

THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY AT PT. INDOFARMA (PERSERO) TBK.

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ABSTRACT

The purpose of this study was to describe the implementation of social responsibility program (Corporate Social Responsibility / CSR) in PT. Indofarma (Persero) Tbk. In accordance with its objectives, a qualitative descriptive approach used in this study. The results showed that refers to the categorization according to Kotler and Lee (2005), there are six alternative CSR program that can be selected by considering the company's corporate objectives, types of programs, the potential benefits to be gained, as well as the stages of activity. Then this type of social responsibility applied by PT. Indofarma is a type of corporate philanthropy. CSR with this category implies that the company contributes to the direct free (charity) in the form of cash grants, donations and the like. Actions of the company to give back to the community some of their wealth as an expression of gratitude for the contribution of the community. Advantages that can be obtained from the Corporate Philanthropy program is to increase the company's reputation, strengthen the company's future through the creation of a good image in the eyes of the public as well as to give effect to the settlement of social problems in local communities.

Key Words: Corporate Social Responsibility (CSR), Implementation, PT. Indofarma, Philanthropy

A. INTRODUCTION

In this globalization era, the industrial sectors have been growing rapidly. The significant growth in the industrial sector occurs in both developed and developing countries. The industrial companies have been established in the entire world, and control the power of the global economy. The existence of the company in the community may pose positive and negative impacts. Companies provide goods and services needed by the community. However, the public

may also be affected the bad effects of corporate activity (Susanto, 2012). To alleviate these negative impact, the company has a social responsibility to give contribution towards to environment especially for which the company has damaged the environment. Companies are not only responsible to the shareholders, but also generates profit for the public. Conducting business is not only about generating profit the company itself, but it is also about giving benefits for the public.

The applications of corporate social responsibility are believed to increase the performance of the company, which is investors standard to invest on companies. Therefore, companies that have a social conscience may use information social responsibility as one of the company's competitive advantage (Zuhroh and Sukmawati, 2003). Eipstein and Freedman (1994) found that individual investors interested in social information reported in the annual report that will inform the management company fund is not only for the management, but it also includes the impact of the company on the natural and social environment.

One of companies in Indonesia, which perform its obligations in implementing CSR, is PT Indofarma (persero) Tbk. It is one of the largest company of pharmacy in Indonesia. PT Indofarma (persero) Tbk is pursuing its commitment to realizing its social responsibility to the community. The implementation of Corporate Social Responsibility Program (CSR) or also known as the Partnership and Community Development is one form of their commitment towards stakeholders. In general, the company defined stakeholder as a party that has direct impact toward company's sustainability. Considering the main impacts, risks and, opportunities that may arise from our operating activities, the company determined that their stakeholders include the community stakeholders, employees, and customers. The objective of this study is to describe the implementation of CSR program in PT. Indofarma (persero) Tbk.

B. LITERATURE REVIEW

Corporate Social Responsibility (CSR)

In the global era, competition among the companies becomes tighter, because all of the companies want to keep their existence in the future. One of the efforts in keeping the existence of their business is by implementing Corporate Social Responsibility (CSR) in the business performance. 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).

Norhadi (2011) explained that corporate social responsibility (CSR) develops in line of interrelation between companies with society determined by impact arising of the development and civilization society. The higher level civilization society in terms of development science will raise awareness and attention on environment that stirs demand on social responsibility. It is because of the knowledge, increase openness expectations the future and sustainability development.

CSR is also defined as the responsibility of enterprises about their impacts toward society. To fit their corporate social responsibility, enterprises should have a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and their core strategy in close cooperation with their stakeholders (The European Commission, 2011). The concept and practice of CSR in the present era is no longer seen as just a cost center, but it is a corporate strategy to stabilize the long-term business growth. Therefore it is very important to disclose CSR to a company as a form of social responsibility reporting to the public or the environment reports and information relating to corporate social responsibility as regulated by law.

The report is mandatory disclosure assets forth in Article 74 paragraph 1 and Article 66 paragraph 2 of the Law No. 40 of 2007 on Limited Liability Company. Mandatory disclosure is a disclosure of information relating to the activity/state enterprise which is compulsory and is expressed in the rule of law. The types of mandatory reporting will be under the spotlight and control of regulatory authorities and in which there is a standard that ensures a relatively common form in the practice of reporting and there are also minimum requirements that must be met. Mandatory disclosure can be a bridge over the existence of information asymmetry between investors and company managers about the need for information.

Crowther David (2008), in his book “Corporate Social Responsibility”, explains three basic principles of CSR, they are Sustainability, Accountability, and Transparency. Sustainability relates to how the company’s activities consider the natural resource for the next generation. The natural resources needed for the life of the next generation for their life and next generation’s life. Sustainability implies that society must use resources that cannot be regenerated appropriately. This can be defined in terms of the carrying capacity of the ecosystem (Hawken, 1993).

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 above 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 four. The four types of responsibility are: 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.

Benefits of CSR Implementation

Social Responsibility (BSR) published in the Jakarta Post (2003). The followings are the benefits gained by companies practicing CSR. The first benefit is enhancing brand image and corporate reputation, because CSR can make the company more well known to the public and will increase reputation of the company. Second, it is for increasing sales and customer's loyalty. If the CSR program is well conducted by the company, the customers will be more loyal. It is because the customers do not only know about the best quality served by company, but also the objective of the company's CSR program itself. Third, it reduces operation costs. Promotion cost is no longer needed from the company's CSR budget, because the product or the company would be better known by the public after the company conduct CSR program. Thus, it will decrease operation cost. Fourth, it will improve financial performance. With CSR programs, it is expected that there is a further increase of corporate profits from sales. Thus, the financial performance, such as revenue from its operation, will automatically increase as well.

As listed in the Statement of Financial Accounting Standards (SFAS) No.1 Revised 1998) paragraph 9 which states that: the company may also present additional statements regarding the

environment and report value added (value added statement), especially for industries in which environmental factors play an important role and for industry that considers employees as a group of users report that plays an important role. So it can be said that the social responsibility report is disclosure and accountability efforts of the organization's performance in achieving goals on sustainable development efforts to stakeholders both internally and externally.

The company realizes that they are always in contact with various social issues so the company began to notice a relationship with society. CSR report the attention of the company that is in accordance with the theory of legitimacy, where companies strive to meet the expectations of the various parties that involved in an effort to obtain support and trust of the public. Elkington (1997), in his book "Cannibals with forks", develops a triple bottom line which covers aspects of Profit, People and Planet (3P). Profit is the economic value created by the organization after deducting the cost of all inputs, including the cost of the capital tied up. Thus, profit becomes an important element in the business activity as the main goal for the company. People or society is one of supporting elements as stakeholder around the company. A company should commit to give benefits to the society. The support of society is important for a company because it can influence the company's activities. Planet or environment is matter related to people's lives because human being cannot be separated from the environment. People's activity depends on the environment, so it is important for us to keep the environment, especially for a company because if a company wants to exist and be accepted then it should be responsibility to the environment.

C. RESEARCH METHOD

This research studies about the implementation of corporate social responsibility. It is a case study at PT. Indofarma (persero) Tbk and uses a qualitative method. According to Creswell (2012), qualitative research is the method which examines and understands of the meaning of social issues. 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. Indiantoro and Supomo (2002) define descriptive studies or research as the study of phenomena or population obtained from the research subject includes individual, organization, industry or other perspective.

In the terms of the data collection techniques, this research is a descriptive case study. Therefore, the type of this research is qualitative descriptive. According to Sekaran (2009:109),

Case study is “Case study is the documentation of important events that have occurred in a particular institution.”

Type of descriptive research approach 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. 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 a 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.

This research is conducted by describing and also explaining the implementation of corporate social responsibility in the PT. Indofarma (persero) Tbk, as well as to understand their CSR implementation. The source of data in this research is secondary data which is Annual Report PT. Indofarma 2013. The Annual reports of 2013 are used because it is the latest reports issued by Indofarma when researcher did this research. PT. Indofarma had been doing CSR program since 2008 until now, so in the researcher’s opinion in 2013 Indofarma CSR program is better than previous years. The secondary data of this research is obtained from:

1. Text contained in books related to Corporate Social Responsibility.
2. Online data from the internet.
3. Summary of an article from other researchers.

The data collection method in this study is literature study and documentation study. In the documentation study, the document is one of the sources of the data in the form of notes, drawings or pictures, biography, etc. Document used in this study is the official document from official website of PT. Indofarma. Moleong (2006) stated that an official document consists of a document that has information according to the research problem. This is done by tracking and recording the necessary information on secondary data from company annual report 2013 period listed in company website.

The data analysis technique used in this study is the analysis of qualitative data. Qualitative data analysis according to Bogdan and Biklen (in Moleong, 2011) is the effort made by working with the data, organize data, sorted them into a unit that can be managed, synthesize, search and find patterns, find what is important and what is learned , and decide what can be told to others. Data described in descriptive and interpret it in accordance with the purpose and the facts that occurred in the field. Furthermore, the research done by analyzing the data that are the focus of

research and drawn final conclusions about the object under study. When doing analysis of data, the researcher doing the data collection the which is means the initial process for the researcher to obtain any necessary data and doing the data serving the which is means process for the researcher to be able to draw conclusion descriptive narrative of the research that has been carried out and reviews those conclusions comparing with the theory that has been determined.

D. RESEARCH RESULT AND DISCUSSION

PT. Indofarma (persero) Tbk.

PT Indofarma (Persero) Tbk is a State-Owned Enterprises which engaged in pharmaceutical and healthcare. The company history starts from 1918 as a small factory in the Central Hospital of Dutch East Indies Government that produces several kind of ointment and gauze pads. The first development began in 1931 by moving the production unit to Manggarai, Central Jakarta, and expanding the production to tablet and injection. Since then the factory known as Pabrik Obat Manggarai. During Japanese occupation in 1942, the factory is taken from Dutch Government and organized under Takeda Pharmaceutical. The takeover process by the Government of the Republic of Indonesia was then conducted in 1950. The factory was then nationalized and managed under the Ministry of Health. In 1979 Pabrik Obat Manggarai carried a task to produced essential drugs for public health. Pabrik Obat Manggarai status changed into Pharmacy.

Central Production, which is non-profit oriented, under the Ministry of Health. Along with the increasing responsibility, in July 11, 1981, the Government upgraded the status into Perusahaan Umum Indonesia Farma (Perum Indofarma). PT Indofarma (Persero) Tbk based on Government Regulation No. 34 year 1995. Established based on act No. 1 dated January 2, 1996 and changed with act No. 134 dated January 26, 1996 both from Notary Sutjipto, SH. The certificate has been legalized by Minister of Justice Decree No. C2-2122.HT.01.01.TH.96 dated January 13, 1996 and announced on State Gazette No.43 dated May 28, 1996, Additional No. 4886.

Until now Indofarma has produced almost 200 types of drugs, consist of several product category, such as Generic Drugs (OGB), Over The Counter (OTC), branded Generic drugs, rapid test kit diagnostic, etc. To strengthen the bussiness, Indofarma strives to build strategic alliance with international partner. In other hand Indofarma also encourages its subsidiary to increase their product portfolio. Several effort that has been done by Indofarma to strengthen its bussiness

is by implementing Good Corporate Governance (GCG) and developing professional employee competence, so that Indofarma could become a well-known pharmaceutical company in regional sector.

The Background of Application CSR in PT. Indofarma (persero) Tbk.

For CSR activities in PT. indofarma are the implementation of activities not only a charity rather donations, but more broadly includes sustainable concern for the environment, respect for human rights, obligation to provide a convenient place and good working relationship with employees, guarded the priority of health and safety work, and participate in developing economic in the local community surrounding the company. The foundation of sustainable development highlights the three main pillars: people, profit, and planet. The realization comes on three different aspects which are the economic, environmental, and social. These three aspects are implemented as part of the company's business processes that expected to deliver real benefits to stakeholders, both internal and external.

Law no 40 years 2007 about limited company art 1 (3) stated that "social and environmental responsibility means the commitment of a company to participate in the sustainable economic development in order to improve the quality of life and environment that is beneficial, good for my company, the local community, and the community in general". The constitution is the basis and the programs established the implementation of social responsibility activities PT. Indofarma (persero) Tbk.

The Law No. 19 year 2003 Article 2 suggests that state owned enterprises should actively provide guidance and assistance to the economically weak entrepreneurs, cooperatives, and community, which initiates the Decree of Minister of State Owned Enterprises No. Per-05/MBU/2007 dated April 27, 2007 regarding the implementation of coaching and mentoring programs that will be expressed in the form of PKBL. Therefore as a state-owned entity, the Company is obligated to distribute funds from the government and organizing the Partnership and Community Development (PKBL) which only acts as a fraction of the company's overall commitment to sustainability.

By fulfilling the obligations towards economic, social, and environment, the Company strives to meet the expectations of stakeholders and ensure that their interests are met optimally so that we both can grow together. To achieve our common goals in order to maintain alignment

between the company and its stakeholders, Indofarma create the conditions that allow stakeholders to participate in obeying laws and regulations.

The motive of CSR is obedience to the law (operation permit) a moral responsibility to run a company in the business of an ethical and moral obligations (keep the reputation of the company) and to the reputation of the company business for the long term (continuation). This is in line with the views Michael e. Porter (Rachman, effendi and wicaksana, 2011: 85-86) that four motives a base performing CSR management is as follows: a moral obligation, sustainability, operation permit and reputation.

The CSR Programs of PT. Indofarma (persero) Tbk.

Implementation of Corporate Social Responsibility program is one form of awareness of the Company to stakeholders that consists of the public, consumers, employees, and the environment which is very important for the continuity of the business of the company.

For 2013, there are two social programs run by Indofarma incorporated in a single package and the Community Development Partnership Program:

1. Corporate Social Marketing

Market education through hands-on activities to the community such as:

- a. Health education.
- b. Medicine assistance.

2. Corporate Charity

- a. Enterprises Care.
- b. Mass circumcision.
- c. Division of Qurban.

3. Corporate Social Responsibility

- a. Go Green.
- b. Natural disaster relief.
- c. PKL (Practice Field) in students.

4. Community Development

- a. Bikers, education for safe and comfortable riding.
- b. Counseling of healthy life through the study of society.

Partnership Program and Community Development

Partnership Program and Community Development (PKBL) is a means for balancing the Company's economic performance and social performance in order to create a harmonious and dynamic environment. Social communities, especially around the company's business is a very important stakeholder for the future of the company which until now has always tried to express themselves as part of the surrounding community through activities such as development environments. Number 19 of 2003 Section 2 of one of the aims and objectives is the establishment of state-owned enterprises to actively provide guidance and assistance to the economically weaker entrepreneurs, cooperatives, and community. Through the Minister of State Enterprises No.: April 27, 2007 Per-05/ MBU/2007 implemented coaching and mentoring program is in the form PKBL. The aim pursued by the company in the capacity building program PKBL small businesses and cooperatives around the company's efforts to become a strong and independent and can grow again into a better direction. Environmental community development activities aimed at improving the growth of people's lives in order to create a prosperous environment through education, social interaction, and awareness of environmental sustainability. Outreach activities about the need to maintain good health and ease of treatment through the consumption of generic drugs are always delivered in any face to face with the surrounding community.

CSR Program and Implementation on Economic Aspect

One very well-known concept of CSR is "3P". One of the "3P" is economic. This meant that the economic aspect of the company must consider the economic impact generated from the CSR activities undertaken. Companies must report that CSR activities will not reduce their economic rights, but rather a positive impact. Not only for shareholders but also for the continuity of the company. But there are economic consequences to taking socially responsible decisions. Some of these will be positive, even in the short term. Others will be negative in the sense that managers believe that there is a real cost in the short term (to their companies specifically). Thus, profit becomes an important element in the business activity as the main goal for the company.

The acquisition and distribution of direct economic value in 2013 is in accordance with the Financial Performance Review on Management Discussion and Analysis Section which stated a significant increase in company's financial performance. One of the many indicators is the achievement on net profit that reached Rp 42.2 billion or 14.25% higher from the year 2012

which amounted Rp 36.9 billion. The achievement may give an idea regarding our economic profile that should go along with other performance indicators. On the other side, the achievement can also provide an overview of direct monetary value to the local economy.

CSR Program and Implementation on Social Aspect

Social aspect is one of the important aspect that must be considered by the company, because the company would not be able to develop its business without involving the surrounding community. Because the business will thrive as community groups that participate in helping their activities. Harmony maintained will provide benefits for the company, not just short-term but also long-term. For companies that feel the need to be responsible to the social environment. Moreover, for companies whose business activities may actually have a negative impact to the surrounding community. People or society is one of supporting elements as stakeholder around the company. A company should commit to give benefits to the society. The support of society is important for a company because it can influence the company's activities.

Indofarma responsibility towards social development can be seen through the Partnership and Community Development (PKBL) based on the Minister's Decree No. 05/MBU/2007 regarding small business partnership and community development programs. This program aims to provide real benefits in for community development in every business area of Indofarma. In addition, Indofarma responsibility for the development of the surrounding community is also realized through the Community Development Program. This responsibility is embodied in education and philanthropy program that consists of the implementation of assistance to victims of natural disasters, public facilities and infrastructure development as well as places of worship and public health improvement.

CSR Program and Implementation on Environmental Aspect

Planet or environment is matter related to people's lives because human being cannot be separated from the environment. People's activity depends on the environment, so it is important for us to keep the environment, especially for a company because if a company wants to exist and be accepted then it should be responsibility to the environment. Maintaining and preserving the environment is not just a problem of social, economic, political, aesthetic, and so forth, but more than that, environmental problems are moral problems that required moral responsibility. For that needs to be done with full responsibility as an obligation even human needs in his life. Indofarma's responsibility for the environment development is also included in the Community

Development Program based on the Minister's Decree No. 05/MBU/2007 which aims to deliver real benefits for each Indofarma's business area. Indofarma's responsibility for the environment is realized through environmental preservation.

Indofarma is deeply concerned with the preservation of natural environment for the survival of future generations. Healthy and decent environment should be enjoyed by next generation of Indonesia's people. In addition, Indofarma also participated actively regarding the go green issues by implementing green office practices across its business units. We are also actively promotes the program of save and efficient resources in our offices and places of business by using the water and electricity only as necessary. The paper use is also reduced to a minimum level by reusing wasted paper. This effort is expected to contribute positively to environmental conservation from our internal organization as perceived by Indofarma itself in terms of cost efficiency and operational benefits. Indofarma is deeply concerned with the preservation of natural environment for the survival of future generations. Healthy and decent environment should be enjoyed by next generation of Indonesia's people.

Analysis of the CSR Implementation in PT Indofarma (persero) Tbk.

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 Indofarma 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 includes, 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 Paragraph 11 article (2) point *e* which stated:

“The assistance given in Community Development Program are in form of:

- 1) Donation for the victims of natural disasters;
- 2) Donation for education and / or training;
- 3) Donation for health improvement;

- 4) Donation for the development of infrastructure and / or public facilities;
- 5) Donation for religious facility;
- 6) Donation for nature conservation.”

Throughout 2013, Indofarma has showed some real actions in consideration of all aspects in life. Practically, Indofarma has allocated some of its profit for various programs of Corporate Social Responsibility. Activity of Corporate Social Responsibility:

- 1) Education

The social activities that have been done by Indofarma were aimed to support the learning activities of various institutions from junior level, middle level, and up to college. In order to support the emerging appearances of new talented professionals in national pharmacy industry, Indofarma has supported the future Pharmacist with laboratory facilities which known as Program of Trainings and Expertise for Pharmacist. Indofarma has also done a series of education and socialization activities to students at school to bring generic drugs closer to society.

- 2) Environmental Preservation

The future of the Earth is on the hands of men. Therefore, everyone, including Indofarma must be able to do their part in preserving the nature's beauty. Indofarma has done its part in preserving the nature's beauty with various activities that support the Go Green program in Jabodetabek. Hopefully, this activity will inspire everyone to give their support in preserving the environment.

- 3) Improvement of Community's Quality of Life

The presence of Indofarma in the community must be able to improve the quality of living standards of those the unlucky ones. Indofarma has expressed its concern by giving aid in the form of free public health care services for toddlers and children around the Company's area.

- 4) Religious Act

The perfect moment to help the community in celebrating their glorious moment in life between human and God. Throughout 2013, Indofarma has helped build some facilities along with other religious ceremonies in pesantren or any other religious institutions. Indofarma has also actively participating to support a series of activities that celebrate religious festivities in the community surrounding.

- 5) Sport and Healthy

“Inside a great body, lies a great soul”. This saying would never seem to have expired even in modern time such this due to its meaning in life. Focus to improve the community’s healthcare through the mass circumcision treatment for children around the Company’s area.

Indofarma has also supported the national athletes competing in Sea Games 2013.

The Type of CSR that Applied by PT. Indofarma (persero) Tbk.

The vision, mission and corporate core values reflect that Indofarma is caring through society and environment. This action is important in running business because it can be a strategy for the company to increase their business performance. With a long-term commitment, the company can gain a good response from society because of their caring or responsibility. Nowadays, those actions are called as Corporate Social Responsibility (CSR). Partnership and Environment Development Program activities are also designed, monitored, and evaluated periodically.

Based on explanation above, it can be conclude that PT. Indofarma using Corporate Philanthropy as their type of CSR. The benefits that can be gain by the company from doing corporate philanthropy programs are increasing company’s image, strengthen the future of company through creating good image to society and also giving the impact for completion of social problem in local community.

The Society Response and Participations for CSR Program

Community participation and response very much determines the success of CSR. The initiative of the company is not enough. It will be better if it is backed by a response and participations the community in full. Furthermore, according to Craig and Mayo in Ardianto (2011: 92) participation is important component in the generation of independence and the process of empowerment. Cumulative is done in the process so that the more skill that someone possess, the better the ability to participate.

So far the response of the community for CSR applied by Indofarma is good. It is because the program is very required by the community, like free treatment done by Indofarma when in company anniversary. This program can also give positive impact for public health in the middle to lower economy.

Reporting of CSR in PT. Indofarma (persero) Tbk

The report was presented by cross-referencing between the standards set by the Global Reporting Initiative (GRI) with Bapepam- LK in order to provide guidelines of good Sustainability Report writing in the coming year.

Meanwhile, from legal basis point of view, this chapter is compiled specifically to comply with the Company's policies set by Bapepam- LK through Bapepam Rule X.K.6 regarding the Submission of Annual Report for publicly listed companies.

The reporting of CSR PT. Indofarma (persero) Tbk arranged to meet the provisions of article 66 paragraph 2c, the act of no.40 2007 on limited liability company, which requires the delivery of the reports on the social responsibility and ward to the annual report. PT. Indofarma (persero) Tbk. make a report the realization of CSR in the annual report. The report contains CSR that are executed and details of the realization of the budget from the CSR. Funds for CSR should be in accordance with regulation state enterprises minister Per-05 / MBU of 2007, said that the state partnership program with small businesses and the development program requires that any environment for each state to do maximum of 3 percent of net profit after tax for the environment and development partnership. CSR set of funds through the decision of annual general meeting of shareholders..

E. CONCLUSIONS

Conclusions

Based on the findings of the study, it can be concluded that the practice of Corporate Social Responsibility (CSR) in PT. Indofarma (persero) Tbk. through Partnership and Community Development Program has been running well.

By fulfilling the obligations towards economic, social, and environment, the Company strives to meet the expectations of stakeholders and ensure that their interests are met optimally so that we both can grow together. To achieve our common goals in order to maintain alignment between the company and its stakeholders, Indofarma create the conditions that allow stakeholders to participate in obeying laws and regulations.

Indofarma always try to be a part of community. The CSR programs that undertaken are positive impact for the company and the environment. Indofarma also have main principal or value that made indofarma more understand about the society. Indofarma assumed that they should respect with other people, which is mean acknowledge the ability of achievement.

Indofarma always commend the differences, integrity, knowledge and innovation. Realize that their success come from their strong cooperation and always act based on collective interest. Indofarma also hold on entrepreneurial visionary and customer focus.

Furthermore, the CSR program of Indofarma has two main programs as the act of their responsibilities, which are called as PK-BL:

1. *Program Kemitraan (PK)* or Partnership Program
2. *Program Bina Lingkungan (BL)* or Environment Development Program

The type of CSR activities that had been doing by Indofarma are corporate philanthropy. The benefits that can be gain by the company from doing corporate philanthropy programs are increasing company's image, strengthen the future of company through creating good image to society and also giving the impact for completion of social problem in local community.

CSR activities have a positive impact for corporate image and human resources, by doing CSR activities it will be a good corporate image in the community so the public will have more trust for company's products. If people believe, it will increase product sale, so it affects the quality of human resources of PT Indofarma (persero) Tbk. Because the company will strive to improve the quality of employees with a wide range of training so that the company will produce better products and companies also can meet the targets that have been set.

Research Limitation

The limitation of this study on as follows:

1. This research is using secondary data, that is Annual Report of PT Indofarma (persero) Tbk in 2013. So this research did not get deep information.
2. The researcher only use one period of annual report.

Recommendation

The suggestions for the future research are:

1. The future research could conduct their research by gathering information not only taken from the secondary data, such as by conducting interview to the research object or doing fieldwork.
2. The future research should conduct the research in longer period, not just in one period. It aims to know the consistency of the company in reporting the CSR activities.

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