Enhancement of CSR Programs to Improve Value Creation for the Stakeholder: A Case Study of PT Adhi Karya (Persero) Tbk

Mandietha Dinanty

ABSTRACT

PT Adhi Karya (Persero) Tbk. (ADHI) is a company engaged in the construction sector in Indonesia with the main business core including construction and engineering services, property, manufacture, and investment & concession. Throughout 2020, ADHI received appreciation in the form of awards for its achievements. This investment activity is not only a form of developing opportunities from ADHI’s CSR missions, but also as a participation in stakeholders’ priorities programs that focus on national strategic infrastructure development. To analyze and research this, both qualitative and quantitative research methodology is used in this research to gain information and identify alternatives for the best way of enhancement strategies. This research uses AHP (Analytic Hierarchy Process) technique for data simulation, with BCOR (Benefits-Costs-Opportunities-Risks) method of data and elements identification. The primary qualitative data gathered is from two stages of FGD (Focus Group Discussion) with secondary data, the first one is to define the parameters of criteria which will be filled in the simulation, the second one is to analyze the output from the result of simulation and decide the final suggestion for the business strategy recommendation. As a result of this research, regardless of the main solution of the consulting activity, the goal of ADHI’s business strategy selection is to support the community with an efficient and productive CSR program with a technology-based support system. Therefore, the best alternative is a combination of alternatives 1 and 2 which are Local Micro and Small Enterprises Support and Accommodation and Local Tourism Businesses Exposure and Awareness to Public. This model can be valuable at least due to political, economic, social, environmental and legal factors in each region. This model requires the development of educated and experienced personnel, as this type of CSR program requires a deep understanding of everything from organizational management to labor law to equal employment opportunities.

Keywords: Corporate Social Responsibility, Stakeholder, Value Creation.

I. INTRODUCTION

CSR programs that create social entrepreneurship can lead to social performance. Social entrepreneurs are able to maintain a balance between social and business interests so as to create a harmonious relationship between shareholders and stakeholders. Companies that contribute to creating community self-reliance through their capacity and integrity will have unity of purpose and action in the face of complexity. Organizational performance and social performance have a reciprocal relationship that will result in sustainable growth. The creation of social value resulting from the process of developing social entrepreneurship through CSR programs is organizational performance and social performance. Organizational performance is assessed from management support, employee commitment, company reputation, and organizational finances. Social performance is assessed from the role of social entrepreneurs, harmonious relationships between shareholders and stakeholders, social innovation, and community independence.

II. LITERATURE REVIEW

A. Triple Bottom Line

The Triple Bottom Line (TBL) is the belief that companies should focus on social and environmental issues as much as they do on profits. A concept of a popular CSR is Triple Bottom Line, a company that wants to be sustainable must pay attention to "3P" profit, people, planet.

B. CSR Theory

The CSR pyramid which stated by Caroll became a leading CSR paradigm and widely used as the basis for implementing CSR activities. This pyramid illustrates four CSR components, starting with the idea of basic building blocks that economic performance underlying everything.

C. Stakeholder Theory

Stakeholder theory emphasizes the importance of business within a broader social framework while also a paradigm used in understanding business linkages with the community and business management strategies that emphasize the importance of corporate social responsibility.
III. METHODOLOGY

The research methodology as seen in Fig. 1 comes from the determination of a specific research focus area and then examines the problem faced by ADHI. It then formulates it into a questionnaire and conducts qualitative research methodology through a detailed interview with related stakeholders and literature studies, and then creates conclusions based on data analysis, and alternative solutions to this problem.

Defining topic:
“Enhancement of CSR Programs to Improve Value Creation for the Stakeholder: A Case Study of PT Adhi Karya (Persero) Tbk.

Problem Statement

Data Collection

Business Issue Exploration:
Problem identification, Research Question, Determining Stakeholders

Qualitative Analysis

Conclusion & Recommendation

Implementation Plan

Fig. 1. Research Flow Diagram.

This research uses qualitative methods of collection with the form of secondary data. Secondary data refers to data that had been collected by someone other than the primary user.

IV. FINDING AND ARGUMENT

A. CSR Enhancement Model

From the existing situation of ADHI’s CSR coverage, we can conceptualize the condition with SWOT Analysis Method and Value Creation Improvement analysis with Triple Bottom Line.

1) SWOT (Strengths, Weakness, Opportunities and Threat) Method

From the SWOT analysis, we can see that the current condition of ADHI’s CSR coverage is doing a wonderful job to develop the community, however, we still can conclude from the effectiveness and the threat as stated in the table below:

| TABLE I: SWOT ANALYSIS | TABLE OF ADHI’S CURRENT CSR PROGRAM |

B. Focus Group Discussion

To describe parameters of computations which are related to the objective of CSR program enhancement, this research analyzes the existing secondary data of FGDs (focus group discussion) that had been held by LPEM FEB UI. This research uses qualitative methods of collection with the form of secondary data. Secondary data refers to data that is collected by someone other than the primary user. The informants in this research are:

- Mr. Umar Said from Badan Perencanaan Pembangunan Daerah.
- Mr. Ahmad Syakir Kurnia from Diponegoro University.
- Mr. Dona Saputra from Badan Perencanaan Pembangunan Daerah.
- Mrs. Siti Nurjannah from Badan Pengelolaan Keuangan dan Aset Daerah.
- Mrs. Dewi from Dinas Penanaman Modal.

C. Basic Consideration with PESTEL Analysis

On this problem, the method which is used is Benefit Opportunity Cost Risk (BOCR) Analysis. Considering that ADHI has 4 main factors to ensure, the discussion based on Ireland, Hoskisson, Hitt (2011), break down some scoring of best consideration.

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Positive</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>Strengths</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Long journey and existence projects in Indonesia.</td>
<td>Satisfaction rate from segmented project target.</td>
</tr>
<tr>
<td></td>
<td>Successful projects and awards from year to year performances.</td>
<td>Exposure to rural communities and local affected workers.</td>
</tr>
<tr>
<td></td>
<td>Well-built project system and corporate management.</td>
<td>Trust in building accomodation for micro and small local enterprises.</td>
</tr>
<tr>
<td>External</td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>Opportunities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supporting regulation to assist with the new innovation of ADHI’s CSR upcoming ideas.</td>
<td>The same background of corporations that would potentially hold the same CSR program.</td>
</tr>
<tr>
<td></td>
<td>CSR partners and third parties organizations that are seeking for a well-established corporation like ADHI’s brand.</td>
<td>Support and assistance from the local community. Continuity of the existing programs as it needs more innovative solutions.</td>
</tr>
</tbody>
</table>

2) Value Creation Improvement: Triple Bottom Line (TBL)

To connect between CSR with stakeholder theory there is an important element that makes the company's responsibility as a whole, and the company's social responsibility in particular, becomes a single unit, namely:

<table>
<thead>
<tr>
<th>TABLE II: TBL FRAMEWORK OF ADHI</th>
</tr>
</thead>
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<table>
<thead>
<tr>
<th>Social (People)</th>
<th>Environmental (Planet)</th>
<th>Economic (Profit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADHI is currently participating in developing local capabilities to be independent.</td>
<td>ADHI is planning to support Tourism Spots by accommodating and facilitating the local enterprises to gain more exposure and awareness.</td>
<td>ADHI is participating in Local Economic Development by empowering society to have self-employment capability and survive on the monetary side.</td>
</tr>
</tbody>
</table>

 DOI: http://dx.doi.org/10.24018/ejbmr.2022.7.4.1500
### TABLE III: TBL FRAMEWORK OF ADHI

<table>
<thead>
<tr>
<th>Relevancy Aspect</th>
<th>Local Micro and Small Enterprises Support and Accommodation</th>
<th>Local Tourism Businesses Exposure and Awareness to Public</th>
<th>Stable and Progressive Local Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>POL</td>
<td>The Central Java DPRD consists of 120 people who are elected through general elections every five years. The leadership of the Central Java DPRD consists of 1 Chair and 5 Deputy Chairmen who come from the political party that holds the highest number of seats and votes.</td>
<td>-</td>
<td>The main task of the Central Java DPRD is to become a partner of the Central Java Provincial Government which includes supervision, determination of the budget, and the establishment of regional regulations.</td>
</tr>
<tr>
<td>ECO</td>
<td>Central Java is also home to a number of large and medium-sized industries. The Semarang–Ungaran–Demak–Kudus area is the main industrial area in Central Java. Kudus is known as the center of the cigarette industry. In Cilacap there is a cement industry, Solo, Pekalongan, Juwana, and Lasem are known as Batik cities that are thick with classic nuances. Forest areas cover 20% of the province, especially in the north and south. The areas of Rembang, Blora, Grobogan are teak producers.</td>
<td>-</td>
<td>Of this population, 47% of them are in the workforce.</td>
</tr>
<tr>
<td>SOC</td>
<td>Central Java Province (Central Java) won an award as the best provincial government in the People’s Business Credit (KUR) Award from the Coordinating Ministry for Economic Affairs (KemenkoEkonomi). The strong influence when tourists are in the city of Semarang and the city of Lasem which is at the northeastern tip of Central Java, even Lasem is nicknamed Le Petit Chinois or Little China Town.</td>
<td>-</td>
<td>Most livelihoods are in the agricultural sector, followed by trade, industry, and services.</td>
</tr>
<tr>
<td>TECH</td>
<td>- In addition to receiving awards, innovative local governments also receive regional incentive funds. Central Java is known as the center of Javanese culture, where in the cities of Surakarta and Yogyakarta there is the center of the Javanese royal palace which still stands today.</td>
<td>-</td>
<td>Agriculture is the main sector of Central Java's economy, where almost half of the labor force is absorbed in this livelihood.</td>
</tr>
<tr>
<td>ENV</td>
<td>- Acknowledged as a form of assessment and appreciation of the central government for the enthusiasm and success of local governments in implementing local government in innovative ways.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Relevancy Points</td>
<td>5</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Rank</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

D. Decision Making: Analytical Hierarchy Process (AHP)

To run a simulation, the organization must first follow a simple methodology for data collection. This method is entered into the tool to get results in the steps, through this procedure:

1) Define alternatives

AHP starts by defining alternatives that need to be evaluated. These options can be a variety of criteria by which to evaluate the solution. There could be different features of the product that need to be weighted to better understand the customer perception, as in the visualization below.

2) Define the problem and criteria

The next step is to model the problem. According to the AHP methodology, a problem is a set of related sub-problems.

3) Establish priority between criteria using pairwise comparisons

The AHP method uses a pairwise comparison to create a pairwise comparison. FGD participants entered the data according to the expectations of the end consumer or the person using the process.

Simulation results are listed in Table IV.

The AHP method has several criteria, but we understand that the magnitude of all criteria may not be equal. For example, when choosing from options, the criteria and latency are the same number of elements, but not all elements have the same importance in all elements. When evaluating alternative solutions, the criteria must be weighted to reach the correct conclusion.

![Fig. 2. AHP Model for Simulation](image-url)
V. CONCLUSION

As a result of this research, the goal of ADHI's business strategy selection is to support the community with an efficient and productive CSR program with a technology-based support system. Therefore, the best alternative is a combination of alternatives 1 and 2 which are Local Micro and Small Enterprises Support and Accommodation and Local Tourism Businesses Exposure and Awareness to Public. This model can be valuable at least due to political, economic, social, environmental and legal factors in each region. Therefore, it provides more strategic services that are important for large companies.

REFERENCES


Press.