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Performing Corporate Social Responsibility of State Owned Enterprises: A Good Governance Perspective

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Abstract
The so-called Corporate Social Responsibility (CSR) is one of a kind of enterprises' participation in sustainable development to their surrounding communities. Implementation of CSR programs involved various parties, both from inside the enterprises (e.g. shareholders, directors, and employees) and from outside the enterprises, i.e. the stakeholders in a broader sense. The involvement of various stakeholders in the CSR implementation process was aimed to create efficiency, transparency, and accountability. These three elements are then referred to as the Good Corporate Governance (GCG). CSR implementation synergy in term of the role of the three actors, namely the government, enterprises and communities determined the effectiveness of the utilization of CSR funds for social and economic development of community in the surrounding area(s) of the enterprises.
Keywords: corporate social responsibility, good governance, good corporate governance

1. Background

Corporate Social Responsibility (CSR) is an effort to create and maintain a balance between gaining profit and performing the functions of social and environmental maintenance (triple bottom line). According to Ambadar (2008), it appeared that there has been a paradigm shift that the enterprise was no longer just a solely forward profit orientation, but also that the existence of the enterprise should be able to provide a positive impact to the welfare of local people in line with the increasingly widespread commitment to implement good governance. Implementation of good governance is a consequential application of the principles of accountability, transparency and participation in the implementation of the government's performance, corporate (enterprise/business), and the community. In the business world this concept came to be known as good corporate governance.

Through CSR, an enterprise is expected to use part of the profits generated to help [poor] people, especially in their working area. According to Utomo, et al. (2010), CSR is a company's activities as a form of commitment and responsibility towards stakeholders (which directly or indirectly related) as well as the surrounding environment. Under Article 88 of Law No.19 of 2003 on State Owned Enterprises (SOEs), in particular the provisions concerning the allowance and the use of SOE profits for the purposes of fostering small business and / or cooperatives and community development around the SOEs, the Minister of State Owned Enterprises issued Regulation No. PER-05/MBU/2007 on Partnership Program of State Owned Enterprise with the Small Business and Environmental Assistance Program. Under this rule, each General Enterprises (*Perusahaan Umum*, *Perum*) and Limited Liability Company/Enterprises (*Perseroan Terbatas, PT*) shall implement partnership programs and community development programs. However, the implementation of this rule is less a concern of the company, so there is a negative impact on the company's activities detrimental to the surrounding community. Respond to this phenomenon, the government requires every company to have a CSR program through Act 40 of 2007 on Limited Liability Company (LLC), especially in Chapter V Article 74, which regulates social and environmental responsibility, which among others stated as follows:

(1) The LLC conducting its business activities in the field and/or related to the natural resources is required to carry out social and environmental responsibility.
(2) Social and environmental responsibility is the obligation of the LLC and calculated as the cost of the company's implementation which is done with regard to the appropriateness and reasonableness.
(3) That the LLC who did not carry out obligations as mentioned ... shall be liable in accordance with the provisions of the legislation.

In the context of the implementation of CSR programs, there is synergy between the government, private (company/business/enterprise), and the community. Through this synergy, CSR is expected to have significant impact on economic development around the region, and thus may help the government's efforts to empower communities, improve the environment, and reduce poverty. PT. INHUTANI I, a State Owned Enterprise (SOE) which was established on December 8th, 1973, is one of the SOE who has obligation to implement the partnership and community development programs. Based on data from the financial statements of partnerships and community development programs issued per Desember 31st, 2008, PT. INHUTANI I have been implementing various partnerships programs with small businesses and cooperatives, which reside in Balikpapan, Sangkulirang, and Berau.

In this study, Berau Regency of East Kalimantan Province of Indonesia was chosen, especially in Meraang unit, because most of PT. INHUTANI I activities were center in this regency. In addition, Berau regency has a forest area that is still relatively wide and the number of people living around the forest area especially within PT. INHUTANI I working area is also relatively large. It is therefore important to investigate the extent of the effectiveness of the implementation of CSR programs, in particular in the framework of the partnership and community development programs viewed from the perspective of good governance.

2. Problems Statement

Based on the description above, the research problem can be formulated as follow:

(1) What kind of CSR programs that have been implemented by the PT. I INHUTANI as the social responsibility to the community residing in their working area?
(2) What role(s) were played by each actor involved in the implementation of CSR program?
(3) What are the inhibiting factors of the implementation of CSR program?
(4) How is the implementation model of CSR program in the perspective of good governance?

3. Materials and Methods

Qualitative inquiry through observation and in-depth interview techniques to gather data was chosen to see the extent to which the implementation of CSR programs conducted by PT. INHUTANI I in Berau Regency of East Kalimantan Province of Indonesia. PT. INHUTANI I as one of SOEs was chosen to investigate the implementation of CSR program especially in fostering rural community forest, partnerships and community development, and compensation logs on the utilization of timber in the area of PT. INHUTANI I Meraang in good governance perspective.

4. Literature Reviews

4.1. Understanding the Concept of Good Governance

According to Rewansyah (2010), good governance movement began hooped in the early 1990s as a form of resistance to the concept of government which was considered to have many weaknesses as putting people's participation aside. The most fundamental difference between the concept of "government" and "governance" lies in how the implementation of political authority, economy and administration in the management of the affairs of a nation. The concept of "government" connotes a more dominant role of government in organizing various authorities. While governance implies a nation how to distribute power and manage resources and a variety of issues facing the community. Thus, the concept of governance should be understood as a process, not a structure or institution.

According to Leach and Percy-Smith (2001) the concept of governance merge the differences between "government" and "the governed". By merging the differences, thus governance concept contained the elements of democratic, equitable, transparent, rule of law, participatory and partnership. In other words, governance is the process whereby elements in society wield power and authority, and influence and enact policies and decisions concerning public life, economic and social development. Along with the definition and the understanding of the concept, came the principles of good governance practice. The principles of good governance are:

(1) Transparency
(2) Integrity
(3) Accountability
(4) Participation

4.2. Good Corporate Governance (GCG)

The term of corporate governance is derived from an analogy between the government of a country or city to rule within a company. According to Solihin (2009), corporate governance deals with the alignment of collective action problem involving multiple investors. Corporate governance also involves reconciliation of different interests of the stakeholders. Organization for Economic Corporation and Development (OECD) defined corporate governance as follows:

> Corporate governance in the system by roomates business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among the different of participants in the corporation, such as the board, managers, shareholders and other

stakeholders. (Quoted by Solihin, 2009:115).

Corporate governance is a system to direct and control the company (corporate). Corporate governance structures define distribution of rights and obligations among the various parties involved in a company, such as the board, managers, shareholders and other stakeholders. However, the government as the formulator of regulations has highly influential role on the implementation of corporate governance. The community as a provider of a variety of resources and product buyer is a source of legitimacy of companies that have the potential to support or inhibit the presence and company.

According to the OECD Assessment Principles Team of 2004 (Solihin, 2009:119), there are two theories that can be used to explain the concept of corporate governance. The first theory is the Stewardship Theory and the second is the Agency Theory. *First*, Stewardship Theory was founded on philosophical assumptions about human nature that is essentially trustworthy, able to act in a responsible manner, and have the integrity and honesty of the other party. When this principle is applied in corporate management, the management theory views the company as a party that can be trusted to act in the best interests of the general public and the interests of the shareholders in particular. *Second*, Agency theory views that the management company is an agent for the shareholders, who will act with full awareness of its own interests (self-interest), not as the wise and prudent and fair to shareholders, as assumed in the Stewardship Theory. Contrary to the Stewardship Theory, this theory considers that the management can not be trusted to act in the best interests of the public in general and shareholders in particular.

Agency theory is a form of response to neo-classical economists and senior managers to control the executive board in a contractual position as the holder of the company (Martin, 2011). Agency theory discusses a legal contract between owners of capital as the principal and appointed managers as agent. Managers work to run the company from the owners of capital, with the purpose of obtaining profits and venture capital as well as returns. The contract contains what will be done with the managers of capital provided by the owners of capital and provisions laid down on profit sharing between the principal and agent. In a further development, the Agency Theory got wider response as deemed better reflect of the reality. Various thoughts on developing corporate governance by focusing on Agency Theory where the management of the company must be monitored and controlled to ensure that the management is done with full compliance with the various rules and regulations.

4.2.1. Models of Corporate Governance

Citing Buchloz, Solihin (2009:120) mentioned that there are three models of corporate governance that showed how the power to execute and oversee the company's shared among the stakeholders. All three models are: (1) Traditional Model, (2) Co-Determination Model, and (3) Stakeholder Model.

(1) Traditional Model.
 In this model, a company's corporate governance is based on property rights. According to this model, the shareholders as control holders over the company is a major factor in corporate governance process;

(2) Co-determination model.
 This model is called co-determination model because of the capital from shareholders and labor are equally instrumental in the corporate governance process. The idea to combine capital and labor comes from the concept of participatory decision-making or participatory management. This concept recognizes the rights of groups with a major stake in the company to have an influence on what is done by the company; and

(3) Stakeholder Model.
 This model is based on the development of stakeholder management theory which states that in addition to the employees and shareholders (internal stakeholders). There are other groups in society that are the responsibility of the company if the company's operations have an impact on the group as well as the need to align the company to achieve its objectives with the interests of the various constituencies that often contradict each other. Participation of various stakeholders in the corporate governance process will ensure that the interests of the stakeholders will be taken into account in the decisions made by the company.

Implementation of corporate governance involves various parties, both from inside the company (shareholders, directors, and employees) and those who are from outside the company, i.e. the stakeholders in a broad sense. The involvement of various stakeholders in the implementation process aims to create a corporate governance efficiency, transparency, and also accountability which is then referred to Good Corporate Governance (GCG). In the book of The Code of Indonesian Good Corporate Governance issued by the National Committee on Governance Policy (*Komite Nasional Kebijakan* Governance, KNKG) stated that GCG is needed to encourage the creation of a market that is efficient, transparent, and consistent with legislation. Therefore, GCG implementation should be supported by three inter-related pillars, namely: the state that serves as a regulator, the private/business as market makers, and the public as users of products and services of the business. Without the participation of all three parties in the implementation of GCG, the expected implementation of GCG will not run optimally.

4.2.2. Good Corporate Governance Principles

GCG has a number of principles in its implementation, namely: transparency, accountability, responsibility, independency, fairness and equity. *Transparency* is meant to maintain objectivity in running a business in which the company must provide the relevant information in a way that is easily accessible and understood by stakeholders. *Accountability* can be explained that the company must be able to account for performance transparently and fairly. Thus, a company must be managed properly, measured in accordance with the interests of the company and while taking into account the interests of shareholders and other stakeholders. *Responsibility* is understood that the company must comply with the laws and responsibilities towards society and the environment so that business continuity can be maintained in the long term and to be recognized as a good corporate citizen. *Independency* is meant to accelerate the implementation of GCG where the company should be managed independently so that each part of the company will not be dominated and intervened by the other party. *Fairness* and *Equity* can be said that, in its work, the company should always consider the interests of shareholders and other stakeholders based on the principles of fairness and equality.

Apart from GCG principles, the implementation of GCG can still be ended up with failure. The failure application of corporate governance can be caused by external and internal factors. External factors, among others, is the weak regulations on governing corporate governance. Regulatory weakness made by the government will open up opportunities for companies to carry out fraudulent practices that will result in losses for shareholders. While failure caused by internal factors primarily due to a conflict of interest between directors and managers of the company with shareholders' interests.

4.2.3. Linkage between Corporate Governance and Corporate Social Responsibility

Implementation of Corporate Social Responsibility (CSR) by companies/corporate/business/enterprises is intrinsically orientation from the inside out. This means that before carrying out CSR activities that are discretionary or voluntary, companies must first run the business properly so as to ensure the achievement of profit maximization (economic responsibilities). In addition, companies need to develop a policy to guide the implementation of CSR. All these things will not be done well if the company did not apply the principles of GCG.

Clarke (2004), described the relationship between corporate governance and CSR through the concept of stakeholder participation. According to Clarke (2004), the participation of stakeholders in the company will be able to improve the corporate governance mechanism in achieving various objectives, although it may cause a little conflict of interest in the process of achieving that goal. Therefore, related to the concept of corporate governance, companies need to build relationships with stakeholders continuously in order to realize GCG. Monks and Minow (2003: 56), described two important aspects of the concept of GCG, namely: (1) the importance of the determination of shareholders' rights to obtain information correctly and in a timely manner, and (2) the company's obligation to continue to inform the company's performance to shareholders and other stakeholders in an accurate, timely, and transparent. This concept overcome the weaknesses of Agency Theory that mention the existence of information asymmetry between shareholders and management that led to the emergence of conflict between the two parties in the company.

4.3. Corporate Social Responsibility (CSR)

4.3.1 Concept Definition and Implementation Program

Concept of CSR, according to The World Bank, can be defined as follow:

> " Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working with employees and their representatives, their families, the local community and society at large to improve quality of life, in ways that are both good for business and good for development " (Lucky, 2008).

Lucky (2008) also added that CSR focus on the balance between attention to economic, social and environmental. There are several steps that must be passed by the company in the implementation of CSR, namely:

(1) The first phase, called the company's economic animal that its concern is economical to focus only on profit;
(2) The second phase, the company began a social aware, but it may still be a charity, donations to charity when asked others to do the program;
(3) The third phase, to community affairs, giving strategic interest linked to business (includes cause-related marketing);
(4) The fourth stage, to the corporate community investment; strategic partnership initiated by the company, and
(5) The last stage, the company will be to sustainable business functions integrated into business strategy goals.

5. Results: Analysis and Discussion

5.1. PT. INHUTANI I Implemented CSR programs.

There are three types of activities that have been implemented as a embodiment of the company's CSR program done by PT. INHUTANI I Meraang Unit, namely: (a) forest village community development program (PMDH),

(b) partnership program and community development, and (c) compensation grant program. The third type of program had its own characteristics in practice, but have the same goal, which is the empowerment of the community, both socially and economically. Forest Village Community Development Program, aimed to empower communities living around the forest production into the working area of the company, so that the negative impacts of forest exploitation can be reduced, and rural development can be continued. The partnership program had the goal of economic empowerment, which helped small business community economic group for assistance with low interest capital. Community development programs, social empowerment by helping the various forms of social activities, both traditional and religious rituals, and other social activities are carried out within the framework of national holidays. While awarding compensation fund intended as a form of "compensation" for environmental damage and loss of community work, so it is possible to acquire the other business opportunities.

CSR as a company policy product is supported by central and local government regulations, the implementation is not running smoothly. Based on the data collected, it can be argued that all three types of activities in PMDH were not fulfilled 100 percent. Each activity: (1) an increase in the economic growth of the income of rural communities environmentally, realized as much as 33.33 percent, (2) the provision of socio-economic infrastructure, realized as much as 61.56 percent, and (3) creation of awareness and positive behavior in the preservation of natural resources, realized by 76.00 percent. Overall, of the cost of the budget provided as much as Rp. 47.500.000,- it was only realized for Rp. 26.811.000,- or 56.44 percent. One limiting factor was not the budget realization but it was because of the society did not apply to the company and budget considerations that was still available from previous years, and has been funded by local government programs.

According to Frederick (1992), the implementation of CSR in general is based on two principles, namely the principle of charity and the principle of stewardship. Frederick (1992) explained that most business organizations now describe CSR as a kind or part of the company's relationship with the community, with more to be creating charitable contributions. However, currently the company's executives have been aware of the role and position as steward or guardian to act in the public interest. In addition, business ethics also underpin the implementation of CSR. In Article 15 of Law No. 25 of 2007 on Investment affirmed the mandate that, every investment is obliged to apply the principles of GCG and CSR, in order to continue to create a harmonious and balanced relationship and in accordance with the environment, values, norms, and culture of the local community.

Based on the discussion, it appears that the implementation of CSR is not fulfilling its full potential of existing principles of good governance and or good corporate governance. The principle of transparency is there, but it was practiced in full in the CSR program providing compensation fund. In the implementation of CSR programs of PMDH, Partnership and BL, transparency was still not optimal because the public did not know in detail about the plans and activities of the company's CSR budget plan. Though the application of the principle of participation is very important in the implementation of CSR programs, as said by Clarke (2004), that the participation of stakeholders in the company will be able to improve the corporate governance mechanism in achieving various objectives, although it may cause a little conflict of interest in the process of achieving that goal. Therefore, as imply by the concept of corporate governance, companies need to build relationships with stakeholders continuously in order to realize good corporate governance (GCG).

Accountability and integrity of the government have been appeared, as be seen through already prepared regulations governing the implementation of CSR. Yet there is still no operational guideline. Therefore it is needed local or regional regulation on CSR for its implementation mechanism. The law regulates the procedures for disbursement of CSR funds, CSR utilization of funds, supervision and accountability of the use of CSR budget.

Community participation in the implementation of CSR programs were still limited to as the recipient and budget beneficiary, and not up to the level of supervision and evaluation of the use of CSR funds. Community were also not actively involved in counting the number of logs that the company produced. It was as the deciding factor for the amount of compensation that they receive. The absence of this participation, allows the manipulation of the amount of company's roundwood production.

Based on data, analysis and discussion on this sub section, the following proposition is proposed:

<u>Minor Proposition (1):</u>

Implementation of effective CSR program is determined by these factors: *first*, the good faith or honesty of the company to meet public interest; *second*, the application of stewardship principles; *third*, the practice of good business ethics; and *fourth*, implementation of good governance principles by all three governance actors (government, private and society).

5.2. Actor role in the implementation of CSR programs

Implementation of CSR programs involves three actors in partnership and synergy, namely: government, private, and society/community. In this research, State actors were played by the Minister of Forestry, Minister of State Owned Enterprises, Governor, Regent, Forest Service Department, Head of District and Village. Private actors

were played by concessionaires (PT INHUTANI I and its partners). While community actors were played by the local indigenous people. Role of the state as a regulator of CSR seemed very dominant. Although for operations at lower levels, it had not poured into a regulation. The company's role was technical and operational to channel some profits which was allocated for CSR. This is relevant to the statement of Andersson (2006), which stated that one of the CSR trend is the mobilization of corporate actors to provide assistance to countries or communities where they operate. This activity was shown by cooperating with local governments to distribute some aid, both for the national interest in a broad sense (law enforcement assistance for violations of human rights), as well as special assistance to the affected communities, as a result of the company's activities. While the role of the community as a user or a user is active on the funds or assistance received. Thus, the three actors is very synergistic roles determine the level of benefits and assistance CSR funds received from the company.
Based on data, analysis and discussion on actors' role, the following proposition is proposed:
<u>Minor Proposition (2):</u>
Synergy in the implementation of the role of the three actors, namely the government, companies and communities determine the effectiveness of the utilization of CSR funds for social and economic progress in the region of the company.

5.3. Inhibiting factors of CSR Implementation Program

Government actors face obstacles related to regulations, especially those related to the implementation of CSR partnership program. The obstacles encountered in the requirements for prospective foster partners, as stipulated in the Regulation of the Minister of State Owned Enterprises Number PER-05/MBU/2007, in particular the provisions of Article 12, which requires a business license is still considered burdensome by trained partners candidates, because their business generally not yet have an official business license and did not even have a tax registration number (*Nomor Pokok Wajib Pajak*, NPWP). Similarly, the addition of a guaranteed loan requirements, although in the Minister of State owned Enterprises is not set explicitly, also considered burdensome by trained partners candidates.
In addition, there had been no further regulation from local government, either in the form of local regulation or in the form of any other regulations governing the implementation of the company CSR in the region, has an impact on the legal vacuum that can be used as reference for further operations, both for company and the community. The current legislation only stipulates the compensation funds CSR, namely in the form of the Governor of East Kalimantan and Berau Regent Decree. This condition was contrary to hope for a comprehensive regulation, as stated by Billah (1996), that good governance requires a legal framework or laws and regulations are enforced in a comprehensive manner. Thus, not only controls the regulation, but also to be enforced in a comprehensive or complete, and should not hinder the achievement of a regulation intended purpose.
In addition, the company also less pro-active to get a well trained partners to identify the needs of the community in the implementation of CSR Community Development program (BL). Companies just waiting for proposals from citizens. As a result, according to Lucky (2008), CSR program that has been running for this can not provide a significant contribution of the studies that have been done, it appears that the program is limited to the realization of CSR charity program that has not been able to empower the poor. The contribution limitations caused motive realization CSR program to reduce conflict with local communities and the program has not been involving the community at every stage of program implementation.
In addition to inhibiting factor from the government and the company, the other inhibiting factors in the implementation of CSR sourced from the public. This is because the community is growing dynamically, so that their participation in the development and increased social activity. As said by Billah (1996), is that people have the freedom to participate in the construction, which began the process of planning, implementation, and evaluation of the results of such development. However, in the implementation of CSR, there is no well-organized planning of the community, whether initiated by the traditional leader or head of the village, in the work program related to the utilization of funds as well as help preserve the environment of the company. In addition, the utilization of funds received compensation from the company has not been fully utilized for the development of rural infrastructure and physical facilities, but more dominant for traditional activities (eg, ceremonies), or activities that are ritual. There is no orientation to the budget in order to collect the construction of village roads, village irrigation, and so on.
Based on these descriptions, the following proposition is proposed:
<u>Minor Proposition (3):</u>
Barriers to the implementation of CSR programs sourced from government and local governments, companies and communities, so that the effectiveness of the implementation of the program can be determined by the extent of the three actors. This can overcome the obstacles that exist internally and externally.
Based on those three Minor Proposition, a Major Proposition of this research can be formulated as follow:

Major Proposition:

The effectiveness of the implementation of Corporate Social Responsibility in the perspective of good governance is determined by the following factors: (a) good faith or honesty of the company, (b) the fulfillment of ethical business practices; (c) the application of the principles of good governance; (d) the synergy in the implementation of role of three actors, namely the government, companies and community, and (e) the ability of each actor to overcome the barriers that exist in implementing CSR programs.

5.4. Recommended Model for CSR Implementation Program

From empirical facts, data, analysis and discussion of CSR implementation program in good governance perspective models, it can be said that: *first*, there are still some lack on operational regulations at the local level to implement CSR programs and activities in rural areas; *second*, CSR programs are not included as part of the village and the village budget planning so that its implementation becomes less focused and its utilization was still not optimal; and *third*, there is no specific regulatory bodies on CSR implementation at the local level, so the evaluation of the implementation of the program was never carried out. Based on these shortcomings, it is then proposed a recommended model of CSR implementation to deal with it as below.

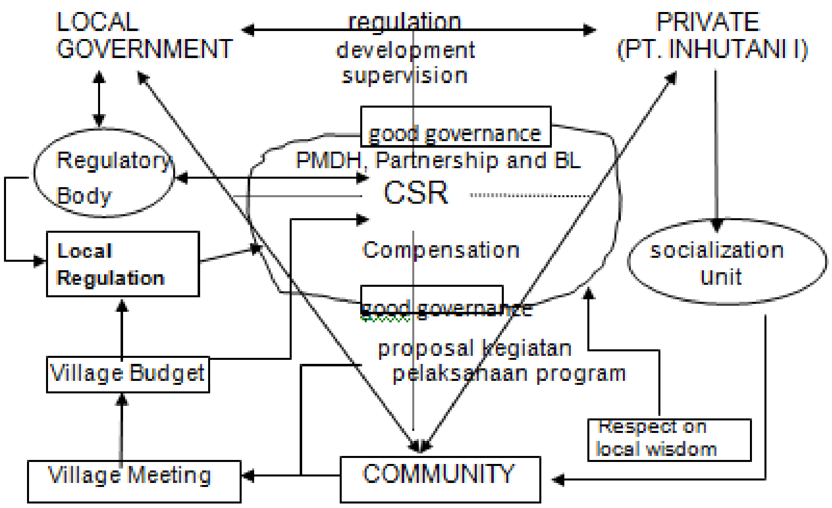

Figure 1. Recommended Model for CSR Implementation Programs

The model has several advantages over previous models, namely: *first*, there is a regulatory body established by the Local Government and tasked to monitor and evaluate the implementation of CSR in the field. *Second*, at the level of the company formed a special task force to disseminate CSR program, so that people become more familiar with, and can take advantage of the CSR program. Members of this unit can also be drawn from the community, so that it becomes a joint unit that helps companies promote their CSR programs. *Third*, CSR fund utilization plan is discussed and discussed in forums Rural Development Planning Meeting (Musrenbangdes), so that the funds can be utilized to the maximum available for development activities and their use can be controlled. It is as well to avoid misuse of CSR funds for personal or group interests. Funds disbursed by company later incorporated into the Village Budget and expenditure (APBDes) and is considered as revenue villages. Furthermore pencaian and use customized with an agreed plan in musrenbangdes.

The whole new proposed aspect of the model must be set out in Local Regulation on CSR Program Guidelines. In addition, all CSR activities, both in the planning process, dissemination and implementation activities should pay attention to local knowledge, ie the values that live and thrive in the local community. Thus the expected relationship lasted three actors in harmony and sustainable.

The drawbacks of this recommendation model are: *first*, the company requires additional expenditures to finance the work unit of socialization program. However, the budget can be allocated from the budget of the administration of the activities budgeted in the CSR program. *Second*, the budget can not be used directly because it should be done through existing local budget mechanisms, and this, of course, requires a longer time compared to the previous mechanism.

6. Conclusion

Based on the analysis of data and discussion in the previous sections, it can be drawn conclusions as follow.

(1) Implementation of the CSR program has been going well, but not maximized. It can be seen from the not maximum budget absorption provided, and the three governance actors (governments, companies and

communities) have not been synergetic active to implement the CSR program based on the principles of good governance. The principle of transparency is there, but it was practiced in full in the CSR program providing compensation fund. In the implementation of CSR programs PMDH, Partnership and BL, transparency was still not optimal because the public did not know in detail about the plans and activities of the company's CSR budget plan. Accountability and integrity of the government have been appeared, as can be witnessed from already prepared regulations governing the implementation of CSR, yet there is still no operational guidelines. Thus, the implementation of CSR programs have not fully apply the principles of good corporate governance;

(2) Synergy in the implementation of role of the three actors, namely the government, companies and communities to determine the effectiveness of the utilization of CSR funds for social and economic progress in the region of the company. Thus, there is an active interaction between the three actors fit their respective functions. The interaction between government actors as the regulator with the company as executive, and also with the public as beneficiaries. Government's role to facilitate the interaction between the company that will distribute the funds CSR, with the public as the CSR fund beneficiaries;

(3) The implementation of CSR programs have the enabling and inhibiting factors derived from the three actors. Government actors faced the barriers with respect to regulation. Company actors were less pro-active to get established partners and to identify the needs of the community in the implementation of CSR program of Community Development (BL). Thus, the effectiveness of the implementation of the program is determined by the extent of the three actors can overcome the obstacles that exist internally and externally; and

(4) The ideal model of CSR implementation programs is a model that has the following advantage criteria: *first*, there is a regulatory body established by the Local Government and tasked to monitor and evaluate the implementation of CSR in the field. *Second*, at the level of the company formed a special task force to disseminate CSR program; *Third*, CSR fund utilization plan is discussed and discoursed in forums of Rural Development Planning Meeting (*Musrenbangdes*). *Fourth*, in the implementation of the program should be referred to the principles of good governance.

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