

Implementation Of Strategic Corporate Social Responsibility Model Of Plantation Companies In Pandhalungan Area: A Comparative Study

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Abstract: In carrying out their social responsibilities, companies can carry out their social responsibility activities in line with achieving their strategic objectives. However, on the other hand, the companies can implement CSR which is unwittingly not in line with companies' strategic objectives. As a company, a state-owned plantation company and regional-owned plantation company also should carry out Corporate Social Responsibility (CSR) activities. The obligation arises because types of both companies are exploring or managing natural resources. This study aims to analyze the differences in the implementation of strategic corporate social responsibility model between regionally-owned plantation company and large state-owned plantation company in Pandhalungan area. The objects of this study are regionally-owned plantation company called as Company X and a given plantation of state-owned plantation company called as Company Y. The analysis method of this study is comparison. In analyzing data, this study used a CSR strategic model matrix developed by Sayekti (2011) that integrated GRI, value chain, and diamond framework indicators. The results of this study found differences in the implementation of strategic CSR model between both study objects. Company X undertook only strategic CSR activities, whereas Company Y undertook CSR activities both strategic and non-strategic. That difference caused by various factors, including the difference in vision and mission and companies' objectives, the difference in binding regulations related to CSR activities, and the difference in CSR budgeting. Furthermore, the results of this study also showed the difference in the influence of strategic CSR implementation carried out by both companies.

Index Terms: strategic, non-strategic, CSR, BUMN, BUMD, plantation, value-chain

1. INTRODUCTION

East Java Province is one of the provinces in Indonesia which has many plantation areas. According to the type of business, plantations in the East Java area consist of people's plantations, state large plantations and private large plantations. The plantation produces various commodities, such as sugar cane, tobacco, coffee, cocoa, coconut, cashew nuts, cloves, and others. Table 1 shows the development of plantation commodity production in East Java.

TABLE 1

THE GROWTH OF EAST JAVA PLANTATION COMMODITY PRODUCTION BY TYPE OF BUSINESS IN 2010-2014

Plantation	Production (in Tons)					Growth (in percents)
	2010	2011	2012	2013	2014	
People's Plantation	1,362,732	1,490,280	1,733,442	1,659,889	1,646,083	1.42
State Large Plantation	136,061	146,519	156,474	154,621	185,766	9.86
Large Private Plantation	28,127	25,563	29,856	32,035	34,577	0.11
Total	1,526,920	1,663,363	1,919,771	1,846,545	1,866,426	1.88

Source: East Java Province Plantation Agency, 2015

As a company, state-owned plantation company and regional-owned plantation company also should carry out Corporate Social Responsibility (CSR) activities. The obligation arises because of the type of both companies which are exploring or managing natural resources. Moreover, stated owned-company or stated owned-business entity (BUMN) and regional owned-company or regional owned-business entity (BUMD) is a Limited Liability Company that also has responsibility on social and environment, where it is specifically set in Indonesian regulation UU No. 40 in 2007 about Limited

Liability Company (UUPT). Article 74 in 1st paragraph stated that company which carries on business in the field and or related to natural resources, is obliged to carry out corporate social and environmental responsibility activities. There are several other regulations describing corporate social responsibility, namely Government Regulation No. 47 in 2012, and UU No. 32 in 2009. In particular, CSR obligations of BUMN are stipulated in a ministerial regulation, namely BUMN Ministerial Regulation No. PER-08/MBU/2013 concerning the Partnership Program of State-Owned company with small business enterprise and community development program. BUMNs are required to set aside 1 to 3 percent of their profits to do CSR. But on the contrary, there are no specific rules related to CSR activities that must be conducted by BUMD. It is caused by BUMD is under the authority of regional government. This causes a difference in CSR between BUMN and BUMD in coercive instruments in the form of binding government policies. Pandhalungan is derived from a mixture of culture and tradition between Madurese and Javanese. Some cities and regencies in East Java, Indonesia have that mixed culture and tradition i.e Banyuwangi, Jember, Bondowoso, Situbondo, Lumajang, Probolinggo, and Pasuruan. Hereinafter, they all are known as Pandhalungan Area. Pandhalungan area also has several plantation companies such as state-owned company and regionally-owned company. They all are also required to implement CSR due to their type of business which concerns the use of natural resources. In carrying out their social responsibilities, companies can carry out their social responsibility activities in line with achieving their strategic objectives. However, on the other hand, companies can implement CSR which is unwittingly not in line with their strategic objectives. Sayekti (2011) explained that strategic CSR is a company way to align CSR activities and corporate objectives. The implementation of strategic CSR, and not only CSR activity, but it is also expected to improve company financial performance. CSR

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activity of the company is expected to impact positively on the company to justify the use of the company's resources in CSR activities. Furthermore, strategic CSR is CSR activity that is in accordance with the "inside-out linkages" and "outside-in linkages" approaches. Whereas non-strategic CSR is a CSR activity that is not included in "inside-out linkages" and "outside-in linkages" categories. Strategic CSR is the meeting point for those who favor and not in favor of CSR because CSR activities is included as part of a company strategy that ultimately will improve company performance, while the company can fulfill its social responsibility to stakeholder. Based on the previous explanation, this study aims to analyze the differences in the implementation of strategic corporate social responsibility model between regionally-owned plantation companies and large state-owned companies in Pandhalungan area. This study contributes to companies related to the development of CSR activities of company in achieving corporate goals in order to meet the interests of stakeholders. In addition, this study is a ground research for further research that examines the factors influencing strategic CSR model of company.

2 LITERATURE REVIEW

2.1 Stakeholder Theory

Stakeholder theory explains that the existence of company is not only for benefit of company owner/shareholder, but also to serve the interests of other stakeholders, such as employees, suppliers, government, and the community (Utama, 2007). This theory explains that the difference between social goals and company economic goals is no longer relevant because the main problem is sustainability and existence of company (Lee, 2007).

2.2 Legitimacy Theory

Regarding CSR disclosure, Guthrie and Parker (1990) argued that disclosure of CSR information in annual reports is a way to build, maintain, and legitimize company's contribution from economic and political perspective. Company will disclose information about social performance and environmental performance, if company considers that the disclosure of information is important for the survival of company (Dowling and Pfeffer, 1975, in Basamalah et al, 2005).

2.3 Strategic and Non-Strategic CSR

Bhattacharyya (2010) provided 4 filters to separate strategic CSR and non-strategic CSR, namely 1) intent screen, which distinguishes the strategic nature of CSR that is planned and proactive compared to non-strategic CSR that is unplanned and reactive; 2) focus screen, which distinguishes CSR activities that help the achievement of company's mission and vision (strategic CSR) and CSR activities that are not in line with company's vision and mission; 3) commitment screen, which distinguishes CSR strategies which are long-term in nature and require relatively greater resources compared to non-strategic CSR that are philanthropic and require resources that are not too large; 4) Activity screen, which distinguishes CSR strategic that is aligned with the company's internal and external activities, and non-

strategic CSR that is not aligned with company internal and external activities. This activity screen refers to strategic CSR based on Porter et al. (2006) which is associated with value chains and diamond framework.

3 RESEARCH METHODS

This study is qualitative research. The object of this study consisted of two plantations companies that located in Pandhalungan area. This study used regionally-owned plantation company and state-owned company as study objects. The first object was a regionally-owned plantation company, namely Company X. Another was a given plantation of state-owned plantation company called as Company Y. Analysis unit in this study was the institution which was represented by individuals as informants. Data sources in this study were primary data and secondary data. Primary data were obtained from the results of structured interviews and direct observation with informants from both objects of this study. Informants of company X were marketing managers, administration managers, and financial managers. While informants of company Y were deputy manager of gardens and assistant for administration of a certain plantation in Company Y. Information was collected from informants to find out directly how the implementation of strategic CSR models carried out by each object in accordance with the particular character of each company. Direct observation was carried out by conducting a field visit to each company to observe company business process and CSR activities rather. To complete the information from interview as well as form of data confirmation, this study also used secondary data. The secondary data were archives and documents in the form of financial reports, CSR reports and other reports related to the implementation of CSR. The data was obtained from each company's website, in form of information on company business operation activities, and also CSR activities carried out by company. Company Y has reported its CSR activities through Partnership and Community Development Implementation Report (PKBL) annually which can be accessed by the public through the company's official website. Furthermore, the obtained-data would be analyzed by using comparative descriptive analysis methods. This method compared to data obtained from both study objects related to problem of this study. Steps of data analysis conducted by researchers, namely 1) the study data that has been collected was then analyzed by sorting the data from both objects; 2) analysis of each study object data using matrix category of Strategic and Non-Strategic CSR disclosure developed by Sayekti (2011). This matrix comprehensively examined CSR disclosures based on GRI disclosure points linked to Value Chain and Diamond Framework. The value chain and diamond framework approach were developed by Porter et al. (2006). This study modified the matrix using 31 GRI items to adjust to industrial sector which was the object of this study. Based on the results of matrix analysis, researchers could distinguish CSR activities which were strategic or non-strategic. According to Sayekti (2011), CSR strategic activities were CSR activities that were aligned with company's value chain and diamond framework activities. Conversely, non-strategic CSR activities were CSR activities that were not aligned with company's value chain and diamond framework activities.

This approach is in line with criteria of strategic CSR and non-strategic CSR separation conducted by Bhattacharyya (2010). Based on the results of data analysis, researchers could see the differences between both objects related to how each company carries out CSR activities according to strategy set by each company.

4 RESULTS AND DISCUSSIONS

4.1 General Description of Each Company

1) Company X as Regionally-Owned Plantation Company
Company X is a regionally-owned business entity of a regency in Pandhalungan area which had been established since over 40 years ago. Company X manages 5 plantations scattered in various areas. Company X had been experiencing financial problems for a couple of years ago because the price of rubber commodities in world market had decreased dramatically, whereas rubber is the main product of that company. This caused Company X facing distress related to its efforts in maximizing company profit. Another problem is also being faced by Company X. It is problem of land disputes with local residents in a certain area of plantation. The affair is still being processed in court but it has not been resolved yet until now. Various attempts have been made to overcome these problems such as strengthening business in producing powder coffee and cloves, reducing CSR activities for employees, cost efficiency, and so forth. Reduction of CSR activities must be carried out by company to reduce cost that must be incurred by company. Company X is obliged to deposit profit from its operations to local government. Profit generated by Company X becomes one of Locally-Generated Revenue (PAD) for its regency. However, in carrying out its operations, this company lacks optimal and continuous support from local government.

2) Company Y as State-Owned Plantation Company in A Given Plantation

Company Y is a state-owned company with Limited Liability Company status. Company Y is a company engaged in agribusiness and agroindustry. Company Y has about 80,000 ha of plantation area located in East Java. Company Y divided into some business area in some district in East Java. Its commodities are rubber, robusta coffee, arabica coffee, bulk cocoa, edible cocoa, tea, and various woods. As a state-owned company, Company Y is also obliged to carry out CSR and partnership programs and community development (PKBL). This is as a form of compliance with applicable laws and regulations. Company Y compiled PKBL Report as a form of compliance and accountability for management of PKBL activities. The public can access the report through official website of Company Y.

4.2 Overview of Both Companies

1) Vision and Mission

Both companies have similar vision and mission which is to be a competitive and trusted plantation company based on each level (regional level for Company X and national level for Company Y), but state-owned plantation company, Company Y also complement with sustainable growth and

development aspects. Regarding the mission, Company X focuses on managing competitive and efficient business, developing potential of plantation resources and human resources, and providing benefits for the environment, while Company Y more focuses on implementing business reformation, strategies, structures, and corporate culture to realize professionalism based on the principles of good corporate governance, increasing value and power of competitiveness of company (competitive advantage) through innovation and increasing productivity and efficiency in providing high product quality and service quality, generating profit that can bring company to grow and develop to increasing value for shareholders and other stakeholders, and developing agribusiness in good management and also taking care of nature preservation and social responsibility on business vicinity (community development).

2) Goals

As regional-owned plantation company, the goals of Company X is to become Locally-Generated Revenue (PAD) for local government by increasing productivity and regional income, to contribute to vicinity through workplace provided by Company X and welfare improvement, and to preserving and enhancing the fertility of plantation lands that orientates on environment. Meanwhile, the goal of Company Y is doing business in the field of agribusiness and agroindustry and optimizing the use of company resources to produce high goods and/or services quality and strong competitiveness and to gain profits in order to increase company value by applying the principles of limited liability companies and good corporate governance. Both companies manage plantation land to produce agricultural products. Company X manages rubber, clove and coffee plantations, whilst Company Y manages cocoa and rubber plantations.

4.3 Results of Strategic and Non-Strategic CSR Matrices

Based on the data collected in both study objects, the researchers conducted data reduction and data mapping into Strategic and non-strategic CSR matrices. The company would be given a score of 1 if company conducts CSR activities on GRI item that is related to value chain and diamond framework (strategic) and which is not related to value chain and diamond framework (non-strategic). On the other hand, the company would be given score of 0 if the company does not carry out CSR activities in accordance with GRI items. From the results of the matriculation, afterward, the researchers recapitulated the results of strategic and non-strategic CSR activities per GRI item. The summary results showed the differences in the number of strategic and non-strategic CSR activities of both companies. Table 2 summarizes the results of the matriculation.

TABLE 2
SUMMARY OF THE RESULTS OF THE STRATEGIC AND NON-STRATEGIC CATEGORIES OF CSR

No.	GRI Items	Company X		Company Y	
		Total Stra CSR	Total Non Stra CSR	Total Stra CSR	Total Non Stra CSR
	ECONOMIC				
1	Direct economic value generated & distributed, incl. revenues, operating costs, employee compensation, donations & other community investments, retained earnings, & payments to capital providers & governments	0	0	1	1
2	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	0	0	2	0
	ENVIRONMENT				
3	Direct energy consumption by primary energy source	1	0	2	0
4	Energy saved due to conservation and efficiency improvements	1	0	0	0
5	Initiatives to provide energy efficient or renewable energy-based products & services, & reduction in energy requirements as a result of these initiatives	1	0	2	0
	SOCIAL				
6	Total workforce by employment type, employment contract, & region	1	0	1	0
7	Percentage of total workforce represented in formal joint management-worker health & safety committees that help monitor & advise on occupational health & safety programs	1	0	0	0
8	Education, training, counseling, prevention, & risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	1	0	1	0
9	Health & safety topics covered in formal agreements with trade unions	1	0	1	0
10	Programs for management skills & lifelong learning that support the continued employability of employees & assist them in managing career endings	2	0	1	0
11	Nature, scope, & effectiveness of any programs & practices that assess and manage the impacts of operations on communities, incl. entering, operating, & exiting	0	0	1	0
12	Life cycle stages in the which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	0	0	1	0
13	Type of product & service information required by procedures, & percentage of significant Products & services subject to such information requirements	1	0	2	0
14	Practices related to customer satisfaction, incl. results of surveys measuring customer satisfaction	1	0	0	0
15	Programs for adherence to laws, standards & voluntary codes related to marketing communications, including advertising, promotion & sponsorship	1	0	2	0
Total		12	0	17	1

4.4 Implementation of Strategic CSR Model in Company X

Company X had linked CSR activities with company's strategy. This was proved from the results of the matriculation from table 4 that there were 12 items of CSR strategic activities carried out or 2.98 percent of the total potential items that could be implemented. The following were some explanations of 12 items of activities carried out by Company X. Company X in its operational activities had long switched to using environmentally friendly fuel, namely electricity. Factory machines had used electric power drive. Company X used diesel fuel to power its engines, but later company invested in supplying electricity in all its plantations and factories. This change had an impact on cost efficiency. The total number of Company X employees was more than 2,000 people. Based on the location of placement, Company X has office directors and plantation employees. Based on the types of workers, Company X has group employees, employees, permanent employees, and casual daily laborers. Most of the plantation employees lives around the Company X plantation area. Company X had employed relatively equal numbers of male and female employees. Regarding safety work and health insurance program, Company X included all of its employees in the Health Insurance Administering Agency (BPJS of Health) and BPJS of Employment as a form of providing health and

safety benefits. In addition, Company X provided benefits in the form of natura namely coffee. This allowance was given monthly to all permanent employees. Company X included its employees to attend various training on improving employee competencies according to their area of expertise and company needs. One example was taste training and comparative study to State-Owned Plantation Company. Packaging of ready-to-drink coffee products (ground coffee) Company X had included several labels, namely the number of permits for the Home Industry Company (PIRT), composition, and expiration period. Halal product label and permit number for the Food and Drug Supervisory Agency (BPOM) were in the process of being administered to the relevant institutions once researchers visited. This indicated that in providing information related to products, Company X had tried to comply with the regulations in order to fulfill consumer rights (consumer protection). There had never been a return of products from consumers to Company X. This is because Company X fulfilled consumer orders according to the specifications required by consumer, therefore there was no product return. This also caused Company X not to provide a guarantee period for its products.

4.5 Implementation of Strategic CSR Model in Company Y

Company Y had linked CSR activities with the company's strategy. This was proved from the results of the matriculation from table 4 that there were 17 items of CSR strategic activities carried out or 4.21 percent of the total potential items that could be implemented. The following were some explanations of 17 items of activities carried out by Company X. Company Y provided various compensation to employees in the form of salary or benefits or facilities. Employees have obtained health facilities in form of a hospital or Pratama clinic established by Company Y. Employees based on their grade would get the appropriate room type when inpatient. In addition, Company Y included all of its employees to obtain health insurance and work accident insurance from the Health Insurance Organizing Agency (BPJS of Health) and Employment Guarantee Agency (BPJS of Employment). Employees also received leave benefits when they were on leave. In addition, employees were also given housing facilities that were adjacent to gardens or factories. Housing electricity costs were also borne by the company. Employees were also given the option to buy Company Y products at lower price than the actual selling price. These various compensations certainly increased employee welfare while working at Company Y. Company Y also provided assistance to the surrounding community. The company provided assistance for proposals for activities that entered through the plantation and then submit to Directors' Office. An example was mosque rehabilitation. In addition, Company Y also channeled funds for the Partnership and Community Development Program (PKBL) which was the authority of the Directors' Office. For example, the cattle fattening program was carried out every two years, compensation to Islamic boarding schools around the plantation area and so on. In addition to funding, Company Y also provided firewood from the harvest of cacao trees or shade to pesantren huts around the plantation. This meant that the presence of Company Y, especially A given

plantation of Company Y had an impact on increasing economic prosperity for the surrounding community. In process of maintaining plants, the fertilizer used by Company Y was derived from fertilizer sent by the Office of the Board of Directors. Where fertilizer suppliers had been determined through the Office of Director's policy. In addition, Company also used organic fertilizer that was processed by itself or that was processed by the surrounding community from the leaves of cacao and shade trees. In process of maintaining plants, cacao seedlings used by Company Y were obtained from nursery process itself and Coffee and Cocoa Science Techno Park (CCSTP) in Jember. Company empowered its employees who were experts in the field of cacao nurseries to produce seeds. In addition, company worked together with CCSTP as an effort to develop a good quality breeding technique. Company Y used electricity and solar thermal energy sources in its production process. Production processes tended to be natural and very low in energy use, for example in process of fermentation, sorting, drying and drying. These were also in order to meet the desires of consumers who wanted products that were energy efficient in the production process, once at the same time as a form of energy cost efficiency and the use of environmentally friendly energy. Electricity and gas energy were only used for machines that process cocoa beans ready for processing into various chocolate products. Cocoa beans themselves were not all produced into chocolate products. Most of sales to consumers were in the form of dried cocoa beans. The energy source that had been used by Company Y was diesel fuel to drive diesel engines. However, the energy source had long been abandoned. The company had switched to using electricity and gas to drive chocolate production machinery. Company Y used electricity at industrial rates. This change could increase the efficiency of production and non-production costs of the company. Production machines had also adjusted to the energy source used. The employees of Company Y consisted of two types of employees, permanent employees, and casual daily laborers. The number of permanent employees was about 80 people, while the number of casual daily laborers was more than 1,000 people. The proportion of female workers was more than the number of male workers. Employees resided around the garden and factory area. The age range of Company Y was between the ages of 17 years and 55 years or in the productive age range. Company Y regularly provided opportunities for employees to take part in training both internally (inhouse training) and externally (especially permanent employees). The training aimed to improve employee competency in the production process. PKBL conducted by Company Y could improve the welfare of the surrounding community and continuity around the plantation. Company Y's partnerships with casual daily laborers in a given plantation of Company Y, which was fattening cattle given every two years. In addition, Company Y also channeled funds for mosque rehabilitation grants that budgeted by Directors' Office for Islamic boarding schools in that area. These activities certainly helped increase people's income and helped boarding school operations. Cocoa beans were processed in natural process without addition of harmful chemicals. This natural process also impacted on the

generated-hazardous waste. Cocoa beans produced by Company Y have never been returned by the buyers. This indicated that the quality of cocoa beans produced was in accordance with consumer demand. In addition, Company Y also produced chocolate products that were ready for consumption that was low in fat and through hygienic processes, therefore their products were safe from health standpoint. Labeling ready-to-consume chocolate products included information about product name, logo, manufacturer's name, composition, and expiration date. There were several types of ready-to-consume chocolate products produced by Company Y, namely chocolate bars in various sizes, chocolate powder, chocolate candy, chocolate truffles and so on. Company Y has been promoting and advertising chocolate products ready for consumption for several years. It used social media such as Instagram and Facebook. In addition, Company Y also synergized with local government in a festival. This festival was held with the aim of marketing chocolate products from its area. The first festival held in Company Y. In order to meet good processing standards for cocoa beans and cocoa, Company Y had achieved several certifications, namely SNI2323:2008 certification for cocoa beans, SNI3749:2009 for cocoa paste, SNI3748:2009 for cocoa butter. In addition, rubber processing in Company Y had been ISO 9001 certified. In order to maximize tourism potential in Company Y and to increase company profits, Company Y created a cocoa education tour. In this paper, area that used for cocoa education tour is called Coklat Village. It has a Café and lodging and provides tours for tourists who want to know cocoa processing. The café provides a variety of chocolate drinks and special foods from its local area. The café has also an outlet for chocolate products and typical products around the garden. Tourists who visit Coklat Village can see firsthand the chocolate processing from cocoa fruit to chocolate ready for consumption. In addition, there was 1 item of non-strategic CSR activities carried out by the company. Non-strategic CSR activities were related to CSR activities in the field of education. The following were two implementations of Company Y's CSR in education. Company Y provided scholarships to the sons and daughters of employees who enrolled in state universities. Company Y provided funding from the beginning of college until they graduated. Company Y also had a kindergarten in the environment of the garden as a facility provided for the children of employees and the surrounding community. It aimed to facilitate education access to early childhood education program of employees and public.

4.6 Comparative Analysis Results of the Implementation of the CSR Strategic Model

Based on the results explained in the previous section, this study showed that there were some differences and similarities in the implementation of strategic CSR model between the both objects of this study. The following described some of the similarities in implementing strategic CSR between Company X and Company Y. Labeling on finished product packaging from both companies still did not show information about halal certification and permit from Food and Drug Supervisory Agency. The information presented on the product label was still standard. This

indicated that the finished products of both companies still did not meet the required certifications and permits in order to protect consumer rights. For sold products in the raw materials, such as dried cocoa beans, rubber sheets, and coffee beans, both companies did not provide information about the expiration period and did not provide a warranty policy. In addition, both companies did not provide consumer complaint services for the products sold. This was because both companies felt that the sold products had adjusted to the specifications requested by consumers. Regarding workforce management, specifically insurance provisioning, both companies had included their employees in insurance in the health and employment fields. This indicated the existence of compliance of both companies to labor regulations. In addition, this was to improve the effectiveness and productivity of employee in order to achieve company goals. Both companies had used environmentally friendly and cost-effective energy sources, namely electricity and gas. This indicated that in the operational process, both companies have paid attention to environmental aspects and their impact on environment. In addition, the use of energy sources was also a cost-efficiency effort in order to increase company profits. Besides having some similarities, both objects of this study had different implementations of Strategic CSR model. The following explained some of these differences. Company X did not have special programs or activities as a form of social responsibility. Company X only seek to improve the welfare of its employees. This was because Company X experienced a drastic decrease in income in some years ago. The reason was the decline of rubber commodities price in the world market since that year, whereas rubber was the main commodity or mainstay of company X. Company X was not able to set aside fund to carry out its CSR activities as a result of the declining profit earned since that year. From the aspect of legitimacy, as BUMD, Company X is not bound by a special regulation that required to set aside a portion of its profits for CSR programs. In contrast, Company Y carried out the mandate of the Board of Directors' Office to carry out CSR activities specifically, called PKBL. Company Y had budgeted special fund, namely PKBL fund. In this case the plantation was the executor of the PKBL program that has been budgeted by Directors' Office. Company X must implement this program because there were special regulations regarding the obligations of BUMN to carry out PKBL program. As part of BUMN, certainly company X must comply with this as a form of company legitimacy. A given plantation in Company X, as the executor of PKBL activities of Company X, had carried out a variety of PKBL activities that were not only involve employees but also community and institution in that area. All CSR activities carried out by Company X were strategic, while Company Y had several CSR activities that were not only strategic but also non-strategic. These were in line with the difference in vision and mission of both companies. Company X seeks to generate profits by exploring existing natural resources. Company X was responsible for generating profits which were one of the sources of Locally-Generated Revenue (PAD) of its regency. With this responsibility, Company X was demanded to be able to compete with other plantation companies to fulfill the stakeholders' desires. Local government was the main stakeholder of Company X. This

was also one of factors why Company X was not too broad in scope of its CSR. From company's objectives, other stakeholders of Company X were their employees. This was why CSR activities of Company X were only strategic. On the other hand, Company Y not only had CSR activities that were strategic. In accordance with the company's vision and mission, Company Y strived to balance its business activities by paying attention to other aspects rather than profit, namely preservation of nature and welfare of surrounding community. This was in line with company's vision which not only focused on financial performance but also focused on business sustainability. Therefore, stakeholders of Company Y had broader scope than Company X. Beside Government of Republic of Indonesia as an investor, Company Y also had other stakeholders, namely employees, residents around the plantation, boarding schools, and local government. CSR carried out through PKBL program was able to improve economic well-being of stakeholders in form of partnerships and grant funds. Non-strategic aspects of CSR carried out by Company X focused on giving access to education in the area around the plantation as explained earlier. The implementation of CSR carried out by both companies showed different effects. The minimum CSR activities carried out by Company X, the company faced several problems and cases. Some examples of cases that occurred were looting of garden products, land use disputes, late payment of employee wages, and so forth. These problems eventually disrupted company's operational activities and efforts to achieve goals. However, this did not happen at Company Y. The implementation of PKBL program conducted by Company Y was able to create good synergy between company and its stakeholders. Business activities of Company Y received support from employees and their families, residents, boarding schools and local government. Tourism of Cocoa in that plantation was a form of good synergy between stakeholders to develop potential of Coklat Village.

5 CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS

This study aimed to analyze the differences of implementation of Strategic CSR model of BUMD and BUMN companies in Pandhalungan area. This study used BUMD study object, namely Company X and used BUMN study object, namely Company Y. Based on the results previously explained, this study concluded that there were some differences in implementation of Strategic CSR model between Company X and Company Y. PDP Jember undertook only strategic CSR, whereas Company Y undertook CSR activities both strategic and non-strategic. There were several factors that caused these differences. First, differences in the company's vision and mission and goals. Second, differences in binding regulations related to CSR activities. Third, differences in budgeting of CSR fund. In addition, the results of this study also showed the differences in the influence of implementation of Strategic CSR model carried out by both companies. Furthermore, this study also proved that there were some similarities related to the implementation of strategic implementation model of both objects in this study. This was due to the similarity as a form of business entity that must comply with the same regulations and the

similarity in business processes of both companies. This study had several limitations. First, this research still used GRI G3 indicators published in 2013 to measure CSR activities carried out by companies. Second, this study was conducted with a method that tended to be subjective in terms of data analysis, namely processing data from the results of interviews. Third, this study used a modified matrix from Sayekti (2011) by reducing GRI indicators used in analyzing the data of this study. Based on these weaknesses, there are several suggestions for future researchers. First, future study is able to use GRI Standard published in 2017 in measuring company's CSR activities. Second, the use of objective secondary data in exploring data related to the company's strategic and non-strategic CSR activities can be used to improve the accuracy of research results. Third, future researchers can use all GRI indicators in strategic and non-Strategic CSR matrix of Sayekti (2011) to obtain a clearer picture of the company's CSR implementation problems.

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