

JAPFA4Kids Revisited: Do Good Would Bring Benefits

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Abstract

As CSR initiatives is becoming corporate movement in Indonesia, this study analyzing the effect of a CSR initiative that have been launched one decade ago. Utilizing a survey and a depth interview to participants of JAPFA4Kids campaign in two sample areas, this study found that a CSR initiatives that relevant to the stakeholder will develop understanding, support, and believe to the corporation. In the context of Indonesia, this kind of support is very important in developing bonding among the organization and its surrounding community. Other benefit is, the CSR activity also would get positive coverage among media, especially because the CSR was done in the local area, that far from big capital city.

Keywords: JAPFA4Kids, Corporate Social Responsibility, CSR, Sustainability, Sustainable Development Goals, SDGs.

1. Introduction

JAPFA4Kids is a CSR initiative done by PT Japfa Comfeed Indonesia Tbk (JAPFA), a company that focused on agribusiness and mostly operates in the agriculture, commercial farming and fishery sector. The company has a vision of "Growing towards Mutual Prosperity," that include shareholders, business partners, suppliers, employees, and community (JAPFA 2016).

Based on this vision, the company believes that its performance should have a positive impact on improving people's welfare that would support the development of company's business in a sustainable manner. The company's social community programs are based on five main pillars: 1) JAPFA4Kids; 2) JAPFA Chess Club; 3) School Rebuilding & Improvement; 4) Teaching Farm in cooperation with government universities; 5) Business partnership with community (JAPFA 2016)

JAPFA4 Kids was launched since 2008, and consistently execute annually, with some improvement year to years. At the beginning this program selected very poor elementary school children around company sites to receive a monthly nutrition program. The program included a lecture about the importance of good nutrition from a doctor, followed by a health check. Some children with bad health conditions were sent to the hospital for further checks with costs were borne by the company. All the kids got a JAPFA4Kids package consisting of two eggs, two packs of beef sausage, three packs of milk (vanilla, strawberry, and chocolate), a comic book, and a sticker to remind them of the importance of good nutrition. Not only kids, but teachers and school committee members got the same package (Alif & Artsanti, 2009). JAPFA4Kids also build stages for kids to perform their local cultural dance, song, and even cooking local cuisine. These activities are representing the company effort to preserve local culture that right now competing with Western modernization.

Other than involving elementary students, this program also has an objective to improve school management and school environment. The company then organizes school environment management called 5S Training (Sort, Straighten, Shine, Standardize, and Sustain) for teachers, headmasters, and school administration (JAPFA, 2016). To make this training really implemented at school, there is 5S Competition among schools that the school winner will get prize money and an opportunity to compete in national level at Jakarta, head office of JAPFA. Prior to July 2017, JAPFA4Kids already executed at 21 provinces and 80 districts in Indonesia, involving 668 elementary schools, 119,258 students and 7,632 teachers.

2. Research Question

The concept of corporate social responsibility (CSR) has been advocated for decades and is commonly employed by corporations, locally and globally. Still, agreement on how CSR should be defined and implemented remains a contentious debate amongst academia, businesses and society. Especially in emerging market, as in Indonesia, CSR initiatives still in search of its basic platform. Kemp (2001) argues that it is premature to speak of CSR in Indonesia, while the tools of civil society are still structurally and legislatively weak. Alif and Artsanti (2009) elaborate on many external factors, especially vested interests and corruption that hampering CSR initiatives in Indonesia. Alif (2016) further elaborate the vested interests that involving NGOs, national and local government, and corrupt politicians, who wants to take benefits of CSR funds. This condition is problematic for corporations that are being required to align with societal norms while they are on pressure to generate financial returns.

Based on that premise, this paper seeks to understand: Do doing well through CSR initiative, in this case to improve the school management, really bring benefits to participants and to the company?

3. Literature Review

Corporate social responsibility (CSR) has become an important business decision (Alif, 2016; Alif & Artsanti, 2009; Lockett, Moon & Visser, 2006; Margolis & Walsh, 2003) that practitioners and academics alike consider it a necessity for organizations to define their roles in society. From a CSR perspective, organizations already become the drivers in achieving Millennium Development Goals - MDGs (Cahyandito, 2012; Katamba et al., 2014) and therefore could become an important corporate initiative (Alif, 2016; Cahyandito, 2012).

After some criticized on Friedman (1970) statement, that the executive jobs only to improve shareholders profit, right now organizations must also subject to broader stakeholder interests and the need to demonstrate their effort not only for profit but also for people and planet (Artsanti, 2016; Brown, Dillard & Marshall, 2006). Thus, organizations should develop and update programs and policies in an attempt to measure their social and environmental performance while also engaging with stakeholders and, during this process, communicating their values to employees, environmental groups, local communities, and governments.

The extensive pattern of CSR activities propose that not all are viewed equally positive or positive at all by stakeholders. Campbell (2007) mentioned, "socially responsible corporate behavior may mean different things in different places to different people and at different times..." Different types of CSR also have different effects on firm value. For example, studies that use CSR activities in the form of donations to charity are more highly correlated with financial performance than other CSR activities such as environmental performance (Orlitzky, Schmidt & Rynes, 2003).

Kemp (2001) skeptically explains that the tools of civil society in Indonesia are still structurally and legislatively weak, especially in supporting the CSR initiatives. Alif & Artsanti (2009) and Alif (2016) elaborate vested interests involving NGOs, some local and national institutions, and corrupt politicians. Keinert (2008) explained that implementing CSR is not a simple matter, since there are some things that can be drivers or barriers for companies to implement CSR, namely: individual and institutional aspect, and external environmental aspect.

Still, the CSR is increasingly a concern among business people, entrepreneurs and society at large. In Indonesia, corporations are trying to implement CSR for a variety of reasons. Government laws and regulations set a mandatory action for limited company to engage in CSR initiatives (Alif, 2016). For government own companies, they could use four percent of company profit for CSR initiatives. Still there is some effort from vested interest individuals or groups to utilize more of the CSR funds for many developments plans, real or fake. For corporations, there is a fear of losing prestige, or simply went along because the competitors do the same. Some are implementing in the framework of compliance with the provisions of legislation, as has been practiced by state-owned enterprises (SoEs) through partnership and community development program (Cahyandito, 2012).

Caroll (1991), organized CSR initiatives as a four-layered model, entitled the Pyramid of Responsibilities, which embodied the four different responsibilities in business -economic, legal, ethical, and philanthropic- which each not always mutually exclusive, but still enabled managers to appreciate the varying types of obligation and the continual tensions between them. As CSR is becoming strategic decision, its initiatives are often taken not only to provide support to beneficiaries of these programs, but also to bring benefits to companies. This approach of social initiatives has led to what is considered as a change of the archetype from "doing good for the good itself" to "doing good for mutual benefits" (Smith, 2003). In this new exemplar of social responsibility, social initiatives are treated in a way similar to traditional investments and they are expected to bring business benefits (Vogel, 2005).

A model of corporate social performance was developed by Swanson (1995), bridging management and business ethics research to propose three principal motivations for companies to engage in CSR: economic, positive duty, and negative duty. Economic motive, incorporate a firm's performance objectives, such as sales, profit, and return on investment, usually the focused of management research. The duty-aligned perspectives are usually adopted by ethical researchers, focused on corporate moral behaviors and the associated obligations to society. Positive duty recognizes that a company may be involved in CSR to help others, while negative duty holds that a company's motivation may be an exercise in restraint to meet stakeholder expectations.

Study from Kang, German & Grewal (2016) identify four mechanism for corporations to initiate CSR, namely (1) slack resources mechanism; (2) good management mechanism; (3) penance mechanism; and (4) insurance mechanism. They have found that mostly two reason for CSR initiatives that some firms engage in CSR to offset their past corporate social irresponsibility (CSI), and other firms engage in CSR because it is simply part of what they do.

Brown & Dacin (1997) state the important of corporate associations that consumer or stakeholders get from company activities. Many scholars already explained that corporate associations play an important role in corporate outcomes, including reputation; corporate, product, and brand evaluations; purchase intent; and customer identification with a company (e.g. Lichtenstein, Drumwright, and Braig, 2004; Mohr and Webb 2005; Ellen, Webb & Mohr, 2006).

Webb & Mohr (2006) justify that CSR initiatives could be a key criteria in gauging corporate reputation,

and consumers would most positively respond to CSR efforts that they judged as values driven and strategic, while responding negatively to efforts perceived as stakeholder driven or egoistic. In this case, consumer attributions were very important in responding to a CSR initiative (Mohr & Webb, 2005; Becker-Olsen, Cudmore & Hill, 2006; Ellen, Webb & Mohr, 2006).

In the context of Indonesia, Alif & Artsanti (2009) argue that corporations in Indonesia mostly took CSR initiatives as an effort to protect their perimeter of business operations so the company could operate without disturbance or confusion from the community around the company's business operations. Indonesia not yet have specific guidance on mandatory CSR. Therefore each company in Indonesia has been fulfilling its CSR programs based on voluntary basis. Moreover, they interpret CSR in multi definitions and types of program. Some of them considered CSR as a charity and some of them considered CSR as philanthropy (Joyner & Payne, 2002; Brammer & Millington, 2005; Lockett, Moon & Visser, 2006; Hamle & Laurila, 2009).

4. Methods

This study was using a combination of survey and depth interviews to the teachers and headmasters of the school who participated in JAPFA4Kids. As Java Island is more developed, the sample is randomly chosen from JAPFA4Kids activities in the two big Islands of Indonesia: Sumatera, and Sulawesi. Sample from Sumatera was taken at Deli Serdang, North Sumatera, involving 48 teachers as survey respondent, and eight teachers and headmasters for a depth interview. In Central Sulawesi, sample was taken at Donggala with 33 teachers for survey respondents, and six for depth interview. Sample areas for this study were chosen at random through lottery. Survey questionnaires were distributed with convenience at school with teachers and headmasters respondents who already involving or participating with the JAPFA4Kids program. Respondents are voluntarily answering the questionnaire through paper and pen. Depth interview were done with talk-active teachers and headmasters at that sample area, in effort to probe more insight about the program. With this combination of data, researcher could get better insight to answer and to explain the research question.

5. Conclusion

In reality, for one decade of JAPFA4Kids program activities, this CSR initiatives already executed in 21 provinces and 70 districts, involving 7,118 teachers and 124,267 students. This study only takes small samples from the participants and area of activities that possibly could affect the generalization of finding. This study also didn't explore the JAPFA4Kids effect on students who participate in the program and their parents who also got the benefits of the program. This would be a good research program in the future.

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