

**ABSTRACTS**

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***6<sup>th</sup> International Conference on Economics  
and Social Sciences  
(ICESS-2015)***

*Surabaya, Indonesia*

*14 -15, February 2015*

Organized by

**International Foundation for Research and Development  
(IFRD)**

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## **Preface**

Dear Distinguished Delegates and Guests,

The Conference Committee warmly welcomes our distinguished delegates and guests to the 2015 International Conference on Economics and Social Sciences (ICESS-2015) held on February 14-15 in Surabaya, Indonesia.

The ICESS-2015 is organized by International Foundation for Research and Development (IFRD). The conference is aimed at discussing with all of you the wide range of problems encountered in present and future issues in economies and Societies. The ICESS-2015 is organized in collaboration with Dr. Soetomo University Surabaya, Indonesia, Yildirim Beyazit University, Turkey, Shinawatra International University, Thailand, PERTRE ANDERI of IASI, Romania and National Academy of Management, Ukraine where researchers from around the world presented their work. The conference committee is itself quite diverse and truly international, with membership around the world.

The proceeding records the fully refereed papers presented at the conference. The main conference themes and tracks are Economics, Business and social sciences. The conference aims to bring together researchers, scientists, engineers and practitioners to exchange and share their experiences, new ideas and research results about all aspects of the main conference themes and tracks and discuss the practical challenges encountered and the solutions adopted. The main goal of the event is to provide a scientific forum for exchange of new ideas in a number of fields that interact in depth through discussions with their peers from around the world.

The conference has solicited and gathered technical research submission related to all aspects of major conference themes and tracks. All the submitted papers have been peer reviewed by the reviewers drawn from the scientific committee, external reviewers and editorial board depending on the subject matter of the paper. Reviewing and initial selection were undertaken electronically. After the rigorous peer-review process, the submitted papers were selected based on originality, significance, and clarity for the purpose of the conference. The conference program is extremely rich, featuring high-impact presentations. The high quality of the program guaranteed by the presence of an unparalleled number of internationally recognized top experts. The conference will therefore be a unique event, where attendees will be able to appreciate the latest results in their field of expertise, and to acquire additional knowledge in other fields. The program has been struttred to favor interactions among attendees coming from many diverse horizons, scientifically, geographically, from academia and from industry.

We would like to thank the program chairs, organization staff, and members of the program committee for their work. We are grateful to all those who have contributed to the success of ICESS -2015 especially our partners. We hope that all participants and other interested readers benefit scientifically from the proceedings and find it stimulating in the process. Finally, we would like to wish you success in your technical presentations and social networking.

We hope you have a unique, rewarding and enjoyable time at ICESS-2015 in Surabaya.

With our warmest regards,

Conference Committee  
February 14–15, 2015  
Surabaya, Indonesia.

## **ICESS-2015**

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**ABSTRACTS**

## **Corporate Social Responsibility (CSR) and the Human Existence**

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**Abstract:** Human being is the center point of CSR. Human being became the implementer and the goal of CSR. This article is intended to provide a deep understanding of CSR from the concept of human existence. From human existence, company has social dimension. Therefore, CSR is a responsibility which inherent at the company existence. CSR orientates in both of self-interests and human-interests. CSR is intended for the personal workers development as a whole human being and the all stakeholders well-being.

**Keywords:** *human existence, company existence, CSR*

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**CORPORATE SOCIAL RESPONSIBILITY (CSR)  
AND THE HUMAN EXISTENCE<sup>1</sup>**

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## **ABSTRACT**

Human being is the center point of CSR. Human being became the implementer and the goal of CSR. This article is intended to provide a deep understanding of CSR from the concept of human existence. From human existence, company has social dimension. Therefore, CSR is a responsibility which inherent at the company existence. CSR orientates in both of self-interests and human-interests. CSR is intended for the personal workers development as a whole human being and the all stakeholders well-being.

*Keywords:* human existence, company existence, CSR

## 1. Introduction

Today, CSR is becoming one of the innovative forms for the company relationship with the community, government, suppliers, consumers, and environment. CSR concerns in economic, social, and environment aspects. It is based on three basic principles which include profit, people, and planet (3 P). These three basic principles are derived from the principles of sustainable business Elkington (Elkington, 1997).

From the 3P principles, company responsibility is not only limited to the company's shareholders but also to the society and the environment. This is in line with the stakeholders theory which states that the company is not only responsible to shareholders but also to all stakeholders whose affected by the company's behavior and decision (Freeman & Reed, 1983). According to Dahlia and Siregar (2008), CSR is an ethical claim. Company should operates for the stakeholders' benefit in business practices, such as workers, local communities, government, consumers, and environment.

In concept, the implementation of CSR should be able to provide benefits not only for companies but also for the community and the environment. In practice, it is not. For example, it can be seen in the case of alleged corruption CSR fund in cooperation projects between PT. AT and JS University (Tempo.co, 2013). The CSR fund from PT. AT is managed by JS University in 2011. From this case, BPK found that the government get loss of 2,154 billion rupiahs (acehbaru.com, 2013). The company's fund is supposed to be allocated for community development in Munggangsari-Purworejo which distorted by various parties, both from PT. AT and JS University as the program implementers. From the CSR program, PT. AT will bring something useful to upgrade the people's life in Munggangsari, but with the alleged corruption cases, PT. AT gets social conflict and detrimental to the government as one of the company's stakeholders. This suggests that in the implementation of their CSR, PT. AT can not be separated from the program implementer self-interests motive. This condition becomes one of the failure causes from the company to achieve the harmony between profit, people, and planet which underlying the concept of CSR.

A socially responsible company can not only seen from the perspective of the CSR concept or CSR program. It is also related to the individual's behavior as the implementer of CSR program. The behavior of the implementer reflection the company's behavior.

In the essence, the company is a communion of individuals who are not contractually bound only, but collectively trying to achieve a common goal. The business activities of the company, either social responsibility activities, include the various interactions between the individuals in the company itself as well as the interactions with individuals who are outside the company.

Therefore, CSR can not be separated from human being as the implementer and the goal of CSR implementation. Human being become the central point of the concept and the practice of CSR. Saerang's study (2001) explains that human responsibility arises by the human mission from God to serve all the needs of society.

Thus, talking about CSR can not be separate from the understanding of human existence as God's creature in His image. This article is intended to provide a deep understanding of CSR from the concept of human existence. This article is divided into four sections. First, human being and his existence; second, company as a human community; third, a holistic view of the company; and fourth, company existence and its social responsibilities.

## 2. Human Being and His Existence

"God is love" (1 John 4: 8). Because of His love, human being was created in His image. Human being carries the basic character of God. "God is *Esse* (Being) that causes and moves everything, then each of God's creation receives its most basic character from God" (Ohoitumur, 1998, p. 158). As Aquinas mentioned, "*Ipsum Esse subsistence*" (Ohoitumur, 2006, p. 82), the existence of everything is from the most radical basis, that is God. Therefore, human existence is a partial participation in God's existence (Rumambi et al., 2014).

With the existence available to him, human being becoming the glorious creation. Therefore, human being has different essences according to his nature from others creature (Ohoitumur, 2006). From his nature, every human being has an intellect and free will (*Gaudium et Spes* 15, 17).<sup>2</sup> That nature is the personal nature of every human being.

Besides the individual nature, human being has social nature. The word "social" is derived from the Latin *Socius*. It means friends that can be defined as living together with others. Human being can not live alone without the presence of his neighbor. In his life, human being are interdependent each other. As social being, every human need to interact with others. "For by his innermost nature man is a social being, and unless he relates himself to others he can neither live nor develop his potential" (*Gaudium et Spes* 12).

In that social interactions, human being has the freedom to develop and prosper himself. However, because of every human being has the same freedom, the freedom of the human person is limited by the freedom of others. Therefore, human being can not act in their own way. Every human action must take into account with the interests and the lives of others. In this context, human being has a social responsibility towards the life of others. Thus, human's social responsibility is a responsibility that comes from the social dimension of human nature.

According to Emmanuel Levinas, the presence of others shows that each individual has a responsibility towards the others. Face of the other is the ethical appeal that became the lawsuit against my autonomy so I had to get out and open to the world outside of me (Bertens, 2006). The appearance of others' face are tear down my selfishness. The relation between me and the others became into subject to subject relation.

In this relation, the appearance of others makes I exist. I'm going to be me when other people there. In conscious, human continue to socialize with other human beings as autonomous subjects. I understand myself as the completely subject when the internalization process takes place. Recognition as I became from other human beings and at the same time, a form of responsibility is inherent in every person.

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<sup>2</sup> References to all documents of the Second Vatican Council as *Gaudium et Spes* (Pastoral Constitution on the Church in The Modern World, taken from: Vatican Council II, The Conciliar and Post Conciliar Documents, Editor by A. Flannery, O.P. (New York: Castello Publishing Company, 1977). As usual references to Church documents are done by designating number or article of the documents, and not on the page.

According to Levinas, in the responsibility of other people, I constituted as subjects. Therefore, the other is also the subject as we are to be responsible (Magnis-Suseno, 2006). For Levinas, a human person who takes responsible of others if he wants to respond to others. Response or the answer come when I face others. To face others as subject, get me tied to responsibilities. This means that the responsibility of each individual is exist because of the presence of others. That responsibility concreted in socialization process between each individual with others.

Human being, who bring the love character of God, concreted his love through the implementation of his responsibilities. Loving others means responsible for the lives of others. As noted in Matthew 22: 37-39, man should love God with all his heart, his soul, and his mind. This is the first and the great commandment for human beings. In this context, God wants human's love directed to Him by the totality of human being. To realize the love, human being concreted to others.

Fellow man is the embodiment of God in the world. That is why in the second law says to be the same with the first law. That is, to love God is to love others. Human is required to love his neighbor as himself. This means, as human beings, they are responsible for their own lives and also called to be responsible for others life in a variety of activities, such as the company's business activity.

### **3. Company as a Humane Community**

The company is a legal entity set up under a particular law. Therefore, the existence of the company is secured and legitimated with law. This means that the company is formed from human which its existence is bounded by the rule of law (Keraf, 1998).

Aside from being a legal entity, the company is also a private artificially. As a private artificially, company consist of human being (Keraf, 1998). The company is a human organization whose activities are planned, decided, and executed by humans. Therefore, talking about the company and its activity is understood as a human activity. In this context it can be said the company as a humane community.

Community comes from the Latin *communio*. It means to share communion or fellowship or joint life (Prent et al., 1969). According to Mele (2012), the firm as a community of persons; companies with a strong sense of community based not only on the unity given by contracts and interests but also on commitment, loyalty, and a sense of belonging, shared beliefs, and values, and cooperation toward common goals. Humane community is intended as a community in which to live or work in which individuals have the direction, goals, and values to achieve the same basic common welfare. According to Mele (2012), "Community is understood as a unified body of individuals; people with common interests or living" (p. 92).

Therefore, the company is formed not only to profit, but also to prosper their life based on the dignity of the human person. That is why according to Mele (2012), "A better understanding of what the business enterprise is by considering its human wholeness" (p. 90). The business enterprise must be understood in the perspective of the whole human dignity, as a person created in His image and as social beings.

The implications of the creation in God's image, in business, human being must be valued and treated as subjects. As subject means human being become the center of all activities and the objectives of the company's activities. As social beings, the development of the human person most dependent on relationships or human interaction with each other. The interactions get a concrete form in all company's activities.

Understanding as the above stated that the company's business activity is essentially derived in human being. Even the company itself can be analogous to human person. As human has members of the body, the company also has too. Company or other names corporation, corporate, derived from the Latin *corpus* (Prent et al., 1969). *Corpus* means body or bodies. Company as a body composed of many members which are structured according to each member functions and duties. Each member of the body carry out their duties in order to achieve a common goal and maintain the existence (Yosephus, 2010).

As the body has a head, as well as the company has a head, that is company leaders (managers). The role of the manager is very decisive and direct all members of the *corpus*. The manager assisted by employees. The employees, as the hands and feet of the body, are implementing the company's operations. The accountant, as the heart of the company, set up and maintain the circulatory rhythm, that is company's financial.

Another part of the body is the skin that unites all the organs of the body. Company rules and government regulations analogous to skin that unites the desire of all who is involved in the company's activities in order to achieve common prosperity. As a body, the company also has a heart, that is the core values or basic values that underlie all the activities of the company in realizing its vision and mission. As the body has a system working mechanism as well as the company has a system working mechanism between the parties involved in company activities, such as good corporate governance.

In realizing its vision and mission, the company also needs the involvement of other parties as business partners. The business partners such as suppliers, consumers, and government. With the involvement of the business partners, business activity become into a relational activity which beneficial to all parties. From planning, procurement, production, marketing to achieve the target, involves many parties in it. Without these relational activities, the company's business activity will never happen.

In the context of the relational activity, company's business activity always has others directedness. The directivity to others must be understood existentially that the 'company' as a free individual in his development also participate in responsibility for the development of others. In this case, a fellow for the company is their stakeholders.

### **4. A Holistic View of The Company**

From an understanding of the company as a humane community, as human be seen in his wholeness, so do the company must be seen in a holistic perspective. In this perspective, the company is seen as a humane community, the company is seen as a system, the company is seen as a process, and the company's business relationships are seen as an organic relation.

As members of the humane community, human is the key to mobilize and empower the whole company devices optimally. Company's life begin with the investors (shareholders) who invest. The presence of these investors allows the company to start a business. As the owner of the company, investors need workers including commissioners and directors, so that the business can run and do a productive work. The company requires suppliers to get the raw materials to be used in production.

Company needs consumers who will buy the product. The company needs the natural environment as a source of raw materials and a place to move. In addition, the company also requires the government and society which are not directly related to the activity of the company. The government acts as the party, which seeks to provide legal certainty, and provides public facilities for the company. Surrounding communities that are not directly related to the activity of the company is a source of employment and supporting the company existence. Shareholders, employees, suppliers, consumers, natural environment, and communities are the parties with an interest in the company. These parties are referred to the company's stakeholders, although the role and the importance of them are different to the company.

A company needs more system chain to regulate the relationship between stakeholders and set the way of business activity. The system is formed according to the vision, mission, core values, and good corporate governance. A system includes organizational structure and work mechanism flow (process). The organizational structure is parts or units that are organized as a unity. As any part of the production and marketing indicates any production and marketing systems. It can be said, each section (department) has its own system. The system is demonstrated through the functions, duties, responsibilities, and authorities of each department. The implementation of the functions, duties, and responsibilities indicate a working mechanism path.

The flow mechanism of activity consists of procedures over a command line or coordination so that all parts synergistically achieve the goal. Thus, the entire existing system interact with each other and have dependencies to each other. The interaction and interdependence is formed from the activities of the interrelated parts between one part to other parts of the company. Interrelated activities showing that a variety of systems and processes within the company's activities form a totality. That is, everything consistently interrelated and supported each other on a regular basis to form a unity to achieve its goals. Failure of one part, because it is not functioning well, will disrupt the entire working of the system and will result in failure to achieve an optimal corporate objectives.

In this context, the company is seen as a living organism (*corpus*) because it has an organic relationship between one parts (function) with other parts. Organic relation is a mutual relationship of one another. For example, not-functioning of the accounting department properly result in disruption to the survival of the company. All parts must work in synergy to achieve company goals optimally.

The revive relationship does not simply understood as a relation across departments or across functions but it is a relationship between the individuals whose involved either directly or indirectly with the company. The relation shows that the company needs the stakeholders and at the same time improve the welfare of their stakeholders. The relationship that is built up from the company's relationship with its stakeholders form a mutually relationship and prosper each other. In that sense, the company is not only responsible for himself but also responsible for the lives of their stakeholders.

From a holistic view of the business enterprise, the company is a communion of individuals whose behavior, activities, goals, systems, processes, and organic relationships that formed and centered to human being. Thus, the existence of the company, can not be separate from human being. Understanding about social responsibility of the human person is the basis for understanding about company and its social responsibilities.

## **5. Company Existence and Corporate Social Responsibility**

Existentially, from his social dimension, human being responsible for each others' life and personal development. This is the basic for the existence of the company. Company presence is to be responsible for their stakeholders life and personal development. Hence, CSR is the responsibility which inherent in the existence of the company.

CSR realized by the company's social interaction with stakeholders. This social interaction is implemented in various activities of the company. Social interaction is not only limited to the relationship that is built on the company's business activity, but it is an organic relation to each other turn. Therefore, CSR should be understood in three aspects.

First, the company in their activities recognizes the similarities dignity, degree, and the right of their stakeholders. The similarity comes from each stakeholder's own rights in accordance with his role and interest. Consequently, there is no certain stakeholders more important. All stakeholders are equally important as their role to form the company as a whole.

Second, companies should not treat their stakeholders as a means to achieve its goals. The business activity is a joint work of all stakeholders. Their stakeholders need to be respected as subjects in the company's activities. Third, the company's life can not be separated from their stakeholders. Companies can not exist without the presence of their stakeholders. The role of the stakeholders also affect the survival of the company. Consequently, the success achieved by the company also provide their stakeholders welfare.

From the understanding of the three aspects above, CSR is intended for the personal development of workers as a whole person and the all stakeholders welfare. As a human community, if seen inside, company able to exist because of the presence of the workers. Company's operational activities highly dependent on the existence and activity of workers.

In the Green Paper 8, Commission of the European Communities, states, "CSR is expressed towards employees and more generally towards all the stakeholders affected by business and which in turn can influence its success." By Commission, CSR is addressed to workers and generally addressed to all stakeholders that are affected and affect the activity and survival of the company. Implementation of CSR based on voluntarism (voluntary basis). According to the Commission, CSR has an internal and external dimension. In the internal dimension, CSR practices

are primarily intended for workers, such as healthy and safety during the work and development their skills (Green Paper, 27).

The workers' personal development as a whole person means that companies must be responsive to the needs, progress, and welfare of the workers. Personal development is not only related to subsistence and welfare of the workers, but also the entire family. Workers, in their activity and role, are not only rewarded with provincial minimum wage. Various efforts made by companies such as providing health care benefits for workers and their families, giving bonus for holiday beyond the regulation, developing the moral values of workers, as well as providing the freedom for workers in carrying out his religious life. This suggests that the personal development of workers related to improve workers life, to support workers morale growth and to develop their spiritual talents. The development is not only touches on the physical or material but also the spiritual aspects from the workers and their family.

With responsible for the goodness, progress, and welfare of the workers and their families, will foster a sense of belonging to the company. The workers will perform all duties and responsibilities as a form of loyalty to the company. The workers will be motivated to achieve the common good. Hence, the company can also doing for the good or the welfare to all stakeholders.

CSR for the welfare of all stakeholders are addressed to implement responsibilities for all stakeholders both internal (employees, shareholders, and the work environment in the company) and external (customers, suppliers, governments, communities, the environment around the company, and the natural environment). The presence of all stakeholders are equally important, although the role and importance vary. The relations that have developed between company and their stakeholders are an organic relationships. Each stakeholder has a role which interrelated one another that form an integral activity of the company.

In the case of PT. AT, the implementation of social responsibility which motivated by self-interests of the executive program, generate social conflicts not only for the company itself, but also for the people in Munggangsari and the Indonesian government. This suggests, existentially, the presence of PT. AT has not been able to develop a personal worker as a whole person. PT. AT also has not been able to improve the welfare of their stakeholders.

In the perspective of legitimacy theory, CSR is implementing to gain legitimacy from the public to company existence. According to Deegan (2004), companies ensure that they are operating within the framework and norms that exist in the community or the environment in which they are located. They are trying to ensure that they are accepted by outsiders as legitimate. If the company does not gain legitimacy from the community, then this may disrupt the company existence. "If legitimate concerns are disregarded, stakeholders may damage the company's operations or refused to do business with it" (Post et al., 2002, p. 9).

According to Argandona (2011), companies need to create stakeholders' value. Furthermore, Freeman (2008) says that the main idea of capitalism lies in the creation of value by the company. The value created by looking at the common interests of the stakeholders.

The thought of Argandona and Freeman actually start from the stakeholder theory. According to Freeman and Evan (1988), the community or the local community provide corporate guarantee to operate. Conversely, stakeholders can get benefit of the economic and social contribution from the company. Wibisono (2007) stated that the company is a part of the community. Social activities serve as a compensation for the control of natural and economic resources by the company that sometimes is expansive and exploratory. Social activities also serve as a social compensation due to the incidence of discomfort in the community. Because of this, the assurance or the legitimacy of the company to operate in a sustainable manner depends on the creation of stakeholders' value. The creation of these values to obtain the support of the public and to get the license to operate, the harmonization of relations, the progressive increase in the company's image, even down social conflict (Wibisono, 2007).

As basically, the company conducts his social responsibility to get their legitimacy from the community. On the one hand, for the sustainability of his business, the company needs to gain legitimacy from the community; but the legitimacy gained by implementing social responsibility with self-interests motive only, is not sufficient or complete to be called as a socially responsible company.

The self-interests behavior of companies can not be separated from the concept of man as homo economicus. Humans in the economic life of modern economics always think rationally to improve their welfare. In any economic activity, humans always put their personal interests. Each action are always seen from the profit and cost factors (Colombo, 2008). Therefore, companies conceptualize and practice social responsibility in order to improve the welfare of the company itself. Rina study (2008) showed that the CSR activities have a significant influence on the profitability of the company. CSR encourages company's profitability level. In line with Rina, Hadi (2009) also showed that CSR is to increase sales, to improve the owners well-being, and to get the appreciation of the community.

The concept of CSR based on the 3P principles need to be understood not only as a responsibility that is addressed to people who are outside of the company and the natural environment, but also includes human person who are inside of the company. As noted by Veeger (1986), individuals form communities and society play a role in the individual. In the context of the company, the company plays a role in the community and society play a role in the company. The company existence depends on the presence of the society. Workers represent the nearest society of the company (Rumambi et al., 2014).

Therefore, CSR is not only self-interests oriented as the company whole activities to get profit, to arise company's image, and to get legitimacy from the community, but also human-interests oriented. Human-interests oriented means that the company's activities will done to fulfill the interest of human life as human being. The company which human-interests oriented always make various effort to bring for the goodness, progress, and welfare of all stakeholders. Human-interests also means that all the company's activities should be directed to use nature for human needs without forget that nature has the rights to develop sustainable and has the benefit for others organism.



## 6. Conclusion

Human being was created by God in His image. Human existence is a partial participation in God's existence. With such participation, human being has the social nature. From his social nature, human being is existentially responsible for each other's life.

The company is a communion of life among individuals who work together to achieve a common goal. This means that all the company's activities are centered in human being as the goal and implementer of activities. Company can exist because of the stakeholders' presence. The company and its stakeholders are interdependent each other. Therefore, the social dimension of the human being is also the social dimension of the company. As his social dimension, company presence is also responsible for the stakeholders' life, well-being, and personal development.

CSR is a responsibility which is inherent at the company existence. Consequently, the implementation of CSR is not only self-interests oriented, but also human-interests oriented. Therefore, CSR is intended for the personal workers development as a whole human being and the all stakeholders welfare.

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