

Rethinking CSR on Human-Environment Spectacle: A Study Case of CSR Conduct on Astra International

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Reflecting on the current development, a synergy between government and corporations are incredibly needed in promoting a more sustainable condition. In this extent, the notion of Corporate Social Responsibility (CSR) is expectedly playing an important role in overcoming some negative effects as a result of the current economic activities. Social discrepancies as well as ecological destruction can also be minimized by involving corporations in handling such obstacles, as an integral part of their business activities. This paper is aimed to evaluate the role of CSR in the current development of Indonesia, in the realm of human-environment. Being designed for bridging the gap between business activities and social impacts, CSR can also be considered as a practical action for corporate in implementing the basic understanding on business ethics. Nevertheless, this paper will also denote a case study on PT. Astra International, Tbk., as the prominent company for managing CSR activities in Indonesia.

Keywords: CSR, ecological degradation, human-environment, corporation, development of Indonesia, Astra International.

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Introduction

According to Schemerhorn (1993), Corporate Social Responsibility (CSR) is defined as “a concern for business organisations to act in their own ways of serving the interests of the organization and external public interest” (Cahyandito, 2011, p. 41). According to Nuryana, social responsibility can conceptually be seen as “an approach whereby companies integrate social concerns in their business operations and interaction with stakeholders based on the principle of voluntarism and partnership” (Cahyandito, 2011, p. 41). Moreover, CSR tend to also be perceived as a “business’ social duties” in fulfilling “four main responsibilities: economic, legal, ethical, and philanthropic” (Maignan, 2001, p. 59). The notion of four main responsibilities is further explained as below:

“Economic responsibilities designate the obligations for businesses to be productive and profitable. Legal responsibilities correspond to society's expectation to see businesses meet their economic duties within the framework of legal requirements. Ethical responsibilities require that businesses abide by established norms defining appropriate behavior, and philanthropic responsibilities reflect the common desire to see businesses get actively involved in the betterment of society” (Maignan, 2001, p. 59).

Responding on the four economic responsibilities, I presumably consider that the notion of CSR is closely related to the responsibilities on ethical and philanthropic. This is caused by the notion of CSR is not directly linked to the concept of profit generator on business conduct, but more on the side of business impact on the broader realm.

The notion economic activity is definitely inseparable with a concept named business ethics, which can be seen as a basic for business conduct. Business ethics can be understood as “the critical, structured examination of how people & institutions should behave in the world of commerce” (Cahyandito, 2011, p. 35). In this extent, the emergence of CSR activities in promoting sustainability for business conduct and human-environment relation can be categorized as “sub-topics within the broader topic of business ethics” (Cahyandito, 2011, p. 35). Moreover, according to

Cahyandito, the relation between CSR and business activities is commonly understood from the ethical perspective (Cahyandito, 2011, p. 36). In addition, according to Bird, the emergence of business has to also be accompanied by certain ethical consequences, which are explained as: “international businesses are responsible to the degree that their own operations occasion social disturbances and tensions” (Bird, 2009, p. 93). In another word, conducting an economic activity means that one shall deal with a certain kind of responsibilities in order to sustain the relation between business and human-environment realm in the more comprehensive perspective.

As we understand, the conflict between society and interest group in industrial area, such as mining site and palm plantation, is happened in some parts of Indonesia. For instance, 8 villages are notably suffering due to the decreasing of rice harvest in Bombana region as a result of gold mining activities (Amri, 2013, p. 8). In addition, according to Stephen Bunker who studied the concept of political ecology through research in Latin America, industrial activities may render "enclave economy" which can be defined as “an economy with insufficient backward and forward linkages” (Martinez-Alier, 1991, p.626). In this extent, exploitation can derive an unsustainable condition on economic activities, as Bunker suggested the notion of 'staple theory of growth' shall be approached in ecological spectacle in order to “gives new force to the theory of underdevelopment as caused by dependency” (Martinez-Alier, 1991, pp.627-628). The notion of economic dependency can further be seen as followings:

“Economic dependency is expressed not only in the undervaluation of the labour force of the poor of the world, nor merely in the secular deterioration of the terms of trade, but also in an unequal exchange between extracted non-renewable or slowly renewable 'products' including soil nutrients (which have no (or only long-term) replacement), and products which are rapidly produced” (Martinez-Alier, 1991, p. 628).

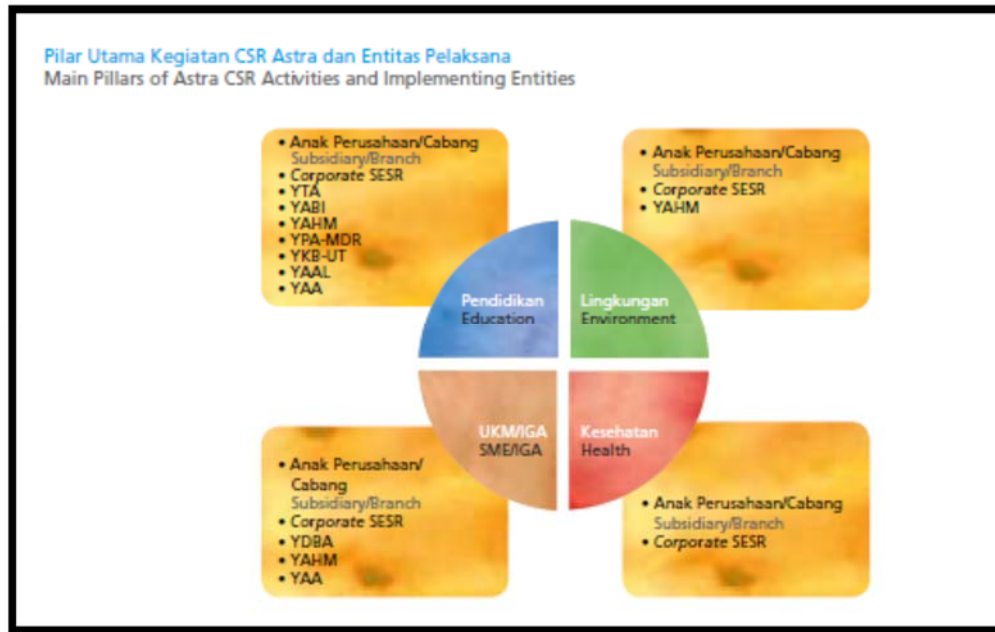
Through the notion of economic dependency above, I presumably consider that the exploitative conduct on economy may not sustain the business conduct for a longer term.

In the case of Bombana, such environmental degradation caused by mining activities, is proposed to be approached through implementing a better role in by the government or even promoting moratorium by stopping “all activities related to the site” (Amri, 2013, p. 10). Responding to the previous statement, I propose another approach on dealing with human-environment degradation as a result of business conduct, which is by considering a proper management on CSR activities. Taking a study case in the CSR activities being promoted by Astra International, the prominent company on CSR conduct¹, the paper will portray the relation between CSR and human-environment sphere. Discussing about CSR activities, the paper will be organized through the following sequences: a brief portrait of CSR conduct of PT. Astra International, Tbk; discussion on CSR implementation and managing the burden on human-environment realm; and conclusion.

A Portrait of CSR Activities of PT. Astra International, Tbk

CSR activities of PT. Astra International, Tbk., is basically operated in accordance to four “Main Pillars of Astra CSR Activities and Implementing Entities”, which are: Education, Environment, Health, and Small Medium Enterprises/ Income Generating Activities (Astra, 2012, p.44). The main pillars, along with all related foundations, can be seen as followings:

¹ Astra International was awarded as the “Winner Best Sustainability Reporting 2011, Categories Industries ISRA 2011” by Warta Ekonomi Magazine; “Indonesian Green Company Achievement Award” by SWA Magazine; and “Penghargaan Perusahaan Non Kehutanan dalam Rangka Mensukseskan Penanaman Satu Miliar Pohon 2012” by the Minister of Forestry, Republic of Indonesia (Astra, 2012, p. 132).



Source: (Astra, 2012, p. 44)

In operating the CSR activities, Astra subordinates eight foundations with specific functions. The first foundation named Toyota and Astra Foundation (YTA) with main focus on “funding for education, research and development of science and technology, particularly automotive technology” (Astra, 2012, p.44). The second one is named Dharma Bhakti Astra Foundation (YDBA) with main focus on stimulating “MSMEs in the country, as well as well as strengthening the Astra value chain through empowerment programs or Income Generating Activities (IGA) in the community surrounding the Astra Group” (Astra, 2012, p.45). The third foundation named Astra Bina Ilmu Foundation (YABI) mainly focuses on providing “reliable and skilled workforce solutions, especially in the motorcycle industry” (Astra, 2012, p.45). The fourth is named Astra Honda Motor Foundation (YAHM) with main focus on supporting “communities through programs in the field of education, safety driving, environmental and community empowerment, as well as social care” (Astra, 2012, p.45). The fifth foundation, named Karya Bakti United Tractors Foundation (YKB UT) focuses on “the implementation of educational programs” through building UT-Schools program for training graduates from high school or vocational schools (Astra, 2012, p.46). The sixth one is named Astra Michael D. Ruslim

Education Foundation (YPA-MDR) which mainly aiming on assisting “schools in underprivileged areas so that the students are able to improve the quality, competence and intellectual skills” (Astra, 2012, p.46). The seventh foundation is Amaliah Astra Foundation (YAA) which has main missions on organizing “activities of religious celebration and Astra Islamic Quiz (CCIA) in Astra Gema Islami (AGI), its function is to strengthen solidarity among Muslims and increase their knowledge of Islam” (Astra, 2012, p.46). YAA also organizes “Zakat, infaq and alms (ZIS) distributed for scholarships and working capital for entrepreneurs in the community” (Astra, 2012, p.47). The last foundation named Astra Agro Lestari Foundation (YAAL) focuses on “social activities in the field of education at three operational areas namely, Sumatra, Kalimantan and Sulawesi” by “providing a better education for the families of employees and the surrounding community” (Astra, 2012, p.47). The eight foundations are implementing CSR activities specifically by following the “Main Pillars of Astra CSR Activities and Implementing Entities”. The eight foundations are mainly operated differently, related to their main focus on implementing CSR activities in accordance to the “Main Pillars of Astra CSR Activities and Implementing Entities”.

In the realm of education pillar, since 1974 up to 2012, Astra already contributes on the development of education in Indonesia through providing “134,056 scholarships to students at various education levels” and “assistance to more than 7,000 schools throughout the country, as well as training for some 14,500 school teachers” (Astra, 2012, p.86). The detail of scholarship distribution can be seen as followings:

Tabel Penerima Beasiswa dari Grup Astra
Beneficiaries of Astra Group Scholarships

Kategori Category	Sampal dengan 2010 Up to 2010	Sampal dengan 2011 Up to 2011	Sampal dengan 2012 Up to 2012
Grup Astra	16,597	19,885	23,730
Yayasan	86,408	93,954	103,250
Astra International Head Office	4,523	5,626	7,076
Total	107,528	119,465	134,056

Source: (Astra, 2012, p. 88)

The second pillar, named Income Generating Activities (IGA), is mainly aiming on community empowerment through developing Micro, Small and Medium Enterprises (MSME). Being executed by YDBA, in collaboration with government as well as SOEs and private stakeholders, Astra Group developed a Business Development Institute (LPB), with 11 LBPs assisted by YDBA by the end of 2012 (Astra, 2012, p. 97). Numbers of 7,482 MSMEs partners are already registered as being assisted by Astra Group, by the end of 2012 (Astra, 2012, p. 97). One of the CSR program for MSME is “Palm Oil Seed Loan Program”, which practically operated through “providing palm oil seedlings as loans to farmers” and already participated by 2,423 participants with average monthly revenue up to almost Rp 3.000.000,- per participant. For people living around palm oil plantation, Astra also provide an interest-free loan for 11 farmer groups with total amount of around Rp 90 million.

In empowering the third pillar, which is environment, Astra Group engages in numbers of programs, such as: “One Employee, One Tree”, 550.000 trees for the environment, and planting trees in 500-hectare area in West Java (Astra, 2012, pp. 102-104). In the realm of sustainable energy, Astra also provided micro hydro renewable energy program which already supply electricity which “sufficient to light up 220 houses, 2 mosques and 2 maternity homes” for isolated community (Astra, 2012, p. 106). Other programs are mangrove restoration and biomass stove programs which is claimed as saving 1.200 mangrove trees per year and saving the amount of Rp 288 million per year from gas, by using biomass stove (Astra, 2012, pp. 106-107). In addition, another mangrove conservation program is applied in Jakarta Bay by planting 84.300 mangrove trees (Astra, 2012, p. 107).

The last pillar is Health, which practically executed by CSR program of Astra Group through providing Astra Health Service Car which already reach total patients to 13,487 people in 2012 trees (Astra, 2012, p. 110). Myriads of health programs are also implemented by Astra Group for supporting the CSR implementation on Health Service. Furthermore, the CSR pillars are also implemented along with donation and disaster response activities.

CSR Conduct in Human-Environment Spectacle

The current global problems on development and human-environment relation tend to be rendered by unsustainable conduct on economics activities. The emerging ecological destruction, in accordance to Bunker, is caused by the unsustainable condition derived from “enclave economy” practices (Martinez-Alier, 1991, p.626). Over exploitation which finally impacted to the decreasing access for society around industrial site to the surrounding natural resources tends to be happened due to the implementation of uncontrolled economic practices. For instance, mining activity in Bombana was notably contributes on water shortage “for rice field and fish pond in both Lantari jaya and North Rarowatu sub district” (Amri, 2013, p. 10). This condition can be seen through the case of Bombana and Latin America. The ecological impact on unsustainable economic activities, according to Martinez-Alier, can also be perceived through the concept of “extractive economy” which can be defined as the insignificant flows on “materials and energy” that “are not incorporated in infrastructure which facilitates continuous development” (Martinez-Alier, 1991, p.626). In this extent, economic activities which ideally shall manage the balance of four responsibilities tend to be focused only on the notion of economic responsibilities by presumably omitting other responsibilities, especially ethical and philanthropic. The maintaining of four responsibilities in economy can hopefully sustain industrial activities by keeping a proper relation with stakeholders, which are corporation, society, environment and government.

CSR can be used as another tool for balancing economic activities and the sustainable needs of stakeholders minimizing the potency of engaging with the form of "enclave economy" (Martinez-Alier, 1991, p.626). The lack of access caused by economic activities, such as access blocking on pure water and the damage of water dam in Bombana, can also be minimized by implementing the CSR activities (Amri, 2013, p. 7). Referring to CSR activities in environment which have done by Astra International, such as planting 84.300 mangrove trees in Jakarta Bay, we can see that CSR can also be an answer on ecological degradation (Astra, 2012, p. 107). Although, the implementation of CSR activities are ideally also be accompanied by another aspect on developmental management, such as proper rules issued by

government, CSR can be used as a media in balancing economy and its impact on human-environment realm.

However, CSR activities can diversely be implemented in correlation with the surrounding context. This caused by the notion of CSR can practically be said as “inherently a concept that relates business to society” (Halme and Laurila, 2009, p. 327). However, in the corporation’s perspective, CSR activities may be based on three main motivations, which are “altruism, enforced egoism and strategic intent” (Halme and Laurila, 2009, p. 327) that can specifically be seen as followings:

“Windsor (2006), on the other hand, makes a distinction between economic and ethical CSR and the corporate citizenship conception. In Windsor's terms, in economic CSR, the firm's rationale would be utilitarian, i.e. it is motivated by competitive and market gains. In contrast, ethical CSR corresponds to altruistic motives. Finally, corporate citizenship refers to the strategic use of philanthropy as a motivational lever.” (Halme and Laurila, 2009, p. 327).

Being driven by three different basic motivations, CSR activities may strategically be promoted as a recommended marketing tool on the behalf of corporation’s need in leverage their revenue by adding a special attention on the realm of human-environment sustainability. The main question, related on industries’ perspective is “whether corporate responsibility is financially profitable for the firms that practise it” (Halme and Laurila, 2009, p. 335). On the perspective of government, CSR activities can be managed by a proper regulation in order to maintain the effectiveness on the behalf of human-society. On the perspective of human-environment realm, education for putting a better awareness on corporations that executes better CSR activities is also needed. The question for CSR activities, on the perspective of government and society, is “whether corporate responsibility brings about positive societal outcomes” (Halme and Laurila, 2009, p. 335). In another word, CSR is ideally implemented through a proper management in order to keep the sustainability on the realm of social, natural, government and even industry. This alignment is hopefully can be a solution in sustaining the current industrialization, in

order to minimize the human-environment degradation due to the lack on sustainability of the current economy.

Generally, the emergence of CSR activities is practically required since corporations are actually an “integral part of society and their CR activities should therefore be understood in relation to the social structure in which the company operates” (Halme and Laurila, 2009, p. 335). The context-based nature on CSR activities means that a proper management CSR operation is needed. In another word, the alignment between government and society is highly required in managing and monitoring the practice of CSR, in order to reach a better sustainability for all the related stakeholders. In this extent, the role of scholar, as a part of society, is also needed in developing researches as tools for evaluating the implementation of CSR.

Conclusion

Human-environment degradation, as a result of the current economic practices, may also be approached by implementing a proper conduct on CSR activities. Making a proper regulation on its management, CSR can be used as an effective tool for minimizing a certain human-environment impact on the emerging industries. This caused by the basic idea of CSR activities is actually based on the concept that corporations shall commit on a proper business conduct, by also handling human-environment effects rendered from industrial activities. In addition, implementing CSR activities can also be said as an integral part on practicing business ethics, in relation to four responsibilities that shall be executed through the emerging economic activities.

In my opinion, sustaining human-environment realm can be approached by myriads perspective, one of which is implementing proper CSR activities. This also shall be accompanied by a comprehensive approach in restructuring the total elements related to the stakeholders in relation to human-environment and economic activities. As we understand, the notion of sustainability in a comprehensive view means that the continuity for a numbers of elements shall be considered. This also means that handling such sustainability obstacle shall ideally be approached by using

a comprehensive view, one of which is by implementing a proper management on CSR activities. In another word, approaching obstacles of the current development can also be started by involving the main actor of economic which is corporate. The function of government and society, in this extent, is highly required in regularly monitoring the implementation of CSR activities. Along with adjustments in the realm of regulations and social awareness, CSR activities can also be considered as the key approach in overcoming or at least minimizing the impact of the current development.

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