

STUDY OF INTERPRETIVE CORPORATE SOCIAL RESPONSIBILITY AT PG KEBON AGUNG

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ABSTRACT

This paper is meant to provide another view on the CSR implementation at PG Kebon Agung Malang. The researcher used a qualitative method with a phenomenological approach to examine and analyze the data obtained during the study. Research findings on the implementation of CSR at PG Kebon Agung have gone well, this is indicated by the blue rating obtained by the company through the PROPER of the Ministry of Environment. The existence of a reciprocal relationship between the company and the community to achieve mutual prosperity is the basis for consideration for companies in realizing the CSR program at PG Kebon Agung which still has the concept of generosity. The company matches CSR programs that are considered appropriate to be implemented with the affected environmental situation, in order to improve the company's performance assessment in the environmental field and community economic empowerment. Meanwhile, in the recording and reporting of environmental accounting, PG Kebon Agung has not implemented reporting standards in accordance with applicable regulations. This is because the company's share ownership is mostly owned by internal parties, namely the Employee Welfare Foundation - Bank Indonesia and employees who are members of the company's cooperatives. Therefore, there is no obligation for companies to report financial information and environmental costs to external parties.

Keywords: CSR, phenomenology, environmental accounting

INTRODUCTION

The rotation of the CSR (Corporate Social Responsibility) ball in the business world has not ended in the scope of "the real CSR". Handayati & Rochayatun (2019:5) stated that the implementation of CSR has different meanings for each person, it can be as an act of noble generosity (philanthropy), initiatives to increase reputation, and for a few people is the company's basic operating philosophy. However, along with the development of mobility in the business world, various environmental problems arise as a result of the company's operational activities, resulting in a paradigm shift from voluntary CSR to be a periodic mandatory company obligation as stipulated in the CSR Law.

Several regulations that directly regulate CSR in Indonesia, including Law no. 40 of 2007 concerning Limited Liability Companies, PP No. 47 of 2012 and Law No. 25 of 2007 concerning Investment, insert articles that regulate CSR. With this regulation, companies are required to be wiser in choosing and determining the form of social responsibility that will be carried out, so that it can not only benefit the company but also the community and the environment, which is referred to as the 3P (triple bottom line).

The concept of TBL is closely related to the business world, especially to manufacturing companies which are companies that contribute to many impacts on the environment. The Ministry of Environment and Forestry (KLHK) assesses that the compliance of the manufacturing sector in environmental management is still low. In 2019, 2,045 companies registered with the Ministry of Environment and Forestry to be assessed for environmental compliance aspects, 83 of which were in the proper green category and above, of the total there were 23 manufacturing companies in the green category and 1 company in the gold category. The data illustrates that there are still many manufacturing companies that tend to be "relaxed" in responding to the role of CSR in the company's business operations.

This study aims to explore the implementation of CSR at PG Kebon Agung, Malang. PG Kebon Agung is one of the largest sugar factories and has long survived in the industrial world. Based on the literature and the researcher's initial observations, PG Kebon Agung is a company where the shareholders consist of YKK-BI with a share ownership of 99.6% and the Employee Cooperative of PT Kebon Agung of 0.4%. This has attracted the attention of researchers to dig deeper into the form of social responsibility at PG Kebon Agung, namely by tracing the implementation and reporting of CSR in corporate accounting.

Previous research related to CSR in PG. Kebon Agung with a phenomenological approach was carried out by Oktarizal (2013) who found a change in the meaning of CSR from the beginning of the period when the company was just getting to know and doing CSR, to understanding when conducting research, after management had been doing CSR for years. This study wants to research in the same place, that is PG Kebon Agung with the same approach, namely phenomenology, but this research is more focused on the implementation of CSR and corporate CSR accounting reports. Based on the description above, the researchers are interested in conducting research with the title "Interpretive Study of Corporate Social Responsibility at PG Kebon Agung".

THEORETICAL FOUNDATION AND EMPIRICAL STUDY

Corporate Social Responsibility

The concept of 3P (triple bottom line) which was coined by John Elkington is a concept in CSR for companies that want to survive in the business realm. The 3Ps consist of profit (company profits), people (community welfare), and planet (environmental sustainability). The implementation of CSR is not limited to complying with applicable laws and regulations, but will provide use values and benefits for various groups that have an interest in the entity. CSR is closely related to sustainable development, that a company must consider not only based on financial factors but also based on the social and environmental

consequences of its operational activities. Therefore, the company must be fair to the community and the surrounding environment which have already taken part in bearing the impacts of the company's externalities through CSR programs.

Maulidiana (2018) stated that CSR activities carried out in Indonesia still tend to be based on several approaches, such as corporate giving/charity, corporate philanthropy, corporate community/public relations and community development. However, along with the development of the business world, the government has implemented a law that regulates the implementation of CSR in Indonesia so that CSR becomes an obligation that must be carried out by companies periodically.

Corporate Sustainability Theory

According to this theory, to be able to live and grow sustainably, corporations must integrate business goals with social and ecological goals as a whole. Business development must be based on three main pillars, namely economic, social and environmental in an integrated manner, so as not to sacrifice the interests of future generations to live and meet their needs. In the perspective of corporate sustainability theory, society and the environment are the basic and main pillars that determine the success of a company's business, so they must always be protected and empowered.

Joshi & LI (2016) suggested that there are at least two main reasons why it is important for companies to implement CSR as corporate sustainability, (1) producing sustainable company development and (2) making important contributions towards sustainable economic and community development. Sustainability is not only related to social activities, philanthropy or environmental issues, but also includes company profitability, innovation, paradigm shifts in thinking and ways of working. The concept of sustainability is a concept that is interpreted through three dimensions, namely economic sustainability, environmental sustainability, and social sustainability. Sustainability has been implemented by companies that are legally required or requested by customers, principals and shareholders.

Environmental Accounting

The International Accounting Standards Committee (IASC) developed a concept of international accounting principles in 1990, including environmental accounting. Environmental accounting or environmental accounting (EA), aims to increase company awareness and concern for the environment. Verdiana (2006) suggested that CSR report disclosures generally consist of two types: Voluntary disclosure that is a voluntary disclosure of CSR-related reports, not referring to a certain reporting basis that applies both in terms of information and reporting format. Meanwhile, mandatory disclosure is the disclosure of CSR information that is under the spotlight and control of the competent authority so that it is mandatory and stated in legal regulations because there are standards that guarantee the relative similarity of forms in reporting practices.

In general, there are 2 functions of environmental accounting, that is the internal function relating to internal parties, the company leadership is the actor and also the dominant factor in this function, because the leader is responsible for every decision making and determination of every company's internal policy and external functions related to environmental accounting, aspects of financial reporting where companies can disclose the results of environmental conservation activities that have been measured quantitatively in the form of accounting reports. (Wibisono, 2011). The measurement of the quality of environmental performance in Indonesia is called PROPER, which is made in the form of a rating by an environmental agency. PROPER is one of the efforts made by the Ministry of the Environment to assist in structuring companies in the environmental sector. There are five color indicators to rank the company's performance, including gold, green, blue, red and black.

METHOD

This study uses a qualitative approach. The researcher uses this method based on the research focus, which is to examine and analyze an apparent phenomenon so as to produce a more comprehensive study of the phenomenon. Qualitative research has several approaches to examine a problem to be studied, including: case studies, descriptive, phenomenology, ethnography, grounded theory, biographies, and so on (Tobing, et al: 2017). This study uses a phenomenological approach to examine and analyze the implementation of CSR programs and environmental accounting reporting at PG Kebon Agung. Data collection in this study used a purpose sampling technique, including interviews, observation and documentation.

FINDINGS AND DISCUSSION

The Implementation of CSR in PG Kebon Agung

Globally, CSR is not only interpreted as a charitable activity, but has become a new CSR paradigm that leads to a form of corporate commitment in carrying out responsibilities to society and the environment, as well as sustainable independent economic development. This is in line with the opinion (Sunaryo, 2013) which says that companies that want to achieve corporate sustainability in making CSR programs must be aligned with the principles of sustainable development, in addition to paying attention to economic and social aspects, they must also pay attention to environmental aspects so that the company's existence and existence will be maintained. As well as environmental sustainability. The success of implementing CSR is largely determined by the willingness and awareness of a company to the problems that arise in society, because CSR must be "inside out" starting within the company.

Based on the results of research conducted on several informants at PG Kebon Agung, there are several CSR programs that have been implemented, namely planting petung bamboo to reduce river flow to minimize flooding, repairing damaged roads due to the mobilization of sugarcane company trucks from the sugarcane plant center to PG Kebon Agung, and the relocation of the elementary school which was deemed by the company to be unfit to be used as a place for teaching and learning, in addition to that because of its location close to the factory location, which further disrupted learning activities and returned lorry access to the local government. The realization of several major CSR programs is based on the reciprocal relationship between the company

and the community who have an interest and who feel the impact of the company's operational activities in the community. As stated by the following informant:

"...it's true that CSR is everywhere, there is a direct contribution to the company, yes there is a reciprocal to the company. The company gives to the community, especially the affected community." (PB/AL).

The CSR program that is still being planned by PG Kebon Agung, based on the informant's exposure that there will be a program that leads to sustainability, is not only beneficial for the community but also for the company, such as community economic empowerment. The benefits that will be obtained by the community are the ease of obtaining capital for business and school financing capital to a higher level for the community, especially those who have close relationships with PG Kebon Agung. While the benefits that will be obtained by the company are in the form of evaluating the company's performance in the environmental field or Proper with the CSR program for community economic empowerment, this is certainly desired by every company in order to maintain the image and good name of the company in the environment where the company operates.

Based on the theory of corporate sustainability, PG Kebon Agung has implemented CSR well for the sustainability of the company's business in the business world. To survive and maintain the good name of the company, the company has implemented CSR programs in accordance with the needs of the community and the company's ability to finance CSR programs, but it must be based on the existence of a reciprocal relationship (feedback) between the company and the community to achieve mutual prosperity. The CSR carried out by PG Kebon Agung is the consideration of the CSR program run by the company based on the wishes and needs of the community, which is balanced with a decision from the board of directors to approve or not the realization of the proposed program.

The implementation of CSR at PG Kebon Agung has been going well and according to the requirements of the applicable laws and regulations. This is indicated by the company's achievement of the Company Performance Rating Assessment Program or called PROPER which received a Blue rating. Blue Rating is a safe limit for a company to obtain convenience in obtaining permits and others. Because, if a company gets a red or black predicate, it will be difficult for the company. Of course this will make it difficult for the company to survive and develop in the industrial world. Because every company will certainly compete and do whatever it takes to maintain its existence in the business world and also the company's image in the community to maintain business sustainability, but in concept PG Kebon Agung still adheres to the concept of generosity, not leading to sustainability. However, PG Kebon Agung itself hopes for a better development of the CSR program that is carried out so that it is in accordance with the impact caused by the company, the needs of the community and the company's ability to finance the proposed CSR program.

CSR Reporting at PG Kebon Agung

Environmental accounting according to Arfan (2008) is the identification, measurement and allocation of environmental costs and the integration of these costs into business decision making and communicating the results to the company's stakeholders. The recording of CSR reports at PG Kebon Agung has not implemented environmental accounting in accordance with applicable standards. Accounting records are still limited to CSR budget realization reports and are included in the general expense category, as conveyed by the following informants:

"... in some companies it may have been allocated for CSR itself, but in Kebon Agung... it is not allocated in a special CSR estimate... it is included in the general cost allocation." (PB/AL).

CSR disclosure at PG Kebon Agung is included in voluntary disclosure, because the form of CSR reporting in accounting does not yet refer to a certain reporting basis that applies both in terms of information and reporting format. So that it does not get the spotlight of control from the authorized institution and there is no legal regulation because it does not follow standards that guarantee the relative equality of forms in reporting practices, the tendency of managers in disclosing good news information to avoid decreasing cash flows and causing losses to the company, so that voluntary disclosure is not actually happen because it will benefit the company.

Environmental Accounting (EA) or environmental accounting is recommended for every company. However, the majority share ownership in PG Kebon Agung is owned by YKKBI which is 99.6% and the Employee Cooperative of PG Kebon Agung is 0.4%, so that investment is closed to outsiders but only open to internal parties with the existence of the Employee Cooperative. The dominance of ownership affects the form of CSR reporting, where the company does not have to provide social responsibility reports to external parties, especially the shareholders (stakeholders). because PG Kebon Agung does not sell and trade its shares to the public, so that CSR reporting in environmental accounting does not have much impact on the sustainability of the company's business to obtain capital from outside parties, by showing the company's performance on social and environmental issues. The company only pays attention to the CSR programs that are carried out in accordance with applicable regulations in order to maintain existence in the business world and provide convenience in licensing matters.

CONCLUSIONS AND SUGGESTIONS

Based on the explanation that has been described regarding the implementation of CSR at PG Kebon Agung, the implementation of CSR has been going well in accordance with applicable regulations, this is indicated by the blue rating obtained by the company for PROPER. The implementation of CSR is in line with the theory of corporate sustainability that PG Kebon Agung continues to strive to make CSR programs better, as expected in the future there will be community economic empowerment. While the accounting records are still in the form of a budget realization report, it also shows that PG Kebon Agung is a closed company for share ownership, which is only owned by the Employee Welfare Foundation - Bank Indonesia. So that the existence of environmental accounting has not become a company urgency because it does not need to properly report

information related to corporate social responsibility activities. In addition, in applying the CSR program, PG Kebon Agung matches the CSR program with the environmental situation, one of which is that the economic empowerment of the community is considered an appropriate CSR program to be implemented in order to improve the company's performance assessment in the environmental field.

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