

Partnership in corporate social responsibility program: Indonesia case study

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Zainal Abidin^{*1,2}, Sandy Gunawan³

Case study
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¹Program Doktor Ilmu Manajemen, Universitas Jenderal Soedirman

²Sekolah Tinggi Ilmu Ekonomi Indonesia Jakarta, Jakarta, Indonesia

³Universitas Prasetiya Mulya, Jakarta, Indonesia

Abstract

This current study is a qualitative single case study focusing on the implementation program of the CSR partnership between PT Prudential Life Assurance (PLA) and Institut Kemandirian Dompot Dhuafa Republika (IKDDR) from 2012–2016. Based on purposive sampling, the main respondents in this research are representatives from three institutions: the government, corporations, and Third Sector Organizations (*Organisasi et al./OST*), as well as beneficiaries from the society. The study finds six conclusions: (1) the partnership of these two institutions is affected by a lack of resources, efficiency pressure, and other innovative program opportunities; (2) partner selection relies on the alignment of the vision, mission, and values of the organization, reputation, experience, and competency of a potential partner; and (3) the main considerations in program formulation are innovation and cost efficiency; (4) the most important aspects in program monitoring and evaluation are performance and punctuality; (5) program impact analysis is obtained from field observation and interview with related institution and (6) decision of the program continuation is on the authority of funder organization.

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Corresponding Author:

Zainal Abidin

Email: zaidinsidik@gmail.com

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Abstrak

Penelitian ini merupakan studi kasus tunggal kualitatif yang berfokus pada implementasi program kemitraan CSR antara PT Prudential Life Assurance (PLA) dengan Institut Kemandirian Dompot Dhuafa Republika (IKDDR) dari tahun 2012-2016. Berdasarkan purposive sampling, responden utama dalam penelitian ini adalah perwakilan dari tiga institusi, yaitu pemerintah, perusahaan, dan Organisasi Sektor ke Tiga (OST) serta penerima manfaat dari masyarakat. Penelitian ini menemukan enam kesimpulan yaitu (1) kemitraan kedua lembaga dipengaruhi oleh kurangnya sumber daya, tekanan efisiensi dan peluang program inovatif lainnya; (2) pemilihan mitra bergantung pada keselarasan visi, misi, nilai-nilai organisasi, reputasi, pengalaman dan kompetensi calon mitra; (3) pertimbangan utama dalam perumusan program adalah inovasi dan efisiensi biaya; (4) aspek yang paling penting dalam pemantauan dan evaluasi program adalah kinerja dan ketepatan waktu; (5) analisis dampak program diperoleh melalui pengamatan lapangan dan wawancara dengan lembaga terkait; dan (6) keputusan keberlanjutan program merupakan kewenangan lembaga penyanggah dana.

Kata kunci: Tanggung Jawab Sosial Perusahaan, Kemitraan, Organisasi Sektor Ketiga

Introduction

The narrative of corporate social responsibility (CSR) has become the subject of scientific discussion since the publication of a book on the social responsibility of businessmen (Bowen, 1953). Corporate social responsibility covers ethical, economic, social, and environmental aspects and is closely related to corporate behavior such as business ethics, legal compliance, the prevention of abuse of power, environmental conservation, the occupational safety and health of workers, and consumer protection. The implementation of CSR in various companies continues to grow around the world and has finally had an impact on Indonesia. Although initially CSR was considered a waste of money (Friedman, 1970), various studies have shown that CSR has a positive impact on company activities (Orlitzky et al., 2003). CSR programs that are carried out in accordance with the actual rules are considered investments that are expected to provide benefits for the company in the long term (Radyati, 2014).

In general, there are two institutional sectors in a state structure: the government and the private sector. The Third Sector Organization (TSO) is a new term in Indonesia to refer to other institutions. TSO is a non-governmental organizations (NGOs), non-profit-oriented, and has an element of volunteerism (Radyati, 2007). Currently, TSO has implemented inter-sector partnerships to solve existing problems according to their capacities. For example, Yayasan Lembaga Bantuan Hukum Indonesia (YLBHI), Yayasan Lembaga Konsumen Indonesia (YLKI), Kehati, Walhi, and Bina Swadaya work together to achieve the same goals.

Partnerships between organizations are not something new in Indonesia. The benefits have been felt by many parties involved. Unfortunately, not much research has been done on partnerships that are unique to Indonesia. How does the initial process of initiating the partnership program begin? What are the steps that must be taken until an agreement is reached to run a joint program? How is the division of tasks between each organization related to the common goals set forth in the contract or partnership agreement? How can the existing partnerships be developed so that they have a greater impact on the community and the partnership itself?

This research is expected to be able to show critical points that must be an important concern in implementing partnerships. In the end, the results of this research are expected to be

able to provide the best recommendations for many organizations that want to implement their programs by partnering with other organizations for a common goal.

Case description

Partnerships are the solution for big problems in society. All organizations work together and give their best to solve many problems. In practice, adaptation between organizations involved in partnerships is not always easy. Many factors are required so the partnership can achieve its goals. One of the existing partnership programs is the collaboration between PT Prudential Life Assurance (PLA) and Dompot Dhuafa Republika (DDR) in the Program Pemuda Tangguh (PPT) since 2012. This is a corporate social responsibility implementation program funded by PLA and implemented by the Institut Kemandirian Dompot Dhuafa Republika (IKDDR).

PPT is a community development program in several cities in Indonesia (Jakarta, Bogor, Bandung, and Yogyakarta) as part of PLA's social responsibility. It requires partners with great implementation skills and good communication so the program can provide optimal benefits for the community as well as the company. The IKDDR is considered capable of implementing it and functioning as CSR for social investment in PLA. This program is expected to provide benefits for the company in the future and to improve the company's image and reputation, so the company's operations become steady and sustainable.

IKDDR is a vocational education institution under Dompot Dhuafa Republika (DDR). DDR is an TSO legally incorporated as a foundation that has been established since 1993. IKDDR's experience in implementing community empowerment programs through vocational education started in 2005. Its experiences have become the main attraction for several companies willingly channeling their CSR funds through this institution. The partnership between Prudential Indonesia and the IKDDR was established with the implementation of PPT I (2012–2014) and PPT II (2014–2016), which have entered their fourth year. This activity has taken place in two phases over the past four years, with an increasing absorption of funds.

The long-time partnership between the two institutions is not an easy process. Diversity, which includes backgrounds, interests, vision, mission, and the individuals involved in the program, requires adaptation time. In-depth study: many factors are necessary to examine the success of this partnership. The results of this study are important regarding Indonesian-style partnerships.

Methods

This study uses a single variable, namely fair operating practices. Six dimensions are analyzed: (1) motivation for the partnership, (2) the selection process, (3) programming, (4) monitoring and evaluation, (5) measuring program impact, and (6) decisions to continue or stop the partnership program. Measurements are made by developing various indicators that have been determined from this single variable. Open-ended questions are used in the survey, and respondents or informants are free to provide their answers and opinions. Furthermore, the findings from each of the respondent's perspectives (company representatives, local government, TSO, and local communities) were classified according to the needs and objectives of the study. Researchers make a descriptive analysis.

Results and discussion

PLA and DDR have carried out activities that benefit the community. PLA uses company CSR funds, while DDR uses Zakat, Infaq, Alms, and Waqf (ZISWAF). PLA carries out CSR activities as a

contribution to society that reflects company values. DDR also does the same thing, even though the activity is not related to CSR. These activities are carried out independently by each institution. PLA will build partnerships with other institutions if it is unable to carry out these activities independently.

In 2011, PLA decided to implement a youth empowerment program for its CSR. This program is following the direction and values of Prudential International, which pays high attention to the young generation. PLA has limited ability to carry out the program independently. Thus, the company intends to cooperate with other institutions that are more competent and have adequate personnel. This is consistent with Oliver (1990), who stated that partnership motivation is a company need. Research findings indicated that the need for a program implementor is a complementary factor. PLA required an organization that has the competence for implementing CSR, especially in empowering youth. On the other hand, IKDDR had those experiences.

Another factor is resource dependence. PLA did not have competent program implementors, but the IKDDR did. On the other hand, the IKDDR needed funds to implement its programs, which could be overcome by partnering with the PLA. Dependence on resources (both funds and human resources) is also a motivation that encourages partnership (Waddock, 1991; Austin, 2000).

The partnership provides benefits for each organization. On the one hand, PLA was more efficient in using its CSR budget because, even with the same budget, more beneficiaries would be empowered. On the other hand, the IKDDR increased the number of fundraisers and beneficiaries. Partnership motivation is for fund efficiency (Austin, 2000; Oliver, 1990).

Partnerships between the two institutions also enhanced creativity and opened up innovation opportunities. The youth empowerment program was one of the IKDDR competencies. New ideas emerged for future program development, for example, new types of training and proposed venture capital. This proves that partner competence will encourage another innovation (Kanter, 1999).

This research also found one new thing that motivates the partnership between businesses and TSO, namely adding networks. PLA and IKDDR agreed that the partnership would increase the number of networks. The number of PLA customers and DD donors has increased. For this improvement, special research is needed to determine its significance.

Partner Selection

Strategic partnership theory emphasizes the importance of allocating time and resources to determining the right partners, following the expectations and needs of the institution (Austin, 2000). For this reason, potential partners must have relevant attitudes, abilities, and activities (Drumwright et al., 2000).

By conducting the selection, PLA carried out fair operating practices, namely, fair competition (ISO, 2010). Not only did PLA invite DDR, it also invited several other TSOs with the same competence. In this selection, DDR was selected as a partner. From a stakeholder management perspective, the relationship between PLA and DDR during the selection period has entered the tracking, informing, and consulting stages.

Portfolio (Austin, 2000) and reputation (Fiedler & Deegan, 2007) are two selection criteria that are widely used by companies in selecting potential partners. Based on the research findings, the portfolio was one of the criteria used in selecting competent implementing partners. The PLA also considered the reputation of its potential partners.

In practice, potential partners do not only participate passively in the selection process but rather actively make the selection. To maintain the reputation and integrity of the institution, DDR also had specific criteria for selecting potential partner companies. The criteria were that the company was (1) not a cigarette producer, (2) not a liquor producer, and (3) not included in the blacklist issued by the Ministry of Environment.

Based on the continuum theory (Austin, 2000), the PLA partnership with DDR is an integrative partnership, not just philanthropy. This partnership is agreed upon after each institution recognizes its respective limitations and willingness to work together to utilize its respective resources and capabilities.

PLA also wanted to find partners who had the same vision, mission, goals, and values. The same vision and mission were considered to be able to eliminate potential disputes. DDR also made a selection with the same pattern. Selection started by looking for information on candidates who offered cooperation or candidates with whom to work together. This information could be obtained from internet searches, networks, and employee recommendations. The goal was to know the vision, mission, and values and examine its reputation.

Program Development

After the IKDDR was selected as a partner, PLA continued the partnership process by requesting proposals for CSR activities to be implemented. Usually, the request from the company is accompanied by a program formulation guide, for example, an explanation of the program, the activities to be carried out, the funds provided, the implementation time, the criteria and number of beneficiaries, and the program implementation location. For PPT I, PLA expected new innovations to differentiate it from similar programs in the IKDDR.

In program preparation, PLA and IKDDR carried out a consulting process, started to enter the supporting stage, and increased to the collaborating stage. When the memorandum of understanding for the PPT I program was signed by both institutions, the stakeholder engagement stage between the two partner institutions had reached the partnership stage because the cooperation had been formally stated.

The selected candidate partners (IKDDR) compiled the program with the guidelines provided by the PLA. At the final stage of programming, a meeting was held between the two institutions to finalize the program. Based on the document review, there was a postponement of the proposal submission schedule. In this finalization, the two institutions made corrections, adjustments, and improvements to the proposals that have been prepared. After that, the IKDDR made improvements to the proposal so that it was ready to be implemented.

In compiling the program, three things are needed as follows: new innovation (Long & Arnold, 1995); employee involvement (Sagawa, 2001); and cost (Austin, 2000). Several new innovations have been included in the program proposal. PLA employees passively participate in programming. The IKDDR was also less active. This passive involvement has contributed to the delay in the completion of the proposal. To anticipate similar consequences in the future, it is necessary to hold more intensive meetings and discussions between the institutions involved. There are new things found in research related to the criteria for beneficiaries. PLA and IKDDR agreed that the beneficiaries in PPT I are youth and girls under 30 years of age who have not worked.

PLA involvement in programming can be categorized as responsible political involvement and respect for property rights in the ISO 26000 standard (2010) as part of the core subject of fair operating practices. At the end of the program preparation period, a Memorandum of Understanding (MoU) was signed by the two institutions.

Monitoring and evaluation

In the early stages of program implementation, the target number of alumni has not been achieved. The initial assumption that the number of participants recruited would last until the end of the training was missed. In fact, 16 percent of the participants resigned for various reasons. After communicating with the participants who quit, the reason given was that they were intellectually unable to attend the training. In the monthly meetings, several solutions were proposed, including (1) examining the reasons for participants to stop participating in training, (2) tighter participant selection, and (3) increasing the number of participants by 20 percent above the target number of alumni. This effort was successfully carried out, and by the end of the partnership implementation, the number of alumni exceeded the target.

The document review also indicated delays in the implementation of several activities caused by difficulties in recruiting training participants. This delay was reported by the IKDDR to the PLA in monthly meetings to find a solution. Some solutions included moving the implementation location or delaying the implementation time and intensifying participant recruitment efforts. Open communication is necessary to avoid bigger consequences. In addition, the causes and solutions for the delay can be found and will not be repeated in the future.

Monitoring and evaluation include time obedience (Kuijpers & Meershoek, 2013) and performance (Koontz & Thomas, 2006). Based on the research findings, several other things were monitored and evaluated, including the timeliness of implementation, the place of activity (convenience and equipment), training materials, the appropriateness of the number of beneficiaries, the ratio of the number of participants and alumni, and alumni activities related to performance.

Implementation of PPT I, which was followed by monitoring and evaluation activities, improved stakeholder engagement relations between PLA and DDR to reach the networking stage. In this stage, formal and informal communication was carried out not only between the two partners but also with other institutions, for example, the beneficiaries and government officials. The monitoring and evaluation process by PLA of the activities carried out by the IKDDR is an implementation of the ISO 26000 standard (2010) on the core subject of fair operating practices, especially on the issues of anti-corruption, responsible involvement, and promoting social responsibility in the value chain.

Monitoring and evaluation were carried out by the two institutions, the PLA and IKDDR. The IKDDR provided activity reports every month and presented them in monthly meetings. Monitoring and evaluation were also carried out internally by DDR to control the activities of implementors in the field. PLA has carried out the monitoring and evaluation process since the beginning of the program's implementation, although it was not specifically programmed. For PLA, this process was very helpful in controlling partner activities. The implementation of the program followed the plan with no deviation, and the target beneficiaries were matched.

Program Impact Analysis

The program impact analysis was carried out by PLA three months after an activity had been completed. This was for analyzing program effectiveness and sustainability. PLA did not wait for the entire program to be completed, and the program implementation report was submitted by the program implementer. The impact analysis was carried out by PLA and IKDDR in the same way. Both of them approached the beneficiaries randomly and interviewed them about the impact or benefits of the program on their respective activities. The two institutions also communicated

with local government officials to determine the impact of the program on improving community welfare from the point of view of other stakeholders.

The two institutions also invited beneficiaries to their respective offices to find information. This activity is a new method recommended by two previous researchers, who stated that the activities carried out in the program impact analysis were field visits and interviews with beneficiaries (Koontz & Thomas, 2006). These two things aim to confirm written reports with actual conditions in the field.

During the program impact analysis period, the networking development stage expanded. To confirm the success of the program, interviews with government officials were also conducted. A review of documents shows that alumni success targets have not been achieved. The target for working alumni was 70 percent; we reached 79 percent (above the target). On the other hand, the target for entrepreneurship alumni was 30 percent, but only 21 percent was achieved (below the target).

After being analyzed, the alumni experienced capital difficulties. According to the proposal, the amount of funds allocated to the best participants is considered sufficient for business capital. Unfortunately, the following year, the prices went up. As a result, the funds provided were not sufficient to start their own business. This was material for the program evaluation by the PLA. For the IKDDR, this was also a valuable lesson for long-duration program implementation. Price increases needed to be considered in determining program costs. The implementation of program impact analysis in terms of ISO 26000 (2010) is an implementation of the core subjects of fair operating practices, which are related to issues of anti-corruption, responsible engagement, and promoting social responsibility in the value chain.

Program Sustainability Decisions

Objectively, the number of alumni at the end of the program exceeded the target set, at 103 percent. The target for working alumni was 70 percent; we reached 79 percent (above the target). Unfortunately, while the target for entrepreneurship alumni was 30 percent, only 21 percent has been achieved (below the target). The findings have been evaluated, and a solution has been found. On that basis, PLA decided to continue the program by expanding the spectrum of areas and types of activities. In addition, there were fund adjustments for business capital.

The sustainability of the program is decided through stakeholder meetings (Kuijpers & Meershoek, 2013). The research findings show that the decision to discontinue or continue the program was determined by the PLA internal meeting without the involvement of other stakeholders (the IKDDR, local government officials, and alumni representing the community). In terms of the ISO 26000 standard (2010), decision-making for the sustainability of this program is the implementation of the core subjects of fair operating practices, particularly anti-corruption issues, responsible involvement, fair competition, and respect for ownership rights.

The program impact analysis carried out effectively by PLA meant that decisions on program sustainability could be made before the program was fully completed. PPT I was completed at the end of 2013, and the overall implementation report was submitted in March 2014. PPT II could be implemented in early 2014.

Conclusion

Organizational partnerships are crucial for addressing resource constraints, enhancing efficiency, and fostering program innovation. Organizations must seek partnerships aligning with their vision, mission, and values to ensure shared goals and successful collaborations. Organizations

should focus on innovation and cost efficiency during program planning to drive effective implementation. Program monitoring and evaluation should prioritize performance and timeliness to assess effectiveness and inform decision-making for program improvement. Program impact analysis involves visually assessing field conditions and conducting stakeholder interviews to understand outcomes. Based on partnership case studies such as PLA and IKDDR, decisions to continue or discontinue programs should be guided by performance, alignment with organizational goals, and impact assessment results. This study ultimately leads to informed and strategic decision-making for sustainable partnerships and program success.\

Managers should seek strategic partnerships based on reputation, experience, competence, and alignment with the organization's vision, mission, and values. This is necessary to address resource constraints, enhance efficiency, and foster program innovation. During the planning phase, it is important to prioritize program innovation and cost efficiency. This will ensure effective implementation, requiring careful resource allocation, timeline management, and stakeholder engagement. Performance and timeliness should be emphasized during monitoring and evaluation processes. This enables managers to assess program effectiveness, make data-driven decisions for continuous improvement, and drive program success. Thorough program impact analysis, including visual assessments and stakeholder interviews, is crucial for understanding outcomes and guiding decisions on program sustainability, partnership continuation, or discontinuation. These decisions should be based on data-driven insights and alignment with organizational goals. Ultimately, this approach enhances organizational effectiveness and program success.

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