

PROCEEDING CONFERENCE PROGRAMME

iconpo 2011

International Conference on Public Organization

CHALLENGE TO DEVELOP A NEW PUBLIC
ORGANIZATION MANAGEMENT
IN THE ERA OF DEMOCRATIZATION
Comparing models in various countries

Yogyakarta Indonesia, January 21-22, 2011

ICONPO 2011 is Organized By

Department of Government Affairs and Administration
Faculty of Social and Political Science
Universitas Muhammadiyah Yogyakarta

In Collaboration with Korea University, Thammasat University
and Universitas Ngurah Rai Denpasar



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This proceeding is a collaborative work done between Faculty of Social and Political Science of Universitas Muhammadiyah Yogyakarta, supported by Korea University, Thammasat University Thailand, and Universitas Ngurah Rai Denpasar. We dedicate this proceeding as an academic collaboration momentum of an International Conference on Public Organization "Challenge to Develop a New Public Organization Management in The Era of Democratization" which had held by Department of Governmental Studies Faculty of Social and Political Science of Universitas Muhammadiyah Yogyakarta, on January 21st – 22nd, 2011, in Yogyakarta, Indonesia.

We wish to thank the Rector of Universitas Muhammadiyah Yogyakarta Ir HM. Dasron Hamid, M.Sc for giving the license to drive this conference. We also express my sincere gratitude to Prof. Sunhyuk Kim of Korea University as our Keynote Speaker. Special thanks go to all of the honorable our paper reviewers for the Proceeding those are Assoc. Prof Azhari Samudra of Universitas Ngurah Rai Denpasar, Prof. Dr. Jin- Wook Choi from Korea University, Prof. Dr. Miftah Thoha, MPA from Universitas Gadjah Mada, Prof. Francis Loh Kok Wah, PhD from University Sains Malaysia, Prof. Dr. Azhar Kasim, MPA from Universitas Indonesia, and Dr. Vidhyandika D Perkasa from Center for Strategies and International Studies Indonesia (CSIS), Prof Amporn Tamronglak and Dr. Soparatana Jarusombat from Thammasat University, without their contribution this paper will never come into being. We also thank to the ICONPO committee, and all collagues for their support to this conference. We thank to all the paper presenters and participants who contributed through their papers in this proceeding.

This proceeding is divided into 10 themes, those are:

1. Environmental changes and collaboration in public organization.
2. Need assessment of public issues in public organization.
3. Design of structure organization in democratic era
4. Planning and Decision making .
5. Human resources management.
6. Culture and ethics of public organization in democratic era;

7. Communication practices in public organization
8. Transformative Leadership .
9. Current Management Information system in electronic era.
10. Performance measurement

Reason for selecting these themes is because the wave of democracy has influence the dynamics of public organization, a well known institution model related to governmental, non-profit, and non-governmental organizations. The dynamic of public organization management in response to democratic era, now encompasses more challenging issues. The issues such the shifting paradigm from government to governance could be seen as the trend drives to the reform of government. The concept of governance means that the government must improves the functions of public organization management process. The process must be efficiently, effectiveness, responsiveness, transparently, participative, and accountable. Other important issues are the growing of gender mainstreaming, public policy processes and the dynamic of civil society which have demanded a changing management of public organization. The most important thing so that public organization could challenge in the democratic era is to improve and develop a new public organization management. Therefore, public organization needs to respond, explore and develop innovative management. It challenges the scholars and practitioners to explore and develop new models of public organization management by drawing the experience and lessons learned of their countries

Thus, the proceeding explores the issues and challenges to develop a new public organization management in the era of democratization. We hope this proceeding will benefit the readers, academicians, politicians and scholars on more about a new way to develop public organization in this democratization era.

Yogyakarta January 21st 2011

Head of Government Science
Dr. Suranto

Dean of Faculty of Social and Political Science
Dr. Nurmandi

PREFACE

The first paper as Keynote Speech written by Sunhyuk Kim (Professor, Department of Public Administration, Korea University) entitled **Globalization and Policy Change: The Case of Korea**. This paper emphasizes on "neoliberal" globalization. The writer argues that neoliberal globalization is just one type of globalization, and it is likely that in the future another type of globalization may emerge. "Varieties" of economic, political, and public administration systems in the world will respond differently to the new wave of globalization. It is essential, therefore, to craft a more prudent national strategy to flexibly and comprehensively deal with different kinds of globalization. The writer examines how Korea has coped with the challenge of globalization, by analyzing how the latest neoliberal globalization has affected governmental restructuring and policy transformation in Korea since its democratization in 1987. It is underscored that Korea needs a better national strategy to handle future waves of globalization—potentially of the non-neoliberal nature. I sketch out the main contents of such a new national strategy, primarily focused on the need to build and nurture more effective multi-sector governance system, increasing communicative and collaborative capacity of all the sectors involved.

The second paper was written by Su-jin, Yu, 3rd semester of master's course Korea University entitled **Conflicts in Environmental Policy-making in Korea: The case of Gyeyang Mountain Golf course**. In this research studies about the Gyeyang Mt. golf course development plan (GGDP) which has shown sharp conflict aspect. Commonly, environmental conflicts in the policy-making have two different belief systems such as environmental conservation and environmental development. Based on this two different belief system, various stakeholders united as a policy actor. Coalition actors from two different values enforce a different strategy to policy-making.

The third paper written by Laila Kholid Alfirdaus of Government Department Faculty of Social and Political Science Diponegoro University Semarang Central Java Indonesia titled **Governing the Disaster-Prone**

Community. Public organisation does not only deal with problems which is regular in its nature, periodical, and in orderly situation. More often, public organization faces uncertain circumstances that the way of governing as usual cannot be applied. One of the notable constraints in governing community for public organization to manage is disaster. Firstly, disaster often comes at an unpredictable time. Secondly, disaster often bears considerable risks even beyond a public organisation's capacity to deal with. Its quick attack often results in much longer impacts. Thirdly, any single thing, such as food supply, sanitation, water supply, shelter, and so forth, suddenly turns into emergency, meanwhile the public organization has usually shortcomings in resources. Fourthly, any demand for the public organization quickly moves into a big pressure, therefore public organization easily becomes the subject of failure once they are unable to tackle the complex situation. Considering such the specific nature of disaster, there is a clear need for public organization to apply specific governing strategies. This paper tries to elaborate some thinking on governing the disaster-prone community, especially for developing nations, using experiences in various countries. Such a thinking becomes important since it is the developing nations that use to have problems in their bureaucratic structure. A change of mindset in public organization in which disaster should not be treated as business as usual rather as in a crisis is one of the keys. A deep thinking on how to manage the interrelation with some non-government organizations, economic society, academic society, and the media in emergency and recovery based on context and culture, is also worthwhile.

The fourth paper entitled **The Sustainability of Jakarta as the capital city.** It is written by Hartuti Purnaweni Public Administration Program, Environmental Study, Post Graduate Program, Diponegoro University. This paper aims to find out efforts to be done to Jakarta as the Capital City of the Republic of Indonesia. Jakarta has turned from merely old day traditional port to the present day of a megapolitant figure, where skyscrapers mount in many places. Jakarta is an area with low topographic feature as it is situated at the coastline, in particular North Jakarta. As time goes by, the city becomes less convenient as settlements due to traffic jam, flood, land subsidence, land water deficit, inadequate green space, severe air pollution, etc. Jakarta's carrying capacity has been passed over. New public management system is needed. Therefore, a new paradigm has emerged concerning its status replacement as the Indonesian capital city, and to make it a more livable city. Three alternatives are proposed for the solution.

The fifth paper entitled **Democratization and Environmental Politics of Natural Resources Management** at Local level written by Edi Santosa, Governmental Program, Social and Political Faculty, Public Administration, Post Graduate Program, Diponegoro University. The paper aims to deliver the idea that Environmental democracy is not new in Indonesia since it stated its commitments in Rio Declaration in 1992 and World Summit on Sustainable

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Development in 2002. However, empirical evidence shows that the commitment to implement the ideal is still far behind. In theoretical, policy and empirical area, discussing environmental sociopolitical aspects should include all stakeholders in it. In managing environment and natural resources, both politicians and government officials have the political power as representatives of the state. Their political actions should cover activities of development policies which are oriented towards sustainable development, whether at local, national, regional and global. Rondinelli and Chema (1993) stated that the state should be committed to pursuing sustainable development across the region – it calls for a clean and green environment with fully established mechanisms for sustainable development to ensure the protection of the environment, the sustainability of its natural resources and the high quality of life of its people and neighbours in one earth.

The sixth paper entitled **The Implementation of Social and Environmental Responsibilities's Regulation by PT Karya Tangan Indah Bali** written by Ni Putu Tirka Widanti, Universitas Ngurah Rai, Denpasar, Bali, Indonesia. The paper aims to analyze the most prominent CSR activities of PT Karya Tangan Indah, those are the environmental re-cycling and social religious supports to the traditional village where the company is situated. PT. Karya Tangan Indah's CSR programs are affected by the party receiving supports and the internal organization. From the analysis, it has been found that PT. Karya Tangan Indah's CSR programs on recycling and social religious supports have managed to attract the community's enthusiasm. It is because the ritual ceremonies in the traditional village where PT. Karya Tangan Indah operates are held regularly and involve the entire community members. Based on the analysis findings, it is recommended that the future PT. Karya Tangan Indah's CSR programs should involve the community members commencing from the planning up to the evaluation processes. It is necessary to involve them for sustainable programs and for addressing their needs and priorities. In addition, their involvements are hoped to be able to duly plan and organize the allocated budgets.

The seventh paper is **Impacts Of Decentralization On Environmental Management In Thailand**, written by Soparatana Jarusombat, Ph.D of Faculty of Political Science, Thammasat University, Bangkok, Thailand. This paper describes the process, institutional and legal framework within which the environmental management operates in Thailand. It specifically focuses on the decentralization within central and local government's role in environmental management. The aim of the paper is to examine how interface between the central and local loci of power have affected pieces of legislation relating to management of the environment by central and local government in Thailand.

The eighth paper is titled **An Empirical Study of the Autonomy of Thai (Autonomous) Public Organizations** written by Associate Professor Amporn Tamronglak, Head of Public Administration Department and Director of Executive Public Administration (EPA) Program, Faculty of

Political Science, Thammasat University, Bangkok, Thailand. The latest Administrative Reform in Thailand in 1999 reflected the influence of New Public Management (NPM) perspectives, leading to a drastic restructuring of age old bureaucracy. "Agencification" or creating new single purpose agencies was one of various approaches to face lift bureaucracy in the name of "Public Organizations or Autonomous Public Organizations (APOs)" to be free from tedious regulations and hierarchical commands of politicians. Since (Autonomous or Quasi-autonomous) Public Organizations Act has been issued in 1999, there are approximately 29 agencies created. This paper aims at attacking and analyzing the issue of autonomy of Public Organizations in Thailand, which is the main reason in hiving off from their original organizations. The theoretical basis of autonomy employed in the study is drawn from Peters Verhoest and others, particularly in the areas of personnel and financial management. Constructive questionnaires were employed and collected between June and August 2010 from all 29 Public Organizations. In-depth interviews with the agency's executives were conducted to gain insight knowledge of the concept in practice. The statistical analysis shows that Thai APOs are more or less independent from the politicians. Though the legal and administrative structure of their establishment, they somewhat recognize and are responsive to the demands of the relevant Ministries. On the contrary, they are able to maintain the balance and handle the pressure in such a way that the agencies can carry out and accomplish the government policies professionally and cost-effectively.

The ninth paper written titled **Government Antismoking Campaign: Quixotic Dream Or Confident Expectation?** By Subiyanto of Wijaya Putra University. Smoking habit was one of global problems, but the effects of it are very dangerous on smoking related diseases, so Indonesian Government had to take the genius actions. This study investigated the effects of Government Antismoking Campaign on Behavior of Smoking in East Java. Research model was adopted from the Theory of Reasoned Action dan the Theory of Planned Behaviour introduced by Ajzen and Fishbein modified by DeVries et al. The population were smokers or someone who have experience with cigarette smoking in East Java, sampling method by Multistage Cluster Random Sampling in three stages. Data analysis utilized Structural Equation Modelling (SEM) used AMOS 4.01. Hypothesis analysis used regression Weight standardized estimates, compare p value in 5percent significancy, if p value < 5percent is mean significant. This study found four negative significant hypothesis and two not significant hypothesis. The effect of Government antismoking campaign on Attitude toward smoking behaviour and on Subjective norm of smoking are not significant, while effect of Attitude toward smoking behaviour on Refusal skill, the effect of Subjective norm of smoking on Refusal skill, are negative significant. The effect of Refusal skill on Behavioural intention to smoke, and the effect of Behavioural intention to smoke on Behaviour of smoking are also negative significant. There were

recommendations for Indonesian Government, cigarettes industries and collaboration among government and cigarettes industries.

The tenth paper entitled **Leading to Improvement? The Politics of ISO 9001:2000 Transfer to Local Service Delivery** and written by Wawan Sobari, Lecturer and Convenor of the Department of Political Science, Faculty of Social and Political Science, University of Brawijaya Malang. This paper addresses three main questions concerning the process, impacts and external evaluation of the transfer of ISO 9001:2000 to service delivery at the local secretariat office in the Regency of Malang Indonesia. Its methodology applies qualitative approach to build understanding by intensifying the research process aimed to obtain the full picture of the transfer. This paper shows some important findings around this transfer; first, the decision to transfer is a result of social process aimed to build better image of the office. As well, a policy network, ranges from local to international actors, has constructed the ISO 9001:2000 implementation as the best practice in service delivery. Finally, the certificate attributed to the implementation of ISO 9001:2000 cannot adequately assures the improvement of technical capacity of the office. Rather, it has created dependency on assurance server to sustain the performance improvement. Thus, this transfer has created a qualified office, not an educated office that is self-achieved fulfilment in delivering better service.

The eleventh paper **Democracy and Growth Revisited : An empirical study using fsQCA** written by Dong-Hyun Choi, Graduate Student, Department of Public Administration, Korea University. This paper will analyze The relationship between political freedom and economic growth has been a much scrutinized topic over the past few decades. According to Barro once the impact of other exogenous factors are controlled for, the effect of democracy on growth is weakly negative. He further raised the possibility of a nonlinear relationship between democracy and growth. Barro's work, while convincing in terms of methodological rigor and interesting in terms of the observations made, nonetheless is hardly free from the flaws that may potentially undermine the credibility of his arguments. This is the point of departure for this article. The first section of the article discusses the potential flaws evident in Barro (1996), and suggests ways to improve upon his work. The second section introduces fuzzy set qualitative comparative analysis (fsQCA) as an alternative methodological approach, and analyzes the relationship between democracy and economic growth using fsQCA. The analysis generally concurs with the nonlinearity hypothesis suggested by Barro (1996): democracy does in fact disparately impact economic growth at different levels of democracy. For full democracies and authoritarian regimes, causal combinations indicate that democracy has a positive impact on economic growth. For flawed democracies and hybrid regimes with intermediate levels of democracy, the dynamic between democracy and economic growth is revealed to be negative.

The twelfth paper entitled **Competition for jurisdiction over food industry in Korea** was written by Sung Eun Park, Korea University. This paper points out the matter of food safety management system with a view of competition for jurisdiction over food industry among the Ministry of Health and Welfare and the Ministry for Food, Agriculture, Forestry and Fisheries and affiliated organizations. Each ministry has separate basic positions and approaches to food industry policy: regulation and promotion. The policy image has been changed into "regulation" as public anxiety and concern for hazardous foods has grown since the end of 1990. They complete take charge of promoting or regulating the food industry by establishing or amending laws, expanding organizations and mobilizing a coalition. Coordination by policy committee, cooperation between agencies, and integration of agencies were introduced as measures to eliminate unnecessary competition for jurisdiction.

The thirteenth paper written titled **Making Strategic Plan Works In Local Government: Challenge And Problems, A Case Study of Strategic Plan Implementation in Yogyakarta Special Province** by Achmad Nurmandi and Eko Priyo Purnomo of Universitas Muhammadiyah Yogyakarta. The term of strategic plan is a new type of plan in Indonesian government that introduced since 1999 based on Law No. 22/1999. As a new approach, government organization has tried to set priorities and allocated scarce resources according to the formulated vision and mission. Meanwhile, these strategic efforts have not been successful achieved yet, including in Yogyakarta Province. This essay examines the implementation of strategic plan in Yogyakarta Special Province. The Yogyakarta has vision and missions that are looked at this paper as basis of analysis. Measuring on how they can reach their goals and missions is an appropriate way to analyze the how the strategic plan works. Using qualitative data and choosing a case study method, this research also have conducted in-depth interviews with bureaucrats in Yogyakarta. First of all, the Yogyakarta province tried to providing the strategic plan to be followed by government officer in their activities according to strategic design and planning school approaches. Secondly, most of local government's agencies are less understand on their vision and missions. Thirdly, Zero-sum game effect, reaching the goals and mission are difficult because most of their budget is spending their salary. Fourthly, The strategic plan has been implemented but it has not executed the strategic zone whose it support for dealing with mission from number two to six .

The fourteenth paper written titled **Improving Indonesia Civil Servants REVITALISASI PELAYANAN PUBLIK MELALUI ANALISIS JABATAN 'Performance Through Job Analysis** by Dyah Mutiarin "Dr. Dyah Mutiarin- Department of Government Affairs and Administration Universitas Muhammadiyah Yogyakarta. The red tape phenomenon in Indonesia civil servants performance Khusus berkaitan dengan birokrat pemerintah, banyaknya persoalan yang timbul dalam pemerintahan selama ini pada

dasarnya menunjukkan rendahnya kemampuan dan kurangnya sikap dari aparaturnya untuk mencoba peduli dan membantu masyarakat serta pengguna jasa pemerintahan lainnya dalam memenuhi kebutuhannya. This shows the lack of ability and lack of capacity to carry government tasks. This phenomenon needs improvement. Improving the quality of the state apparatus resources is directed to realize the professional human resources, neutral, and prosperous for civil servants as well as citizen at large. Hal itu merupakan faktor penting dalam menunjang peningkatan kapasitas dan akuntabilitas kinerja instansi pemerintah. This is an important factor in supporting capacity and accountability of civil servants as well as state apparatus. Analisis jabatan diperlukan dalam pengembangan pegawai yang pada hakekatnya adalah suatu upaya pemenuhan kebutuhan tenaga kerja secara kualitatif sesuai dengan persyaratan pekerjaan yang ditentukan dengan mempertimbangkan kepentingan-kepentingan individu pegawai untuk dapat mengembangkan potensinya seoptimal mungkin mencapai karier setinggi-tingginya di dalam organisasi. Therefore, in order to achieve the quality of human resource in civil servants, the government need to continue to improve the application of merit system in the administration of personnel management by implementing job analysis. The future of structure bureaucratic organizations as public organization tend to be slender but rich in function. The concept of 'the right man in the right place in the right time' needs to be applied correctly in order in filling the vacancy actually forward the principle of professionalism through the process of job analysis.

The fifteenth paper titled **Career Path Development for Indonesian Public Servant** by Utami Dewi, S.IP, MPP and Dra. Atik Septi Winarsih, M.Si of Government Affairs and Administration Department, Universitas Muhammadiyah Yogyakarta. Decentralization demands more competent and professional public servants, so that they can perform jobs well particularly in delivering services to society and in maximizing local resources. However, several problems surrounding civil service management have hampered this decentralization goal. These obstacles come from government regulations, institutional relationship and human resources. There are some regulations on civil service affairs but many of them are incompatible. Ironically, moreover, the important regulation on public servant management-career path development- has not been formulated yet. This career path development is crucial since it guides the staff to plan their job position in the future. Moreover, it is beneficial for manager in the public sector to conduct staff placement and promotion. Therefore, the formulation and implementation of career path development is a must to find the best staff in the right job. In doing so, performance measurement that consists of performance appraisal, competency test and fit and proper test may be chosen as a model. This paper will reveal this career path development by firstly evaluating the practice of recruitment; promotion and mutation; salary; and performance appraisal system in recent Indonesian studies.

The sixteenth paper was written by Jin-Wook Choi, Associate Professor, Department of Public Administration, Korea University entitled **Anticorruption Agencies and Reform: The Case of the KPK in Indonesia**. This paper analyze the establishment of an anticorruption agency (ACA) due to reduce corruption in a county in this case is Indonesia. This paper examines the effectiveness of anticorruption law enforcement functions of the KPK, the Indonesia's ACA that was created in 2003 and identifies key challenges that lie ahead of the KPK. By adopting key performance indicators, this paper finds that the KPK has been successful in carrying out three-pronged anticorruption strategies—repression, prevention and public relations, which is congruent with strong public support to and trust in the KPK. However, the KPK faces several challenges posed by inherent structural limitations and external political forces that may threaten the efficacy of the Commission's anticorruption functions. While the public has to show continuous strong support to the KPK, the Commission must effectively perform legally mandated and socially expected anticorruption functions with high integrity and discipline in order to become a de facto ACA.

The seventeenth paper written by Bonefacius Bao entitled **Robust Ondoafi Powers in Central Urban Communities (Studies Authority Ondoafi in Jayapura Papua)**. This paper aims to find out Ondoafi in the capital to actualize its power, and care for it so the power of capital in the middle of an urban community. There are three power capital Ondoafi namely social capitals, symbolic and material. Assuming the persistence of capital even living in urban areas had to survive because they have the ability to manage symbols, manage social relationships and manage the economy. Allegations were proven because of the discussion about the workings of the three capital Ondoafi power, can be in the know that Ondoafi respond to change with the actualization of such capital through a revitalization strategy, adaptation and repositioning. Those capitals are not working alone but comes along. Ondoafi convert into equity capital one another so that there is a logical relationship with his rule. Capital-capital is reproduced and exchanged with each other. In practice the power to show how the three capital Ondoafi able to manage its power to make strategic changes. Ondoafi thus becomes very important and strategic for anyone who needs it.

The eighteenth paper was written by Arundina Pratiwi, entitled **Transformation of public organization Culture in Indonesian Democratic Era**. The main problem discussed on the paper provide an understanding about the transformation of public organization culture in Indonesian democratic era. Literatures research, both from books and media publications, on current development of transformative public services performed by several regional governments provides the primary conceptual foundation for investigating the effect of democratization process on the transformation of public organization culture in Indonesia. Additionally, this paper reveals the specific example on transformation of

organizational culture in the regional government of Jembrana in Bali which is currently often used as the best example for other regional governments across Indonesian archipelago. Jembrana case can be classified as a success of public organization culture transformation, with its main goal to overcome the bad image of Indonesian public institutions in serving public needs. The achievement of Jembrana can be used as an important example to motivate other regional governments to improve their commitment on providing good public services.

The nineteenth paper is **An Analysis of the Effect of Press Freedom on Corruption: Evidence through a Cross-Sectional Data Analysis** written by Songhee Yoo, mastercourse student, Korea university. This study attempts to find the relationship between the government corruption and the media based on Latham's democratic theory. First of all, the empirical results of this study show that the autonomy of the media reduces corruption. It can be seen as an element of direct democracy that makes up for the constraints of indirect democracy. In addition, the writer further investigated the impact of the economic level and social globalization on corruption through the empirical research. Therefore, when the anti-corruption policy is established, the administrator should carefully consider whether the policy runs the risk of suppressing the economic growth of a country. And globalization is an opportunity to establish anti-corruption agencies and institutions. Because increasing the level of trust with other countries brings down corruption in the field of related work. Finally, determinant element of reduced corruption is identified as femininity. However, the simple increase in the employment of women may not be the solution. If the organization wants to reduce corruption, they must increase the culture of femininity. Efforts should not stop at recruiting more female workers, but rather focus on the improvement of organizational culture.

The twentieth paper entitled **Organizational Communication licensing Office of Yogyakarta City to Achieve Service Performance** and written by Yeni Rosilawati lecturer of UMY, Communication Department majoring in Public Relations subjects, Krisna Mulawarman, lecturer of UMY, Communication Department, majoring in a broadcasting subjects, and Dian Kusumadewi alumni of Communication Department UMY, graduated in 2009. The paper focus on Licensing Agency it is an organization in the field of services still relatively new, however Licensing Office of Yogyakarta city has a strong commitment in carrying out its functions. Awards obtained Jogjakarta City Government Licensing Service Award include Investment Award from BKPM as City Best One Stop Service Providers in 2007 later in the year 2008 Licensing Office Title again awarded the Excellent Service Award 2008 as the image of one government agency that has the quality of public services best. This study sought to describe the steps the Licensing Office of organizational communication Jogjakarta City Government to improve service performance.

The twenty first paper entitled **Potential Users and Critical Success Factors of e-Government Services: the Case of Indonesia** written by Ali Rokhman, Post Graduate Program in Administration Science, Jenderal Soedirman University. This paper elaborated more on Implementation of e-government in Indonesia began in 2003. However, until then the public services that provided through e-government are still very limited in quantity as well as quality. Based on the research the internet users are they who have the characteristics in majority consist of: female, have age in twenty one to thirty years old, have bachelor education degree, and they have been using the Internet for a period of seven to nine years. Considering this phenomenon therefore from the government's perspective, the most critical factors for successful implementation of e-government are the e-leadership and the opportunity to develop employees' capacity in the technical training on e-government.

The twenty second paper entitled **Bureaucracy Culture and Leadership in Indonesian E-Administration Implementation: Based on Perspective of Knowing and Learning Organization** written by Ayuning Budiati and Rudiant Komara the paper focus on Indonesian E-administration implementation involves bureaucratic culture and leadership issues. Those issues appear due to the change that occurs if e-administration is implemented nationally. Implementing e-administration can be risky, expensive and difficult because public employees are not being motivated to improve and provide policy about ICT. This situation causes a lack of policy including operational guides at every level of government to improve ICT. Improvement of ICT literacy and skill is needed in Indonesia's e-administration implementation. The paper will analyze those factors regarding the organization's paradigms: organization as learning and knowing organization.

The twenty third first paper written by Gyuseong Park, Korea University entitled **Internet Regulatory Policy in Korea: Its Origins, Impact, and Changes**. The paper aims to show the reason why the Korean Internet regulatory policy to ensure safety has its own uniqueness which cannot be observed in other countries; using external plug-in program instead of built-in and highly dependent upon specific platform. According to the study following the institutional approach of regulatory policies, these "Korean-style" regulations were created to solve technological constraints in the early beginning stage of development of Internet transactions, but these regulatory policies results in many "unexpected outcomes," such as strengthening monopoly in Operating system and Web browser market, customers' inconvenience, and paradoxical outcome which regulations intended to enhance security eventually weaken the safety. These regulations have been challenged, and recently announced its abolishment by Korean government due to its negative consequences. Based upon this case, the paper argues that the technological factor, inertia of institution, and various actors and their interests around regulatory policies are important to understand these

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regulatory policies, and it contends that IT regulatory policies should be technologically neutral because these policies cannot catch up the rapid evolution of these industries.

The twenty fourth paper entitled **Decentralization, accountability and local government performance in Indonesia** written by Sujarwoto, PhD Student at Institute for Social Change University of Manchester UK and Yumarni, Lecturer on the Department of Public Administration, Jenderal Soedirman University Purwokerto Central Java Indonesia. This article contributes to an understanding the linkage between local government accountability, corruption, and citizens' participation. Departing from critiques on fiscal federalism theory, we propose hypothesized pathway through which decentralization can lead better local public service performance. The basic hypotheses underlying this research is that decentralization will result in better local public service performance only if mechanisms for strengthen political accountability are established within local governments. Without strong political accountability, decentralization only creates powerful incentives for political and bureaucrat agent to capture local political process and misallocate public resources. The writer tested these hypotheses against evidence from 155 newly empowered local governments in Indonesia. Governance Decentralization Survey Data (GDS) is used to examine the linkage between decentralization, accountability and local government performance in the country. The results of simple and multilevel regression model broadly support the hypotheses. Less corruption, higher local government accountability and citizen's political participation are all associated with better local government performance. In contrast, poorly performing local public services are often deeply rooted in their political and social contexts. Local governments often fail to provide better public service when political accountability is absent due to weak checks and balances, lack of transparency, and weak electoral incentives. These effects remain statistically robust across all regression specifications.

The twenty fifth paper written by Septiana Dwiputrianti, Senior Lecturer and Head of Postgraduate Program School of Public Administration, the National Agency for State Administration (STIA LABandung, West Java, Indonesia entitled **How Effective is the Indonesian External Public Sector Auditing Reports Before and After the Audit Reform for Enhancing the Performance of Public Administration?**. The research aims to enrich the existing administration, accountability, and auditing of public sector literature. Two main research questions; firstly, how is the quality of information in the audit reports of the BPK; secondly, what are the key factors influencing the effectiveness and ineffectiveness of information in the audit reports.

The study revealed that the executive's history had historically neglected the roles and functions of BPK. Auditors lacked independence as the executive influenced the administration and finances of BPK. Auditors also had lack of opportunity to increase their professionalism. Since there was little incentive

for auditors not to accept audit fees from auditees, the objectivity and integrity of auditors was reduced significantly. Since the third amendment of 1945 Constitution in 2001, the Indonesian government had reformed laws and regulations related to public sector auditing for strengthening BPK. In situation where the Indonesian public administration needs immediate reform, BPK keeps trying to improve its professionalism and independence to provide qualified audit reports. BPK has been given much attention to education, training, and the development of other skills and knowledge; implemented remuneration; applied a rewards and sanctions. This study revealed a significant improvement in the amount and quality of in audit resources, including numbers of qualified auditors, representative offices, information and technology, and modern equipment. However, many new auditors lack of experience and lack of diverse educational backgrounds in addition to accounting and finance for conducting performance auditing. To enhance the quality of public administration and accountability, this study gives recommendations for BPK in (1) strengthening its independence, (2) expanding auditor's professionalism and competency in risk management (3) improving the facilities of the training centers, (4) increasing follow up of audit reports, (5) evaluating laws and regulations, (6) enforcing the implementation of performance auditing.

The twenty sixth paper Titled **The Strategy For Improving Public Services Delivery In Indonesia** by **Dr. Suranto**, Department of Government Science, Muhammadiyah University of Yogyakarta and **Awang Anwaruddin** of Center of Research and Development for Information System and Administration Automation, National Institute of Public Administration of the Republic of Indonesia. The crisis of public services in Indonesia has spread out to almost all sectors for decades. The poor level of public services performance suffered by customers is mainly indicated by sluggish service processes and excessive service cost. Various public policies have been undertaken to improve public services performance; however, no significant improvement is perceptible.

This paper attempts to find a strategic solution to improve the public services in Indonesia. Through a depth analysis, a positive answer is recommended: The Indonesian Government should carry out a comprehensive approach of bureaucratic reform, including the bureaucratic institution, management, human resources, and service culture. Since the reform is complicated and massive, however, it should be carried out incrementally, through preliminary, implementation, and evaluation stages.

The twenty seventh paper titled **Analysis Of Democratic Public Service Network Case Study in Urban Transportation Service in Makassar City**, South Sulawesi Province, Indonesia by: **Dr. Alwi, M.Si**. In general, public services organized by government bureaucracy are still serious problem, including urban transportation services/public transportation in Makassar City. In this case, urban transportation services in Makassar City have not

been able to provide service as expected by citizen. As principle of democracy, citizens are "masters" who must be delivered service satisfactorily by state officials. Therefore, government bureaucracy, in fact, must understand the needs of citizens and this is what writers call democratic public service. Theoretically, to solve complex problems such as problems of urban transportation services necessary inter-organizational networks, because many institutions and associated with it. Merging the two concepts into the concept of democratic public service (urban transportation) network is a new concept in the science of public administration. Inter-organizational network aims to use resource efficiently and effectively, as well as a democratic public service aims at making citizens as the focus of public service through their involvement in the process of solving public problems. This study aims to describe the implementation of democratic public services (urban transportation) network in Makassar City. This study used qualitative methods and case study research strategy to uncover the deeply democratic public services network. Data collection techniques used was observation, in-depth interviews, and documents. Processing technique and data analysis is the analysis of qualitative descriptive case study. The result of research pointed out that the implementation of democratic public service (urban transportation) network in Makassar City has not been effective.

The twenty eighth paper titled **Balance Theory** by Dr. Inu Kencana Syafii. When people ask why today Islam is blasphemed throughout the world — forbidden wearing headscarves in France, in the United States its presence is examined and in Australia its organizations were disbanded — with various accusations we did not expect, this was because Islam is one of the world paradigms worried shifting all previous paradigms. After weakened communism socialism and capitalistic liberalism is the only wide world paradigm, they concerned about the return of the — according to them — tyrant rule, then it is anticipated with slander and propaganda. However, inevitably, humankind will understand goodness, truth, and the beauty, also in ethics, logic and aesthetics. So where are the ideologies sitting in case Koran assembled all the disciplines of science, moral ethics, and nuances of art? How about Al Fatihah which became Prolegomena and *preambule*, in addition to reading of the prayer becoming the rhythm of worship? It should be impregnated that Al-Fatihah is the core essence of transcendental thinking in three world grand narrative

Yogyakarta, January 21th, 2011

Editors:

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THE IMPLEMENTATION OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES REGULATION BY PT KARYA TANGAN INDAH, BALI

Ni Putu Tirka Widanti²

I. Introduction

The Indonesian government has set a social day for the country since 20 December 2007. This determination is not intended for celebration only, but to encourage Indonesian people to pay attention to social issues regardless their religion, tribe, race and ethnic group. Private entities are also invited to actively participate in empowering the community and eradicating poverty through concepts of Corporate Social Responsibilities.

Because changes and shifts in business world paradigms in promoting business entities' images, business entities both currently seek maximum profits and pay attention to the neighborhoods where they operate. To avoid business entities' image promotions to be entrapped into ceremonial activities through mass media, the government has passed a Law concerning Limited Liability Company No. 40 of 2007 where article 74 (UU. No 40, Tahun 2007, Pasal 74) of the law regulates further this issue.

This law requires Limited Liability Companies to set aside portions of their net profits for funding the social and environmental responsibility activities, particularly those operating in business activities related to natural resources. Although the law does not explicitly mention other companies apart from mining companies to contribute nor explicitly regulate the sum and/or percentage of the companies' net profits to be distributed, it is hoped that other companies can follow the steps taken by the mining companies that are obliged to be sensitive and to pay attention to neighborhood environmental and ethical issues.

Many social responsibility enthusiasts separate between social responsibilities from social contributions and goodwill or charity. However,

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a social contribution constitutes a small portion of social responsibility. PT. Karya Tangan Indah has implemented the goodwill since it was incorporated. This company has actively participated in and takes efforts to improve the local communities around the company.

Up to present, the conceptual frameworks of social and environmental responsibilities, rules and regulations and methods of implementing the social and environmental responsibilities are still being discussed by the relevant government institutions. This has caused business entities to misinterpret the social and environmental responsibilities which make the real goals of these responsibilities not accurate.

The issuance of this law does not mean that the government may release itself from its responsibilities in improving people's welfares. It is because the government is the organization that shall always be responsible for enhancing public welfares based on the mandate of law.

The national economic developments are implemented based on the economic democracy with the principles of togetherness, efficiency, sustainability, environmental friendliness and independence. They then shall be matched and united with the economic growth to improve people's welfares.

The government alone may not be able to carry out the functions of improving people's welfares because its resources are limited. Therefore, it is necessary for the government to delegate these functions to private entities namely limited liability companies as specified in the provisions of Law concerning Limited Liability Company.

The government's duties can now be shared and it can play its role as an administrator. In reference to foregoing backgrounds, the current questions that need to be answered are as follows: *How does PT. Karya Tangan Indah address the Law No. 4 of 2007 particularly article 74? How can Corporate Social Responsibility be implemented by PT. Karya Tangan Indah? What factors that support and inhibit the implementation of Corporate Social Responsibility by PT. Karya Tangan Indah?*

To answer those questions above, the studies were carried out through direct observations to the company's activities related to the law. In addition, the observations have also managed to find out the strengths and weaknesses of activities that have been carried out prior to and after the issuance of the law.

II. Methodology

The applied approaches in the study were statute approach and conceptual approach. Meanwhile, the applied methodology is observation. The researcher observed the entire social activities of the company that were

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directly related to the community. As a consequence of being an observation participant, the researcher was also involved in the social activities that enabled her to be able to closely and meticulously observe the local communities' responses towards the existence of the company and its social responsibilities as outlined in the Law.

III. Theoretical Framework

This basic framework describes the concepts of this study, such as the concepts of Limited Liability Company, Resources, Environmentally Friendly Developments, Agencies and Social Responsibilities.

1. Concept of Corporate Entity

The word "Corporate Entity" refers to the capitals that consist of holdings (shares). Law on Limited Liability Company No. 40 of 2007 defines "a legal entity constitutes a composition of capitals that are incorporated under an agreement in order to carry out business activities which capitals are divided into shares and have to fulfill the prerequisites outlined in this Law and its implementing regulations". In reference to the description above, there are five main understandings, namely:

1. A limited liability company constitutes a legal entity
2. Incorporated based on an agreement
3. Operating a certain business
4. Possessing capitals divided in shares
5. Fulfilling the prerequisites as outlined in the law

As a legal entity, a corporate shall fulfill the elements of legal entity as specified in the Law concerning Limited Liability Company. The elements are as follows:

1. Systemized Organization
The systemized organization is reflected from the company organs consisting of General Assemblies of Shareholders, Board of Directors and Board of Commissioners. In addition, the systemized organization can be observed from its Articles of Association, Resolutions of General Assembly of Shareholders, Resolutions of the Board of Directors and Board of Commissioners.
2. Having Its Own Assets
Its own assets are in forms of basic capitals consisting of the entire nominal values of shares. The capitals may consist of fresh monies and other forms of assets.
3. Carrying Out Legal Acts By Itself
As a legal entity, a corporate entity may carry out legal acts as

represented by the members of the Board of Directors and Board of Commissioners with any third parties.

4. **Having Its Own Goals**

The goals are specified in the articles of association of the company which its primary goals are to seek profits.

The company shall operate a certain business activity in the fields of economy, industry, trade and service that are aimed at seeking profits. The company shall also fulfill the prerequisites as outlined in the prevailing rules and regulations. In addition, it has to meet the requirements as outlined in the Law concerning Limited Liability Company and its implementing regulations upon its incorporation, operation and dissolution.

2. **Concept of Natural Resources and Environment**

Natural resources are resources that exist due to natural forces such as soil, water and aquatic, biotic, air and space, mineral, landscape, geothermal, wind, high and low tide of the sea water. For the economic purposes, natural resources are classified based on its potential use and its renewability after a disruption. Therefore, natural resources are classified into 2 groups, namely: (1) renewable resources, and (2) nonrenewable resources.

The management of natural resources and environment are integrated with the roles and political wills of the government. Being a subject of globalization, we shall also adjust the natural resources management according to the internationally accepted standards. The initial pressures come from external factors such as green product eco-cycling scheme, eco-labeling and other forms associated with resources and environments. These factors are essential particularly when the company deals with international trades.

3. **Concept of Environmentally Friendly Developments**

Muhamad Shiroth, Jootje Polie and Nur Mohammad Amin (Environmentally Friendly Development, 1998) state that environmentally friendly and balanced developments have to be focused on the human beings' basic needs, social equality, life-quality enhancement and sustainability.

To enable this environmentally friendly development to operate well, a development plan shall have development visions. Such developments shall ideally be organized in long term development programs and carried out for the benefits of the entire people. Development visions shall be intended to achieve better quality of life to the entire community members through educations, technologies, skill improvements and moral values.

Human resources development shall be able to respond the developments of sciences, technologies and arts in order to able to manage natural resources wisely and sustainably.

Therefore, a development shall consist of life-quality improvement for the entire people through justice and fair principles. To measure whether a development is successful, one can learn from the existing development visions that are implemented through development strategies.

The development strategies constitute the efforts of improving human resources potentials in managing natural resources based on the existing opportunities and constraints. The strategies to successful efforts are to apply the well-planned clean and green technologies and sciences that are efficient and effective in producing superior, robust and high quality goods and services. Should these strategies be duly adopted, they will bring positive results to the sustainable developments. To ensure the strategies are duly applied as per their main goals, the implemented development programs shall be supervised and controlled.

The control, evaluation and audit to the development visions and programs are to provide proper feedbacks to improve the future development programs and implementations.

4. Concept of Agencies

The main principle of this theory states that there are employment relationships between authorizers (principals) i.e. investors and authorizees (agents i.e. managers). Jansen and Meckling (1986) state that the agency relationships constitute a contract where one or more persons (principals) involve other people (agents) to provide some certain services on behalf of their names that involve delegation of authorities in decision making.

The agency theory assumes that all individuals act for their own interests. As a consequence, there are conflicts of interests between the owners and agents because agents do not always act for the interests of principals. Therefore, the agency costs arise. Shareholders as principals are assumed to be interested in making profits from their investments, meanwhile agents are assumed to receive satisfactions in form of financial compensations. Agents are also required to meet the prevailing prerequisites.

The agency relationships consist of three factors that affect the corporate social responsibility namely monitoring costs, contracting costs and political visibilities. A corporate may expose its social responsibility information to promote its image and to attract communities' attentions. The company needs funds to finance the exposure of social responsibility information. This will reduce the profits of the company as stated in its financial report. If a company experiences lower contracting and monitoring costs with higher political visibility costs, it tends to expose its social

responsibility information that it has implemented. It is because social responsibility exposure has positive relationships with social, economic and political visibility performances, but it has negative relationships with the contracting and monitoring costs (agency costs) (Belkaoui and Karpik, 1989, in Anggraini, 2006).

Based on the agency theory, a company experiencing lower contracting costs and monitoring costs tend to report lower net profits i.e. the company will spend more funds for managerial purposes (a cost to enhance the company's reputation in the eyes of the community). As a form of responsibility, then managers as agents will seek to satisfy what the principals want in this matter exposing the corporate social responsibility information.

5. Concept of Social Responsibility

Corporate Social Responsibility constitutes the care to act in serving the interests of the organization and external public. World Business Council for Sustainable Development (WBCSD) in Fox defines CSR as a commitment to contribute to the sustainable economic development, to work with the company's employees, employees' family members, local community members and community in general in the efforts of improving the quality of life. Meanwhile, Laurel Grossman and Reputex define the CSR concept as a tool to create good business partnership relationship values with the stakeholders and at the same time to promote social and environmental values (Arif Budimanta, 2004). Meanwhile, Edi Suharto (2008) defines CSR as business operational activities that are committed not only to generate higher financial profits, but also to holistically develop social-economic zones that are institutionalized and sustainable. The concepts of theoretical and systematical pyramid of responsibilities have been developed by Archie B. Carrol to provide logic justifications concerning the reasons why a company need to develop social responsibility to the local communities. A company does not only have economic responsibility, but also legal, ethic and philanthropic responsibilities. Conceptually, social responsibilities constitute approaches where a company integrates its social care in operating its business activities and in interacting with stakeholders based on voluntarism and partnership principles.

The pyramid concept developed by Archie B. Carol shall be comprehended in its entirety because social responsibilities constitute corporate cares that are based on three basic principles known as triple bottom lines, namely:

1. Profit. A company shall remain to be oriented to seek economic profits to enable it to keep operating and growing.

2. People. A company shall always care with human beings' prosperities.
3. Planet. A company shall always care with the environment and sustainability of bio-diversity. Some social responsibility programs that rely on these principles may carry out programs that are related to environmental greening, clean water supply, housing improvement and ecotourism development.

6. Concept of Stakeholders

The stakeholder approach started to emerge in the mid of 1980s. The approach emerges in the efforts of improving responsive frameworks towards the problems faced by managers at such time, namely environmental changes (Freeman and McVea 2001). The purposes of managing stakeholders are to develop method to manage various groups and to maintain the relationships that are strategic (Freeman and McVea, 2001). The company's operational activities depend on the stakeholders' supports and such supports need to be sought for from them. Social expressions are considered as parts of dialogues between the company and its stakeholders (Gray, et. al., 1995). A company does not only operate for its own benefits, but also operates to generate profits for its stakeholders so that they provide sufficient supports to the company.

Freeman and McVea (2001) define stakeholders as every group or individual person who is able to affect or to be affected in order to achieve the goals of the organization. Stakeholders are classified into two groups based on their characteristics, namely primary stakeholders and secondary stakeholders (Clarkson, 14, 1995). Primary stakeholders could be an individual person or a group of people who depend on the company's existence. They cover shareholders and investors, employees, customers and suppliers, together with the groups that are defined as public stakeholders, namely the government and the community.

The secondary stakeholders are defined as those people who are able to affect or to be affected by the company, but they are not related to the company's transactions and the company's existence. Of the two categories of stakeholders, primary stakeholders are the group that mainly affects the company's existence because they have significant authorities towards the availability of the company's resources. Therefore, "when stakeholders control important economic resources of the company, the company will respond and react to satisfy what the stakeholders want," (Chariri and Ghozali, 2007). Furthermore, the theory of stakeholders generally associates with the methods that are adopted by the company to manage its stakeholders (Gray, et. al., 1997).

The theory of stakeholders constitutes a theory that describes to which parties the company is responsible to (Freeman, 2001). The company shall

maintain the relationships with its stakeholders by accommodating what they want and what they need, particularly to stakeholders who have authorities to the availability of resources that are used for the company's operational activities such as manpower, markets of the company's products and others (Chariri and Ghozali, 2007). A strategy to maintain the relationship with the company's stakeholders is to implement CSR. The CSR is hoped to be able to accommodate what the stakeholders want so that harmonious relationships between the company and its stakeholders can always be maintained to support the company's sustainable operations.

IV. CRS Implementation by PT Karya Tangan Indah

The goals of PT Karya Tangan Indah's CSR implementations are to ensure that the company operations do not cause dehumanization, but they encourage emancipation and bring profits to the neighborhoods while paying attentions to their interests so that *aquariumization* processes may take place. In addition, a goal of the company CSR is to honor women's roles or feminization.

The CSR implementation programs are formulated by accommodating the needs of the company and the community. The interests of the company and the community are accommodated so that they are in line with to those of shareholders. The CSR processes were programmed according to the formula developed by Suharto, 2007. The five stages hereunder can become the guidance in formulating CSR programs including those of ComDev:

1. Engagement. Early approaches to the community were conducted to establish good communication and relationships. This stage is to socialize the plan to develop CSR programs. The main purposes of this stage are to develop understandings, acceptance and trusts from the community. These are important for developing CSR targets because social capital is the basis to develop social contract between the company and other related parties.
2. Assessment. The identifications of problems and community's necessities provide the basis to develop appropriate programs. This stage is not only needs-based approach (community aspirations), but also rights-based approach (international convention or normative standards of social community rights).
3. Plan of Action. To formulate the action plans, the aspirations of the communities (stakeholders) on one side and the missions of the company including the shareholders on the other side shall be considered meticulously.
4. Action and Facilitation. The programs that have been mutually agreed can be carried out by the community members themselves or by a

local organization. However, they may also be facilitated by an NGO or the company. Monitoring, supervision and supports constitute the keys to success of implementing the programs.

5. Evaluation Termination or Reformation. This stage is to evaluate how successful CSR programs are. If the evaluation results find that the program shall be terminated, there shall be a contract termination and exit strategy among the relevant parties such as to carry out TOT CSR capacity building for the community (stakeholders) who will independently continue to carry out CSR programs. If it is found that the CSR programs shall be continued (reformed), the lessons learned for the next CSR program developments need to be formulated.

For 14 years since its incorporation, this company has experienced a significant growth. The company's goodwill is to become a green company, smoke free area and pollution free zone corporate. Considering this company is situated in the middle of kampong where most kampong people work as farmers, the harmonious relationships between the company and local communities have been well established. Therefore, the company can operate comfortably and safely in the kampong. In carrying out its social responsibilities, this company focuses to the areas as follows:

1. Ring 1A: Desa Adat Baturning. This traditional village (desa adat) directly relates to and becomes the neighbor of the company. In addition, the company is demographically situated in this traditional village.
2. Ring 1B: Desa Adat Umahanyar. This traditional village is the owner of the main access road heading for the company's premises.
3. Ring 2: Mambal Village
4. Ring 3: Abiansemal District
5. Ring 4 and afterwards: Regional, Provincial and National Governments.

The aforementioned categorizations have enabled the company to determine the priorities namely starting with the closer ones or those that relate directly with the company. The social responsibility programs and manpower recruitments are prioritized based on those rings. PT. Karya Tangan Indah has implemented its CRS based on a number of activities such as, Philanthropic Responsibilities, Ethical Responsibilities, Legal Responsibilities and Economic Responsibilities.

V. Social Activities

Desa Adat Baturning

1. The company's representatives and local community members will

work hand in hand to support all religious, traditional and cultural activities that are carried in Ring 1A (Desa Adat Baturning) and those of carried out within the company's premises.

The local community figures will advise the company if there is a:

- a. ritual or *piodalan* ceremony at the local village temple;
- b. marriage of a local community member; or
- c. Death of a local community member.

The social supports are divided into cash and non-cashed supports. The non-cash supports are in forms of providing rice, coffee, sugar or incenses.

2. New Academic Year Supports for Students

The company provides supports to the traditional village every new academic year in form of distributing studying supplies to all students including university students.

Desa Adat Baturning and Umahanyar

All social supports that are provided to Desa Adat Umahanyar are also provided to Desa Adat Baturning. However, not all supports that are provided to Desa Adat Baturning are provided to Desa Adat Umahanyar. This strategy is aimed at eliminating social jealousy considering the company operates and is situated in the area of Desa Adat Baturning and the company has now become a community member of Desa Adat Baturning. Therefore, Desa Adat Baturning is obliged to provide assistance if anything happens to the company such as fire or criminal act committed by outsiders. The social supports for the village cover:

1. Galungan Festive Parcels. Prior to the celebration of Galungan Festive, the company provides parcels in forms of basic necessities to the two traditional villages, namely Desa Adat Baturning and Desa Adat Umahanyar.
2. Development supports are provided annually to the two traditional villages where each traditional village receives the same amount of supports.

Non-regular direct supports are in forms of:

1. Temple restoration support
2. Road repair support
3. Youth sport activity support
4. *Ogoh-ogoh* (Effigies for Silent Day Festive) producing support
5. Bazaar activity support

Social responsibilities to the next rings are in form of supports for wider activities such as for Independence Day Celebration, Greening Activity, Irregular Scholarship, etc.

The most extensive activities committed by the company are to plant bamboos and to supply bamboo seedlings to all community members across throughout Bali Island. The seedlings are provided through the Environmental Agency of Bali Province and all Environmental Agencies of Regencies across throughout Bali Province. These activities prove that PT. Karya Tangan Indah has implemented CSR programs with the principles of Philanthropic Responsibilities where the company is hoped to be a good corporate citizen.

PT. Karya Tangan Indah has contributed resources to community in the efforts of improving their quality of life. These contributions constitute the evidence that PT Karya Tangan Indah has implemented Ethical Responsibilities where the company is hoped to be an Ethical Corporate. The obligations are to do what is right, just and fair and to avoid harm.

In addition, PT. Karya Tangan Indah has also implemented Legal Responsibilities that focus on the compliance to the prevailing provisions of laws. Laws constitute society' codifications of right and wrong that are needed to play the rules of game. Lastly, PT. Karya Tangan Indah's CSR are the implementation of Economic Responsibilities where it shall be a profitable entity that becomes the foundation upon which others rest.

VI. Responses and Constraints

The company CSR activities have managed to general community's responses and the most significant responses of these corporate social responsibilities are that the company enjoys high security impacts. The community members have high sense of belongings to the company so that they directly and indirectly participate in maintaining and protecting the company's existence. Nevertheless, CSR activities bring good responses and some constraints. The constraints not only come from the internal organization, but also from the external organization of PT. Karya Tangan Indah.

The internal constraints are in form of non-budgetary requests that may sometimes disturb the company's operations. The requests have to be answered otherwise they are potential to cause another new social issue to arise.

The secondary stakeholders shall be paid attentions and fully involved in planning and evaluating works. They cover all groups in the community that are able to be directly or indirectly affected by the secondary impacts of PT Karya Tangan Indah's operation and these stakeholders are potential

constraints from outside organization. Considering constraints in implementing corporate social responsibilities may come from outside organization, the company shall carry out comprehensive studies that are fair, and respond to social issues and consider the local community's traditions and cultures.

VII. Recommendations

The most prominent CSR activities of PT Karya Tangan Indah are the environmental re-cycling and social religious supports to the traditional village where the company is situated. PT. Karya Tangan Indah's CSR programs are affected by the party receiving supports and the internal organization.

From the analysis, it has been found that PT. Karya Tangan Indah's CSR programs on recycling and social religious supports have managed to attract the community's enthusiasm. It is because the ritual ceremonies in the traditional village where PT. Karya Tangan Indah operates are held regularly and involve the entire community members.

Based on the analysis findings, it is recommended that the future PT. Karya Tangan Indah's CSR programs should involve the community members commencing from the planning up to the evaluation processes. It is necessary to involve them for sustainable programs and for addressing their needs and priorities. In addition, their involvements are hoped to be able to duly plan and organize the allocated budgets.

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