

Partnership Model in Effort to Improve Public Welfare in Indonesia

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Abstract

This study aims to determine the quality of the implementation CSR PT. Pertamina (Persero) In Indonesia, also determine the factors supporting the success of CSR PT. Pertamina (Persero), and create a model for partnership program PT.Pertamina (Persero) in an effort to improve the welfare of the people especially Partnership Development Partners PT. Pertamina (Persero). The results showed that the implementation of CSR PT. Pertamina there are several internal and external issues relating to the conditions established partners as an agent in relation to the principal-agent. Factors supporting the successful implementation of CSR PT.Pertamina supported by two things: the characteristics of established partners and the characteristics of the program itself Partnership Program Model in an effort to improve the welfare of society divided into 2 levels. The first level of emphasis on the hard work of a principal, the second level emphasizes the empowerment of established partners.

Keywords: Corporate social responsibility, partnership model, public welfare.

1. Introduction

The development of an increasingly dynamic business activity, requires businesses to not only profit oriented and performance improvement firm, but also must be oriented to social problems. Kotler (2005) states that all the activities of the corporation will have an impact on the quality of human life both in terms of individuals and communities and even the country at large. The phenomenon which then triggers the discourse of corporate social responsibility (CSR).

Social responsibility in the business world is not only oriented towards social commitment approach that emphasizes humanity, of compassion, of calling *keterpangilan* religion or morals, and the like, but the duty is appropriately implemented by business people to participate in addressing the social problems that exist in society. During this time, the impression that emerges in the implementation of CSR is a company's activities by setting aside some of the profits to be made as donations to the poor, victims of natural disasters, communicable disease control, education of children under, and other activities.

World Bank (2004) defines corporate social responsibility as a commitment to contribute to the continuity of economic growth associated with employees, their families, local communities, and society at large to improve the quality of life, through appropriate activities for the company and for the development. In Indonesia, CSR is increasingly popular use since 1990. Some companies actually have been doing CSA (Corporate Social Activity), in this case the social responsibility of companies in Indonesia have been carried out by companies, especially state-owned enterprises (SOEs), one of them with guidance to small business activities. Development activities for small businesses is based on the Regulation of the Minister of State Owned Enterprises No.. 05/MBU/2007 April 27, 2007 about the state partnership program with the Small Business and Environmental Assistance Program.

One of the SOEs that social responsibility is often called the partnership program is a state-owned PT. Pertamina (Persero). The partnership program is for communities, small businesses, and community development; either associated directly or indirectly with the operations of PT. Pertamina (Persero). Or implementation of the program, based on some legislation in force in Indonesia, taking into account social, cultural, and habits of the local community.

This study used a qualitative approach with a focus on 3 things, first determine the quality of the implementation of CSR PT. Pertamina (Persero) in terms of input, the mechanism (governance) and output. Second, examine the factors that support the implementation of the Partnership upon the success of PT. Pertamina (Persero), and the third to create a model partnership program PT. Pertamina (Persero) in an effort to improve the welfare of the people especially the Partnership Development Partners PT. Pertamina (Persero).

2. Literature Review

2.1 Theory of Economic Development

Portes (1976) in Badruddin (2009) defines development as the transformation of the economic, social, and cultural. Development is a planned process changes to improve various aspects of community life. According to Bendix that development with regard to the technical-economic changes called "industrialization" which is an economic change caused by new techniques based on non-biological sources of energy (mechanization) and the

ongoing development of applied research. Whereas if it involves the construction of socio-political change, then it calls the "modernization" of the political and social changes that accompany industrialization such as: urbanization, changes in the occupational structure, social mobility, political change, and so on.

Weaknesses of the current development theory is erroneous assumption that the construction of a national goal that can be separated from other goals and given a privileged position and can not be contested between the objectives. With some reason, it has been assumed that the poor and the decline of a nation, its government will be more focused development policy to "catch up (under-development)". If development is defined as an overall improvement in the standard of living, such assumptions are clearly wrong, and in retrospect perhaps a bit naive. Actually, it has become clear with what is known as the "crisis planning" mid-1960s (Faber and seers, 1972 in Hettne, 2001).

2. 2 Welfare Economic

Welfare economic is a framework used by most economists to evaluate public desired income communities (Rosen, 2005:99). Welfare economics provides a basis for assessing market performance and policy makers in resource allocation (Besley, 2002). The new welfare economics approach is based on the finished by Pareto, Hicks, Kaldor, Boulding, Arrow, Robbin, Scitovsky, Galbrairh and Sen. The new welfare economics approach explicitly introduces the distinction between the discipline and efficiency of the distribution part and treat it in a different way. Question of the efficiency of the estimated efficiency measures such as Pareto and Kaldor-Hicks compensation test, while the question of income distribution are included in the specification of the social welfare function.

Most of which is used to measure the economic well-being is the real income of households owned one, which is adjusted for differences in household size and demographic composition (Ravallion and Lokshin, 2000). It can be defined as total household income divided by a poverty line that gives the cost of the level value (utility) some reference to the prevailing price and household demographics.

2. 3 Empowerment Theory

Empowerment is a concept of community development, which is technically a form or a way to make power on an object. Empowerment does not only involve the ability / physical empowerment (ownership of resources / factors of production), but also non-physical (self-actualization and self-confidence). So that the empowerment program aimed to removing dependency, as expressed by Rahayu, that empowerment is a prerequisite orientation program that is always drawn to the self-reliance, sustainability, and sustainability.

According to Kieffer (1981) in Djawahir (1999), includes three-dimensional empowerment include populist competence, ability sociopolitical, and participatory competence. While the success of community empowerment can be seen from their empowerment is the ability of the economy, the ability to access welfare benefits, and the cultural and political capabilities. These three aspects are associated with the four dimensions of power, namely: "the power within" (power within), the power to (power to), powers up (power over), and the power (power with) (Djawahir, 1999).

2. 4 Externalities theory

Externality is defined as uncompensated impacts of one's actions on the welfare of other people involved. There are many things that can be done better denhgan company, but the company can not provide to do everything well (Gregory, 2002). Externalities arise when firms engage in activities that affect the welfare of other people who do not pay or receive compensation for that effect. If the impact on others is bad, it is interpreted as a negative externality; condition otherwise categorize positive externalities (Gregory, 2002). In the externalities, the benefit will exceed the welfare of the society (companies) and consumers who participate in the market; public interest will also include the welfare of other people who are not directly affected.

2. 5 Sustainable Development

The concept of sustainable development has long been a fact since the attention of experts. attention to the sustainability of the thickened after Meadow and colleagues in 1972 published a publication called The Limits to Growth (Meadow et al., 1972) in the conclusion, that the economic growth will be limited by the availability of natural resources. With the limited availability of natural resources, the flow of goods and services produced from natural resources will not always be carried out continuously (on a sustainable basis) (Jaya, 2004). WCED defined sustainable development as 'development roomates meets the needs of the present without compromising the ability of future generations to meet their own needs' or development that meets the needs of the present without compromising the ability of future generations to meet their needs.

2. 6 Corporate Social Responsibility

Corporate Social Responsibility (CSR) was born of public pressure on the behavior of companies that ignore social responsibility, such as environmental destruction, exploitation of natural resources, reduce taxes, and oppressive labor. Most companies tend to create distance with local communities, community development programs usually like to give a donation charity, donation, groceries. CSR is the theoretical basis of the need for a company to build a harmonious relationship with the local community (Solihin, 2008). In Indonesia, the

implementation of CSR is based on Law No. 40 of 2007 on Limited Liability Companies that passed the House of Representatives on July 20, 2007 marks a new chapter in the country setting of CSR.

A CSR strategy can generate profits based on the average only when competitors can not imitate. However, many companies do not distinguish CSR actors their social actions of competitors who adopt it. Instead, these companies are clearly met in practice. This is evident in the widespread adoption of industry codes of conduct, certification standards or principles of management companies which are written by various international organizations (Waddock, 2008).

2. 7 The concept of Social Capital in Community Development

As social beings, each society or community should have social capital, of course with different degrees of social capital among the public (community) with the community (community) others. Ibrahim (2006) mentions that the essence of social capital is a social relationship that exists in the daily life of citizens, where social relations reflecting social interaction results in a relatively long time to produce network, patterns of cooperation, social exchange, mutual trust, including norms and the value of the underlying social relations. Ostrom (1993) suggest that social capital is a prerequisite for the success of a development program.

While the Rose (1999) in his study in Russia found that social capital is a key element for the operation of informal organizations in the community as an alternative to the formal organization. Fukuyama (1995) argued that social capital is not in individuals, but in groups, communities, even at the State level. Ibrahim (2006) states that social capital has become more meaningful when it is developed with other capital owned by the local community. Capabilities and organizational life is the social capital of local communities (community based organizations). In a context such as this Corporate Social Responsibility (CSR) can be synergized with the potential for social capital of local communities, so that the real meaning of CSR can be implemented properly.

2. 8 CSR and Community Development

Many corporations are beginning to realize the importance of CSR, although there are still many who have not run it properly. In terms of the amount of money, a lot of companies that have been given in large enough quantities, there being but also there is only a modest course. These companies need to be convinced, that there is a positive correlation between the implementation of CSR with increasing international and domestic appreciation to the company concerned. Therefore, the application of CSR should not be regarded merely as a cost, but also a long-term investment for the company concerned.

CSR is initially voluntary CSR needs to be improved to be more mandatory. Thus, it can be expected that the measured contribution of the business community and participate systematically in improving the welfare of the community. Policy pro-people and the environment as it is needed in an era of neo-liberalism. during this time, most of the companies in the context of CSR donations are still social grants, and still a bit in the form of development grants. Social grants are assistance to a nonprofit organization for social activities, education or other activities to benefit the community with the right to manage entirely on the receiver, while the selective assistance grant development is to a community development activities (COM-DEV). Currently, many companies have recognized that have implemented programs COM-DEV, which is done with the purpose and specific pragmatic motives, for example within the framework of establishing conditions more harmonious relationship between the company and the surrounding community, or to establish a peaceful co-existence.

3. CSR implementation quality PT. Pertamina (Persero)

The role of government through his company (SOEs), particularly Pertamina in distributing its CSR program is actually based on the regulations and is intended to provide welfare to society more broadly. One implementation of CSR programs conducted by state-owned PT. Pertamina. Partnership of PT Pertamina (Persero) is the Small Business and Cooperative coaching in PT. Pertamina (Persero) that the existence of government and its work is being commissioned to join empower small businesses and cooperatives that are prioritized around the area of operations and business partners Pertamina in support of the company's operations. Effort to empower small businesses and cooperatives are intended to make it as a business unit and independent, in addition to supporting the growth of the national economy is also expected to compete in the market locally, nationally, regionally and globally. During this CSR program Pertamina have ups and downs in line with the economic development, especially after the crisis of 1998. After the crisis, the development of many established partners that collapse to impact on a large number of bad loans were not paid off until the status / paid until the current period. This is the burden of the effects of the rest of the program before the era of the company due to the influence of external factors such as economic shocks (market) is not possible in the development of the program at that time.

In addition, there are several other issues, especially regarding the conditions established partners as agents in the principal-agent relationship with the First, the problem is lack of socialization as reviewed in the previous subsection is less impact on the understanding of the nature of the program established partners. In the program level, the fundamental miscommunication like this should not have happened. The implication, trained partners

are considered to be a grant program without the need to restore again. This is caused by the lack of assistance by Pertamina in both standard rules and technical regulations. This contributes significantly to the number of bad loans made during the contract. Third, administrative irregularities would trigger a run sustainability of contracts that do not comply with procedures. The predominant cause of these problems is again a lack of guidance on how intense grooves according to the rules in force.

Fourth, the limited resources program managers trained partners. When pulled root of the problem, lack of mentoring and coaching that can be said is also no more due to the limited resources program managers trained partners. Limitations of this resource can be viewed both in terms of quality and quantity. Fifth, weak monitoring and evaluation of existing established partners. Just as the problem of mentoring and coaching, managing limited resources of established partners Pertamina also lead to weak monitoring and evaluation of established partners. Sixth, the extent of spread of established partners without adequate pulley is the latest problem faced by the principal. When disaripatikan, the problems of the Pertamina as the principal include socialization (pre-contract), administration (pre-contract and post-contract), limited resource managers, as well as M & E (monitoring and evaluation).

In addition, there are also exogenous conditions such as market reality has a large portion of the business prospects undertaken by trained partners. Local socio-economic conditions that have some consequences for the success of the contract, (1) to determine the typical pattern for the program to be carried into effect. (2) community typical will also affect how the treatment should be appropriate to the implementation of the policy will be implemented. Some heavy issues that render the contract failed status is patron-client relationship is strong, can be twisted to make procedural patron contracts with ease. The impact is huge number of bad loans.

Pertamina CSR in the context of a relationship with their surrogate partner is also interpreted differently by some stakeholders who are involved or not. Might have been different if the NGO is to examine all the critical perspective. Pertamina CSR in the context of a relationship with their surrogate partner is also interpreted differently by some stakeholders who are involved or not. Might have been different if that were examined Governmental Organization (NGO) with all its critical perspective. Because the average NGO refers to the definition by the EU version that CSR is a voluntary activity (Sri Susilowati, 2011). Therefore, the activities of the company should not expect strings attached (reciprocation) in any form.

4. Supporting Factors of successful implementation CSR PT. Pertamina (Persero)

Successful implementation of CSR PT.Pertamina didukung by 2 things, the characteristics associated with established partners own characteristics which became an object in a program, and the characteristics of the program itself is based on a variety of supporting instruments. Characteristics of established partners observation status "paid off and smoothly" as seen in the enthusiasm of partners who are strong in character following each training. It can be said, or a character like this typically rely more on long-term orientation (long term) rather than short-term orientation (short term).

In addition to the active partners who good character to follow training, in general the established partners also actively participate in business development through the interactions between established partners that aims to inform each other and exchanged views on the development of the business is doing enough to face competition sharp. This description shows how high their morale to be able to expand its business for the sake of a better life. Efforts are made because of the strength within themselves to live better and reinforced by elements from outside. Or it can be said that on the basis that each man is active in efforts to increase the empowerment of him. While the characteristics of the program can be translated on the impact on business development indirectly established partners, such as the network effect (network), the learning organization and management, as well as the strength of social capital that can be caused. In the pattern of relationships between established partners, the urgency of social capital and business development embodied in several forms. First, personal and ethnic ties are developed through the association formed by family and personal contracts are bound by the adhesiveness of communication fabric. Second, geographical proximity, such as one administrative region or cluster, impact on existing business networks will be developed based on geographical proximity is influenced by the values and objectives. Third, the integration of organizations, business networks developed through the expansion and development of some sort of investment or ownership of industry associations such as associations. Fourth, the buyer and seller relationship, the business network is developed based interactions to improve suppliers. The success of the practice of true business network expansion is not only determined by economic factors and infrastructure, but also non-economic factors. Construction noneconomic factors reflect relationships between established partners.

5. Model of partnership program PT. Pertamina (Persero) in an effort to improve the welfare of the people especially the Partnership Development Partners PT. Pertamina (Persero)

Partnership model formulations in an effort to improve the welfare of the people here are divided into two levels

at once. The first level of emphasis on the hard work of a principal, namely Pertamina in consolidating the power of the public assisted in attracting potential partners. This is done in the nine (9) stages: socialization massive program, request for proposals by candidates trained partners, completeness requirements by candidates trained partners, proposal formulation of recommendations, visit the candidates trained partners, contractual agreements, and distribution of funds. The things that need to be considered by the Pertamina is the importance of the quantity and quality of the human resources adequate internal Pertamina.

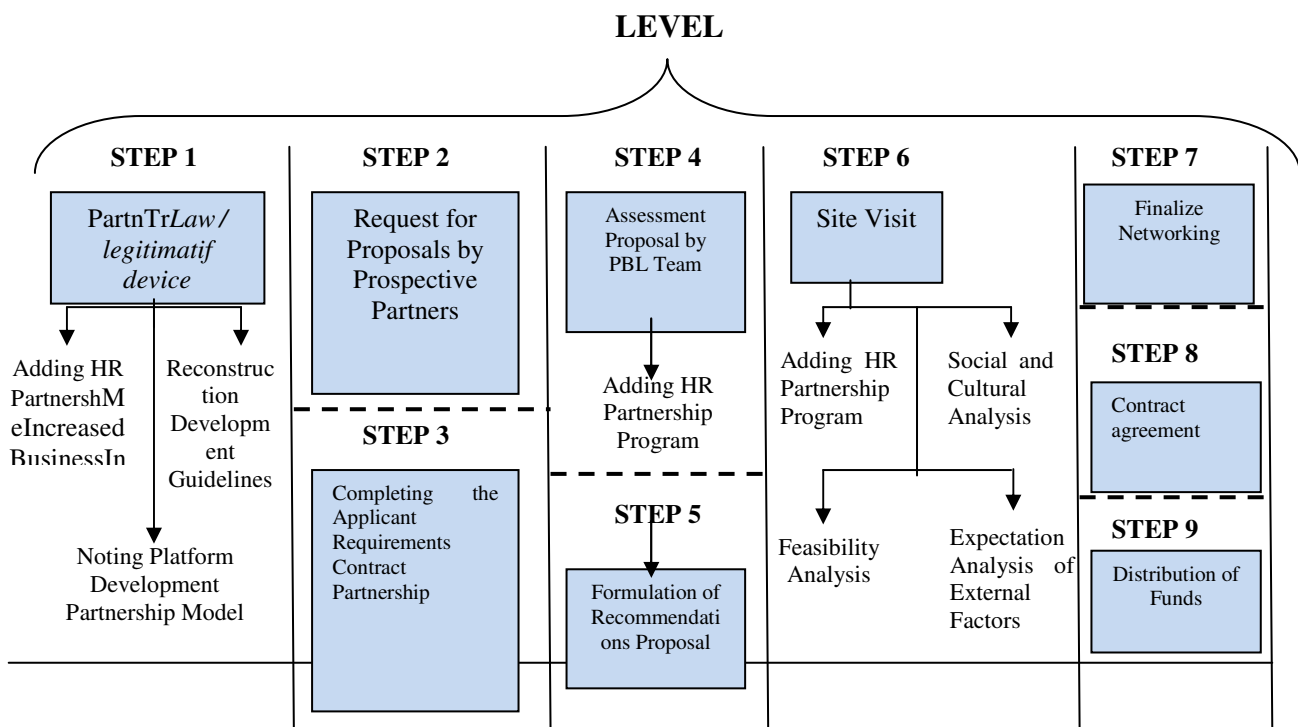


Figure 1. Level I Model formulation Pertamina Partnership Program

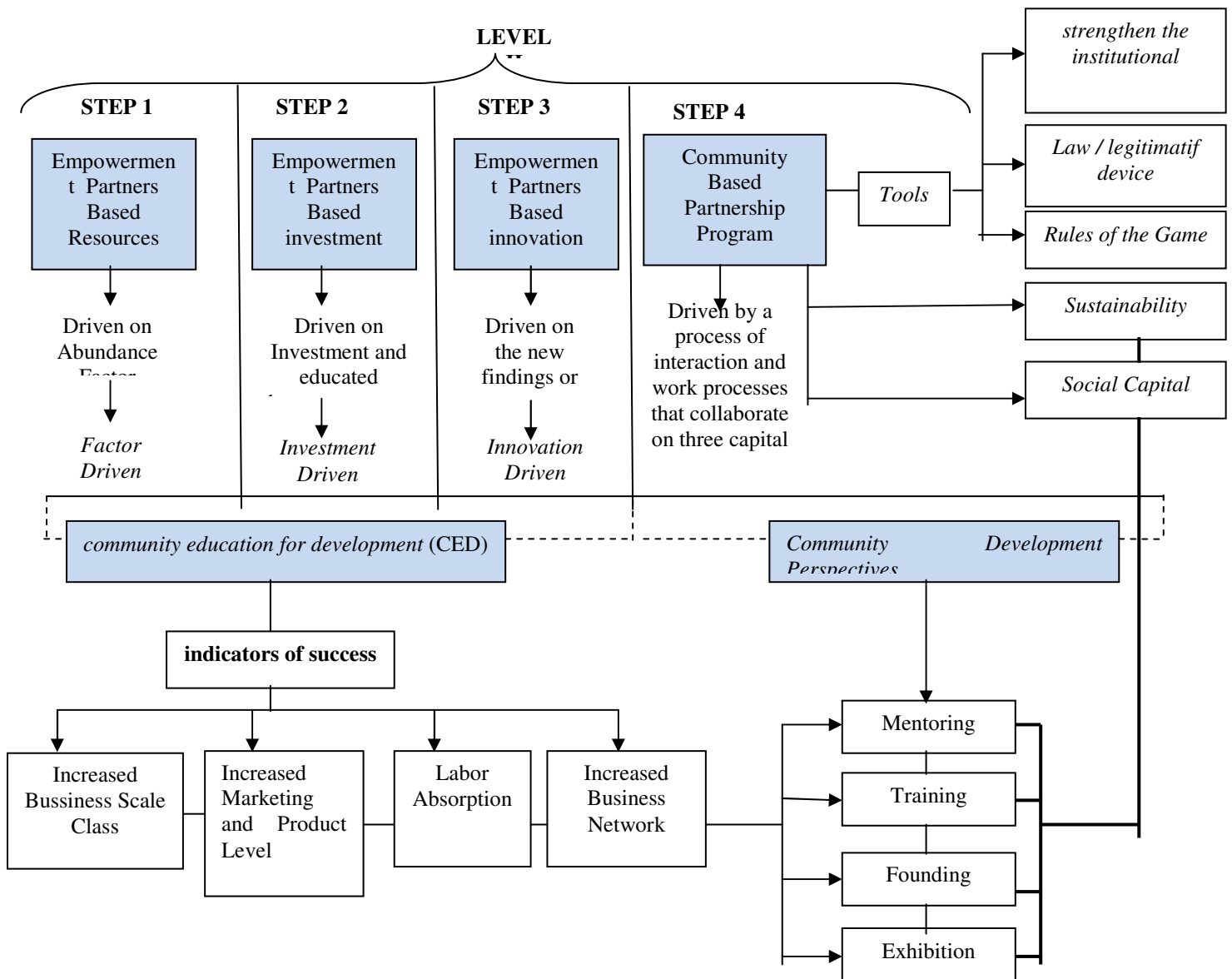


Figure 2. Level II Model formulation Pertamina Partnership Program

Explanation of each of the above picture is distinguished in figure 1 and 2, each of which is level I and II. Explanation of Figure 1 is as follows: Socialization Partnership:

1. Socialization of partnership:
 The early stages of program design alternate, as I level above is socialization Partnership program conducted by Pertamina CSR team to the target area. There are several things that need to be considered and implemented. There are (1) adding HR Business Partnership Program that has been highly inadequate, (2) reconstruction of the guideline development as a basic step in the right socialization, (3) pay attention to the construction of runway models Partnership Program. The content of socialization also includes several things, including what it is PKBL, objectives and benefits, lending procedures and repayment, the interest charged, the terms and conditions of borrowing, and so forth.
2. Request for Proposals by Prospective Partners
 The second step in the level I was filing a proposal by the community to raise funds PKBL Pertamina.
3. Completing the Applicant Requirements Contract Partnership
 At this stage, trained partners who complete the requirements in accordance with the provisions of CSR Pertamina.
4. Assessment Proposal by PBL Team
 At this stage, which is carried out screening of the proposals submitted by the CSR team Pertamina. The screening process includes complete files like address business loan proposal, details of the plan if given the

use of CSR funds, business prospects, and others - others. It should also be explored about the character of the borrower by using 5C and or 7P principles as described in chapter VI.

5. Formulation of Recommendations Proposal

This step is finalizing a proposal that makes recommendations based on the assessment team Pertamina Partnership Program.

6. Site Visit

Things to consider in this stage is supposed to increase the HR Business Partnership Program, socio-cultural analysis, feasibility analysis, and analysis of the expectations of external factors. site visit to all the candidates made to prospective partners who, is the formulation and recommendation partners who obtain loans PKBL Pertamina. Once that process is the announcement of the partners who received, along with the signing of a loan agreement between the Partnership Partnership with Pertamina established partners. This includes stage 7, 8, and 9.

7. Finalize Networking

8. Contract agreement

9. Distribution of Funds

While the explanation of Figure 2 is as follows:

Phase 1 to 3 is carried out in an integrated program, in terms of the package or in the activities of the same track. Among them are built on the basis of empowerment of resource partners, foster partners based empowerment investment, and innovation-based empowerment trained partners.

In the resource-based empowerment, things that need to be moved is the aspect of the abundance of factors of production or a driving factor (factor-driven) in the development of established partners. Based empowerment investment or is a driver of investment (investment-driven) is something that is driven on the strength of investment and educated human resources. While empowerment partner or target-based innovation called the driver of innovation (innovation-driven) is an empowerment-oriented innovations such as finding new business or product diversification.

While the next stage is to empower community-based trained partners. This stage is driven by the intensity of the interaction, and work processes to collaborate on three capital as described; namely natural capital, economic, and social capital. This community-based empowerment must observe the principle of sustainability and the development of social capital. While kuta instruments needed include strengthening the institutional, legal instruments as the foundation legitimatif, as well as the rules of the game (rules of the game) at the level of the organization or institution.

Cornerstone in building above the fourth stage should be based on the principles of community education for development (CED) and community development perspective. Indicators of success that can be used as a benchmark in this Partnership Program partnership model is the increased scale of business, marketing and product increased levels of trained partners, the labor absorption, as well as increased business network that can be monitored in mapping the pathways of program impact.

All of these explanations are connected through a key instrument in the Partnership Program, namely training, mentoring, coaching, and that is not less important is the exhibition event. This is in accordance with the principles of community development.

5.1 Step-by-Step Model Implementation

In order for this model can be applied, it would require the following steps:

- a. Socialization. Socialization models to all people, the central and local government (more specifically related sectors), Parliament, NGOs, private companies, universities, and community to provide confidence that the model can be implemented and provided to all parties.
- b. Formal juridical. Making a decision letter from the central and local governments to form and execution of the program.
- c. Negotiations. Various key roles perform their respective roles based on the outcome of negotiations and mutual agreement.
- d. Identification and survey of the area. This stage aims to menidentifikasi and find areas in accordance with the conditions and targets to be achieved in the area of development. The survey results will be identified several alternative locations that could be candidates for the development of the region.
- e. Analysis of the feasibility study
- f. Institutional development
- g. Evaluation and monitoring program
- h. Revitalization and reorientation of program activities in the regionn

6. Conclusion

The role of government through his company (SOEs), particularly Pertamina in distributing its CSR program is actually based on the regulations and is intended to provide welfare to society more broadly. However, there are many issues both internally and externally. Successful implementation of CSR PT.Pertamina disukung by 2 things, the characteristics associated with established partners own characteristics which became an object in a program, and the characteristics of the program itself is based on a variety of supporting instruments.

Partnership model formulations in an effort to improve the welfare of the people here are divided into two levels at once. The first level of emphasis on the hard work of a principal, namely Pertamina in consolidating the power of the public assisted in attracting potential partners. This is done in the nine (9) stages: socialization massive program, request for proposals by candidates trained partners, completeness requirements by candidates trained partners, proposal formulation of recommendations, visit the candidates trained partners, contractual agreements, and distribution of funds. While the second level includes four (4) stages: resource-based empowerment trained partners, foster partners based empowerment investment, innovation-based empowerment trained partners, community-based CSR program.

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