

# Corporate Social Responsibility for Poverty and Basic Public Services in Indonesia Case Study: Sukabumi Regency

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## Abstract

The phenomenon of corporate social responsibility (CSR) in developing countries is different from that in developed countries in terms of each government's intermediary role in the mechanism of delivering CSR activities, especially for overcoming poverty and poor public service issues.

By extracting Polanyi's general principles of behavior concerning resource allocation, the distinctive CSR phenomenon in developing countries can be explained by the concept of quasi-redistribution.

Derived from the concept of redistribution, quasi-redistribution has been illuminated by examining the government's intermediary role in the context of Indonesia, including the case of Sukabumi Regency, considering that the intermediary role of the governments in Indonesia is clear from the issuance of CSR regulations at the national and local government levels.

Although by its terminology, regulation usually has the element of power imposition, all CSR regulations in the country rely on a company's voluntariness and initiatives on the implementation. It seems to have merely a promoting function to increase companies' awareness in addressing the poverty and poor basic public service issues affecting local communities.

This paper further illuminates how the concept of quasi-redistribution is embedded in the implementation of a company's CSR activities by examining CSR activities in Sukabumi Regency considering the poverty and poor basic public service issues in the region, the local government's role in promoting CSR to overcome the issues, and CSR practices in the region to address those issues.

Keywords: Corporate Social Responsibility, Developing countries, Quasi-redistribution, Poverty, Basic Public Services.

## 1. Introduction

An example of corporate social responsibility (CSR) in developing countries is the prominent company practices that address poverty and poor basic public service issues. The thrust of CSR in a company's contribution to addressing the issues is due to the weak government systems of the countries in terms of their capacity to deliver services (Kusuma, 2018). By extracting Polanyi's concept of resource allocation, Kusuma (2019) proposes a framework (Figure 1) for understanding what could drive the CSR phenomenon in the countries. Although Polanyi's concept is intended to aid in understanding individual behavior in a simple social organization, e.g., a family or ethnic group, Kusuma argues that the concept is applicable to understanding corporate behavior considering that a company is

also part of society and it has responsibility attached to it.

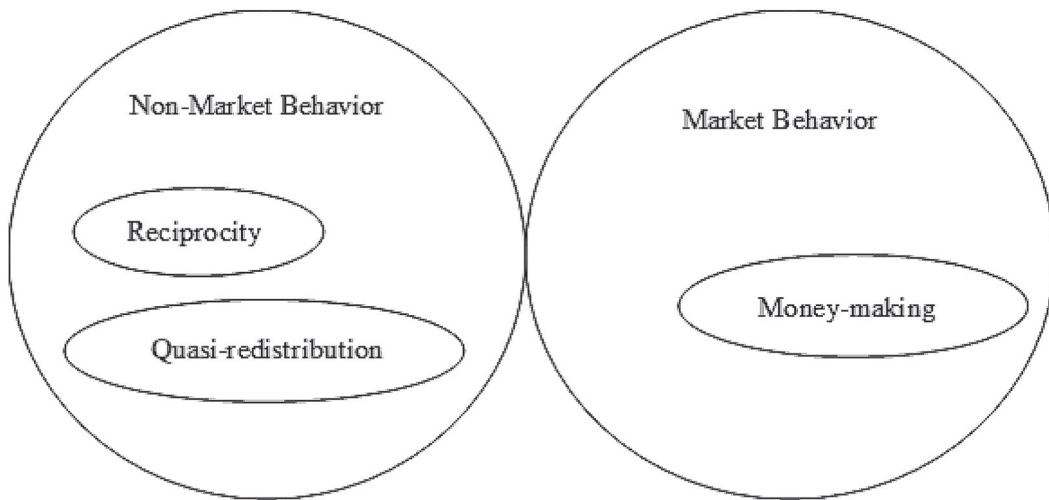


Figure 1. Drivers of CSR activities in developing countries (Author, 2019)

While money-making and reciprocity are embedded in CSR activities both in developed and developing countries, quasi-redistribution is unique to developing countries and has become a common characteristic of CSR in developing countries, which differs from that in developed countries.

Derived from the concept of redistribution, quasi-redistribution (illustrated in Figure 2) is understood as a government's intermediary mechanism for driving a company's CSR (promoting CSR without forcefully imposing its power) toward activities that intersect with the government's re-distributional function, e.g., for poverty alleviation and basic public service provisions for citizens.

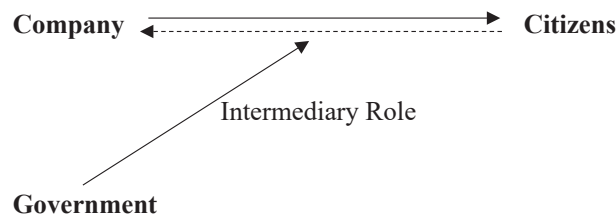


Figure 2. Illustration of quasi-redistribution in developing countries (Author, 2019)

Polanyi emphasized that redistribution is portrayed by centrist social relations with elements of power and authority. In relation, Kusuma (2019) illuminated the concept of quasi-redistribution by examining the government's intermediary role in the context of Indonesia, including the case of Sukabumi Regency, considering that the intermediary role of the governments in Indonesia is noticeable due to the issuance of CSR regulations at the national and local government levels. The study concludes that the role of the government, as outlined in the CSR regulations in Indonesia, seems characterized by a non-centrist pattern and not having imposing power as regulations in general. The regulations only have the function of promoting CSR, especially for poverty and poor public services in local communities. The implementation of a company's CSR activities is essentially an independent and voluntary initiative.

This paper further illuminates how the concept of quasi-redistribution is embedded in the implementation of a

company's CSR activities by examining the CSR activities in Sukabumi Regency by considering the poverty and poor basic public service issues in the region, the local government's role in promoting CSR to overcome the issues, and CSR practices in the region addressing those issues.

## 2. CSR Activities in Sukabumi Regency

### 2.1. Social Condition of Sukabumi Regency

Located in West Java Province, Sukabumi is the largest regency in Java and Bali Island, with an area of 4,162 km<sup>2</sup>. The regency has a population of 2,516,461, the largest in Indonesia (BPS, 2017). With its 0.28 fiscal capacity index (the region's financial capacity to deliver public services) categorized as low,<sup>1</sup> the large territory and population become a challenge for the local government in terms of its efforts to alleviate poverty in the region and to deliver basic public services to its citizens. Therefore, the poverty rate in the region, 8.13% of the population (BPS, 2017), remains one of the main issues to overcome. In addition, about 29% or 111 of 381 villages in the region are still categorized as under-developed in terms of public service delivery (Kemendesa, 2015).

Poverty in the region is reflected by citizens' welfare indicators. For instance, regarding nine-year compulsory education, about 11.5% or 15,675 of 136,793 citizens aged 7–12 years are not enrolled in elementary school education and about 21.4% or 14,668 of 68,571 citizens aged 13–15 years old are not enrolled in junior high school education. In terms of access to drinking water, about 50% or 117,641 of 235,484 households get drinking water from easily contaminated water sources. In terms of sanitation facilities, about 21.4% or 50,354 out of 235,484 households do not have their own toilet (TNP2K, 2015). Poor basic public services in the region are described by e.g. the number of dilapidated school buildings. There are about 13.1% or 1,246 dilapidated elementary school buildings and about 5.8% or 206 dilapidated junior high school buildings.<sup>2</sup>

Related to education, in 2016, about 34% of the local government's budget or 918 billion Indonesian rupiah of 2.7 trillion Indonesian rupiah was spent on educational affairs,<sup>3</sup> including 200 million Indonesian rupiah for a poor elementary school student scholarship and 900 million Indonesian rupiah for a poor junior high school student scholarship. The local government also budgeted 5.3 billion Indonesian rupiah for the reconstruction of about 57 dilapidated elementary school buildings.<sup>4</sup> In terms of access to drinking water and sanitation facilities, in 2018, the local government budgeted 7.5 billion Indonesian rupiah to build 47 clean water facilities with the number of beneficiaries around 30 to 100 households in each facility.<sup>5</sup> These points show that although the local government has been addressing the issues through its annual budget, the scale of activities carried out is still small compared to the existing issues. Therefore, the local government seeks to find solutions to the issues. One of them is to encourage the contributions of the business sector through CSR activities.

Sukabumi Regency is characterized by a relatively strong industrial base, indicated by the existence of 312 large and medium national enterprises dominated by the manufacturing business (BPS, 2016). A study of the Public Interest Research and Advocacy Center (PIRAC) and *Dompot Dhuafa*, two non-government organizations (NGOs) that examined CSR trends in Indonesia in 2013 by compiling 455 companies' CSR activities published in mass media, found that the companies channeled their CSR activities to education programs (21%), health (20%), the environment (16%), social services (17%), disaster relief (9%), and others (17%). Those companies tended to carry out CSR activities around the company's location/local citizens.<sup>6</sup> Considering the tendency for companies to carry out CSR activities focusing on local citizens, the local government of Sukabumi Regency has begun an initiative to promote the company's CSR activities to eradicate poverty and improve the basic public services in the region.

## 2.2. Role of Sukabumi Regency's Government in Promoting CSR for Poverty and Poor Basic Public Services

The local government of Sukabumi Regency promotes a company's CSR activities for poverty and poor basic public services, as chronologically shown in Table 1. Four local government intermediary roles influence and enhance the development of CSR promotion for poverty and poor basic public service issues in the region, namely, the CSR forum, CSR regulations, local government awards, and technical support for companies that address the issues.

**Table 1. Development of CSR promotion for poverty and poor basic public services in Sukabumi Regency<sup>7</sup>**

Date	Activity	Description
03/19/2013	Focus group discussion (FGD)	<ol style="list-style-type: none"> <li>1. The Development Planning Agency introduced issues in the region related to poverty and poor basic public services to companies</li> <li>2. FGD participants agreed on the need for an intermediary to facilitate communication between the local government and companies to synergize the issues with CSR activities</li> </ol>
04/24/2013	Meeting for initiating the establishment of a CSR communication intermediary	<ol style="list-style-type: none"> <li>1. Meeting participants agreed on a mailing list <i>csrksukabumi.yahogroups.com</i> that will be utilized as a communication intermediary regarding CSR activities</li> <li>2. Companies will report their CSR activities, including what has been conducted, on progress, or their future plans for the Development Planning Agency</li> </ol>
07/04/2013	Seminar and workshop	<ol style="list-style-type: none"> <li>1. The keynote speaker from A+CSR Indonesia (an NGO) provided an understanding of CSR concepts and practices and the importance of multi-stakeholder collaboration in CSR implementation</li> <li>2. Participants agreed on establishing a communication intermediary named "<i>Jaringan Kerja CSR Kabupaten Sukabumi</i>" (Sukabumi Regency CSR Network), a forum for sharing CSR practices among companies and between companies with the local government. Its members consist of local government officials and company officials.</li> </ol>
11/21/2013	Meeting of the forum <i>Sukabumi Regency CSR Network</i>	<ol style="list-style-type: none"> <li>1. The forum identified the region's issues to be prioritized for CSR activities</li> <li>2. The forum agreed on a Facebook group "<i>Jaringan Kerja CSR Kabupaten Sukabumi</i>" (Sukabumi Regency CSR Network) to be added as a communication intermediary regarding CSR activities</li> </ol>
12/18/2013	Meeting of the forum <i>Sukabumi Regency CSR Network</i>	<ol style="list-style-type: none"> <li>1. The forum signed a commitment to prioritize CSR activities relating to education, health, and income generation.</li> <li>2. The local government, initiated by its Development Planning Agency, promoted an agenda to issue a formal CSR regulation to strengthen such commitment</li> <li>3. The forum agreed on a formal regulation as guidance for companies to implement the prioritized CSR activities</li> </ol>
03/27/2014	Meeting of the forum <i>Sukabumi Regency CSR Network</i>	<ol style="list-style-type: none"> <li>1. Education Agency of Sukabumi Regency presented the need for educational infrastructure to companies</li> <li>2. The agency proposed school reconstruction through companies' CSR activities</li> </ol>

05/28/2014	Issuance of Regent Regulation of Sukabumi Number 19 of 2014 about Facilitation Of Corporate Social And Environmental Responsibility	The local government issued the first CSR regulation, which was officially signed by the Sukabumi Regent
07/25/2014	Issuance of Local Government Regulation of Sukabumi Regency Number 6 of 2014 about Corporate Social Responsibility, Partnership, and Community Development	The regulation was officially signed by both the Sukabumi Regent and the House of Representatives
12/24/2014	CSR Awards	Annual CSR Awards was delivered for the first time for companies in the region. The event is held according to the mandate of the Local Government Regulation of Sukabumi Regency Number 6 of 2014 about Corporate Social Responsibility, Partnership, and Community Development
01/08/2015	Issuance of Regent Regulation of Sukabumi Number 2 of 2015 about Operationalization of Corporate Social Responsibility, Partnership, and Community Development	The regulation is a revised version from Regent Regulation of Sukabumi Number 19 of 2014 about Facilitation of Corporate Social and Environmental Responsibility because this former regulation has not referred to the Local Government Regulation of Sukabumi Regency Number 6 of 2014 about Corporate Social Responsibility, Partnership, and Community Development.
01/12/2015	Issuance of Regent Decree Number 050/Kep.72-Bappeda/2015 about Facilitation Team for the Implementation of Corporate Social Responsibility, Partnership, and Community Development	The decree was officially signed by the Sukabumi Regent
02/26/2015	Meeting for the dissemination of CSR regulations	<ol style="list-style-type: none"> <li>1. The local government, led by the Development Planning Agency, announced the issuance of all regulations related to CSR to companies</li> <li>2. The Cooperative, Industry, and Trade Agency of Sukabumi Regency presented the business incubation program and proposed companies to contribute carts for street vendors to support the program</li> </ol>

### 2.2.1. CSR Forum as a Crucial Element of CSR Development in Sukabumi Regency

From the description of activities in Table 1, it was revealed that the CSR forum has become a crucial element of CSR development in the region. Since its initial stage of local government effort in promoting CSR for poverty alleviation and the provision of basic public services on 19 March 2013, the local government and companies have agreed on the need for an intermediary to facilitate communication between the local government and companies to synergize the region's issues with CSR activities. By the existence of the forum, communication between companies and the local government regarding how CSR activities in the region could be implemented is enhanced. Using not only formal means of communication, such as meetings, but also more casual means of communication, such as social media, an agreement on the region's issues, which are prioritized to be addressed by CSR activities, was achieved on 18 December 2013. The discussion and communication in the forum created a common perspective between the local

government and the companies in the region on the importance of synergizing efforts in poverty alleviation and the provision of basic public services.

In the agreement document dated 18 December 2013, it is written that the parties that had agreed to join the CSR forum committed to synergize the implementation of CSR activities for overcoming the local poverty and poor basic public service issues using activities related to education, health, and income generation. In the initial stages of the local government's efforts to promote CSR for poverty alleviation and the provision of basic public services, seven companies signed the commitment. From the CSR reports<sup>8</sup> of these companies, it shows that in 2014, these companies have realized their commitments. The company with the most commitment is *PT. Aqua Golden Mississippi*, which carried out 17 CSR activities related to education, health, and income generation. In 2015, the company increased its CSR with 19 activities.

Considering its important role, the local government officially legalized the existence of the forum on 19 May 2017 by the Regent Decree Number 050/Kep.441-Bappeda/2017 about Forum for the Implementation of Corporate Social Responsibility, Partnership, and Community Development signed by the Sukabumi Regent.<sup>9</sup>

### 2.2.2. CSR Regulations in Sukabumi Regency

From the description of activities in Table 1, it is shown that the regulations do not come in the first place. The initiative was begun through a discussion initiated by the Development Planning Agency of the local government on 19 March 2013 about poverty and poor basic public service issues in the region and the possibility of synergizing companies' CSR activities to address the issues. Dated 18 December 2013, the local government promoted an agenda to issue a formal CSR regulation for companies to conduct CSR activities relating to poverty and poor basic public service issues. Companies in the region responded positively, with some that the regulation is actually needed as guidance for them to develop CSR activities to address the issues in the region.<sup>10</sup> Upon the positive response from the companies, the local government issued CSR regulations starting 28 May 2014.

CSR regulation is needed as a guideline, especially for companies that have not developed CSR activities related to poverty alleviation and the provision of poor basic public services. As stipulated in article 4 (1) of the Local Regulation of Sukabumi Regency 6/2014 on Corporate Social Responsibility, Partnership, and Community Development, "CSR activities should relate to education, health, income generation, and rural infrastructure." Usually, some companies carry out CSR activities spontaneously based on proposals from local residents, such as donations for commemorating national holidays or religious celebrations. With the regulation, these companies develop CSR activities based on the regulatory guidelines. For example, in 2014, *PT. Gunung Salak Sukabumi* merely collects donations for religious ceremonies and youth activities. However, in 2015, the company developed its CSR activities by carrying out other activities, namely, road maintenance, drainage improvement, building bridges, and reconstruction of worship facilities.

These processes have illuminated the concept of quasi-redistribution because the local government promotes and directs a company's CSR activities for the government's re-distributional function, namely, the responsibility to deliver efforts toward poverty alleviation and to provide basic public services to citizens. Due to the voluntary nature of a company's CSR activities toward overcoming the issues, the local government utilizes a persuasive approach, namely, discussion and communication with companies in the region to raise their awareness about local poverty and poor basic public service issues. Therefore, in promoting a formal CSR regulation as guidance for companies to conduct CSR activities relating to the issues, the local government considers how the response of companies in the region to the regulation could be positive, so it would not need to be forcefully imposed.

Since then, the quasi-re-distributional function of the local government through regulations drives some companies' CSR activities. For instance, in 26 February 2015, the cooperative, industry, and trade agency introduced a business incubation program to companies. The program is intended to increase the poor's income and to reduce poverty. The program encouraged the emergence of 1,001 new entrepreneurs by creating business opportunities for the poor. The agency proposed companies to support one of its projects, namely, a culinary center in *Palabuhanratu*, the capital city of Sukabumi Regency, by supplying carts for street vendors. Vendors in the culinary center were chosen from among low-income citizens who have received business development training from the agency.<sup>11</sup> Responding to the proposal, three companies, including *PT. Amerta Indah Otsuka (Sukabumi Factory)*, *PT. Pos Indonesia*, and *Indonesia Power UJP Palabuhanratu*, report their participation in the project.<sup>12</sup> Each, *PT. Amerta Indah Otsuka (Sukabumi Factory)* and *PT. Pos Indonesia* provided one cart for the project. Meanwhile, *Indonesia Power UJP Palabuhanratu* supplies two carts to support the project. The contribution of these companies is relatively small and insignificant compared to the amount needed for project success. However, it illustrates that companies are adopting CSR promotion for poverty alleviation and basic public service provision that the local government is doing.

### 2.2.3. Sukabumi Regency's Government CSR Award

Table 1 shows that since 24 December 2014, the local government has been handing out annual awards<sup>13</sup> to companies in the region that address poverty and poor basic public service issues through their CSR activities. The awards are delivered by the local government based on an evaluation of companies' CSR reports. Annually, as the local government asked companies in the region to report their CSR activities to them via the Research and Evaluation of Development Division, Development Planning Agency of Sukabumi Regency, the local government confirms the companies' CSR activities by conducting field visits to the companies' CSR project sites or beneficiaries. Afterward, the local government nominates companies to receive CSR awards from the Sukabumi Regent.

This recognition can be considered an important effort to encourage those companies to adopt CSR activities addressing poverty and poor basic public service issues. This effort is a persuasive way of promoting CSR for poverty and poor basic public service issues so that companies are more eager to increase their CSR activities addressing the issues. An official of *Perum Perhutani KPH Sukabumi*, a state-owned enterprise (SOE), stated, "The award we received will increase our motivation and enthusiasm in conducting CSR activities in Sukabumi Regency."<sup>14</sup> The motivation and enthusiasm can be seen in the company's CSR report. This company usually implements CSR activities in the region in accordance with the CSR standard of the SOE in the form of soft loans for community business incubation. However, since 2015, the company's CSR activities have become more diverse in accordance with the local issues, such as schools and religious facility reconstruction and providing clean water during the dry season.

### 2.2.4. Sukabumi Regency's Government Technical Supports for CSR Activities

As the role of the local government is to deliver technical support for companies' CSR activities, including the planning process, the implementation of the activities, and the evaluation,<sup>15</sup> CSR activities are conducted with technical supports from the local government. For instance, in its effort to increase the income of the poor near the company's location, *PT. Amerta Indah Otsuka (Sukabumi Factory)* conducts CSR activities including honeybee cultivation, waste processing/recycling, and organic farming. In fact, increasing the income of the poor is the function and responsibility of the local government as a basic public service. The company tries to contribute by addressing



the issue. The company utilizes the expertise of the local government's forestry agency to deliver training in honeybee cultivation. In disseminating waste processing projects, the company utilizes the expertise of the local government's environment agency to educate citizens about waste processing. In campaigning the organic farming of rice and horticulture, the local government's agriculture agency not only supports training at the company's request but also provides rice and corn seeds needed by the citizens.<sup>16</sup>

Local government technical supports are needed by companies because in addition to the CSR activities carried out by the companies themselves, they also in certain activities require cooperation with local government agencies. About 44% or 17 of the 39 companies that have collaborated on CSR activities received technical support from local government agencies of Sukabumi Regency.

### 2.3. Elaboration of CSR Practices for Poverty Alleviation and Basic Public Service Provision in Sukabumi Regency

The CSR practices of companies in Sukabumi Regency have targeted issues related to poverty and poor basic public services. From CSR reports of the companies<sup>17</sup> in the region, they have elaborated the activities in the fields of education, health, community income generation, and infrastructure.<sup>18</sup>

Related to a nine-year compulsory education program, three companies provide scholarship to support citizens' attainment of basic education.<sup>19</sup> *PT. Amerta Indah Otsuka* has distributed scholarships to 54 poor students in three elementary schools. *PT. Kenlee Indonesia* has distributed scholarships to 22 poor students in an elementary school. *PT. Glostar Indonesia* has provided scholarships in the form of school stationary to outstanding elementary school students.

Regarding access to drinking water, 11 companies, including *PT. Aqua Golden Mississippi*; *PT. Tirta Investama*; *Chevron Geothermal Salak, Ltd.*; *PT. Tang Mas*; *PT. Bio Farma*; *Perum Perhutani KPH Sukabumi*; *PT. Pos Indonesia*; *PLTU Palabuhanratu*; *PT. Dasan Pan Pacific Indonesia*; *PT. Cipta Dwi Busana*; and *PT. Kino Indonesia*, build clean water facilities or provide access to clean water to citizens.<sup>20</sup>

In terms of sanitation, two companies build sanitation facilities for citizens.<sup>21</sup> *PT. Tang Mas* distributes clean water to households by pipelining and provides free re-filling of bottled drinking water for citizens every Monday, Wednesday, and Friday from 08.00 AM–16.00 PM. In addition, the company builds communal toilets for citizens. *PT. Bio Farma* delivers effort to provide clean water by pipelining for citizens.

Related to educational infrastructure, 10 companies have shown their contributions to the poor basic public services in the region with various CSR activities related to educational facilities.<sup>22</sup> For instance, *PT. Tirta Investama* built a clean water facility and toilets for two schools. *PT. Amerta Indah Otsuka* built a library for an elementary school, and *Chevron Geothermal Salak, Ltd.* built school toilets and new classrooms for a religious elementary school. Meanwhile, *Perum Perhutani KPH Sukabumi* conducted a school reconstruction for a dilapidated school building.<sup>23</sup>

## 3. Analysis

### 3.1. Performance and Limit of CSR Activities in Sukabumi Regency

Companies in Sukabumi Regency are adopting CSR promotion for poverty alleviation and basic public service provision that the local government is doing. In terms of type of activities, companies in the region have targeted issues, in part, related to poverty issues and the provision of basic public services, as stipulated by the local regulations. The intermediary role of the local government through the CSR forum, CSR regulations, CSR awards,



and technical support for CSR activities has shown its influence on developing and increasing companies' CSR activities related to poverty alleviation and basic public service provision.

The CSR forum is important because it can capture the company's commitment so the local government can monitor the realization of the company's CSR activities, as promised. As previously described, through the existence of the forum, at the initial stages of the local government's effort promoting CSR for poverty alleviation and the provision of basic public services, the local government could make an agreement with seven companies to conduct CSR activities related to the issues. In the following year, the companies report the realization of their commitments. By the continuous promotion of CSR for poverty alleviation and the provision of basic public services in the forum, the local government could achieve more agreements with more companies in the future.

Regulation becomes important, especially for companies to develop their CSR activities. With regulation, companies that have not developed CSR activities related to poverty alleviation and poor basic public services provision could elaborate the activities based on the regulatory guideline. The importance of regulation can be seen from how many companies develop CSR activities as directed by regulation.

Local government technical supports are complementary to the regulatory role, because when companies develop CSR activities as directed by regulation, technical support might be needed for the successful implementation of said CSR activities. Finally, a CSR award from the local government is also needed because it can be a point of pride for the company. By correlating a company's testimony after receiving the award and the company's CSR in the following years, companies are motivated to increase CSR activities addressing poverty and poor basic public services issues in the region.

However, CSR activities in Sukabumi Regency tend to be centralized near the company's location with a territorial limit within the sub-district in which the company resides. A closer examination of the 39 companies' reports indicates that almost all activities are conducted near the companies' locations. Of the 39 companies, only two carried out their CSR activities beyond their locations: *PT. Tirta Investama* and *PT. Bio Farma*. Both companies put forth effort to provide clean water by pipelining for citizens in the Ciemas sub-district, one of the sub-districts in the southern part of the regency, which is far from the companies' locations.

The fact that the companies are concentrated in the northern part of the region, especially in nine sub-districts,<sup>24</sup> namely, *Cikembar*, *Sukaraja*, *Sukalarang*, *Cisaat*, *Cibadak*, *Caringin*, *Cicurug*, *Cidahu*, and *Parungkuda*.<sup>25</sup> This means the companies' CSR activities also concentrate in the northern part of the region within the nine sub-districts. Apparently, the local government could not rely on companies' contributions to support its responsibility in poverty alleviation and providing equal basic public services for all citizens in the region.

### **3.2. Policy Recommendations for the Local Government of Sukabumi Regency**

The role of the local government in promoting CSR for the local issues of poverty and poor basic public service issues has synergized local efforts between the local government and the companies' CSR activities in addressing the issues. The local government's further encouragement of companies to address the issues could consider how the intermediary role of the local government through the CSR forum, CSR regulations, CSR awards, and technical support for CSR activities has shown its impact on increasing and developing companies' CSR activities.

Since the CSR forum has been the most crucial element of CSR development in the region, persuasive communication should be carried out by optimizing the function of the forum so that the local government's further policies regarding CSR could garner positive feedback from companies in the region. Because only about 21% or 67 of 312 companies in the region currently participate in the forum, and because many companies in the region still

have not become forum members,<sup>26</sup> the local government should encourage those companies to be involved in the forum so communication and agreements related to synergizing CSR activities with poverty alleviation and the provision of basic public services could reach more companies in the region. In addition, more companies in the forum means sharing the best CSR practices could be a source of inspiration for more companies in the region to adopt CSR activities addressing poverty and poor basic public services.

However, with the territorial limitation of CSR activities, the local government could not rely on companies' contributions to support its responsibility to poverty alleviation and providing equal basic public services to all citizens within the region. The local government should take more seriously its efforts toward poverty alleviation and its responsibility to meet the minimum standard of basic public service provision for all citizens in the region.

#### **4. Conclusion**

This paper has illuminated how the concept of quasi-redistribution is embedded in the implementation of a company's CSR activities. In the case of Sukabumi Regency, where poverty and poor basic public services are the main issues in the region, the actual role of the local government in promoting a company's contributions to address issues through CSR activities is embedded in the current CSR practices in the region. These are portrayed by CSR activities conducted as a realization of companies' commitments made in the CSR forum, CSR activities developed in accordance with what has been stipulated in the local CSR regulations, CSR activities developed as a result of the increasing motivation of the company after receiving a CSR award from the local government, and CSR activities conducted with technical support from the local government.

While current CSR practices are concentrated near each company's location due to the territorial limits of the activities, the efforts toward poverty alleviation and the provision of an equal basic public service for all citizens in the region should be measured utterly as the responsibility of the local government.

#### **Acknowledgement**

This research received funding support from the Kokusaiteki Research Fund FY 2018 of Ritsumeikan University.

## Notes

1. Regulation of Minister of Finance of the Republic of Indonesia Number 37/PMK.07/2016 about Regional Fiscal Capacity Map.
2. The Need of Educational Infrastructure. 2014. Education Agency of Sukabumi Regency. Proposal document from Education Agency for CSR Activities.
3. Analysis of Local Government Budget for Fiscal Year 2016 in 70 Districts / Cities in Indonesia. National Secretariat of Indonesian Forum for Budget Transparency and The Ford Foundation.
4. Data provided by the Head of Education, Culture, Youth, and Sport Subdivision, Development Planning Agency of Sukabumi Regency.
5. Data provided by the Head of Residential and Regional Development Subdivision, Development Planning Agency of Sukabumi Regency.
6. <http://www.pirac.org/2014/06/19/sumbangan-perusahaan-mencapai-rp-86-triliun/>
7. Compiled by the author from local government documents obtained from the Research and Evaluation of Development Division, Development Planning Agency of Sukabumi Regency.
8. The author obtained the CSR reports of 39 companies in the region (including the seven companies that signed the agreement) from the Research and Evaluation of Development Division, Development Planning Agency of Sukabumi Regency
9. The data are obtained from the Research and Evaluation of Development Division, Development Planning Agency of Sukabumi Regency.
10. In-depth interview via telephone with Mr. Yudi Indriawan, a local government official from the Development Planning Agency of Sukabumi Regency as one of the initiators of the issuance of CSR regulations in Sukabumi Regency, on Friday, 24 May 2019.
11. Creating 1001 New Entrepreneurs. Business Incubation Program 2015-2020. Cooperative, Industry, and Trade Agency of Sukabumi Regency. Presentation Slide.
12. See Appendix 1, Rows 3, 14, and 15
13. Implementation of article 11 of Regent Regulation of Sukabumi 2/2015 on Operationalization of Corporate Social Responsibility, Partnership, and Community Development.
14. Retrieved on 19 June 2019 from <http://www.perhutani.co.id/2018/12/perhutani-raih-penghargaan-csr-award-2018-di-sukabumi/>
15. Article 2 of Regent Decree 050/Kep.72-Bappeda/2015 on Facilitation Team for the Implementation of Corporate Social Responsibility, Partnership and Community Development.
16. In-depth interview via telephone with Mr. Wisnu Meilani, CSR Manager of PT. Amerta Indah Otsuka on Friday, 22 March 2019.
17. The author obtained the CSR reports of 39 companies in the region from the Research and Evaluation of Development Division, Development Planning Agency of Sukabumi Regency
18. See Appendix 1
19. See Appendix 1, Rows 3, 22, and 28
20. See Appendix 1, Rows 1, 2, 4, 5, 9, 10, 14, 15, 19, 29, and 36
21. See Appendix 1, Rows 5 and 9
22. See Appendix 1, Rows 2, 3, 4, 9, 10, 13, 14, 16, 17, and 34
23. See Appendix 1, Row 10
24. See Appendix 2, Rows 22, 25, 28, 31, 33, 35, 38, 39, and 41
25. See Appendix 3
26. The data are obtained from Research and Evaluation of Development Division, Development Planning Agency of Sukabumi Regency.

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## Appendix 1. Company's CSR activities in Sukabumi Regency

No.	Company	CSR Activities
1	PT. Aqua Golden Mississippi (MNC Subsidiary/Mineral Water)	Construction of clean water facilities, sanitation training and coaching, training of organic waste processing, building septic tank and sewerage for community, support of building materials for public facilities, micro and small business development, farmers coaching, providing free medical treatments, mass circumcision, biodiversity park, tree planting, making biopore holes and absorption wells, repair of roads and bridges, donation for disaster victims, orphan and elderly, religious ceremony, and national anniversary.
2	PT. Tirta Investama (MNC Subsidiary/Mineral Water)	Construction of clean water facilities, sanitation training and coaching, training of organic waste processing, providing water supply in dry season, toilets for school, HIV / AIDS education for student, drainage improvement, road and bridge repair, support of building materials for public facilities, equipment for youth sport activities, handicraft, farmers coaching, computer for religious school, biodiversity park, donation for disaster victims, religious ceremony, and national anniversary.
3	PT. Amerta Indah Otsuka (MNC/ Beverage)	Scholarship, community's infant health facilities, library for elementary school, clean and healthy lifestyle education, reforestation, tree planting, making biopore hole, catfish farming, donate for orphanage, blood donation, donate Qurban (Islamic event), road improvement, construction of deep well for community's water supply, Halal bi Halal (Islamic event), sewing course, free circumcision, free medical treatment, tree planting, computer training for youth, chicken, rabbit, and sheep farming, honey bee cultivation, waste processing, rice and horticulture farming, nursery for tree planting, supporting facility for business incubation program (cart for street vendor)
4	Chevron Geothermal Salak, Ltd. (MNC/Power Plant)	Building public library, smart house, computer labs, construction of clean water facilities, building school toilets, cattle and catfish farming, construction of irrigation channel, road repair, building mosque, providing art equipments for group of art performers, tree planting, building new classrooms for religious elementary school, donation for disaster victims, religious ceremony, and national anniversary.
5	PT. Tang Mas (Private Company/ Beverage)	Building clean water and sanitation facilities for community, building bridges, road repair, donation for disaster victims.
6	Tri Banyan Tirta (Private Company/Mineral Water)	Support of building materials for worship and other public facilities, donation for orphan, road repair
7	PT. Yakult Indonesia Persada (Private Company/Beverage)	Support of building materials for worship facilities, donation for religious ceremony.
8	PT. Djojonegoro C1000 (Private Company/Beverage)	Commercial waste management by community.
9	PT. Bio Farma (SOE/ Pharmaceutical)	Support of building materials for religious school and worship facilities, providing free medical treatments and vaccinations, koi fish farming, building batik house, providing tree seedlings, conservation and rehabilitation of primates, support of Geopark Ciletuh development as one of UNESCO Global Geopark Network, building community's health center, supporting equipments for health facility, clean water and sanitation facilities.

10	Perum Perhutani KPH Sukabumi (SOE/Forestry)	Community business incubation, school and religious facilities rehabilitation, providing clean water in dry season, company's land use with intercropping system for farmers, profit sharing for timber product.
11	PLN (SOE/Electricity)	Community business incubation
12	PT. Telkom (SPE/ Information and communication technology)	Community business incubation
13	Bank Mandiri (SPE/Banking)	Job training program partners with private vocational facilities, building new class rooms for elementary and junior high religious school, rehabilitation of unfit houses for habitation, building study room for religious boarding school, construction of multipurpose building, internship program.
14	PT. Pos Indonesia (SOE/Postal Service)	Supporting facility for business incubation program (cart for street vendor), donation for disaster victims, providing clean water in dry season, building sanitation facilities for religious boarding school.
15	Indonesia Power UJP Palabuhanratu (SOE/Power Plant)	Support materials for pre-school building, providing health facilities for community, electrical generator for fishermen, training of onion cultivation, agricultural tools, development of tourism destination, donation of equipment for worship facilities, building clean water facilities, pre-school building, mass circumcision for children, catfish farming, lobster farming, donation for orphanage, supporting facility for business incubation program (cart for street vendor), tree planting.
16	Bank BJB (Local Government-Owned Enterprise/Banking)	Construction of temporary shelters for victims of floods and landslides, rehabilitation of unfit houses for habitation, providing supporting facilities for education, providing supporting facilities for Search and Rescue (SAR) Team of Sukabumi Regency, construction of new classrooms for elementary school, water access for worship facilities.
17	Telkomsel (SPE/ Information and communication technology)	Donation for religious boarding school student, donation for orphan and religious ceremony, school equipment for student, workshop on teacher competency improvement, internet coaching for student.
18	PT. Promedrahardjo Farmasi Industri (Private Company/ Pharmaceutical)	Providing staple food for community before idul fitri day, donate qurban.
19	PT. Dasan Pan Pacific Indonesia (Private Company/Garment)	Donation for orphan and elderly, religious ceremony, providing clean water in dry season, road repair, sewing training.
20	PT. Delami Nitya Mandita (Private Company/Garment)	Providing bazaar for community, improvement of drainage, donation for religious ceremony.
21	PT. Gunung Salak Sukabumi (Private Company/Garment)	Road repair, building public facilities, scholarship, fogging, staple food, drainage improvement, worship facilities rehabilitation, building bridge, donation for orphan, religious ceremony, youth activities, national anniversary.
22	PT. Kenlee Indonesia (Private Company/Garment)	Scholarship, mass circumcision for children, improvement of drainage.
23	PT. Manito World (Private Company/Garment)	Providing staple food for community.
24	PT. Muara Griya Lestari (Private Company/Garment)	Writing book for students, donation for disaster victims.
25	L & B Indonesia (Private Company/ Garment)	Building worship facilities, donation for, orphan, poor, and elderly, religious ceremony, national anniversary.

26	PT. Younghyun Star (Private Company/Garment)	Donation for orphan, religious ceremony, and religious boarding school.
27	PT. Glostar Indonesia 1 (Cikembar) (Private Company/Garment)	Building bridges, ifthar party with community, donation for orphanage, donate Qurban (Islamic event), quail eggs for school students in World Food Day in 7 subdistricts, blood donation.
28	PT. Glostar Indonesia 2 (Sukalarang) (Private Company/Garment)	Building drainage, scholarship, donation for disaster victims, ifthar party and donation for orphanage, donation for worship facilities, donate Qurban (Islamic event), quail eggs for school students in World Food Day in 7 subdistricts.
29	PT. Cipta Dwi Busana (Private Company/Garment)	Construction of ground water well for community, donation for road repair, drainage, national anniversary, orphan, worship facilities.
30	PT. Woo Shin Garment (Private Company/Garment)	Donation for road repair, providing staple food for community in religious ceremony (idul fitri).
31	PT. KG Fashion Indonesia (Private Company/Garment)	Donation for religious ceremony, national anniversary.
32	PT. Laxmirani Mitra Garmino (Private Company/Garment)	Donation for religious ceremony, national anniversary, orphan, elderly, sport event.
33	PT. Alpha Toy Indonesia (Private Company/Manufacturing)	Donation for road improvement, religious ceremony, national anniversary, youth organization.
34	PT. Paparti Pertama (Private Company/Manufacturing)	Electricity for community, donation of company's product (plywood) for educational purpose and village government office, building pre-school and support its operational cost.
35	PT. Longvin Indonesia (Private Company/Manufacturing)	Donation for orphan, religious ceremony and national anniversary, partnership with citizens for the supply of products and services supporting the production process.
36	PT. Kino Indonesia (Private Company/Manufacturing)	Trash can for elementary school, blood donation from employee, HIV/Aids education for employee, free medical treatment for community, clean water facilities for community, clean and healthy lifestyle education, donation for religious ceremony, building drainage, reading books for school, support of building materials for public facilities, community-based waste bank, tree planting.
37	PT. Alpindo mitra baja (Private Company/Construction)	Donations for youth activities.
38	Hotel Augusta (Private Company/Hotel)	Cleaning beach with community, building bridge (Cibitung), stop drug campaign, facilitation of forming a rock climbing school, facilitation of empowerment of new tourism attraction management, life guard training, donation for disaster victim and worship facilities, green belt program facilitation, facilitation of the determination of a tourist village (Cikakak).
39	Hotel Pangrango Sukabumi (Private Company/Hotel)	Donation for operational cost of worship facilities, elementary religious school, pre-school, for road and drainage improvement.

Source: Author's compilation based on company's CSR activities reported to Research and Evaluation of Development Division, Development Planning Agency of Sukabumi Regency

Note

MNC: Multi-national Corporation

SOE: State-Owned Enterprise

SPE: Semi-privatized Enterprise (company with some part of its shares owned by private but still dominated by government)



## Appendix 2. Number of large and medium enterprises in each sub district in Sukabumi Regency

No	Sub district	Number of Companies
1	Ciemas	0
2	Ciracap	3
3	Waluran	0
4	Surade	6
5	Cibitung	0
6	Jampang Kulon	9
7	Cimanggu	2
8	Kali Bunder	0
9	Tegal Buleud	0
10	Cidolog	0
11	Sagaranten	3
12	Cidadap	3
13	Curug Kembar	0
14	Pabuaran	0
15	Lengkong	0
16	Palabuhan Ratu	9
17	Simpenan	3
18	Warung Kiara	2
19	Bantar Gadung	0
20	Jampang Tengah	9
21	Purabaya	5
22	Cikembar	22
23	Nyalindung	0
24	Geger Bitung	1
25	Sukaraja	20
26	Kebon Pedes	3
27	Cireunghas	2
28	Sukalarang	12
29	Sukabumi	6
30	Kadu Dampit	0
31	Cisaat	22
32	Gunung Guruh	6
33	Cibadak	40
34	Cicantayan	9
35	Caringin	12
36	Nagrak	6
37	Ciambar	1
38	Cicurug	50
39	Cidahu	13
40	Parakan Salak	0

41	Parung Kuda	27
42	Bojong Genteng	2
43	Kalapa Nunggal	1
44	Cikidang	1
45	Cisolok	0
46	Cikakak	1
47	Kabandungan	1
<b>Total</b>		<b>312</b>

Source: BPS/National Statistic Agency of Indonesia (2016)

Appendix 3. Location of 47 sub districts in Sukabumi Regency



Source: Retrieved and Modified in 24/04/2019 from <http://loketbeta.bu.go.id/beta-infrastruktur-kabupaten-sukabumi-2012>