

SOCIAL RESPONSIBILITY AS COMPETITIVE ADVANTAGE IN GREEN BUSINESS

Proceeding 11th International Annual Symposium on Management
Batu - East Java, Indonesia, 15th-16th March 2014



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FOREWORD

INSYMA has become a tradition of its own for the management department of Universitas Surabaya. For more than a decade this event has become a forum for academics and practitioners to share knowledge. Every year management department always brings the latest theme that becomes an important issue for the development of science.

This year, INSYMA raise the theme "***SOCIAL RESPONSIBILITIES AS A COMPETITIVE ADVANTAGE IN GREEN BUSINESS***". This theme interesting, considering that at this time all the business need to be more accountable to the public and the environment. Corporate social responsibility is not only an obligation, otherwise it would be a distinct competitive advantage for the company.

Hundreds of scientific papers are sent to a conference committee, and the results of a rigorous selection of more than 100 elected. This paper is derived from a variety of authors, both within and outside the country, academics and practitioners. All the articles are then presented at the symposium and documented in these proceedings.

We hope that these proceedings can contribute to the development of science and business practices. Hopefully you can enjoy and gain valuable lessons from this article collection. We look forward to your participation in next INSYMA.

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CSR Model: Cooperation Between Business Corporation and Surabaya City Government for Improving Competitiveness of SMEs through Green Business Oriented Tiered Training

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Abstract

Community empowerment is one of the important factors that could alleviate people from poverty. One form of empowerment that is quite effective is through training. Surabaya City Government has a community development program through a tiered training to equip poor people with skills so that eventually these people can establish SMEs and to create jobs at least for himself.

On the other hand, the corporation or business corporation also has a CSR program, which the CSR program is actually a business commitment to act ethically, operating legally and contribute to improving the quality of life of employees and their families, local communities, and the wider community. The concept involves responsibility CSR partnerships between governments, corporations, and local communities that are active and dynamic.

This paper is about the implementation of the idea of making a model of corporate social responsibility to participate in the program that have been made to alleviate poverty through a tiered training to encourage the formation of competitive SMEs through green business oriented tiered training. So that both the tiered training program created by the government and CSR programs created by corporations will work in synergy.

Data to support the writing of this paper was obtained through in depth interviews with Satuan Kerja Perangkat Daerah (SKPD) that handles this training to poor communities in Surabaya in order to alleviate poverty through the establishment of competitive SMEs and business actors who have CSR programs to the community.

Keywords: CSR Model, tiered training, SME competitiveness, green business

Introduction

Poverty is a primary problem that has to be solved. The prevention of poverty in a synergic and systematic way has to be done so all of the people can enjoy a dignified life. Related to this, the government of Surabaya has set 3 ways for the development strategy, those are: (1) Pro-Growth, to increase and accelerate the growth of the economy through investment, through improving the quality of government's expenditure and the increase of consumption. (2) Pro-Job, so the growth of the economy can create jobs with emphasize in labor-intensive investment; (3) Pro-Poor, so the growth of the economy can decrease the number of poor people as big as possible with the perfection of the social protection system, increase the access to basic services, and empower the people.

Empowering the people is one of the most important factors that can alleviate the people from poverty. One of the forms of empowerment that is quite effective is through training. There are few reasons why the development of human resources through training is very important. First, personnel qualification requirements. Work specifications always go through adaptation over the times. Second, training is also required because the changes that will happen either inside or outside of work that was caused by the contents of jobs that will always change and progress corresponding with the development of technology. Basing ourselves to experience is something of high risk, because experience is not identical with competence. Because of that, the need of training will be more and more urgent because the hard rivalry. So, the government needs to prepare the people to be able to anticipate the change so that they can do their functions optimally.

Businesses are a part of the community and have the same social responsibility with the people. In reality, it cannot be denied that the role of businesses after all this time was limited to give financial support voluntarily. And give donations (*philanthropy*) so that the activities that was commenced wasn't enough to give real benefits to the people. This affects the disappointment of people and the government with the minimalistic role of businesses in social life and the tendency to have opinions that the CSR was only for the eyes of the public or even the consumers' eyes.

The World Business Council for Sustainable Development defined CSR as corporations' commitment to contribute in the sustainable development of the economy, working with the corporations' workers, families of the employee, local community, and communities as a whole to improve life quality. Sankat and Clement (2002) in Rudito and Famiola (2007) defined CSR as a commitment to act ethically, operate legally and contribute to improve the life quality from the employees and their family, local community and wide community. Generally, CSR can be defined as a form of activity to improve the quality of people's life through the improvements of human ability as an individual to adapt with the current social state, enjoy, utilize, and preserve the environment (Rudito and Famiola, 2007).

CSR is a form of world participation effort in sustained development to develop the corporate concern program to the surrounding people through creation and preservation of the balance between gaining profit, social functions, and the preservation of the environment. In other words, CSR was developed with the corridor *Tri Bottom Line* that covers social, economy and environment. For example, the execution of CSR is with producing a safe product, not hazardous for health, and environmentally friendly; Creating infiltration wells; disposing waste properly; and limiting the use of AC and electric appliances.

One of the examples that can be done by the business world to the people is to empower the people, that in the essence was to have an individual, group, or community that can control their own life and create their future in their own vision. (Shardlow, 1998 dalam Ambadar, 2008). One of the form of implementations are people empowerment through non-physical development that is to improve skills so that it can increase the standard of living.

In this paper it will be discussed about the probability to synergize between the people empowerment program through tiered-training that will be held by the Government of Surabaya with corporation CSR

The Government of Surabaya's UMKM Tiered-Training

The Government of Surabaya have held UMKM tiered-training since 2009-2011. Here is the schematics that was submitted related to UMKM tiered training since 2009-2011 that was said above:



Image 1.1. Empowerment Schematics for Surabaya
Source: Proposal Bapeko Surabaya

Building the ideal schematics for empowering the people is very important to do remembering that the previous schematics didn't show any success. Right now the schematics for empowerment is implemented by SKPD. In the early stages of the training was for training productive effort like handycraft making, sewing, making cakes, and other businesses with SKPD the responsible ones are Bapemas and KB, Dinas Tenaga Kerja and Kantor Ketahanan Pangan. In the next stage, the trainees who have gotten training will be directed to form micro business communities guided by Dinas Koperasi and UMKM also with Dinas Kesehatan. Those communities will next be directed for the realization of kampung Perindustrian, Dinas Koperasi and UMKM also Dinas Kesehatan (Bapeko, 2013).

Company's participation in the form of CSR through Training Green Business Oriented

CSR became an important issue to ensure the corporation's survival. Corporations won't be able to grow without paying attention to the situation and condition of the social environment of the corporation so that the implementation of the corporation's CSR so execution of the CSR becomes a must for corporations to support in supporting other business activities, not just to implement responsibility, but to be an obligation for corporations. Right now, implementation of CSR must be a part in business role and including corporate business policy, so that the business world is not only an organization that is oriented in gaining maximum profit but also becomes an study organization, where every individual that was involved have a social awareness and a sense of belonging not only in organizational environment but also social environment where the company is.

CSR is a form of world participation effort in sustained development to develop the corporate concern program to the surrounding people through creation and preservation of the balance between gaining profit, social functions, and the preservation of the life environment.

The majority of corporations have CSR activity in Community area and Broader Society, where one of them is through people empowerment where the point is to push individuals, groups, or communities to be able to try controlling their own life and try to create their future in their own vision. (Shardlow, 1998 dalam Ambadar, 2008).

Implementation of people empowerment is through:

- a. Development projects that able the people to obtain support for fulfill their needs.
- b. Campaigns and social actions that enables their needs to be fulfilled by the ones responsible.
- c. Training and empowering the people so the people can have skills and improve their competence and in the end can improve their life standard on their own

A form of corporate social responsibility can be explained by various corporate activities like development programs/community improvements, serving communities, and community empowerment. Even though the activities look simple and the scope of the problem is quite small but the positive impact that the people get is very big. The baker training and the martabak seller training that was done by PT. Bogasari was a people empowerment program that was based on the great strategies and as an effective promotion media for manufacturers of raw materials. This program is a real form of concern and corporate roles in developing social capabilities and increasing the people's economy through training from corporations or companies.

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Each SKPD have roles in UMKM tiered as followed:

Table 1. The Role of SKPD into SMEs' Tier Training

Tier of Training	SKPD	Types of training
First	Badan Pemberdayaan • Masyarakat & Keluarga Berencana	Basic and advanced skills in accordance with Auth Bapemas dan KB
	Kantor Ketahanan Pangan	Basic and advanced skills in accordance with Auth Kantor Ketahanan Pangan
	Dinas Tenaga Kerja	Basic and advanced skills in accordance with Auth Disnaker
	Dinas Pertanian	Basic and advanced skills in accordance with Auth Disperta
Second	Dinas Koperasi & UMKM	Management, packaging, and formation of cooperatives
	Dinas Kesehatan	Health and nutrition foods and drinks
Third	Dinas Perdagangan dan Perindustrian	Socialization formation of business entities, trade, export

Source : Results of Study, 2013.

Those stages of training was directed for the poor people of Surabaya, either the unemployed who didn't manage to get a job in the formal sector, or the women who became the backbone of the family that will be empowered so she can give support for the family's economy.

The types of training that was given by each SKPD was given to both basic and advanced, as an example for Badan Pemberdayaan Masyarakat & Keluarga Berencana, the grouping for the types of training is as below:

**Table 2. Training Provided by
Badan Pemberdayaan Masyarakat & Keluarga Berencana**

No	Group of Training	Sifat Pelatihan
1	Food and drink	Basic
		Advanced
2	Sewing	Basic
		Advanced
3	Miscellaneous business	Basic
		Advanced
4	Handycraft	Basic
		Advanced

Source: Results of Study, 2013

As a form of corporate CSR to the people, can synergize with each SKPD to take part in a form of people empowerment. That is to synergize with SKPD and Surabaya's Government to give training or other resources that is related to empowering the poor people of Surabaya to become an independent and strong UMKM.

This thing isn't actually something that have been done by corporations. Because as the results of the in-depth interview with the representative from SKPD it has also been known that Pabrik Tepung Bogasari have given help in raw materials and training to making noodles to the people. Thus retail companies like Indomaret often receives shippings of kerupuk from UMKM to be marketed. Those things will be useful if done more intensively in a form of CSR Model that covers cooperation between Business companies with Surabaya's government in an effort to increase the competitiveness of UMKM through training oriented in Green Business.

Parallel with green business, in this year, 2014, Surabaya has become the host for The Fifth Regional 3R Forum in Asia and the Pacific Indonesia has opened a regional recycling conference aimed at increasing awareness of waste management for economic and environment. The Forum is being attended by 300 participants from nearly 40 Asia and Pacific countries. The city was chosen to host the event because of its success in managing municipal waste through the 3Rs, Reduce, Reuse, and Recycle (Petrus Riski, 2014).

Green business has been used many times as a strategy to increase rivalry. And related with training about green business, is in fact not only related technically, but also in behavior. And this is very important to do and be spread to the would-be entrepreneurs, including UMKM.

As an example is the use of plastic bags as a wrapping for fried food. Where that thing can be bad for our health, because of the chemicals in the plastic bags that was not designed for wrapping food. Not only that, a majority of travelling seller didn't provide a trash bin or didn't have the full awareness that the waste they will produce can destroy the environment if not thrown properly.

Next UMKM that wants to do exports will also need more advanced training. Beside the training about the procedures can be given by Disperdagin as SKPD, Corporations that has first experience to go through foreign countries can teach about the strategy to cut through the export markets. For example teach about the products that are on demand by foreign countries, like handycraft that is still related with green business, and etc.

Conclusion

Surabaya strategies related to (1) Pro - growth, to improve and accelerate economic growth through investment, through improving the quality of government spending and increased consumption, (2) Pro - job, so that economic growth can create the jobs with the widest emphasis on labor - intensive investment , (3) Pro - poor, so that economic growth can reduce the number of poor people as much as possible with the improvement of social protection systems, improve access to basic waiter, and community empowerment through a tiered training , with the aim to establish a strong and independent SMEs for the poor of Surabaya, it would be better if it can be synergized with the company 's CSR program business . So the company's experience and resources can be distributed in accordance with the business strategy to win the competition, namely through green business .

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