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### **Corporate Social Responsibility (CSR) as a Mechanism for Enhancing Low Income Household in Accessing a Quality Affordable House**

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# **Corporate Social Responsibility (CSR) as a Mechanism for Enhancing Low Income Household in Accessing a Quality Affordable House.**

**Efridani Lubis**

**“Looking over the history of corporate social responsibility, I can see it has consisted of 95% rhetoric and 5% action” (Milton Moskowitz)**

## **Abstract**

Although the Law Number 40 Year 2007 has instructed any corporations that used and/or related to natural resources in their businesses have a responsibility to arrange and carry out social responsibility as a way to balance the corporation activity and its environment; however there is no explanation further how this obligation must be performed. Therefore, the interpretation leaves to each corporation which impacted to the implementation of unstructured and unorganized CSR that makes it less effective in turn. The other result is variety forms of CSR have been taken by corporations merely based on their own interest such as social services, education and research, health, environment, art, or sport. The corporation's interest and building image become the main motivation of doing CSR as showed by Lingkar Studi CSR's study. Among those sectors, it seems that housing sector has not a chosen yet, especially as a support for low income household to access a house. While according to the Law Number 1 Year 2011 of Housing a house have a significant role to improve a life of its resident. The Law views a house as a central of personal development so that once the person growth well then all aspects of his/her life will be improved in turn that contrary to the notion before which sees economy as a priority. To do so, it is important that every person have an opportunity to access a quality house either purchase or rent, and this is far beyond low income households' ability. They need support from the Government and other parties; here CSR could take part together with the Government's program in this matter. In order to make mechanism used goes effectively, model of trust fund system managed by independent institution has chosen. To strengthen this notion, it needs regulation that specified this management.

## A. INTRODUCTION

The emerging of corporate social responsibility (CSR) triggered by the awareness and the concerned of lots of state leaders in 1960's for environmental degradation due to excessive pesticide usage which was harmful to the ecosystem as Carson pointed out in her book 'Silent Spring' where there are no birds' singing anymore in spring time because most of them has been killed by pesticide. Since then, concept of attaching business with environmental is developed and become more and more important in 1990's when Earth Summit decided that business has to take a part and responsibility to promote sustainable development and implemented principles recommended in their daily practices.

However, the concept of attaching business to its environment in larger idea has already been introduced by Frank Abrams, chairman of the board for Standard Oil of New Jersey in 1951. He wrote in Harvard Business Review that corporate was obliged to conduct affairs of the enterprise to maintain an equitable and workable balance among the claims of the various directly interested groups, a harmonious balance among stockholders, employees, customers, and the public at large (Frederick, 2006).

The concept of attaching business to human environmental is not a new idea actually; similar concept has been introduced by King Hammurabi from Ancient Mesopotamia (around 1700 BC) that determined death penalty for builders, innkeepers or farmers if their negligence caused the death of others or major inconvenience to local citizen. The similar path has been followed since then through Ancient Rome and to modern society (Kalangit, 2009). In the development further, the concept of CSR considers as a method to draw business practitioner attention to their environment or social condition in relation to the possibility impact of their business.

The basic principle of introducing CSR in community is ethical element of business. In general, business is always considered as an activity to gain more and more profit merely without or limited consideration of other impacts in doing such business. As awareness of environmental balancing is increasing; all elements of human activity must be assured not to harm their environment in order to preserve good and health habitation, including business practice. Therefore, it needs argumentation, procedure, and task force to implement such idea which is accommodated in CSR.

The problem in the concept is not about why the concept is necessary, but concerning how the contribution of business practitioners should be measured and in what form. Since there is no single guideline how to implement this idea, from the practice we can see the broad sense and interpretation to this idea. In the ancient time, the contribution could be in a form of money to fund military campaign, financial donation for charity, promote human rights, education, health and safety, or community development. The idea of implementing CSR today is to make a meaningful contribution to the betterment of the local community and the larger society in which the business operates.

In order to provide a guideline of CSR implementation that ensure in line with its objective, many rules, guideline, standard procedures even regulations have been arranged. One of the ideas is ISO 26000. According to this standard, social responsibility

concerns the behavior of an organization with respect to its impact on others and on the natural environment. As with the broader concept of responsibility, the social responsibility of corporate involves being held accountable for action and decision. Since the action and decision involves willingness of the corporate, it is an intrinsically moral or ethical concept requiring in order to determine right or wrong. The social responsibility actions constitute the decision to refrain from a specific activity where that is considered the right thing to do. The range of the actions could cover understanding the impacts of the corporate on others, including the identification of those impacted by corporate activities, measuring and reporting of impact and the related aspect of the corporate performance, engagement of those impacted, until changes in behavior that are made to increase the beneficial effects of the corporate activities for society.

In national level, Indonesia has been amended corporate regulation in 2007 through Law Number 40 Year 2007. According to this law, every business that used and/or related to natural resources in its business obliges to conduct social and environmental responsibilities. The reason to this approach is to keep harmonious and balances between corporation and its environment comply with local society's value, norm, and culture.

Keeping harmony and balance of corporate activity and its environment in order to achieve betterment quality of life is a very broad notion that could be interpreted from certain and specific purpose. To make sure that CSR become effective and make a significant contribution to local community and environment, it needs to develop further and accommodate temporary and permanent needs of these local community and environment. Perhaps, one of the temporary needs is promoting access to housing system for poor people to enhance their quality of life in turn.

## **B. THE CONCEPT OF CSR IN INDONESIAN LEGAL FRAMEWORK**

The concept of CSR in Indonesia related very much to its development in international arena. However, the concept has been adopted legally in the year 2007 when the House of Representative passed the Law Number 40 of 2007 Concerning Limited Liability Corporation. Article 74 of the Law Number 40 of 2007 states that corporation which involves in and/or relates to natural resources obliges to conduct social and environmental responsibility. This obligation should be allocated must be allocated and financed as a corporate expense which must be conducted in rational and normal way.

There are three main elements in the definition of CSR for corporation in Indonesia regulation. First, the corporation involves in and/or relates to natural resources. According to official interpretation of the Law, corporation that involve in natural resources means corporation with activity of managing and using natural resources in doing its business. While corporation that relates to natural resources means corporation neither manage nor use natural resources in its business, but such business activity impacted on ability function of natural resources.

Secondly, consequence of corporation that involves in and/or relates to natural resources is obligation to conduct social and environmental responsibility. Conducting social responsible does not separate with environmental responsibility; it means that the two

obligations must be carried out by corporation when it fulfills the first condition. In other word, the corporate should conduct the two responsibilities together, not just one chosen activity. Since there is no explanation for social and environmental responsibility in the Law 40 Year 2007, the interpretation of the two concepts should be referred to literature academic explanation of them.

One definitions of social responsibility is an ethical or theory that an entity (organization or individual) has an obligation to act to benefit society at large, the welfare of the society. Social responsibility means sustaining the equilibrium between business and society; it pertains not only to business organization but also to everyone whom any action impact the social environment. This responsibility can be passive, by avoiding engaging in socially harmful acts, or active, by performing activities that directly advance social goals<sup>1</sup>.

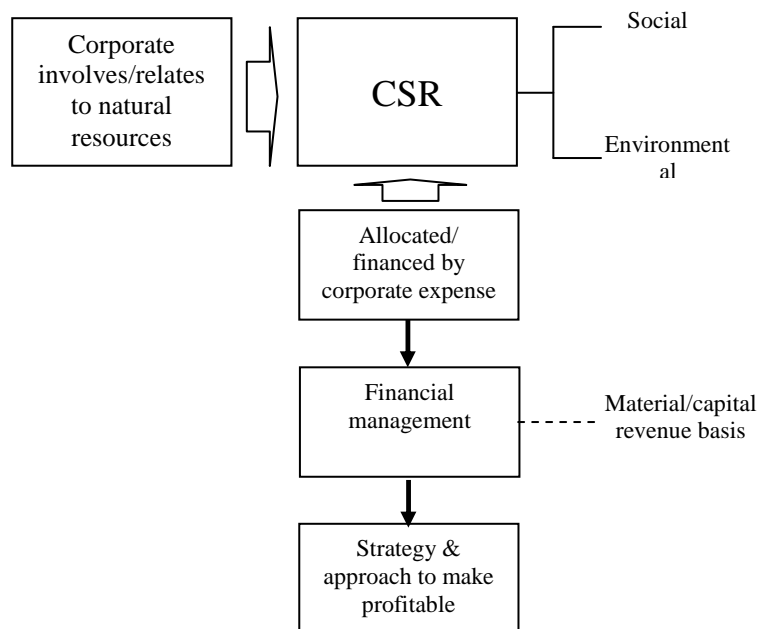
While environmental responsibility defines as the duty of corporate to cover the environmental implication of the company's operations, products and facilities; eliminate waste and emission; maximize the efficiency and productivity of its resources; and minimize practices that might adversely affect the enjoyment of the country's resources by future generation (Mazurkiewicz, p.2).

From definition above, it is obvious that the difference of the two obligations is significant; social responsibility concerns with enhancing welfare of the society while environmental responsible concerns with preservation country's resources for future generation.

The third aspect of the CSR scope is the social and environmental responsibility must be allocated and financed as a corporate expense which must be conducted in rational and normal way. Noor Hadi (2011) indicated that normally corporate tends to assume that CSR expense more likely a sacrifice which can reduce the owner welfare based on trade of cost and benefit approach which using material capitalism philosophy. Therefore, in a normal situation most corporate will reluctant to allocate and finance this kind of activity that could not material capital return to the corporate. This obligation seems to force corporate to formulate strategy and approach to finance CSR and consider this activity as a part of corporate activity that could be profitable. Petronila and Mukhlisin (2003) stated that corporate profit is not only a matter of capital revenue or money. The profit could be also in the form of level of return of investment and return of owner's equity. The Law motivates corporate to see CSR as investment of the corporate that will give a benefit in other form in return.

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<sup>1</sup>Perceptions and Definitions of Social Responsibility  
[http://inni.pacinst.org/inni/corporate\\_social\\_responsibility/standards\\_definitions.pdf1.](http://inni.pacinst.org/inni/corporate_social_responsibility/standards_definitions.pdf1.), p.1.



**Figure 1. CSR Concept in the Law No. 40 Year 2007**

Other regulations concerning CSR in Indonesia legal framework are the Law No. 25 Year 2007 (passed on 26 April 2007), the Law No. 22 Year 2001 (passed on 23 November 2001), and as implementation the Law No. 40 Year 2007 (passed on 16 August 2007) is Ministry State Owned Enterprise Degree No. PER-20/MBU/2012.

According to the Law No. 22 Year 2001 every corporate operated gas and oil exploration, exploitation and production management must be take responsibility for developing local environmental and society (article 40.5). The explanation to this officially is those corporate should involve actively in developing and using a potent and ability of local society, improving neighboring environment so that there is a harmonious between corporate and local society. The other form of CSR according to article 28.3 of the same Law stated that Government could also convert the market price of gas and oil into specific aid for certain people. It means Government can use CSR mechanism as a subside scheme for certain group of people in order to enhance their ability to access gas and oil.

The Law No. 25 Year 2007 concerning Investment stipulated CSR in the same manner. Every investment activity should implement CSR (article 15.b), respect local community culture (article 15.d) and preserve environmental sustainability (article 16.d). The official explanation of the Law defined CSR as a responsibility attached to every investment corporate to create harmonious, balance relationship and in line with environment, value, norm and culture of local community. This obligation considered as a very important task to do, so that if such corporate disobey or neglect the obligation, according to article 34 of the same Law, the bad corporate could be punished administratively with the hardest consequence revoking its operation license and/or facilities.

As an implementation of the Law No. 40 Year 2007, Ministry of State Owned Ownership (SEO) passed Ministry Decree concern Partnership Program between State Owned Enterprise with Small Enterprise and Environmental Development Program. The partnership intent to improve the ability of small enterprise into middle enterprise; in this sense SEO obliged to do a set of activities, including planning of partnership, evaluating and selecting business feasibility, channeling the fund to its partner and community, and reporting this activity to Ministry and its partners. In the year 2012, some of the scopes broaden through Ministry Decree No. PER-05/MBU/2007. The fund for partnership should be in the form of loan for work capital or permanent asset purchase, or loan for fulfill order from third party or for education, training, internship, marketing, promoting in order to increasing productivity of small enterprise. While the same Law stated that fund for environmental development should go to aid for natural disaster mitigation, education, health, religious facility, public facility or environmental preservation.

If we compare the concept of each regulation concerning CSR above, there is a different level of implementation of CSR for respective sector.

**Table 1. Scope Comparison of CSR Legal Framework**

	Law No. 22/2001	Law No. 25/2007	Law No. 40/2007	Ministry Decree
Concern	Gas and Oil	Investment	Limited Liability Corporate	Partnership and Environmental Dev.
Subject	Local and foreign corporate	Local and foreign corporate	Limited liability corporate	State owned enterprise
Scope	Exploration, exploitation, production oil and gas	Investment	Capital collection	51% or all owned by Government
Form	<ul style="list-style-type: none"> <li>✓ Community dev.</li> <li>✓ Neighboring improvement</li> <li>✓ Specific aid as a subsidy</li> </ul>	<ul style="list-style-type: none"> <li>✓ Create harmonious and balance relationship</li> <li>✓ Consider local environment, value and culture</li> </ul>	<ul style="list-style-type: none"> <li>✓ Social responsibility</li> <li>✓ Environmental responsibility</li> <li>✓ Corporate expense</li> </ul>	<ul style="list-style-type: none"> <li>✓ Partnership with small enterprise</li> <li>✚ Capacity building</li> <li>✚ Capital work</li> <li>✚ Marketing and promoting ability</li> <li>✓ Environmental development</li> <li>✚ Natural disaster mitigation</li> <li>✚ Education and health</li> <li>✚ Facilities</li> <li>✚ Environmental preservation</li> </ul>
Consequence	-	Administrative sanction	-	-

The other guideline that significant impacted to CSR implementation in Indonesia and in international level as well is ISO 26000. Functioning as guidance, this standard explains step by step how to formulate CSR program within corporate or individual. The ISO guidance on CSR

emphasizes the value of public reporting on social responsibility performance to internal and external stakeholders, such as employees, local communities, investors and regulators.

There are 7 core subjects of CSR in ISO 26000: (1) Human rights, (2) Labor practices, (3) The environment, (4) Fair operating practices, (5) Consumer issues, (6) Community involvement and development, and (7) organization governance. In doing CSR, ISO 26000 also provide 7 principles: (1) accountability, (2) transparency, (3) ethical behavior, (4) respect for stakeholders' interest, (5) respect for the rule of law, (6) respect for international norms of behavior, (7) respect for human rights.

### **C. CSR PRACTICES IN INDONESIA**

Since there is no single and forum coordinates for CSR implementation in Indonesia, it is difficult to assume how CSR practices here. However, it is assumed that there is a significant increase of CSR implementation since 2007. According to census in 2006, there are 22.73 million corporate in Indonesia (BPS, 2007). Other study in 2009 shows that from 8 corporations (11,43%) which related to natural resources exploration, the CSR that accumulated just from them could reached Rp 4.909.571.873,00 (or 1,17% of total CSR Rp 418.291.214.191,00). This fact suggested that corporations that perform CSR mostly not related to natural resources exploration which is also suggest that corporation do their CSR not because regulations told so, but they look that the CSR could be part of their business strategy especially to secure their core competence, as a promotion, and also image building activities. Most of the CSR shared to the sector education, religious, health, youth, art and culture, physical activities, and celebrated important national holidays. Most of the CSR give away to the society as a charities, it is only small number that the budget used as a social empowerment.

According to Saidi (2004:64-65), there are four models of CSR in Indonesia:

1. The corporate directly involved in CSR activity. For this task, the corporate mandates the action to specific staff such as corporate secretary, public affair manager, or public relation.
2. Throughout corporate foundation or social organization. Normally, the corporate provide the initial, routine, or eternal fund needed for foundation operation. This kind of CSR has been chosen by many corporate such as Coca Cola Company Foundation, Rio Tinto, Dharma Bakti Astra Foundation, Sahabat Aqua Foundation, Sampoerna Foundation and GE Fund.
3. Collaborating with other party or social organization or non government organization, university, or mass media, either organizing certain event or providing fund for event run by those third party. This kind of CSR activity has been performed by Indonesia Red Cross, Children Welfare Foundation, Dompot Dhuafa, Science Institution, DKK Kompas, and Kita Peduli Indosiar.



4. Promoting or joining corporate consortium or become a member social organization for certain social purpose. The consortium screening the potential partner to develop agreed program that will be implemented in turn.

Other CSR model could be integrated program of corporate with micro, small and middle enterprises. This model adopted from partnership program stipulated in Law No. 20 Year 2008 of Micro, Small, and Middle Enterprises. PT Bogasari uses this model as a mentor to flour enterprise. PT Unilever also uses the same strategy as a mentor to soybean farmers. Both corporate have a goal to develop and improve those partners' product quality, at the same time also assured the distribution flow.

From explanation above, it seems that CSR has been developed much broaden than it was initiated. But the basic idea is to develop and improve human life; the scope could be scholarship, aid for people suffered from natural disasters, business capital, and building infrastructures including sport and religious facilities. The form is still growing and the pattern to decide what form CSR will be based on need assessment the corporations made. It is common now that CSR goes to education and health facilities, social forestry, butterfly sanctuary, aid for HIV/AIDS preventing and curing, or developing social protection scheme based on society, etc. To broader the picture, by using the WBCSD definition, CSR of a corporate can be also used to increase the welfare of their employers. In this sense it is possible to use the allocation budget for CSR in supporting the corporation's employers out of its obligation to improve their employers' welfare according to related regulations.

The implementation of CSR by corporations had not stipulated specifically. The interpretation to that is as long as it concerns social matters, the corporations could do this as wide as the interpretation could be. According to the research in 2004, corporations tend to use their CSR in 8 social activities:

**Table 2. Corporations' CSR Activities**

No	Activities	Amount	Budget
1	Social services	95 activities (34.1%)	38 M (33.0%)
2	Education and research	71 activities (25.4%)	66.8 M (57.9%)
3	Health	46 activities (16.4%)	4.4 M (3.8%)
4	Emergency	30 activities (10.8%)	2.9 M (2.5%)
5	Environment	15 activities (5.4%)	395 Jt (0.3%)
6	Economy productive	10 activities (3.6%)	640 jt (0.6%)
7	Art, sport, tourism	7 activities (2.5%)	1.0 M (0.9%)
8	Housing facilities	5 activities (1.8%)	1.3 M (1.0%)
9	Law, advocacy, politic	0	0
	<b>TOTAL</b>	279 activities	115.3 M

Source: Saidi and Abidin (2004) in Suharto, Social Work, CSR and Community Development

The data shows that the biggest amount of CSR went to education and research activities that involve Rp 66.8 milliard. This suggest that corporations still consider that education and research sectors become the most important social problems that they willing to involve. Only 5 activities that suggest some of corporations have already the attention to housing sector, although they concerned limited to provide housing facilities, not the access or purchase the house for low income household itself.

The study in 2010 (Musrifah, 2010) shows that PT Aneka Tambang Tbk conducted CSR in Nanggung Resident – Bogor in housing sector. The scope of the program from rehabilitate house and fund for rehabilitate house into descent and qualified house.

#### **D. CSR AND HOUSING POLICY**

One of the problems in improving the welfare of employers in Indonesia is ability to have decent and affordable house. Since the minimum salary of employers here by regulation only refers to minimum life needs that obviously not covering accessibility to the house. On the other hand, the price of house or property in general is increasing every year. It seems that if there is no intervention whatsoever, employers never able to have house for their rest of life.

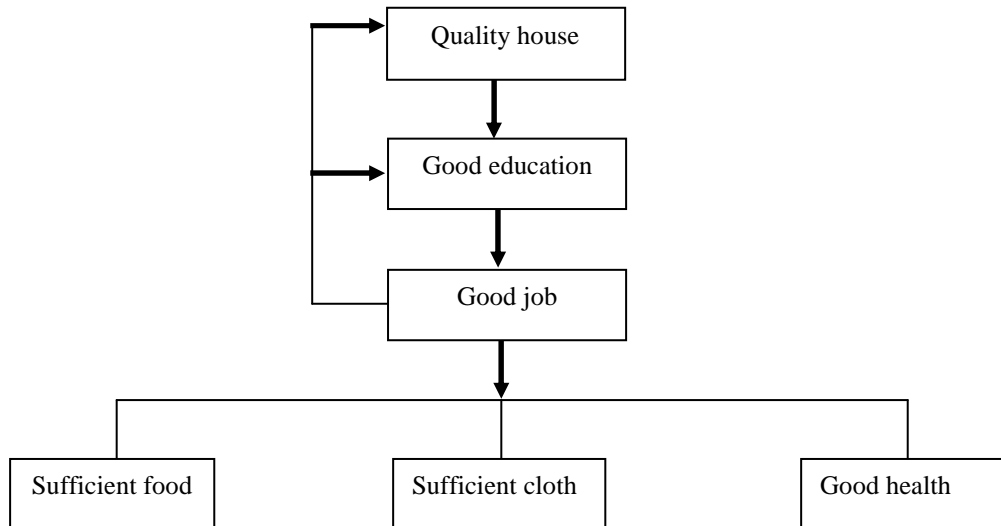
Understanding that home as a center of family to grow, develop, and improve socially, spiritually, and even economically, it is important for Indonesian people to have a decent house to develop and get a better life. However, no everyone can afford it, while the Government of Indonesia has no resources to provide the house for everyone. Other alternatives invite and involve every components of society to participate actively and purposely in this matter. One of the idea is to channeling the CSR in supporting affordability of low income household in general, and employers specifically, to have a decent house.

Although housing is recognized as one of basic human needs in Indonesia as reflected in three basic humans: sandang, pangan, papan (cloth, food, wood); but in the policy level, it is not yet as an urgent as the other two basic needs. Housing is still considered as secondary or even luxurious goods that very much depend on market. There is no policy or program from the Government to promote and accelerate the ability of people to have housing here until the year 2011 when Law Number 1 of 2012 passed by parliament. According to the new Law, it is the Government duty to enhance and increase the ability of the Indonesian people to access house through providing decent and affordable house for all gradually until 2014. However, the data shows that the need of the house increases every year due to the growth of people which is not in line with the provision of house for them. In 2004, the backlog is only 5.8 million unit of house but the number doubled in 5 years became 7.4 million unit of house in 2009. If the trends still takes place, it is estimated that the backlog in 2014 will be 12 million unit of house<sup>2</sup>.

The idea to promote to access a quality house for everyone is that the house is not only considered as a shelter merely today. A house could be a center of capacity building of people who live in it. When people have a quality house, they have an opportunity to develop themselves toward a better life. This is the idea behind the Law No. 1 Year 2011 of Housing.

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<sup>2</sup>Asosiasi Perumahan Nasional (Apersi), Optimalisasi dan Sinergitas Mitra Kerja untuk Menyukkseskan Pembangunan Perumahan MBE,2011.



**Figure 2. Legal Framework of Housing and Residential Management**

Therefore, it is essential to provide a quality house for everyone. For those who can't afford one, it is a Government task to think formulae to give those unfortunate community members to access the quality house.

### **D.1. Housing Policy toward Law Income Household**

Under the Law No. 1 of 2012, law income household becomes one of the important issues stipulated. One of the considerations to reform the housing policy is that the growth of situate development less pay attention on balancing the interest of law income household that caused they more difficult to access and to have decent house of their own. One of the policies in that Law is to provide the public housing for this group of people. Realizing that the law income household has a limited access to have a decent house; the mission of the Government then supports them in many ways to be able to have a house. One of the tasks is to facilitate providing the house for the group. The facility means creating a funding scheme that makes the group could participates actively in house market.

Looking at the policies above, there are two ways for the Government to enhancing the ability of law income household to have a house:

- a. Providing public housing; either for rent or for sale
- b. Facilitating provision of house for the group.

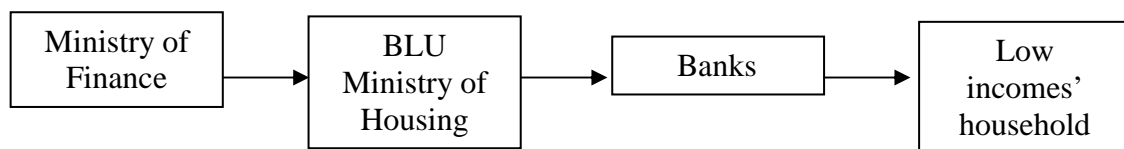
Providing public housing is not an easy task, considering that the program needs a lot of money that is not a priority yet to the Government at the moment. Therefore, the possible way to support the affordable of the group to have a house is to facilitate provision of the house.

Several programs have been set up to enhance the ability of accessing house for poor people. In the year 2012 Ministry of Housing launched the program of facilitating housing fund liquidity. By this program the Government provides fund that blended with bank's housing commercial fund impacted to the low and fix interest rate – far from general interest rate took place since the Government settled the tariff's rate that also can apply fix all years. Along with this policy, Ministry of Finance also passed the Ministry of Finance Regulation No. 125/PMK.011/2012 concerning Added Value Tax Waver for certain type of houses.

The implementation of the policy above still far from the Government's expectancy though; in the year 2012 the house unit that used this mechanism only 62.055 unit only half from the Government's target which is 133.000 houses' unit that used Rp 2.45 trillion and involved 21 banks.

Bank	House's unit	Amount (Rp)
BTN	57.885	2,29 T
BTN Syariah	2.746	107 M
Others	100 – 600	153 M

The data shows that the obstacle of the program is ability of the bank in channeling the fund to their consumers. This also indicates that the program push banks to seek prospective consumers that fit to the program's requirement.



## D.2. Low Income Household Problem in Housing

The main problem for low income household to access a house definitively is they do not have money to buy one; and if they have money, house is not their priority yet. The Government effort to provide certain fund to enhance their ability to purchase a house through cooperation with banks under FLPP program as mentioned above criticized by some experts since the target of the consumers that selected by banks itself is not what categorized as low income household because the consumers has evaluated as potential consumers commercially. This indicated by there is a conversion from commercial housing installment to subsidized housing (Kompas, 2012).

From developer's perspective, the main obstacle for them to channeling the fund provided by the Government is the price of land and the limitation of house price that set by the Government. Since the price of land is still high while the maximum of the house price only Rp 88 million, they found it difficult to match the two realities. Therefore, they

can't find the way to provide the house for the poor without jeopardize their business (Waluyo, 2012).

From consumers' point of view, there are two problems in purchasing a house: down payment for installment that involve certain amount of money (a third of house's price) which is not small to most of the low income household and the payment of the loan monthly that could be 750.000 – 1.000.000 per month. Where subsidized from the Government for low income households defined as the group of people that earn up to 3 million rupiahs per month as their income.

While in the regulation level, the definition of low income household also have different meaning one of another. According to Ministry of Housing Regulation No. 05/Permen/M/2007 the income indicator refers to low is people with income maximum Rp 2.500.000 per month. The same amount is recognized by the new regulation, Ministry of Housing Regulation No. 14 Year 2010. Interestingly, when the Ministry of Housing amended the last regulation with Ministry of Housing Regulation No. 04 Year 2012, the new approach had been made to the issue. As a target of Housing Facility of Housing Fund Liquidity (FLPP), the low income household divided into two categories:

1. For land houses, the definition of low income household is people with maximum income Rp 3.500.000;
2. For apartment or flat, the definition of low income household is people with maximum income Rp 5.500.000.

The changed criteria above effected into two levels: first, it seems that the criteria of low income household has not been set definitively, since the target of the people that could get subsidized from the Government only based on their income merely which tends to increase over time. Second, the notion of providing shelters built up on the top of another like apartment or flat is to minimize the operation cost that could impacted to the lower price of the house significantly so that low income household could afford the house. However, the regulation above views the notion differently; the apartment or flat's price defines more expensive than land house, so that income requirement that subsidized by the Government higher than income requirement for land house.

## **E. CSR AS AN ALTERNATIVE MECHANISM FOR ACCESSING HOUSE FOR LOW INCOME HOUSEHOLD'S HOUSE**

At the beginning of 20<sup>th</sup> century, a house considers not only as a shelter to take a rest to regain energy for another day's activities; but also as a central of human development socially, politically, and socially. By using this principle, it means that people should have a house first in order to develop other sectors; in other word if somebody has a house, he/she could develop other sectors as well then. This opposed to the notion before that economy sector became priority because people believe when economy developed once then other sectors could develop in turn. This approach seems not suitable for

Indonesia as a country with cultural, geographical, and social diversity. It showed in the 68 years of Indonesia's independence which put economy as a central of national development that caused many problems, especially social and community problems and effected to personal development problem in turn. Many scholars said that the main problem that Indonesian's face today due to lack of personal character which is not comply yet of the demand of the development and democratic Indonesia. The characters of discipline, persevere, hard work, or professional become a profound challenge for most Indonesian. On the other hand, such characters believe as the key to succeed the challenge of globalization era that impacted to high competition in all sectors.

The opportunity to develop personal ability like mentioned above more difficult for low income household that have a limited access to important and related sectors. By giving them a chance to have a quality house, make them more focus in developing their ability keeping up with ongoing and dynamic challenges that make them possible to have a better life for their own and their children. However, the important issue to solve is to define low income household itself. Following the notion of CSR is corporations' responsibility to community socially together with the notion of some of members of the community can't afford to have a house that makes them more difficult to develop socially, the target of the CSR for enhancing the ability of low income household is the most unfortunate members of the society in the sense of their ability to access a house. Therefore defining this group of people should cover the lowest income among members society. The difficulty emerges when defining highest level of income that still can be considered as low income. The indicator to this must be flexible enough but yet reasonable that could prevent member society that able to access a house independently.

Considering that the basic principle of CSR is to participate and contribute to the society effectively then the definition of low income household also should be approached in the same sense. To be effective means to make sure that people who receive the support must be the most disadvantage members of society. Therefore, the target of such support must be people with income much lower than regulated by the Government above. However, fund facility provided should not only cover down payment merely but also the continuity of process accessing of the house.

In order to make the fund channeling effectively, some supporting elements needed, i.e:

1. Fund raised from CSR for housing should be in the form of trust fund which could be developed by fund manager productively.

The idea is to develop CSR fund more productive so that could be covers more people.

2. Special and independent institution to manage and to take responsible in guarantee that low income household appointed will be able to access the house.

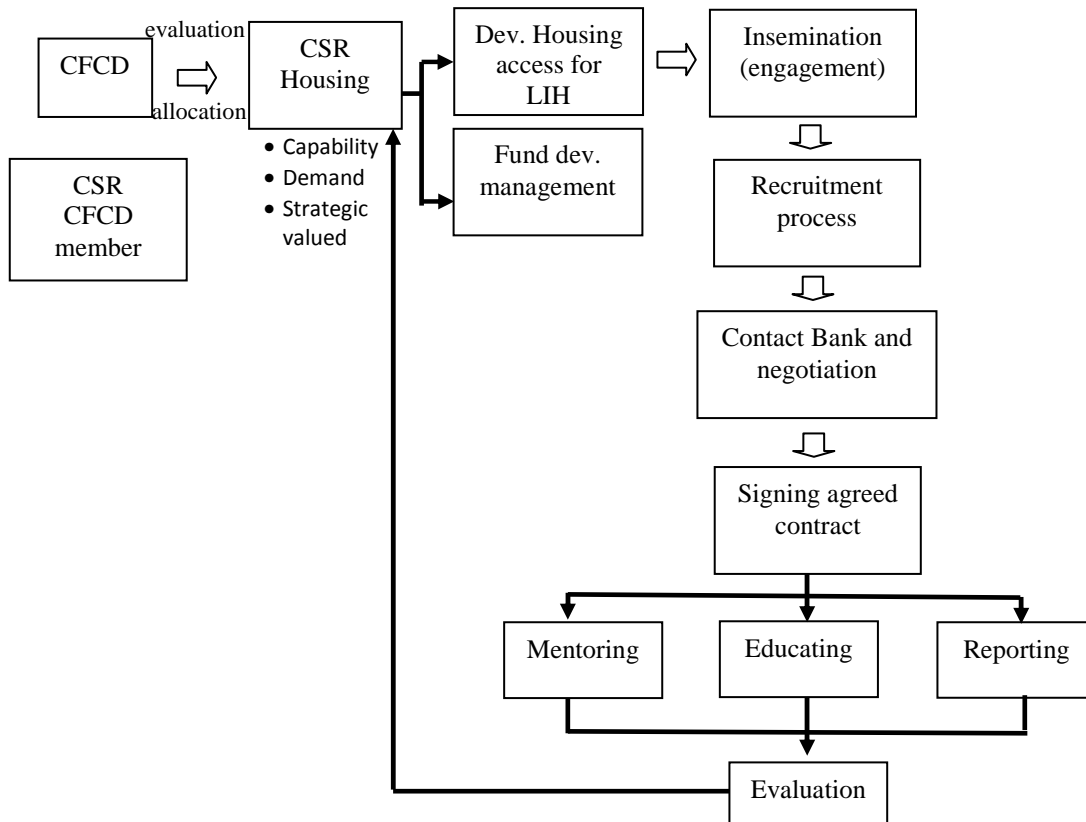
At this point, the scheme could use the existence of Forum for Community Development (CFCD). This organization was established by corporate that commit to perform CSR effectively and efficiently.

The other issue that must be considered is to reach the most prospective member community. In this sense, it is necessary to set up procedure that can be used to select the

potential user of CSR for housing sector. According to Parahyangan University Team there are five elements should be considered when formulating the effective CSR mechanism:

1. Engagement: it is necessary to make initial movement toward community in order to establish good communication and relation. This step could also be used as insemination of the program therefore people understand and accept the program. The main goal of this step to build trust among stakeholders that can be considered as social capital which can be used as social contract between communities and involved corporate.
2. Assessment: problem and need identification that will be used as a basic consideration in formulating the program. This step is not only could be done using needs based approach but also can use right-based approach.
3. Plan of action: the program will be applied must also take into account the stakeholders aspiration on one hand and at the same time also consider corporate mission including shareholders interest on the other hand.
4. Action and facilitation: the program could be performed by community directly and independently, but could also be facilitated by corporate or NGO. Monitoring, supervision and mentoring are the key of succeed program implementation.
5. Evaluation and termination or reformation: using this mechanism to develop better program in the future. If evaluation shows the program must be ended (terminated) then necessary document or contract should be provided including exit strategy between involved parties. But if the program could be continued (reformatted) then it is essential to draw up lesson learnt for developing next CSR program.

Using all approach above, CSR Housing could be formulated as describe in Figure 3.



**Figure 3. CSR Housing Scheme**

## **F. CONCLUSION**

The concept of CSR develops much extend than its initial concept today. In International level it is understood that the main goal of CSR is developing and enhancing community or member community and their environment for better life. Although CSR for housing is not common to most corporate yet, but this sector could become a key element for build the better future for most disadvantage community member since the concept of house today is not only as a shelter but also as a center of capacity building of the people who stay in it. If the opportunity is well promoted, then the quality life of the resident could be improve and increase significantly. However, the main obstacle to give these low income household that opportunity is they can't afford of quality house either for rent or purchase. By giving them a chance to have one, the chance to have a better life also broaden. However, the idea of using CSR for housing is not a charity merely; it is a system and mechanism that should be long lasting in order serving more and more people in the future. In this sense it is understood if the program should be planned, organized, actuated, and controlled very well based on accountability, transparency and ethical behavior so that the main goal of the program could be reached structurally and benefit to the system in turn.



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