

The Meaning of *Corporate Social Responsibility* (CSR): A Phenomenological Study in PT. Sejahtera Usaha Bersama Jombang

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ABSTRACT

This study aims to uncover the meaning of Corporate Social Responsibility (CSR) from the point of view of the management of PT. UB in-depth and comprehensively. The concept of CSR contained in the UUPM and UUPT will be seen in PT. Sejahtera Usaha Bersama Jombang, as a private company that is engaged in industry, especially plywood. This research uses Husserl's data analysis techniques, with epoche stages, phenomenological reduction, imagination variations, synthesis of meaning, and essence. Data collection in this study uses the method of observation, interviews, and documentation. The results found two perspectives on the meaning of CSR at PT. SUB Jombang. First, CSR is defined as an obligation that is in the form of compliance with regulations. Second, CSR is interpreted as awareness, that is the awareness of the company growing and developing in the midst of the community environment, and CSR as a charity and almsgiving.

Keywords: Awareness, Corporate Social Responsibility (CSR), Management, Obligations, Phenomenological

INTRODUCTION

The existence of a company cannot be separated from the society and the environment. There is a reciprocal relationship between the company and the community. The company, the community, and the environment are give-and-take partners. Their contribution and harmony determine the success of the company itself. This is one of the reasons for the need for awareness of social responsibility or *Corporate Social Responsibility* (CSR) to achieve a balanced business between the entrepreneurs and the surrounding community requiring them to conduct their business in a more responsible manner.

The Government of Indonesia stipulates several regulations emphasizing the concept of CSR as an obligatory matter implemented by all corporations in Indonesia. One of the company sectors in Indonesia is manufacturing which has a large impact on the surrounding environment because of its negative effects on the environment during the operational processes. This sums the damage to the company's external environment.

PT SUB Jombang implements CSR programs in several types of activities, that is to say (1) Absorption of 200-300 local workforce in the area adjacent to the company, with 2,701 people for the total absorption in Jombang. (2) Improvement of transportation infrastructure and public amenities. (3) Financial assistance for national and religious holidays. (4) Seedlings and agricultural equipment endowment. (5) Scholarship and foster parents. (6) Utilization of non-hazardous waste. Solid waste disposed by the

company can actually disrupt the environment, particularly waterways adjoining to a disposal site. Its solid waste, especially bark, is widely utilized by several tofu producers and crackers as fuel with which they can reduce their production costs due to it is gratuitous. (7) Cooperation between the company and the community. This program is arguably empowerment involving and absorbing a lot of workers, in particular unemployed housewives with lots of spare time.

PT SUB empowers the community to process or glue the broken/damaged plywood. A ready-to-process sheet of plywood worths Rp 200-300, while they can produce a minimum of 100-150 sheets. As a result, the minimum income of the people being members of this program is at least between Rp. 600,000 to Rp. 1,350,000 per month. The community around are benefited. Their economic growth is marked by the number of people switching professions, and the emergence of new businesses, such as those, used to be farmers, made stores, stalls, restaurants, and boarding houses. This is the result of the factory employees being those facilities' customers.

Based on the findings in Mr. Deddy's stating the implementation of CSR is a company's compliance with government regulations through current laws. Based on the statement, the main idea arises from the institutional theory stating that organizations are constituted by the institutional surrounding environment and thus the organization must be observed as a totality of symbols, language, or rituals that surround it (Skelley, 2002) in (Gudono, 2014: 167). For this reason, companies comply with government regulations, due to it is established on the basis of government institutions. The research findings support this statement. Steinmo (2001) in Gudono (2014: 169) states that New Institutionalism examines the great influence of institutions on human behavior through the rules and norms made by the institutions. Those include, for example, the armed forces, sub-district offices, marriages, insurance, professional code of ethics, gangs, markets, companies, and a village community.

Mr. Deddy found that there was an existent awareness that the company directly or indirectly impact the societies. This implies that they need special attention and priority. This statement concludes that the company prioritizes and specifically pays attention to the community around. Thereby, they feel comfortable about the presence of the company in the midst the company operating productively without whatsoever societies' objection. This is in line with the Legitimation theory stating that organizational legitimacy can be noted as something given by the community to the company and something desired or sought from the community, O'Donovan (2002) in Hadi (2010: 87).

Similar research has been carried out by previous researchers with a variety of different perspectives and using various qualitative research methods. A study, conducted by Narsa (2014), with phenomenological research methods by interpretive paradigms, generated one CSR meaning, CSR as a corporate obligation. Another study carried out by Oktarizal (2014) entitled with the Meaning of *Corporate Social Responsibility* for Sugar Factory Management of PT Kebon Agung (Malang, East Java). The research used a qualitative approach with a phenomenological research design. The study found that CSR was interpreted as accountability to society, the environment, and the country. Furthermore, Rismawati (2015) found that "No Business Interruption" interpreted as an order to protect the environment and the employees' work safety to make production activities obstructed.

Research conducted by Rasyid, et al (2014) showed there was a significant relationship between communicators, messages, channels with community empowerment, and corporate image as well. Not only CSR has a positive impact on society but also on the company's image. Narsa and Irwanto (2014) stated that the implementation of CSR had a positive and real impact on the Karangturi Village community. CSR improved community conditions both in health, education, employment, and institutional strengthening by handling toddler's malnutrition, scholarships, as well as environmental conditions with clean water and air provision. In response to this issue, the Indonesian government has made several regulations as the CSR implementation basis for many companies in the country. These regulations are Law of the Republic of Indonesia No. 25 of 2007 concerning Investments, Law No. 40/2007 concerning Limited Companies and Government Ordinance No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Companies, and Ministerial Regulation of State-Owned Enterprises No. PER-02 / MBU / 7/2017 concerning the Second Amendment to the Ministerial Regulation of State-Owned Enterprises No. PER / -09 / MBU / 07/2015 concerning the Partnership Program of State-Owned Enterprises with Small Businesses and the Community Development Program.

RESEARCH METHOD

This research refers to Husserl's transcendental phenomenology (1859-1938) comprising four stages of data analysis namely, epoche, reduction of phenomenology, variation of imagination, and synthesis of meaning and essence. Primary data were collected through direct interviews with companies and the secondary were collected through company documents and regulations on CSR handling.

The implementation of this research uses a phenomenological approach, efforts to the reduction, interpretation, and data analysis after the approach. The reduction process is performed to find the core or main issues of the data obtained. To reinterpret the data, the reduction results are carried out as materials to analyze or conclude the findings. After the data collection, the researcher processes to the analysis and interpretation. Based on the data obtained, the researcher analyzed them over the reduction by brecketing, giving parentheses to get textural data; horizontalizing, comparing the object perceptions of each informant; horizon, i.e. classifying findings from horizontalizing, and inserting into object-related themes related to maintaining a deeper meaning.

RESULTS AND DISCUSSION

CSR Benefits Perceived by the Community

The establishment of the company adjacent to residential areas impacts the surrounding community, particularly the improvement of the community's economy. This can be confirmed through the interview results as Mr. Slamet stated:

"Thank God, we got some benefits. Our economy gets better since the company employs 200-300 residents. For the contract work, such as log shipping, they offered the surrounding community to carry the job. Thin plywood was freely given and the residents recycle or sell them, thank God."

Mrs. Sriatin, the company's community empowerment agent stated that the surrounding community felt a positive impact on the company presence. CSR's community empowerment program was aimed at recycling plywood into valuable basic material for the company. The company's existence benefits the community's welfare and economic growth. Mr. Slamet stated:

"Obviously, the company provides a job for us. The gathering of people comes out with the economic growth, particularly, for those who provide boarding houses, food stalls, restaurants, catering, and laundry. Thank God."

Based on the interview, the company certainly grows the economy of the surrounding community, boarding houses, stalls, catering, and laundry in particular. The community benefit from the existence of this company. They provide local food stalls, boarding houses and other businesses. Indirectly, the economy of the surrounding community has gotten out from under.

The meaning of CSR at PT SUB Jombang

The phenomenon comes out from the mandatory values. These affect all activities including the implementation of CSR programs in this study. The mandatory must be responsibly accomplished. Based on the informant's mandatory and awareness, the researcher has found the meaning of CSR in the PT.SUB. It is divided into three forms of meaning; CSR as a compliance with government regulations, CSR as Corporate Awareness of the Community, and CSR as alms.

Compliance with Government Regulations

Mrs. Dyah, CSR Manager of PT SUB Jombang, explored the meaning of CSR. When questioned about what and why there should be CSR, she said:

"CSR has been regulated by the government laws that we have to follow. Although this is a private company which main purpose is to focus on increasing productivity, we also have a responsibility to the community through our CSR programs. That's pretty much it."
(bracketing)

Based on her initial opinion, Ms. Dyah realizes that CSR is implemented as a form of compliance with government laws (*noema*). All regulations including CSR refer to Law No. 40 of 2007 concerning Limited Companies emphasizing that every corporation using natural resources as the main raw material is required to implement social responsibility (CSR). In addition, in accordance with article 74 of Law Number 40 Year 2007 concerning Limited Companies, the mandatory program of CSR is only confined to limited companies or natural resources-related companies (*eidetic reduction*).

CSR as Corporate Awareness of the Community

Awareness comes from perceptions and thoughts derived from the individual assumption that CSR is a corporate obligation. The obligation in implementing CSR provides a mental system fostering self-awareness in PT SUB management to implement CSR. Mrs. Dyah realizes that the company is responsible for generating profits, and a social duty to advance the surrounding community instead (*noesis*). As she stated below:

"I'd like to say that our company principle, in addition to increasing profits, we emphasize developing the surrounding community, and they benefit from our existence. That is the company's duty as our social awareness ". (*bracketing*)

Based on the results of the interview, the company aims both generating profits (*noesis*) and advancing the surrounding community (*noema*). To remain survive, the company must be able to recognize changes in ambient environments. Synchronization between company and community interests is indispensable to avoid undesired things and to set up a harmonious relationship between the company and the community. Therefore, CSR is inadequate to merely be considered as a company obligation, all the same it must be a corporate awareness (*eidetic reduction*).

CSR as Almsgiving

Corporate Social Responsibility is a corresponding concept; however, the company's view of CSR has a different meaning. In interviews with employees of the CSR staff, it has been revealed that CSR is a kind of almsgiving (*noema*) to needy or penniless surrounding communities (*noesis*). The following are the results of the interview with Ms. Linda as CSR staff of PT. SUB:

"In the beginning, this company meets pros and cons. We must spend funds to implement CSR to ensure that the company comfortably runs its activities. And thank God, our CSR seems to be charity or alms. We have to be sincere for the company's development and surrounding community progress."(*bracketing*)

From the interview results above, Mrs. Linda considers that CSR is an awareness to do charity or almsgiving. As the Islamic teachings, in addition to accordance with company procedures, its CSR program is considered as the obedience to God Requiring moslems to help the needy. (*eidetic reduction*).

Discussion

The discussion in this study is the result of analysis through research intuition as the main instrument testing CSR institutional theory in PT SUB and related laws. The discussion is divided based on two basic theories relating to the meaning explored from the informants when answering the research focus on how the meaning of CSR in the management perspective. The explanation follows.

Corporate Social Responsibility Based on Legitimacy Theory

Legitimacy problems arise when companies run their operations regardless of social values and norms applied to society. Indigenous peoples firmly hold the norms and values inherited from their ancestors. If they look into company operations put the arms on the preserved values and norms, the society will consider the company as the opposition of the community's belief. Thus, the disclosure of corporate social responsibility is demanded as a media to communicate the impact caused by the company's activities to the community and parties concerned, and aims to meet the company's commitment to groups and individuals in the corporate environment (Lindawati & Puspita, 2015: 168).

CSR as Corporate Awareness of the Community

Naturally, humans are social beings. Similarly, business entities standing in the midst of society, they cannot live alone; thereby they always live in a society. Only then, humans maintain their lives. Companies as business entities cannot run their business activities properly in the absence of the surrounding community assistance. Thus, the company must bring them its commitment to ensuring the company's sustainability.

PT SUB, as a business entity existing in the midst of the community, needs social legitimacy, namely social acceptance and support from the local community. The existence of PT SUB, directly and indirectly influences the external environment. PT SUB potentially changes the community environment, both negatively and positively. To hold out against the legitimacy gap emergence triggering conflicts with the community, PT SUB has carried out social responsibility disclosures intended to pay attention to the community receiving and providing support to the company. This was stated during the interview as follows:

"To remain survive, the company must be able to recognize changes in ambient environments. Synchronization between company and community interests is indispensable to avoid undesired things and to set up a harmonious relationship between the company and the community. Therefore, CSR is inadequate to merely be considered as a company obligation, all the same, it must be a corporate awareness (eidetic reduction). There is also awareness that the company's operations will directly or indirectly benefit the community. When the stakeholders already pursue their desire, then the company's operational activities will run well as expected in the absence of stakeholder controversies."

Tobin, et al (2002) in Hadi (2014: 89) states that legitimacy can be obtained if there is a correspondence between the existence of the company in accordance with the existence of a value system existing in society and the environment. The acceptance of PT SUB in the community concludes that there has been conformity between the company's operations and community expectations, comprising social values and norms. In other words, the process of legitimacy carried out by the company has been successful.

Public legitimacy is a strategic factor to develop the company in the future. This can be used to construct the company's strategy, especially related to its status in the midst of an increasingly developed society. Organizational legitimacy can be considered as something given by the community and desired or sought by the company from the community O'Donovan (2002) in Hadi, (2010: 87). It is clearly seen that the company provides social responsibility (CSR) as a strategy to get what the company wants, that is a positive perception from the community, by providing CSR programs through community empowerment. To remain survive, the company must be able to recognize changes in ambient environments. Synchronization between company and community interests is indispensable to avoid undesired things and to set up a harmonious relationship between the company and the community. Therefore, CSR is inadequate to merely be considered as a company obligation, all the same, it must be a corporate awareness. Through CSR programs the community occupies positive impacts and benefits from the CSR program, that is the community empowerment.

The results find that female informants give more detailed and open opinions. In addition, women, in this study, provide an opinion related to the meaning of CSR obligation compliance with government regulations. Besides, they provide other opinions about company's awareness of society and the environment. Since, women in general, have more detailed thoughts in decision-making analysis. They tend to analyze problems before making a decision, and process the decision, resulting in more careful consideration of the problem and alternative solutions. Therefore, women gender characteristics deeply consider and give broader opinions related to the meaning of CSR in the PT. SUB. According to Kusumastuti (2008) in Hadya and Susanto (2018: 151) women have a very high caution attitude, tend to avoid risk, and more conscientious than men. This also makes them carefully settle upon decisions; thereby women on the board of the company are considered to be able to assist to make more appropriate decisions and lower risk.

CSR as Almsgiving

Corporate social responsibility is a corresponding concept; however, the company has a different meaning. The management of PT SUB in the interview stated that the implementation of CSR was a practice of almsgiving. In an interview, one of the company's internal parties stated:

"In the beginning, this company meets pros and cons. We must spend funds to implement CSR to ensure that the company comfortably runs its activities. And thank God, our CSR seems to be charity or alms. We have to be sincere for the company's development and surrounding community progress." (bracketing)

This implies CSR is considered as almsgiving, like moslems giving some of their having to the needy. The meaning of almsgiving is to give some of our wealth for God, to the needy, relatives, family, and for the sake of God. The meaning of almsgiving is also stated in the verses of the Qur'an, Surah Al-Baqarah (2): 264 and Al-Taubah (9): 60. This is in accordance with the teachings of Islam and listed in the pillars of Islamic, Zakat. Zakat has other instruments namely infaq and shodaqoh (almsgiving). Through the collection of these instruments a prosperous society can be built.

The explanation above concludes that the company willingly issued CSR for the welfare of the surrounding community. In addition to urge the surrounding community prosperity, the company seeks to reduce unemployment and poverty levels of the community as well. The company is responsible to the community, as well the owner is responsible for the ownership to stakeholder and God. The community indirectly and positively benefits from the existence of CSR. CSR is put in practice since indirectly, the surrounding community is affected by the company's operational activities.

The legitimacy theory says that organizational legitimacy can be noticed as a matter given by the community to the company and something that the company needs or hunts for from the community. Thus, legitimacy is a potential benefit or resource to survive (*going concern*) O'Donovan (2002) in Hadi, (2010: 87). We can see that the company gives alms to the community and it gets autonomous liberation in carrying out its operational activities without any interference from the community.

Based on the description above we can draw a conclusion that the company provides alms for the benefit of the company and for the wider community, for the reason that the company seeks to carry out operational activities without interference from external

parties, namely the community. Community interference will do harm the company. The company pursues maximum results without any disruption causing the operational process troubled.

Based on the results of this study, the researcher identifies the meaning of CSR as almsgiving. One informant confirmed that CSR is a charity or almsgiving for the needy, in other words, the surrounding community. The informant is a moslem female. Therefore, the informant believed that CSR is a charitable media, not only as obedience to the government regulations but also on God's commandment, compulsory for moslems to carry out. The basis of equality between men and women as confirmed by God in QS An-Nahl: 97 which means: "Whosoever acts righteously - whether a man or a woman - and embraces belief, We will surely grant him a good life; and will surely grant such persons their reward according to the best of their deeds."

CONCLUSIONS

Through transcendental phenomenology awareness studies, the researcher has explored informant awareness about the meaning of CSR. In addition, based on the results of data analysis the researcher observes meanings in several findings. Based on the results, there are several conclusions that can be drawn:

1. CSR is interpreted as compliance with government regulations. The government has made regulations relating to the implementation of CSR, made to be adhered to. This is the basis of the management of PT.SUB Jombang in interpreting CSR. Through that, the company has been entrusted by the government to properly implement CSR.
2. CSR as corporate awareness of the community starting from a compulsory, perception, and opinion vaguely based on individuals assuming that CSR is mandatory. The perceptions and opinions eventually construct an inner awareness of the informant. The management of PT.SUB Jombang has realized that the company's duty is not only to get the maximum profit. However, the company is responsible and commits to advance the surrounding community since the company indirectly grows and develops in the midst of the community and achieve their support.
3. CSR is interpreted as almsgiving. In addition to religious sincerity, CSR is implemented to help the needy.

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