



# Government Social Responsibility in Indonesia

## BACKGROUND

"In 2007, the Indonesian government revised its Company Act, explicitly requiring all companies to conduct Social Responsibility (SR) activities. Indonesia is, nevertheless, still regarded as having a poor record in terms of environmental performance and community relations."

## GAP

Using stakeholder and institutional theory, most of Social Responsibility (SR) literature indicates that in SR implementation:

1. Western-based companies have been the main drivers of CSR practices in the developing world.
2. Governments have played a secondary role, their influence principally felt through the provision of regulatory guidelines.
3. Interestingly, the Indonesian government has played a central role in the nation's SR initiatives, acting as both a primary actor as well as a regulator.
4. As an actor, the Indonesia has encouraged SR not only through the facilitation of initiatives among local co-operatives and Small-Medium Enterprises but also through the policies of State-owned Enterprises (SOEs)

## HOW

In studying Indonesian circumstance, this study uses historical methodologies to trace the genesis of SR not only within the Indonesian republic but also from unique outcomes that characterized the Dutch colonial era (1500s-1945).

## METHODOLOGY

Qualitative research using historical analysis from four broad periods: Dutch Colonial (1500s-1945), a transition era (1945-1965), New Order era (1965-1998), Reformation era (1998-now).

## DATA COLLECTION

Government Documents & Company Annual Reports

Documents	Source
Five Years Plans	Indonesian State Ministry of Development Planning
Official Speech	Indonesian Ministry of Finance
Financial Statistic	Indonesian Ministry of Finance
Statistics of Co-operatives and Small-Medium Enterprises	Indonesian Ministry of Co-operatives and SMEs
Reports and Statistics of State-owned Enterprises (SOEs)	Indonesian Ministry of State-owned Enterprises (SOEs)
Constitutional Court Decisions	Indonesian Constitutional Court
Government Regulations	Indonesian Ministry of Law and Human Justice
Listed Company Reports	Indonesian Stock Exchange

1. Theoretical: the role of government in SR implementation in the third world
2. Practical:
  - a. The role of government as a key SR actor engaging in partnerships with co-operatives and SME's so as to foster community development."
  - b. The role of government as a key driver through regulations

## FINDINGS

The real drivers of Indonesian SR are found not in Western-based companies but deep within Indonesia society and its post-independence national experiences. Successive Indonesian governments have encouraged the implementation of SR practices not only through traditional regulatory roles but also through SOEs, which have long occupied a central role in the Indonesian society and economy. The Indonesian government has also fostered SR practices through community partnerships with local co-operatives and Small-Medium Enterprises.

Era	Dutch Colonial (1500s-1945)	Transition (1945-1965)	New Order (1965-1998)
Key Driver	Ethical Policy	Nationalization of Dutch and foreign companies	Five Years Plan or "Rencana Pembangunan Lima Tahun" I, II, III, IV, V, VI
Impact	The emergence of Dutch Colonial companies	The emergence of the Indonesian State-Owned Enterprises (SOEs)	Partnership with farmers and Small-Medium Enterprises (SMEs) through Co-operatives



## SOCIAL RESPONSIBILITY IMPLEMENTATION FRAMEWORK IN INDONESIA

