THE ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY IMPLEMENTATION IN PT TELKOM

(Case Study on CDC PT TELKOM MALANG)

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THE ANALYSIS OF CSR PRACTICE IN PT. TELKOM  
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ABSTRACT  
This descriptive qualitative study aims to analyze the CSR practices in PT TELKOM, whether it performs in accordance with the principles of CSR. Beside the practice of CSR in PT TELKOM Malang, the problem and solutions occurred in the implementation of CSR in PT TELKOM also are discussed. Case study is employed as the research design to answer the research questions. Furthermore, the data collection methods used in this study are interview, documentation and observation. The results in this study reveals that first, CSR practices in PT TELKOM are performed by supporting unit named Community Development Center (CDC). CDC has two main programs that are Partnership Program and Community Development Program. Through these two programs CSR practices in PT TELKOM has been implemented in accordance with the CSR regulations in Indonesia namely, Finance Minister of Indonesia Decision No. 1232/KMK.013 /1989 about Guidelines for Development Low-Income Entrepreneurs and Cooperatives through State-Owned Enterprises, Act No. 19 of 2003 about State-Owned Enterprises and Regulation of State-Owned Enterprises Minister Per-05/MBU/2007. Second, the problem occurred in the implementation of CSR in PT TELKOM is bad credit. The solution performed to overcome the existing problem should not be contrast with the CSR regulation in Indonesia and should prioritize the public interest around the company. There are four steps are applied as the solution such as reminding call, reminding letter, direct visit to the business location or domicile of the partners and credit payment rescheduling.  

Key words: Corporate Responsibility, Regulation, Indonesia, Implementation of CSR, PT Telekomunikasi Indonesia Tbk.  

A. INTRODUCTION  
Nowadays, the economic development in the era of modernization has increased rapidly, including business activity. Business is the core of economics which has many activities includes production, packaging, distribution, marketing and financing. The activities of business are conducted to achieve the main goal of the company. Generally, the main goal of the company is to gain profit as much as possible for the interest of the company and the stakeholders of the company.
The activities of the company surely cause impact to many parties, especially in production activity. The production activity of business especially in manufacture company cause bad waste for the environment around the company. In running the business, the company should not sacrifice the interest of environment around the company. The company has to have the awareness to be responsible and care to the environment around the company. Besides focus on achieving the main goal, a company should conduct corporate social responsibility as the responsible action to the environment around the company.

According to Azheri (2012), the company is no longer as an entity that is just selfish (selfish) and / or exclusive from society. But it is a single legal entity that is required to conduct socio-cultural adaptation to the environment in which it is located, and can be held accountable like legal subjects in general. Therefore, the impact caused by the production activities of the company raises awareness of company to fulfill their social responsibility to environment around the company. The social responsibility is mandatory for companies, especially companies that cause negative impacts to the surrounding social environment. This activity is called Corporate Social Responsibility.

Corporate Social Responsibility companies can be implemented in various forms of activities which are undertaken by the company in order to meet the obligations of social responsibility issues including building relationship with the surrounding communities or supporting the environment protection such as support reforestation. CSR is an attempt to balance and harmonize the economic needs and objectives between the company and the social environment in where the company operates.

In Indonesia, CSR is regulated in Act Number 40 of 2007 on Limited Liability Company is in Article 74 paragraph (1) which states that the company that runs its business activities in the field and / or related to the natural resources are required to implement the Social and Environmental Responsibility. The purpose of corporate social responsibility / CSR provided for in Article 1 paragraph 3 of Law No. 40 of 2007 on Limited Liability Company is to improve the quality of life and environment that is beneficial to the Company itself, the local community and society.

One of companies in Indonesia, which perform its obligations in implementing CSR, is PT TELKOM. It is the largest company of information and communication service providers and telecommunications networks in Indonesia. PT TELKOM is pursuing its commitment to realizing its social responsibility to the community. PT TELKOM performs the corporate social responsibility in its every branch in Indonesia. One of the branch of PT TELKOM which perform the CSR to the community is PT TELKOM Malang. CSR program in PT TELKOM Malang is divided into two (2) types Partnership Program and Environment Development Program, which is managed by a supporting unit called the Community Development Center (CDC). The objectives of the study are 1) to know the implementation of corporate social responsibility in PT TELKOM Malang and 2) to know the problems and the solutions perform in the implementation of corporate social responsibility PT TELKOM Malang.

B. LITERATURE REVIEW

Corporate Social Responsibility (CSR)

CSR is a mechanism for an organization to voluntarily integrate social and environmental concerns into its operations and interactions with stakeholders that exceeds legal responsibility (Darwin, 2004 in Anggriani, 2006). Concern companies set aside their profit for the benefit of
human development (people) and the environment (planet) on an ongoing basis based on the procedure. The implementation of CSR in Indonesia is an effort to increase prosperity for the people of Indonesia.

The objective of the company in conducting the CSR is to build a good relationship between the company and society. In addition, CSR program is expected to be guarantee of economic growth for the company for a long period. CSR program that performed still prioritize the interests of stakeholders without causing social injustice or social inequality in the environment around the company. According to Wibisono (2007), there are 10 benefits of implementation of CSR, namely: 1) to maintain and boost up the reputation and brand image of the company; 2) to obtain the social license to operate; 3) to reduce the business risks of the company; 4) to expand the access to resources for business operations; 5) to expand the access to the market place; 6) to reduce the cost, such as related with impact of waste disposal; 7) to improve the relationship with stakeholders; 8) to improve the relationship with regulator; 9) to increase spirit and productivity of employees; 10) to increase the opportunity to get the award.

Basically, the Corporate Social Responsibility is not a business entity department or a partial division of company. Corporate Social Responsibility is a value or an awareness that underlies the company's activities. The Corporate Social Responsibility becomes the basic concept of the economic, social, welfare and the environment aspects. The basic concepts can be used as an indicator of the seriousness of the company in implementing Corporate Social Responsibility. Besides those four basic concepts, the seriousness of the company in implementing Corporate Social Responsibility can be measured using the indicator of Pyramid of Corporate Social Responsibility (Carroll, 1979). In the Pyramid of Corporate Social Responsibility, the responsibilities can be divided into 4, namely: 1) Economics Responsibility; 2) Legal Responsibility; 3) Moral and Ethics Responsibility; 4) Social Responsibility or Philanthropic. The purpose of the Pyramid of Corporate Social Responsibility is to know the types of responsibility of company in implementing Corporate Social Responsibility. Whether a company would only focus on economic responsibility and ignore the needs of the society or at the stage of while company only comply with the existed law or while a company at the highest stage that has an awareness to conduct social responsibility. According to Kotler and Lee (2005), there are six alternative types of corporate social responsibility to be chosen by the company. Six alternative types of programs to be chosen by the company to implement Corporate Social Responsibility are: 1) Cause Promotions; 2) Cause Related Marketing; 3) Corporate Societal Marketing; 4) Corporate Philanthropy; 5) Community Volunteering; 6) Socially Responsible Business Practice.

The Regulations of Corporate Social Responsibility in Indonesia

The CSR concept in Indonesia became increasingly popular since the 1990s. Some companies actually have been doing CSA or Corporate Social Activity. Although not known as CSR, in fact the action of CSA are similar to the concept of CSR which represents a form of "participation" and "caring" company against the social and environmental aspects. Through the concept of social investment company "seat belt", since 2003 the Ministry of Social recorded as government agencies are active in developing the concept of CSR and advocate for various national companies.

Corporate Social Responsibility in Indonesia has begun to be recognized. This is evident from the appearance of some of the rules or laws governing corporate social responsibility, both issued by the government and special organizations. With the regulation or law firm in
Indonesia, it is expected to be able to implement and report on social responsibility activities consistently and in accordance to the existed regulations in Indonesia.

Implementing social responsibility is a normative moral obligation for any type of company. When the company as a new comer which intervention to the existed local community, it has become imperative to adapt and make a contribution, because a company presence has both positive and negative impacts. Nowadays this concept is not only are normative, but Corporate Social Responsibility has been set in some of the regulation that are binding the company to undertake the social responsibility towards the society. There are some government regulations about Corporate Social Responsibility. They are: 1) The Decision of Minister of State-Owned Enterprises about Partnership and Community Development Program. Corporate social responsibility previously is only binding the State-Owned Enterprises or SOEs. Corporate Social Responsibility run by State-Owned Enterprises is Partnership and Community Development Program. Basically, Partnership and Community Development Program divided into two programs, the Partnership Program and Community Development Program. Partnership Program is a program of assistance for small business development by providing loans and assistance. While the Community Development Program is a program empowering social conditions of communities around the company. Partnership Program for State-Owned Enterprises implemented since 1983 along with the issuance of Government Regulation No. 3 of 1983 about Procedures for the Development Perjan, Perum and Persero. Therefore, this regulation developed into The Decision of the Finance Minister No. 1232 KMK.013/1989 on November 11th, 1989 about Guidelines for Development Low-Income Entrepreneurs and Cooperatives through State-Owned Enterprises. As an improvement to the previous regulation, Regulation of State-Owned Enterprises Minister Per-05/MBU/2007 about the Partnership and Community Development Program issued. Regulation of the Minister of State for State-Owned Enterprises, Per-05 / MBU / 2007, Paragraph 1 article (6): “Partnership Program is a program to improve the ability of small businesses to be strong and independent through the use of funds from the profit of State-Owned Enterprises.” Whereas on Paragraph 1 article (7): “Community Development Program is the social condition empowerment by utilization of funds from the profit of State-Owned Enterprises.” The form of assistance given by SOE in Community Development Program according to Regulation of the Minister of State-Owned Enterprises, Per-05 / MBU / 2007, Paragraph 11 article (2) are: a) Donation for the victims of natural disasters; b) Donation for education and / or training; c) Donation for health improvement; d) Donation for the development of infrastructure and / or public facilities; e) Donation for religious facility; f) Donation for nature conservation; 2) Act No. 19 of 2003 about State-Owned Enterprises, which regulate: a) Paragraph 2 articles (1): One of the purposes and objectives of the establishment of State-Owned Enterprises are also active in providing guidance and assistance to low-income entrepreneurs, cooperatives and society; b) Paragraph 88 article (1): State-Owned Enterprises can set aside part of net income for the purposes of coaching of small businesses / cooperatives and society development around the State-Owned Enterprises; 3) Act No. 25 of 2007 about Investment. In Act No. 25 of 2007 about Investment, both domestic and foreign investor obliged to perform Corporate Social Responsibility; 4) Act No. 40 of 2007 on Limited Liability Companies. Besides State-Owned Enterprises, Limited Liability Companies which its operational activity need to use natural resources are obliged to conduct Corporate Social Responsibility. In Act No. 40 of 2007 about Limited Liability Company, CSR obligations for companies for Limited Liability Company or Perseroan Terbatas.
C. RESEARCH METHOD

This research uses qualitative research. It is called qualitative descriptive because it is done without the hypothesis formulated strictly for the purpose of describing in detail the particular social phenomena. Bogdan and Biklen (1982) stated that qualitative research is research which produces descriptive data in the form of words written or spoken of the people and observable behavior. Qualitative method is an approach to investigate value-laden nature of the study as well as the value nature of information gathered from the field (Creswell, 2007). Qualitative research goal is to create a description, illustration or portrayal in systematic, factual and accurate information on the facts, the properties and the relationship between the phenomena investigated. Furthermore, Gorman and Clayton (1997) stated that the ultimate goal is to understand what qualitative writings are studied from the perspective of the incident itself, from the point of view of events itself. The final results of qualitative research does not just produce data or information that is difficult to find through quantitative methods, but also must be able to produce meaningful information that can be used to help solve problems and improve the lives of humans.

Type of research design used is a case study which aimed at conducting in-depth investigation of a particular subject to provide a complete picture about a particular subject. According to Argyris et. al (1985) includes two objectives, namely: to solve the problem for the research object, and make a contribution to science. So in this case, the researchers conducted two activities simultaneously, i.e. between the management consultants and the academic researcher. Case study focused on one particular object that is appointed as a case to be studied in depth. Case study aims to dismantle the reality behind the phenomenon that is sometimes not the real thing, but only the reflection of the inside condition of problem. Similar to the data collection technique in qualitative research, case study data can be obtained from all the parties concerned, either through interview, observation and documentation.

The research is conducted at PT. Telekomunikasi Indonesia Kandatel Malang Unit CDC, Jalan Ahmad Yani No. 11 Blimbing Malang East Java. PT Telekomunikasi Indonesia or PT TELKOM Malang especially unit CDC is selected as the object of the research because the researcher found problem to be analyzed in Partnership and Community Development Program. Partnership and Community Development Program is program of one of supporting units in PT TELKOM, Community Development Center. Community Development Center or CDC is assigned to implement Corporate Social Responsibility in PT TELKOM in accordance with Acts and government regulations in Indonesia.

The used data type in the research is primary data. Data obtained directly from the source, observed and recorded for the first time. Primary data collection techniques may include observation, interviews and documentation (Sugiyono, 2012). The primary data used as the sources for this research such as the result of in-depth interview conducted in CDC area Malang. Data used in this research is definitive and meaningful because it is gleaned from trusted and authorized informant on CDC Malang PT TELKOM. The researcher also uses secondary data. Indiantoro and Supomo (2002) states that secondary data refer to information gathered from the existing sources. They are usually obtained by the researcher indirectly or through an intermediary media (obtained and recorded by others). The secondary data can be evidence, document, record or historical report, websites, the internet, and literature text book. The secondary data of this research is obtained from: 1) Text contained in books related to Corporate Social Responsibility; 2) Journals and online data from the internet; 3) Summary of an article from other researchers; 4) Documents and the partners annual report of CDC area Malang from 2012 to 2014.
This study uses three data collection techniques, namely: 1) Semi-structured interview. Sugiyono (2012) stated that interview is a data collection through meetings between researchers with the informant to exchange information. The information exchange is done through a process of debriefing. In the similar tone, Moleong (2006) stated that the interview is a conversation between the interviewer as a party to ask questions to interviewees as those who provide answers to questions. This study is using semi-structured interviews. Furthermore, Sugiyono (2012) stated that the semi-structured interview is a type of interview that enables researchers to develop other questions for the answers informant apart from the interview guide. To determine informant, the purposive sampling is used. The method is informant selection with certain considerations that are tailored to what data is required. Researchers chose informants who are considered to have adequate knowledge of the research object. Determination of informants begins by studying the organizational structure of the CDC Unit PT Telkom Kandatel Malang and searches information on the parties who have relevant information to obtain information in accordance with the research problem. Based on this concept, the party who are determined to become informants of this research is assistant manager CDC PT Telkom Kandatel Malang. 2) The documentation is one of the sources of the data in the form of notes, drawings or pictures, biography, etc. Document Study is complementary to the use of interviews in qualitative research methods for the use of the document can improve the credibility of the results of the interview (Sugiyono, 2012). Document used in this study is the official document. Moleong (2006) stated that an official document consists of a document that has information according to the research problem; 3) Observation is data collection technique by conducting observations to the location of the studied company.

Analysis of data on qualitative research is the process of collating data obtained systematically by means of categorizing, prepare according to the pattern, select the data that is important and that needs to be explored, as well as making inferences from data analysis. The steps conducted in case study is similar to the steps conducted in qualitative research, because in fact the case study is part of a qualitative research. Moleong (2006) stated that the process of data analysis begins by examining all the data that have been obtained are then reduced to a summary of which is at the core of the data. The next step is to prepare a summary of the data into categories. The category is made while coding. The last stage of the analysis of the data is validity check of the data.

D. FINDING AND DISCUSSIONS

PT. TELKOM Indonesia

Telkom Group is the only state-owned telecommunications enterprise as well as telecommunications and network service providers in Indonesia. Telkom Group serves millions of customers throughout Indonesia with a complete range of telecommunications services that includes fixed wire-line and fixed wireless connections, mobile communications, networking and interconnection services and Internet and data communication services. Telkom Group also provides various services in the field of information, media and edutainment, including cloud-based and server-based managed services, e-Payment services and IT enabler, e-Commerce and other portal services.

As a telecommunications company, Telkom Group continues to pursue innovation in sectors other than telecommunications, and builds synergy among all products, services and solutions, from legacy business to New Wave Business. In order to increase business value, in
2012, Telkom Group changed its business portfolio into TIMES (Telecommunication, Information, Media & Edutainment Service). To run its business portfolio, Telkom Group has four subsidiaries, namely PT. Telekomunikasi Indonesia Selular (Telkomsel), PT. Telekomunikasi Indonesia International (Telin), PT. Telkom Metra dan PT. Daya Mitra Telekomunikasi (Mitratel).

Community Development Center (CDC)

As a SOE (Stated Owned Enterprises), Telkom has been actively involved in developing the Partnership and Community Development Programs through Telkom Community Development Center (Telkom CDC). In its practice, Telkom CDC has a vision to become the best company in Asia Pacific Region in building the community to achieve business sustainability and company reputation. While the mission is to establish or empower the communities which are related to telecommunication, information, media, edutainment and services as well as establishing or empowering social, economic and environment communities. Telkom CDC as a supporting unit for the main business of Telkom has a strategic position to other business units in terms of empowering communities. With this strategic position Telkom CDC has two main responsibilities: firstly as a mandate holder as the executor of PKBL and secondly as the executor of Telkom Corporate Social Responsibility (CSR).

Historically, Telkom CDC was initiated from the Small Enterprise and Cooperative Fostering Program (PUKK) in 2001. With the course of government regulation changes and the developing business demands, it transformed to CDC in 2003 by the BoD Decree No. 61/PS150/CTG-10/2003 concerning the establishment of Central Management Organization of PKBL and in later was renewed by KD.12/PS150/COP-B0030000/2008 on February 5, 2008 concerning the management of Central Organization of Partnership Program and Community Development which was then called Telkom CDC. Later on, in accordance with PD 202.06/r.00/PS150/COP-B0400000/2012 about West/East Telkom Division Organization on December 19, 2012, the Area CD organization management control has been handed over from Telkom CDC to East/West Telkom Division under its respective Witel organization.

Since 2003, Telkom CDC has experienced transformation in terms of paradigm, organizational management, job description and its authorities and responsibilities. The CSR management which was under CDC in accordance with BoD Decree No: KD. 18/PS180/COP-B0030000/2009 on June 12 2009 about the Additional Duties, Authorities and Responsibilities of PKBL Center Organization (CDC) on Corporate Social Responsibility (CSR), since March 1, 2013, based on BoD Decree HCGA No. C:Tel.47/UM000/COP-0000000/2013 on March 15, 2013, concerning the handover of CSR management to HCCA, then transferred from CDC to HCCA. This is to simplify and facilitate the synergy of reputation building and corporate image with the corporate social responsibility activities As a SOE, Telkom has been actively involved in developing the Partnership and Community Development Programs through Telkom Community Development Center (Telkom CDC).

Telkom CDC as a supporting unit for the main business of has two main responsibilities: firstly as a mandate holder as the executor of PKBL and secondly as the executor of Telkom Corporate Social Responsibility (CSR). Furthermore, the CSR program of CDC has two main programs as the act of their responsibilities, which are called as PK-BL: 1) Program Kemitraan (PK) or Partnership Program; and 2) Program Bina Lingkungan (BL) or Environment Development Program. In general, PKBL main programs are fostering partnership and community development programs. Through the partnership program, Telkom CDC attempts to
improve the ability of small enterprise to be tough and independent, especially in these business sectors: Industry, Trade, Plantation, Agriculture, Livestock, Fishery, Services, and other Services. In community development program, Telkom CDC empowers the society’s social conditions in order to improve their prosperity. This program is realized through funding for education facilities, improvement of religious facilities, development of public facilities, improvement of public health, natural conservation, aid fund for handling and supporting disaster victim recovery, and poverty alleviation.

Philosophy of Partnership and Environment Development Program in Telkom is not philanthropy or just giving feedback to the community. The activities in this program are designed for to stimulate the society around the company to become independent. It is expected that the partners or MB of this program can be independent and are no longer depend to PT TELKOM in short time of period. Partnership and Environment Development Program activities are also designed, monitored, and evaluated periodically. The purpose of this program is that profit allocated by Telkom for CSR can be well managed and give positive effect for the society and PT TELKOM. Partnership and Community Development is an instrument for Telkom to participate and encourage economic activity and growth of society. The contribution of Partnership and Community Development can be seen from the activity of the program such as, giving financial support for small and medium-sized enterprises around the company.

**Partnership Program**

PT Telkom also hold a partnership program aimed at helping people, especially local small and medium-sized enterprises with lacks of fund to expand their business. This partnership program is a form of PT Telkom CSR to the surrounding community. Partnership Program of the CDC PT TELKOM has a legal basis as the basis in carrying out any activities and programs are made. The legal basis are: 1) PER-05/MBU/2007 April 27th, 2007 on a program of Stated-Owned Enterprises Partnership with small business and community development program; and 2) Decisions of the Board of Directors of PT Telekomunikasi Indonesia Tbk, Number KD.51/PSI50/CTG-10/2006 September 13th, 2006 on the establishment of the Central Organization Partnership Program Manager and Community Development Program. There are six stages in the loan process flow of partnership program. They are: 1) Application Stage; 2) Application Form Fulfillment and Documents Required Submit Stage; 3) Survey Stage; 4) Analysis of the Eligibility of the Candidate Partner Stage; 5) Disbursement Stage; 6) Post-Disbursement Stage.

**Community Development Program**

Community Development Program is a program empowering social conditions by PT TELKOM in the area around the business enterprise through the use of funds from profit allocated by PT TELKOM. Objects and activities of Community Development Program are financial support for natural disaster victims, education and or training for partners, public health improvement, the development of infrastructure and public facilities, religious place and nature conservation. The Community Development Program has a legal basis as follows: 1) PER-05 / MBU / 2007, DATED 27 APRIL 2007 ON PARTNERSHIP PROGRAM STATE OWNED ENTERPRISES WITH SMALL BUSINESS AND COMMUNITY DEVELOPMENT PROGRAM; and 2) Decision of the Board of Directors PT.Telekomunikasi Indonesia, Tbk Number KD.12 / PS150 / COP-B0030000 / 2006 dated September 13, 2006, on the Establishment of the Central Organization Partnership Program Management and Community...
Development Program (Community Development Center). Through the Community Development program, PT TELKOM promotes the important role of internet, called Red White Broadband Learning Center (BLC Red and White). PT TELKOM believes the presence of broadband facilities - especially in segregated areas - in addition will increase the public's understanding of the use of Information and Communication Technology (ICT), also can increase economic activity and speed up community self-reliance and reduce the outdated of information.

Analysis of the Implementation of CSR in Partnership Program in PT TELKOM Malang

In accordance with The Decision of the Finance Minister No. 1232 KMK.013/1989 on November 11th, 1989 about Guidelines for Development Low-Income Entrepreneurs and Cooperatives through State-Owned Enterprises and the State Minister of State-Owned Enterprises Per-05/MBU/2007, the purposes implemented by a Partnership Program of CDC is to improve the ability of small businesses to be tough and independent. Types of business which become the object of partnership program are industry, trade, plantation, agriculture, fisheries, services, and other sectors.

As set out in the Act No. 19 of 2003 about State-Owned Enterprises, Partnership Program provides business loans for partners in order to help them develop their business. Forms of loans granted to partners are working capital loan and purchase of capital goods. In addition to provide financial assistance to develop the business, PT TELKOM in order to implement CSR also provides guidance in the form of training to increase knowledge and insight to the partners to be better in managing their businesses. The guidance given to the partners in partnership program are as follows: a) Education and training and apprenticeship, aims to: improve managerial skills and techniques of production / processing; improve the quality control of production; improve compliance technology standardization; improve design and engineering; and b) Product marketing products of the partners, aims to: help the partner product sales; and help to promote products of the partner through the exhibition and the provision of showrooms.

In this program, PT Telkom gives financial support to small entrepreneurs in terms of loan which must be payback with interest. The interest rate used by CDC PT Telkom is very affordable compared with conventional banking standards rate, 6% per year. Total partners of CDC in 2012 are 50 partners, in 2013 are 61 partners and in 2014 are 34 partners. With total amount of loan from 2012 to 2014 are Rp 2.045.000.000,-; Rp 3.075.000.000,-; Rp 1.885.000.000,-

Analysis of the Implementation of CSR in Community Development Program in PT TELKOM Malang

According to The Decision of Finance Minister of Republic Indonesia No. 1232/KMK.013/1989 on November 11th 1989 about Guidelines for Development Low-Income Entrepreneurs and Cooperatives through State-Owned Enterprises, Act No. 19 of 2003 about State-Owned Enterprises Paragraph 2 article 1 and paragraph 88 article 1 and Regulation of State Minister of State-Owned Enterprises Per-05/MBU/2007 Paragraph 1 article 7, PT TELKOM as one of the biggest State-Owned Enterprises has to allocated certain amounts from the annual profit for social responsibility by giving contribution for the development of the society around company. Different from Partnership Program, Community Development Program conducted empowerment social conditions in order to improve the welfare and benefit of the community around the company. Empowerment of social condition in this program include education and
training assistance, donation for religious facilities, public facilities, public health assistance, support nature conservation, donation for natural disaster victims, and poverty reduction. This program targets are in accordance with the scope of standard Community Development Program which regulated in Regulation of State Minister of State-Owned Enterprises Per-05/MBU/2007. Community Development Program is implemented to accommodate the needs of the community. This program is expected to solve social problems, through the provision and improvement of health facilities, education and training, development and improvement of infrastructure of religious place, the provision of public facilities, nature conservation, poverty reduction and assistance for disaster victims.

Of the overall earlier explanation, the researchers can describe in broad outline of activities and implementation of CSR activity of PT TELKOM through Unit CDC area Malang as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>The Regulations in Indonesia</th>
<th>Programs of CDC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The Decision of the Finance Minister No. 1232 KMK.013/1989 on November 11th, 1989 about Guidelines for Development Low-Income Entrepreneurs and Cooperatives through State-Owned Enterprises</td>
<td>PT TELKOM as one of the State-Owned Enterprises are obliged to conduct the Corporate Social Responsibility for the society around the company. Through Partnership and Community Development Program performed by Unit CDC, PT TELKOM fullfil the obligation of State-Owned Enterprises as mentioned in The Decision of the Finance Minister No. 1232 KMK.013/1989. Partnership and Community Development Program are conducted to contribute to the development of economic condition of the low-income entrepreneurs and society continuously. Assistance given in this program is not only in form of financial support, but also education and training for the partners to help them increase the quality of their business.</td>
</tr>
<tr>
<td>2.</td>
<td>The Regulation of the State Minister of State-Owned Enterprises, Per-05/MBU/2007, Paragraph 1 article 6 and 7</td>
<td>Partnership and Community Development Program in CDC area Malang are conducted in accordance with the definition mentioned in The Regulation of the State Minister of State-Owned Enterprises, Per-05/MBU/2007, Paragraph 1 article 6 and 7. Partnership Program aims to help the Small and Medium-Sized Enterprises around PT TELKOM Malang to increase their economic condition and to improve their business quality. Whereas,</td>
</tr>
</tbody>
</table>
Community Development aims to empower the social condition of the society around PT TELKOM, through assistance given for social activity or improvement of education, health and religious facility.

3. Act No. 19 of 2003 about State-Owned Enterprises Paragraph 2 article 1 and Paragraph 88 article 1
Similar to The Decision of the Finance Minister No. 1232 KMK.013/1989, Partnership and Community Development Program in CDC PT TELKOM derived its financial sources from annual profit which specially allocated for the implementation of Corporate Social Responsibility.

4. Regulation of State Minister of State-Owned Enterprises Per-05/MBU/2007 Paragraph 11 article (2)
In accordance with Regulation of State Minister of State-Owned Enterprises Per-05/MBU/2007, the target or the object of Community Development Program in CDC area Malang are the victims of natural disaster such as the victims of Kelud Earthquake in Pujon, Batu and so on.

Analysis of the Problems and Solutions in CSR Implementation in PT TELKOM Malang
Partnership Program is an activity that gives financial support to small and medium-sized enterprises to develop their business. The loan given by CDC PT TELKOM has low interest rate at 6% annually with repayment period for 2 years. Financial support which is given to MB is in the form of loan which has to be paid back no later than the 10th of each month.

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Partners</td>
<td>50</td>
<td>61</td>
<td>34</td>
</tr>
<tr>
<td>Total of Loan (Rp)</td>
<td>2,045,000,000</td>
<td>3,075,000,000</td>
<td>1,885,000,000</td>
</tr>
<tr>
<td>Total of Loan Repayment with Interest (Rp)</td>
<td>2,178,188,000</td>
<td>2,360,560,000</td>
<td>1,272,320,000</td>
</tr>
<tr>
<td>Percentage Level of Loan Repayment (%)</td>
<td>107</td>
<td>77</td>
<td>67</td>
</tr>
</tbody>
</table>

Table of Percentage Level of Loan Repayment in PT TELKOM Malang

From table and graph above, it can be concluded that the trend of total loan repayment in CDC PT TELKOM Malang is decrease. The percentage level of loan repayment in 2012 is 107% (106,5% be rounded), this means that all the loan in 2012 are totally paid by all the partners. In 2013 the total loan was Rp 3,075,000,000 but the total loan repayment was only Rp 2,360,560,000 or 77% (76,8% be rounded). In 2014 the percentage level of loan repayment is decrease from 77% to 67% (67,5% be rounded). The degradation of percentage level of loan repayment from 2012-2014 indicates that the problem in Partnership Program CDC PT TELKOM Malang is the occurrence of bad loan.
Because it is one of the CSR, then the loan system on the CDC is not the same as the loan system in other financial institutions. The steps taken by PT TELKOM Malang as the solution of the problem that arises in the implementation of CSR is also different because it must be in accordance with the principles of CSR that altruistic to social environment around the company. The solution performed should not be contrary to the principles of CSR. The solutions must remain concern to the interest of the social environment around the company. The solution taken should not only be for the benefit of the company. The steps will be performed by PT Telkom in order to solve the problem arises are as follows: 1) Reminding call is done on regular basis and not only to MB that current payment, but also to remind the MB to not to be late in payment their installment; 2) Reminding letter is done when MB has been called for three times but still has not paid the installments; 3) If the MB with bad credit still does not make installment payments after being reminded by phone and letter, the next step to be taken is to remind MB to directly visit to their business location or residence. This step is also useful for controlling action to the development of business of MB after receiving loan from the CDC, whether it is getting better or not; and 4) Credit Payment Rescheduling is done to the MB who does not pay for three consecutive months. It is done through negotiations.

Because it is one of CSR action of PT TELKOM, the Partnership Program in the case of bad credit will never give punishment like confiscation asset of partners or doing a violent action in any form. Four steps above are done with the purpose of keeping the sustainable communication between the CDC and the MB. Furthermore, this method is not used by the CDC to earn income from loan installment, but rather to train the MB to become consistent and honest entrepreneurs who have the discipline mental to fulfill their duties and obligations that they have agreed in the business. Therefore, in the CDC the borrower is not referred to as a nasabah as in other financial institutions, but rather referred to as Partners for PT TELKOM.

Further Sustainability of CDC PT TELKOM

From the previous analysis, it can be seen that the level of loan repayment for the period 2012 to 2014 has decreased. This phenomenon raises question about the further sustainability of the CDC if the income earned from loan repayments continuously decreased. CDC is the supporting unit of PT TELKOM in implementing Corporate Social Responsibility must always prioritize the interests of the community around the company. Although the level of loan repayment in the CDC Malang in the period 2012 to 2014 has decreased, the further sustainability of CDC PT TELKOM has nothing to worry about. CDC is the supporting unit of PT TELKOM to implement the Corporate Social Responsibility, the fund used to run the Partnership and Community Development Program is derived from the profit of PT TELKOM which allocated for the interest of society, especially in helping to develop the economy of society around PT TELKOM. This phenomenon indicates that PT TELKOM as one of the largest state-owned enterprises in Indonesia has performed Corporate Social Responsibility in accordance with Act No. 19 of 2003 about State-Owned Enterprises Paragraph 88 article 1.

E. CONCLUSIONS

Conclusions

Based on the findings of the study, it can be concluded that the practice of Corporate Social Responsibility (CSR) in PT TELKOM Malang through Partnership and Community Development Program has been running well. Supporting units to implement the Corporate
Social Responsibility (CSR) in PT TELKOM Malang is Unit Community Development Center (CDC). CDC units spread throughout the branches of PT Telkom in Indonesia. They are: area I Sumatra, area II Jakarta and Banten, area III West Java, area IV Central Java and Yogyakarta, area V East Java, area VI Kalimantan and area VII Sulawesi, Bali, NTB, NTT, Maluku and Papua. Each area then will be divided into smaller area, area V East Java CDC Unit is divided into 8 regions, namely Madiun, Jember, Surabaya-Madura, Gresik, Sidoarjo, Pasuruan, Malang and Blitar. CDC Unit in Malang is the object of study in this research.

The work program of CDC Unit in order to implement the Corporate Social Responsibility (CSR) is divided into two, namely, the Partnership Program and Community Development Program. Through partnership program, Telkom CDC is trying to improve the competency of small businesses to be more independent. Target of the partnership program is the small and medium-sized enterprises in Malang especially in the sectors of industry, trade, plantation, agriculture, fisheries and services. The community development program is conducted through community empowerment in order to improve the welfare of the community around the company by renovating religious places, providing education and training assistance, public facilities, public health assistance, natural conservation and victims of natural disasters aids. The target of Corporate Social Responsibility (CSR) PT TELKOM is divided into two parts, namely the target for the Partnership Program is small and medium enterprises. The prospective partners should have already been operated at least one year and has fulfilled the requirements. While, the target for the Community Development Program is the community and social environments that need help from the company.

Output or outcome of Partnership and Community Development Program PT TELKOM Malang is the fulfillment of obligations of the company to perform social responsibility in accordance with the CSR regulations in Indonesia namely, Finance Minister of Indonesia Decision No. 1232/KMK.013 /1989 about Guidelines for Development Low-Income Entrepreneurs and Cooperatives through State-Owned Enterprises, Act No. 19 of 2003 about State-Owned Enterprises and Regulation of State-Owned Enterprises Minister Per-05/MBU/2007. Small and medium-sized enterprises becomes the partners of the partnership program is expected to become more independent. Through the community development program, PT TELKOM Malang makes social investment PT TELKOM Malang by helping the communities around the company.

The trend line of total loan repayment in CDC PT TELKOM Malang is decrease. The percentage level of loan repayment in 2012 is 107% (106.5% be rounded), this means that all the loan in 2012 are totally paid by all the partners. In 2013 the total loan was Rp 3.075.000.000 but the total loan repayment was only Rp 2.360.560.000 or 77% (76,8% be rounded). In 2014 the percentage level of loan repayment is decrease from 77% to 67% (67,5% be rounded). The degradation of percentage level of loan repayment from 2012-2014 indicates that the problem in Partnership Program CDC PT TELKOM Malang is the occurrence of bad credit. Bad credit is caused by some of the partners reluctant to payback their loan to PT TELKOM Malang.

There are four steps performed to solve the problem. They are: 1) Reminding Call; 2) Reminding Letter; 3) Direct visit to the business location or the domicile of the MB; and 4) Credit Payment Rescheduling. The solution performed to solve the problem should not be in contrast the existed regulation in Indonesia about CSR and should always consider the interest of the social environment. CDC will never give punishment like confiscation asset of partners or doing a violent action in any form for any case of bad credit.
Although the level of loan repayment in the CDC Malang in the period 2012 to 2014 has decreased, the further sustainability of CDC PT TELKOM has nothing to worry about. In accordance with Act No. 19 of 2003 about State-Owned Enterprises Paragraph 88 article 1, CDC which is the supporting unit of PT TELKOM in implementing the Corporate Social Responsibility, run the Partnership and Community Development Program uses fund which is derived from of annual profit allocated from PT TELKOM for the interest of society, especially in helping to empowerment the economic condition of low-income entrepreneurs and the society around PT TELKOM.

Research Limitation

This research has limitation in the lack of informants in CDC PT TELKOM area Malang because of the authorized party in CDC Area Malang is handled only by one person, which is the Assistant Manager of CDC, named Gatot Indra Susilo. Therefore, this research becomes subjective because of the result of analysis data is obtained from the point of view of one informant, the researcher and supporting theories.

Suggestions for Further Research

Further researchers studying similar topic is expected to fill the gap found in the limitation of the study section. The importance of social responsibility for the company will lead the development of research, scientific studies, articles and related literature from time to time, so the further research is needed to be more complete regarding social responsibility in the company in Indonesia.

References


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