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CSR AS THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE IN PT BUMI SERPONG DAMAI TBK

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Abstract: Corporate Social Responsibility as the implementation of Good Corporate Governance at PT Bumi Serpong Damai Tbk. The purpose of this article is to provide a theoretical overview of Corporate Social Responsibility implemented at PT Bumi Serpong Damai by using a descriptive approach to explore and review the implementation of Corporate Social Responsibility through the Community Development program. The implementation of corporate social responsibility which covers the economic, socio-cultural and environmental fields gives a good influence, which is beneficial for the community, the target environment and the company. The Company's Corporate Social Responsibility (CSR) program has also synergized the Company's business efforts with support for the surrounding environment.

Key Words: Good Corporate Governance, Corporate Social Responsibility

INTRODUCTION

Nowadays, an effort to run a company with good governance and the application of good corporate governance will have a positive influence on the business environment and will increase stakeholder confidence in the company. Corporate Social Responsibility (CSR) is a form of Good Corporate Governance implementation that becomes the focus of corporate strategy to meet the needs and interests of its stakeholders. The real purpose of the business is to get the maximum profit. If it is accompanied by the obligation of social responsibility to improve the welfare of the community, however, the condition is also in line with the business objective of providing welfare to stakeholders.

The notion of corporate social responsibility (CSR) has gained international influence and attention in the business world. Besides the growth of integration into business strategies, CSR has become a major public policy concern from the local to the global level too. Although CSR theory and practice have deep historical roots, the current CSR agenda is far more diverse, complex and remains debatable. More companies are challenged to express

forms of social and environmental responsibilities in their business practices. Local, regional, and national governments and international organizations face increasing pressure from a variety of non-state actors to develop different and sometimes contradictory responses such as voluntary ethic codes, audit guidelines and social environmental report, cross-sector partnerships, and formal legislatures.

The application of social responsibility allegedly began to be implemented since the 1700s BC. In the Hammurabi Code, there are around 282 laws that provide sanctions for employers, namely the death penalty, if found to have permission to produce food or drink but produce it with substandard quality and provide poor service to consumers. Modern CSR began to become famous with the publication of John Elkington's book entitled, *"Cannibals with Forks: The Triple Bottom Line in 21st Century Business"* in 1988. With the concept of 3 BL or TBL, namely people, planet, and profit. The phenomenon of international and national companies today cannot only be concerned with profit but in accordance with the 3 BL concept, so the pillars of the company must include three criteria, namely economic, environmental and social. One form of implementing TBL in private companies is in the form of Corporate Social Responsibility (CSR). In this TBL concept, the interests of stakeholders, namely all parties involved and affected by corporate activities, take precedence over the interests of shareholders. People's Criteria emphasizes that a company needs to support the interests of its workforce. The planetary criteria focus on good governance in the use of natural resources, especially non-renewable natural resources.

The term CSR in Indonesia began to be known since the 1980s. Law number 40 of 2007 concerning Limited Liability Companies (UUPT) Article 1 paragraph 3 which states that social and environmental responsibility is the company's commitment to participate in a sustainable economy in order to improve the quality of life and the environment that benefits the company, the local community, and the community. Approaches taken in the implementation of CSR in Indonesia include corporate charity (corporate giving), corporate philanthropy, corporate community relations, and community development. The enactment of the Act makes almost all fields of business in Indonesia carry out CSR, also in property companies. PT Bumi Serpong Damai Tbk is committed to be able to carry out good corporate governance and one of its implementations is to hold CSR through the Community Development program.

LITERATURE REVIEW

A. Good Corporate Governance (GCG)

Good corporate governance (Good Corporate Governance) is a reference or a guideline for ethical behavior of business people. According to David Crowter and Shahla Seifi in their book entitled *Corporate Governance and International Business* explain that corporate governance is an environment of trust, ethics, moral values, and self-confidence in synergy as well as the efforts of all stakeholders. (Nurjihad and Ali, 2020). Corporate governance is a series of policymaking processes, application of rules and habits that affect the management of a company. The objectives of company management and relations between stakeholders involved in company activities are also covered in corporate governance. Stakeholders in question include employees, suppliers, customers,

Parties who play an important role in the implementation of corporate governance including shareholders and management as well as the board of directors.

B. Corporate Social Responsibility

The World Business Council for Sustainable Development (WBCSD) stipulates that CSR or corporate social responsibility is ongoing commitment by the businesses to behave ethically and contribute to economic development while increasing the welfare of the workforce and their families as local communities and the wider community. (Manasakis, 2018). CSR is a concept that often overlaps with similar approaches such as corporate sustainability, corporate responsibility, and corporate citizenship. Even though the concept may not have a universal definition, this concept is increasingly seen as the integration of broader economic, social, and environmental imperatives into the core strategies and activities of business entities. This is a challenge for the business community to go beyond profit motives and take certain social and environmental responsibilities beyond legal compliance.

CSR is defined by the European Commission as a concept in which companies integrate social and environmental care in their business operations and their voluntary interactions with their stakeholders. The World Business Council for Sustainable Development (1999) defines CSR as a business commitment to ethical behavior and contributes sustainable economic development by working with all relevant stakeholders to improve their lives in ways that are good for business, the sustainable development agenda, and society in general. Porter and Kramer (2002) distinguish two types of CSR activities:

- 1) Philanthropic-oriented contributions made by companies for purposes such as education, culture, art, minority, or health care to meet the expectations of the community for corporate citizenship responsible for social cohesion and quality of life.
- 2) Investment in production technology and business processes, along the value chain, to support the company's stakeholders. CSR activities connect company success with social progress and are a center of profit for the company, while creating value for the community, by addressing the needs and challenges of company stakeholders, such as employees (investing in health and safety at work), suppliers (supporting local suppliers rather than sources cheaper alternatives), and the environment such as the reduction of pollutant emissions; the use of environmentally friendly technology (Porter and Kramer, 2011).

In international standard ISO 26000 it is said that Corporate Social Responsibility is an important aspect to improve company performance, in addition to ISO 9000 on quality issues and ISO 14000 on the environment. Organizational responsibility for the impacts caused as a result of its decisions and activities on society and the environment through ethical and transparent behavior in contributing to sustainable development such as public health and welfare, taking into account stakeholder expectations; comply with applicable laws and regulations and are consistent with international norms of behavior and are integrated with the organization and implemented in all organizational activities related to the organization. In ISO 26000 there are detailed guidelines regarding social

responsibility. There are seven principles in carrying out social responsibility, namely Accountability, Transparency, Ethical Behavior, Respecting the interests of stakeholders, respecting applicable laws, respecting international behavior or norms, and respecting human rights (Maulidiana, 2018).

CSR is a concept related to company policy that voluntarily contributes to better welfare for the community and a more environmentally sustainable environment and as a form of corporate commitment to its support for corporate social responsibility programs. CSR is a broad corporate governance model where those who run the company (directors, managers) have the responsibility to fulfill their duties to the owners and fulfillment of analogous fiduciary tasks to all company stakeholders. Business needs to comply with CSR can be related to the increasing issues of globalization and technological progress. By definition, corporate social responsibility activities seem to benefit only the community and the environment, whereas CSR also benefits the company itself. The impact of CSR on society and the environment that is the target of CSR activities.

RESEARCH METHOD

The research method employed is descriptive qualitative literature method. The descriptive qualitative literature method is a method that explains, illustrates, depicts something systematic, factual, and accurate about the facts, nature, and relationships between the phenomena under investigation. The research material uses materials that are not from primary sources but from scientific books, articles, research reports, regulations, scientific journals, and other sources in the form of printed or online sources. The subject of this research is PT Bumi Serpong Damai Tbk. The purpose of this descriptive study is to produce an overview of CSR activities as the implementation of Good Corporate Governance through the Community Development program.

RESULT AND DISCUSSION

PT Bumi Serpong Damai Tbk was founded in 1984 by a consortium of shareholders to develop BSD City as a satellite city in southwest Jakarta and has developed into a new economic center in Indonesia's southern suburbs of Jakarta. PT BSD Tbk is committed to implement good corporate governance by corporate governance guidelines issued by the government in every line of operations of the Company. This commitment will be implemented consistently to achieve long-term performance and sustainable profitability for all company stakeholders. As a leader in the property industry, sustainability has always been an integral part of the company's strategic business and PT BSD recognizes its vital role in the welfare of employees and the communities where the company operates and believes that management and development of property projects are the most effective ways to create jobs and reduce poverty in Indonesia. The company has the potential to empower and improve people's livelihoods, especially future generations. For companies, community acceptance and support are the main foundation for sustainable business growth. In more than two decades of operations, the company has learned that developing good relations with the community is very important for business and aspires to contribute to Indonesia's economic and social development. The company's Sustainable Development Program Plan in 2013 was

implemented based on 3 (three) of 8 (eight) Millennium Development Goal (MDG) indicators that are relevant to the property industry, such as Human Resource Development, Enabling Communities, and Environmental Conservation.

A good community is needed in developing urban areas. To create a city that can live sustainably and pass on future generations, it is necessary to pay attention to three things that need to be fostered and well-integrated in the process, namely the establishment of an economic center, broad-based socio-cultural development of society and environment. Therefore it is necessary to collaborate with many parties involved, namely collaboration between stakeholders (companies including employees, local and central government, customers, and communities within the company). One form of Good Corporate Governance implementations is implemented by Corporate Social Responsibility (CSR) through the Community Development program. The activities carried out in this program include:

- Activities strengthen and streamline people's lives which include economic, social-cultural and environmental fields.
- Corporate social responsibility (CSR) activities for both the internal and external environment of the company.

The activities carried out in the Community Development program are based on the framework of implementing CSR to build urban communities so that city life can run well and smoothly. The activities that have been carried out include:

A. Activities in the Economy

A good and sustainable economy that covers all levels of society is necessary for a city to be sustainable. Development in the economic field includes large-scale economic development, micro, small and medium enterprises so that they can continue to live well. Activities undertaken in this regard are:

- Determination of 25% of 6000 hectares of land intended for the economy of the city of BSD. Around 1500 hectares of land are designated as economic centers such as the Central Business District (CBD), Tekno Park as an environmentally friendly industrial area, shopping areas, and so on.
- Giving priority to the informal sector because the informal sector is a small-scale economic sector that helps build the economy, especially in the lower layers. So that developers can run evenly.
- Prioritizing BSD residents and their surroundings in recruiting employees/workers for company projects such as Ocean Park, ITC BSD, security personnel, and so on.
- Procurement of flea markets or Flohmak Bazaars to facilitate the diverse needs of the community. Bringing together sellers and buyers of goods that are still suitable for use even if they are not new.
- Ornamental plants sales center located in City Park 2. The increase of community interest in planting, so the center for selling ornamental plants makes it easier for people to get their needs in the form of ornamental plants, seeds, fertilizers, and other planting equipments.
- Employee Cooperative of PT BSD Tbk which consists of 1200 employees to improve the welfare of its members.

- Development of other infrastructures that support the city's economy, for example JPO (pedestrian bridge), pedestrian-friendly conservation development, public cemetery area of approximately 1 hectare.

B. Activities in the Social and Cultural Field

In order to build and develop a city, development in the social and cultural fields is important to be noted. How is this possible if development only pays attention to the development of physical infrastructure and ignores the community of the user community. With the development of a good community, it can have an impact on sustainable city development. Community empowerment activities carried out in the community development program include:

- Infrastructure development in the form of road and bridge construction in the area/neighborhood of the village to facilitate access of public transportation in activities.
- Completeness of health facilities. By encouraging the availability of complete health facilities that are spread throughout the BSD region which includes 27 clinics, health centers, hospitals, and even international hospitals. With an adequate health facility it is expected to be able to support the needs in the community health sector.
- Construction of Worship Facilities and Infrastructure. PT Bumi Serpong Damai Tbk supports the development of worship facilities in the form of mosques and churches to support the community to practice worship based on their beliefs. In the BSD City area there are 15 Mosques and 2 churches whose construction is supported by PT BSD.
- The availability of Sports and Recreation Facilities for the community to improve their fitness and health, and provide recreational facilities that can be utilized by all levels of society. The community is given space to socialize and break away from work routines. Thus, it is expected that the physical and spiritual health of the community go well.
- Building cooperation with security forces and the public. In addition to assist in the construction of the BSD Police Station, a local security system was also formed which involved the BSD City community to maintain the security of their environment.
- Establishment of RT and RW to help community life runs smoothly.
- Education Festival and the provision of educational scholarships and awards to teachers. In the framework of the National Education Day, in 2018, the company provided educational assistance of Rp. 480,000,000.00 for 330 students. It also gave awards to 100 dedicated teachers ranging from PAUD (Early Childhood Education) level to high school level in South Tangerang.
- Charity or assisting residents who need medical care and so on.
- Improving the quality of human resources in sustainable urban development through development programs in the field of education, namely providing

opportunities for high school and vocational students to practice fieldwork at PT Bumi Serpong Damai Tbk.

C. Activities in the environmental field

The environmental aspect is one aspect that plays an important role in the development of a city. This is due to the interrelated relationship between the environment and activities in a city, especially in the field of health and fluency in activities. If the environment is good, all activities in a city can run smoothly.

- Green open land as one form of the green concept applications in an area dominated by the natural environment, in the form of City Park 1 and City Park 2. City Park 1 was built in 2004 has an area of 2.5 hectares with a collection of approximately 2,500 trees consisting of 60 plant species. City Park 2 is on Tekno Widya Street, Setu, South Tangerang. City Park 2 has an area of around 7,2 hectares in which has a lake of 2 hectares, a suspension bridge, a Gazebo, and a mini waterfall. City Park 2 has a collection of more than 7,000 trees with a diversity of species, including plants that form tropical rainforest vegetation. The existence of this city park in addition to be functioned as a place of recreation and sports, also functioned as a natural laboratory, especially for botanical laboratories, protecting soil fertility, water catchment areas, and the lungs of the city. Thus, the air pollution caused by burning fossil fuels produced by motor vehicles can be minimized.
- Nursery construction on an area of 1 hectare equipped with 4 Green Houses can produce 300,000 polybags of plants each month. Therefore, it is able to meet the needs of plants for the entire BSD city area by having the results of this nursery production.
- Installation of compost as one way to overcome the problem of organic waste in urban areas. Organic waste collected from all areas of BSD City is processed in this place to be composted.
- Building a culture of waste sorting. In order to form attitudes that care about environmental sustainability, it is necessary to have daily habituation. Some of these activities also work together with the Buddhist Tzu Chi Foundation. One of the things done is to conduct socialization and sort waste activities. In this case, waste is divided into organic waste and inorganic waste. Organic waste will later be used as raw material for composting and raw materials for making other necessities such as dish soap, while inorganic waste will be recycled to the extent possible so that it has high economic value. With the habit of sorting rubbish, the community will get various benefits while facilitating the process of recycling waste at a later stage and de-converting the results of inorganic waste recycling into money, the result being social funds that can be channeled to the underprivileged.
- Development of water catchment areas. In the construction and development of urban areas, the problem of flooding in the rainy season and drought during the dry season is something that must be anticipated to minimize losses and damage. One of the methods used is the availability of water catchment facilities including the construction of urban parks or urban forests.

- Construction of Pond or *Situ* as many as 10 ponds with an area of about 26 hectares which are useful as a water parking area that accommodates overflows and is absorbed into the ground. The benefits of pond or *situ* are far more efficient in the effort to increase the water absorption area compared to the biopori hole or infiltration well.
- Development of integrated drainage and normalization of rivers that cross the BSD area, namely the Cisadane river, the Jaletreng river, the Ciater river, and the Angke river by straightening the flow, making it wider and deeper. By making the flow of these rivers smoothly expected to reduce and even eliminate flooding during the rainy season.
- Collaborating with the community in environmental management that involves community groups to maintain cleanliness and preservation of the environment in which they live.
- Love-tree movements. This activity is aimed more at children of primary school age to instill a sense of environmental love.
- Planting thousands of trees. Efforts to preserve the environment are also carried out with a tree-planting program that is carried out continuously in accordance with the functions of the region. The implementation of this activity in collaboration with the Government of the City of South Tangerang through DPKP, BLHD, sub-districts, and the community that is directly related to environmental sustainability. The government of South Tangerang City also appreciates this activity as a form of positive contribution and concern for the company and the government in protecting the environment. PT BSD also donated 1,000 tree seedlings to the South Tangerang City Government through the South Tangerang Regional Environment Agency (BLHD) to be planted in the South Tangerang City of Adiwiyata Forest. This tree seedling consists of several rare plant species, such as forest Namnam (*Cynometra cauliflora*), Waru Gunung (*Hibiscus tiliaceus*), Keben (*Barringtonia asiatica*), Pulai (*Alstonia scholaris*), Nyamplung (*Calophyllum inophyllum*), Menteng (*Baccaurea racemose*), Bintaro (*Cerbera odolam*), Beringin saber (*Ficus benjamina*), Saraca (*Saraca asoca*), Meranti (*Shorea sp.*), Sawo Duren (*Chrysophyllum cainito*), African Sausage (*Kigelia africana*), and Flamboyant (*Delonix regia*).
- BSD City Green Festival, this event is an activity that is held routinely every year, which is held in July as a form of an environmental campaign. This activity raised themes related to environmental sustainability such as tree planting, environmental cleanliness, flooding, air freshness, and others.
- Distribution of souvenirs in the form of seeds of plants for each guest who comes to BSD City which is produced from plants that grow in the BSD City environment.

The activities carried out in the Community Development program are based on the framework of implementing CSR to build urban communities, so that the city life can run well and smoothly. The activities carried out in line with the type of CSR proposed by Porter and Kramer are CSR activities that connect the company's success with social progress and are a center of profit for the company, while creating value for society and the environment.

The Company's Corporate Social Responsibility (CSR) program has also synergized the Company's business efforts with support for the surrounding environment.

PT BSD's CSR implementation received appreciation from the government including the 2015 Investment Awards. The company was considered capable of carrying out the best CSR programs in the social field because it was able to carry out real applications of the implementation of development activities that were aligned with government programs and the policy direction of the South Tangerang City CSR forum. PT BSD in the same year also received an award from the South Tangerang City Government as a company that cares about the environment. In the field of education, PT BSD also received an award from the Tangerang Regency Government. The Green Festival Program, one of which won the prestigious award based on an ISO 26000 based assessment, nawacita, and business strategy. The award given by the government shows that the implementation of CSR activities at PT BSD is one of the implementations of good corporate governance.

CONCLUSION AND SUGGESTION

Conclusion

PT Bumi Serpong Damai Tbk implements good corporate governance (GCG) in the form of corporate social responsibility embodied in the Community development program. The activities carried out in the Community Development program are based on the framework of implementing CSR to build urban communities so that city life can run well and smoothly. The activities carried out in line with the type of CSR proposed by Porter and Kramer are CSR activities that connect the company's success with social progress and are a center of profit for the company, while creating value for society and the environment. This CSR activity which covers the fields of Economics, Social Culture, and the Environment provides benefits to the community and the environment that is the target of the activity and benefits the company itself. For companies, community acceptance and support are the main foundation for sustainable business growth. The Company's Corporate Social Responsibility (CSR) program has also synergized the Company's business efforts with support for the surrounding environment. The award given by the government shows that the implementation of CSR activities at PT BSD is one of the implementations of good corporate governance.

Suggestion

The CSR program that has been running well needs to be continued so that the sustainable city development program runs well too. The following programs need to work with other companies too, so that they can provide examples of good CSR implementation.

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