



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



A Partnership for Development and Profitability: CSR

By
Rio D. Praaning Prawira Adiningrat
Managing Partner PA Companies
Chairman PA CSR Ltd.

SEP Conference, Borobudur Hotel
Jakarta, 6-7 September 2007

PA CORPORATE SOCIAL RESPONSIBILITY





Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



General Introduction

1. What is CSR?
2. Who benefits from CSR?
3. Should CSR be made compulsory?
4. Business and Government can develop partnership to promote CSR





Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



What is CSR?

Described by a large private sector company:

"The long-term economic benefits of investing in CSR initiatives are now widely appreciated and practiced in different sectors. Creating a culture of social and environmental responsibility within the organization can enhance credibility, strengthen client loyalty and attract new customers or investors"

Omar Al Qurashi, Communications Manager, Shell.

Conclusion: CSR = a profit making tool



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



What is CSR?

Described by Government / Intergovernmental organizations: the EU:

“Corporate social responsibility (CSR) has been defined by the European Commission as the integration by companies of social and environmental concerns in their business operations and in their interaction with their stakeholders on a *voluntary* basis.”

Conclusion: CSR = a voluntary and integrated management tool



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



What is CSR?

Described by Government / Intergovernmental organizations: the UN:

Second UN Global Compact Leaders Summit → Geneva Declaration

“Business, as a key agent of globalization, can be an enormous force for good acting as an accelerator for spreading universal principles, creating a values-oriented competition for a “race to the top”.

Conclusion: CSR = a policy making tool



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



THE PA CSR DEFINITION

Corporate Social Responsibility is the cement between *funding* of shareholders, *management* of Board Members, *regulations* by legislators and *actions* by civic society.





Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



What is CSR?

- CSR is an *integral* part of a successful and sustainable business strategy, pre-empting social and environmental problems while optimising conditions for long term profitability
- It is a *link* between enterprising, profit-making and social development
- The more *organic* this link, the more long-term profit is made
- Organic implies that the inter-relationship between company and society is *systematically managed on the basis of in situ research*
- CSR research helps *steer* the realisation of basic conditions for long term profitable enterprising
- Consequently, CSR is an integrated *management tool* for long term profitability and development while supporting short term goals in the areas of government relations and corporate communications
- A corporate CSR strategy *cements* corporate accountability to shareholders and corporate accountability to all other stakeholders





Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



Who benefits from CSR?

Everyone and everything

- The *private company* and its *shareholders*
- The *public sector*, through public-private partnerships
- The *local community* in the area of the firm's operation
- The national and *regional policy* makers as a CSR strategy will assist them in obtaining their development goals
- The company's *employees*
- The company's *consumers* at large
- The CSR based relationship between regulators/legislators and the firm promotes transparency and excludes KKN
- The international community as structured local/regional CSR projects fit in with global development goals – leading to co-funding of civic society projects.



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



**How many of you have *lost* substantial business and money caused by strained relations with the local or regional environment?
Here is the *CSR pre-emptive* approach for companies:**

- Robust 'social licence' to operate in the community
- Enhanced ability to recruit, develop and retain staff
- Improved innovation, competitiveness and market positioning
- Enhanced operational efficiencies and cost savings
- Improved ability to build effective supply chain relationships
- Enhanced ability to address change
- Improved access to capital
- Improved relations with regulators/legislators
- A catalyst for responsible consumption
- The media – local, national and international
- Improved reputation management





Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



Who benefits from CSR?

Society and civic groups

- Encouragement and inspiration of effective civic society structures for development and dialogue
- Promotion of civic interest prioritization ensuring that civic society development goals are transparently, optimally and organically linked to corporate requirements for profitability
- Civic society groups can take part in development programs co-funded by international organisations and corporations.



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



Who benefits from CSR?

National, Regional and Local Government

- National authorities can *integrate* business CSR approaches in their national policies and plans
- National authorities can establish, structure and operate a continuous *public/private dialogue on CSR integration*
- This public private dialogue can establish a *Code of Conduct with General Principles*
- These General Principles can be worked out at regional and local levels in a direct and practical *dialogue between all stakeholders*
- The General Principles and the Practical Dialogue can provide for a **Framework** for CSR policies and actions





Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



CSR compulsory?

Current worldwide practice:

- Only employee rights, product safety and environmental protection are mandatory
- CSR is voluntary

Main arguments *for* compulsory CSR:

- Too important to leave to the goodwill of business.
- Mandatory character brings in certainty.
- Certainty and equality among all companies, foreign or domestic.

Main arguments *against* compulsory CSR:

- CSR is about *output*, not *input*.
- Open to interpretation and manipulation
- Budgetary space can not be ordered by law; no alternative to taxes
- Intellectual initiative and insight can not be ordered by law



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



PA CSR Solution Philosophy

- *Top-down* through government/business inspired Framework
- *Bottom-up* through business/civic society inspired and research based local and regional plans and projects.
- *Result driven* ongoing reporting and analysis system

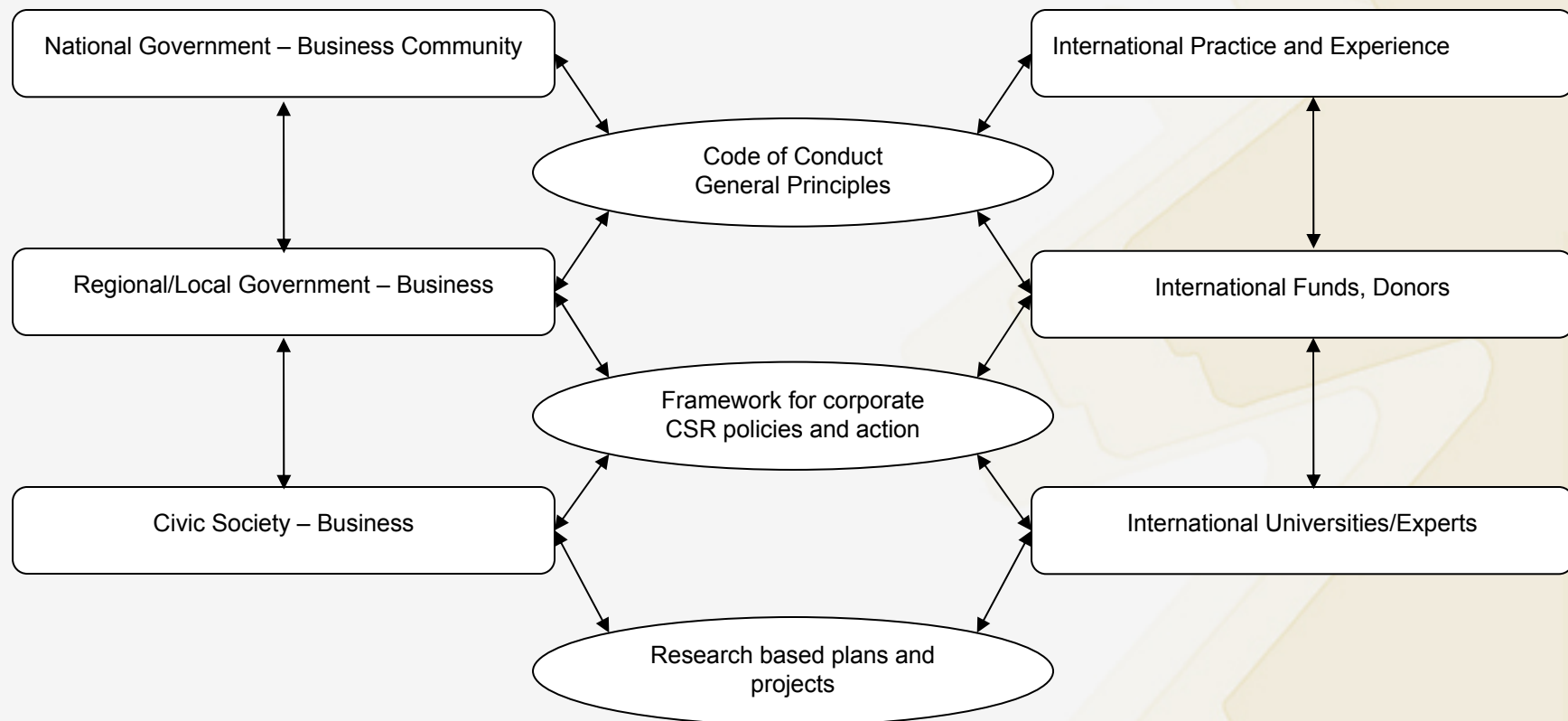




Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



PA CSR Solution: Structural





Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



Government/Business/CSR Partnerships?

- Based on the PA CSR solution, government may initiate Public Private Partnerships (PPP) for specific industrial infrastructural and educational projects.
- PPPs must serve a business purpose, but at the same time extend beyond the corporate core business
- PPP partners share goals, risks, responsibilities and resources, and a PPP involves multi-stakeholder processes (i.e. include additional actors, e.g. business associations, NGOs, academic institutes, etc)
- PPPs can also be initiated by private companies



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



How to develop and implement CSR policies?

Step 1: CSR Assessment

Step 2: CSR SWOT Analysis

Step 3: CSR Strategy Design

Step 4: CSR Program Implementation





Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



Step 1: CSR Assessment

- assess realistic societal expectations related to their business operations
- assess if and how the company is taking action to meet these societal expectations
- Assess what should be developed in society to assist the company in obtaining its goals



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



Step 2: CSR SWOT Analysis

- *assess* how and to what extent societal expectations pose a risk to business operations
- *identify* capabilities of the internal organization to contain these risks
- *conduct* research on how to contain these risks
- *conduct* research on civic society structures that can be helpful in promoting business operations
- *conclude* with the internal and external challenges and opportunities and *recommend* solutions for sustainable business growth



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



Step 3: CSR Strategy Design

- *understand and prioritize* the risks and opportunities it should be managing
- *simulate* the impact of (draft) public policies towards the private sector
- *define* a specific CSR policy plan, from formulating goals, to involving stakeholders, to preparing budgets
- *plan and develop* specific reporting frameworks
- *report and communicate* the strategy and specific programs, using a tailor-made reporting framework and key performance indicators
- seek forms of *cooperation* and EU/ADB/IFC *funding* with/through national and international organisations and foundations contributing to essential legitimizing of the CSR strategy



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



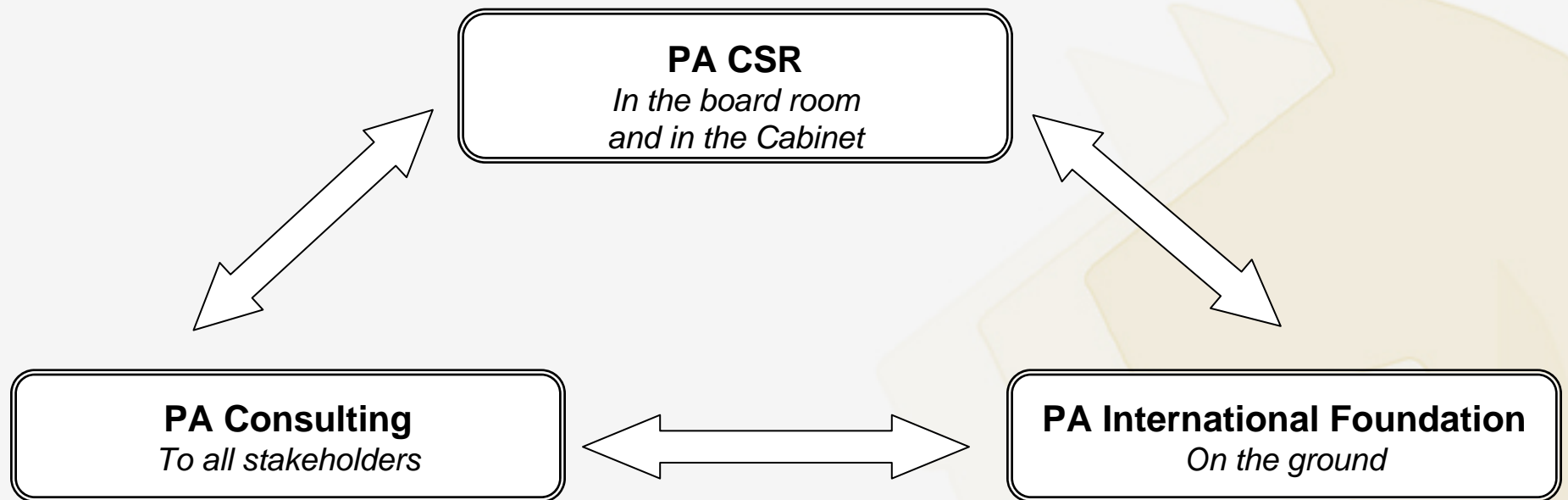
Step 4: CSR Program Implementation

- ensure *proper implementation* and *continued application* of an effective overall profit oriented risk/opportunity management framework
- concentrate on relevant issues on a regional basis related to *sustainable and profitable* development
- implement and (help) manage business-relevant and profit oriented community development programs
- develop tailor made *communications* strategies both towards national Government, local decision makers and the public/media at large.



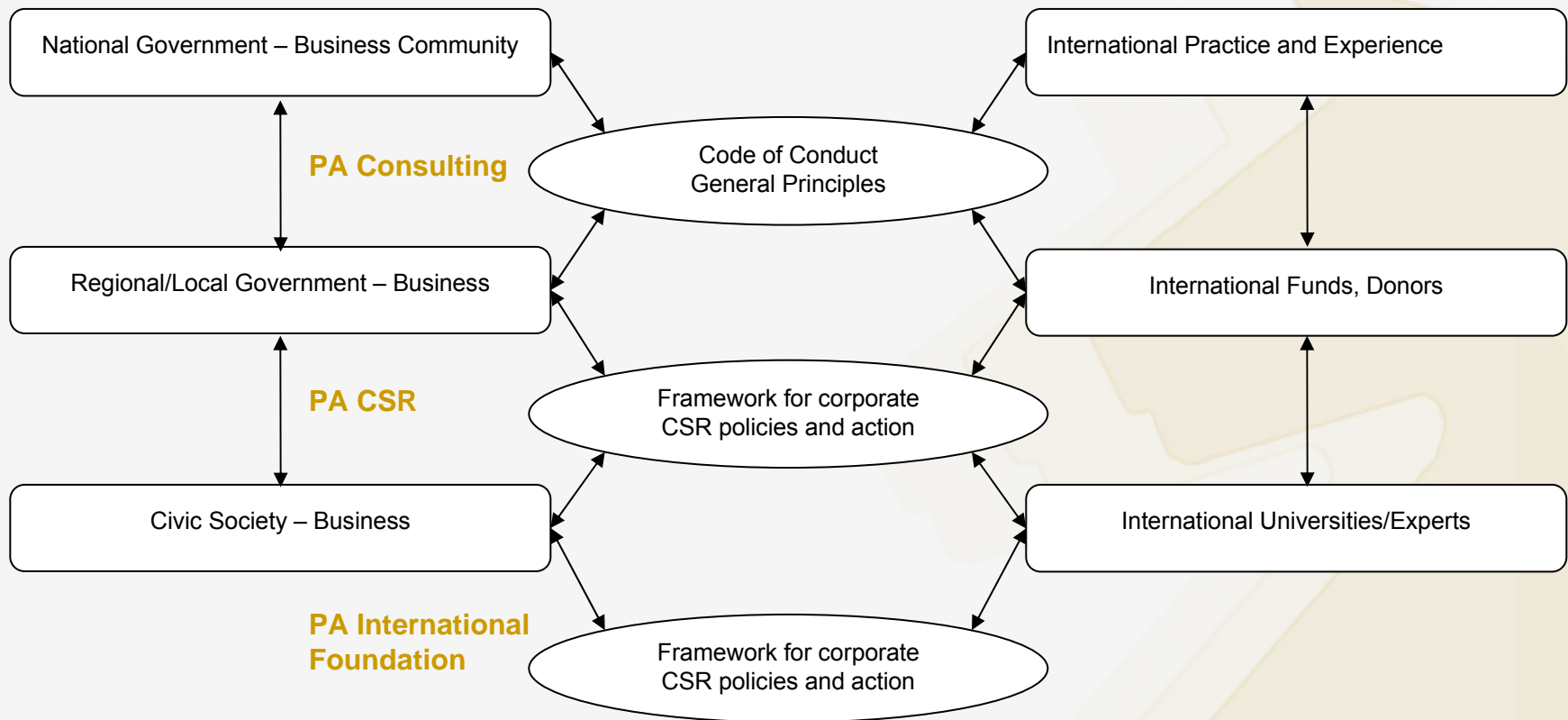


Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com





Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com





Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



THANK YOU

PA CORPORATE SOCIAL RESPONSIBILITY

