



Analysis of Corporate Social Responsibility (CSR) in The Local Drinking Water Company (PDAM) Kupang City

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Abstract. Corporate Social Obligation (CSR) is an organization's liability to coordinate thoughtfulness regarding all financial, social and ecological viewpoints, so it can deliver a complete effect on neighborhood networks or more extensive society that upholds feasible turn of events. This exploration means to see if the CSR program can be executed by PDAM Kupang City or not. This study employs a qualitative methodology. The aftereffects of this exploration show that PDAM has not focused on the three existing angles, but rather assuming we take a gander at the future existence of the organization, PDAM has focused on the financial viewpoint and the organization has not completely focused on these two perspectives, but rather the Organization generally does its commitments by keeping up with ecological neatness and establishing trees.

Keywords: CSR Program, Benefit, Society.

1 Introduction

Companies have several important roles to play in the success of government programs in realizing social welfare and improving the quality of life of the Indonesian people. One of these roles is by running CSR programs (Suharto,2006). Corporate social responsibility itself is a concept that companies have and have various responsibilities including to all concerned such as consumers, employees, shareholders, communities, and also the environment in all aspects of operations which include social, economic, and environmental aspects. In general, corporate social responsibility or corporate social responsibility is divided into two parts, namely into the company itself (internal), for example towards employees and out of the company environment (external), for example providing employment to the community, improving community welfare and maintaining the environment for future generations.

Corporate Social Responsibility (CSR) is also one of the obligations that must be done by the company based on the contents of Article 74 paragraph (1) of Law Number 40 of 2007 concerning Limited Liability Companies which states that companies that carry out business activities in the field of and/or related to natural resources must carry out Social and Environmental Responsibility. This provision means that any legal entity

that manages natural resources in its business activities, CSR is an obligation that must be carried out.

In analyzing CSR, researchers use the Triple Bottom Line concept. A company that wants to be sustainable must focus on "3 P's" of profit, people, and planet. Where, in addition to pursuing profits, companies must also pay attention to the fulfillment of community welfare, and actively contribute to preserving the environment (Wibisono, 2007).

Currently, the number of companies Indonesia which has implemented CSR programs is growing. However, not all companies haven't implemented the program properly.

PDAM Kupang City is one of the Regional Owned Enterprises and the purpose of establishing this company is to provide clean water services to the citizens of Kupang and participate in carrying out regional development in particular and national economic development in general in order to improve welfare as well as to meet the needs of the people towards a just and prosperous society based on Pancasila. The obstacle faced by the PDAM itself is the lack of spring water sources that are managed to meet the drinking water needs of the people in the area. Then again, the expansion in the quantity of clients, housing development, and population increase are considerations for PDAM Kupang City to be able to distribute clean water to the community.

PDAM Kupang City is likewise one of the nearby organizations that use regular assets in its business tasks, this implies that the organization isn't resistant from its obligations in completing the Corporate Social Obligation (CSR) program. This is as per existing guidelines, where organizations that do business activities in the field of normal assets are expected to complete CSR. PDAM Kupang City has not executed CSR or corporate social obligation, while PDAM is an organization that uses normal assets in its business tasks. In view of this depiction, the analyst is keen on taking the title of "Examination of Corporate Social Responsibility (CSR) at the Territorial Drinking Water Organization (PDAM) of Kupang City".

2 Literature Review

2.1 Concept of Corporate Social Responsibility

Conceptually, corporate social responsibility is an approach where companies integrate social concerns into their business operations and interactions with stakeholders based on the principles of volunteerism and partnership. However, empirically, CSR has been implemented by companies in the form of voluntary activities. CSR is carried out with various motivations, depending on the point of view and how to interpret CSR itself (Sirait, 2018).

A popular concept about CSR is the Triple Bottom Line. This concept is focus to the "3Ps" of profit, people and planet. A company that wants to be sustainable follow this concept. This concept explains that in addition to pursuing profit, companies must also pay attention to the fulfillment of the welfare of society (people), and actively contribute to preserving the environment (planet), (Wibisono, 2007).

The Global Reporting Initiative (2001) describes the social, economic, and environmental impacts of a company's operations as follows: GRI defines direct economic impacts as changes in the productive potential of economic activities that can affect the welfare of communities or stakeholders and development prospects in the long term. Meanwhile, indirect economic impacts are additional consequences that arise as a result of the direct influence of financial transactions and money flows between the organization and its stakeholders. Social impacts are also divided into four categories, namely human rights, labor, society, and product responsibility. As well as environmental impacts into three impact structures, namely impacts caused by the use of production inputs, impacts caused by production outputs, and the mode of impact on the environment caused by the company.

The implementation of CSR is also often ignored by various groups including business people, Prayogo, (2011). Here are some of the benefits of implementing CSR programs for companies:

1. To maintain and to boost the company's reputation and brand image
2. To obtain a license to operate socially
3. To reduce the company's business risk
4. To Wide access to resources for business operations
5. To Open up best market opportunities
6. To reduces costs, e.g. related to waste disposal impact
7. To improves relationships with stakeholders and regulators
8. To improve employee morale and productivity and reward opportunities

The benefits of CSR are not only felt by one party, namely the company, but also for other elements such as society and government. In society or community, companies can contribute to improving the community quality of life. This can be done by the company through conducting activities and creating policies that can improve the quality of life, competence and community welfare in various fields. Regarding to environment, companies can participate in environmental conservation program to maintain the quality of life of mankind in the long term. By doing that the company shows its participation to prevent disasters and minimize the impact of disasters caused by environmental damage. The implementation of CSR also benefits the government. Through CSR, a relationship will be created between the government and companies in overcoming various social problems, such as poverty, lacking of health access, low quality of education, and so on.

Crowther David in Hadi (2011), elaborates the principles of social responsibility into three, namely:

- a. Sustainability, relates to how companies carry out activities (actions) while still taking into account the sustainability of resources in the future. This sustainability can also provide various directions for the use of current resources while still paying attention to and taking into account the capabilities of future generations
- b. Accountability, is the company's effort to be open and responsible for the activities that have been carried out. This accountability is also very necessary for company activities that can affect or be affected by the external environment.

- c. Transparency is an important CSR principle for external parties, especially related to the reporting of company activities that can have an impact on external parties.

Some theories used to explain the tendency of CSR disclosure (Aprianthiny, 2015) are:

- a. Legitimacy Theory

O'donovan, (2002) argues that organizational legitimacy can be seen as something that society gives to the company and something that the company wants or seeks from society. This legitimacy is a potential benefit or resource for the company to survive (going concern).

- b. Stakeholder Theory

The company is not only responsible for the owners (stakeholders) as has been the case so far, but has shifted to be broader, namely to the realm of social society so that it is called social responsibility.

- c. Social Contract Theory

The social contract arises because of the interrelationship in the social life of society, so that there is harmony and balance, including towards the environment.

3 Research Method

Case study method was applied in this research. Case study, which is research with problem characteristics related to the background and present condition of the subject under study, as well as its interaction with the environment. The focus of researchers in this study is to analyze CSR using three aspects, namely profit, people, and planet. The data collection techniques were in interview and participative observation. Qualitative data analysis was carried out before entering the field, during the field, and after completion of the field. In this research on the implementation of corporate social responsibility, data analysis activities are carried out inductively.

4 Results and Discussion

4.1 Corporate Social Responsibility analysis with the 3P approach ;

Profit is additional income to run and launch the company's operational activities. Profit can also be interpreted as the acquisition of results (income) that is obtained and is greater than the expenses incurred for business capital. In this case, to see the level of profit obtained from the PDAM, the data needed in analyzing CSR is by looking at the existing financial statements, especially on the company's profit and loss statement.

Table 1. Income Statement of PDAM Kupang City

Year	Business Income	Profit
2018	IDR. 11.204.285.796	IDR.56.856.045
2019	IDR. 10.342.201.465	IDR.108.793.603
2020	IDR. 11.333.201.465	IDR.457.251.651

Source : Field Data, 2021

Table 1 shows the profit/loss statements of the PDAM Kupang City for the last three years. When viewed in detail, the core business of the PDAM actually experienced a loss, but when viewed as a whole from the net profit obtained, it can be seen in table 1 above. In 2018 the amount of business income earned was IDR.11,204,285,796 and in 2019 it was IDR. 10,341,068,129, meaning that the revenue earned in 2019 experienced a considerable decrease of IDR. 863,217,667, the decrease in revenue was due to some customers no longer paying installments every month so that the company had the right to cut off the flow of water to these customers. In 2020 the amount of business income received by the company has increased, which is IDR. 11,333,201,465, meaning that in 2020 the business income received by the company actually experienced a very significant increase, which when compared to business income in 2019, then in 2020 it actually experienced an increase of IDR.992,133,336, this is because the number of PDAM customers is increasing, so that the revenue earned is increasing.

Table 1 above also shows the net profit received by the company for the last three years. From 2018 to 2020 the profit earned continues to increase every year. In 2018 the net profit obtained by the company was IDR 57,856,045, in 2019 the profit reached IDR 108,793,603, meaning that the profit received by the company in 2019 increased by IDR 50,937,558 and in 2020 the net profit received by the company experienced a very significant increase of IDR 457,251,651 which when compared to 2019 profits, then in 2020 the profit experienced a very rapid increase of IDR 348,458,048. This means that the quality of service provided by the PDAM is getting better every year, so that the profit received is increasing from year to year.

Society is people or living things that live together in an environment. In a company, the community has a very important role, because the establishment of a company requires support from the surrounding community. Being a PDAM customer is a form of support given by the community to the company, therefore the company also needs to be responsible for providing benefits and impacts to the community. PDAM is one of the local water supply companies, the existence of this company is considered not detrimental to the community at all because PDAM Kupang City is very helpful to the community in meeting their daily needs, and is considered to provide another option for the community to obtain clean water other than using tap water.

The environment is a place or area around where we are. Similar to society, the environment also has a very important role, because the environment affects all of us, especially for companies, it is said to be influential because it is the place where the activities of the company itself take place. To protect the environment in the process of providing clean water, the PDAM always carries out the task at hand well, this can be seen from the type of water produced. The type of water received by the community is a type of clean water, meaning that during the work process, the PDAM does its job caring, so that the water produced is not mixed with impurities.

4.2 Analysis of Corporate Social Responsibility (CSR) at PDAM Kupang City

Based on the Government Regulation of the Republic of Indonesia Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies by considering the implementation of the provisions of article 74 paragraph (4) of Law Number 40 of 2007 concerning.

Limited Liability Companies, it has decided to stipulate Government Regulations concerning Social and Environmental Responsibility of Limited Liability Companies and further emphasized in article (2) that every Company as a legal subject has social and environmental responsibilities.

In accordance with the regulations that have been set, the PDAM as a Regional Company should have established a policy related to the CSR program, but because the PDAM has not implemented CSR, the researchers will then analyze CSR in accordance with the policy used by Bank NTT, which is 2% of the profit earned.

Table 2 Projection of Calculation CSR

Year	CSR
2018	IDR.1.157.120.9
2019	IDR.2.175.872.07
2020	IDR.9.145.033.02

Source: Field Data, 2021

Table 2 above makes sense of how much CSR reserves got by PDAM every year. From the information, it very well may be seen that how much CSR reserves got in 2018 added up to IDR. 1,157,120.9 in 2019 added up to IDR. 2,175,872.06 and in 2020 added up to IDR.9,145,033.12 so the all out CSR subsidizes got during the most recent three years added up to IDR. 12,478,026. In light of the all out CSR assets throughout the previous three years, the organization can complete CSR programs as per how much supports that the organization gets. Considering that the PDAM is a provincial organization that utilizes existing normal assets, it is proper for the PDAM to make strategies by re-quiring CSR reserves. In any case, one might say that the CSR reserves possessed by the PDAM are tiny, so the organization additionally finds it challenging to do CSR.

This study found that adjusted to the concept of triple bottom line, where this concept explains that the company wants to get the highest profit (profit), must also pay attention to the fulfillment of the welfare of the community (people) and also contribute actively in maintaining environmental sustainability (planet).

If it is associated with the concept of CSR, PDAM Kupang City has not fully considered the three existing concepts, because PDAM Kota itself has not yet implemented CSR, When seen for the future existence of the organization, PDAM Kupang City has focused on the financial aspect, it can be seen in the existing income statement, where for the past three years, the profit earned continues to increase every year. In friendly and ecological angles also, the organization has not completely paid attention to these two perspectives, however the organization generally does its commitments as far as keeping up with the solace of the local area, especially the customers. PDAM it is a clean water supply company, and all people need clean water so, people will get clean water by becoming PDAM customers and the company will benefit from the increasing number of customers. Therefore, the company must provide comfort to customers so that customers feel comfortable and safe. The organization likewise gives a type of worry to the climate by keeping up with natural tidiness as a type of corporate obligation.

The results of this study are the same as research from (Taufiq & Iqbal, 2021) which states that CSR programs have implications in several aspects including social, economic and environmental aspects. In the environmental aspect, it is dominated by tree planting activities. The same thing is done by the PDAM, where the company also pays attention to environmental aspects by planting trees together, this is done because there are many benefits that will be obtained, one of which is that by planting trees we will get fresh air.

On the other hand, the results of this study differ from the research of Kamidin, Hasan, and As'ad (2019) which states that the amount of funds given to be budgeted in the CSR program, does not see the amount of profit received by the company but depends on the company's leadership policy. This is different from PDAM Kota Kupang, because there is no company policy regarding the implementation of CSR, therefore the company has not given full attention to economic, social and environmental aspects. So for now, the company's focus is on building a pipeline network so that it is wider and more accessible to the community, but in the future the company will implement policies related to CSR funds.

5 Conclusion

The PDAM has not fully implemented the concept of CSR with the 3P approach. Therefore, it is necessary for PDAM Kupang City to pay attention to the implementation of CSR with the 3P approach. In addition, the scope of PDAM Kupang's CSR policy is still limited.

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