



## RESEARCH ARTICLE

### THE CORPORATE SOCIAL RESPONSIBILITY FUND MANAGEMENT ON FARMERS LEVEL

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#### ABSTRACT

Corporate social responsibility programs in the capital strengthening for farmers having the different orientation that is owned by the farmers. Farmers put more the social culture rather than the economic culture. This condition often leads an obstacle in the capital strengthening program. Thus it needs to be done the fund management by the farmers in order to make the capital strengthening program runs well. This research is done utilizing the descriptive qualitative approach with a case study on snake fruit farmers of Salam-Trumpon, Sleman Regency. This regency manages the CSR programs of PT. Telekomunikasi Indonesia Tbk *Community Development Sub Area* Yogyakarta. The gathering data method was utilizing observation, interview and Focus Group Discussion. The result of the research showed that the management of corporate social responsibility programs could be done well by *Duri Kencana* farmers group. The important factor that led to success of this program is that this farmers' group holding to the local wisdom as farmers who live near Merapi mountain. Local wisdom with an open minded attitude towards the new culture and be able to keep their own culture run well.

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## INTRODUCTION

Company as a system, in its continuity and its balance a company could not stand on its own. Activities that are done by a company will always be gotten a crash with the society and the surrounding environment which influence the society's social, economic and cultural life. Thus, a company needs to foster reciprocal good relation with the surrounding society and also the other stakeholders, government, private, and other society element. This good relation can be formed with the interaction between the stakeholders in a relation with the corporate social responsibility program. PT. Telekomunikasi Indonesia Tbk through the *Community Development Sub Area* Yogyakarta one of the state-owned enterprises which conducting the CSR program since 2003. PT Telkom CDSA Yogyakarta is one of the non-farming companies which conduct CSR program in farming section in order to improve the ability of farming group in increasing their agribusiness. Duri Kencana is the only *pondohsnake* fruitfarmer which achieves the capital strengthen from PT Telkom CDSA Yogyakarta.

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This case is different from the usual programs which directly to the farmers (Nugroho, 2010), if only there is a program, it usually a short-term program (Siregar et al., 2013). Related with the farming needs moreover in the capital fulfilment, therefore, it is not excessive that the farmers have a hope towards the CSR program of PT Telkom CDSA Yogyakarta in driving the development of snake fruit farming business in improving the prosperity of the farmers and the farming group continuity, as resulted in Nugroho (2010), Ghosh (2012), Siregar et al. (2013), and Bandi (2015) researches. For Duri Kencana farming group, CSR that is done by PT Telkom CDSA Yogyakarta has some challenges and problems deal with the continuity of the CSR program. It relates with the farmers' behaviour which economically influence by the Javanese culture that reflected in reciprocity principle as a result the equation of fate because of living in the same environment and the bounding of their homeland and the family bond is very strong (Soemardjan, 2002). Based on Scott (1983), reciprocity principle emerge from a simple idea, it is they need to give a hand to them who ever helped them, or at least not to harm them. Specifically, this principle meant that a gift given by other or good deed needs to be given back to the giver. The different orientation between the company's economic with the farmers' economic lead an obstacle in capital strengthen PT Telkom CDSA Yogyakarta CSR program to the Duri Kencana farmer group.

This research is started from the condition that farmers use local culture than economic culture, meant that farmers when the farmers do the economic things their orientation is more on the culture rather than the economic orientation, thus it needs to be reviewed how do they manage the financial management since they believe in local wisdom as their orientation.

### Literature Review

The CSR concept is discussed in Indonesia since 2001. The implementation of CSR is various, not only the activity but also the financial management. The implementation of CSR in Indonesia is not separated with the multinational corporate existence. Some multinational corporation implement the CSR based on the management regulation. Thus the global driven is more dominant than local driven, and less effective to be implemented. CSR is assumed as an obligation rather than a need (Kalangit, 2009). It is no wonder if there are some community developments in extractive industry or a charity activity such as giving donation.

There are four models of CSR implementation in Indonesia (Hadi, 2011):

- Directly involved, it is directly implemented by the corporate without the intermediary. In this model the company has its division to take care this CSR matters. As the examples which implement it is PT Telekomunikasi Indonesia Tbk.
- Through a foundation or corporate social organization, the corporate develop a foundation below the corporation itself. In this model the company has its own financial allocation for this social activity. The example of foundation developed by a company such as Danamon Peduli, Sampurna Foundation, Astra Politechnic Manufactur, Unilever Peduli Foundation, PT Astra International.
- In partnership with other parties, it is the company in cooperation with the non government social organization, government organization, mass media and the other organizations. For example is Bank Rakyat Indonesia which has collaboration with the government in a credit loan called KUR (Kredit Usaha Rakyat). It is a credit loan for the people's business.
- Supporting or joining in a consortium, the company also build, being the member or supporting the social organization which aimed to a certain social activity.

Those different models will also give different effect to the implementation and also to the society. The society of Salam-Trumpon, Merdikerorejo village, Tempel, Sleman as the society who lives near Merapi Mountain, has certain Javanese culture values. The prominent aspect of Javanese culture is the belief of the God's existence and the authorities and also to tolerate to the society. These two values reflect how the Javanese manage the vertical relation deal with God and authorities and the horizontal relation with the society. Those values as the basic how Javanese manage the harmony with the nature and also social life.

The first cultural essence is reflected in the term of *Jagad gedhe lan jagad cilik*, meant that people is only a very tiny creature on this universe.

The miniature of this universe is the person itself, because inside a person's body there are parts that reflected the universe such as mountain, big tress, river and ocean. Thus we call it *jagad cilik* (small universe), thus the universe called *jagad gedhe* (huge universe) (Rachmatullah, 2010). The manifestation of this concept is embodied in the religious value that is implemented in the ritual culture forms in an order of asking for safety and prosperity to God. Small universe will always be connected to huge universe, if they are disconnected they would be die.

By understanding this part, it is hoped that the people understand toward themselves and the meaning of their life, not to make a mistake and not to destruct the environment. When there is an environment destruction then the also destruct themselves. Thus the people should take care of the universe through the concept of *hamemayu hayuning bawono*, meant that we life in order to take care of our live and also the surrounding environment. The form of the local wisdom bring the meaning that the Salam-Trumpon society always be living in harmony with the volcano, and bring them as a part of their lives. Moreover the Merapi eruption is seen as parts of their daily live that in the end of the eruption process will give them blessing. In a logical thought, in a long term period, the soul that covered by the eruption ashes would give such nutrition for it. This case as a form of the implementation of *hamemayu hayuning bawono* in their interaction with the volcanoes, thus they believe to remain stay (Wagiran, 2012).

The realisation of the second Javanese culture is emerged in the value of system and social practices; it is a system that contains the right value that is formulated in a binding and unbinding science and the unformulated one. This value system is implemented since someone has born just like the way how to dress up, how to speak, how to move the body parts in order to have a social meaning, and another ways of life. Therefore, this value system is guidance for those who believe in it; guidance on how to do social action in the daily life. The realisation of this value is reflected in *mikul dhuwur mendhem jero, sepi ing pamrih rame ing gawe* and *Nerimo ing Pandum*. *Mikul dhuwur mendhem jero* meant that people need to respect their ancestor or their leader and they have to deeply bury the mistake and the bad things about their ancestor or their leader. The value of respected each other, moreover for our leader. *Sepi ing pamrih rame ing gawe* means we have to work hard, the result of working hard is not only for ourselves but also for the society. *Nerimo ing Pandum* means surrender to god; this is how to Figure out the Javanese life pattern. As Javanese we cannot fight the fate.

### MATERIALS AND METHODS

This research was implemented to farmer group of snake fruit of Duri Kencana in Salam-Trumpon, Sleman Regency. The location was chosen purposively due to this farmer group was the only group that achieved the CSR program from PT. Telkom Tbk CDSA Yogyakarta and been implemented since 2004 till now. This research was conducted from October 2015 - March 2016. This research used the qualitative descriptive approach. The subject of this research is the committee and the members of this farmer group. The data gathering process were observation, interview, and focus group discussion (FGD). The gathered data were examined with the triangular resources and method. The data analysis used Miles and Huberman model.

## RESULTS AND DISCUSSION

### Result

PT Telekomunikasi Indonesia, Tbk is state owned company that has a vision of being the pioneer on the implementation of CSR in Asia. This CSR program is managed by the Community Development Sub Area (CDSA) Yogyakarta. The businesses that can access this program are industry, service, commerce, livestock, fishery, farming, plantation and other services. The implementation by PT Telkom CDSA Yogyakarta is the form of rotating loan in order to give business capital with the soft loan and interest of 6% per year. Duri Kencana farmer group which is located in the mountainous area geographically has a functional land in the form of field and land. The width of the area is 42,475 hectares consist of 32,217 hectare of yard and 10,258 hectare of field. the height of the area is 500-700m above the sea level with the enough rain drops thus the water supply is good enough. The most dominant commodity is *pondoh* snake fruit with three varieties they are *Super Pondoh*, *Black Pondoh* and *Pondoh Manggala* and other varieties such as *Gading*, *Nglumut*, *Ayu* and *Madu*. The land that is used by this plantation is 34, 99 hectare or 82,38 % from the overall functional land with the total plants of 106.050 clumps or in average of 1.92clumps/person. The economic capital prepared by PT Telkom CDSA Yogyakarta on this farming group was distributed since 2004. The aimed of this program is to strengthen the capital in order to increase the production. This is in accordance with the empowerment strategy of PT Telkom in partnership group which is using individually and group approach (Murdiyanto, 2012).

The existence of economic capital from PT Telkom CDSA Yogyakarta created modification in the farming group of Duri Kencana. Those modifications mostly in the institution development, (Rustijarno, 2012):

- marketing institution (organic snakefruit product, market target)
- farmer/ internal institution (group meeting), technology sources'
- research institution (fertilizer influence, stem trimming, pipe watering system with the authority, BPTP, financial institution (state, private, authority)
- partnership institution with the review of the related institution (BPTP, the Directorate Authority) and capitalization (Telkom, private)

The modifications happened in Duri Kencana farmer group with the economic capital income through CSR of PT Telkom CDSA Yogyakarta lead opposition groups that are formed from the individual interest that are also able to organize well. In related with the distribution of the capital that in the beginning the farmers have the strong social capital would lead into a conflict. If there is a pressure from the authority or the management or through the emerged contradiction, especially on:

- The distribution process to the members of the group & the mechanism to whom the fund will be given
- The management mechanism in the level of member and group
- The repayment of the fund to the group

Steps taken by the farming group to avoid the possible conflict that might be happen, as follows:

- Do a particular meeting in order to discuss about the distribution process to the members of the group & the mechanism to whom the fund will be given. This determination process is important considering the max group member that could be able to manage this CSR's fund is 20 people, whereas the actual members are 89 farmers. The agreed alternative was distributing the group into smaller group naming Duri kencana 1-13. This is also to a strategy for each group to propose a new fund raising proposal if the there was an accountability report from the previous years' fund implementation is already accomplished and got a good evaluation from PT Telkom CDSA Yogyakarta. After the third year the group couldnot propose the relief fund proposal again because PT Telkom assume that they are financially independent. With the small grouping, the group would not wait each other till they finished their annual report. The activity proposal plan (RUK) of snake fruit farmer group was guided by the board member of Duri Kencana.

Thus the board member of Duri Kencana has the responsibility towards the small group. This matter is already mentioned in the mechanism of CSR fund withdrawal that on the withdrawal process should be acknowledge by Duri Kencana farmer group (Figure 1).

- The mechanism determination of managing the CSR fund in the member level is given to the each member of Duri Kencana farmer group. But they have to report it on the monthly meeting every Sunday Wage (the fourth day of Java calendar) at 7.30 pm to 10 pm that is done by Duri Kencana farmer group regularly. This case shows that though the farmer group member has the right to manage their own financial but still they have to report it to the all member of Duri Kencana farmer group.

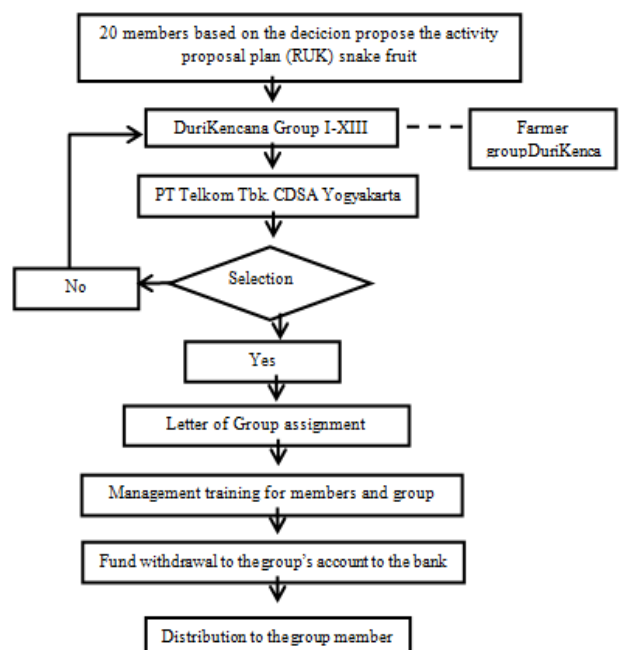


Figure 1. The mechanism of CSR funding proposal PT Telkom CDSA Yogyakarta to the Duri Kencana Farmer Group

- The CSR payback period fund on the member level is given to the each member of the small group of Duri Kencana. The payback does not given individually but collectively in one group. The payback process should be reported in the Duri Kencana monthly meeting. This case shows that though the farmer group member has the right to manage their own financial but still they have to report it to the all member of Duri Kencana farmer group. This case is clearly mentioned in the regulation and the payback mechanism of the small group should be notified by the Duri Kencana farmer group. (Figure 2).

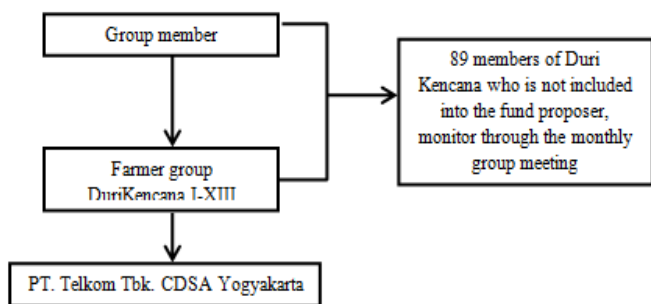


Figure 2. The CSR payback Fund regulation of PT Telkom CDSA Yogyakarta in the level of Duri Kencana farmer group

Till now the CSR fund of PT Telkom CDSA Yogyakarta for Duri Kencana farmer group during the 13 periods (2005-2013) come out at Rp 2.396.800.000; 291 farmers took the benefit of this program whereas the member of Duri Kencana are 89 people, it means that a farmer could take the benefit for more than one time. This capital strengthening program got a positive response from Assessment Institutes for Agricultural Technology (BPTP) of Yogyakarta by mentoring the quality upgrading of *pondoh* snake fruit. Thus since 2004 the BPTP try to upgrade the quality of *pondoh* snake fruit (technically guidance from BPTP) by carrying out Good Agricultural Practice (GAP) and Good Handling Practices (GHP). With the implementation of SPO/GAP, *pondoh* snake fruit could be able to fulfil the quality standard of the stated quality and able to be accepted by the society who cares about the quality products and being able to compete the global market. After being mentored in determining the SOP/GAP, on 15 December of 2007 achieved Prima-3 certificate from Agriculture Department as the safety product to be consumed because this snake fruit is being cultivated without chemical substance and have the pesticide residue level below the threshold limit.

## DISCUSSION

The inputs of economic capital with the existence of capital strengthen from CSR of PT Telkom CDSA Yogyakarta to the Duri Kencana Farmer Group already anticipated from the beginning. This is done due to the different orientation of farmer economic attitude and the company economic attitude. The Duri Kencana farmer group applying the social culture rather than a economic culture, means that the farmers consider more on the social value rather than the economic value. In other word the behavior of Duri Kencana farmer is influenced more by social orientation rather than the economic orientation. Meanwhile the capital strengthening program applies the economic culture than the social orientation, showed by the 6% soft loan per year.

In other word that the capital strengthening program is influenced more by economic orientation rather than the social orientation.

The CSR program of PT Telkom CDSA Yogyakarta is considered into succeed program due to the indicator of:

- The CSR fund of PT Telkom CDSA Yogyakarta is up to Rp 2.396.800.000 during the 2005-2013. This result showed that the capital strengthening program is smoothly done and resulted in a good result and continuously done.
- Only need three years since the utilizing of CSR fund of PT Telkom CDSA Yogyakarta farmer group Duri Kencana achieved the Prima-3 from the Agriculture Department as the acknowledgement from the government that the snake fruit product of Duri Kencana farmer group is safe to be consumed. The success of this program cannot be separated from the value culture that is implemented by the farmer group in managing as the manifestation of the local wisdom of Salam-Trumpon.

Some culture values that are configured into the reality, such as:

- *Mikul dhuwur mendhem jero*, this concept is utilized by the farmer group when the farmer group determine the CSR fund mechanism management and the payback of the fund in the level of group member. The payback doesnot given individually but collectively in one group. The payback process should be reported in the Duri Kencana monthly meeting. This case shows that though the farmer group member has the right to manage their own financial but still they have to report it to the all member of Duri Kencana farmer group. This case showed that though the members have the right to manage the fund but still are being controlled and observed by Duri Kencana farmer group. Thus the Duri Kencana farmer group has the responsibility to the small farmer program and vice versa, the small farmer group has the obligation to respect and responsible to the reputation of Duri Kencana farmer group as the realization of *Mikul dhuwur mendhem jero*. This case is mentioned in the rule and mechanism of capital strengthening fund withdrawal that should be acknowledged and coordinated with the Duri Kencana Farmer Group.
- *Sepi ing pamrih rame in gawe*, this concept is used by the farmer group when they implement the Good Agricultural Practice (GAP) and Good Handling Practices (GHP) that covered 19 activities consisted of land preparation, seeds preparation, seeds planting, embroidering, trimming, spacing breed, fertilizer distributing, seasoning, watering, pollination, fruit spacing, OPT controlling, harvesting, post-harvest, sorting, cleaning, grading, single packing, labelling, and whole packing. The SPO/GAP activity for the Duri Kencana group is the activity that is consciously done and planned and different with the recent activities, it is the traditional farming business appropriate with the previous farming business activities. The result of GAP/GHP activities is not the global goal, the goal of

this program is that the program is done collaboratively; it is not an individual program.

- *Nerimo ing Pandhum*, the Duri Kencana farmer group is really belief that whatever happen to them is gifted, so that we cannot avoid or fight it back. This concept is used when the farmer group is going to do a routine meeting where they are going to determine which group has the right to achieve the fund. Since the amount of the CSR fund is not as much as the amount of the group. Only 20 people will get the fund whereas there are 89 farmers, thus when a person get the fund, they will use the fund wisely due to not all people get the fund. So that the others member realized that the fund receiver is suitable to achieve the fund.

Those three concepts that is translated into the implementation of the CSR fund management by Duri Kencana farmer group is in order to implement the concept of *hamemayu hayuning bawono*, it is they have to carry on their welfare, happiness and their prosperity. The everlasting of the world started from the awareness of the people to the nature degradation, so that in each planning, they have to consider the awareness of their relationship with God, the society and the nature. Thus the farmer group of Duri Kencana always keep the human dignity due to the humanity this cases is suitable with the development of rural area where they still oriented in a very strong culture (Bandi, 2015; Chhikara and Anand 2013, and Mungmachon, 2012). This case is supported by the self actualization that the Salam-Trumpon society have the religious value of *Jagad gedhe lan jagad cilik*, meant that the destruction that happen in the nature is also happen inside themselves. Thus the people should take care of the universe. This concept is used by the farmer group when they change their traditional method into the recent method by changing the farming business from the non-organic into the organic one. This changing is showing that the Duri Kencana farming group have a willingness to change their business into the more nature preserve to maintain the universe.

## Conclusion

The existence of the CSR program of PT Telkom CDSA Yogyakarta to the farming group of Duri Kencana in Salam-Trumpon brings about some changes in this farming group. But the changes are able to go along with the local wisdom owned by the farmer. The management of the CSR that is done by the farmers is being oriented in their local wisdoms like *Mikul dhuwur mendhem jero*, *Sepi ing pamrih rame ing gawe* dan *Nerimo ing Pandum*. Those three wisdoms is implemented due to *hamemayu hayuning bawono* that always try to carry on their welfare, happiness and their prosperity on earth that is in harmony with the relationship to God, environment and the society as *jagad gedhe lan jagad cilik*.

## Managerial Implications

The results of this study need to be known by the board of farmer groups that the influx of economic culture through the social responsibility program of PT Telekomunikasi Indonesia Tbk. CDSA Yogyakarta to farmers' groups Duri Kencana in Salam-Trumpon, causing some changes in farmer groups. However, these changes can go hand in hand in the farmer groups with local knowledge possessed by farmers. Therefore, the farmer group continues to maintain and preserve the local wisdom.

## Contributions and limitations of the study

The contribution of this research has found that local knowledge is still very strong in counteracting the influx of outside influences that can result in the destruction of culture in society.

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