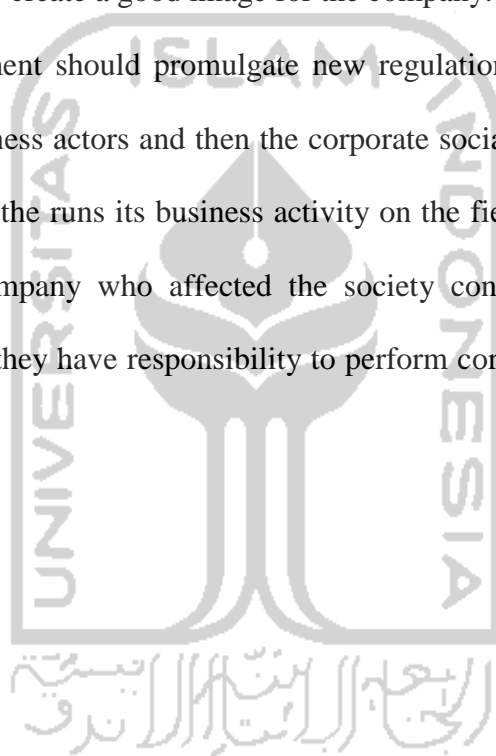
3. The regulation on the Limited Liability Company and the Investment is only binds the limited liability company and the investor who perform corporate social responsibility. The business actors not only in form of limited liability company but there is also Limited Partnership and the other forms. So nowadays many business actor in the field on natural resources formed in Limited Partnership.

## **B. Recommendations**

1. The government needs to promulgate the technical regulation about the implementation of corporate social responsibility since the Act Number 25 of 2007 related to Investment and Act number 40 of 2007 related to Limited Liability Company did not clearly mentioned how the implementation of corporate social responsibility itself. Moreover, the government of Bantul regency should promulgate a new regulation which more specifically concern on the implementation of corporate social responsibility which refer to Act and doctrine about corporate social responsibility. So the obligation to perform

corporate social responsibility by company becomes more distinct and unified in order to achieve the aim that expectable by the government.

2. PT Telekomunikasi Selular should implement the sustainable corporate social responsibility program which routine planned every year so that the program itself will give more benefit for the stakeholders rather than just become a kind of program to create a good image for the company.
3. The government should promulgate new regulation which regulate the other form of business actors and then the corporate social responsibility is not only company for the runs its business activity on the field of natural resources but the other company who affected the society condition through it business activity. So they have responsibility to perform corporate social responsibility also.



## BIBLIOGRAPHY

### Books and Journals

Chidir Ali, *Badan Hukum, Alumni*, Bandung, 1987

Dwi Kartini, *Corporate Social Responsibility, Transformasi Konsep Sustainability Management dan Implementasinya di Indonesia*, Refika Aditama, Bandung, 2009

Edi Suharto, *Pembangunan, Kebijakan Social dan Pekerjaan Sosial: Spektrum Pemikiran*, Lembaga Studi Pembangunan STKS, Bandung, 1997

\_\_\_\_\_, *Membangun Masyarakat Memberdayakan Rakyat, Kajian Strategis Pembangunan Kesejahteraan Sosial & Pekerjaan Sosial*, PT Refika Aditama, Bandung, 2005

Forum for Corporate Governance in Indonesia, *Basic Principles of Corporate Governance*, 2002

Gusti Amri, *Sejarah Lahir GCG dan Perkembangannya di Indonesia*, downloaded from <http://gustiphd.blogspot.com/2011/10/sejarah-lahir-gcg-dan-perkembangannya.html> in 1st March 2012

Ha-Sung Jang, *Corporate Governance and Economic Development: The Korean Experience, in Democracy, Market Economics, and Development An Asia Perspective*, Farrukh Iqbal and Iong-II You (eds), The World Bank, Washington, DC, 2001

Hamud M Balfas, *Hukum Pasar Modal Indonesia*, PT Tatanusa, Jakarta, 2006

Hasnati, *Peranan komite Audit dalam Organ Perseroan Terbatas dalam Kerangka Good Corporate Governance*, FH UII Press, Yogyakarta, 2004

Hendrik Budi Untung, *Corporate social responsibility*, Sinar Grafika, Jakarta, 2008

Jack Rothman, *APPROACHES TO COMMUNITY INTERVENTION*, United Nation, 1995

John Elkington, *Cannibals with Forks, The Triple Bottom Line of Twentieth Century Business* downloaded from <http://www.johnelkington.com/activities/articles.asp> downloaded in 24 December 2011

- Jim Ife, *Community Development: Creating Community Alternatives, Vision, Analysis and Practice*, Australia: Longman, 1995
- \_\_\_\_\_, and Frank Toseriero, *Community Development: Community-Based Alternatives in an Age of Globalisation*, Pearson Education Australia.
- Kees Bartens, *Pengantar Etika Bisnis*, Kanisius, Yogyakarta, 2000
- M. Irsan Nasarudin and Indra Surya, *Aspek Hukum Pasar Modal Indonesia*, Kencana, Jakarta, 2004
- Mas Achmad Daniri, *Reformasi Corporate Governance di Indonesia*, Jurnal Hukum Bisnis, Volume 24, No.3, 2005
- Michael Teng, *Corporate Turn Around, Nursing A Sick Company Back to Health*, Prentice Hall, Inc, Singapore, 2002
- Misahardi Wilamata, *Hak Pemegang Saham Minoritas dalam Rangka Good Corporate Governance*, Program Pasca Sarjana Fakultas Hukum Universitas Indonesia, Jakarta, 2002
- Munir Fuady, *Perlindungan Pemegang Saham Minoritas*, CV Utomo, Bandung, 2005
- Nur Maemunah Permata Sari dan Luluk Kholisoh, Pengaruh Karakteristik Perusahaan Terhadap *Corporate Social Responsibility Disclosure* pada Perusahaan Manufaktur. Downloaded from: [http://gunadarma.ac.id/library/articles/graduate/economy/2009/Artikel\\_21205473.pdf](http://gunadarma.ac.id/library/articles/graduate/economy/2009/Artikel_21205473.pdf) in 23 October 2011
- Nyoman Tjager, Anyonius Alijoyo, Humphrey R. Djemat, Bambang Soembodo, *Corporate Governance, Tantangan dan Kesempatan Bisnis bagi Komunitas Bisnis Indonesia*, PT. Prehallindo, Jakarta, 2003
- Philip Kotler dan Nancy Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*, John Wiley and Sons, Inc, Hoboken, New Jersey, 2005, p. 10 quoted from <http://bismar.wordpress.com/2009/12/23/tanggungjawab-sosial-perusahaan/> last retrieve 26 December 2011
- R. Edward Freeman, *A Stakeholder Theory of the Modern Corporation*”, in L.B. Pincus (ed.), *Perspectives in Business Ethics*, Singapore: McGraw Hill, 1998, downloaded from. <http://djoex.wordpress.com/2010/01/25/tentang-teori-csr/> in 13rd October 2011
- Rappaport j, *Studies in Empowerment: Introduction to the Issue*, Prevention in Human Issue, USA, 1984

Ridwan Khairandy and Camelia Malik, *Good Corporate Governance, Perkembangan Pemikiran dan implementasinya di Indonesia dalam Perspektif Hukum*, Kreasi Total Media, Yogyakarta, 2007

Ruth J. Parsons, James D. Jorgensen, Santos H. Hernandez, *The Integration of Social Work Practice*, Brooks/Cole, California, 1994

Swift C. and G. Lenin, *Empowerment: An Emerging Mental Health Technology*, Journal of Primary Prevention, USA, 1987

Tropman, John E. et.al., 1996., *Strategies of Community Intervention, Macro Practice*. 5th.ed., F.E. Peacock Publishers, INC., Itasca Illinois. Downloaded from <http://blogs.unpad.ac.id/rsdarwis/?p=8> in 1 January 2012

### **Legislations**

Undang-undang No. 8 tahun 2004 tentang Perlindungan Konsumen

Undang-undang No. 23 tahun 1997 tentang Pengelolaan Lingkungan Hidup

Undang-undang No. 34 tahun 2004 tentang Pemerintahan Daerah

Undang-undang No. 12 tahun 2008 tentang Perubahan Kedua atas Undang-undang No. 34 tahun 2004 tentang Pemerintahan Daerah

Undang-undang No. 25 tahun 2007 tentang Penanaman Modal

Undang-undang No. 40 tahun 2007 tentang Perseroan Terbatas

Keputusan Menteri Badan Usaha Milik Negara NOMOR KEP-236/MBU/2003 tentang Program Kemitraan Badan Usaha Milik Negara dengan Usaha Kecil dan Program Bina Lingkungan

### **Websites**

<http://www.antroplogiindonesia.com/128-Comdev-Sebagai-Suatu-Bentuk-CSR.htm> last retrieve 26 December 2011

<http://www.businessdictionary.com/definition/corporate-governance.html> last retrieve 28 December 2011

<http://www.businessdictionary.com/definition/corporate-social-responsibility.html> last retrieve 24 December 2011

- <http://www.djpp.depkmham.go.id/hukum-bisnis/84-tanggung-jawab-sosial-perusahaan-corporate-social-responsibility-dan-iklim-penanaman-modal.html> last retrieve 7 December 2011
- <http://www.inilah.com/read/detail/92080/telkomsel-bangun-kampung-bebek/> last retrieve 21 January 2012
- <http://itikdanbebek.blogspot.com/2009/07/pemberdayaan-perempuan-di-bantul.html> last retrieved 8 Februari 2012
- <http://www.kabarbisnis.com/read/281318> Telkomsel bangun Kampung Bebek di Bantul last retrieve 7 December 2011
- <http://www.preservearticles.com/201105076372/what-are-the-aims-and-objects-of-the-community-development-projects-under-rural-sociology.html> last retrieve 1 January 2012
- <http://www.republika.co.id/berita/csr/tanya-jawab-csr/11/11/02/lu10s8-perusahaan-sekelas-apakah-yang-berkewajiban-mengeluarkan-dana-csr> Last retrieve 8 January 2012
- <http://www.telkomsel.com/about/csr/2674-Sustainability-Report.html> last retrieved 7 December 2011
- <http://www.telkomsel.com/about/csr/8750-Our-Approach.html> last retrieved 21 January 2012
- <http://www.telkomsel.com/about/csr/8752-Care.html> last retrieved 21 January 2012
- <http://www.telkomsel.com/about/news/719-CSR-Telkomsel--Pelatihan-Teknisi-Ponsel-bagi-Anak-Jalanan-dan-Anak-Cacat.html> last retrieved 21 January 2012
- <http://www.yipd.or.id/main/readnews/12454/> Kampung Bebek; Program CSR untuk Angkat Ekonomi Lokal, Produktivitas Telur Tinggi, Cash Flow Usaha Lancar. Last retrieve 13rd october 2011.
- [http://zantrio.com/dictionary/cadbury\\_report.php](http://zantrio.com/dictionary/cadbury_report.php) Cadburry report last retrieve 27 December 2011

### **Tabloid and Newspaper**

Republika, *Privatisasi BUMN, Pasar Modal dan Upaya Implementasi GCG*, Monday, 9 October 2006