Implementation of Corporate Social Responsibility Program for Education in Government Banking of Malang

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Abstract
This study was done in two State-owned enterprise banking which are Bank Rakyat Indonesia and Bank Negara Indonesia. The aim of this study is to know the underlying reason of the companies do the activity of CSR for education and their strategies in implementing the CSR program for education. This study used qualitative research method with descriptive approach with multi-sites study type. The result of this study showed that both companies have less striking similarities and differences, since both banks are state-owned banks which have been recognized by the people in terms of Corporate Social Responsibility for education. The underlying reason for the company to do CSR activities is because of government regulations about the obligation of SOEs (BUMN) to implement CSR. The strategies of the two companies do not have a significant difference. Since the researcher conducted the research in the branch office that has central office, then all activities undertaken must get approval from the regional and central office by sending a letter of recommendation. As seen in the objectives of the Corporate Social Responsibility program undertaken by the company, there are things that cannot be separated with corporate objectives. The development of CSR for education is very useful for companies and corporate partners for the implementation of social activities and the achievement of corporate goals. As performed by BRI and BNI in carrying out CSR activities, BRI has included it in the Vision of the company, while BNI has included it on the Mission of the company so that the implementation of CSR is in line with corporate goals.

Keywords: Corporate Social Responsibility, Education, Banking
Introduction

In the past, the company was considered to have fulfilled social responsibility if the company operated lawfully, generated profits, and provided employment to the community (Epstein et al., 1976). Yet at this time, companies are also expected to be more socially responsible for the communities in which they operate. Companies are expected to reduce pollution, utilize natural resources effectively and efficiently, maintain a variety of workforces, provide employment for minorities and women, eliminate racial and sexual discrimination, and many more (Adebayo, 2000). According to Anggraini (2006), Corporate Social Responsibility (CSR) is a mechanism or way of organization or institution that voluntarily integrates environmental and social concerns into its operations and its interaction with stakeholders, which exceeds the responsibility of the legal organization. Another definition of CSR is the concern of companies that set aside a portion of their profits for the benefit of sustainable human (people) and environment (planet) development based on appropriate and professional procedures according to company regulations (Suharto, 2008).

Corporate social responsibility (CSR) has emerged as a very relevant issue in the business world over the past decade, and banking companies in Indonesia have been actively involved in this issue with the various CSR areas they employ. Banking has conducted CSR activities on religious, environmental, social and educational fields. Education is the CSR program done by most of the banking industry. Not only because Malang is a city of education, but because many banking companies do cooperation with the field of education also.

Researchers choose both banks in this research object because in CSR, both banks have a great contribution in education. However, in the article by Soetjipto, BE. et al (2016) on Corporate Social Responsibility: The Alternative Financing To Regional Development states that the percentage of companies doing CSR for education in East Java is 2.0% and the largest is in Partnership / SME (Small and medium enterprises) of 73.5%. As seen from the results of the study, the researchers wanted to know more about the CSR for education at both banks. In a business unilaterally supported by the life insurance company, researchers began to wonder about the financial impact of such CSR activities on corporate performance. Rodriguez and Cruz (2007) found a positive impact of CSR activity on their accounting performance (ie, asset recovery) in Spain using survey methods. Lee and Park (2009) examined the relationship between CSR investment and firm performance (accounting performance and value) for US hotels and casinos, and found a positive relationship for hotels, but no for casino.

Although these studies provide valuable insights, they collect CSR Activities as one measure, and this practice can reach the same level, but tends to be disproportionately affected by the negative characteristics of the target (Martijn et al., 1992). This overemphasizing negative information is often referred to as a negative effect (Wojciszke et al., 1993). On the other hand, Taylor and Koivumaki (1976) examined how people perceive themselves against others, and found that perceived people are causing positive behavior, and situational factors are thought to lead to negative behavior. This tendency is called a positive effect, and is found to operate most strongly for the main perceptions of "others," and is less strong for foreigners or strangers and favored or dislikes acquaintances.
CSR, although is not a new concept but actually late in making it into mandatory rules for companies since CSR is something that should be done for companies running among the society. The concept of CSR conducted by banks in the field of education is actually something that can get a positive value in society and corporate partners which can show the identity of the company to the wider community. Dobrea, R.C., Dinu, F.A (2011) stated that CSR is currently one of the areas of particular concern in the management of corporate organizations. It shows that CSR is now an important part that must be done and become a mandatory for companies to implement it. Companies are expected to behave ethically and act as corporate members responsible for society and the surrounding environment (Smith & Crane 1992; Sparkes, 2002).

Based on the background described above, the focus of this research are as follows:

1. The significance of Corporate Social Responsibility for the company.
2. Corporate strategy in implementing the Corporate Social Responsibility program of education.
3. Engagement of Corporate Social Responsibility with the vision, mission and objectives of the company.

RESEARCH METHOD

This research uses qualitative research with descriptive approach with multy-sites study types. Multi-site study is a research design involving two or more subjects. Data collection methods used are interviews and documentation by recording data from reports, notes and files from various sources such as the internet, journals, previous studies and other relevant sources. Informants from this research are special officers who are responsible for handling CSR programs for education. At BNI office, Jl. Jend Basuki Rachmad, CSR is done by general section and marketing department of company, meanwhile at BRI Martadinata, CSR is done by Corporate Program Department. This study used interactive analysis models, where data reduction components, data presentation and conclusions or verification were done by data collection process after data collected (Miles and Huberman, 2014)

Findings

A. Significance of Corporate Social Responsibility for the company.

Corporate Social Responsibility in banking has existed and been planned with various topics of activity named in each banking company, as in CSR for education by BRI, it has theme BRI peduli, while BNI has BUMN mengajar. BRI has been using the principles of Good Corporate Governance (GCG) in which there is a concern of BRI to the surrounding environment. It can bring certain perspective on the role of business in the community (Rangan, Chase and Karim, 2012). The definition of CSR is a business that carries responsibilities to the community and the wider stakeholder of shareholders (George, 2016; Dobrea, R.C., Burca, A, 2010, Carrol and Shabana, 2010)

BRI and BNI as state-owned banks has conducted CSR activities since the enactment of REGULATION OF THE MINISTER OF STATE-OWNED ENTERPRISES NO.-09 / MBU / 07/2015 on
the partnership program and environmental development program of state-owned enterprises stating that SOEs have an obligation to implement BL programs (Community Development). With the regulation, BRI starts to conduct CSR activities that are carried out continuously, as mentioned in Article 2 in the partnership and environment development program that (1) Perum (Public Company) and Persero (Limited Liability Company) must implement the Partnership and BL Program that meets the conditions regulated in this regulation (2) The Openned Persero may implement the Partnership Program and the BL Program by referring to this Regulation as stipulated in the resolution of the General Meeting of Shareholders (GMS). This is in line with what is spoken by Mr. H as the marketing of BNI that;

“As a service company in addition to the business pursuing profit, it must also care about the social community around, one of them is by doing CSR obligations that have been obliged the government and also the SOEs themselves. it makes the basis for us, SOEs, to conduct CSR activities”.

Based on the perspective of previous research, there have been negative relationship between CSR activity and financial performance, such as changes in stock prices (Vance, 1975), excess returns (Wright and Ferris, 1997), or earnings per share estimates (Ceperiro and Sarkis, 1997). However, in the banking sector in Indonesia as BUMN, it is regulated In the Minister of State-Owned Enterprises Regulation concerning the determination and use of partnership program fund and environment development program, Article 8 concerning Fund Source of Partnership Program and BL Program states that allowance for net profit after tax as stipulated in the GMS / Minister of Legalization of BUMN Counsel Annual Report is a maximum of 4% (four percent) of the net profit after the previous fiscal year. The statement stated that the funds disbursed by BRI amounted to 4% of the profits earned by the company. So that with the regulation the banks can formulate the budget funds in accordance with the needs. It proves that the CSR conducted by BRI is done in accordance with the procedure and mutual benefit from both parties. As expressed by Ms. A that:

“Not all CSR programs proposed by the partner can be accepted, we must first see how we get from the partners, we hold an internal meeting first, after get the decision, we inform the partner company, after the agreement of both parties, we write a letter of submission in the form of a proposal, as well as budget funds to the regional office”

One of the factors driving BRI to do CSR for education is the infrastructure needed to support the education is still less in Malang. BRI's CSR education activities have been carried out continuously with the theme of BRI Peduli Pendidikan. CSR activities that have been carried out by BRI include the improvements of educational facilities (laboratories or libraries), provision of operational vehicles, providing textbooks to remote schools (Malang regency). As revealed by Mr. D.B that:

“The CSR education program of Bank BRI Marthadinata is the obvious proof of our active participation in the development and improvement of the quality of education in Indonesia. Besides, our position is in Malang among
a lot of educational buildings and we also have many partners with educational institutions. We want to contribute and go directly in improving the quality of education. We hope by doing this CSR activity on education in Malang will be able to have a good impact, for example we and I improve the quality of the laboratory that will encourage students to be more passionate in learning and will eventually have an impact on better human resources”.

Factors that encourage BNI to conduct CSR activities for education as stated by Mrs. M, General section of BNI, are:

“As a tangible manifestation, we do CSR according to the mission of BNI. For education, of course, it is because many schools or universities in Malang itself that we think they need improvements in terms of children or students and teachers as well”

Conducting CSR activities in education for BNI is a pride in which BNI as a government bank can go directly in exploring the potential that exist in schools that can interact directly with the target or the community. In conducting CSR activities, BNI hopes that educational activities can be beneficial for both companies and CSR recipients. The purpose of CSR activities for education by BNI is to build government programs since BNI itself is a state-owned company, maintaining good and harmonious relationships with customers, building a positive image in the community. While the benefits expected by BNI is to get or have a position in the hearts of people and explore the potential that exist in school, as has been stated by Mr. H, that:

“The purpose of the implementation of CSR program in education is as a manifestation of maintaining our good relationship to our customers, and we, BNI, fully support government programs that BUMN Mengajar activity that is become possibility of building a positive image for the community”

Implementation of CSR programs also have big impact for companies that implement them. Benefits received by the company are obtained directly or indirectly. In CSR for education, the corporate can get benefits such as profit from partnership, strengthen partners, positive image which is good for partner, community and shareholder. For BRI, the positive image development through CSR activities cannot be refused since it will be automatically got by the company. There are many more benefits obtained by the company by doing CSR activities, as stated by Mr. D.B through the interview:

“If the positive image must be obtained from this CSR activities, let alone we directly deal with the community and we are government banks and want to go directly to the community so it will be considered positive by the community as well, but the impact is not too significant for the company”

The benefits expected by BNI as told by Mrs. M are:

“Benefits expected for the company are to get a good position in the hearts of the community, to get a good image for the community, as what we have said that we can be beneficial for the progress and improvement of
education quality in Malang, in terms of infrastructure, for teachers and students as well”

From the statement above, it is concluded that the meaning of CSR for BRI and BNI is as an obligation that must be done as a company existed among society. The reasons underlying both doing CSR activities issue to the legal regulations governing SOEs, for shareholders. The benefits expected by BRI in doing CSR are good image in the hearts of their people, as capital access in the form of partnership, and also good human resources in conducting CSR activities. While on BNI, the expected benefits are corporate image and capital access for business.

![Diagram of CSR of BNI](image)

**Figure 1.1**
CSR of BNI
Source: Processed by researcher (2017)

**B. Corporate Strategy in Implementing Corporate Social Responsibility Program of Education.**

As a government bank that has many branches throughout the region, it is certainly a complicated thing to do such activity. The concept and management strategy must also be clearly defined in order to be followed by every branch subsidiary in the region. Both BRI and BNI apply the same thing in conducting CSR activities. All BRI bank activities on CSR must be approved by the Corporate Secretariat Division and the Corporate Social Responsibility section of the central office. While BNI must get approval from JAL division which is the part that take care about CSR activities at central office. In the implementation of CSR, each branch of BRI can do it by submitting CSR programs proposal by making recommendations to the bank’s regional office first. BRI branch offices in conducting CSR
activities should obtain approval from the central office through a designated regional office as the CSR program planning flow. Planning of each CSR program at each branch must pass the predetermined flow. Not all programs submitted by the branch office can be accepted by the regional office or regional office, sometimes there is a reduction of funds and even there is a refusal of the program if the proposed program is not in accordance with what Central office expected or not priority program. Each BRI branch office is entitled to conduct activities of CSR and make submissions.

CSR activities of BRI can be done anywhere in accordance with educational needs in the community. To find the needs of CSR for education, BRI utilize branches or work units that have spread over the regions. CSR recipients are also expected to be the ones who really deserve to be taken into account and really need. There are two categories in carrying out CSR activities on BRI Martadinata ie. doing CSR activities on partner companies and also communities. As what Mrs. A expressed, that:

“At the planning stage in finding the needs of CSR for education, BRI Martadinata conducted field surveys using bank work units, and there are usually partners who propose CSR activities for education, but we consider about it first by conducting field survey”

As BRI, BNI also conducts CSR activities through the approval of the regional office and head office. In making recommendations to the regional offices of BNI branches in Jl. Jend. Basuki Rachmad to submit attachment in the form of documentation and budget funds for CSR then conducting a survey together with the CSR office Malang region. The Survey activities and socialization take 2 weeks until the planning program is ready to launch. The statement above is in accordance with Ms. M’s statement that:

“Survey and Socialization activities are usually carried out prior to the implementation of CSR activities and conducted by the regional offices of the CSR section and branch representatives who is usually from marketing or public division within approximately 2 weeks”

In addition of the criteria of CSR recipients that have been stated by Mr. H are:

“We usually prioritize the district of Malang because we believe in the district there is a lot of educational needs that we must meet, and the second is the number of students, because in the activities of BUMN Mengajar as previously we asked the number of participants first, we carried out Madrasah especially which has many students and there is additional value that is boarding school, and the third is the recipient of CSR is the customers of our bank in the form of cooperation”

Stages of the company in implementing Corporate Social Responsibility as part of corporate strategy is done by Plan, Do, Check approach as follows:

1. **Plan**

   At BRI, this stage begins by preparing a proposal or program design from a branch office conducting CSR (in this stage the branch office conducts program analysis and field survey). After the branch office agrees, it continues to send a letter of recommendation to the regional office (in this stage the branch office conducts Analysis and cost
assessment). After getting approval, the regional office submits a letter of recommendation to BRI headquarters by submitting proposals, letters of recommendation, letter of recommendation of region. Then, head office analyzes the program, budget feasibility and program priority assessment. After the process, the head office sends Notification of approval or rejection.

While BRI branch office conducts activities by sending proposals to regional offices, BNI only transmit documentation and budget funds used in CSR activities and conduct Survey activities on CSR recipients jointly with the regional office and is carried out with adjustment criteria that have been set by the company.

2. Do
It is the implementation stage of Corporate Social Responsibility Program which has been prepared in the planning stage (proposal).

3. Check
At this stage the evaluation is conducted to measure how the effectiveness of Corporate Social Responsibility program that has been implemented and as a basis for determining the program to be conducted in the coming year. Evaluation done with company internal meeting.

C. Linkage of Corporate Social Responsibility with Company's Vision, Mission and Purpose

The alignment process between the Corporate Social Responsibility program and the company's vision, mission and objectives is not easy. Through CSR programs that synergize with the vision, mission and objectives of the company is expected to solve educational problems and meet business strategic needs, so there is no longer a statement that the Corporate Social Responsibility programs and business goals are contradictory.

The results show that reflecting on the objectives of the Corporate Social Responsibility program undertaken by the company, there are things that cannot be separated with corporate goals. Through Motto Serve with sincerity (Melayani dengan Setulus hati), BRI's vision statement is to become a leading commercial bank that always prioritizes customer satisfaction. While BRI has the following missions (1) Conducting the best banking activities by prioritizing services to micro, small and medium enterprises to support the economic improvement of society. (2) Providing excellent service to customers through a widespread network and supported by professional human resources and reliable information technology by implementing excellent risk management and Good Corporate Governance (GCG) practices. (3) Providing optimum benefits and profits to stakeholders. Based on the statement of Vision, Mission and Corporate Motto, it can be seen that there is a strong commitment of BRI in carrying out all its responsibilities both from the community, customers, partners and stakeholders. The Vision, Mission and corporate goals always support CSR activities conducted by BRI. Good Corporate Governance is one of the evidence supporting BRI in conducting CSR activities, BRI always adhere to GCG principles in which there is one of the principles of corporate social responsibility. In order to strengthen the statement above, the researchers conducted an interview with Mr. D.B who stated that:
“The relevance of CSR activities to the vision, Mission and objectives of the company always support CSR activities that has ever done, one of the Mission is GCG principle, there is social responsibility that we must run. So, so far, the vision, mission and goals of BRI always support CSR activities”

In the Mission of the company, it is mentioned that BRI supports the improvement of the economy of society and providing benefits to stakeholders. By doing this CSR activities, it will indirectly support the mission set by the company because the impact of CSR program is to help increasing education for schools which requires a scholarship program that can reduce the burden for students and parents and improve the survival of companies that can make stakeholders more confident with the company. A similar statement was also expressed by Mrs. A that:

“In corporate Vision and Mission, it has been described indirectly that BRI itself is fully supportive in social activities and social improvement of the community and provide benefits to stakeholders. Now with this CSR program, it will foster trust for stakeholders and will be useful to the community. All the activities we have done so far, in my opinion, always support the vision, mission and objectives of the company”

BNI is also responsible for its social environment by conducting various programs. It is also consistent with the mission of the company that has been designed. The mission is to provide excellent services and value-added solutions to all customers and as the preferred partner (the bank choice), to enhance the value of investment for investors, create the best conditions as a place of pride to work and achieve, increasing awareness of the social environment, and serving as a benchmark for compliance and good corporate governance. The mission is one example that with CSR activities done, it is expected to be able to assist in the achievement of corporate objectives. As has been stated by Mrs. M, that:

“As far as I know, all activities support the vision, mission and objectives of the company. If not, the activity will not be done. All activities must be adjusted to the purpose of BNI, that’s why, all activities we do must get the approval from head office in order to stay in line with BNI’s identity”

DISCUSSION

In this study, the researchers found that there are 3 things that underlie the company in doing CSR activities which are legal regulation, shareholders and also the benefits obtained for the company as well as the society in terms of education. This is in line with research conducted by Silva, BO (2012) which revealed that CSR is considered necessary in Chinese companies and will briefly evaluate some practices on the environment, consumers, and external communications, the findings in this study indicate that the concept of CSR has a significance with legal implications. In CSR, there are also effects or benefits that can be perceived by the company. One of them is the image or positive image of the company in the community. This has been mentioned in Peter Brabeck-Letmathe Chairman & CEO, Nestle and Mark Kramer (2009) research, stated that Corporate Social Responsibility is an integral part of
the company's business and is formed from the investment strategy undertaken by the company. Businesses can always be sure to have both positive and negative social and environmental effects from any value chain of operations run by the company. The basis of the company is the shareholders who are an important part of the company. Based on the opinion of Mitchell (1997) relating to Stakeholders Theory, there are three factors that affect the company in view of stakeholder significance which are strength, legitimacy, and urgency.

The process of alignment between Corporate Social Responsibility and corporate strategy is not easy. Through CSR programs that synergize with corporate strategy, it is expected that social, environmental, social welfare and business strategic needs can be met and solved, so there is no longer Corporate Social Responsibility program and corporate business objectives that are in contradiction (Kotler, 2005).

The results showed reflection on the objectives of the Corporate Social Responsibility program undertaken by the company, there are things that can not be separated with corporate goals. Corporate strategy is a tool used to achieve goals expected by the company. Based on research by Linda and Jenny (2008), it is stated that the process of Corporate Social Responsibility consists of two stages that must be implemented: strategy development and implementation strategy. The strategy development phase consists of the following factors:

- **Values** as the driving strategy consists of vision, mission, goals (objectives) and scope;
- **Alternatives** which includes a wide range of options available to decision-makers based on stakeholder priorities, causes supported, supporting methods and policies used; and
- **Strategy** (or action) Which is the result of a decision taken from the previous two steps.

If we look closely at the concepts of Linda and Jenny (2008) and David (2009), as well as the implementation in practical, there are many similarities. The equation can be:

a. Seen from the perspective of the planning stage, both in theory and practice all start by setting the value done by making the vision, mission, and goals to be achieved by the company.

b. Seen from the perspective of the expected outcomes in terms of Linda and Jenny's (2008) theory, David (2007) and the company's practice to achieve the goal is the same that is to maintain the reputation and image of the company formed from the satisfaction created by the company to customers, suppliers, and surrounding communities.

The researcher found that in doing CSR the company also did with partner company that has filed CSR at the company of Bank and also CSR done to company which have partnered with bank. Asongu (2007) where the conclusions are generated in interalain research. Research supports the views of Corporate Social Responsibility used as a good marketing tool that can be applied as a strategy. The motivation undertaken by the company to implement the Corporate Social Responsibility program as part of the strategy must be based on the principle of naturalist rather than forced.
CONCLUSION AND SUGGESTION

1. Conclusion

In this study, the researchers concluded that in the three problems studied, there are not many differences that stand out between the two companies. The background in doing CSR activities are the same which is due to the legal regulation and the existence of obligations from within the company to conduct CSR activities that can benefit for the company itself. Benefits obtained by BRI is a good corporate image, access to capital because it is done in various partner companies and also in non partners and human resources. Meanwhile, the benefits obtained by BNI is company image and capital access, because BNI have CSR activity in Malang regency which have not cooperated with BNI. Thus, by doing CSR activity, it is expected that CSR target can make BNI as good partner. As for the strategy, there are 3 phases done by the company planning, implementation and evaluation. Both are doing the same strategy. The only difference is the way and target of the company. In BRI, they do CSR activity of education in most companies that have been partner but, BNI do CSR activity by looking for requirement in district (giving priority) which then automatically will be a partner company. In the planning process, BRIMartadinata proposed CSR activities to regional offices complete with proposals and budget - plans and has conducted a field survey different from the BNI branch Jl. Jend. Basuki Rachmad which only attach the budget and recommendations of activities and surveys conducted jointly with the regional office. In both banks, CSR runs in accordance with the common objectives of companies that have been equally as stated in the company’s MISSION. In BNI, the mission is to provide excellent services and value-added solutions to all customers and as the preferred partner (the bank choice), to increase the value of superior investment for investors, create the best conditions as a place of pride to work and achieve, increasing awareness of Social environment, and serving as a reference for good corporate management. Meanwhile, BRI has the following missions; (1) Conducting the best banking activities by prioritizing services to micro, small and medium enterprises to support the economic improvement of society; (2) Providing excellent service to customers through a widespread network and supported by professional human resources and reliable information technology by implementing excellent risk management and Good Corporate Governance (GCG) practices; (3) Providing optimal benefits and profits for stakeholders. In the Mission statement, both companies are equally supporting CSR activities of the company.

2. Suggestion

Research conducted in relation to Corporate Social Responsibility and corporate strategy is very subjective, where the data source obtained is limited from what is given by informant (Bank Rakyat Indonesia and Bank Negara Indonesia) especially on the activity documentation. This research cannot represent how exact the Implementation of Corporate Social Responsibility that exist in the Banking government yet. Therefore, it is necessary to do research related to the implementation of CSR on the implementation strategy with other objects of research. The development of Corporate Social
Responsibility program conducted by the company is expected to keep referring to the concept of sustainability development.

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