PUBLIC – PRIVATE – COMMUNITY PARTNERSHIPS :
A CASE OF UNILEVER'S CORPORATE SOCIAL
RESPONSIBILITY IN SURABAYA, INDONESIA

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ASIA EUROPE INSTITUTE
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ABSTRACT

The intricate linkages between economic globalization and global environmental degradation place multinational companies (Multinationals/ MNCs) as one of the key players in promoting sustainable development, an alternative development paradigm that reconciles the competing interests of economic growth, environmental protection and social welfare. *'Corporate Social Responsibility'* (CSR) has recently come up as a common practice of MNCs' world-wide to demonstrate commitment towards becoming more socially and environmentally responsible in their business practices. Taking the case of Unilever's Green CSR Program in Surabaya (2001 – 2010), this study aims to gain a better understanding about the reality of Unilever's Green CSR practices in the Indonesian local setting. Although the term 'CSR' has gained popularity among business, academic and NGO communities in Indonesia, there is still a gap between how CSR is carried out and the ideal norms of CSR based on international standards. Currently CSR tends to be merely associated with community development and public relations programs, instead of being positioned in a more strategic and sustainable projects that potentially have far-reaching implications. This study applies a qualitative research approach with case study and process-tracing methods. These methods are deemed to be well-suited to explore the complexities and peculiarities of the phenomenon being studied. The use of this approach is essential to better understand the realities, particularly in regards to the critical question of whether Unilever has moved beyond *'business case'* CSR practices. Rich qualitative data resulting from in-depth interviews with key stakeholders and direct observations made in the related sites in Surabaya have not only enabled this study to achieve its objectives but also uncover the undisclosed facts and informal realities about the overall process and achievements

related to Unilever's Green CSR Program in Surabaya. The findings in this study show that Unilever is not the only actor that contributed to the achievement of the community-based waste management program. Instead, it should be acknowledged that as a result of its engagement with the local Surabaya City government and media *(Jawa Pos)*. Unilever has successfully initiated the establishment of an *'environmental cadre network'* and a competition-based mechanism for wider public participation to promote a greener and cleaner Surabaya. In short, this study has shown that a multi stakeholders partnership has proven to be a strategic instrument for MNCs to effectively implement CSR programs dealing with complex and controversial public issues like the environment. Nevertheless, the local context is equally important to take into consideration in order to fully appreciate the role of social capital and the quality of public institutions. Ultimately, along with increasing civil society participation and increasing awareness of private (business) sectors to promote sustainable development, it is the responsibility of the government to better perform its function in facilitating and enabling good environmental governance, particularly in environmental law making and enforcement in order to govern sustainability for the well being of society and the environment. Finally, as the theoretical contribution of this study to the advancement of knowledge, we can say that sustainable development needs a 'transformational partnership' in which actors across sectors engaged in collaborative action to develop a new governance mechanism and transform the logic of sustainability into practicality with the full support of media so that shared values, norms and objectives are embedded in the process and the ultimate goal. This kind of partnership goes beyond a matter of benefit and risk-sharing process and the actors engaged also do not take the partnership itself as a project *an sich.*

ABSTRAK

Kerumitan perhubungan antara ekonomi dan kerosakan alam sekitar secara global telah menempatkan Syarikat Multinasional *(Multinationals/MNCs)* sebagai penggerak utama dalam menggalakkan pembangunan mampan serta paradigma alternatif pembangunan yang boleh menyatukan kepentingan pembangunan ekonomi dengan perlindungan alam sekitar serta kebajikan sosial. *'Corporate Social Responsibility' (CSR)* atau tanggungjawab social korporat kini telah menapak sebagai satu amalan lazim bagi MNC seluruh dunia untuk menunjukan komtimen sosial dan tanggungjawab terhadap alam sekitar dalam menjalankan perniagaan. Merujuk kepada kes *Unilever Green CSR* (2001 – 2010), tujuan kajian ini adalah untuk memahami realiti amalan *Unilever Green CSR* dalam suasana tempatan terutamanya di Indonesia. Walaupun terdapat prospektif yang baik berkenaan amalan CSR yang kini semakin popular di kalangan komuniti perniagaan, akademik dan NGO di Indonesia, namun masih terdapat perbezaan di dalam amalan norma-norma ideal CSR tersebut. Setakat ini, CSR lebih dikaitkan kepada program pembangunan masyarakat dan hubungan awam dan bukan kepada pengurusan projek-projek strategic dan mapan. Kajian ini menggunakan pendekatan kaedah penyelidikan kualitatif dengan merujuk kepada pengkajian kes dan kaedah proses-kerja mencari *(process-tracing methods)*. Penggunaan kaedah ini bertujuan untuk meneliti kerumitan dan keunikan fenomena yang dikaji, terutamanya untuk menjawab persoalan kritikal iaitu samada Unilever telah melangkaui amalan *'business case CSR'*. Hasil pengumpulan data kualitatif yang diperolehi menerusi kaedah '*in-depth interviews*' dengan

beberapa pemegang berkepentingan serta pemerhatian teliti yang dijalankan di Surabaya, ianya telah membolehkan penyelidikan ini mencapai objektifnya dan membongkar fakta tersembunyi dan realiti tidak formal berkenaan keseluruhan proses serta pencapaian berkaitan dengan program kehijauan CSR Unilever di Surabaya. Kajian ini turut mendapati bahawa Unilever bukanlah pihak tunggal yang memberikan sumbangan utama kepada pencapaian program pengurusan sisa berasaskan komuniti. Perlu diakui bahawa Unilever telah berjaya menubuhkan *'environmental cadre network'* dan mekanisme bagi penyertaan awam yang lebih meluas untuk menggalakkan kebersihan dan kehijauan di Surabaya. Kejayaan ini merupakan hasil penglibatan langsung pihak Kerajaan Tempatan di Bandar Surabaya dan juga pihak Media *(Jawa Pos).* Secara ringkas, pengkajian ini membuktikan bahawa perkongsian berbilang pihak berkepentingan adalah satu alat strategi yang efektif syarikat-syarikat multinasional melaksanakan program CSR yang berkaitan dengan isu-isu awam yang kontroversi serta kompleks seperti alam sekitar. Namun, dalam konteks tempatan ianya adalah amat penting untuk menghargai sepenuhnya kualiti institusi awam dan modal sosial. Akhirnya, seiring dengan peningkatan kesedaran serta penyertaan masyarakat dan sektor swasta (syarikat perniagaan) dalam menggalakkan pembangunan mampan, adalah menjadi tanggungjawab kerajaan untuk berfungsi dengan baik dalam melaksanakan pengurusan alam sekitar yang lebih baik. Salah satu tanggungjawab utama kerajaan ini adalah pengubalan perundangan dan perlaksanannya untuk mentadbirkan kemampanan *(sustainability)* demi kesejahteraan masyarakat dan kualiti alam sekitar. Daripada segi teoritis, kajian ini menyumbang pada pengetahuan baru, bahawa pembangunan mampan memerlukan *'transformative partnership'* yang melibatkan kerjasama semua pihak.

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The Sustainable Development Agenda has continuously challenged my intellectual curiosity. Long before I wrote this thesis, it was in 1997, when I joined the Leadership for Environment and Development (LEAD) Training program, with full support from Rockefeller Foundation, my understanding about the importance of the environmental issues in development has flourished. Since then, having undergone a long journey of education and training from one place to another, and having experienced various intellectual exercises through reading, discussion, writing and teaching my passion on the complexities of this issue has grown and finally results in this thesis.

Through this doctoral thesis, I have learned many distinguishing features of the environment that make it an interesting, significant and strategic issue to be studied over the time. First and foremost I thank my Almighty God, *Allahu Subhanahu Wata'ala,,* There is no strength and efforts without His blessing. Only with His Love and Blessing am I able to reach this accomplishment. Secondly, I would like to extend my deepest gratitude to the Government of the Republic of Indonesia that has provided grants so that I could enjoy my higher education in Universiti Malaya (UM) with all of its dynamics. Thank you also for the former Rector of Universitas Indonesia (UI), Prof. Gumilar R. Somantri, the former Dean of the Faculty of Social and Political Sciences UI, Prof. Bambang Shergi Laksmono, and his successor, Dr. Arie Setiabudi Soesilo, M.Sc. who have given me an opportunity to pursue my doctoral program and extended institutional supports for the accomplishment of my study in Malaysia

This thesis is the result of my learning process to which many people have contributed. My supervisor, Professor Datuk Roziah Omar, an admirable woman, is very supportive since the beginning of my life at UM and has continuously given her

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Kuala Lumpur, February 2015

Nurul Isnaeni,

Asia Europe Institute Universiti Malaya

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APAL : *Alat Pengolah Air Limbah* (Distiling Water System)

BAPPENAS : *Badan Perencanaan Pembangunan Nasional* (National Development Planning Agency)

BAPPEKO : *Badan Perencanaan Pembangunan Kota* (City Development Planning Agency)

BLH : *Badan Lingkungan Hidup* (Environmental Management Board)

CBWM : Community-Based Waste Management

CSR : Corporate Social Responsibility

DKP : *Dinas Kebersihan dan Pertamanan* (Cleansing and Landscaping Department)

FMCP : Fast Moving Consumer Products

ITS : *Institut Teknologi Sepuluh November Surabaya*

IGES : Institute Global and Environment Studies

IUD : Integrated Urban Development Program

KITA : Kitakyushu International Techno-cooperative Association

KIP : *Kampung* Improvement Program

LSM : *Lembaga Swadaya Masyarakat* (Non-Governmental Organizations)

MSWM : Municipal Solid Waste Management

MNC : Multinational Companies

MUSRENBANG : *Musyawarah Rencana Pembangunan* (Public Dialogue for Developmental Pelan)

NGO : Non-Governmental Organization

PKK : *Pemberdayaan Kesejahteraan Keluarga* (Empowerment Family Welfare)

PUSDAKOTA : *Pusat Pemberdayaan Masyarakat Kota* (Center for Urban Community Empowernment)

RENSTRA : *Rencana Strategis* (Strategic Plan)

REPELITA : *Rencana Pembangunan Lima Tahun* (Five Year Development Pelan)

RAN-GRK : *Rencana Aksi Nasional (Penurunan) Gas Rumah Kaca*

(National Action Plan for Emission Reduction)

RPJM	:	*Rencana Pembangunan Jangka Menengah*
		(Mid-Term Development Plan)
RT	:	*Rukun Tetangga* (Neighbouring Units)
RW	:	*Rukun Warga* (Community Neighbouring Units)
RSGG	:	Road Show Green and Clean
SGC	:	Surabaya Green and Clean
TPA	:	*Tempat Pembuangan Akhir* (Final Disposal Site)
TPS	:	*Tempat Pembuangan Sementara* (Temporary Disposal Areas)
UI	:	*Unilever Indonesia*
UU	:	*Undang-Undang* (National Law)
UNCED	:	United Nations Conference on Environment and Development
UNAIR	:	*Universitas Airlangga*
UNESA	:	*Universitas Negeri Surabaya*
WBCSD	:	World Business Council on Sustainable Development

CHAPTER 1

INTRODUCTION

1.1. Background to the Study

Globalization has undeniably brought about fundamental changes to almost all aspects of human life today wherever they live. Technological breakthroughs, particularly in information, communication and transportation technologies, are the important factors which drive the globalization process in such significant ways in terms of speed, scale, intensity, features and impacts (Held & McGrew, 1999). On top of that, economic globalization has been the predominant feature of globalization. It has opened many opportunities for increasing cross-national trade and investment as well as people mobilization that have resulted in global economic growth with its various impacts.

In the above context Multinational Companies (MNCs or Multinationals)[1] have appeared to be one of the most important and influential non-state actors. Due to their distinctive economic leverages, MNCs have played a prominent role as the engine of growth to both industrialized and developing nations that have significantly contribute to the creation of world-wealth. MNC's control over strategic assets of global investment and trade have effectively enabled them to stimulate the creation of dynamic comparative advantages that lead to new technology transfers, capital

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[1] This study uses the term MNCs to refer mainly the enterprises that engage in foreign direct investment (FDI) and own or control value-adding activities in more than one country. Some literatures use MNEs (Multinational Enterprises) or TNCs/TNEs (Transnational Companies/ Enterprises). The terms of 'transnational' and 'multinational' are used interchangeably. The former terminology was adopted by the UN Center on Trans Corporation (UNCTC) in 1974, at the request of some Latin American who wished to distinguished between companies domiciled in one country of Latin America, which might invest in another, from those originating from outside the region. The latter is the preferred nomenclature of the developed countries, the business community and most academic scholars, and is the one used frequently in various studies. There are several criteria attributed to define an enterprise is MNCs, including the number and size of foreign subsidiaries, the number of countries in which it engages in value-adding activities, the proportion of its global assets, the degree to which its management or stock ownership is internationalized, the extent to which its higher value activities (R&D) as well as the extent and pattern of the systemic advantages arising from its governance of, and influence over, a network of activities worldwide (Dunning, 1993: 3-4,11)

formation, human resources development, and expanded international trade (see Steiner & Steiner, 2006: 348 – 360; Kegley Jr & Witkopft, 2001: 226-236).[2]Unsurprisingly, in order to improve their national competitiveness, many developing countries have promoted favorable policies to open the door for as much foreign investments as possible coming in.

However, just like *'two sides of one coin',* the ongoing globalization has not only resulted in positive economic impacts, but also negative impacts on the well-being of humankind, particularly those living in developing and poor countries. It is argued that globalization has produced a new hierarchy in the world system more unequal than ever before and further subordinated the peripheries. Foreign direct investment and external debts are positively correlated to environmental degradation and violation of human rights (Adeola, 2001, Sawyer & Gomez, 2008). Among others, MNCs are considered as the key non-state actors that have worked to weaken several global environmental regimes designing to address a global solution for several problems, such as: ozone depletion, international toxic waste trade, deforestation, whaling and climate change (Porter & Brown, 1996). Particularly in Indonesia MNCs in mining and oil industries have been criticized for their exploitative business practices that lead to deforestation and other environmental destructions (Isnaeni,2002).

By the mid 1980s a series of environmental disasters happened across the world which have strongly pushed the emergence of 'global governance' among the world community on the importance of environmental protection. Such cases as Bhopal-India

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[2] It has been estimated that more than 53,000 MNCs and their 450,000 foreign affiliates have global assets more than USS 13 trillion and global sales of more than US$ 9.5 trillion. This volume of foreign investments and sales accounted more than one-fifth of the global economy and one-third of the world's exports. The top one hundred MNCs own nearly US$ 2 trillion of assets outside their home countries and a quarter of the world's stock of all foreign direct investment (see Kegley Jr & Witkopf, 2001: 226-236); They also hold 90 per cent of all technology and product patents worldwide (see Greer & Bruno, 2000: 17). In addition, they have a great lobbying capacity able to influence governmental policy making process, both at national and international levels. Such political leverage of MNCs is enabled by controlling a world-wide network, having very good infrastructures, possessing high technicality skills of their employee. (Rowlands, in Josseline & Wallace,2001:133)

of toxic chemical release in 1984 that killed 3000 local residents, the explosion of the Chernobyl nuclear reactor in Ukraine in April 1986 that released a radioactive cloud which spread radiation across a vast area of Northern Europe, devastating the livelihoods of farmers throughout the area, have been quoted in several literatures as some of the most notorious environmental nightmares (see Burchell, 2008; Malkasian, 2004). While in the industrialized world, in 1989 the *'Exxon Valdez'* -- a supertanker owned by a US giant oil company named ExxonMobil -- spilled 11 million gallons of oil into Alaskan waters. This awful accident has persistently caused an environmental damage for marine inhabitants, including a social cost for local communities who have heavily depended upon the fishing industry for their lives (Steiner & Steiner, 2006: 4-5). In the decades ahead as growing scientific evidence of an increasing hole in the earth's ozone layer and a pattern of global warming resulting from the increasing emission of greenhouse gases, business communities around the world can hardly avoid facing greater pressures to their roles and responsibilities beyond the profit-making orientation in the globalized society.

Such contradictory features of globalization have created the condition and the need for the United Nations to sponsor global conferences on environment and development in 1992 in Rio de Jeneiro, Brazil, renowned as the *'Earth Summit'*. This global landmark event brings forward *'Sustainable Development'* (hereafter called SD) to be an alternative developmental paradigm. SD is initially the concept proposed by the World Commission on Economic and Development (WCED) in 1987 in their research publication --well known as *'the Bruntland Report'*-- entitled *"Our Common Future"*. SD principally attempts to reconcile the competing interests of economic growth and environmental protection. Because of the big pressures put on by a tremendous collaboration of civil society organizations across nations, SD was politically accepted by world leaders from the business and governmental sectors during the Rio Conference.

In fact, since then SD has formally shaped the policy agenda of governments, international institutions, donor agencies, NGOs as well as business communities around the World (Dodds,1997).

In line with such UN initiatives, among global business leaders themselves, there has been a growing consensus that they should take a greater share of responsibility in their own ways to protect the environment in the future (Schmidheiny, 1992). Part of the global business community is the World Business Council on Sustainable Development (WBCSD), who are renowned for their publications *"Changing Course"*. Through this book they argue that they have proven themselves to have long-term reaching visions and clear commitments in dealing with such complex issues in the environment-development nexus. They claim that they have worked a lot for sustainable development through collaborative works with government and non-governmental sectors to initiate various partnership program across the world (WBCSD,1992).

Under the above global context, *'Corporate Social Responsibility'* or well known as CSR has recently become a fashionable term. CSR which have sparkled since the years after the 1992 Rio Summit has been considered a relevant approach in examining to what extent MNCs have really shifted their paradigm in doing business that go beyond the interests of their shareholders. According to WBCSD (1999) CSR is: "the continuing commitment by business to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families, as well as of the environment and local communities at large".

However, under the lack of binding regulations that govern MNCs' business conduct at both global and national levels, some scholars have critically questioned CSR practices, including the so-called trends of *'greening business'* or *'corporate environmentalism'*(Utting,et.al.2002).Theyhavewonderedwhetherinrealitythe

corporations have shifted their business paradigm in such fundamental ways; or whether they are just doing what are so-called *'greenwash'* practices. As Greer & Bruno (2000) put it, *"business are just showing off as if they are friends of the communities and the environment, but actually they promoted and maintained their business interests"*.

1.2.   Research Problems

The existing studies on CSR have been much colored by business management perspectives. The term is generally used as the manifestation of business ethics or corporate philanthropy (Rodriquez, et.al, 2006). With respect to the particular condition in developing countries, CSR today can be considered as a *"bridge connecting the arenas of business and development"* (Blowfield & Frynas, 2005:499). While Salim (in Azis, et.al., 2010: 263), instead of supporting Milton Friedman's opinion saying that *"the business of business is business"*, strongly argues that *"the business of business is to raise sustainability and humanity"*.

The CSR-related issues, particularly with respect to the implementation process, have been closely linked with the term of *'partnership'*. It is because, as Lawrence and Weber (2008) suggest, businesses do not operate in a vacuum sphere, instead they exist within the environment created by an interplay between government and society. Interactions among business, government and society cannot be independently separated from one to another. In fact, to a larger extent, partnership has been used as main strategy to carry out CSR program in order to be well implemented and meet the desired common objectives. The 1992 Rio Declaration (Principle 10) has already affirmed partnership as a strategy to address the nexus of environment-development problems, saying that *"environmental issues are best handled with the participation of all concerned citizens, at the relevant level"*. Whilst, the Agenda 21 of the Rio Declaration has emphasized the role of business community together with other

parties[3]to take a part in the pursuit of the sustainable development agenda.

The importance of partnership has been reaffirmed further in the 2002 World Summit on Sustainable Development (WSSD) in Johannesburg. This Johannesburg Summit has endorsed the idea of multi stakeholder partnership, bringing together governments, business community and civil society, to enable sustainable visions in being implemented into the practices at all governmental levels (Elliott, 2004). In Indonesian context, partnership has taken place in various socio-economic projects, comprising a wide range of issue areas. As an illustration, the UN Projects Data Base below (Figure 1.1.) provides a global picture on where and what kind of partnership projects UN Agencies have established in Indonesia in 2006. There are 74 projects working in more than twenty issue areas, ranging from disaster management, HIV/AIDS prevention, climate change mitigation, gender advocacy, local (government and civil society) capacity building, marine resource management, MDGs achievement, counter trafficking, agricultural reform, marine resource management to technology assistance and industrial skills development (www.un.or.id/upload/map/project). However, due to lack of detailed information, it is assumed that these partnerships projects have been a part of government partnership programs at the provincial levels, instead of reflecting the notion of multi-stakeholders partnership that provide a bigger room for civil society to take a part in both decision making and implementation process .Globally speaking, over the past three decades, most relationship between business – state – society have been founded upon conflict. Scholarly studies have shown that deep mistrust and misunderstandings have prevailed, particularly between

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[3] The Agenda 21 is one of the major outcomes of the United Nations Conference on Environment and Development (UNCED), renowned as the Earth Summit and sometimes called as the Rio Conference –followed the venue of the conference in the city of Rio de Jeneiro, Brazil. The Section III of Agenda 21 has clearly identified nine groups of society as the "major groups" whose roles should be strengthened. They are **(i) business and industries**, (ii) children & youth, (iii) farmers, (iv) local/indigenous people' (v) local governments, (vi) non-governmental organizations; (vii) scientific communities, (viii) women, (ix) workers and unions. It is stated that *"any policies, definitions or rules affecting access to and participation by non-governmental organizations in the work of United Nations institutions or agencies associated with the implementation of Agenda 21 must apply equally to all major groups".*http://www.un.org/esa/dsd/agenda21/res_agenda21_21.shtml,accessed22July2011;18:15
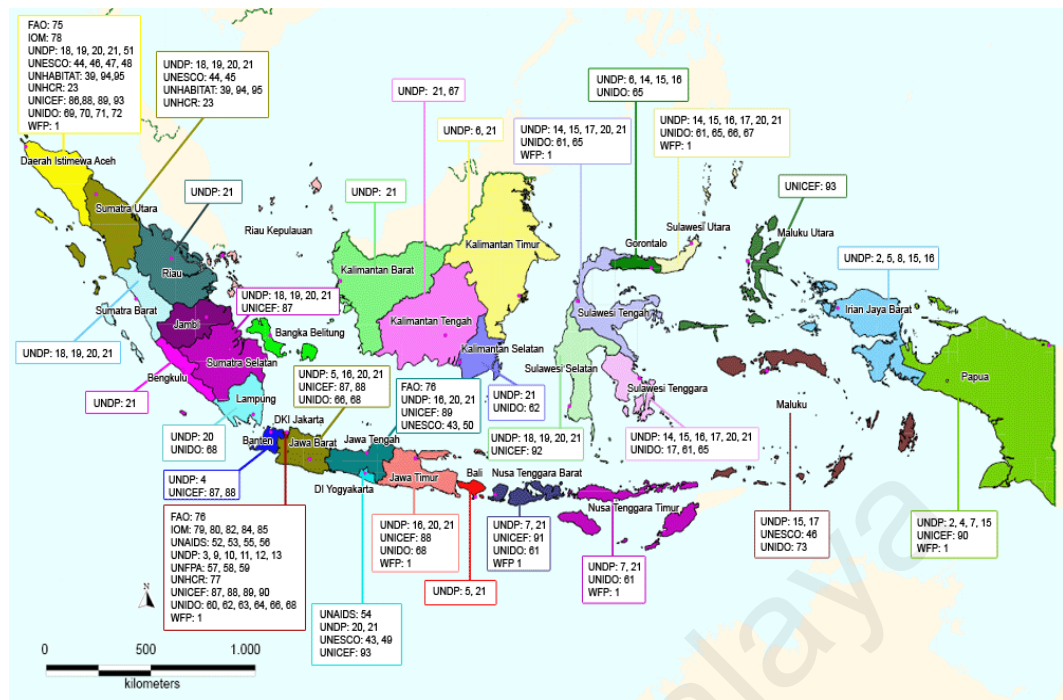
Figure 1.1. Map of the UN Partnership Project inIndonesia
(www.un.or.id/upload/map/project).

businesses and NGOs or between states and NGOs (see Arenas, et.al, 2009; Austin in Glasbergen, et.al, 2007:66). Therefore, one of the most challenging hurdles in partnership projects established around the world is how to maintain its implementation in the long term (www.oecd.org/cfe/leed/forum/partnerships).

Hence, a further empirical research is still very important in observing to what extent MNCs have performed their CSR well; how they apply partnership strategy effectively to engage other actors from both government and civil society in order to address the challenging social problems, such as environmental protection, for the achievement of sustainable development. Besides having such distinctive economic power, the embedded business character based on modern capitalism with material profit-orientedideology(Buckley&Ghauri,1999),compoundedbystronglobbyingcapacity and a wide-world business networking (Rowland in Josseline &Wallace, 2001: 133) have become the major reasons why MNCs need to be scrutinized for irresponsible business practices in the dynamic developmental process around the world.

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This study attempts to see how MNCs in Indonesia have performed their CSR program at practical level, in particular to examine how they use partnership as a strategy to pursue their main objectives. According to Kiroan, et.al., (in Aziz, 2010) in Indonesia there is still a gap between current practices of CSR with the ideal norms of CSR proposed by international standards, though there is a good prospective because the term has gained popularity among businesses, academics and NGO communities. Hadad (2010) also argues that altruistic and philanthropic motivations are still the dominant motivations behind the rationale of companies to launch CSR programs. According to him, CSR tends to be merely associated with community development and public relations programs, instead of managing more strategic and sustainable projects with far-reaching implications. Nevertheless, as Malkasian (2004) asserts in her study, the outset of decentralization and democratization era after the end of the Soeharto-led administration in 1998 has provided a big space for the business sector to get involved in handling social and environmental issues together with other sectors, that is government and civi society.

In this study municipal solid waste management (MSWM)[4] is the specific context of issue in which CSR has been particularly practiced in the ecological environment arena. MSWM is one of the serious environmental problems in which thebroad ideas of SD paradigm can be translated into a specific local action.[5]Due to its critical linkages in a multidimensional aspect, including social, economic, political, cultural and legal aspects, the Agenda 21, the platform of action adopted in the 1992

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[4] This thesis uses the term of 'municipal solid waste management' or abbreviated as MSWM. It refers to the usage of official document in UN publication, including in the Agenda 21 – the platform of action adopted in the 1992 Rio Earth Summit (UNCED) to implement SD. The word of 'municipal' here indicates the governmental level of the problems scope of solid waste management. While 'solid' means thetypeofwaste,usedtodifferentiateothertypesofwaste,thatis,liquidandtoxicwastes.

Earth Summit, has incorporated solid waste management problems in the Section II, Chapter 21. It further says:

> Environmentally sound waste management must go beyond the mere safe disposal or recovery of wastes that are generated and seek to address the root cause of the problem by attempting to change unsustainable patterns of production and consumption. This implies the application of the integrated life cycle management concept, which presents a unique opportunity to reconcile development with environmentalprotection.(www.un.org/esa/dsd/agenda21/res_agenda21_21.shtml)

More recently the United Nations has emphasized the importance and urgency of MSWM, which is considered as the most challenging urban environmental problems in the world (UN Habitat & Earthscan, 2010). While, at regional level, the United Nations Environmental Program has defined MSWM as a priority for Southeast Asian countries towards Sustainable Development (UNEP, 2004). The rapid growth of population, urbanization, and modernization has resulted in the increasing proportion of organic waste (over 50%) while non-degradable waste is also growing with new consumption patterns.Thelackofinstitutionalcapacitiesandinadequatebasicinfrastructureshascreated poor and unsustainable practices of waste management in many cities in Asian region, including in Indonesia.[6]

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[5] If we refer to the UN as well as Indonesian Agenda 21, the scope of environmental problem is very wide. It can be categorized as follows: (1) **Human services** (poverty alleviation, changing consumption patterns, demography, human health and environment, human settlement development, economic instruments and environmental accounting); (2) **Waste management**, (atmospheric protection, hazardous chemical management, toxic waste management, liquid and solid waste management, and radioactive waste management); (3) **Land resource management** (land resource planning, agricultural and rural development, forest management, and water resources and water quality); and (4) **Natural resource management** (biodiversity, biotechnology development, and marine and coastal zone management).

[6] Summary of Thematic Session on "Urban Solid Waste Management" in The 2nd High Level Seminar on *Environmentally Sustainable Cities*, 15-16 March 2011, Kitakyushu, Japan. The session chaired by Dr. Vann Monyneath, Deputy Director General of Technical Affairs, Ministry of Environment, Cambodia and Co-chaired by Mr. Naoki Mori, Deputy Director General, Global Environment Division,JICA

Indonesia produces an average of 51.4 million tons of solid waste. Around 69% of the amount enters final disposal site, 7% is processed, and the rest is scattered. Waste generation increases with a 1.93% annual rate, but collection rate continues to decline by 2.5% (MOE, 2009, as cited in Tahir, et.al., 2012:81). Meanwhile, another feature of waste problems in Indonesia can be seen from composition by source. It is estimated that household waste has been dominant, around 48%. It is followed by market waste (24%), commercial waste (9%), street and public facilities waste (5%) and others (14%). Similar to many cities in the Asian region, composition of waste by types in Indonesia is dominated by organic waste. However, the amount of this type of waste tends to decrease. Meanwhile plastic and paper waste tend to increase significantly (see www.uncrd.or.jp/env/3r_02/presentation/BG2/RT2_03_Indonesia.pdf)

An evaluation carried out by BAPPENAS (locally abbreviation for *Badan Perencanaan Pembangunan Nasional*) -- Indonesian National Development Planning Agency)-- and the World Bank concluded that lack of institutional and organizational capacity are the dominant aspects overwhelming the current status of solid waste management problems and constraints in Indonesia, at both central and municipal levels. These aspects critically correlate with low technical and financial management capacities(www.iges.or.jp/en/kuc/pdf/activity20101027/14_Bappenas.pdf)

The Indonesian National Government has principally acknowledged the importance of MSWM problems. Under the national regulatory framework, they pass the Waste Management Law, called *'Undang-Undang Nomor 18 Tahun 2008 tentang Pengelolaan Sampah (*briefly stated *UU No.18/2008)*. The Law provides a wide opportunity for multi stakeholders' engagement in waste management that includes both business and civic sectors. The Law in particular gives an authority to the local governments for formulating and implementing 3R principles-based waste management

policies and programs. An important breakthrough also notable in this Waste Law is the so-called points of '*Extended Producer Responsibility' (EPR)*. This principally mandates all producers to be responsible for reducing and managing waste in their business life cycle, from production, distribution to post-consumption. Unfortunately, while several regulations on community involvement have existed, detailed regulations on EPR are still in discussion, and therefore EPR is not yet implemented (Tahir, et.al., 2012: 81)

Taking into account the background above, this study would like to examine PT Unilever Indonesia Tbk (hereafter named UI or Unilever). So far, Unilever has performed its CSR program in the area of environmental protection, such as climate change campaign and community-based waste management program. Unilever is selected as the particular subject of the study since it represents a mature, well-established MNCs operating in Indonesia. It is undeniable that Unilever business in Indonesia for more than seventy years has contributed to the country's socio-economic dynamics. Unilever operates in the manufacturing industry which produces a wide range of products called *'fast moving consumer products' (FMCP)*. They consist of three types: food, household and personal care products. With its renowned brands, Unilever's products, such as body soap, shampoo, detergent, margarine, beverages, have a close relationship to the Indonesian's people daily life, especially women and housewives.

Since 2001 Unilever has developed its CSR program in the environmental field(hereafter called 'Green CSR') in Surabaya that focuses on community-based solid waste management (CBWM) program. Through this program Unilever has attempted to educate local people in order to attain environmental awareness and build their capacity to independently carry out waste management activities by applying three principle actions, namely reduce, reuse and recycle (3R principles). Surabaya, the second largest

city in Indonesia, is selected as the first groundwork for this program implementation. Just like many other cities in the country and the Asian region, the Surabaya city government (briefly called in local name *Pemkot* Surabaya) has been facing various MSWM problems, such as lack of disposal sites, weak institutional and financial capacities as well as lack of regulatory frameworks and law enforcement (Pasang, et.al, 2007, cited in Tahir,2012:81)

The Unilever's CBWM program can be considered as a local environmental initiative that potentially brings significant changes to make a better environmental quality of living which is in line with the agenda of sustainable development at the macro level. In fact, the program has received great appreciation from both international and national communities for its achievements (Ramdhani, et.als, 2010). Following the exceptional case of Surabaya current environmental performance in waste management, CBWM program has currently been promoted and developed in many big cities across Indonesia, such as Medan, Palembang, Jakarta, Bandung, Yogyakarta, Banjarmasin, Balikpapan, Tarakan, Makassar, and Menado[7]. The so-called *'Surabaya Model'* of municipal solid waste management has even been replicated at the regional level, such as in Thailand (Bangkok), Philippines (Bago, Cebu, Talisay, Puerto Princesa), Malaysia (Sibu) and Nepal (Lalitput) (Maeda, 2009;2010).

1.3. Research Questions

Generally speaking MNCs have a strategic role in the intricate linkages of the ongoing economic globalization and global environmental degradation as well as between economic growth and environmental protection. However, as stated above,

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[7] The expansion of CBWM in some other cities of Indonesia supported by various institutions, not just Unilever. They include Kitakyushu City and the Institute for Global Environmental Strategies (IGES), Japan International Cooperation Agency (JICA) Indonesia Office and the Ministries of the Indonesian Government. Unilever in particular are getting involved in Medan, Jakarta, Bandung, Yogyakarta, Banjarmasin, Makassar and Menado with support of the local governments, NGOs and media (see Unilever Sustainability Report, 2008). About the role of Japan's institutions, see Maeda, *Policy Brief*, IGES,2009).

further empirical-based study is still needed to assess whether MNCs have proven themselves to shift their business behavior to be more socially and environmentally responsible in substantive ways, rather than being only rhetoric. Taking the case of Unilever's Green CSR in Surabaya that promotes CBWM program between the years of 2001 – 2010, this study attempts to answer this following question: **why and how does Unilever Indonesia carry out her CSR program in the environmental field in Surabaya?** These two major questions are defined in more details asfollows:

(1) *Why* does Unilever need to carry out CSR program in the environmental field, in particular on municipal solid waste problems?

(2) *Why* does Unilever select the Surabaya Municipality as the first local groundwork for the implementation of Unilever's Green CSR Program?

(3) *Why and how* does Unilever use partnership as a strategy to make her Green CSR program workable in order to meet the objectives; *to what extent and in what way* did the partnership dynamics take place and influence the interrelationship among the actorsengaged?

(4) *How*canweunderstandtheexistingachievementsofUnileverIndonesia'sGreen CSR program in both specific and broader contexts? *Does* the overall process of the program with the embedded partnership strategy bring positive contributions to the sustainability goals in the context of MSWM problems in Surabaya? *What factors* have contributed to the existing achievements and also *what are* the challenges that may impede future continuous improvements?

1.4. Objectives of the Study

This study at its heart is aimed to attain a much better understanding about the

reality of MNC's Green CSR practices at the local level. In more specific way, this study attempts to get the answer whether MNC really matters in transforming new norms of environmental protection (in particular municipal solid waste management) through her Green CSR program and the embedded partnership strategy in order to promote sustainable development. This objective indirectly enables us to see whether Unilever have moved towards the so-called *'people-case'* or *'development-case'* CSR; or they just simply perform *'business-case'* CSR practices. Therefore, instead of simply looking at the narrow claims about the success of Unilever's Green CSR program as stated in the official publications or media coverage, this study in particular aims to address several objectives as follows:

Firstly, to explain the contextual conditions at both global, national and local level that have influenced the rationale behind Unilever's decision to promote Green CSR program with the focus on MSWM problems and select the Surabaya municipality as the first playing field for the program implementation;

Secondly, to examine the dynamics of social interactions within the Unilever-led partnership initiatives in Surabaya in order to understand the nature of the relationship among business, government and civil society that has been taking place and the influence of its dynamics to the pursuit of common objectives.

Thirdly, to examine the actual contributions of the UI Green CSR program to the quality of governance and practical development needs as well as to see further implications in a broader context related to the sustainability goals.

1.5. Significance of the Study

In general this study contributes to the existing studies on the role of MNCs in the nexus of CSR and sustainable development in developing countries. Traditionally CSR has been subject to many studies from business management perspectives so that their

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analyses tend to pay more attention to the role of private sector with its wealth and global outreach (Steiner & Steiner, 2006; Steiner, 2009). This study attempts to fill the knowledge gap of the past studies that tend to examine CSR from the business lens *an sich* with predominantly quantitative research methods, particularly surveys (Kolk & Tudler, 2010:5)

In particular, the significance of this study derives from several considerations that relate to the selected case study. With regard to the setting, the actors, the event/program, as well as the process or mechanism, the case study undertaken offers a relative uniqueness, richness and peculiarity, but as well comprehensiveness to a larger extent in some ways among other similar studies on partnership in the context of CSR and sustainable development nexus.

Firstly, this study offers an empirical-based case study from the reality of Indonesia. Indonesia is the world's largest archipelagic state and one of the most spatially diverse nations on earth in terms of resource endowments, population settlements, locations of economic activity, ecology and ethnicity (see Resosudarmo & Jotzo, 2009). With such distinctive characteristics, as a developing country Indonesia is the fertile ground to study the significance of CSR in dealing with various societal and developmental issues due to many critical problems of poverty, environmental degradation and poor governance system have existed across the country. Such geographic setting certainly will give contribution to enrich the existing studies that tend to pay more attention to the developed economies in North America (especially the US), Western Europe and East Asia as their country-studies (Kolk & Tudler, 2010: 5). This complex setting also opens an opportunity to bring forward critical perspectives on CSR and its actual impacts to society at large and its significance fordevelopment.

Secondly, partnership as the strategy of CSR implementation in this study

represents the case of multi-stakeholders partnership that includes various actors across sectors -- business, government and society. Therefore the case goes beyond the so-called Public-Private Partnership (PPP) phenomena that has become popular in advance since it was viewed as an alternative way for providing more effective and efficient public services (GTZ, 2005, cited in Tahir,2012:2)

Thirdly, a large number of participants voluntarily involved in the CSR program reaches up to approximately 25.000 persons (Unilever Sustainability Report, 2008) provides an important picture of the issue of public participation in the pursuit of sustainable development. Although it will not become the focus of analysis, the fact that majority of the participants (about 90%) are women certainly enrich the issue of gender perspectives of the partnership that are still unexplored.

Fourth, civil society who are actively involved in the partnership of this study are not represented by big and well-established NGOs (neither national nor international), but are mostly local ones. In fact, NGOs are not the single actor in this sector, because the so-called *"community-based civic organizations"* (CBOs) or *"people-based organizations"* (POs) or *grass-roots organizations* which are less-formal and less structured in their nature have taken a part to support the program. The deep involvement of academic communities from both state and private universities has also strengthened the role of civil society in the dynamic of partnership.

Fifth, the study shows the nature of relationship that focuses more on cooperation and rather than conflict. The fact that the dynamics of partnership to move forward with the common objectives has reflected a typical collaborative arrangement.

Sixth, the case study represents the CSR partnership program conducted by manufacturing industries and dealing with urban environmental problems which has not

received enough attention so far. The previous studies mostly examine CSR partnership programs and its relation to social-economic aspects from extractive industries, such as oil, gases, mining and forestry.

Seventh with its comprehensive coverage, this study gives a sort of generic contribution in practical sense. It is useful for doing further comparative or multi cases studies to evaluate the strength and weaknesses of CSR policy and program in the ecological environment arena especially with reference to the standards applied by Indonesian national government as well as international norms.[8]

Finally used to deal with MSWM problems that can potentially be one of the major targets o, this study offers an idea on linking global norms and local actions particularly related to urban environmental problems and to be more specific in changing the paradigms f climate change mitigation. Therefore, the study inherently provides a valuable social learning experience that highlights how potentials,constraints, challenges and achievements for changing the paradigm on certain public issue can be best managed to the pursuit of the desired common goals. In this context, the study presents an explanation on how this linking process has been part of the leadership role of business communities in such a complex partnership and governance institutions.

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[8] There is an increasing number of large corporations in Indonesia, including MNCs, National- Private and State-owned companies which have applied CSR program in the environmental field, such as Danone Aqua Indonesia, Coca Cola Amatil Indonesia, Toyota Astra Motor, Astra Honda Motor, General Electrics Indonesia, and Royal Philips Electronics (Philips Indonesia). However, those that share similar programs with Unilever Indonesia are just a few. Some of them are also not focusing in one single area of environmental problems. Coca Cola, for example, has developed various green CSR programs, namely 'Bali Beach Clean Up' (BBCU) , Kuta Beach Sea-Turtle Conservation, Eco-Mobile and Eco Uniform (http://coca-colaamatil.co.id/csr/index/41.46.107/eco-uniform). Although BBCU has managed the cleanliness of Bali seashores from the plastic waste since 2008 and supported the Bali City Government to make *'Bali Clean and Green',* the program itself is incomparable with the '*Surabaya Green and Clean'* Unilever Indonesia has initiated since2001.

1.6. Research Methodology

1.6.1. Qualitative and Case Study

This study applies *qualitative research method* with *case study* approach for data inquiry. The selection of qualitative method is because quantitative methods, such as surveys, experimental or other 'controlled' methods with statistical measures, are either not practicable or better to explore complexities of the phenomena being studied and to reach an understanding of the details or the dynamics in the real world (Gillham, 2000:11).

Meanwhile case study approach is used because the social phenomena to be investigated in this study offers some representativeness of the phenomenon in general. As Swanborn (2010:18) puts it, "the case study … is a way of organizing social data so as to preserve the unitary character of the social object being studied". The case study is adopted because it also enables the researcher to systematically gathering sufficient information about a particular institutions, individuals, setting, event and process in order to reach a holistic understanding on how a certain phenomena operates or

functions in reality (Swanborn, 2010: 18-20; Berg, 2001: 225). In line with this case study approach, constructivist perspective is used based on the assumption that realities in our world is not something given or naturally mechanistic, instead "it is constructed inter-subjectively through the meanings and understandings developed socially and experientially" (cited in Denzin & Lincoln, 2011:103; Bungin, 2003:13-15).

The phenomena of Unilever's Green CSR practices in Surabaya through CBWM/SGC program is selected as the single case study. The nature of this case

can be considered as both *'intrinsic case'* and *'instrumental case'* study (Stake, 1994, cited in Berg, 2001:229). Intrinsic case means that the Unilever's Green CSR practices to deal with MSWM problems in Surabaya may present various interesting aspects due to its peculiarities (see explanation in the sub-chapter 1.5 above). Because Unilever's Green CSR program is also implemented in several cities around the country and in abroad, thus studying the particular one city -- that is Surabaya -- can also be considered a sort of *'within-case study'* (Swanborn, 2010:21). Whilst, this case study is also *'instrumental'* in the sense that it may provide insights into an issue or refine a theoretical explanation. Instrumental case study helps the researcher to do in-depth investigation that opens the way of discoveries of any aspects or activities which are still little known orunexplored.

On top of that, it should be underlined here that what to be the case for investigation in this study is *'partnership in the practice of CSR program'*. The clarification of *'a case of what'* matter in this method is very important so that the argument of this study can be restructured and developed based on empirical data along with the relevant conceptual framework (Klotz, 2010). This issue is basically similar to what Yin (1994:23) defines as the problem of selecting the appropriate *unit of analysis'*. Partnership is the main unit of analysis in this study, due to its relevance with the main study uestions.

In the end, the success story about Green CSR in reality cannot certainly be isolated from its environment, particularly the local context. Unilever's partnership strategy adopted to cope with MSWM problems in Surabaya became a puzzling case of CSR practices that prevailing theories of partnership based on rational calculation of material interests. Here we could say that hypothetically Unilever's

partnership in Surabaya could become one of *"least likely case"* showing that governance in environmental sector could present many constraining elements.

Another important issue to be discussed here is *case selection*. At the very beginning the researcher would like to take several cases *(multi cases study),* that is Unilever Green CSR in Medan, Jakarta and Surabaya. Having done some ways, the researcher then selected only the case in Surabaya to be studied. There are at least two ways that had been taken to find the case, that is, the so called *'reputation'* sample and *'open applications'* (Swanborn, 2010:45-46). With regard to the first way, the researcher interviewed the key person in UI management professionally in charge of Green CSR program implementation in Surabaya, i.e. Environmental Program Manager. From the interview we find out that the case in Surabaya is more eligible than either in Medan or Jakarta. The researcher then used the information gathered from the first interview to develop a frame for the eligibility of the case in Surabaya to be the single one. Meanwhile about the second way, the researcher searched from the webs, including the Unilever official webs and other potential sources (such as newspapers, advertisements, etc). In fact, the selected single case study evidently meets several criteriaor specific situations as the *critical* case ,the *unique* case ,the *representative* or *typical* case and the *revelatory* case (Yin, 2003:42 as cited in Swanborn, 2010:50-51; Bungin 2003:53)

Using single case study, instead of multi cases or comparative cases, enables the researcher to reach the main objective of the study, namely being focused, explorative, holistic and comprehensive. Applying multi or comparative cases approaches have some constraints in terms of representativeness, data collection process and findings as well as the differences of city characteristics and time

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period in implementing the program. In addition, there is clearly a *time gap* between Surabaya and the other cities or among the cities themselves. Each city has different starting points (timing) in running the program.

1.6.2. DataCollection: Purposive and Snowball Sampling

Data collection method used in this study starts from library research or documentary surveys. This aims at collecting secondary data and information from the books, academic journals, daily news, research reports, thesis and dissertation, working or seminar papers, conference proceedings, websites and other electronic sources as well as official documents published by public and private institutions and others international organizations. Extensive website surveys were conducted to determine the selection of the case study. Then literature surveys to a wide range of books, scientific journals and official publications were used in order to provide general pictures, the development of ideas, scholarly opinions and the facts surrounding the core concepts and problems, such as CSR, partnership and sustainable development.

Primary data for this study was collected during the *fieldwork* undertaken in November 2009, May 2010 and December 2010 in Jakarta and Surabaya. It consists of interviews data, observation data, field documents or archival data as well as artifacts. Purposive and snowball sampling are basically the two techniques used by the researcher to interview the participants or interviewees in efforts to gather primary data. The first technique was used to interview a number of participants that included: (1) Mayor of Surabaya, (2) Unilever's Environmental Program Manager, (3) the Head of Surabaya's City Environmental Management Board, (4)

the JawaPos Newspaper Marketing Manager, (5) the Surabaya local Non-Governmental Organizations (NGOs) named 'Pusdakota',(6) the Head of Jambangan District and (7) Three Jambangan environmental cadres. The total number of participants is 9 (nine) persons.

They were purposely selected because they were considered as the key participants who were highly involved in the whole process related to the CBWM/MSWM program in Surabaya. They can also adequately represent the average member of the population in three sectors, namely public sector (government), private sector (business and media) and civil society (consisting of NGOs and local communities). In fact, they had authorities and responsibilities in their respective positions that made the program effective and so as to successfully lead to the city's transformation in dealing with municipal solid waste management problems. On that note, the researcher believed that they could provide the most reliable data and information useful for the researcher to gain a much better understanding about the case as a whole, particularly the contextual background and the main process of developing partnership for conducting CBWM/MSWM program, along with its problems and challenges. In short, with a purposive sampling technique, the researcher can get all the information needed to answer the research questions and objectives (Creswell, 2003: 185, Bungin, 2003: 54).

In principle, the selection of these participants has taken into account several goals of determining purposive sampling in qualitative studies, as Maxwell (1996: 70-72) has suggested. First, they achieve representativeness or typicality of the settings, individuals or activities selected. Second, they can adequately capture the heterogeneity in the population so that the conclusions can represent the entire range of variation. Third, they can deliberately examine cases that are critical for the

theories. Fourth, they establish particular comparisons. What is also important is, there were only a small number of participants selected - enabling the researcher to explore things in greater depth. On average, all the participants were interviewed for one and a half hour.

Nevertheless, it is very important to underline here that in order to prevent the study from experiencing the so-called "key informant bias" (Maxwell, 1996: 73), this study does not rely on a small number of informants for a major part of its data even though these informants were purposely selected and the data themselves seem to be valid. To meet the important objectives of a qualitative study, the second technique – the snowball sampling - was also used. This technique was applied to discover participants or informants projected to have the ability to provide data for counterfactual analysis. They were expected to bring more qualitative data that will uncover the hidden facts, discover insightful perspectives, opinions, views and ideas based on the reality at empirical level. In principle, all the qualitative data are expected to be functional in helping the researcher conduct analysis that will be able to counter the "narrow claims "or "formal realities" on the successful CBWM/ MSWM program under the flagship of "Surabaya Green and Clean" (SGC) exposed in the local media or the government's and the company's official publications.

Taking into account this objective, the researcher interviewed several participants. The basic criteria used to determine the participants is the ability of the participants to represent different sectors, namely the public sector, private sector and civil society. The participants from the public sector consisted of three persons: (1) the Head of Surabaya City's Cleansing & Landscaping Department, (2) the Secretary of the Surabaya City's Developmental Planning Agency and (3) the Head of the Surabaya City's International Cooperation Sub-Division. Meanwhile, the

participants from the business sector included three members of the Unilever Motivator Team in Surabaya. From Surabaya's civil society, the participants comprised of: 1) three representatives from local NGOs, which consist of – Bangun Pertiwi, Tunas Hijau , and Darul Falah, 2) A local leader from Jambangan neighbouring units, as well as five persons representing Jambangan environmental cadres, and three persons representing Candirejo environmental cadres. Thus, the total number of participants selected through the snowballing technique is 19 (nineteen) participants. The interview process for each participant took approximately one hour.

There are several purposes why this qualitative study used this snowball sampling and considered the selected participants mentioned above as the key informants (Gillham, 2000: 11). Firstly, to know more in details on how partnership strategy are implemented effectively; to understand more the issue of legitimacy, transparency and participatory; whether UI's CSR program in Surabaya really meets the public concerns and how the city government officials carry out their duties.

Secondly, to investigate the situations where little is known about, what is out there or what is actually going on. Thus, the participants included by this snowball sampling are very important, among others, to investigate whether there are any conflicts that happen during the program implementation; what are the strength and weaknesses of CBWM/SGC from the local people's perspectives; whether the program brings actual impacts to a better living quality, including income generation for local communities.

Thirdly, to understand more the informal reality which can only be

perceived from the inside. In-depth interviews as data collection method applied to these snowball samples enable the researcher to capture the insightful views, personal opinion and the 'hidden facts' to some extent. Data exploration is needed to meet some critical question whether UI's role really matters in transforming norms of MSWM in Surabaya or whether UI has moved beyond *'business case'* CSR practices. Generally public information provided in official websites or company's report is very particular and limited to the 'success story' under the flagship of CSR.

Fourth, to view the case from the perspective of those involved; applying CSR with external orientations and far-reaching visions towards the people and the planet certainly needs to deeply engage multi stakeholders whose perceptions and interests might be different from the company's ones. Thus, it is very important to know whether the case is really absent from conflict of interests among the actors engaged in the partnership; whether the UI'CSR program really meets Surabaya people's expectations.

Some interviews were also conducted by applying focused group discussions (FGD) technique. They include FGD with UI's local motivators, Candirejo environmental cadres and Gundih environmental cadres. In general FGD used by the researcher to attain more various but concerted opinions and to cross-check directly the information needed, particularly related to the working process of partnership taken place at the ground level. All interviews were taped and transcribed in full to permit detailed analysis of content and context. Where extracts from these interviews are used for the analysis in this paper. Having done documentary surveys and in-depth interviews, this study determines data sampling

as follows: (1) **institutions,** represented by Unilever (business), Surabaya City (state), Jawa Pos (business, media), and civil society (Surabaya city and its people, Surabaya local NGOs, Surabaya local academia); (2) **people** represented by individual or groups that

Notes:
Upper left : interview with environmental cadres at Candirejo Sub-District;
Upper right: interview with a reputable scholar at Institute of ITS Architecture Department
Lowerleft: interviewattheOfficeoftheSurabayaCity'sDevelopmentPlanAgencywith the BAPPEKO's Secretary
Lowerright: interview with environmental cadres at GundihSub-District, one of the SGC winner of participating communities, especiallywiththeinnovatorofcommunity-basedwatertreatmentinstallationsystem.

Figure 1.2. Snapshots of the field work in Surabaya

(The Researcher's Personal Documents, December,2010)

belongs to those institutions/organizations mentioned above who are directly or indirectly involved in UI Green CSR program so that they are assumed to have a certain degree of understanding about the issue or problems; (3) **settings** refer to

location (Surabaya City and several sub-districts consisting of Jambangan, Gundih, Candirejo)and**time**(theyearsbetween2001–2010);(4) **event/program** refers to community-based waste management (CBWM) and its subsequent Surabaya Green and Clean (SGC)programs; (5) **process** refers to how partnership is initially constructed, and developed in order to implement the programeffectively.andhow UI Green CSR program gets public response through partnership strategy to promote environmentally-sound municipal solid waste management in order to address MSWM problems;

1.6.3.Triangulation Method and Saturation

In order to obtain validity of the various data and information collected by the application of the two sampling techniques explained above, this study used a triangulation method.(Kanto in Bungin, 2003: 60). This method was applied by doing several in-depth interviews, particularly with several local scholars from the city's reputable higher education institutions. They were selected based on their expertise, knowledge, and personal experience with the CBWM/ MSWM/ SGC program – thus making them authoritative figures that could provide more objective and reliable personal views and professional opinions. They come from various institutional background of higher education in Surabaya. They are considered as having an authoritative data in accordance with their personal views and professional comments. Because they personally are part of Surabaya citizens, their voice become very critical to search for validity.

These scholars include those from UNAIR --Universitas Airlangga--, faculty members at the Department of Sociology and Department of Administrative-

Environmental Law); from ITS -- Institut Teknologi Surabaya -- faculty members at the Faculty of Environmental Engineering and professor emeritus in the Department of Architecture. The last one is well known as distinguished scholar in urban planning and community development. This study also interviewed scholars from UBAYA (Universitas Surabaya) whose specialization is in chemical engineering, as well as those from PETRA University, a faculty member of business and economics who is also a local NGO activist. Beside these 8 (eight) reputable scholars, the participants also include 1 (one) person from local media (radio – Suara Surabaya), 1 (one) local leader serving as the head of the city's facilitator association, and 2 (two) persons representing Gundih environmental cadres. Thus, the total participants used for the purpose of triangulation is 12 (twelve) persons (for more details on them, please see the attachment).

With respect to the triangulation method, this study also conducted direct observation to the related sites and primary resources from various archives or official documents, including local newspapers as written evidence. Triangulation method is also applied by doing *direct observation* to related sites and activities or *'social situation'* in Surabaya in order to collect visual data or other key information related to the so-called *organizing domain*. This refers to domains which are related to the research topic (Bungin, 2003: 55-57). For the reasons of simplicity, accessibility, permissiveness we visited Jambangan sub-district, Candirejo sub-district and Gundih sub-district as the representative samples of the successful participating communities in CBWM/SGC program. Meanwhile we also visited Pusdakota Waste Composting Centre, temporary waste stations, trashion products gallery at Jambangan sub-district, temporary waste station, and Bungkul public park aswellasotherrelevantsitesacrossthecity.

These locations were selected because they represented frequently recurring activities relevant to the research topic, such as process of conducting composting activities that transform organic wastes to become organic fertilizers; process and results of trashion making activities that recycle plastic wastes to become fashionable products for women and household (for examples: handbag, umbrella, tissue-box, rubbish-box, hat and other souvenirs); and process of transferring wastes from communities to final storage (landfills). In fact, these kinds of social situation were relatively easy for the researcher to do participation (closely observed).

During the process of data collection, this study applied the concept of "saturation". It is a guiding principle that determines the majority of qualitative sample size (Mason, 2010)used when the collection of new data does not shed any further light on the issue under investigation. The researcher took into account several factors before drawing the conclusion that the 38 selected participants were sufficient for the analysis. The factors include (Ritchie, et.al. 2003: 84; Morse, 2000: 4, cited in Mason, 2010) :

First, the heterogeneity of the population. All the participants represented various actors across sectors that include (1) the Surabaya government officials from the top rank at city level (the Mayor) to the lowest rank at district level, (2) private actors that comprise of business manager and operational staff, as well as (3) civil society sector that consist of several elements starting from local NGOs, local leaders at various communities, environmental cadres in several districts (participating communities), local media and local scholars from various higher education institutions.

Second, the number of selection criteria. It comprised of three major sectors, namely the public (governmental) sector, private (business) sector and civil society

that are authoritative enough to provide the data or information the researcher needed to answer the research questions.

Third, the types of data collection methods used. This study has used several methods, including interviews, observations, study of documents (archives) as well as audiovisual materials. Fourth, the budget and resources available to the researcher. This study was conducted on a very tight budget and a limited time frame.

Fifth, the quality of the data. The collected data so far has represented a good quality of data because they cover various data based on a variety of data sources collected through the usage of multiple methods and techniques. They also enabled the researcher to answer the research questions and meet specific research objectives, in particular the clarification of key issues, such as the genuine motives of Unilever, the scope of Unilever's and the Government's responsibility, the potential conflicts at an empirical level, the real achievements of the Surabaya Green-Clean Program, as well as the sustainability of the program. The data also uncovered the voices coming in from the grassroots level that portrayed the informal realities. The data also has portrayed the real process of partnership dynamics at an empirical level, especially at the stages of building, developing and sustaining partnership. The data enabled the researcher to understand that various members of Unilever management – those strategically positioned in the mid management level - worked very hard to "sell" the company's social ideas on environmentally sound waste management. They also were the operational staff who actually played a prominent role in building the actor network at the local level by motivating local people and including them in the so-called 'environmental cadre network'.

Last but not least, it is important to note that while most studies in general are based on between 5 to 50 interviews, exceptions for this can still occur – all depending on the type of qualitative research conducted. The study undertaken tends to belong to a cluster of studies based on a grounded theory methodology which usually has sample sizes of between 30 to 50 interviewees, while for studies grouped as based on phenomenology the sample sizes are at least six (Morse 1994: 225, cited in Mason 2010). On top of that, however, the representativeness of the sample or participants is the most important thing for the consideration.

Both in-depth interviews and direct observations are very important methods to get the real pictures, insight views, opinions and perceptions, as well as accurate primary data and information from the participants engaged. These methods are also important and useful to confirm theories to the existing realities, to connect the secondary sources with the primary ones, to confirm formal-official reports to informal realities as well as to uncover the hidden facts*(facts-finding)*.

During the fieldwork, data were also collected from various sources, such as documents and the so-called *'physical artefacts'*. The documents can be defined as (1) *'archival records'*, such as organizational charts, budgets and maps of the geographical characteristics, local newspapers clippings, existing studies; and (2) administrative or official documents that includes an organization's annual reports, departmental strategic plans, booklets of environmental related-regulations, and other internal-related documents). Meanwhile, physical artefacts (Gillham, 2000: 21) include all things made or produced by member(s) of the population used as the sample. In this case study any products from various activities to reduce and recycle solid waste, such as organic compost and plastic bags could be defined as part of the

data   collection   under   this
notion.Craswell(2003:188)definesthiscategoryofqualitativedataas'audioandvisual
material' that include photographs, videotapes, art objects and any forms of sound.

1.6.4. Data Analysis, Interpretations and Validity

As a qualitative inquiry the analytical process undertaken in this study is particularly oriented towards exploration, discovery and an inductive logic of analysis (Patton, 2002: 55-56). By carrying out this type of analysis, this study starts from specific observations to unveil more general patterns. The abundance of qualitative data collected from the field work brings advantages for applying such inductive, descriptive, explorative, constructive and interpretative approaches.

The data analysis is directed by several propositions outlined based on the research questions. The main function of the propositions in this study is to serve as the criteria by which an exploration will be judged. However, the propositions to some extent may also reflect some important theoreticalissues.

First, both external and internal factors at multilevel system has influenced Unilever's Green CSR practices (program and implementation) to address municipal solid waste management problems in Surabaya;

Second, multi-stakeholders partnership is used as the main strategy of Unilever's Green CSR practices because it can effectively meet the common objectives, while serve the individual actors' interests.

Third, (local) contextual factors of Surabaya have significantly contributed to the Unilever's Green CSR practices so that the case of partnership in Surabaya should

be evaluated on its own merits.

In more specific way, this study applies the so-called "process tracing method of analysis". According to George and Bennett(2005):

> The process-tracing method attempts to identify the intervening causal process -- the causal chain and causal mechanism -- between an independent variable (or variables) and the outcome of the dependent variable (p.206)…...Process-tracing is an indispensable tool for theory testing and theory development not only because it generates numerous observations within a case, but because these observations must be linked in particular ways to constitute an explanation of the case. (p.207)

Thus, by using this method, the whole story of the case undertaken can show an empirical causal mechanism in which series of events, beginning from the period of 2001 when Unilever's encounter with the idea of CSR and environmental protection in Surabaya --particularly environmentally sound waste management--, had conditioned them to adjust its brand mission through its CSR practice to be more responsible. By doing this, this study would be able to predict whether Unilever has played a determinant factor in taking the discourse in transforming new norms of waste management through Green and Clean City conception and agency. This direction would fit well into the essence of process methods. It is about testing this study's hypothesis against any alternative paths that is possible regarding to the debate among scholars that could be found as well on the empirical level.

The final step in data analysis uses both constructive and interpretative approaches in order to obtain the 'meaning' of the data. By using these approaches, it is expected that the analysis will reveal the hidden facts in the partnership dynamics that uncover the personal insights of the actors. As such, the following

basic questions: 'what it means to have environmental consciousness, what it means to have a partnership and what it means to promote a new paradigm of waste management, have become very important'. Supported by the richness of the collected data from in-depthinterviewsanddirectobservationtotherelated-sites,theanalysisattemptstodiscoverthe views, values, beliefs, feelings, assumptions and ideologies of individuals engaged in the partnership program --directly or indirectly. In particular, the original insights from the interviewees also disclose criticism, appreciation, expectation and even disappointments of UI's engagement in the Surabaya community to promote CBWM/SGC programs as part of the company's green CSR.

These steps of analysis basically aim at attaining 'the lesson learned' underlying the basic ideas of this study' This interpretative analysis can be derived from the researcher's individual understanding as well as a comparison of the findings with information sourced from either the relevant literature or the existing theories. The latter allows the researcher to have two possibilities, that is suggesting that the findings confirm past information or diverge from it. Another possibility may also appear, suggesting new questions that need to be asked because the researcher had not foreseen it earlier in the study (Creswell,2003:195).
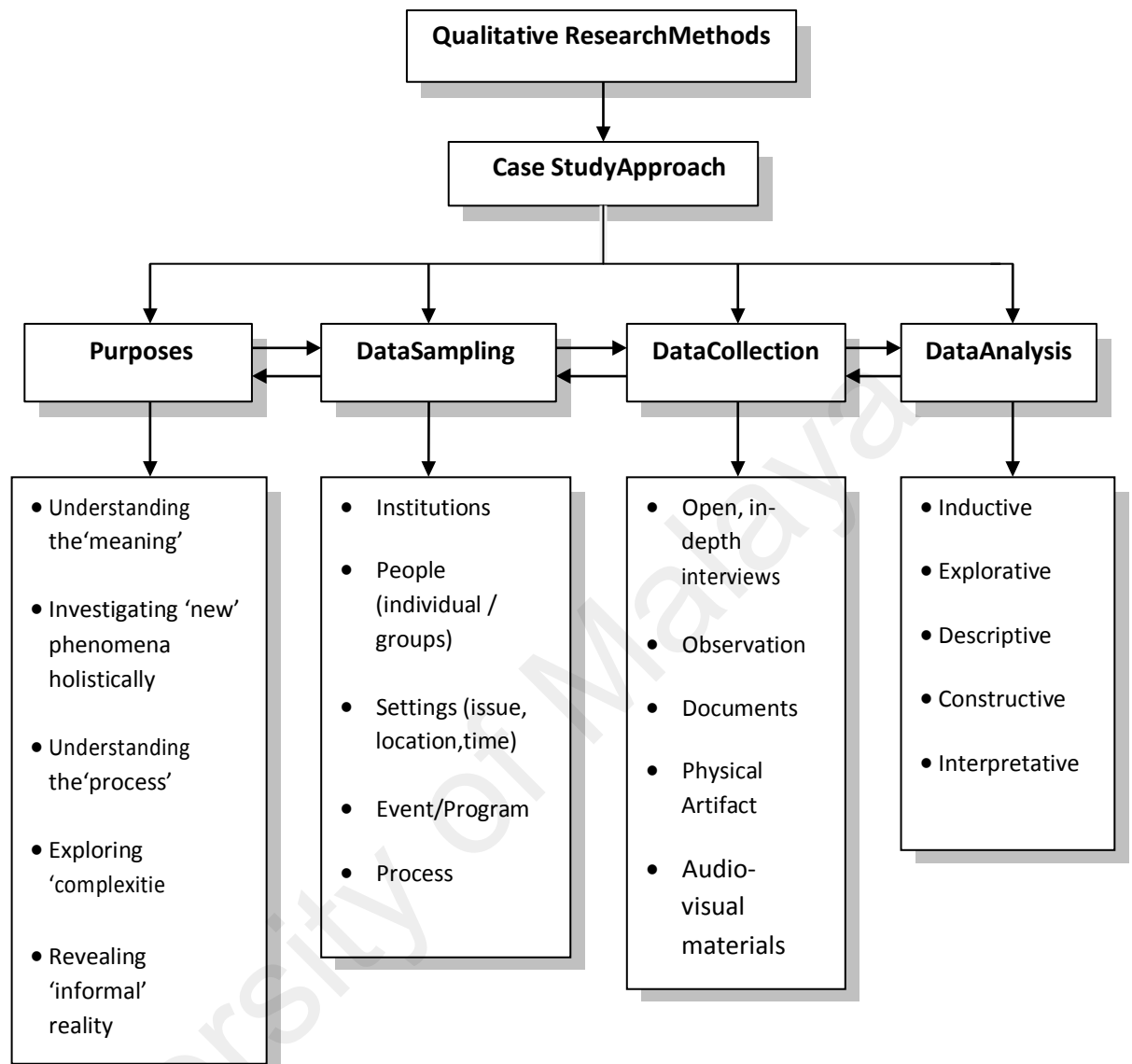
Figure 1.3. Research Methodology Adopted in thisStudi
(Creswell, 2003; Bungin 2003; Patton,2002; Berg, 2001; Gillham,2000; Maxwell, 1996)

The last point to be explained here is about validity. According to Hammersley (1990: 57, cited in Silverman, 2000: 175), validity is a 'truth', *the extent to which an account accurately represents the social phenomena to which it refers.* As explained above, the usage of triangulation method has enabled the researcher to pursue this objective. The resulted primary data from in-depth interviews with the key informants at both government and private sectors were

highly confronted by the triangulation data received from in-depth interviews with local scholars, NGOs and direct observation to the related sites. Official 'truth' claimed by the city government and UI environmental manager, particularly with regard to the high achievement of the program, can be criticized by using scholars' views and opinions as well as empirical facts resulted from the direct observation at Jambangan, Gundih and Candirejo. At the same time the existing studies can also help the process of analysis to closely reach the objective assessment of the whole story.

Talking about validity is indeed uneasy job because it is one of the controversial issues confronting all paradigms. For constructivist paradigm, one of the important criteria is called fairness. Fairness is defined as a quality of balance. It means that as Lincoln, et.al (cited in Denzin & Lincoln, 2011)say:

> All stakeholder views, perspectives, values, claims, concerns and voices should be apparent in the text" … "fairness is a deliberate attempts to prevent marginalization, to act affirmatively with respect to inclusion and to act with energy to ensure that all voices in the inquiry effort had a chance to be represented in any texts and to have their stories treated fairly and with balance(p.122)

1.7. Scopes of the Study

Scopes of the study here refer to limitations. It means that there are some conditioning factors to be taken into account as *"the boundaries, exceptions, reservations and qualifications"* which are inherent in the study undertaken (Castetter & Heisler, 1977, cited in Creswell, 2003: 147-148). There are two kinds of limitations of the study. The first one is concerned with the substantive aspects, while the second one is very much related to the limitations on resources and logistics in the research process.

With regards to the first limitation, this study examines CSR practices in the ecological environment. According to Crane, et.al (2008: 175-342), there are generally four key arenas in which CSR has been implemented so far by large corporations around the world, particularly those based in Europe and the USA, such as BP, Carrefour, McDonald's, Microsoft, Nestle, Shell, Unilever. These arenas include CSR in the marketplace, CSR in the workplace, CSR in the community, and CSR in the ecological environment. These arenas not just represent the playing fields where the philosophy and practice of CSR can be meaningfully applied, but also the areas in which the interests of particular stakeholder groups can be usefully considered.

However, as Crane, at.al (2008) admit, to some extent ecological issues are inherently linked to the responsibilities of other CSR fields. This is the case in this study. The character of Unilever's CSR focusing on CBWM program basically has the main objective to reduce waste that brings detrimental environmental impacts, particularly related to the plastic packaging of its products. Nevertheless, by observing the partnership strategy adopted to implement the program in practice, this study may argue that Unilever's CSR program in Surabaya is also the case of CSR practices in the community development. The bottom line is that Unilever's CSR practices in this case has reflected the company's environmental strategy to meet evolving needs in both external and tomorrow sides (Crane, et.al, 2008: 322). This point will be more elaborated in the second chapter.

This study accordingly will not examine the other two arenas of CSR -- in the marketplace and in the workplace – because they are much closer to the internal management of the company and cover different issues, including ethical trading

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and human rights. Nevertheless, general information on the company profile and policies that are relevant to be the main analysis is provided. In addition, the discussion of sustainable development is limited to its environmental, social and economic aspects and not going further to cover the issue of poverty eradication and social justice.

The peculiarity of the setting in this case study is bounded by the time frame of 2001 – 2010. The year of 2001 is the time when the UI firstly came to Surabaya with a certain and local based environmental program called "Cleaning the Brantas River". Having implemented for more than eight years, by the end of 2010 the UI CSR program in Surabaya has changed its focus, from community to office-based waste management program (well known as "Green Office").

1.8. Organization of the Thesis

The organization of this study is structured as follows:

Chapter **One** introduces the background of the study undertaken which capture the crossroads themes on MNCs corporate responsibility, partnership and sustainable development. It then explains briefly why the study focuses on the Unilever's CSR program on MSWM problems in Surabaya municipality. This chapter also outlines the research questions, objectives and significances of the study for the advancement of knowledge. In the following parts, this introductory chapter explains the research methodology, particularly employed for the analysis on the selected case study. Above all, Chapter One would benefit from explicitly saying about the "case of what" and some discussion of case selection and the use

of "process tracing" as methods. In addition, limitations of the study are also explained in this chapter due to its importance for understanding the focus of the analysis. Finally, this chapter presents the thesis outline.

Chapter **Two** provides a literature survey and theoretical (and/or conceptual) framework of the study. It presents a more detailed review of the literatures from several scientific books, academic journals and other publications that are relevant to the major themes, concepts and related issues to be discussed in the study. Through this literature exposition, the study is connected with previous studies in order to fill the existing gap between the past and current research. In the second part of this chapter, the relevant theories and concepts are highlighted to provide a basis for integrated analytical framework. The important point here is that Chapter Two would discuss more on what does "partnership" mean as the central concept and how the nature of cooperation lurks behind the concept as found in academics writing and policy paper of official publication.

Chapter **three** describes the context of the study at macro level. The description also includes Unilever company profile and its CSR program activities in general. At its heart the overall description in this chapter seeks to provide several contextual conditions that come about as a result of the dynamics of globalization and Indonesia's political reforms that have pushed Unilever as an MNCs in fast moving consumer products industries to significantly carry out their CSR program in Indonesia. Briefly speaking, the overall description in this chapter provides the story of how UI get into business by taking into account the discursive role performed by Unilever in transforming their agency in environmental sectors.

Chapter **four** explores the local context and issues to which Unilever's CSR program is implemented. This chapter highlights the specific characters of the Surabaya city, its people and their existing waste management problems. Basically this fourth chapter also attempts to address the second question of this study, that is, why and how Unilever started their CSR program in Surabaya. In the final sub chapter the renowned program called *'Surabaya Green and Clean (SGC)'* in which Unilever took a part as the major partner will be described thoroughly. Shortly, this fourth chapter shows the main causal path that link Unilever's role with its counterpart in Surabaya setting.

Chapter **five** attempts to analyze the dynamic process of the partnership mechanism through which Unilever's Green CSR program in Surabaya takes place. In this chapter, taking an interpretative approach, the analysis in particular aims to understand the 'meaning' of the phenomena centered on the tripartite relationship between business – government – society. This analysis also attempts to see power relations and distributions among the partners engaged. This chapter is expected to identify and examine the critical factors that determine the performance of Unilever's CSR program so as to achieve the desired objectives.

Chapter **six** provides further analysis using both constructive and interpretative approach to reveal the hidden facts of the on-going partnership strategy embedded in Unilever's Green CSR program; how the actors engaged give their subjective meanings to the process of partnership, to their counterparts in the partnership and to the program itself which have introduced new ideas and norms of dealing with municipal solid waste management. Based on the results of the major

findings during the field work as well as the literature reviews, this chapter will open the ground for a reflection about broader implications or long term consequences of Unilever's CSR program with its partnership embedded in Surabaya. This chapter's analysis is also intended to permit a generation of hypotheses stemming from the collected data (inductive analysis). In sum, this chapter would take the 'partnership' into another level in academic and conceptual discussion.

Chapter **seven** presents the conclusion of the overall study undertaken. The major points of the research fact-findings will be highlighted. On top of that this chapter will provide to what extent the research questions and the objectives of study can be addressed throughout the study. In this chapter, what lesson learned should be taken from the case study will be reexamined briefly, including some other important points of the issue raised during the analysis. Thus, the conclusion will highlight the benefit about 'making-it-as-a-case' in the discussion of the role of partnership and the role of business sector on an environmental governance settings. In the last past of this chapter, some aspects of limitations and strength of the study will be highlighted again as the basis to provide a recommendation, for both a further study and some practical reasons (policy recommendations).

CHAPTER2

LITERATURE REVIEW, CONCEPTS ANDTHEORIES

This chapter surveys the existing literatures that capture the crossroads of this thesis' major themes, namely multinational companies (hereafter called MNCs), corporate social responsibility (hereafter called CSR), partnership and sustainable development. There are several important objectives of this survey. First, through a review of relevant prior research it may reveal potential problems or unanswered important questions to be addressed by the study undertaken. Secondly, it provides a theoretical lens or conceptual framework that will guide and frame the thesis' explanation in order to meet both the proposed research questions and objectives. Finally, it will suggest the position and contribution of the study undertaken in the scholarship of the themes discussed.

2.1. Literature Review[1]

The increasing global environmental degradation which have challenged humankind all over the world and have pushed MNCs to rethink their role as part of the world's society is the bottom line that interconnects the cross roads themes of this thesis. They are all indeed global phenomena that have been evolving and changing over decades in a dynamic way. Accordingly, there is a wide range of studies that have captured and examined these phenomena in multi perspectives and various contexts of disciplines, geographical scopes, issues and purposes. Therefore, it must be admitted here that this literature survey is unable to cover all the existing literatures. To provide asystematic survey, the presentation will be structured into

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[1] The literature surveys in this chapter apply the so-called writing styles of *'thematic review'* and *'study-by-study review'* concurrently (Cresswell, 2005: 109-111). The application depends on the purpose and the degree of importance and relevancy of the literatures to be used as the foundation or reference of the analysis as well as to build a solid theoretical framework. Nonetheless, the purpose of the literature surveys themselves in this qualitative study mainly is, as Cresswell (2005: 112) puts it, *"to reinforce and depart from the past findings in pastresearch".*

two major sub-themes: 1) MNCs, Globalization and Business Responsibility for Sustainable Development (2) CSR and Its Practices Across the World, 3) MNCs, CSR and Sustainable Development Agenda in Indonesia, and 4) Partnership for Sustainable Development

2.1.1. MNCs, Globalization and Business Responsibility for Sustainable Development

Long before CSR gained its popularity among academia, business practitioners, policy makers and civil society alike, the phenomena of MNCs have been enormously subject to various studies since the early 1970s as an outstanding economic actor. First and foremost, the discussions on MNCs are closely linked to economic globalization, particularly focusing on how and to what extent they have worked to generate global wealth. International political economy, international business, and business management perspectives have been the predominant views. The issues of foreign direct investment, industrialization, international division of labor and liberalization of trades have been the central focus of the ongoing discussion (see for example: Senkuttuvan, 1980; Peter & Ghauri, 1999; Dunning, 1993; Frieden & Lake, 2000; Rowley & Warner, 2002: Held & McGrew, 1999, 2002a,2002b).

Among others, David Hell, et.al (2003) provided an exceptional work in thinking about the dynamics of globalization in which MNCs come up as important actors and environmental degradation appears as a pressing human issue. Using historical and global perspectives, the study of Hell, et.al on globalization has thoroughly examined how the contemporary globalization forces in politics, economics and culture have been strengthening in the second half of 20th Century. They argue that all these forces have brought about the extensity and intensity of international business operations through the activities of foreign direct investment and multinational production, which in turn have sharpened structural relations between corporate

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(MNCs) and nation state. The study also shows that global environmental degradation has already begun since the Industrial Revolution era that later worsened in terms of scale, variety and intensity in the contemporary globalization era post World War II.

Such diverse scholarly works on the role of MNCs in this area, led to the major conclusion, as Evan (1981) states it in his extensive review: "MNCs operation are unquestionably rational from economic point of view, beneficial to global welfare, though not always popular from a narrow nationalist perspective". What is important to underline from Evans' review is that it implies the importance of macro level context to be taken into account so that the relevancy of the study being taken on MNCs can be accountable, particularly if a socio-political approach is to be used. The review also concludes that the global context of MNCs and State relationship is very important to further examine their influence to the economic policy making process in developing countries and its impacts to society.

It is quite rational that the euphoria of economic growth and the predominant '*ideology of development*' among political leaders in developing countries in the mid 1970s up until the end of the 1980s have hindered any critical discussion on the relation between MNCs and environmental issues. For them, economic development is the important way of showing their political independency. However, since the years after the 1992 Rio Earth Summit, as a result of the evolution of critical linkages between the globalization forces and environmental degradation, contemporary studies on MNC's have considerably scrutinized the negative sides of MNCs business practices, particularly in the developing world. They come up with critical arguments under the theme of MNCs and sustainable development. In this context of the study, it has been widely acknowledged that MNCs should come forth to share a greater responsibility in pursuitofthesustainabledevelopmentagenda.Theyareconsideredasthenon-stateactor largely responsible for the ongoing globalizing environmental degradation. It is simply

because the overall business operations, from consuming natural resources as raw materials and energy and manufacturing them into commercial products to finally distributing them to consumers, have effectively contributed to the state of the environment and social conditions of society at large (Barth and Wolff, 2008). In addition, as Welford and Starkley (1996) strongly argued that there are no other institutions powerful enough to foster necessary changes.

Moser and Miler (in Starkey & Wedford, 2001: 2002-227) have attempted to synthesize various arguments, which critically examine the reluctance of big businesses to play a strategic role in the pursuit of sustainable development. They categorize their arguments under several themes: responsibility for sustainable development, repositories of power for sustainable development, representation for sustainable development, and reorganization for sustainable development. These four themes basically attempt to criticize several major issues of MNCs' business policy and practices that have been the concerns of NGOs and local communities in the developing world. Such themes include the following topics: (1) the uncritical consideration of MNCs to select the target countries for their investment; (2) the MNCs' discriminative application of global business standards, (3) the irresponsibility of MNCs to support the host-countries to the advancement of sustainable agenda policies; (4) the ignorance of MNCs to the local communities' interests in the host countries; and (5) the problems of MNCs organizational structures that are irresponsible to the demand of sustainable agendas in developing countries.

The linkage of globalization and environmental degradation, as the underlying issue, has been clearly examined by Adil Najam, David Runnalls and Mark Halle (2007). The relevance of their arguments in this study among others can be summarized in two points, first the dynamics of the interactions between globalization and environmental degradation have brought implications in both national and local level;

secondly, the challenges resulted from the interlinks between these two key global phenomena have called upon the active role of non-state actors from business and civil society.

To a larger extent, worldwide public interests on the urgency of responsible business practices in dealing with their external stakeholders have attracted many scholars. Another recent studies of Sawyer and Gomez (2008) have developed the so-called *'transnational govern mentality'* approach to suggest a right-based regulatory framework in order to strongly control MNCs' continuous exploitative business behavior in several countries, such as Bolivia, Peru, Chad, Cameron and Nigeria, India, Philippines, Australiaand Canada. Meanwhile, some scholars have also stressed that various global initiatives on multilateral regulations, such as the UN Global Compact[2], the OECD Guidelines, and Global Reporting Initiative (GRI) are very important in leading to the establishment of *'global governance'* and *'good company citizenship'* (see Wade and Van der Lugt, in Petschow, et.al, 2005: 186-211; Cramer, 2006:18-39; MacLeod in Boeger, et.al., 2008: 68-76, Burchel, 2008: 145). They argue that voluntary-based regulations are better than imposing binding regulations. They also contend that building trust and transparency is much more important at the time being to respond to the expectations of the society for more responsible business practices.

According to Peter Utting, et.al (2002), controversies on how to regulate business practices in order to reduce environmental impacts is a reflection of the politics of corporate environmentalism. At its heart they refer to the ongoing competing

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[2] UN Global Compact is mostly referred as an international code of conducts for company that promote CSR activities. It is initiated by General Secretary of UN, Kofi Annan, in 2000 and widely get support from world-wide business community. It is voluntary-based regulatory framework comprising *'Ten Principles',* including human rights, environmental protection labor rights and anti-corruption. See http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples.html. However, long time before, during the mid 1970s UN had already started an attempt to regulate MNCs business behavior through its special agencies, that is, the International Labour Organization (ILO) and the United Nations Commission on Transnational Corporations (UNCTC). More details on the historical process and its implications to current development, see MacLeod in Boeger, et.al (2008: 66-68) and Hansen in Utting, et.al. (2002:159- 184)

interests between NGO driven '*civic regulation*'[3] and *'command and control governmental regulatory framework', 'shareholders business first interest'* have prevented corporations from greening their business in reality.

Meanwhile, in more recent studies, Dunning and Fortainer (2007) argue that MNCs undeniably have moral and logic consequences to play an active role in achieving sustainable development goals, especially in developing countries in which they have been inclusively part of the mechanism of development process for decades. Because sustainable development is inherently part of the so-called New Development Paradigm (NDP), which have included non-economic variables and non-market players as the basic prerequisites for achieving human-centered development goals, as stated formally at global levels at the UN Millennium Development Goals (MDGs), MNCs should develop more innovative strategies through which they can deploy their potential contributions not just to economic growth, but also social advancements and environmental sustainability.

2.1.2. CSR and Its Practices in the World

Under the theme of greening business, the fabric of CSR has colored the ongoing debates. In fact, such extensive discussion on CSR among academia and businesscirclealikeforatleasttwodecadeshaveforcedtheemergenceofmultipleinterpretations of CSR. Amaeshi and Adi (2007), quoted by Frynas (2009:5) have identified diverse terms to show how CSR has been defined in many ways. These terms are business ethics and morality, corporate citizenship, corporate accountability,

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[3] For more detailed explanation on NGO-based initiated regulation, see Bendell and Murphy in Utting, et.al (2002: 245-266). The so-called *'civil regulation'* is to a larger extent influenced by consumer politics and pushed by the rise of global NGO networks since the 1992 UN Earth Summit in Rio de Jeneiro. Northern NGOs are the major advocates that have played active roles in the dynamics of this alternative regulations building process. They are UK-based NGOs, such as Forest Stewardship Council, Rainforest Action Groups, Oxfam, Save the Children Fund, Greenpeace and World Wild Fund.

corporate giving and philanthropy, corporate greening and green marketing, diversity management, environmental responsibility, human rights, responsible buying and supply chain management, socially responsible investment, stakeholder engagement, and sustainability. Meanwhile Cramer (2006: 38) has categorized CSR under seven major themes in which interpretations also vary. Such themes are transparency and responsibility, chain responsibility, governance, the environment, employees, human rights, and product responsibility.

There are at least two major areas of concern on CSR's studies, namely those that discuss at a conceptual discourse level and others that review at a practical level. Some studies provide conceptual debates followed by representative cases of MNCs' business practices at the global context (see Crane, Matten & Spence, 2008; Burchell, 2008). Some others examine CSR practices in the regional context, such as in Europe (Barth & Wolf, 2009; Habisch et.al, 2005), in Central America (Pratt & Fintell, Rodriguez & Camach in Utting, 2002: 41–74), in Latin America (Carrere in Utting, 2002: 77-75) as well as in Asian countries such as in Malaysia (Nizam, et.al, 2007; Zulkifli & Amran, 2006; Perry & Singh in Utting, 2002: 97-128) and in Indonesia (Susanto, 2007; Mursitama, et.al,2011).

Among such diverse CSR practices around the world, it should be noted, as Frynas (2009: 3-5) states, that there are some fundamental differences in interpreting the notions of CSR in reality. For many developing countries in Asia and Latin America, philanthropic activities in education and health fields, for example, are traditionally embedded in business responsibilities. Such social activities have become   main preferences for businesses particularly when the government is lacking the capacity to carry out such activities. To some extent, religious-based values and norms as well as certain local contexts, such as racial and gender

inequality, have also colored CSR practices in the Asian-African region, such as in Malaysia, Indonesia and South Africa. Whilst for many Europeans the notion of philanthropy or charity donations is not considered as part of CSR since it has no correlation with the companies' business activities, directly or indirectly.

The study of Habisch, et.al (2005) affirms that the historical, cultural, and institutional factors in the political sphere have greatly influenced the patterns of CSR policies and activities across Europe, but slightly differ in certain sub regions and countries. However, unlike Frynas' opinion, Habisch, et.al. (2005) show that philanthropic responsibilities are inherently the underlying motivations of CSR policies and practices in many European countries, together with both legal and economic responsibilities. On top of that, in Europe the role of governments is very significant to consistently encourage companies to pursue both their national and international standards of CSR practices. To a certain extent, this is something that differentiates them from their counterparts in the US (see Matten and Moon in Habisch, et.al. 2005:338-344).

With respect to the government's role, the study of Wolff, et.al (in Barth & Wolff, 2009: 249-268) confirms the full engagement in CSR practices. By using empirical and cross sectional studies in several industries, including oil and fisheries industries, the study shows how CSR and public policy in Europe are closely linked. Through the provisions of legal and institutional frameworks, the government stimulates CSR that contribute to the EU policy goals for mitigating climate change and promoting sustainability goals(p.259-260).

Other studies have explored CSR practices in certain industries, such as in oil and mining industries (Yakovleva, 2005, Prayogo, 2008, Imbun, 2007, Frynas, 2007, Boasson, et.al. in Barth & Wolff, 2009). According to Frynas (2007: 6) the oil and gas sector has been among the leading industries in championing CSR due to their

great potential for environmental harm in their business operations, such as oil spills, chemical risks and high resistance from local communities. He argues that in the case of oil industries, the companies most engaged in CSR are those that expand internationally and are dependent on international financial markets and international reputations(p.8).

There are also several studies that examine CSR from specific perspectives. Boeger, Murray and Villiers (2008), for example, have brought forward various legal perspectives, ranging from international law, environmental law, company law, European law to international human rights law to discuss deeply the importance of law, legal systems and the role of lawyers in the current debate on CSR. Critical issues such as the role of the state to regulate and enforce CSR effectively as well as the role of transnational norms to make corporations subject to international law have been raised (see MacLeod, in Boeger, et.al, 2008:64-84).

Similarly, the UN Non-Governmental Liaison Service (NGLS-UNSRID, 2002) has also attempted to highlight the socio-legal perspective in their work, but focus on specific voluntary initiatives associated with CSR, such as codes of conduct, social and environmental reporting, certification schemes, and some others. Scrutinizing on the European and Spanish case, Gonzales & Martinez (2004) have also discussed the questions of CSR from the perspective of regulatory framework, in particular with respect to the contrasting views of voluntary versus compulsory approaches. Different from the rest, Schreck (2009) used an econometric approach to deeply evaluate the impacts of CSR towards corporate performance. He contends that ,unlike the general assumption of the neoclassical perspective, there is no significant negative relation between CSR and profit. Particular individual components of CSR, such as corporate governance and business ethics as well as environmental

management, provide evidence of positive relations between CSR and profit.

On the other side, Hawkins (2006) has thoroughly discussed more CSR related issues from a sustainability aspect. In his point of view, such a sustainability perspective is very important for businesses to survive in the long term, because CSR is not about compliance. The previous study of Rondinelli and Berry (2000) has widely examined the practices of MNCs in the field of environmental protection and their contributions to sustainable development. Using the term *'corporate environmental citizenship'* and applying content analysis of 38 MNCs environmental performance reports, they assess how and how best MNCs work in a collaborative way with other stakeholders to solve environmental problems. The study acknowledged that there is a complex mix of forces that have driven corporate environmental citizenship, ranging from public demands, pressures and expectations to global competitive markets and the shrinking roles of national and local government to address the problems.

Interestingly, several studies have firmly criticized the implementation of CSR, particularly in developing countries. Using the term of *'corporate accountability'*, instead of *'corporate responsibility'*, they critically pose the questions concerning to what extent can businesses really contribute positively in a substantial manner to society, particularly to the poor and marginalized people (Garvey and Newell, 2005, Blowfield, 2005, Newell, 2005, Lund-Thomsen, 2005). According to Blowfield and Frynas (2005), taking into account the complex challenges of development in developing countries, particularly dealing with poverty eradication and environmental sustainability, it should be acknowledged that there are limitations and potentials of CSR's contribution, rather than simply making simply making narrow claims on CSR's contribution to address such developmental

issues.

According to Vogel (2005), corporate responsibilities in dealing with environmental, and human rights, issues are the very important aspects of CSR, but research on examining the actual impacts of CSR on the social and environmental problems are still very rare. Through his comprehensive examination upon various practices among global companies in conducting their CSR, Vogel follows the argument of Blowfield and Frynas (2005) stating that there have been the potentials and limits of CSR. However, Vogel (2005:3) strongly argues that the role of market is the determining factor in stimulating, sustaining, and even discouraging the practices of CSR. Among other powerful market forces which have strong influence are consumer demand for responsibly made products, actual or threatened consumer boycotts, challenges to a firm's reputation by NGOs, pressure from socially responsible investors and the values held by managers and other employees.

According to Vogel, in the area of environmental protection, the real contribution of CSR practices among big companies around the world have been difficult to assess since the complexity of the environmental issue itself and the fact that there is still lack of governance mechanisms with respect to environmental supply chain management in developing countries. Finally, beyond the market virtue, Vogel acknowledged that it is impossible for a company to be the single and dominant actor in delivering a better welfare for humankind because the embedded voluntary character in CSR practices. Accordingly the state's involvement in CSR implementation should be acknowledged, as he states: "the role of public sector regulatory and enforcement capacity plays a critical role in underpinning CSR"(Vogel, 2005:170).

2.1.3. CSR in Indonesia

Studies on CSR practices in Indonesia among academia, postgraduate students, business and NGO activists have emerged under various topics, such as corporate social reporting (Effendi, 2008, Chambers, Chapple, Moon and Sullivan, 2008), institutionalization process (Rosser & Edwin, 2010) and business profitability (Anggraini, 2011). One of the important conclusions of Effendi's research towards ten large firms in Indonesia with different characteristics is that generally the corporate sustainability reporting of the listed companies in the Indonesian Stock Exchange Market has been partially consistent with GRI[4]standards. Nevertheless, the quality of this reporting has not been automatically linear with the impacts of the companies' stock return. Meanwhile, employing comparative studies and quantitative methods with secondary data, Fauzi's study (2008) concludes that MNCs which operate in Indonesia have better social and environmental perspectives than their counterparts of Indonesian national companies that consequently have contributed to the MNCs relatively better social and environmental performance.

CSR in Indonesia has also received attention from some foreign scholars. Melody Kemp (2001), for example, argues that historical and cultural factors have significantly influenced the existing performance of CSR in Indonesia. According to him, *"CSR is likely to remain cosmetic"* unless there is substantial changes to the real issues of law reform and multilevel political and social development. He strongly argues that the role of an effective democratic government is critical for an effective implementation of CSR.

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[4] GRI *(Global Reporting Initiative)* is an internationally independent network organization headquartered in Amsterdam (the Netherlands). Established in 2000, this organization consists of various representatives from the business community, civil society, labour union and professional associations. GRI, since its establishment, has published the so-called 'sustainability reporting guidelines'with consensus-seeking basis. See Effendi, Subagio in GALANG,*Journal of Philanthropy and Civil Society,* Vol.3, December 2008,pp.34-35

Malkasian's study (2004) provides other insightful findings on CSR practices in Indonesia. The study was conducted towards four MNCs operating in the country, namely Freeport, Rio Tinto, Nike and General Electric Consumer Finance Indonesia. The study concluded that basically there are various specific reasons for MNCs engagement in CSR activities in Indonesia, depending on the type of industry being managed, company's leadership, and company's experience. From exclusive experiences of the two mining companies, that is, Freeport and Rio Tinto, there are several important factors that may enhance positive impacts from their CSR programs, namely: the clearness of vision on the objectives of the CSR program, the willingness to listen thoroughly to the stakeholders' needs, and to what extent the partnership has been used as an approach to move towards sustainable development. However, similar to Kemp's argument, Malkasian also emphasizes that above all, the quality of public institution is the determinant factor for a CSR program to be successful and beneficial for public welfare.

It is also noteworthy to point out some recent studies on CSR practices in Indonesia by local scholars. The study of Mursitama, et.al. (2011), among few empirical researches on CSR practices, provides a single case study that comprehensively examines the process of CSR strategy and implementation of big business in Indonesia. RIAUPULP, the subject of this study, is the biggest pulp and paper industries in Indonesia which belongs to the Asia Pacific Resources International Holding Limited Ltd (APRIL). It is located in Riau Province, the western part of Indonesia (Sumatera Island) which is well known for the richness of natural resources, but contrasts sharply with the prevailing poverty of its people. The significance of this study lies at its focus on the transformation process of *Riaupulp* CSR program from a philanthropic to a more strategic oriented program emphasizing on community development. The study did not just explore the significant achievements of *Riaupulp*'s

CSR program implementation, but it also pointed out some critical issues to be further studied, such as sustainability, institutionalization and accountability of the CSR program carried out by the corporation through its newly established foundation, called CEACOM (Care and Empowerment of Community).

On the other hand, Prayogo (2008) presents different points of view from Mursitama, et.al. In his study on business – community relations in the oil and mining industries in West Java, he firmly argues that CSR in Indonesia tend to be used by corporations as their strategic means to adapt and respond to the pressures coming from their social environment in order to sustain their business objectives, rather than substantially responding to the need of equality and justice of the communities in which they invest.

He further confirms that corporations are rational, individualistic, and highly profit-oriented actors; while communities are more social-oriented and prefer to have equal distributions of welfare. Because of controlling so much greater resources than the other two actors, that is state and community, corporations are able to effectively exercise their power towards others for the sake of their own interests. Using a qualitative research method and sociological perspective, Prayogo's study provides a strategic map to understand the pattern of conflict relations between corporations and stakeholders in different industrial sectors in Indonesia which is very useful to analyze the dynamics of CSR implementation process in the field. The following Table 2.1. shows that potential conflicts between companies and local communities in manufacturing industries are not as high as those in extractive industries.

With respect particularly to Unilever's CSR performance in Indonesia, several studies (Harmoni & Andriyani, 2008; Irwanto & Prabowo, 2008; Indarwati, 2007; Natalia, 2009; Hidayati, 2011; Anggraini, 2011) have generally concluded thatUnilever

Indonesia is among a few companies in Indonesia that have successfully carried out their CSR Program. However, the analysis in these studies mostly used a quantitative research method and relied heavily on secondary data, such as the company's sustainability report and the company's short listed in Indonesia stock exchange. Unsurprisingly, they tell very little about the actual positive impacts of the CSR's contribution to society, or a broader implication to the development agenda. These studies tend to uniformly tell the 'success story' from the perspective of *'business case CSR',* such as customer satisfaction, financial performance and company's reputation.

Table2.1.
Trends of Conflict between Companies and Stakeholders according to
the Type ofIndustries
(Prayogo, 2008:81)

Type of Industry	Local Communities	Workers	Consumers
Extractive: exploitative to natural resources and local communities	**High potentials**; very vulnerable to the explosion of violent conflict, due to strong competition to get access and control over economic resources	**Moderate;** not too strong resistant and sensitive to conflict, since generally the welfare of the workers and their family are verygood	**Low** resistant, conflict are very rare, except protest or boycott over the contaminated products and human rightsissue
Manufacturing: exploitative over the workers	**Moderate** resistant, not vulnerable to the explosion of conflict, except attached to the issue of environmental pollution ordamage	**High r**esistant, very vulnerable to the outset of conflict due to company's profits margin tend to be sourced from low wages, amongothers.	**Low** resistant, conflict very rare, except complaints over the quality of theproducts
Services: exploitative to consumers	**Low** resistant, conflict very rare, low interaction and conflict ofinterests.	**Moderate** resistant, not too vulnerable to the explosion of conflict, except the company with bad management practices	**High** resistant, very vulnerable to conflict, because the company's extra margin is taken from the difference between the quality of service and selling price.

Similarly, Susanto (2007: 155) also suggests that Unilever is exemplary for best CSR practices in Indonesia. He points out that the company has conducted various CSR

programs in both social and environmental realms. Through its2management reform on manufacturing process, among others, Unilever has achieved significant progress on the so-called *'zero waste, zero accident and zero breakdown'.* This achievement has gained international recognition from the Japanese Institute of Productive Maintenance in 2001, called *'Total Productive Maintenance'* (TPM). According to Susanto, 'Surabaya Green and Clean' is one of Unilever's CSR programs that positively contributes to address municipal solid waste management problems. Nevertheless, despite his genuine effort to conceptually define CSR from management perspectives, Susanto did not provide a single empirical-based research in his study to evaluate the CSR practices of Unilever, as Mursitama's study with *Riaupulp* case. Susanto's conclusion on Unilever's CSR performance relied merely on the company's sustainability report.

Last but not least, a joint research project between Unilever in cooperation with Oxfam GB and Oxfam Novid (the Netherlands), entitled "Exploring the Links between International Business and Poverty Reduction: A Case Study of Unilever in Indonesia" (Clay, 2005) provides an important reference. This study confirms that Unilever's business operations in Indonesia can contribute positively to more people, particularly poor people. Using an empirical case study approach of Unilever's CSR program in empowering soybean farmers in Central Java, this study shows how the value chains of Unilever's business activities in distribution and retail operations have brought economic benefits not just for the company's profit, but also in expanding job opportunities and generating local income.

The focus and perspective of Oxfam's study is very useful to bring a comparative picture for the study undertaken which will examine Unilever's CSR program in the area of environmental protection. One important conclusion and lesson learned from Oxfam's study is that the value chain has potential to be an effective

instrument in fostering poverty eradication. Thus, it would be a question whether Unilever business would be also beneficial for supporting environmental sustainability inIndonesia.

2.1.4. Partnership for Sustainable Development

It has been widely acknowledged that partnership is a promising approach to solve many issues of public concern all over the world, as shown by various partnership project data base in many official websites of the United Nations, multilateral institutions (such as OECD), regional organizations (such as ASEAN, EU) and non-governmental organizations (such as Indonesian NGO named 'Partnership' and Nederlandse Organisatie voor Wetenschappelijk Onderzock (NOW) in theNetherlands.

The idea of multi-stakeholders partnership gets the impetus in the 2002 Johannesburgh Conference (WSSD) in order to engage more relevant actors for the pursuit of sustainable development. Nevertheless, the notion of partnership itself, particularly in the area of environmental governance, has evolved ever since 1970s. In his review, Arthur P.J. Mol (in Glasbergen, et.al, 2007: 216-222) argues that the notion of partnership, both at discourse and practical (policy) levels, basically criticizes the strategic role of state in providing collective goods, including environmental quality. Mol defines partnership literatures into two categories. The first category is partnership literature that flourished during the second half of 1980s with focus on public – private partnership (renowned as PPP). The idea PPP is mostly about cooperation between government and business sector at the basis of contractual arrangement in order to carry out urban infrastructure development and provide social-environmental services (such as water, waste, energy, health, transportation, etc). This partnership scheme is considered as an alternative way to solve the problem of state's incapacity, inefficiency

and ineffectiveness in handling development process at both national and local levels. The significant role of private sectors in this partnership scheme tend to be dominant in holding authoritative coordination mechanism so that business management and organization sciences are core literature.

In the next period of mid 1980s to 1990s, focus on the role private sectors in promoting partnership mechanism has slightly moved to development agencies and international financial institutions, such as the World Bank and IMF. Their role, especially with regard to conditioning loans and assistance program, have developed the importance of partnership ideas with the focus on community development issues in developing countries. In fact, there have been a wide range of empirical case studies indeed with various background issues -- ranging from poverty alleviation, income generation and natural resources management-- and geographical settings that have been conducted to observe mainly the process and dynamics of the so-called *'people-centered development'* (Samad, et.al., 1995; Heyzer, et.al., 1995; Holloway, 1995; Sumi, 1996; Ghai & Vivian, 1992). Partnership in these literatures mostly refers to bilateral relationship between states/governments and non-governmental organizations (NGOs)/local communities or between multilateral agencies/international organizations and NGOs. According to Mol, based on the study of Miraftab (2004), such model of international development agencies-led partnership, has just reinforced the relationship between state and market actors. The engagement of local communities and civil society has recently started after severe criticism by the end 1990s resulted from the emerging discourse and transnational movement on good governance.

The second category of partnership model Mol (in Galsbergen, et.al, 2007: 220-222) identified is the one which is characterized as collaborative arrangements among various actors at any governmental levels in more flexible duration of time frames and

can be voluntary to mandated. The most important feature of such partnerships model refers to a stronger focus on the achievement of common objectives so that has no hierarchy or less managerial procedures. According to Mol, this partnership category has various labels, such as cross-sector partnerships, social partnerships, inter sectoral partnerships, strategic partnerships, social alliances and public policy networks. Mol also further notes that, more recent partnership literature, particularly since after the 1987 Bruntland Commission Report on *'Our Common Future'* and subsequently the 1992 Earth Summit in Rio de Jeneiro, have been dominated by concerns on (global) environmental challenges in the dynamics of globalization and, therefore, complexity issues of environmental governance.

According to Garwen & Nedamoski (2005), the basic assumption underlying the new paradigm of multi-stakeholders partnership (MSP) which involves civil society sectors in strong collaboration with the two other sectors --government and private business-- are various, such as pooling resources, holistic approach and role of private sectors. The importance of Gerwen & Nedanoski's study lies in their critics about monitoring and evaluation methods in examining a certain case of such partnership. According to them, current monitoring and evaluation methods are problematic, because they primarily focus on whether partnerships deliver end results, while pay little attention on process of partnership building. They argue that the quality of the process determines in large degree the end results of partnership building process. With this respect, local context needs to be examined as it is a significant factor in influencing the end results of multi-stakeholder partnership outcomes.

The study of Gonzales et.al (2000), among others, provides a comprehensive picture of multi stakeholders or cross sectors partnership that takes place at the local setting and under the theme of sustainable development. According to Gonzales,et.al.,

partnership is a useful approach to address issues of public concern such as environmental problems. It is believed that partnership can contribute to the practices of good governance, which has a positive impact to the achievement of better environmental performance as well as the achievement towards other development agendas. Using empirical case studies in six Southeast Asian countries and an explorative-participatory approach, the study of Gonzales, et.al. is indeed a very important reference for further scholarly research concerning the issue of multi stakeholders partnership at the local level in different context of problems and geographical settings; how such a mechanism could be an effective instrument to address the complexities and interconnectedness of social problems facing human life today.

Compared to this study undertaken, the Gonzales' case studies of multi stakeholders partnership study do not engage MNCs as the participant. Instead, they identify the participation of local private business sectors. It also should be noted that the six partnership projects studied in the study were indeed pilots, indicating that they have time constraint and scope limitation. The last point of weakness in the study, as acknowledged by Gonzales, et.al (2000: 14), is the difficulty to evaluate the effectiveness and sustainability of partnership projects which had only took place for 18 months, despite the fact that there were potential factors to support a successful project implementation in the long term.

With particular concern on partnership issue as part of the CSR practices, the study of Glasbergen, et.al., (2007) provides some relevant points. Glasbergen, et al shares similar views to Gonzales et.al, that partnership is an important new paradigm that may have contributed to the effectiveness and legitimacy of governance for sustainabledevelopment.Partnershipcanbeseenasaninstitutionalarrangementthat

provides the tools for deliberate societal change at various levels, from global to local. The study of Glasbergen, et.al., (2007) provides a useful analytical framework for the study undertaken because it puts together the key related concepts of partnership, governance and sustainable development in such an integrated way that will significantly contribute to a comprehensive understanding of the current issues at hand.

What is also important to underline about the conclusion of the study of Glasbergen et.al, among others, is that business – NGO partnerships are not a *'panacea'* to solve a particular policy or promote sustainable development in general. In fact, there is still mutual distrust and skeptics among some elements in both business and NGO communities although in some cases partnerships could have proven themselves to have a positive contribution to the development process (Gray, in Glasbergen, et.al, 2007: 65).Meanwhile, Brinkerhoff (inGlasbergen,et.al.,2007:86) concludes that a further examination, particularly in terms of legitimacy and security dimensions,[5]   is highly needed to conclude whether partnership can bring significant impacts to governance problems.

It is also worthwhile to have a look at the case study in different circumstances offered by Davies (2002). Using empirical case studies and qualitative approaches, Davies' study examines the partnership process that took place in Huntingdonshire district levels in the United Kingdom. The partnership was initiated by '*Going for Green'*, a national organization, as part of UK government's citizen awareness campaign on sustainable development in the mid to late 1990s. In the process, they included various actors from different sectors, notably District Councils, national

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[5] *Legitimacy* here refers to how far the three basic elements of good governance, namely accountability, transparency and public participation (and interests) ,at both structure and process of the partnership have been implemented (Glasbergen, 2007:76-77); while security relates to the ability of the partnership to manage competing interests and conflict that may have arise during the ongoing process of social interaction within the partnership. (Glasbergen,2007:79-83)

NGOs, Cambridge University, as well as representatives from a number of local agencies, businesses, and members of the public drawn from the target locations.

Using a qualitative research method, the findings of this study shows that the pilot nature of the partnership structure leads to various problems, such as limited funds, lack of consistency in personnel participation from all sectors engaged, lack of sense of interdependency among actors, reluctance to share potential resources from each own sector. All of these problems have degraded the level of mutual trust in development, particularly between the local community and the local authority. In conclusion, the study states that the partnership in Hunts did not attain the anticipated goal of wide participation from the public in broad and deep lifestyles changes for sustainable development.

A large number of partnership studies have been conducted based on issues, geographical locations, actors and research methodologies. Although partnership is a promising approach to create or improve the enabling environment for approaching social problems, the current methods and instruments for monitoring and evaluation still need to be improved in order to examine how best multi stakeholder partnerships can be implemented (Gerwen & Nedanoski, 2005). In this sense, Rein & Scott (2005) argue a certain partnership may be successful in one place, but it does not mean that it can be automatically replicated in another. A *'one-size-fits-all'* approach is not the answer for replication of a partnership. According to the authors, contextual factors are very important to be assessed which include a wide range of variables, such as regional, national, local, economic, political, cultural and social conditions, as well as linkages with international bodies and networks.

On the other hand, Macdonald and Chrisp (2005) have critically questioned the genuinepurposeofbuildingpartnership.Atitshearttheirstudyattemptstorevealthe

gap in partnership project, between its ideal conceptual norms and its practices in the real world. They argue that it is vital to acknowledge what the fundamental purpose of a partnership is since this may entail potential social costs. Despite the fact that the establishment of a partnership enables *'the pooling of organizational resources to accomplish a specific task'* but the partners engaged within the partnership itself might have different purposes altogether. Macdonald and Chrisp also criticize, that existing literatures pay less attention to the further implications a partnership might have, both direct and long-term consequences.

Rondinelli and London's study (2003), provides a reference to examine the motivation of business actors in building partnership with NGOs. They point out three fundamental elements as prerequisites for the establishment of cross-sector partnership, namely, 1) ability to formulate common objectives and strategy to achieve the outlined objectives; 2) willingness to share resources; 3) mutual trust to exchange strategic information.

Meanwhile, Brinkenhorff (2002) assumes that all actors engaged in partnership are rational, despite of the fact that they have different interests. The recognition of mutual needs and the acknowledgement of other actors' capabilities are the driving factors for building partnership, even though there are potential conflicts among actors. According to Brinkenhorff, the basic principle in partnership is the equality among the actors and the ability of each actor involved in the partnership to contribute during the process. Such principle enables the engaged actors in partnership can enhance their relative capabilities and maximize the positive sides of their unique characters.

Last but not least it is noteworthy to have a look Blowfield's critical argument (2005) on business – society relations to deal with social and environmental issues, including the partnership framework embedded in such relationship. Blowfield argues

that the consisting concepts deal with cross-sectors partnership tend to prevent business from political conflict in development process. There is a tendency to have a consensus that business can take a part in promoting sustainable development without critically ask the basic values they have, namely profit maximizing. Blowfield also criticizes the focus on common interest in the existing partnership discourse. According to him, differences in actors' interests are not always negative and accordingly not necessarily eliminated in partnership dynamics. In addition, Blowfield criticizes the simplicity of society into three sectors – state, business and civil society – have hindered our understanding from the complex reality of asymmetric conditions among thesesectors.

2.2. Filling the Gap: Positioning of the Study Undertaken

Having surveyed the previous studies on MNCs, CSR, partnership and sustainable development, we may conclude that there is still a limited number of studies on CSR in Indonesia, particularly with respect to the issue of environmental partnership and environmental governance. It is very rare to find studies that use qualitative approach, especially case study approach, to examine CSR practices in certain industries, particularly the manufacturing industry which operates in an urban setting. In general, studies on CSR tend to focus on the factors required for a successful program, but they fail to go deeper to discuss how such programs have been conducted and may be sustained in the longer term, how the dynamics of social interactions within the partnership take place, how the program is scaled-up to broaden public participation and become more efficient and effective activities. Previous studies on MNCs and developing countries have revealed some insightful criticisms on the role of MNCs and the further negative implications that they bring in an economic, political, and socio-cultural environment, but studies on CSR to day in the developing world have not yet explored the broadest implications of MNCs' CSR programs, either in a positive or

negative sense.

In other words, the existing studies on CSR have not taken yet a broader picture to see the various dimensions of the dynamics of MNCs' CSR program implementation in the environment field. Currently, studies tend to focus more on evaluating the effectiveness of MNCs' CSR programs solely from a business lens, particularly studies conducted by postgraduates students in Indonesia. Similar condition can be found in University of Malaya, where postgraduate students' thesis are still very few while the existing ones have focus more on management issues.

Therefore, this study will consciously revisit and complement the works of Mursitama, et.al (2011), Susanto (2007) and Clay (2005), Fauzy (2008) and some other local scholars. The findings in this study will be used to reveal the answers to the central question on CSR studies today: *"what factors promote the achievement of sustainability impact through CSR?"* (Vigano, et.al. in Barth & Wolff, 2009: 40) or as stated in the background of this study (see Chapter 1), whether MNCs, in this case Unilever Indonesia, really matter in the achievement of multi stakeholder partnership in Surabaya to make the city green and clean. In addition, this study is also highly expected to fill the critics of international scholars in their previous studies on the critical linkages of partnership and sustainability issues, especially with regards to the importance of contextual factors (Rein & Scott, 2005; Garwen & Nedanoski, 2005), the redistribution of powers to local communities (Davies, 2002), the critical role of civil society in environmental partnership (Mol, in Glasbergen, et.al, 2007), the strategic role of states and public policy in more effective CSR as well as environmental governance (Malkasian, 2004; Vogel, 2005, Glasbergen, et.al, 2007) as well as the actual contribution of CSR program in achieving a better environmental quality (Clay, 2005; Vogel,2005).

Shortly, this study attempts to comprehensively examine CSR practices that do

not just look at the issue as a *'business case'* CSR, but in a more substantial way examine how CSR can be a bridge in linking international (global) norms and the local reality; and how multi-stakeholders partnership strategies applied to carry out CSR program in the environmental field have brought about further implications in a broader sense, not just merely perform the specific tasks or targets.

2.3. Theoretical and Conceptual Framework of Analysis

Based on the previous presentation of research questions and literature survey, there are at least three key concepts to be used as the analytical framework of this study. They are partnership, governance and sustainability. All these concepts are embedded in the critical linkages between the issue of the constructive role of MNCs --through CSR practices-- and the pursuit of sustainable development agenda. While theoretical explanations about CSR is also presented in this sub-chapter. However, as the study apply qualitative approach by using case study and process tracing method in the analysis, the related concepts and/or theories of CSR will be used as a guidance for two possibilities, that is: to develop or test the existing theory, which are highly rely on the empirical data resulted during the research. The focus will be in partnership, since historical perspectives on conceptual debates on CSR has shown the basic assumption that business is part of a larger society so that they need other actors in society to survive, develop and sustainable. In fact, the global discourse on CSR also resulted from the conflicting views of the so-called 'stakeholders theory' versus 'shareholders theory'.

Thus, to comprehensively examine the so-called 'Surabaya model of partnership' to govern the complexity of environmental challenges with regard to municipal solid waste management problems in Surabaya, this study borrows the

conceptual framework offered by James E. Austin (in Glasbergen, et.al, 2007: 50-67). Austin's framework is useful to answer four central issues in partnership as cross-sectoral collaborations, namely: partnering motivation, relationship evolution, value-generation process and performance determinants.

2.3.1. CSR and Stakeholder Theory

CSR is an umbrella term used in this study as a conceptual framework because it connects two other concepts, that is partnership and sustainable development. It is acknowledged that there is a wide range of both theories and conceptual definitions on CSR, indicating the various understandings and interpretations on CSR. There have been many CSR-related terms, such as corporate citizenship, corporate social performance, strategic philanthropy, corporate responsibility and many others. For the conceptual definition of CSR, this study shall apply two main definitions which are widely referred to in various literatures. The first one comes from the World Business Council for Sustainable Development which defines CSR as follows:

> CSR is the continuing commitment by business to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families, as well as of the environment and local communities at large. (WBCSD, 1999, cited in Barth & Wolff, 2009:5).

Whereas, the second one refers to the European Commission's definition stating that,

> CSR is essentially "a concept whereby companies integrate social and environmental concerns in their business operation and in their stakeholders on a voluntary basis. Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance (DOC/01/09/2001, cited in Barth & Wolff, 2009:5)

In review of CSR theories, Rochman (in GALANG, 2008: 109-118) has attempted to map the diverging theoretical perspectives on CSR. According to her, there are at least two grand camps in the mapping of CSR theories. The first is derived from Carroll (1999) and another one given by Garriga and Mele (2004). Carroll's mappingis

based on the periodical development of CSR among the academia for over four decades from the 1950s to 1980s.

The 1950s was the early stage of CSR development in which there was still a great uncertainty regarding what businesses should be responsible for; the next decade of the 1960s represented a time when CSR was still widely considered as an individual voluntary action of the companies' leaders; then in the following years CSR begun to receive recognition as the logical consequence of a company's existence in society; and finally in the decade of the 1980s, CSR developed to be the so-called *'business case'* due to a vast growth of research on CSR linkages to business performance. This trend has continued progressively up until the next decades because there were a lot of external pressures from globalization towards the society and environment that have further questioned the sustainability of the companies.

On the other hand, Garriga and Mele (2004: 63-64) attempts to map such diverse CSR theories based on the perspective of sociology. They classify various CSR theories and approaches into four typical categories, that is: *'instrumental'* (how to utilize the companies' resources for achieving a certain objective), '*political'* (how to use rights and obligations of the company in the society, *'integrative'* (how to integrate various social demands into business operations), and *'ethical'* (how the companies perform universal norms of various stakeholders). The following Table 2.2. provides the summary of Garriga and Mele's classifications.

It should be acknowledged that CSR has become an interdisciplinary field. However, the fact shows that business management is the most predominant view on the ongoing debates of various literatures on CSR. So far some theories have arose from this discipline, comprised of: *agency theory, stewardship theory, institutional theory, game theory, resource-based view in strategic management* as well as *stakeholder theory* and *Austrian view*[6] (McWilliams, et.al. 2006, quoted in Frynas, 2009: 14).

This trend is very understandable since traditionally and historically the lexicon of CSR emerged and developed as a critique to irresponsible business practices of the big businesses around the world.

Table2.2:
Mapping the Theories & Approaches ofCSR
(Garriga & Domenec Mele,2004)

Theory & Approaches of CSR

Types ofTheory	Approaches
Instrumentaltheories (focusing on achieving economic objectivesthroughsocialactivities)	•Maximizationofshareholdervalue •Strategies for competitiveadvantages •Cause-relatedmarketing
Politicaltheories (focusing on a responsible use of businesspowerinthepoliticalarena)	•Corporate constitutionalism •Integrative Social ContractTheory •Corporate(orbusinesscitizenship)
Integrative theories (focusingontheintegrationofsocial demands)	•Issuesmanagement •Publicresponsibility •Stakeholdermanagement •Corporate socialperformance
Ethicaltheories (focusingontherightthingtoachievea goodsociety)	•Stakeholder normativetheory •Universalrights •Sustainabledevelopment •Thecommongood

Such diverse theories of CSR from economic and business-management perspectives are basically rooted to the two competing major views between the so-called *'shareholders'* interestversus *'stakeholders'* interest.Atitsheart,thedebateof

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[6] *'Austrian view'* is used by Frynas in his study on CSR of multinational oil companies based in Europe, US and some developing countries, titled *"Beyond Corporate Social Responsibility: Oil Multinationals and Social Challenges"*. According to him, this view is a useful alternative approach to explain CSR strategies, rather than the other two theories of *'stakeholder'* and *'institution'* which he also used in his analysis. Rooted to Austrian economic traditions, particularly based on the work of Ludwig von Mises which arguably presents various advantages for organizational leadership, this Austrian view gives emphasis to the role of individual action to shape and change institutional structures. Through their entrepreneurship, an individual can anticipate their dynamic external conditions and the uncertain future that have potential impacts to the firms and accordingly are able to make a strategic decision to maintain competitive advantage of the firms, see more in detail, Frynas(2009:18-21).

these contradictory views is centered on what businesses should responsible for. The first camp is established based on Milton Friedman's view stating that the only responsibility of businesses is to increase profit (cited in Burchell, 2008: 84-89); whilst the latter refers to Archie B. Carroll's view on the importance of taking into consideration a broader range of interests that have a stake in the company itself, not just simply economic responsibilities. According to Carroll (quoted in Burchell, 2008: 92-96), the entire range of business responsibilities comprises of four major aspects, namely legal, ethical, philanthropic and economic responsibilities. However, compared to the former, Carroll's perspective has extensively colored the current literatures on CSR in a variety of studies.

Therefore, it is noteworthy to point out in this study the prevailing CSR theoretical perspective, renowned as the *'stakeholder theory'* [7]to be understood as the basic reference. This theory is basically developed from the assumption of a 'systems' theory, stating that like a biological organism, business firms are inherently part of a wider social structure in which they interact to each other simultaneously in certain dynamics. Thus, this theory argues that to survive, it is not enough for corporations just to make a profit for their owner; instead they have to serve a broader public purpose and create value for society. In other words, corporations have multiple obligations, and all stakeholders' interest must be taken into account. (Lawrence & Weber, 2008:6).

As a concept, the term 'stakeholder' simply means "persons and groups that ffect, or affected by, an organizations' decisions, policies and operations" (Lawrence &W eber, 2008: 7). In general, there are two kinds of stakeholders, first the so-called *'market stakeholders'* and *'non-market stakeholders'*. The first one refers to individuals or groups

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[7] This theory is also called *'the stakeholder theory of the firm'* as opposite to *'the ownership theory of the firm'*. The latter one is rooted to the view of Milton Friedman on *'shareholder's interest'*, see Lawrence & Weber (2008: 6-18). This ownership theory of the firm is also associated with the so- called *'market capitalism model'* which propose four main arguments to explain the relationship between business-government-society (BGS), that is: (1) government regulation should be limited, (2) markets discipline private economic activity to promote social welfare, (3) the proper measure of corporate performance is profit, (4) the ethical duty of management is to promote the interest of shareholders. See the detailed explanation in Steiner & Steiner(2006:9-12)
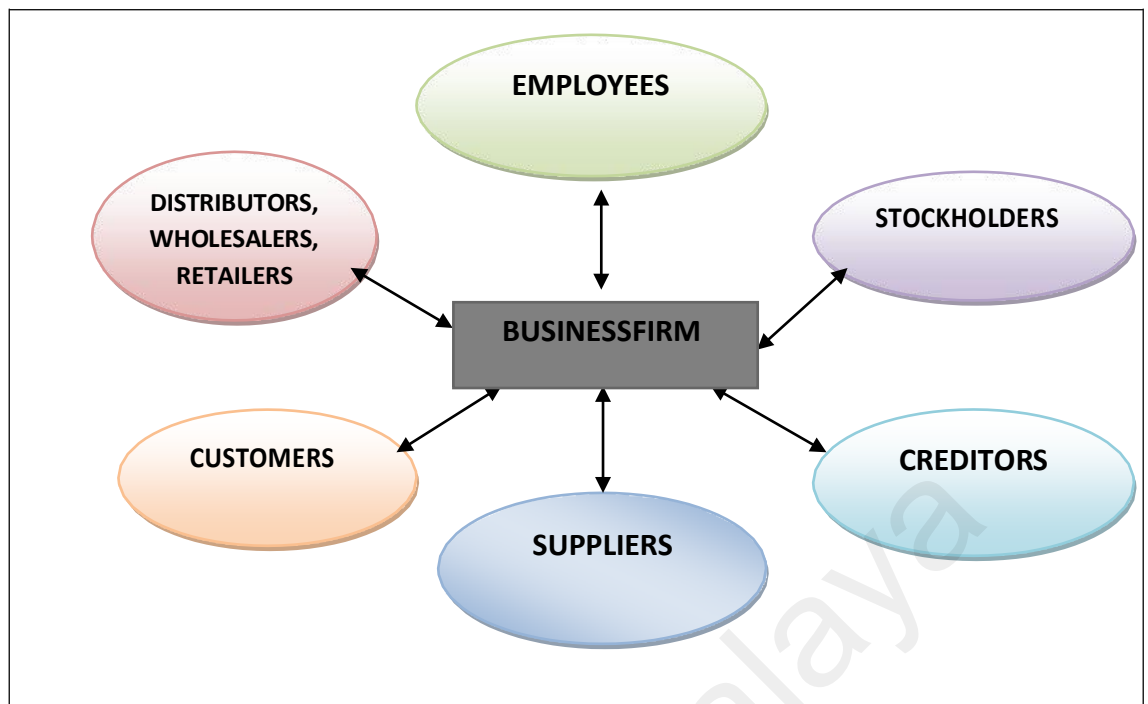
Figure 2.1.: Market Stakeholders of Business
(Lawrence & Weber, 2008:8)

of people that have direct and mutual economic relationship with the company because they have a primary purpose that is in line with the main function of business activities as provider for societal goods and services. The Figure 2.1. shows those belong to the market (primary) stakeholders. Whilst, the other group of stakeholder comprise of those who have no direct and economic relationship with the firm, however they are potentially affected by – or can affect in vice versa – the actions of the firm (Lawrence & Weber, 2008: 8,10). The following Figure 2.2. illustrates the non-market stakeholders of business.

Other scholars suggest different definition. They classify various stakeholders into two types, namely '*primary stakeholders'* and *'secondary stakeholders'*. They define the primary stakeholders as a small numbers of the constituents towards whom the impact of the relationshipis immediate, continuous, and powerful on both the firm and the constituent, By contrast, the latter stakeholders refer to a broader range of constituents in which the relationship involves less mutual immediacy, benefit, burden,

or power to influence (Steiner & Steiner, 2006: 17). The following Figure 2.3. shows the differences shows the difference between the primary (in red circles) and secondary stakeholders (in greencircles)
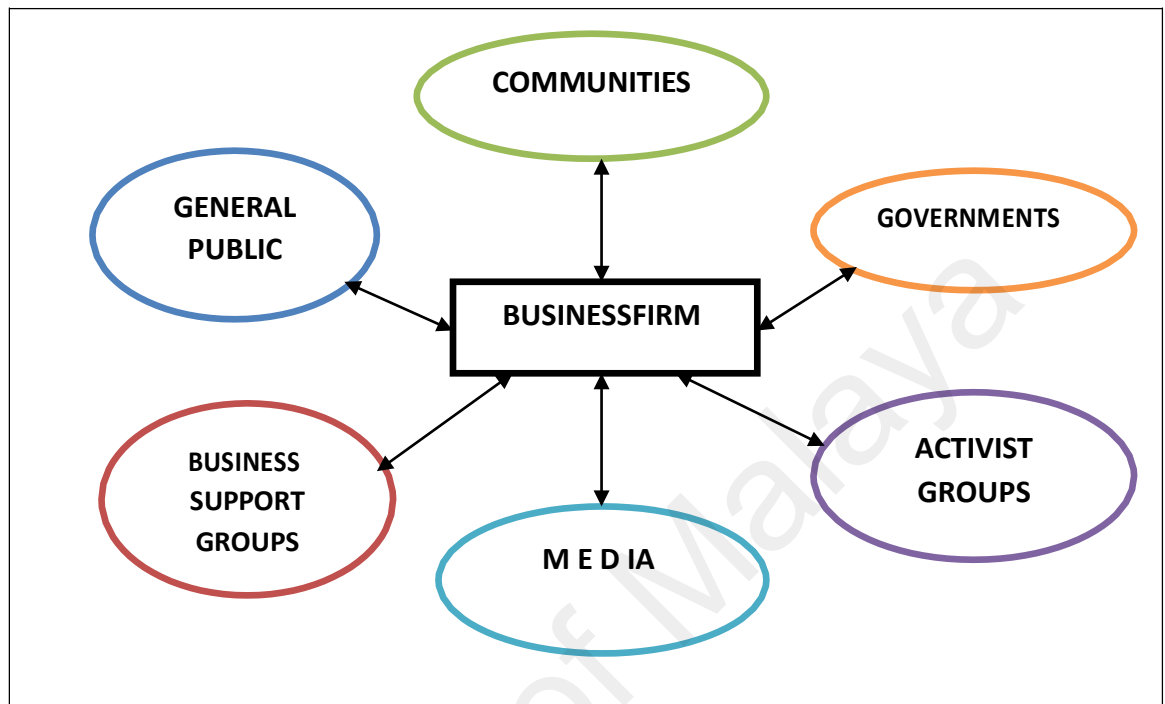
Figure 2.2.: Non Market Stakeholders of Business
(Lawrence & Weber,2008:10)

For the purpose of this analysis, focusing on socio-political relationships both as a *cause* and *result* of MNCs' CSR practices, the study can use both categorizations of stakeholders as its reference. Nevertheless, this study explains the figures above in order to show that in reality it is unavoidable for corporations to become part of such complex interactive social systems, especially in the context of globalization that creates a worldwide network of economic, social, political, cultural, scientific, military, and environmental interdependence.

What needs to be underlined here is the fact that each stakeholder, regardless of whether they belong to market or non-market stakeholders, has their own interests and

Notes: the red colors refer to *'primary stakeholders'*, while the green ones are *'secondary stakeholders'*

Figure 2.3.: Primary & Secondary Stakeholders of Corporation
(Steiner & Steiner,2006:17)

Power which can uniquely affect the firm's interest and policy decision making process (see Lawrence & Weber, 2008: 14-15). The following Table 2.3. describes the points of interest of non-market stakeholders. Therefore, in principle, stakeholders theory suggests that *the interests of shareowners[8]are not always primary and never exclusive"* (Steiner & Steiner, 2006:18).

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[8] The term *'shareowners'* in principle has the same meaning as the other terms, *'shareholders'* or *'stockholders'*. Therefore they tend to be used interchangeably in various studies. They refer to those who put their money or other non-financial property to the firm as the capital to run the firm's business operations. Simply they can be defined as those who own stock in the company. According to business perspectives, managers and board of directors in the company are agents of shareholders who have responsibility to maximize returns to shareholder/shareowners/stockholders (see Lawrence & Weber, 2008:6)

Table2.3:
Framework of Nature of Interest and Power of Non MarketStakeholders
(Lawrence & Weber,2008:15)

Stakeholders	Nature of Interest – Stakeholder wishesTo	Nature of Power-- Stakeholder Influences Company By:
Communities	• Employ local residents in the company • Ensure that the local environment isprotected • Ensure that the local area is developed	• Refusing to extend additional credit • Issuing or restricting operating licenses andpermits • Lobbying government for regulation of the company's policies or methods of land use and wastedisposal
ActivistGroups	• Monitor company actions and policies to ensure that they conform to legal and ethical standards, and that they protect the public'ssafety	• Gaining broad public support through publicizing theissue • Lobbying government for regulation of thecompany
Media	• Keep the public informed on all issues relevant to their health, well-being and economicstatus • Monitor companyactions	• Publicizing events that affect the public, especially those that have negativeeffects
Business Support Groups (e.g. trade associations)	• Provide research and information which will help the company or industry perform in a changingenvironment	• Using its staff and resources to assist company in business endeavors and development efforts • Providing legal or 'group' political support beyond that which an individual company can provide foritself
Governments	• Promote economicdevelopment • Encourage socialimprovements • Raise revenues throughtaxes	• Adopting regulations andlaws • Issuing licenses andpermits • Allowing or disallowing industrialactivity
The GeneralPublic	• Protect socialvalues • Minimizerisks • Achieve prosperity forsociety	• Supportingactivists • Pressing government toact • Condemning or praising individualcompanies

We may emphasize here that basically no single theory or perspective can capture a comprehensive explanation on a company's CSR practices and its dynamics in

one given time, as Maxwell (1996:33) argues that 'no theory can accommodate all data equally well'. In fact, this study adopting qualitative research methods will be 'flexible' to the uses of existing theories. It means that theory is not the primary concern in this study because the focus is primarily on obtaining empirical evidence in order to understand the meaning of what is going on (Gillham, 2000: 10-12). So, this study will not insist on fitting the data into the established theory. Rather, this study relies on the empirical data and the theory in this study serves as the guidance to help the focus of the process of analysis in order to meet the research objectives.

Therefore, the introduction of stakeholder theory aims to provide a sense of logic in understanding the importance of Unilever's commitment and strategy to use a partnership approach in applying its Green CSR by engaging various non-market stakeholders in Surabaya, particularly local government and media. While various CSR theories proposed by Garriga and Mele are very useful to keep the researcher's mind open to the empirical data during the process of analysis. We do not either ignore or heavily rely on one of these theories or approaches in order to make it possible for this study to undertake inductive theorizing (see Maxwell, 1996:36).

In addition, we argue here that in the reality of complex social and natural environments, Unilever's Green CSR practices are inherently multidimensional. They can be related to various aspects of social, economic, political and ethical realms. Because the rationale behind the commitment, strategy and implementation of the company's CSR practices -- policies and program – is presumably influenced by the complexity of sustainability issues at global and local contexts, CSR can be used for many reasons as long as it serves the business interest to survive, develop and sustainin societal dynamics in a broader sense. Thus, again it very much depends on the grounded data whether Unilever's CSR is instrumental, political and ethical.

As an alternative of the theoretical framework given by Garriga and Mele, we propose to use the so-called 'Relational Model of CSR' (Barth & Wolff, 2009). One of the main reasons is that it is derived from the empirical case studies across different types of industries including extractive (oil and fishing), manufacturing (automotive) and service (banking). The model acknowledges the diversity and reciprocity of actor relations in CSR processes. In this model it is not the state that becomes the center of dynamic interactions in the social relations among actors, neither the market nor civil society. Instead, CSR takes the place as the 'hub' of this tripartite strategic relation. In this case, CSR brings the so-called *'governance capacity'* through which *'co- responsibility'* are shared among the actors for the sake of attaining sustainability goals. Thus, CSR is considered as a 'business, societal and political mode of sustainability governance'.

2.3.2.Partnership as a Dynamic Process of Social Interactions

2.3.2.1. Conceptual Definitions of Partnership

The second key term and concept to be exclusively explained in this part is *'partnership'*. Partnership can serve as an overarching framework used to explore the dynamic triangular relationship between Unilever and the other actors across sectors – government and society – engaged directly or indirectly to carry out Unilever's CSR initiatives in Surabaya. It is noteworthy to provide several conceptual definitions of partnership from different scholars: The first definition of Glasbergen, et.al (2007:2) defines partnership as: "collaborative arrangements in which actors from two or more spheres of society (state, market and civil society) are involved in a non-hierarchical process through which these actors strive for a sustainability goal".

The second definition proposed by Tennyson & Wilde (2002:12) states that:

> Partnership is an alliance between organizations from two or more sectors that commit themselves to working together to undertake a sustainable project. Such a partnership undertakes to share risks and benefits, review the relationship regularly and revise the partnership as necessary.

Meanwhile, put in the context of a CSR perspective, Seitanidi & Crane (2009:413, cited from Waddock, 1998:18) propose partnership as:

> A commitment by a corporation or a group of corporations to work with an organization from a different economic sector (public or nonprofit). It involves a commitment of resources --time and effort-- by individuals from all partner organizations. These individuals work co-operatively to solve problems that affect them all. The problem can be benefited at least in part as a social issue; its solution will benefit all partners. Social partnership addresses issues that extend beyond organizational boundaries and traditional goals and lie within the traditional realm of public policy -- that is, in the social arena. It requires active rather than passive involvement from all parties. Participants must make a resource commitment that is more than merely monetary.

As such, multi stakeholders partnership in this study can be defined as a synergic working process among individuals and organizations across sectors --business, government, society-- to address certain social or public issues (e.g. education, health, environment) through a certain problem-solving mechanism that combines and empowers various --individual and organizational, tangible and intangible-- resources in order to offer beneficial solutions for all partners engaged as well as society at large to pursue sustainability goals.

Because the stakeholders engaged in a partnership come from different sectors in society, it is important to thoroughly examine each sector's characteristics and resources (modalities). This study assumes that within multi stakeholders' partnership, these distinctive characters and resources among the actors engaged may translate as strong points, but also vice versa as they may become potential limitations to engaging effective collaborative actions. But on top of that, such differences have positively influencedadynamicprocessofsocialinteractionswithinpartnershipitselfovera

certain period of its establishment. The following Table 2.4 provides a framework that describes the institutional characteristics of the stakeholders engaged. It is clear that each sector respectively has their unique characters potentially discouraging them from taking collaborative works.

Table 2.4.. Framework of Distinctive Characters of the Three Sectors

(Tennyson & Wilde, 2000:8-11)

Sectors / Characteristics	Government Sector	Business Sector	Civil Society Sector
Constituents	Educational/academic institutions*) National & Local government Public Sector services QUANGOS (quasi-autonomous non-governmental organizations)	Business associations Enterprise development agencies; Financial institutions Internationalcompanies Joint stock companies National/multinational companies	Campaign groups, Community-based organizations, Donor agencies, Labour organizations, Non-governmental organizations, Private voluntary organizations Religious institutions
Key Roles	**The Rule of Law** Creates the framework for economic, political and social rights; Provides regulations and standard-setting mechanisms, as well as adherence to internationalobligations	**Investment & Trade** Creates goods and services; Maximises profits for investors; Provides employment opportunities, innovation and economicgrowth	**Social Development** Creates opportunities for individual growth and creativity; Provides support and services for those in need or excluded from mainstream society
Characters that Inhibit Collaboration	Tends to be bureaucratic andintransigent	Tends to be single-minded andcompetitive	Tends to be combative and territorial
SectorsAttributes	Rights-driven – provides information, stabilityand legitimacy	Profits driven – is inventive, single-minded andfast	Values driven – is responsive, inclusive andimaginative

Notes:
*) May have a place in all three sectors, while media that is commonly considered as part of civil society have no place, even in all these three sectors. Therefore, for this study media can be placed independently as a single sector. See the Table 2.2. in sub-chapter on 'CSR and Stakeholders Theory' previously presented.
**) This table format has been modified from the original ones. It results from the combination of the separatedtables.

Meanwhile the following Table 2.5. describes the resources controlled by individual actors as an institution. Traditionally, each stakeholder stands for their own rationality and tends to control their individual rights and unique characters, which to a

Table2.5.
Framework of Modalities for Cross-Sectors Partnership
(Gonzales, et.al., 2002:10)

Sectors / Modalities	Government Sector	Business Sector	Civil Society Sector
Physical Capital: Financial, technological, materialresources	Budget allocation and infrastructure	Investments, donations, and material and supplies	Local technology and local resource mobilization
Organizational Capital: Human resources, capacity to manage, core team, membership, structure, leadership, training	Formal linkaging and coordination, vertical and horizontal, bureaucratic structure, creation of rules, procedures,directives	Entrepreneurial skills, formal-informal networking, results and profit-driven management, performance-based, product marketing and advertising	Informal networking, ad-hoc structure, community-based training, social marketing and communications
Political Capital Power, authority, influence, interest, articulation,legitimacy	Political will and support, formal authority, access to political system and internal political and administrative influence and control, horse trading and law-making	Leveraging resources for business-related policies/laws,campaign contributions and moneypolitics	Lobbying, advocacy and representation for social issues which affect poor, marginalized groups, and ethnic communities.
Intellectual Capacity Knowledge orknow how	Mastery of relevant laws, policies, and legal and institutional context, technical expertise on specific subjects	Information on products and services, trade, specific knowledge of comparative advantages, operations' procedures, and how to makemoney	Wisdom of village elders, indigenous methods and ways of doingthings
Socio-cultural Capital **Feelings/spirit of trust, friendship and willingness to collaborate, community ideals or values**	Government ideals, values, and ideology, patriotic fervor –respect for flag, country, rule of law, constitution which builds community cohesion, loyalty, cooperation, collaboration, civic mindedness, democratic society	Corporate and business ideals that encourage responsibility to shareholders and community, transactional and client-oriented beliefs and practices	Social relations,kinship ties, emotional commitment, local traditions, beliefs, customs, practices that promote and produce community self-help and self-reliant attitude andbehavior.

larger extent potentially results in mutual mistrust. For example, civil societies, particularly NGOs, are bound by their identification with and loyalty to civic values. On the other side, the market mechanism forces businesses to act in their own direct economic interests such as increasing revenues, lowering operational costs and improving productivity. Whilst, governments tends to hold sovereignty, authority and legitimacy; they cannot share the political mandate that the public has vested in them. Arenas, et.al (2009: 175-197), having studied on deep-seated misunderstandings and mistrust among various stakeholders groups, suggest that business managers should think beyond their boundaries and take a more contextual approach and look more closely into the relationship with many stakeholders groups. 'Values-driven', among others, can be a strong motivational collaborative action framework for a business to promote CSR and other philanthropic activities, but at the same time enhance the company's reputation, open more resource access as well as strengthen consumer patronage (see Austin in Glasbergen, et.al.,2007:52)

2.3.2.2. Dynamic Partnership

This study assumes that partnership is a dynamic working process, not just because of the various stakeholders with their distinctive characteristics as explained above, but also because the mechanism embedded within the process is not static. What this study means by the notion of 'dynamic' is a gradual process of any activities which is not linear; such activities also do not run smoothly without any interruptions; there might be some forces or powers – coming from various individual or organizational sources, in tangible or intangible forms – pushing and, accordingly, producing motions overtime.

Thus, to explain the dynamic process of partnership in the case of Unilever, this study will systematically draw upon a combination of theoretical perspectives proposed

By Gray, Austin and Brinkerhoff (inGlasbergen,et.al,2007:29-68) in their study on *'partnerships, governance and sustainable development'*, as well as by Davies (2002: 197) in his study on the process of sustainable communities partnership program in Huntingdoneshire District, UK. The first study basically proposes partnership as a 'paradigm' to make sustainable changes through a pluralistic approach of governance. The second study, on the other side, acknowledging contributions from the *'actors network theory (ANT)'*, propose the concept of *'sociology of translation'* to see the dynamics of transformation process enhanced by collaborative actions which include various actors from the central government to local communities. Both these studies basically complement to each other in explaining some fundamental questions of partnership processes, such as: how a partnership starts and works, how the actors engaged reframe their own interests, how mutual trust and consensus are developed and maintained, as well as how the conflicts and different views are harmonized (see, Gonzales, et.al.,2000).

The dynamic process of Unilever's partnership can be explained into, at least, three phases of collaboration, that is: partnership construction building (phase 1), collaboration developing (phase 2), and partnership sustaining (Phase 3). Such partnership structuring perspectives will be useful to examine the process of partnership in more detail and in a more systematic way. The following paragraphs will explain briefly each stage of this partnership process, including some partnership-related concepts which are important to point out as a tool of analysis.

At the first phase of **partnership construction building** there are some major activities, such as problem setting, direction setting and partnering motivations. In the concept of 'sociology of translation' this process is called *'problematization'*. In this process, each stakeholder engaged within the partnership basically attempts to reach a common understanding on the problems to solve and the objectives to pursue through

an exchange and adjustment of perceptions and expectations in a convincing way. Thus, the earlier stage of partnership is the process by which the stakeholders involved redefine their own problems and reframe their own interests. (Glasbergen, et.al. 2007:5-9)

There are two determining factors which are relevant to be pointed out, namely *'collaborative advantage'* and *'trust'*. The first one refers to the purpose of collabora33tion, while trust is something fundamental for parties to engage voluntarily and contribute in order to achieve a successful collaborative advantage. However, it should be noted here, as Glasbergen, et.al (2007: 8-9) says, building trust is an ongoing activity which evolves overtime through the partnering process. To some extent, such bureaucratic mechanisms need to be in place for trust building. Setting the rules of the game is among several alternative ways to suggest due to its importance for responsibility allocation.

The second phase of **partnership development** refers mainly to the implementation process of a partnership. This process is also called *'interessement'* and *'enrolment'* in the context of sociology of translation. In this phase, such activities such as consultation, promotion, negotiation, and even resistance, begins to develop in order to establish the management structure. Also in this phase, the consolidation process takes place, in which the lead actors attempt to empower the others. At this stage *'scaling-up'* and *'legitimacy'* are two central mechanisms in the partnership. Scaling up refers to any efforts that aim at expanding the scope of activities to increase impact, while legitimacy means the process whereby partnership gains recognition and becomes accepted as a relevant alternative – or supplement – to government policy on a particular public issue. (Glasbergen, et.al, 2007:11).

The final process is about **sustaining partnership**. In this phase, the scaling-up process continues into the so-called *'institutionalization'* stage, in which efforts are directed to achieve an even larger scale through formalizing the model. Thus, this phase can also be defined as the expansion stage. According to the concept of sociology of translation, in the last stage the process becomes lively by reflecting wider aspects of the partnership formation and how the partnership was situated within a broader socio-political context (Davies, 2002). At this point, Glasbergen (in Glasbergen, et.al 2007:9-10) considers partnership as '*governance mechanisms'* or *'institutional capacity building processes.* This is at its heart one of the most important outcomes of partnership, namely the capability of society to collectively solve their problem and meet their needs through such regulatory frameworks by practicing certain values of the so-called *'good governance'* in the process, particularly with respect to *participation, transparency, efficiency* and *accountability.* Whether partnership can contribute to governance legitimacy, according to Brinkerhoff (in Glasbergen, et.al.2007: 73), there are three attributes to be assessed, that is: relationship effectiveness, reduction of transaction costs and effectiveness reinforcement. Thus, it is certain that this phase is a critical stage that determines the sustainability of partnership and its overall performance to achieve their societa lgoals.

Gray (in Glasbergen, et.al. 2007: 33-44) puts emphasis on the importance of *'leadership task'* at each phase of the partnership process, especially at the early stage, because every stage of the partnership process has their respective challenges and obstacles. Therefore, it was strongly argued that a skilled leadership is highly required to harmonize the existing different points of view, to take care of the ongoing dynamic process and to ensure an effective implementation of agreements. There are at least some critical leadership tasks during the partnership building: First, *'visioning'* means that leaders need to understand the social, political and economic context surrounding a

partnership as well as the key players. Secondly, *'problem structuring'*, is a process in which alliance partners tackle their joint problem by analyzing it and inventing joint solutions. Thirdly, *'conflict handling'*, which may take various forms such as facilitation, mediation and trust building that address both the content and process of resolving conflict. Fourth *'internal brokering'*, which is the process of sharing information among partners to ensure that everyone is well-informed about the current project status and their inputs on the emerging issues are appreciated. Fifth *nstitutional entrepreneurship'*, is promoting and institutionalizing norms and agreements in such a way that they become adopted, affirmed and monitored for consistency.

Table2.6.
Collaborative Continuum
(Austin in Glasbergen, et.al.,2007:52)

CollaborativeContinuum
AustininGlasbergen,et.al.,2007:52

	StageI	StageII	StageIII
Nature of Relationship	Philanthropic→	Transactional→	Integrative
Level ofengagement	Low	→	High
Importanceto mission	Peripheral	→	Central
Magnitudeof resources	Small	→	Big
Type ofresources	Money	→	Corecompetencies
Scope ofactivities	Narrow	→	Broad
Interactionlevel	Infrequent	→	Intensive
Trust	Modest	→	Deep
Managerial complexity	Simple	→	Complex
Strategicvalue	Minor	→	Major

Thus, it may be concluded that each stage of such a partnership process must have their own dynamics that reflect social interactions among the stakeholders engaged, however this trend positively directs to a transformation process from the current situation to an alternative one. The Table 2.6. above provides a framework to assess the overall process of partnership which is in line with the discussion of the stakeholder approach of CSR practices. The framework shows the different nature of relationship between the lowest stage of partnership (Stage I) and the highest one (Stage III). We see that philanthropic (Austin in Glasbergen, et.al., 2007:52).

To sum up, it is apparent that partnership is a reasonable strategy to be adopted by businesses in carrying out their CSR activities. Through partnership, a favorable and productive relationship among stakeholders can be constructed and directed by certain values and far-reaching visions of the actors engaged to make a change in which a new governance or mechanism is established to manage the actors' collective actions. In the case of the study undertaken, as a very well established enterprise, Unilever is presumed to be able to utilize their 'entrepreneurial' strength in particular to lead a transformation process, as shown by several multinationals in the oil industry like Shell and BP, in carrying out their CSR program (see Frynas, 2007). Active entrepreneurship is a unique modality that multinationals can perform to foresee uncertainties and to formulate social and environmental strategies in today's complex, dynamic and competitive world. Nevertheless, since Unilever's CSR brought new norms of environmentally sound waste management to Surabaya, it is worthwhile to point out what Finnemore and Sikkink (1998: 897,900)say:

> …new norms never enter a normative vacuum but instead emerge in a highly contested normative space where they must compete with other norms and perceptions of interest…norms entrepreneurs and the organizations they inhibit usually need to support of [state] actors to endorse their norms and make norm socialization a part of their agenda,

and different organizational platforms provide different kinds of tools for entrepreneurs for this…

Based on that quotation, Finnemore and Sikkink suggest the importance of state's role to be engaged by Unilever in carrying out effectively its mission through Green CSR practices in Surabaya. As such, by referring to a constructivist perspective, partnership can simply be defined as '*constructive engagement*' to strive for collaborative arrangement to achieve a certain common goals. In this process the power of entrepreneurial skills and ideas –inspired by certain values, norms and knowledge – has played a determinant role for successful endeavors. In fact, various studies on partnership have shown that partnerships are not given, but something that must purposely be constructed and managed because it is strongly believed that there are real advantages from collaboration that could not have been achieved by any one of the partners acting alone (see Glasbergen, et.al.2007).

2.3.3. Sustainable Development as a Process and Goals

The last important concept to be explained in this last part is *'sustainable development'*. The most widely used definition is taken from the Brundtland Report of *'Our Common Future'* (WCED, 1987) which defines SD as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Just like CSR and partnership, SD is also interpreted in many ways. Mawhinney (2002:3) shows various working definitions among different institutions and organization. UK Department of Environment, Transport and Regions (1999) says the following: "SD is social progress that recognizes the need of everyone, effective protection on the environment, prudent use of natural resources, maintenance of high and stable level of economic growth and employment".

Sustainable development is well acknowledged as one of the most pervasive but also contested ideas in global environmental discourse (see Elliott, 2004: 157). Despite of the fact that many governments, business communities, international organizations and non-governmental organizations have officially accepted as the main reference for their policy, still it in unclear whether (economic) growth or the quality of ecological environment that should be sustained. Similarly, Mawhinney (2002) also argues that despite the many conceptual definitions, there are still inherent problems in each definition of SD, particularly with respect to some questions, such as: how to measure the needs of current and future generations, how to measure the achievements of the objectives both in a particular area and as a whole or integrated agenda, and who should take responsibility in organizing the process or the operating system.

For Salim (in Azis, et.al., 2010:21-24), SD is basically a set of dynamic processes of paradigm shift which has encountered certain norms and values system in society. Such a process comprises of several elements of change **from**:

- short term perspectives associated with the pursuit of material profit orientation at the cost of environmental quality and natural resources conservation, *to* long term perspectives taking into account the importance of environmental protection for the sake of multidimensional interests and future generations;
- primary importance of economic aspect *to* more fair consideration to both social and environmental aspects, because the growing population has hindered people to get equal access to the fruits of economic growth;
- individual preferences *to* public interest that underline the final decision to produce goods or services;
- ignoring *to* internalizing the 'external cost' of economic-commercial activities and other development measurements ('to get the right prices' versus 'to get the

prices right');

- asymmetric relationship between three sectors: government-business-society, *to* a more balanced relationship so as to support the 'checks and balances' in a political system that empowers the regulatory functions of government to control businesss activities.

For further analysis in understanding that SD is not just a goal, but rather an endless process. Therefore, WCED (1987:65) has suggested several necessary conditions in order to create a conducive atmosphere for achieving SD, as follows:

> …a **political** system that secures effective participation…an **economic** system that is able to generate surpluses and technical knowledge on a self-reliant and sustained basis, a **social** system that provides for solutions for the tensions arising from disharmonious development, a **production** system that respects the obligation to preserve the ecological base for development, a technological **system** that can search continuously for new solutions, an international **system** that fosters sustainable patterns of trade and finance and an **administrative** system that is flexible and has the capacity for self- correction…

To sum up, from the above presentations of theoretical and conceptual definitions as well as the literature survey, this study suggests that CSR is basically a dynamic process of the transformation of values and norms which has far-reaching implications to various social, economic and political aspects, comprising both internal dimension of corporate management as well as external dimension of society at large, including the natural environment. Partnership which is used as a strategy to make CSR goals attainable is inherently a political bargaining process in which the actors or agents of change have closely engaged in power sharing, power distribution and power relationship containing ideas and interests in order to achieve a common objective. The whole dynamic process is not working in a vacuum space, but instead both global and local contexts of society and environment are highly influential to a larger extent.
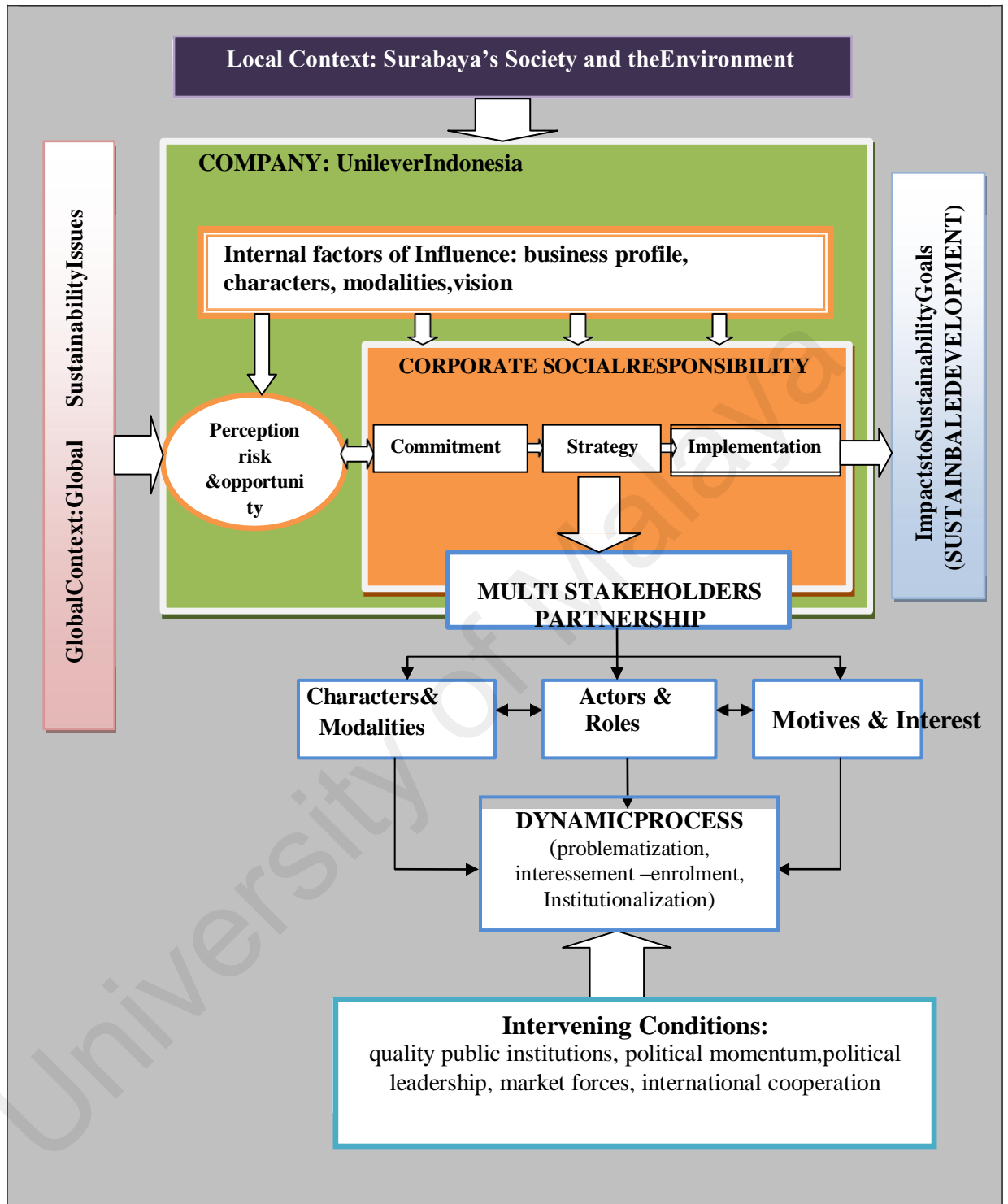
Figure 2.4. A Framework of Analysis of Multi Stakeholders Partnership Towards Sustainability Goals

(Modified by the Author/Rese from Barth & Wolff ,2009:17)

The Figure 2.4 simply illustrates the overall process (flows) of analysis in this study to examine why and how Unilever carry out CSR program in the ecological environment to address waste management problems in the Surabaya City in Indonesia. The analysis starts from the description of the contextual factor within the company (Unilever) itself. The description attempts to see the way the company perceives the challenges of sustainability issues at the global context, such as climate change, water crisis, ecosystem decline, urbanization, and etc., whether they are considered as a risk or, in vice versa, an opportunity, by taking into account the company's business profile, characters, modalities and vision for the sake of the company's business interests. The description provides an important background to see the rationale of the company's decision to address solid waste management problems in Indonesian municipality as the focus of the company's CSR practices in the ecological environmental arena.

Further analysis takes the local context of Surabaya which has been selected as the first groundwork for the company and as the single case study being taken. Inductive and explorative approaches are applied in the process of analysis in order to see the correlation between the contextual factors at the local context of Surabaya, especially the city's profile, socio-political dynamics and the characteristics of the city's solid waste management problems with the decision of the company to develop its CSR program in the city. At this point, the examination of the local context will be very useful to understand the strategy of partnership the company applies to make its CSR program workable and successful in achieving the desired objectives.

To examine the core phenomena being studied, that is multi stakeholders partnership, the analysis is directed to go further in details to the dynamic process of the partnership construction building, starting from the stage of problematization to the stage of institutionalization. Actor Networking Theory applied in this process of analysis because it enables the coverage of actors' interplay with their own motives and

interests. With regard to the analysis of the partnership dynamics, the qualitative data received from an extensive in-depth interviews is very helpful to further examine how actually the Unilever's CSR practices in Surabaya, whether they are consistent in the so-called *'business case'* CSR or they have move on toward the so-called *'developmental case'* CSR.

Constructive and interpretative approaches used at this stage of analysis are also very useful to reveal the undiscovered facts in the empirical realities about what has been going on in the partnership dynamics, what the actors' expectation, what the implications are in the context of sustainability issues at the local (city) level and, last but not least, whether Unilever is really a matter in the overall achievement of sustainability goals so far in Surabaya, in particular with regards to environmentally sound waste management. The qualitative approach with single case study and process-tracing method in this study has enabled the attainment of the unexpected results in this study with respect to the findings of the so-called 'intervening conditions' at the local context of Surabaya that include political momentum, political leadership, quality of public institutions and international cooperation.

CHAPTER 3

UNILEVER'S CORPORATE SOCIAL RESPONSIBILITY PRACTICES TO ADDRESS ENVIRONMENTAL PROBLEMS: A CONTEXTUAL BACKGROUND

It is an important part of this study to thoroughly understand the rationale behind the engagement of a large business firm like Unilever[1] in various social and environmental activities: what factors have driven them to become involved in CSR programs, why they should come particularly to the field of environmental protection in Indonesia and deal with a specific local problem of municipal solid waste management as their major concern. The explanation in this chapter provides a background of information that is relevant to answer such questions. The description is generally intended to know how Unilever builds its global commitment in promoting their corporate social responsibility with a certain type of policy, strategy and program or activities, which differentiates them from others.

The first part of this chapter introduces Unilever's business profile that attributes its prominent role in the changing business paradigm towards sustainability issues worldwide, including in Indonesia. The following parts describe how Unilever transformed its corporate vision and mission on the changing global environment into action and why they display greater willingness to engage in CSR activities through certain distinctive ways for being a more responsible business entity to the society and the environment. According to Frynas (2009: 13, 38-63) such contextual explanation is particularly something that is still less explored in the discussion of CSR. Although the main focus of the overall study undertaken is to put more emphasis on the perspective of the general public or society, this chapter will highlight some important features based on a business management

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[1] Unilever in this chapter refers to Unilever Groups, the Multinational Companies (MNCs) which has business operations throughout the worlds. Whilst, Unilever Indonesia refers to a subsidiary of Unilever in Indonesia, but sometimes it is written as Unilever.

perspective and how the company should perceive sustainability issues as a result of the escalation of public concerns all over the world.

3.1. Unilever's Business Profile and Portfolio

Unilever is a multinational company with consumers, employees, business partners and shareholders on every continent in the world. The Unilever Group was created in 1930 when the British soap-maker, Lever Brothers, merged its business with those of the Dutch margarine producer, Margarine Uni. Today Unilever has become one of the leading suppliers of the so-called *'fast-moving consumer goods'*, with products on sale in more than 190 countries. Unilever has the world's best-known brands for their foods, home and personal care products, with leadership positions in many of the categories. Unilever top 20 brands represent around 70% of their sales around the world. They include such well-known names such as Lipton, Knorr, Hellmann's, Magnum and Bertolli for food brands. While for home and personal care brands include Dove, Lux, Omo, Pond's, Rexona and Sunsilk.

Unilever has been part of Indonesia since the Dutch Colonial period. Unilever Indonesia was established by AH van Ophuijsenon 5th December 1933 in Batavia (now Jakarta, the capital city of Indonesia) under the name of 'Zeepfabrieken N.V. Lever'. The name of Unilever Indonesia itself was first introduced on 22 July 1980. Unilever Indonesia is a subsidiary of Unilever NV/PLC[2]. The major shareholder is Internationale Beleggingen BV who has an 85% stake in Unilever Indonesia, while the rest (15%) is a public stake. As such, Unilever is categorized as Foreign Direct Investment (FDI or well known as *PMA = Penanaman Modal Asing*). Since 1982, the company has been listed in the Indonesian Stock Exchange and ranked as the third biggest public company in Indonesia. In December

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[2] Unilever N.V. and Unilever PLC are two parent companies of Unilever Group. They, together with their group companies, operate as nearly as practicable as a single entity.

2008, its market capitalization had reached IDR 59.5 trillion or equivalent to 5.53% of the total market (Unilever Sustainability Report, 2008:26)

Unilever Indonesia has two subsidiaries in its business operation, that is PT Anugerah Lever and PT Technopia Lever. PT Anugerah Lever is engaged in the manufacturing, development, marketing and selling of soy sauce, chili sauce and other sauces under the Bango trademark and other licences. Unilever Indonesia has increased its ownership in PT. Anugerah Lever to 100%. PT Technopia Lever, on the other hand, is engaged in the distribution, export and import of goods under the Domestos Nomos Trademark. Unilever Indonesia has a 51% stake in PT. Technopia Lever. In 2008, Unilever Indonesia bought the brand 'Buavita' from PT Ultrajaya. It has become Unilever's newest brand in their food products category. (Unilever Sustainability Report, 2008: 27)

Having operated in Indonesia for more than 75 years, Unilever's trademark has succeeded in winning the heart of the Indonesian people with a vast number of household, personal care and dairy-based products. With more than 160 items, Unilever's brands have been leading the Indonesian markets in key categories, which include household care, skin care, hair care, fabrics, oral care, skin cleansing, savory, tea, and ice cream. Unilever's top brands, among others, are Rinso (detergent), Sunlight (dishwashing), Sunsilk (shampoo), Pepsodent (toothpaste), Lux and Lifebuouy (body soap), Blue Band (spreads), Walls (ice cream), Bango (soybean souce), Sari Wangi (tea beverages), Citra and Ponds (skin care), and many others that have been widely sold out in all sorts of outlets across the country, starting from local-traditional small shops called 'warung' to big supermarket chains in big cities (Unilever Sustainability Report, 2008: 122-125). It is estimated that over 95% of Indonesians use at least one or more Unilever products every year. In addition to that, 90% of low-income Indonesians buy Unilever products in a year (Clay, 2005: 10).

Despite the slowdown of world economic growth, food price volatility and geopolitical instability in the past ten years, Unilever's business in general has performed well in 2010. This year Unilever Indonesia continues to grow and strengthen their market share. The company's growth was both competitive – they gained market share in many of their leading categories – and profitable, with a steady improvement in their underlying operating margin. It is well noted that net sales reached 19,7 trillion IDR, net income gains 3,4 trillion IDR, net operating cash flow is about 3,6 trillion IDR, and capital expenditure amounted to 1,3 trillion IDR (Unilever Indonesia Annual Report, 2010: 2).

In fact, for the past five years (2006-2010) Unilever Indonesia's net sales and income in this country have steadily increased, as shown in the following Figure 3.1. Home and personal care products have contributed to larger shares (75%) of the total turnover in 2010 than food and ice cream products (25%). Today, Unilever Indonesia has 40 product brands (Unilever Indonesia Annual Report, 2010: 9, 15, 19).
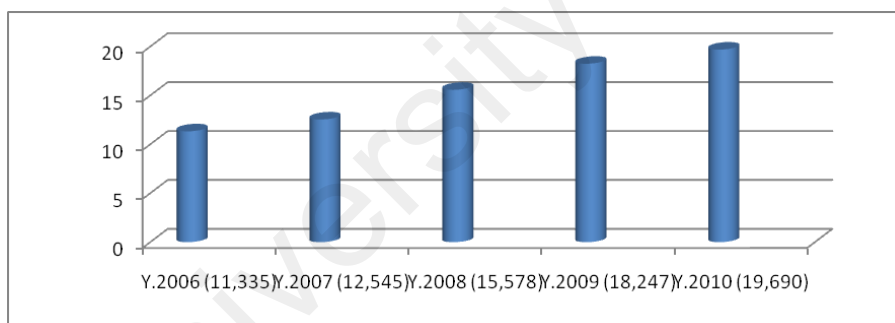
Figure 3.1.: Unilever Indonesia Net Sales 2005 – 2010 (IDR in Billion)
(Unilever Indonesia Annual Report, 2010: 9)

Unilever Indonesia's headquarters is in Jakarta. It has two major factories, the first is located at Jababeka Industrial Estate in Cikarang, West Java, and the second one is at Rungkut Industrial Estate in Surabaya, East Java. The other smaller factories are situated respectively in Bogor for snacks production and in Subang for soya sauce production. Both

cities are in West Java (Unilever Sustainability Report, 2008: 101). Currently, Unilever Indonesia has eight factories (Unilever Indonesia Annual Report, 2010:15)

Up until 2007, the company has employed more than 5000 people, of whom more than 3.300 (60%) are permanent employees and the rest (40%) are contract workers. In addition, around 2000 people are employed in Unilever factories in Cikarang (51.1%) and Rungkut (32.9%) solely making Unilever products under contract (Unilever Sustainability Report, 2008: 49). With approximately 400 distributors, 350.000 outlets, 1500 suppliers and supported by approximately 3300 employees in 17 major cities in Sumatera, Java, Bali, Kalimantan and Sulawesi, Unilever operations have certainly had impacts socially and economically throughout the country (Unilever Sustainability Report, 2008: 19).

According to the study of Oxfam GB and Oxfam Novib (Clay, 2005), there were approximately 300.000 people making their livelihoods in Unilever Indonesia's value chain. More than half of this employment is found in distribution and retailing among an estimated 1.8 million small stores and street vendors. Of the total value created in 2003, two-thirds was distributed to external parties, such as producers, suppliers, distributors, retailers and the Indonesian government. The study revealed that Unilever Indonesia's value chain across the country has brought indirect impacts toward poverty reduction through job creation and income generation.

Unilever group divides its business worldwide into three main regions, the Americas, Western Europe, and the Asia-Africa-Central and Eastern Europe. The latter is sub-divided into clusters, and Indonesia is an operating country within South East Asia Australasia (SEAA) clusters. With Indonesia's population expected to reach 240 million in the year of 2012, it is believed that the country is on track to become a strategic link in Unilever's global operations as a production base for both domestic consumption and export. Abundant natural resources providing raw materials for many consumer products,

such as palm oil and petrochemicals, competitive labor costs, stable political environment, steadily building economic growth and people's growing consumption patterns are some advantages for Indonesia to play a strategic role in Unilever's global business networks (Globe. 21/01/2012).

3.2. Unilever and Greening Business: Shifting Business Paradigm

3.2.1. Unilever's Sustainability Vision, Policies and Actions

A tremendous 'wake-up call' of greening business following the Rio Earth Summit in 1992 have been the impetus for many big companies around the world to start changing their paradigm to go beyond 'business as usual' practices. However businesses that think to achieve sustainability in this world should build up a strong vision on sustainability, instead of only taking piecemeal projects aimed at controlling or preventing pollution.

The United Nations Global Compact's certification schemes such as the ISO `14001 or standards for reporting such as GRI (Global Reporting Initiative), are among other global initiatives that attempt to universalize social and environmental standards for corporate conduct around the world (Frynas, 2010: 38). UN Global Compact in particular has prescribed three principles of environmental protection to which the business community should adopt as an integrated part of their business activities. At its heart, the principles provide an important guidance or reference for a company to develop environmental policies and practices. They state that business should support a precautionary approach[3] to environmental challenges (Principle 7); business should undertake initiatives to promote greater environmental responsibility (Principle 8); business should encourage the development and diffusion of environmentally sound technologies (Principle 9) (see www.unglobalcompact.org or at the Appendix).

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[3]Precautionary Approach is a necessary action to be taken as an effort to face any environmental challenges which are harmful or pose serious threats to the existence of human beings and the ecological environment as the life-support system, as stated in Principle 15 Rio Declaration: *"Where there are threats or serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation"*

It is the commitment of Unilever companies worldwide to reorganize themselves in order to respond to such global challenges; to meet the needs of customers and consumers in an environmentally sound and more sustainable manner through continuous improvements in environmental performance in all their business activities. For Unilever, as Patrick J. Cescau[4], Group CEO Unilever, puts it, "doing business responsibly and successfully – doing good and doing well – are two sides of the same coin."

According to Cescau (quoted in Laszlo, 2008: 11-14), Unilever has learned a lot of important things to shift the way of doing their business in relation with the growing consumer concern about sustainability as well as the changing regulatory and political environment in the world today. Firstly, doing business in the changing globalized world is not simply thinking about product innovation or clever marketing. Today's social and sustainability challenges have provided greater opportunities to think creatively and differently about every aspect of business from raw materials to waste disposal. Business and social innovations, bringing together ideas and technologies, are the key answers to sustain and develop long-standing business performance in the future.

Secondly, integrating social, economic and environmental considerations into business should take into account the external influences on a brand, from what issues consumers are concerned about to the forces shaping this agenda from a regulatory, competitive and trade perspective to the views of external stakeholders. Thirdly, responding sustainability pressures should be genuinely valued-led and should take a systematic approach rather than simply public relations-based interests and piecemeal approach.

Fourthly, working in a collaborative way with other stakeholders is necessary to attain better results and wider implications. Fifthly, in order to gain competitive advantage

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[4] Patrick Cescau retired from her position as Chief Executive Officer of Unilever Group at the end of 2008 after 35 years with Unilever.

when faced with uncertain conditions, companies need to make a strategic plan and implement it well as soon as possible, although it may not be easy. Finally, the vision of sustainable development should be internally embedded in the companies' values system as well as their business mission and culture.

Unilever's sustainability vision has been transformed into the so-called 'Unilever Business Model' (see Figure 3.2.) The basic idea of this model is that the company aims at delivering sustainable growth. Sustainable here means that the business should be consistent, competitive, profitable and at the same time meet major social and environmental needs. To achieve this, brands, people and sustainability are key to the business performance. In order to deliver sustainable and equitable growth, Unilever has set the so-called 'Unilever Sustainably Living Plan (USLP)' which aims at resulting in the following three big outcomes: (1) Helping one billion people improve their health and well-being; (2) Halving the environmental footprint of Unilever products; (3) Sourcing 100% of agricultural raw materials sustainably. (Unilever Annual Report 2011: 8-9)

Figure 3.2. Unilever's Business Model
(Unilever Annual Report 2011)

At the policy level, Unilever applies a life cycle approach to assess the overall impact of their business practices on the environment, which will then enable a cost and benefit analysis of Unilever companies. The focus, however, is on those areas where they are able to bring the greatest benefits. The strategy they carry out lies in making more products with less energy consumption in the manufacturing process *(eco-efficiency)* and designing the products to minimize their impact on the environment *(eco-innovation).* Such environmental policies have been applied to all Unilever companies worldwide. (www.unilever.com/environmentsociety)

There are four pillars of Unilever's global CSR strategic alignment: nutrition and health, hygiene, sustainable development and brands with social mission. With particular respect to sustainable development the focus lies down at four thrusts, namely: climate change, sustainable agriculture, packaging treatment (or waste reduction) and water conservation. In order to implement such policies, Unilever has selected some areas of environmental issues to be the focus of the companies' sustainability initiatives or policies at the global level. They are agriculture, fisheries, and water. It is believed that these areas of environmental concern are not only able to make the most difference towards Unilever's sustainable performance, but also they are very relevant to the business. It is also realized that certain policies should be taken into account because there are many different environmental issues that may potentially affect Unilever's business globally and locally, but are certainly beyond their direct control, from the beginning of their supply chain to the end when products are already in hands of the consumers.

In the area of sustainable agriculture, for example, Unilever has completed guidelines for the sustainable management of all five of their key crops, namely palm oil, tea, peas, spinach and tomatoes. Unilever has also jointly worked with other major food companies, including Danone and Nestle, to promote sustainable agricultural practices through the Sustainable Agricultural Initiative

Unilever's concern on sustainable fisheries is driven by the fact that the world's fisheries are under threat. According to the UN's Food and Agricultural Association (FAO), 48% of the world's fisheries are fully exploited, 16% overfished and 9% are depleted. In fact, it is in Unilever's commercial interest to protect and preserve fish stocks, since the company is one of the world's largest buyers of frozen fish for their fast-food products, such as *Iglo, Birds Eye* and *Findus* brands. Without regular supplies, there will be no fish business for Unilever. In 1995, Unilever made a pledge to buy all fish from sustainable sources by 2005 and, working with WWF (World Wild Fund) – an internationally renowned non-governmental organization working for environmental conservation – set up the Marine Stewardship Council to establish a certification process for sustainable fishing practices.

Whilst, the third area of Unilever's environmental concern, called *'Water Stewardship',* is also very close to Unilever's business interests. Almost every single aspect of Unilever's activities is intimately linked to safe water supplies, whether used in their manufacturing process or by their suppliers, or also by consumers who use their products. Such competing demands for water access and utilization – for agriculture, manufacturing and human consumption – and the need to sustain a healthy environment means that adopting a more integrated and sustainable approach to water management is very critical for the society. Therefore, one of Unilever's initiatives to promote sustainable water management is by engaging the UK-based sustainability organization, Forum for the Future. Together they developed a set of principles called the 'Sustainable Water and Integrated Catchment Management (SWIM) to manage water demands in a particular catchment area with a framework for managing partnership projects (www.unilever.com/environment.society).

Unilever has also set up a framework of standards for occupational health, environmental care, and consumer safety. Unilever's management system operates on a

global basis. It is designed to achieve continuous improvement and remain compatible with international standards. It is also supported by a range of environmental training courses. The main target is to have all Unilever manufacturing sites certified according to the International Standards Organization's ISO 14001 environmental management system by the end of 2003. At the end of 2001 over a quarter of Unilever sites were certified. To support the achievement of this institutional target, Unilever has a team of experts who provide special environmental assistance and guidance to the companies' manufacturing plants throughout the world on issues ranging from boiler emissions to waste disposal. Among others, they have produced guidelines on how to avoid unnecessary packaging and promote the use of recycled materials.

In regards to this matter, it is noteworthy to highlight two major features of Unilever's environmental initiatives, which are saving energy and saving water. Unilever has several projects to improve its companies' energy efficiency. In the USA, Unilever's Home and Personal Care Division has succeeded in reducing the energy consumption in their offices and factories by over 10% in 2001, while at the same time increase their production by 25%. The savings were largely due to a simple one-page spreadsheet that listed each site's energy costs alongside the projected savings for the current year. This energy efficiency effort has proven to save money and reduce emissions.

Another important point to note is that Unilever makes special efforts to reduce water consumption in their factories throughout the world. One of the projects in saving water is at the Goiania tomato-processing factory in Central Brazil. In this factory water is used to carry the fresh fruit into the factory for washing and processing. The water is either re-used in the factory or, if it contains tomato pulp, is used by local farmers for irrigation. The pulp has proved to be an effective fertilizer. Another example is in France, where Unilever's *Amora Maille* mustard factory has cut its water consumption by up to 40%. The

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savings have been achieved through a combination of new machinery and staff training which has led to better working methods (www.unilever.com/environment.society)

Is it important to point out that Unilever's sustainability initiatives throughout the world, both for the environment and the society, are not always the companies' solo projects. Working in partnership with different groups of people from the fishing industry, water experts, contract growers and non-governmental organizations, is an important part of Unilever's approach to make their visions on sustainability implemented in the field and achieve the targets of reducing social-environmental impacts, securing the supply of raw materials and promoting sustainable development.

For example, in Brazil, Unilever is working with growers and a range of stakeholders to develop ways to grow tomatoes more sustainably. New drip irrigation techniques save water, contribute to higher yields and reduce the need for pesticides significantly. Similar projects are also carried out in Germany and Italy. In these two European countries, Unilever is working with spinach growers as well as a wide range of experts and other stakeholders. Whilst, in the UK Unilever is focusing on peas and has been working with farmers, non-governmental organizations, agrochemical companies and universities. In India and Kenya, Unilever is also working in similar partnerships to make tea production more sustainable.

Concerning saving water initiatives, Unilever has established partnership projects with the Global Nature Fund to clean-up, conserve, and promote environmentally-sensitive economic development around 23 lakes across the world. For example, Unilever South Africa and over 50 of its employees are helping to conserve and protect Lake St. Lucia, while Unilever Spain, in a collaborative work with local governments and the Fund, have recovered a significant area of wetlands and wildlife at Laguna La Nava in Castila Leon. It is part of Unilever's annual targets to reduce impacts through decreasing energy and water

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consumption, generating less waste and less greenhouse gases emission with continuous improvement. All these efforts reflect Unilever's commitment to take a part in global solutions for environmental conservation, but at its heart also links to Unilever's sustainable business interests, which are highly dependent on fossil fuels, water consumption and sustainable agriculture.[5] The following Figure 3.3.summarizes Unilever's

GREENHOUSE GASES (GHG)	WATER	WASTE	SUSTAINABLE RESOURCES
Reduce GHG from Skin Cleansing & Hair Washing	Reduce water use in agricultural	Reduce packaging	Sustainable palm oil
Reduce GHG from Washing Clothes	Reduce water use in laundry process	Reuse packaging	Sustainable paper and board
Reduce GHG from Manufacturing	Reduce water use in skin cleansing & hair washing	Recycle packaging	Sustainable Soybean
Reduce GHG from Transport	Reduce water use in manufacturing	Reduce waste from manu-facturing	Sustainable Tea
Reduce GHG from Refrigeration		Tackle Sachet Waste	Sustainable Fruit & Vegetables
		Eliminate PVC	Sustainable Cocoa
			Sustainable sugar, sunflower oil, rapeseed oil & dairy

Figure 3.3. Unilever's Commitment to Reducing Environmental Impacts
(Unilever Baseline Study in 2008 Across 7 Countries
http:www.unglobalcompact.org/docs/issues_doc/environment/climate/2011_05_17_meetin
g/unilever.pdf)

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[5]Reduction of Unilever's GHG footprint and water footprint is possible because the companies' business activities and products are very closely linked with the usage of fossil fuels and water. Based on a study across 7 countries (Unilever, 2008), it is estimated that Unilever's GHG footprint by category of their products is composed approximately 50% from soap, shower gel and skin care, which is followed by laundry detergents and fabric conditioners (15%), then shampoo and conditioners (10%). While the company's water footprint is sourced from laundry, detergent and fabric conditioners (35%), followed by soap, shower gel and skin care (35%). See http://www.unglobalcompact.org/docs/issues_doc/ Environment/climate/2011_05_17_meeting/unilever.pdf

commitment to reduce environmental impact from their business activities around the world in a more significant, systematic and sustainable manner.

As such, the overall description above shows that Unilever has a long-standing commitment to sustainability and responsible business practices. Unilever has perceived sustainability challenges as more opportunities, rather than risks, to promote and develop new ways of doing business more responsibly and successfully for the interests of the environment and society at large.

3.2.2. Unilever's CSR in Indonesia's Local Settings

As a multinational company, it is understandable that Unilever Indonesia follows the global vision and best practices of Unilever Group Companies throughout the world. For Unilever Indonesia, CSR is an integral part of the corporate mission to meet the basic social needs of a large population spreading over the largest archipelago in the world. Unilever's Mission is defined under the theme *'Adding Vitality to Life in a Sustainable Way'*. This theme is translated into three operational mottos, stating:

> We work to create a better future every day.We help people feel good, look good and get more out of life with brands and services that are good for them and good for others. We will inspire people to take small, everyday actions that can add up to a big difference for the world. (Unilever Sustainability Report, 2008: 12)

With this respect, Maurits Lalisang, CEO Unilever Indonesia states that,

> For Unilever, Corporate Social Responsibility is embedded in the way we do business; it is our competitive advantage and an important part of our business strategy. We can grow only if Indonesia grows together with us. (Unilever Sustainability Report, 2008: 12).

Combining CSR commitment and activities with the company's business strategy logically makes sense in the context of Indonesian current economic dynamics. Today Unilever is the market leader in almost all product categories, ranging from household,

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skin care, hair care, fabrics, oral care, skin cleansing, savory, beverages and food categories. Nevertheless, the Indonesian market is becoming increasingly competitive over the years. In most categories, Unilever faces different competitors. In detergents it is Wings, in face care it is Proctor & Gamble, in ice cream it is Campina, in soybean it is ABC. In soap, Unilever controls an impressive 74% of the market. That market share is divided between Unilever brands Lux with 39.6%, Lifebuoy with 31.57% and Dove with 2.88%. Its closest competitor is PT Kao Indonesia with the Biore brand, taking 10.23% of the market, followed by PT Mandom Indonesia and its Gatsby brand with 2.86%. This is followed by Wings Group with Nuvo at 2.44%, PT Cussons Indonesia with the Cussons brand at 2.86%, and the remainder shared between minor players. As such, it indicates that the Indonesian consumer market is highly fragmented, with many strong local competitors, especially in food, so that Unilever perceives their brands to be essential for achieving sales-marketing success in a very big market like Indonesia (Globe, 21/01/2012).

The food and beverage industry is a significant contributor to the GDP of Indonesia. In 2008 the industrial production value of food and beverage reached USD 20 billion, and has grown at an average of 16 percent every year thereafter. This industry absorbs the largest labor force among other manufacturing industries. In 2010, this industry absorbed a labor force of 3.6 million people, an increase of 3.8% from 2009. From January to August 2010 the food and beverage industry increased its export value by 16 per cent for the food industry and by 13 per cent for the beverage industry relative to the same period in the previous year (MP3EI, Coordinating Ministry for Economic Affairs, Republic of Indonesia, 2011: 76-77). Therefore, Unilever's acquisition of "Buavita" – a popular brand for fruit drinks – from PT Ultrajaya in early 2008 is a strategic decision to strengthen the company's business line in the food-beverage industry. In fact, other players in this area have risen, such as ABC and Coca Cola, which makes the market more competitive.

While the local market has been tightening and the trend of global economic crisis has been increasing, during the period of 2007-2008 Unilever Indonesia successfully managed to maintain a two-digit growth according to the company's net income, at 23.5% (Unilever Sustainability Report, 2008: 19-21). This fact confirms Unilever's optimism of the huge potential the Indonesian market has to offer from which Unilever's businesses can gain their competitive advantage through greater efficiency and innovation.

Therefore, to boost production capacity, Unilever Indonesia has invested 200-250 million Euros in a new plant at the Jababeka Industrial Estate in Cikarang, West Java, and at the Rungkut Industrial Estate in the East Java capital of Surabaya. These new factories are scheduled to be ready in 2012 to meet the growth in domestic demand over the next three to five years with capacity for exports as well (Globe, 21/01/2012). Based on the company's privileges of being deeply rooted in Indonesian history and its current position as the backbone of Unilever's operation in developing and emerging markets, it is the ambition of Unilever Indonesia to become a USD 2 billion business by 2012 (Unilever Sustainability Report, 2008: 19).

Nevertheless, despite such optimistic features which bring economic opportunities for Unilever Indonesia as a significant business player in the country, the 2006 UNDP Human Development Report also presented several key facts on Indonesia which fundamentally challenges how Unilever Indonesia is not only able to conduct their business more successfully, but also more responsibly and sustainably (Unilever Sustainability Report, 2008: 11). The key facts on Indonesia are:

(1) 109th out of 179 countries for its Human Development Index (HDI);

(2) 69th out of 135 countries for its Human Poverty Index (HPI);

(3) 87th out of 108 countries for its Gender Empowerment Measure (GEM);

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(4) In 2004, half of its 220 million people lived on less than 2 USD per day and 55% of the population used improved sanitation;

(5) 3rd highest emitter of CO2, behind USA and China, representing 1.3% of the world's total CO2 emission (data as of 2004);

(6) Deforestation rate per year at 1.6% - twice the average rate in Asia (data as of 2004).

Under such unpleasant conditions, the biggest challenge for Unilever Indonesia is how to maintain the affordability of Unilever's products to the Indonesian consumers who are still living below USD 2 per day and 7.5% below USD 1 per day. With the reality of business today becoming increasingly competitive, Unilever should perceive the low-income groups of society as a business opportunity for innovation, rather than as a barrier or problem. Under the notion of *'the bottom of pyramid'* (Harvard Business Review, 2003) Unilever's innovations such as producing various sachet products of shampoo and other economical size of home care products to meet the purchasing power of the majority of Indonesian people, especially those living in rural and remote areas have proven to be a new source of growth for Unilever's business.

However, at the same time, there is also a great challenge for Unilever to understand the highly complex sustainability agenda in the country which is in line with the targets of the Millennium Development Goals by 2015, particularly the environmental target of providing more access to clean water and sanitation for more Indonesian people. Unilever's sachet products have potentially contributed to the increasing amount of plastic and packaging wastes in the country's deteriorating ecological environment.

In order to address such sustainability issues while meeting the societal goals of economic growth and environmental protection, Unilever has accordingly developed several approaches as part of the company's strategic alignment: Firstly, Unilever

Indonesia builds upon the advantage from its long standing business experience in the country which has been largely supported by a value chain comprising of a wide range of stakeholders – including shareholders, employees, business partners, customers, consumers and the communities (Unilever Sustainability Report, 2008: 16). Thus, taking into account the importance of an entire value chain is considered as the most relevant approach to gain a big, positive impact both for Unilever's business and stakeholders' interests.

Secondly is people empowerment. This is indeed a very important approach for Unilever's business in Indonesia. Understanding the power of Indonesia's large population spread across the archipelago's big islands, Unilever strives for people development as well as community empowerment at the local level to translate their global sustainability strategy into local actions. The focus is how to help communities organize themselves more effectively in order to implement projects without outside assistantship. In this regard it is believed that women play an important role in improving the conditions of communities (Unilever Sustainability Report, 2008: 14)

The third approach Unilever Indonesia has applied to carry out their corporate sustainability mission is engaging external stakeholders. This includes government, academic institutions, non-governmental organizations, media and the local society (Unilever Sustainability Report, 2008: 60-65). Unilever has encouraged a constructive engagement approach in which the process involves increasing understanding, learning and improvement with the partners engaged. In other words, capacity building is the heart of Unilever's strategic approach to stakeholder engagement.

Last but not least is the power of brands. Just like the other approaches mentioned before, brands are generally embedded in the way Unilever Indonesia formulates and implements their CSR commitment and strategy. As a large consumer goods company in Indonesia, it is realized that Unilever's products can bring great influence to the local

society in their capacity as consumers. The Vitality mission is therefore translated into various social missions, which are embedded in Unilever's products' brands. Out of more than the 30 brands that the company now owns, 13 are embedded with social missions at the local level (see Table 3.1). The development and implementation of Unilever brands' social mission activities are carried out in collaboration with the Unilever Indonesia Foundation (Unilever Sustainability Report, 2008: 76-77; Unilever Annual Report 2010:131-132).

Following what Crane, et.al defines (2008: 175-306), Unilever Indonesia's CSR commitment and strategy are basically implemented in four areas: in the marketplace, in the workplace, in the community and in the ecological environment. In this regard, what is firstly important to point out is that Unilever Indonesia has outlined the *'Code of Business Principles',* in addition to following various international codes of conducts. It consists of 14 principles concerning several aspects such as: standard of conduct, obeying the law, employees, consumers, shareholders, business partners, community involvement, public activities, the environment, innovation, competition, business integrity, conflicts of interests, and compliance-monitoring-reporting (Unilever Sustainability Report, 2008:36-37).

This code of conduct not only shows that Unilever Indonesia is committed to be socially and environmentally responsible as outlined in the UN Global Compact Principles and the WBCSD consensus, but it also has causal links with the great achievements Unilever has received so far. In 2010, the company received 95 awards from various institutions at the international, regional and local (national) levels. These awards, among others, include Asia's Best Companies 2010 Awards from Finance Asia, Overall Best Managed Company in Indonesia – Large Cap from Asia Money, Asia's Best Employer Brand Award from Employer Branding Institute, CMO Asia, Indonesia's Most Trusted Company Awards from SWA Indonesia magazine, Indonesia Customer Satisfaction Award

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Table 3.1. Unilever's Brand Social Missions in Indonesia
(Unilever Indonesia Annual Report, 2010: 132; Unilever Indonesia Sustainability Report, 2008: 76-
77; 122-125)

Brands	Products/ Category	Social Missions
BANGO	Soybean Sauce / Savory Category)	Preserving the culinary heritage of the Archipelago and enhancing the livelihood of black soy bean farmers"
BLUE BAND	Margarine/ Spread Category	Promoting that every child has the right to have good nutrition
SARI WANGI	Teabag / Spread Category	Inviting Indonesian women to have an open and mutual communication with their partners through quality tea moments
TARO	Children Snacks / Food Category	Helping Indonesian children to have the fun, adventure and happy life they deserve
SUNSILK	Shampoo / Hair Care Category	Inspiring Indonesian women to discover their natures and strengths to give the best for themselves and to benefit the people around them, and inspiring drop-out teenage girls to unleash their potential to be independent and enjoy the same opportunity as their fortunate peers who continue schooling
CLOSE UP	Toothpaste / Oral Care Category	Mobilizing Indonesian youths to see, feel, hear and take action to help spread information in the prevention of HIV/AIDS
DOVE	Shampoo / Hair Care Category	Making women feel beautiful every day
LIFEBUOY	Body soap, Shampoo / Skin and Hair Care Category	Making 220 million Indonesians feel safe and secure by improving their health and hygiene needs
CITRA	Hand Body Lotion / Skin Care Category	Empowering Indonesian women
MOLTO	**Concentrate fabric softener and freshener /Fabrics Care Category**	**Encouraging Indonesian families to shift their paradigm of water use, to conserve energy and save the environment**
PEPSODENT	Toothpaste / Oral Care Category	Improving people's oral health so that they can better enjoy their life
RINSO	Detergent / Fabrics Category	Helping Indonesian children learn and develop by encouraging them the freedom to experience life without fear of getting dirty
SUNLIGHT	Liquid Dishwashing / Household Care Category	Empowering Indonesian women to contribute more their family and community, by equipping them with a series of useful trainings and workshops that enrich their knowledge and skills

(ICSA) 2010 from SWA Sembada, Frontier-Marketing Research Consulting and SWANETWORK-Corporate Event Management, and Metro MDGs Award to Combating HIV/AIDS and Epidemic Diseases Program from METRO-TV (Unilever Indonesia Annual Report 2010: 26).

Last but not least, the company's effort to continuously improve their environmental performance received acknowledgement from the Indonesian national government in the form of the 'Green Proper Award'.[6] From 2002 to 2011 Unilever has been awarded the Green Proper for its environmental management achievement.[7] In 2008 Unilever Indonesia even received international recognition from the Japanese Institute of Plant Maintenance (JIPM) for its factories' performance in targeting *'zero waste, zero accidents and zero breakdowns'*. In short, all these achievements have at least shown Unilever Indonesia's commitment to consistently develop and maintain the company's reputation for conducting its business with integrity and with respect for all those whom they affect.

From a CSR perspective, ecological issues may be seen as a separate arena of responsibility independent from the workplace, marketplace and community issues, or vice

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[6] PROPER is a national award annually given by the Ministry of Environment, Republic of Indonesia (MOE-RI) for companies operating across the country, including MNCs, State-owned Enterprises, Private-National Companies and comprising of various types of industries, such as oil-mining, manufacturing, agro-industries, and services. This prestigious award is based on an overall assessment of the company's compliance with environmental regulations and their commitment to continuously improve the quality of their environmental performance. The award has been given since 1995 as part of the government's official program to control and monitor the state of the environment impacted by business practices through their life cycle of manufacturing processes. At the beginning the assessment criteria only focused on the aspects of water treatment, but then in 2002 started to develop various aspects of environmental management, including air pollution, toxic-hazardous waste disposal, application of environmental impact assessment. Based on the current, more stringent environmental law (Undang-Undang No: 32/2009), the assessment results are grouped into five categories, namely: Gold, Green, Blue, Red and Black. This program has brought about positive impacts with the launching of new regulations by the Indonesian Federal Bank (Peraturan Bank Indonesia No: 7/2/2005) stating that the PROPER assessment be used as one of the references to consider the feasibility of a company to get bank loans. PROPER is also used as the condition for determining the Key Performance Indicator Management in many companies today. See http://www.menlh.go.id/siaran-pers-hasil-proper-2009-2010, accessed 12/7/2011, 3:58pm.

[7]The criteria of PROPER Assessment has been renewed in the MOE-RI Regulation 5/2011 (Peraturan Menteri Negara Lingkungan Hidup Nomor 5 Tahun 2011). The criteria are categorized into five ranks. They are named respectively from the highest to the lowest: Golden (Emas), Green (Hijau), Blue (Biru), Red (Merah), Black (Hitam). The *Golden Award* is given to companies which have consistently performed *'environmental excellence'* in their manufacturing processes (either for products or services), demonstrate ethical business and responsibility to society. The *Green Award* is provided for those who have completed their responsibility '*beyond compliance'* by implementing sound environmental management, eco-efficiency by applying the 4R principles (reduce, reuse, recycle and recovery) and CSR programs that empower people. Next is the *Blue Award* for those who have complied with the existing environmental regulations in their performance. The *Red Category* is given to companies which have been inconsistent with the existing environmental laws and regulations; while the *Black Category* is directed for those who have purpose fully or accidently done mismanagement that caused pollution and/or environmental destruction as well as for those who violate the environmental rules and regulations or not follow the administrative sanctions. See PROPER Secretariat Documents, MOE-RI, "Laporan Hasil Penilaian PROPER 2011", in http://www.menlh.go.id.

versa, an issue that cuts through these and other areas. In the case of Unilever, the *'trade-off'* between social, ecological and economic factors are embedded in the notion of sustainability and in fact in the life cycle of a product, rendering clear-cut distinctions between the different areas of responsibility rather difficult to make (Crane, et.al, 2008: 307). At its heart, corporate responsibilities for the ecological environment are closely related with business impacts, particularly on the sustainability of the natural environment as a *'common pool resources'* for raw materials supply to be used in the manufacturing process. Thus, applying CSR in this arena can take various forms such as using natural resources efficiently and minimizing waste, pollution prevention, establishing product stewardship, innovation in products, process and services, managing climate change, ensuring resource security and resource justice. Similarly, the Ministry of Environment, Republic of Indonesia has defined seven major programs to be implemented as Green CSR (2011: 14). They include clean production, eco-office, energy and natural resources conservation, waste management through 3R Principles, use of renewable energy, adaptation to climate change and environmental education. The following Table 3.2 summarizes Unilever's endeavors as part of its corporate responsibility to protect the ecological environment.

Table 3.2. Unilever's CSR Practices to Reduce Environmental Impacts
(Unilever Indonesia Sustainability Report 2008)

Time	Policies / Program / Activities & Objectives	Descriptions
2004	Launching **the Litterbug Project**: to reduce the impact of flexible plastic waste on the environment at the factories in Rungkut and Cikarang	Recycling plastic waste into useful low-end products such as sheet for gutters and bags, water dippers, washbasins, basket, toys, etc. (p.85).
2007	Forming a **Responsible Packaging Steering Team** to review the company's packaging strategy in order to reduce the footprint of the products packaging.	Unilever's products packaging can be harmful for the environment in different ways: some in sourcing, some in disposal, on resource use, and even on energy or water use (p.85).

January 2009	Publishing a **Sustainable Packaging Design Guideline** to be used to benchmark and improve new packaging design.	Mandating the selection of appropriate packaging materials and formats, not just based on functional and aesthetic requirements but also the principle of sustainable development. These include the 5 principles of remove, reduce, reuse, recycle, recover and the measurements of energy (water) used, waste created, greenhouse gas released per brand as well as sustainable sourcing (p.85).
2007	Establishing **GHGs Working Group** that aims at assessing carbon footprint resulted from the life cycle of manufacturing process[8]	The study produces a GHGs Strategy to address both direct and indirect impacts resulted from the company's sourcing on raw materials (agricultural, chemical fossil fuels, etc.), manufacturing/operational process in factories, travel and buildings, distribution of products from factories to point of sale, as well as consumer use and disposal of product (p.86)
N.A.	Providing independent scientific evidence guidance to identify and manage product safety through **the Safety and Environmental Assurance Centre (SEAC)**	This is part of the company's responsibility to reduce risks to consumers, workers and the environments with regards to the safety of products and supply chain technology (p.87)
N.A	Launching **'Supplier Quality Management Assessment Program'** in order to encourage sustainable practices along the chain and seek to raise standards in compliance with the company's Code of Business Principles.	In 2008 there were 57 suppliers participating in this program. Unilever from whom the company sources chemicals, plastics and raw materials for the production and the packaging of the products sold in Indonesian markets. The program consists of auditing process and technical assistance to help them manage their costs, quality, safety and environmental issues and improve their manufacturing practices. (pp.89-90)
2008	Launching **the Black Soybean Project** to maintain the supply chain from sustainable sources for the Bango soy sauce products.	This community development program to improve the livelihoods of the black soybean farmers' communities has started in 2001, and in 2008 it has covered around 6,000 farmers and 1,170 hectares of land in seven areas in Java. They include Ciwalen, Nagwi, Madiun, Nganjuk, Klaten, Yogyakarta and Trenggalek (p.94-95). This program to be replicated in the fruit farmers' community since the early 2008, Unilever acquired the 'Buavita' brand as one of the company's icons for food

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[8] Globally it is estimated that Unilever's total emissions of greenhouse gases (GHGs) from their own factories, offices, laboratories and business travel to be around 4 millions tones of CO_2 equivalent a year. The wider footprint in the sourcing of agricultural and chemical raw materials can amount to around 10 times as much as their own emissions. While in consumer use and disposal of products, it can reach between 30-60 times as much as their own emissions. In October 2007-2008, Unilever became one of the first members of the Supply Chain Leadership Collaboration that was initiated by the Carbon Disclosure Projects. The project aims to increase the disclosure of carbon impacts among suppliers and thereby encourage reductions in their carbon emissions (Unilever Indonesia Sustainability Report 2008: 86-87).

		products.
2008	Establishing a **Framework for RSPO (the Roundtable for Sustainable Palm Oil) certification of plantations** in order to contribute to the protection of the world's rainforest in Indonesia.	Since 2007 Unilever has replaced about 20% of the active material components in detergents, which come from crude oil derivatives, by palm oil derivatives. Such initiative of using renewable materials is planned to be applied to more liquid and powder detergents. (pp.90-91)
December 2008	Three of the nineteen estates that supply Unilever Indonesia were **audited and certified by the Rainforest Alliance**	One estate produces black tea while the remaining two produce green tea. This constitutes an important milestone towards a fully certified supply by 2015.[9] (pp.92-93)
N.A.	Establishing **Total Productive Maintenance Program** (TPMP) to keep consistency in health, safety and environmental (HSE) management for the whole manufacturing process in the factories.	An integrated mechanism which acts as an umbrella for all activities under the ISO 14001 (environmental management system), OHSAS 18001 (safety Occ health management system), ISO 9001 (Consistency by quality management system), and ISO 22000 (product quality management system) (pp.101-102)
2006	Applied more **environmentally-friendly designs** for the factory in Cikarang to reduce energy consumption.	This includes the use of ammonia compressor to regulate temperature in the ice cream and margarine factories, instead of using R-12 CFCs, as well as the auto shutdown of air conditioners in the office as part of the commitment to reduce ozone depleting substance (p.104)
N.A.	Applied **environmentally-sound technology** in the production process in the Rungkut factory.	This includes the use of *Vapor Liquid Separation (VLS)* technology in driers so that it could save steam consumption in Personal Wash factory (p.105)
2009	Applied **the new WWTP (Waste Water Treatment Plant) installation** in both Cikarang and Rungkut Factories in order to recycle water for production process, while reducing fresh water consumption.	Water effluents from the waste water treatment plant in the ice cream factory were reused in the production process of NSD factory. The wastewater was also used in various utilities such as cooling tower and condenser. Ex-pasteurizer water from the ice cream factory was also reused to rinse machineries (pp.107- 108)
	Doing more **recycling efforts** to transform hazardous and unutilized substance into useful items	• In cooperation with LT-ITS doing research to find out how to make paving blocks from dried sludge produced by Unilever WWTP facility in Rungkut factory • Assigning a third party to take all out hazardous waste, e.g. Acid Mist, to be

Comment [NW2]: Tahun?

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[9] In Indonesia, the initiative for sustainable tea supplies started in 2004, under the global Unilever Sustainable Agriculture Initiative. To meet these standards, farmers must commit to continuous improvements on 10 key indicators and follow the good practice recommendations included in the guidelines. The 10 key indicators comprises of: soil fertility, nutrients, biodiversity, energy, social and human capital, soil loss, pest management, product value, local economy, water (Unilever Sustainability Report 2008: 92).

		used to produce detergent cream
		• Collecting dust from tea factory to produce organic fertilizer that can be used for the re-vegetation program in the industrial estate. (p.109)
2007	Established the program 'the Sunlight Sparkling Women Community' which aims at reducing plastic footprint through women empowerment	• Sunlight is a liquid dishwashing product firstly launched in Indonesia. There are two related environmental issues to be addressed: water pollution and packaging waste. • Provided women workshops and training for women in 9 cities in Indonesia and developed the recycling entrepreneurship program called Trashion (p.126)
December 2008	Launching and campaigning "Molto Ultra 'One Rinse' Movement" in order to reduce water footprint	• Introduced a new innovation of Molto, a concentrate fabric softener product by which consumers can remove the excess detergents and suds on their laundry with only one rinse. Thereby, they are reducing water consumption • Established multi stakeholder partnership to do campaign for water conservation, environmental preservation, and innovative water recycling. (p.127)

Generally speaking we may conclude that Unilever at both global and national levels has seriously taken various strategic measures to reduce environmental impacts through less waste production, less energy and water consumption as well as less greenhouse gases emissions with continuous improvement in their management system and technology. All these efforts have probably shown that to a large extent Unilever Indonesia, in particular, has complied with the UN Global Compact Principles to protect the environment.

We may also argue that Unilever Indonesia has developed an overarching vision of sustainability that gives direction to the company's CSR activities in the environmental field. Such a vision on sustainability has guided the company's practices to go beyond today's internal, operational focus on greening to a more external, strategic focus on sustainable development. As shown in Table 3.2 above, the so-called 'sustainability

portfolio' of Unilever Indonesia has encompassed not just pollution prevention and product stewardship, but also moved forward to embracing clean technology as investment for the future. Nevertheless, the most important question regarding its sustainability vision is whether the vision directs any potentials and modalities the company has towards realizing solutions for social and environmental problems (Hart in Crane, et.al., 2008: 322). This is certainly not an easy task to respond to because the answer cannot just depend on technology availability and the considerable amount of money the company has. Once the issue touches the interests of external stakeholders, particularly society at large, a greater political commitment of the company is needed.

Thus, the so-called community-based waste management (CBWM) program in Surabaya under the flagship 'Green and Clean' basically serves as the continuation of Unilever's Green CSR to reduce environmental impact from its business activities. In this context, Unilever should demonstrate its 'extended responsibility', as outlined in UU No.18/2008 on waste management, by minimizing after consumption packaging waste that is traditionally just thrown away to the land and rivers by the consumers.

To provide general descriptive information for further analysis, the following paragraphs will highlight waste management problems from global, regional and national perspectives. Such an explanation indicates that waste management in urban living areas is not a simple problem; rather it urgently needs more comprehensive, holistic and strategic solutions. Accordingly, the Unilever Indonesia's engagement in addressing the problem is considered to be very timely.

3.2.3. Unilever and the Challenges of MSWM Problems and Governance in Indonesia

In 2011 the Ministry of Environment (MOE) of the Republic of Indonesia published a 'CSR Guidelines for the Environment'. This guideline is launched as part of the national government's effort to encourage the business community in Indonesia to take

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part in mainstreaming sustainable development as their business approach. In line with this, CSR is believed to be a synergy of continuous development to reform social programs that contribute to environmentally responsible business practices and, in turn, improve the environmental quality of life (MOE-RI, 2011: 2). In this guideline, waste management is among one of the alternative programs suggested. This includes, among others, promoting community-based waste management program by applying 3R principles, by improving value-added of waste, and by enhancing composting activities.

Ten years before the MOE's publication, Unilever Indonesia was already one step ahead in applying Green CSR focusing on community-based waste management. There are some reasons that may explain why Unilever chose to take on the challenges of municipal solid waste problems as part of their CSR's main program in the environmental field. Firstly, it is because no other single company had carried out such a program before as part of their CSR, whether they are MNCs or national private companies. As suggested in the introduction chapter many Indonesian companies prefer to carry out CSR programs in the community development sector, but without a specific purpose and target. Thus, it is difficult to measure a program's success and maintain its sustainability.

Secondly, the selected program is indirectly but simultaneously able to bring positive impacts to other-related problems, such as combating climate change and conserving clean water access. Concerning the latter, it is also acknowledged that Unilever product wrappers or covers have potentially caused serious negative impacts to the environment, since they are made of plastic, from different types and characteristics in terms of adaptation capability with the carrying capacity of the natural environment. With the lack of good governance systems to handle MSWM prevalent in a majority of Indonesian big cities, compounded by the poor habits of Indonesian people in treating their household wastes, it is certain that Unilever products will contribute significantly to environmental degradation in the country. Such practices of open-dumping waste disposal

management and using rivers as public toilets and garbage dumps are increasingly threatening the clean waters sources. Thus, despite well-established environmental management systems applied in the company's internal management under the ISO14000 Certification, as described in Figure 3.4 below, Unilever still has to confront the increase of plastic packaging waste in the environment because of the continuous growth of its business marketing,

Thirdly, waste management problems are not just exclusive to Surabaya although Unilever finally selected the city as the location for the national pilot project. Waste management problems are indeed typical in many growing cities throughout the world,
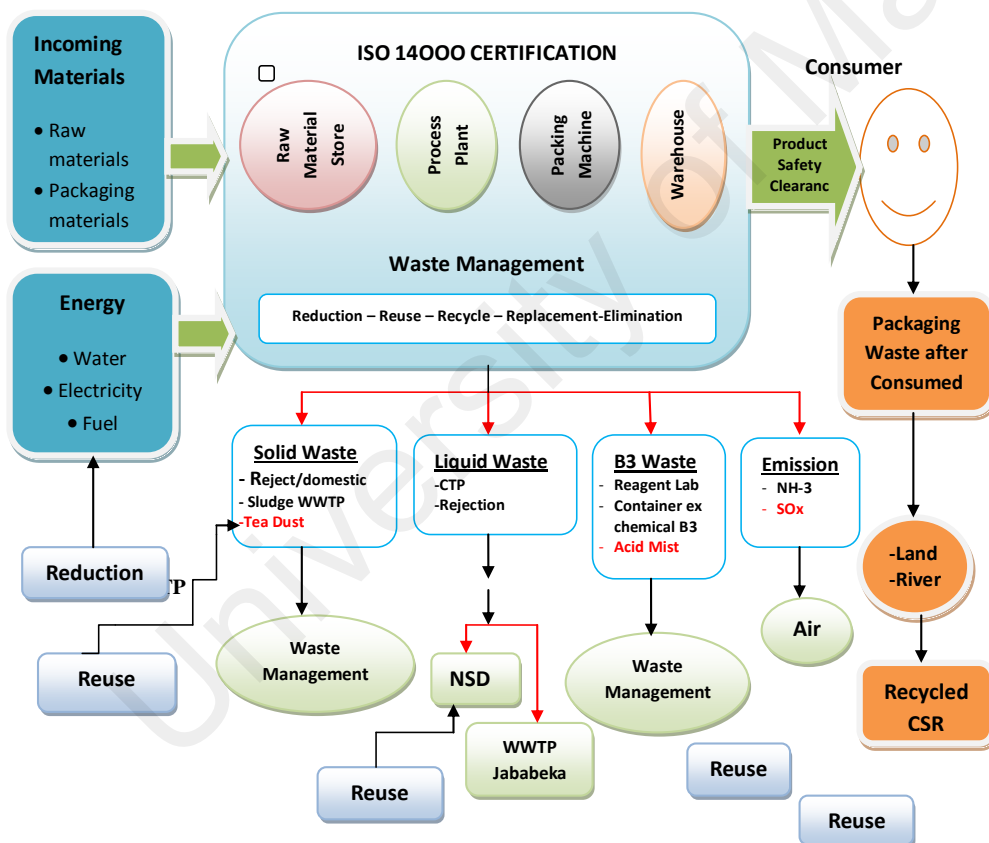
Figure 3.4. Unilever's Environmental Management System
(Unilever Sustainability Report, 208: 103)

regardless whether they are in developing or developed countries. The trends of urbanization, consumerist societies and waste generation have challenged global sustainability in many ways. With the unplanned urbanizations and rapid growth of middle class families with changing lifestyles, most Asian countries are facing an enormous challenge of managing urban waste.

A study conducted by the World Bank reveals that urban areas in Asia generate about 760,000 tons of Municipal Solid Waste (MSW) or approximately 2.7 million m_3 per day; and in 2025 it is expected to reach 1.8 million tons of waste or 5.2 million m_3 of waste per day (Visvanathan, et.al, 2007: 1). Another study concluded that collecting, transporting and disposing of MSW represent a large expenditure for Third World cities. Waste management usually accounts for 30-50 percent of municipal operational budgets. Despite these high expenses, cities collect only 50-80 percent of the refuse generated. In India, for instance, about 50 percent of the refuse generated is collected, 33 percent in Karachi, 40 percent in Yangoon, and 50 percent in Cairo. And disposal receives less attention: as much as 90 percent of the MSW collected in Asian cities end up in open dumps (Medina, 2007:3, see also UNESCAP, 2010).

The UN Habitat in its Annual Report (2010) confirms such growing trends of MSWM problems around the world. It states that managing solid waste is one of the biggest challenges for urban areas of all sizes, from mega-cities to the small towns and large villages, which are home to the majority ofhumankind. It is almost always in the top five most challenging problems for city managers, but unfortunately receives very little attention compared to other urban management issues. The struggle for achieving the Millennium Development Goals (MDGs) and related targets on water and sanitation is being waged in the cities, towns and villages where solid wastes are generated. To a larger extent many developing and transitional country cities have relied upon an active informal sector in recycling, reusing and repairing systems. Not only does the informal recycling

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sector provide livelihoods to huge numbers of the urban poor, but they may save the city as much as 15 to 20 per cent of its waste management budget by reducing the amount of waste that would otherwise have to be collected anddisposed of by the city (UN Habitat, 2010).

Before going further to see the existing governance of MSWM in Indonesia, it is noteworthy to have an introductory understanding on what solid waste refers to and where it comes from, because the most fundamental step in waste management is quantifying and qualifying the different types of waste being generated (UNEP-IETC, 2002, in Trihadiningrum: 2007). Based on Chapter 21.3 of the Agenda 21 resulting from the United Nations Conference of Environment and Development in Rio de Janeiro, 14 June 1992, municipal solid waste can be defined as follows:

> Solid wastes…include all domestic refuse and non-hazardous wastes such as commercial institutional wastes, street sweepings and construction debris. In some countries the solid waste management system also handles human wastes such as night-soil, ashes from incinerators, septic tank sludge and sludge from sewage treatment plants. If these wastes manifest hazardous characteristics they should be treated as hazardous waste.

From the above definition, it can be concluded that solid waste varies based on its type or component as well as its source. Certain types of solid waste may consist of hazardous pollutants for the environment that require different treatment from other types of recyclable waste. Table 3.3. below shows in more details a classification of various types of solid waste. From this table, it is clear that solid waste sourced from residential is more various than the one from other sources. It implies that household and community-based solid waste management that applies the 3R-principles are very strategic to address municipal solid waste management problems at any governmental levels. This meets the current expectations after Rio+20 Conference that say 'local action but global impacts'

Table 3.3.: Sources and Types of Municipal Solid Waste
(UNEP – IETC, 2002)

Sources	Typical Waste Generators	Types of Solid Waste
Residential	Single & Multi Family Dwellings	Food wastes, paper, cardboard, plastics, textiles, glass, metals, ashes, special wastes (bulky items, consumer electronics, batteries, oil, tires) and household hazardous wastes (electric light bulbs, batteries, discarded medicines & automotive parts)
Commercial	Stores, Hotels, Restaurants, Markets, Office Buildings	Paper, cardboard, plastics, woods, food wastes, glass, metals, special wastes, hazardous wastes
Institutional	Schools, Government Center, Hospitals, Prisons	Paper, cardboard, plastic, wood, food wastes, glass, metals, special wastes, hazardous wastes
Municipal Services	Street Cleaning, Landscaping, Parks, Beaches, Recreational Areas	Street sweepings, landscape & tree trimmings, general wastes from parks, beaches & other recreational areas

The current status of MSWM problems and governance in Indonesia has its roots in the historical legacy of the centralized bureaucratic system under the Soeharto led-administration (1969 – 1998). During this period – well-known as *'Orde Baru'* (New Order) era – most of the public services like public works, health, education, agriculture, communication and environment were managed by the national government. In its execution, the *'top-down'* rather than the *'bottom-up'* approach was preferred to carry out the developmental agenda throughout the country. A corrupt and closed bureaucracy was responsible for the rent-seeking system that harmed the environment. Despite the fact that Indonesia had been actively involved in the arena of international environmental diplomacy since the 1972 Stockholm Conference and had also been a promoter of the sustainable development agenda[10], the development process in Indonesia, just like in many

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[10]It is well acknowledged that Indonesia has consistently shown its active participation in the promotion of sustainable development, at both individual and national levels. Prof. Dr. Emil Salim, the former State Minister for the Environment during the Soeharto-led Administration and a respectful economic professor at the University of Indonesia, is an Indonesian prominent figure whose intellectual and professional contributions are recognized by the world community in many important processes of international environmental cooperation for the promotion of Sustainable Development. In fact, he was a member of the UN Commission that drafted the Bruntland Report as well as the Chairman of the Preparatory Committee of the WSSD, which marked the tenth anniversary of the Rio Summit. At a national level, Indonesia has hosted various important international forums to strengthen global environmental cooperation. Just to mention among others are the Final Preparatory Committee of the WSSD on 25th of May 2002 in Bali resulting in the "Bali Commitment"; and the most current is COP-13 of the United Nations Framework Convention on Climate Change (UNFCCC) which was also held in Bali on 3rd December 2007. See "Indonesia and the WSSD: Forging Consensus for

other developing countries, used to practice the so-called policy of '*growth first, clean later'*. Such a policy has resulted in low institutional capacity and poor infrastructure to pursue the objectives of a sustainable development agenda, as outlined in the Agenda 21 of the Rio Earth Summit, including in the area of municipal solid waste management.

However, since the reformation era, following the fall of Soeharto as the second President of the Republic of Indonesia in 1998, there has been decentralization of power and responsibility to local governments – including provincial, regencies and municipal or city governments. In general, the governance system has now transformed and provides a greater autonomy for local governments to build their institutional capacities so that they are more independent to manage their own potentials and resources, as well as determine their priorities in development. Institutionally, the basic services for water supply, sewerage, drainage, and waste management are a joint responsibility among national,

Figure 3.5. Shifting Paradigm of Solid Waste Management
(Trihadiningrum, 2007; IGES, 2010)

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provincial, municipal governments and the private sector. The proportion of responsibility in the installation, operation and maintenance varies significantly from city to city. Above all, the decentralization has also provided a bigger room for wider public participation to engage and control the ongoing development process. Municipal Solid Waste Management (MSWM) in Indonesia is nationally regulated by UU No. 18/2008.[11] The Law is passed to serve as a legal umbrella for integrated and environmentally sound MSWM in Indonesia. On top of that, the Indonesian government has legally changed the existing MSWM paradigm, that is, from collect – transport – dump to reduce at source and reuse or recycle, as illustrated in Figure 3.5. above.

Table 3.4.
Waste Generated and Collected in Major Cities in Indonesia
(Chaerul, et.al., 2006:5, quoted from Helmy, et.al., 2006)

City	Population	Waste Generated		Waste Collected	
		Kg/cap/day	Ton/day	%	Ton/day
Jakarta	8,792,000 (2004)	0,66	5,802	90,1	5,228
Surabaya	2,599,796 (2004)	0,65	1,689	92,1	1,556
Bandung	2,510,982 (2004)	0,70	1,757	90,8	1,596
Medan	2,036,018 (2005)	0,68	1,384	87,1	1,205
Semarang	1,393,000 (2003)	0,69	961	87,9	844
Makassar	1,130,380 (2000)	0,86	972	94,5	918
Padang	787,740 (2004)	0,90	709	92,5	655
Yogyakarta	511,744 (2004)	0,78	399	93,3	372
Total	19,754,640				12,378

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[11] There is also another law, i.e. Law 32/2009 for industrial waste. Basically there are three major types of waste generated by society, namely: municipal solid waste (non-hazardous and contains hazardous), industrial waste (hazardous and non-hazardous); electronic and electrical waste (e-waste).

On average, every Indonesian generates 0.76 kg/day of solid waste. With a total population of 246,533,673, Indonesia generates 187,366 ton/day of municipal solid waste in a total area of 1,890,000 km^2 administratively distributed into 33 provinces (Chaerul, et.al. 2006: 5). The problem is more acute when considering Indonesia is the world's largest archipelago composed of 17,504 islands. The fact that today, after the 1998 reformation era, there are now about 500 major cities and semi-urban areas termed as regencies either encircling the major city or existing independently in different parts of the country. Poor municipal solid waste management is also worsened by the rapid growth of population, industrialization, urbanization and modernization in major big cities across the country, which is compounded by a lack of institutional capacity of the local governments. Table 3.4 above provides an illustration about the conditions of waste management found widespread in major cities in Indonesia.

Composition of MSW by source is as follows: household waste (48%), market waste (24%), commercial waste(9%), street and public facilities waste (5%), and others (14%). Compostable organic waste dominates the MSW composition in Indonesia; however the amount of this type of waste tends to decrease. Meanwhile plastic and paper waste increase significantly. Under the current system of MSW management, the approximate amount of solid waste collected is 69%, buried 10%, composted and recycled 7%, open burned 5% and unmanaged 10%. The coverage of MSW collecting services nationwide is approximately 40-50%.Waste recycling activities are mainly conducted by informal stakeholders.

Taking into account the complexities of waste management problems at all levels, public participation becomes a critical issue. Some argue that it closely links with both individual and collective interests in the community and therefore every region has different degrees of participation (Tahir, 2012:3). Others suggest that this issue boils down to the peoples' most fundamental perception towards waste itself. The majority of people

consider waste merely as residue to be disposed. Collectively, such a perception translates into the unreliability of community members at the household level to participate in the so-called *'centralized-based waste management'* system (Kompas, 07/03/2011: 27). In this system the roles of the waste worker and municipal government are vital in collecting, transporting and throwing the waste in temporary and eventually final disposal sites. Unfortunately, there are so many problems surrounding this current system in almost all aspects – institutional/organizational, financial, technical, socio-economic, political, and environmental. In short, we may conclude that the existing waste management problem is like vicious circle.

To sum up, applying a new paradigm is the central idea to totally change such bitter conditions in municipal solid waste management. Certainly we cannot make a change in one night. Change requires time since the problem involves transforming peoples' consciousness as both individuals and communitieson the importance of environmental protection. Waste management with the full participation of community members is the forerunner for other initiatives at the municipal level to create healthier living condition. The program does not just provide community members with technical skills to apply 3R principles in their household waste management, but also environmental awareness in general which is important to sustain the program in the long run. Such awareness has underlined Unilever's Green CSR to promote CBWM program. Undeniably, this meets the logic of Unilever's business concerns which highly depends on the loyalty of consumers' at the household level, particularly women and housewives (Unilever Sustainability Report, 2008: 126-127).

CHAPTER 4

THE LOCAL CONTEXT OF SURABAYA THAT INFLUENCES UNILEVER'S CORPORATE SOCIAL RESPONSIBILITY COMMITMENT AND STRATEGY IN SURABAYA

This fourth chapter aims at providing a detailed description of the case study undertaken. It describes the basic figures and information which are important for a stronger contextualization of the study. Unlike the previous one, this chapter uses the perspective of a local context and the richness of qualitative data which refers to Surabaya's societal and environmental setting. In line with the research question and objectives, the description in this chapter focuses on the relevant aspects of the socio - economic - political - environmental postures of Surabaya city that have significantly influenced the commitment, strategy and implementation of Unilever's CSR in the environmental field. In particular, such a description is expected to contribute to a better understanding on the dynamics of the partnership strategy which shall be explained in details in the following chapter.

At its heart, this chapter concludes that the selection of Surabaya as the 'pilot project' of Unilever's Green CSR is a strategic decision made by the corporation. As a strategic decision it means that Unilever has to foresee the risks and opportunities of sustainability issues resulting from the forces of globalization and how they should subsequently be translated at the local context in which the company's business operates. Surabaya has certainly served as a significant groundwork for both Unilever's business interests and its Green CSR mission altogether due to its potentials and advantages.

4.1. The Society and Environment of Surabaya

4.1.1. The City and Its People

Surabaya is the second largest city in Indonesia after Jakarta. It is the capital city of the East Java Province, a home for almost 3 million inhabitants. In the national map of Indonesia, East Java itself is situated on Java island, together with other four provinces, namely West Java, Central Java, the Special Authority Region of Jakarta and Yogyakarta (see Figure 4.1.). Java is historically and politically considered as the most strategic island among others, due to the Indonesian capital city of Jakarta being situated on the island, its large population as well as its potentials and advantages for mining, manufacturing and agricultural industries The city of Surabaya is geographically situated in South of the Madura Strait which also serves as a border to the East. To the South of the city is Sidoardjo Municipality and to West is Gresik Municipality. Due to its geographical location, combined with other dynamic socio-economic factors, Surabaya is in a very strategic position to serve as the *hub* for many cities in the eastern region of Indonesia.

The city has a total area of 087 ha wide comprising of 33,048 ha (63.45%) land area and around 19.039 ha (36.55%) coastal area. The land area of Surabaya is 80% lowland with an elevation of around 3-6 meters above sea level, spreading to the North, East, South, and within the city center. Other regions in the Western part of Surabaya are located 10-20 meters above sea level. The sea and coastal areas surrounding the city are managed by the Surabaya Municipality. Accordingly, Surabaya has a tropical climate, with a generally constant temperature of between 25 degrees Celsius during the night and 34 degrees Celsius during the day all year long. The average humidity varies from 65% to 85%. In Surabaya, the rainy season normally lasts from October to April, and the dry season from May to September. During the rainy season, some lowland areas usually get flooded (Susetyo, 2008: 1.1)
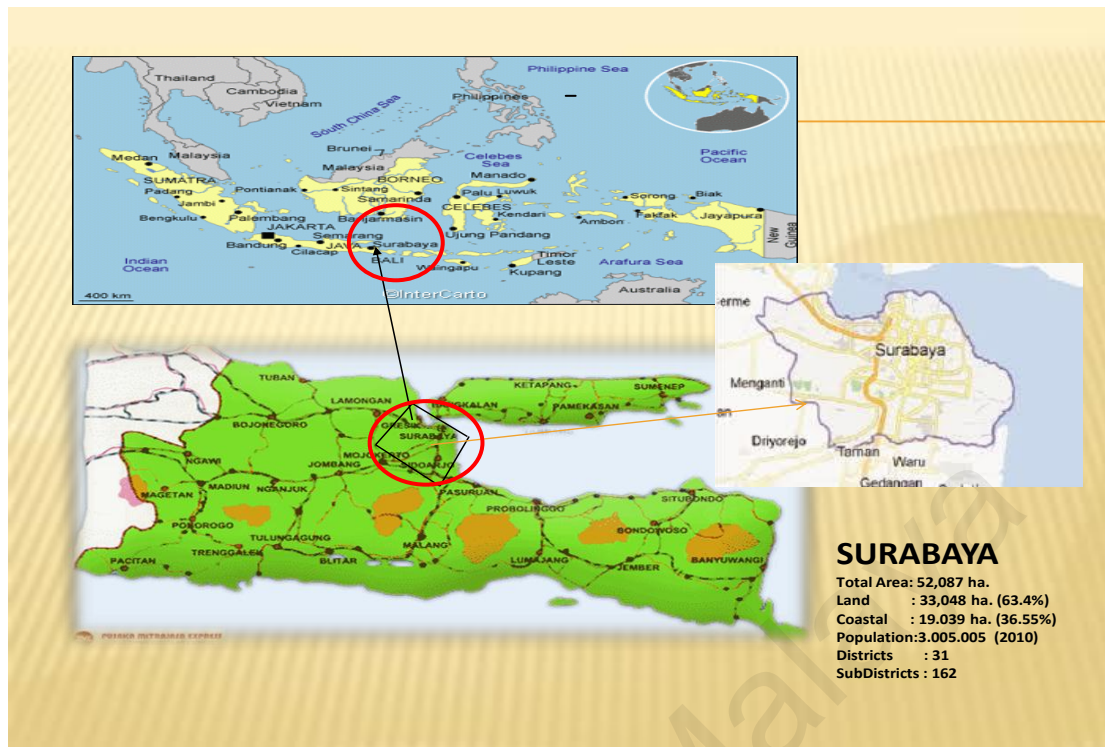
Figure 4.1.: Surabaya's Geographical Location in Indonesia

What is also important about Surabaya's geographic features is the fact that the city is passed through by many rivers. Surabaya city is located in the so-called *'Delta Brantas Region'* formed by the water flowing upstream from the Kali Brantas River, the longest river in East Java or the second longest river on Java Island. Kali Surabaya, the main river passing through the city, is one part of the *'Delta Brantas System',* a network system of rivers consisting of Kali Brantas River, Kali Surabaya River, Kali Porong River and two rivers as well as two man-made regulator structures. First, Mlirip Weir, as a regulatory structure for water flowing into Kali Surabaya; Second is Lengkong Barrage, as a regulatory structure for water flowing into Kali Porong. In the city, Kali Surabaya River has two branches, namely Kali Mas which flows through the city to the North coast and Kali Wonokromo which flows straight to the East coast of Surabaya, discharging into the Madura Strait (Susetyo, 2008: 1.2.). This characteristic of Surabaya, in turn, has relevancy with its potentials as the natural resource base for industrialization, but also, on the other side, with respect to urban environmental

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problems resulted from urbanization growth, that is, clean water access and sanitation for the lower income society.

There are many names attributed to Surabaya. It is well known as harbor and business city, because of the Tanjung Perak Seaport and the fast growing business and industrial activities around the city. Surabaya is also renowned as the *'City of Heroes'* and a city with well-maintained historic buildings[1]. The city is populated by a multiethnic society, coming from various ethnic groups throughout the country, such as Madura, Batak, Sunda, Bali, Bugis and even migrants from other countries like Malay, Chinese, Arabic, Indian and European. In general, Surabaya people are well-known to be dynamic, tough, spontaneous and egalitarian.

4.1.2. Socio-Economic and Political Aspects of Surabaya

From socio-economic and political aspects Surabaya has a very strategic position as the regional development center in Eastern Indonesia. Surabaya's development is basically an integral part of Indonesian national development and it cannot be separated from the development of its surrounding regions or regencies *(Kabupaten).* They form a greater urban area in East Java renowned as 'Gerbang Kartosusila' (GRK) which is an acronym for the regencies (municipalities) around Surabaya – Gresik, Bangkalan, Mojokerto, and Lamongan (Susetyo, 2008:2.1, Santosa, 2000: 176). Thus, in the context of GRK, the development of Surabaya City has become part of Surabaya Metropolitan Area which plays a role as the: (1) Center of economic activities in East Java, Bali and other Eastern Indonesia regions, with Tanjung Perak Seaport and Juanda International Airport, as its main supporting infrastructures;

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[1] In fact, Surabaya is one of the oldest cities in Indonesia. Evidence from historical relics shows that the existence of Surabaya began since the 13th century, long before the Western colonization era, The colonization era in Surabaya began when the Dutch landed in Surabaya in the early 15th century. The Dutch built the Kalimas River fortress in this period and it facilitated Surabaya in becoming an East Indies Commerce center in the Northern part of Java. The commercial area grew towards the downstream of Kalimas River which was then followed by a growing residential area towards the upstream area of the river. See http://kitakyushu.iges.or.jp/docs/mtgs/theme/ir/presentations/04surabaya/surabaya.pdf,; accessed 3/11/11. 16.00 Kuala Lumpur local time.

(2) Center of regional development in East Java Province; (3) Urban Center for social-economic activities in GRK regions (Susetyo, 2008:2.1, IGES: 2011).

According to the 2000 census result, the total population of Surabaya is 2,599,796 persons, scattered in 31 districts (or called as *"kecamatan"*) and 163 sub-districts (or called as *"kelurahan"),* 1.389 community units (or referred to as *"Rukun Warga*"- *RW*) and 9.124 neighboring units (or referred to as "*Rukun Tetangga*"- *RT).*[2] The following Table 4.1. provides a district-based regional distribution of Surabaya population according to the 2000 data sourced from the Surabaya Statistics Agency.

Table 4.1.: Surabaya's Population Density Based on District Regional Divisions

No.	Name of Districts	Number of Sub-Districts	Number of Population
I	**Central Surabaya**	**25**	**392.977**
1.	Tegalsari	5	93.465
2.	Genteng	5	54.505
3.	Bubutan	5	87.883
4.	Simokerto	5	84.380
5.	Pabean Cantikan	5	72.744
II	**Northern Surabaya**	**19**	**426.935**
6.	Semampir	5	154.455
7.	Krembangan	5	114.506
8.	Kenjeran	4	131.857
9.	Bulak	5	26.117*)
III	**Eastern Surabaya**	**40**	**745.807**
10.	Tambaksari	6	188.886
11.	Gubeng	6	132.986
12.	Rungkut	6	111.286
13.	Tenggilis Mejoyo	5	76.154
14.	Gunung Anyar	4	51.055
15.	Sukolilo	7	100.148

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[2] These figures were presented by Mr. Bambang D.H., The Mayor of Surabaya City, during the two and half hours interview held on May 6th, 2010 in his official residence. Both RT and RW are typical informal organizational structures in the Indonesian society. The leaders are voluntarily selected by their communities to work for about 2-3 years.

16.	Mulyerojo	6	85.292
IV	**Western Surabaya**	**42**	**453.627**
17.	Tandes	12	93.459
18.	Sukomanunggal	5	107.514
19.	Asemrowo	5	36.937
20.	Benowo	5	67.074
21.	Pakal	5	29.651*)
22.	Lakarsantri	6	78.334
23.	Sambikerep	4	40.658*)
V	**Southern Surabaya**	**37**	**678.876**
24.	Sawahan	6	188.766
25.	Wonokromo	6	146.875
26.	Karangpilang	4	71.478
27.	Dukuh Pakis	4	57.246
28.	Wiyung	4	51.780
29.	Wonocolo	5	81.660
30.	Gayungan	4	39.837
31.	Jambangan	4	39.234
	TOTAL	**163**	**2.698.222**

Notes/Sources:

This statistic is compiled and reorganized from two different sources, entitled *"Surabaya in Figures 2008"* received from a senior staff in JATIM BANK – the east java provincial-owned bank , while the second one is entitled *"Surabaya Profile: Basic Data of Indonesian Cities and Districts"* searched personally from the Internet. Apparently, it seems that the baseline data for the two publications above was provided by the Statistics Agency of Surabaya City, based on the 2000 population census.

The main reference for this Table 4 is taken from the former source, particularly for the figures of the number of population and the structure of the districts based on geographical division; meanwhile for the details of sub-district number, the data is sourced from the second reference. In fact there are some differences in terms of the number of population for some districts, and the data for three sub-districts (*), namely, Pakal, Sambikerep and Bulak, which is provided by the second source. It seems that these three sub-districts are newly established sub-districts in Surabaya.

Based on more current data, the following Figure 4.2. describes a more detailed picture on the population distribution of Surabaya with respect to productive age and sex. In this figure, we can see that the city has moderate number of population in productive age, ranging from 35 to 54 years or equivalent, accounted to 32,98% of its total population.[3] If the definition is broadened, including as well those who belongs to the group of 15 to 35 years old, then the total number of productive age is quite significant, accounted to 65,93%, more than half of the city's total population. It is also

[3] Based on the data sourced from *Dinas Kependudukan dan Catatan Sipil Kota Surabaya, 2010*

worthwhile to point out that according to gender perspective, the total number of female

population in this group is about 65,77%.

Male		Age		Female		Male+Female	
14.13	8.94	60+	10.65		9.79		14.88
	5.19	55-60	4.98	15.63	5.08		
32.91	6.49	50-55	6.58		6.54		32.98
	7.71	45-50	7.80		7.76		
	9.21	40-45	9.11	33.04	9.16		
	9.50	35-40	9.54		9.52		
33.17	9.57	30-35	9.64		9.60		32.95
	8.70	25-30	8.77		8.74		
	7.04	20-25	6.84	32.73	6.94		
	7.85	15-20	7.48		7.67		
19.79	7.96	10-15	7.47		7.72		19.19
	7.56	5-10	7.13	18.59	7.35		
	4.27	0-5	4.00		4.13		

Figure 4.2. The 2010 Composition of Population in Surabaya
(The 2010 – 2015 Surabaya Regional – Mid Term Development Plan (RPJMD Surabaya
2010-2010, p.13)

Unlike patterns of population growth in the other two largest cities in Indonesia,

that is Jakarta and Medan, in Surabaya the growth rate has been relatively slow,

averaging of 1.7 per cent per year in the period from 1990 to 2008. However , the

density of Surabaya's population is relatively high, accounting more than 6,700 people

km2 in 1990 and 8,400 people/km2 in 2010.

What is also important about the demographic feature of Surabaya is that,

unlike other cities in East Java Province, Surabaya has a better picture in terms of the

people's education profile, with 29% of its total population receive high school trainings

and 13% have higher education background.[4] Meanwhile, relatively compared with

other metropolitan cities in Indonesia with average population up to one million people,

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[4] Based on the data sourced from *Rencana Pembangunan Jangka Menengah Daerah (RPJMD) Daerah Kota Surabaya Tahun 2010-2015*, pp.II-14, diakses dari www.surabaya.go.id, 17 Januari 2014, 12.50.

Surabaya is the city attributed as the best one according to *city development index*.[5] This is because the overall performance of the city with respect to the quality of basic developmental functions, such as providing basic infrastructures for health, education, transportation, housing, waste management as well as economic products, is considered above averages.

Surabaya is administratively divided into five sub-regions, consisting of: Central Surabaya, Northern Surabaya, Eastern Surabaya, Western Surabaya and Southern Surabaya. Surabaya is led by a mayor at the city level who is officially assisted by a deputy-mayor. At the lower levels, there are '*Camat'* as the head of district (*Kecamatan*) and *'Lurah'* as the head of sub-district (*Kelurahan*). Both *camat* and *lurah* are the state's apparatus, so they officially support the Mayor to run managerial and administrative duties for the city's development in a more centralized system of bureaucracy.

In addition, just like many other places in Indonesia, there are also some informal leaders in Surabaya who play important role at the community levels. They are well-known as *'Ketua RT'* and *'Ketua RW'*. They are in fact the ones at grass-roots level who practically translate the city's policy into the local context and at the same time mobilize local people to take a part in implementing the city's programs. Such informal leaders are elected through a more democratic mechanism among the people in their communities. They work voluntarily for a certain period of time – generally three years for each period – and can be re-elected based on the consensus among the people.

The rapid growth of population, urbanization, industrialization and modernization in the last two decades has resulted in high land conversion in Surabaya.

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[5] Based on the total population, cities in Indonesia can be grouped as follows: metropolitan cities (up to 1 million); big cities (between 500.000 – 1 million inhabitants), mid-cities (between 100.000 – 500.000 inhabitants) dan small towns (between 50.000 – 100.000 inhabitants). Based on CDI measurement, Surabaya is the second best city after Jakarta. See Widiantono and Soepriadi , "Menakar Kinerja Kota-Kota di Indonesia, 2009, *Tata Ruang*, On-Line Bulletin."

Land use in Surabaya City can be divided into two purposes, that is, urban and rural activities. The urban land use is utilized for various activities such as housing, commercial, industrial, offices and public service. While for rural activities the land is used for agricultural fields and fisheries ponds. The urban areas are mainly located in the central, southern and northern part of the city, but spreading to newly developing areas in the West and East of the city centre. Built-up areas in Surabaya city in 2001 made up 63% of the whole city, while the rest are non-built-up areas, such as agricultural and fisheries and vacant land. Fishery is the biggest component of non-built up areas in Surabaya (Susetyo, 2008:2.2).

Historically Surabaya has served as the centre for industrial, business and trade activities (Howard, 2003). This means the city can play as an "engine of growth" for both national and regional economic development. Even to some extent the city has an ability to offer a better living quality due to several strategic urban functions they can serve, including regional market, service-center, regional capital, tourist center, communication hub and economic location (Mac Donalds, 2012, Song, 2013). As the service centre, for the example, the city offers a number of public services –health care, secondary and tertiary educational institutions—as well as private services – banks, business, leisure and information centers—for both the urban community and the surrounding population. Particularly speaking, in high education sector, in Surabaya there are well-established and prestigious universities, both state and private-owned. They have played an important role as higher education and research institutions in Indonesia. Just mention among others are Airlangga University (UNAIR), Institute of Technology Surabaya (ITS), Universitas Negeri Surabaya (UNESA) for the state universities, as well as University of Surabaya (UBAYA) and PETRA Christian University for the private ones. Whilst, Surabaya also provides good facilities for public health services. The state-owned hospital named RSUD Dr. Soetomo is well known not

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only among the city residents, but also those living around the East Java regions for high-quality health services.[6] Even this hospital with several other ones in this city have proved to provide international standard services comparable with their partners in Singapore.[7]

Last but not least, Surabaya is also renowned as the location of one of Indonesian strategic industries, called PT PAL, which has been the center of shipping industries. Most of their products are directed to fulfill the need of transportation means for passengers and goods as well as to support the defense system in Indonesian waters. For many years, PT PAL has been the center of shipping industries in the country. As Indonesia is the biggest maritime country in the world with extensive territorial waters, transportation for both social and commercial activities within the archipelago becomes a key issue to address (see MP3EI, Coordinating Ministry for Economic Affairs, Republic of Indonesia, 2011).

In short, Surabaya's strategic location and potential human resources are the supporting factors for the development of the city. The dynamic development in the city is undoubtedly the result of the people's needs to improve their lives. The current and future challenge lies in being able to control the developmental process in such a way that can be beneficial for society but at the same time not harmful for the environment (IGES, 2011).

4.1.3. The Surabaya Environment: MSWM Problems and Governance

Along with its development process, Surabaya has been facing various environmental problems. According to the Surabaya Board of Environmental Protection

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[6] "*Daftar Nama dan Alamat Rumah Sakit*," diakses melalui http://www.surabaya.go.id/dinamis/?id=1321 pada tanggal 3 Mei 2014

[7] "*Graha Amerta Surabaya Ungguli Singapura,*" diakses melalui http://nasional.news.viva.co.id/news/read/141504-graha_amerta_surabaya_ungguli_singapura pada tanggal 3 Mei 2014

there are several major environmental problems in the city, which include waste management, sanitation, water quality, and a rapidly growing population density and building (http://www.lh.surabaya.go.id/weblh).

Urbanization, among other things, is considered to be the most threatening and pressurizing factor causing various environmental problems. The main reason for this is because all people need energy, land and other resources to survive, while at the same time they produce waste in various forms. The problem worsens when many people throw away their solid waste into the river or just leave them scattered around the street. Susetyo's study (2008) confirms that floods frequently occur in certain lowland urban areas of Surabaya caused by the accumulation of solid waste in the river. The waste people discharge into the river can reduce or block the river's water flows. On top of that, too much waste, as a result of various individual, commercial and industrial activities, enter the river and destroy the social and ecological functions of the river, such as transportation, recreation, and conservation of biodiversity living in the river ecosystem.

It is projected that the city's natural carrying capacity has been deteriorating due to the rapid growth of population, urbanization and industrial population (http://www.lh.surabaya.go.id). Thus, if there are not enough policies and practical measures based on the logic of environmental functions and services (Furtado, et.al., 2000:8), such environmental degradation will potentially lead the society into conflict among the various stakeholders. More people, more needs, and more consumption will result in an intensifying competition among people across sectors to control and utilize the natural resources in their surrounding environment.

As the focus of this study, these following paragraphs will particularly examine the issue of solid waste management in Surabaya. It is believed that an appropriate

municipal solid waste management (MSWM) would prevent the city from a spill-over of environmental problems, such as public health concerns and clean water crisis. It has been widely argued that improper disposal of waste can cause environmental degradation observable in the contamination of surface and groundwater through leachate, soil contamination through direct waste contact or leachate; as well air pollution by the burning of wastes, spreading of diseases by different vectors like birds, insects and rodents, or uncontrolled release of methane by anaerobic decomposition of waste (IGES: 2010).

A study by Trihadiningrum (2007: 4) from the Institute of Technology 10 November Surabaya (ITS) shows that there have been significant changes is urban waste generation in Surabaya between the period of 1988 and 2006. As shown in Table 4.2., organic waste is at the top of the list as the type of solid waste that significantly contributes to the total amount of waste in the City of Surabaya. It is subsequently followed by two other important types of waste, namely plastic and paper. It is interesting to note that Table 4.2 also shows the important changes of waste

Table 4.2: Solid Waste Composition in Surabaya
(Trihadiningrum, 1988, Trihadiningrum, 2006, quoted in Trihadiningrum, 2007:4)

No	Waste Component	Percentage of Weight (%)	
		1988*	2006**
1.	Organic waste (easily be putrefied)	77.30	72.41
2	Paper	6,20	7.26
3.	Plastic	5.60	10.09
4.	Wood	4.60	2.39
5.	Metal	1.00	1.41
6.	Glasses	0.40	1.70
7.	Rubber	0.80	0.46
8.	Clothes	2.20	2.68
9.	Others	4.60	1.48
	Total	100	100

characteristics in Surabaya between 1988 and 2006, particularly the fact that there is 5 % reduction of organic waste and nearly a double amount of plastic waste (Trihadiningrum, 2007: 4).

In comparison, the Surabaya City Government's data (2008) shows that waste composition is 44% organic waste, 17.6% paper, 16.5% plastics and 21% other materials. In spite of the data differences, the fact is that organic wastes make up the biggest portion of urban waste in Surabaya, and even at the country level. This is also very similar to the global picture in low-income countries (see the UN Habitat & Earthscan, 2010). Thus, the overall picture indicates an increasing growth of population, a change in people's consumption patterns, and a change in the structure of society.

What is also very important to underline in the context of this study is the different potential of a *'recovery factor'*[8] between organic and plastic wastes. The plastic waste's recovery factor is less than the organic one. The recovery factor for plastic waste is 0.50, while for organic waste it is 0.80. It means that unless the recycling program is seriously managed, the total waste generated from plastic materials will increase significantly (Trihadiningrum, 2007:7-8). This is actually an important and relevant point for the discussion of critical linkages between waste and climate change. Generally, people are not aware that plastic manufacturing consumes oil energy. To produce certain plastic-based materials, the production process requires plenty of fossil fuel-based energy. Thus, the principle of reuse or recycle in waste management is very much important not only for reducing fossil fuels or oil energy consumption, but also lowering and decreasing the emission of air pollutants.[9]

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[4]*Recovery factor* is the percentage of each waste component that can be recycled or reused. Each waste component has its own recovery factor. The potential of waste reduction can be calculated based on the **material balance** by taking into account the recovery factor of each waste component respectively. See Trihadiningrum, (2007: 7)

[9] It is explained that for the production of one ton of *polyenthylene*-based plastic material, it requires the consumption of 1.8 tons of oil energy. Around 4% of the world's oil has been consumed as raw material for producing plastic, while around 3-4% is further consumed to manufacture other related-plastic material based products. It is understandable that the natural recycling process of plastic waste takes much longer time, so consequently a recycling program to reduce plastic waste will bring environmental

According to US-EPA (2006) as quoted in Trihadiningrum (2007:8), proper waste management, particularly through the implementation of three-principles -- reduce, recycle and reuse-- will bring a lot of advantages, among others (1) to minimize natural resource use; 2) to reduce green house gases emission and other harmful pollutants to the environment; (3) to increase energy efficiency; (4) to provide raw materials for industries; (5) to provide job opportunities; (6) to stimulate environmental-friendly technology development; (7) to reduce the need for landfills as a final disposal sites and incinerator.

To sum up, it is clear that the problem of MSWM is mainly caused by waste production as a result of the growing complexities of population growth, urbanization, and economic and industrial development. However there are also two other important sources of MSWM problem that make it more complicated. They are lack of final disposal sites – which basically links to the aforementioned triple factors that have resulted in the increasing rate of land conversion – and the poor governance of MSWM due to lack of institutional capacity at the government level. The problem of MSWM in Surabaya is also caused by these two driving factors.

On the lack of final disposal sites, Surabaya has experienced its own share of 'nightmares'. In October 2001, the city unavoidably faced the so-called *'NIMBY'* ('*Not in My Back Yard*)' politics caused by the closing down of the only final disposal site in Keputih area by force of the surrounding communities living in that area[10]. This

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advantages, such as: (1) reduction of 67% energy consumption; (2) reduction of green house gases emissions of CO2 (250%), SOx (67%) and NOx (50%); and (3) reduction of 90% water consumption. See Trihadiningrum (2007:8)

[10] Keputih landfill has been in operation since 1982. According to the design it is a sanitary landfill, however, it is operated mostly as a dumping area because the garbage is not covered regularly with soil. The Keputih landfill is located in a swamp and flat area; ground water is high and there is no soil deposit in nearby areas to cover the garbage. For soil covering purposes, soil must be brought from outside of Surabaya, which is very far away from the landfill area. During the design of the Keputih landfill, it was located far away from residential areas, in the middle of swamps and fishponds. During the design period, the landfill site was not considered to be in the residential areas. However, at this time, many houses are constructed in the adjacent areas of the landfill site. Due to poor operational management, the landfill produces an unpleasant odor and harmful toxic substances for the environment. Sometimes, the landfill catches fire particularly during the dry season, causing smoke to arise from the landfill, which disturbs the people and the environment. The people complain quite often about the operation of the Keputih landfill. Final complaints of the people were then expressed by closing access to the landfill site. This prevented vehicles from delivering garbage to the disposal site. At the time the Keputih landfill was closed, Benowo landfill was still under construction. So, for more than two weeks, there were no waste disposal areas for Surabaya which was a disaster for waste management in the city. See IGES, "Solid Waste Management Seminar" in Kitakyushu, 19-20 September 2002.

situation resulted in the piling of garbage at 155 temporary disposal sites, which also caused garbage to overflow out onto the streets around the city causing an unpleasant smell and odor everywhere. Afterwards the final disposal area was moved from Keputih landfill in the East to Benowo situated in the Western part of Surabaya, which is about 35 kilometers from the city center.

With respect to MSWM governance, it is argued that the local governments in this region generally do not yet have a modern or environmentally responsive waste management system in their areas. Despite the annual budgets spent for collecting, transporting and disposing solid wastes, collection coverage remains low and waste is often disposed in crude open dumps that pollute the atmosphere and water sources (UNESCAP, 2010). Similar to other cities in this country, the Surabaya municipal government plays a big role in waste management. The Surabaya Cleansing and Landscaping Department, as stated by the Mayor Decree No.57/2001[11], is the governmental agency with a responsibility to transport collected waste from the temporary disposal sites around the city to the final disposal site. The agency is also responsible for the maintenance of waste collection process, management of final disposal sites, applying cover soil and leach treatment at landfills as well as operating and maintaining incineration facilities.

The process of continuous waste management activities certainly imposes a considerable burden on the municipal budget. The Local Ordinance No.4/2000 has regulated retribution fees for the city's waste management.[12] According to the

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[11] Based on The Mayor Decree No.57/2001, the agency's responsibility basically covers all functions in a waste management system, from planning, programming, implementing, monitoring to evaluating activities. This includes an authority to disseminate information to the public and assist in other related tasks from the government.

[12] *The Local Ordinance No.4/2000* has applied various schemes for retribution fees according to some categories of the 'subject of retribution', that is: (1) social institutions or public services, such as schools, religious-based facilities, governmental health services (hospitals, clinics or the so-called *'puskesmas'* – a typical Indonesian community-based health service centers) and other social-based foundations and services; (2) residential houses (non-commercial) which is further grouped into various types of residential areas; (3) business-commercial facilities, such as restaurants, hotels, private hospitals, governmental and private offices, shopping centers, and other business-commercial-used facilities in various types and sizes; (4) industrial estates, both small, medium, and large enterprises; (5) markets comprising both state and private owned markets; (6) utilities, such as mobile toilets,

Ordinance, the budget allocation is limited at 11.1 million USD (2008) or 4% of the city budget, of which 1% is allocated for community participation. The limited budget is a primary reason why many cities are not able to afford sanitary landfills and therefore have no choice but to resort to open-dumping by which waste is piled up in an unhygienic manner (IGES, 2010:2).

In the case of Surabaya, according to data from the Surabaya Board of Development Planning (Surabaya City, 2006:3), it is estimated that the total amount of waste coming into the transfer stations or temporary disposal areas (or called *TPS*, an acronym for '*Tempat Pembuangan Sementara*') is about 4.362 m^3 per day, while the amount of waste transported to the final disposal site (or named *TPA* as an acronym for '*Tempat Pembuangan Akhir*') is around 6.064 m^3 per day.

Generally TPS in Surabaya are in a poor condition (see Figure 4.3. below). The area covers about 200-300 m of land. Each TPS is equipped with one or two containers, depending on the service area of the transfer station. The waste collectors from the surrounding neighborhoods put the garbage into a container in the nearest TPS. They do this process manually by emptying their handcarts. So apart from being time-

Figure 4.3. Current Condition of Several Waste Transfer Stations in Surabaya
(Personal Documents, Fieldwork, December 2010)

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containers, and other government owned facilities utilized by third parties to manage or transfer their garbage; (7) special categories, including street vendors, services for direct waste disposal to TPA, burning services for the third (private) parties. It is stated that both the Mayor and the Department of Cleansing have responsibility for monitoring all the implementation activities in accordance with this Ordinance. There are both administrative and legal sanctions for any practices of disobedience towards the rules and regulations of this Ordinance.

consuming, the garbage is again exposed to the air and mixed altogether. Regularly the truck will take the container to the disposal final site.

Meanwhile the Benowo landfill as a final disposal site (TPA) has a total area of 16 hectares, much smaller than the old Keputih landfill which covered a total area of 40.5 hectares. There are at least three types of disposal methods, they are sanitary landfill, composting and mini incinerator (IGES: 2002). The following Table 4.3 presents the infrastructures supporting the waste management system in Surabaya indicating insufficient facilities to cope with the acceleration of waste production in the future. The 2006-2010 Mid-Term Development Plan of the Surabaya City Government has included a waste management policy. This indicates that the City Government has understood the prevalent conditions of MSWM problem. Through this policy, the City Government has regulated community-based participation that can apply three basic

Table 4.3. Infrastructures for Waste Management in Surabaya
(Data (1) from Bappeko (2006); Data (2) DKP Strategic Planning 2006-2010)

Types Facilities/Equipment	Total Amount	
	Data 1	Data 2
Final Disposal Area (TPA)	1 unit	1 unit
Temporary Disposal Area (TPS)	159 unit	167 unit
Transportation Means: Arm Roll, Compactor, Dump Truck	120 unit	138 unit
Heavy Equipments: Bulldozer, Excavator, Loader	13 unit	15 unit
Installation for recycling of human residue (IPLT)	1 unit	N.A
Mobile Toilet	6 unit	8 unit
Mini Incinerator	10 unit	N.A.
Container	363 unit	308 unit
Station Wagen	N.A.	10 unit

principles. of waste management: reduce, reuse and recycle; (4) expanding communal-based waste management centers to reduce waste from the original sources; (5) providing an alternative final disposal site to anticipate the limitations of the existing TPA capacity.

The Surabaya Government has also recognized that there are some elements of society who are stakeholders in the city's solid waste management system. They are:

(1) Individual or collective waste generators, such as household and other units of business and public service sectors, consisting of schools, universities, offices, hospitals, recreation parks, markets, restaurants, plants, etc).

(2) Community organizations, such as RT/RW. They independently manage the waste collection process from residential areas as well as the financial administration system, which collects money from the neighborhood area in order to pay the collectors' wages for their service. The amount of money collected varies according to the residential area, but it is decided based on consensus among members of the community.

(3) Waste scavengers, the people who select and take some materials from discarded solid waste to be reused and recycled. They do their work in any random place where garbage is found, from household bins to final disposal sites. The presence of the scavenger can be found at almost every point in the solid waste management process. According to the research conducted by the Institute of Technology Surabaya (ITS), the presence of the scavengers has significantly contributed to waste reduction, as they are able to reduce the volume of waste by nearly 30%. They also play a role in reducing the transportation cost and disposal cost of solid waste. The only problem with scavengers is the way they take materials from the solid waste which can be very harmful, not just for the environment but also for their own health (cited in IGES: 2002)

(4) Non-governmental organizations (or locally well known as LSM = *Lembaga Swadaya Masyarakat*). They play an active role in the society in raising environmental awareness and empowering the people through community-based skills training programs for waste reduction and waste composting. According to the Surabaya city government (2006), there are some NGOs which have become partners for the government, such as: LSM Bangun Pertiwi, LSM Sahabat Lingkungan, Yayasan Bina Lingkungan & Tata Kelola Indonesia, Pusdakota Ubaya, and LSM Bina Mandiri. Each NGO has their own constituents to whom they are responsible for and consistently provide assistance needed for achieving the objectives of a waste management program. Table 4.4 below gives a brief descriptions about the participating NGOs for solid waste management in Surabaya.

(5) Other social organizations, include PKK and OSIS. (Surabaya City: 2006). PKK *(Pemberdayaan Kesejahteraan Keluarga)* or 'Empowernment for Family Prosperity' is a typical Indonesian women organization. They are established in governmental offices whose members are usually wives of the civil servants and the female staff working at the governmental offices. Thus, the organization has a structure which follows the governmental structures, reaching from the national to local level *(Kelurahan = sub district)*. At the community level, this organization is open to women who are willing to join on a voluntary basis. While OSIS *(Organisasi Siswa Intra Sekolah)* or 'Intra-School Student Organization' is an official organization of Indonesian school students at the junior and senior high school levels. They have several extra-curriculum programs for students' self-actualization, either advised by the teachers and the head of school or created by the students' themselves. In Surabaya, the OSIS organizations in schools have played an active role to promote and implement

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waste management programs. In Surabaya, there are many schools which have been attributed as an *'Adiwiyata School'*. It is an official government program to

Table 4.4. Participating NGOs for Waste Management in Surabaya
(Compiled from the Surabaya Planning Agency/Bappeda, 2006)

No	Name of NGOs	Constituents	Program/Activities/Achievements
1.	Pusdakota Ubaya	Kelurahan Rungkut, (Tenggilis Mejoyo)	Advocacy for waste segregation and composting; distributing about 3.000 'Takakura Baskets'; community-based composting program has resulted in the recycling of about 2.700 kg of waste/day from 6.000 households.
2.	Bangun Pertiwi	54 kelurahan	Advocacy for waste segregation and composting; waste reduction from the volume of 15m3 waste to 8m3; train and educate 1.000 cadres.
3.	Sahabat Lingkungan	Kelurahan Karah, (Jambangan)	Advocacy for waste segregation and composting at temporary disposal area (TPS); achieving the target of waste reduction about 60% from the average level of 40m3/day transferred to TPS; educating 159 cadres.
4.	Yayasan Bina Lingkungan & Tata Kelola Indonesia	Kelurahan Tenggilis Mejoyo, Kelurahan Kendangsari	Advocacy for independent waste management and TPS-based waste composting program; achieving waste reduction up to 50%.
5.	LSM Bina Mandiri	Kelurahan Kenjeran	Advocacy for waste segregation and composting; educating 115 cadres.

socialize environmental education. The main features of these schools are the OSIS programs as well as the official curriculum has actively promoted environmental awareness among the students through various activities. Among others, environmental programs and activities conducted in these Adiwiyata schools', include waste composting, waste reduction through applying the 3R principles, and greening the school with trees and plants. Every year the MOE-RI provides an annual 'Adiwiyata Award' to those schools with the best

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environmental performance. Surabaya is the city where a lot of schools have received this award (www.lh.surabaya.go.id)

In addition to the above, it should be noted that there are still many other NGOs in Surabaya which have been highly involved in raising environmental awareness in the society, although not solely focusing on solid waste management. Among these are '*Tunas Hijau*' and Ecotown. Tunas Hijau is an NGO actively working to raise awareness on the importance of environmental protection among kids and youths. *Tunas Hijau* was established in 1999 with their first program focusing on community-based environmental activities. Since the year 2000, the organization has established a joint program with Millennium Kids Australia in which every year both members are involved in what is called a 'cross-cultural environmental education exchange Indonesia – Australia'. *Tunas Hijau* also had an opportunity to participate in the International Children's Conference on the Environment 2004 in the United Stated as the Indonesian representative. They annually hold a competition of 'Little King and Queen of the Environment' for secondary and junior high school students. The nominees are those who have initiated and developed environmental projects at their schools or communities. As of today, *Tunas Hijau* has continued to successfully manage eleven city forests around Surabaya, which were initiated by the winners of the 'Environmental King and Queen' Award. Various awards have been attributed to *Tunas Hijau* for their sustained efforts in various environmental programs (http://www.tunashijau.org/profil.html).

The second one is called 'Ecotown' (Ecological Observation and Wetlands Conservation) whose focus is on protecting the Surabaya River and riparian ecosystem from water pollution through public environmental education. It particularly develops environmental cadres from secondary school students to be the agents of change that

can promote public awareness and participation in monitoring and protecting the rivers passing through the city. Ecotown's leader, Prigi Arisandi, was recently elected as the 2011 Goldman Environmental Prize winner, a prestigious international environmental award for local leaders around the world who have undertaken successful initiatives to protect the local environment (see www.goldmanprize.org/2011/islands; accessed 11/3/2011).

It is also important to note the existing religious based foundation, called Al Falah. It is a well known Islamic Foundations in Surabaya. Based on the interview and direct observation to their office, Al-Falah, among others, is the one which has seriously managed herself for being 'green office', even before the similar program launched by Unilever in 2011.[13] In addition, several main universities in Surabaya, such as UNAIR, UBAYA, PETRA have also developed sustainable waste management program in their respective campus and certainly disseminate 'the 'virus' of an environmental awareness to their communities.[14]

After the Keputih tragedy in 2001, which threatened the city's public health and environment, the newly elected Mayor of Surabaya at that time, Bambang D.H. decided to place MSWM problems as a priority. He then began to initiate a *'sister-city'*[15] program with Kitakyushu, Japan to invite external resources in addressing the problems. In 2002-2004, having surveyed and conducted a research project at the neighborhood level in Rungkut Lor, with full support from the Kitakyushu government and JICA (Japan International Cooperation Agency), an appropriate technology for waste

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[13] Interview was held with the Office Manager of Yayasan Dana Sosial Al Falah in their office in Surabaya, on 20th December 2010 at 10.00 am the local time.

[14] Interview and direct observation was held at Universitas PETRA with Mrs. Rini, the lecturer in charge with the 'green campus' program on 16th December 2010 at 13.30 pm the local time. At Universitas Surabaya (UBAYA), the interview was conducted with Mrs. Lieke Riyadi, the vice Rector for academic and research affairs on 15th December 2010 at 15.00 pm the local time. UBAYA even had developed new campus for training centre which totally applied the principle of 'green building'.

[15] *'Sister-City'* is a form of international cooperation where a city in a certain country engages with its counterparts in other countries through a partnership program. This cooperation is based on a formal written agreement or known as a *'Memorandum of Understanding'* (MOU) after getting approval from the parliament. It is a way for local governments to attract external resources – usually through technology transfers, exchange of information and knowledge, and technical assistance – in order to support the development process in their area.

composing was developed – the *"Takakura Method"*. The *'Takakura Method'*[16] is widely used until now (Maeda, IGES:2009)

4.2. Unilever's CSR Initiatives in Surabaya for MSWM Solutions

4.2.1. "Cleaning the Brantas River" and Jambangan Project: An Initial Commitment to Promote CBWM/SGC Program

Unilever came to Surabaya at the end of 2001. This was the beginning of Unilever's Green CSR program in Surabaya and the first pilot project for bringing solutions to MSWM problems in Indonesia. Unilever's CSR program in this environmental area was originally driven by a need to protect clean water sources in Surabaya, which was likely a result of waste mismanagement in the city. Based on the Study conducted by ITS, it is estimated that waste generation in Surabaya reaches almost 8,800 m^3 per day, and 60% of that amount is transported to the final disposal area (TPA) while the rest are scattered around the city, including being dumped into the 'Surabaya River', a distributary of the Brantas River passing through Surabaya City (Unilever Sustainability Report, 2006: 24)

The Brantas River becomes polluted because of industrial waste, but it is believed that a far bigger problem is pollution from domestic waste, as the houses lining the riverbank use the river as a rubbish dump and open sewer. Unilever Indonesia has a factory in the eastern parts of Surabaya, located in Rungkut Industrial Estate, which produces soap, toothpaste, and shampoo, all of which require clean water to be used. It is clearly in Unilever's commercial interest to protect water quality in Surabaya, but it also became a part of Unilever's social and environmental responsibility as a local

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[16] The *'Takakura Home Method'* is taken from its inventor's name, Koji Takakura, a Japanese environmental expert who was involved in the Surabaya-Kitakyushu research project. It is a very simple method to be implemented at the household level. Takakura founded a type of bacteria which is able to swallow organic waste without producing an unpleasant smell or liquid. The bacteria was then cultivated to be used as a *'starter kit'* for the Takakura basket. People can continue to throw away their organic waste – all residues of foods, vegetables, fruits, meats – into the basket, stirring it in a mixed soil of bacteria, and leaving the mixture for a certain number of days. This method is most preferred by housewives due to its practicality and hygienic simple system that keeps the home environment clean and fresh. This method is very different from the old method of using a composter made from a big plastic drum that does not just produce unpleasant odor and air pollution, but also attracts many insects. (see Ramdhani, et.al, 2010, Maeda-IGES, 2009)

corporate citizen. Therefore, the first program launched by Unilever was called 'Cleaning the Brantas River'.

Kelurahan Jambangan was subsequently selected to be the pilot project for a more comprehensive and sustainable program. According to Unilever's Environmental Project manager, a holistic solution was needed to enable the company's CSR program generate a sustainable impact. Accordingly, Unilever believed that its CSR program should engage people living along the river (www.unilever.com/sustainability/ casestudies/water/indonesia/cleaningupthebrantasriver.aspx). Jambangan is a sub-district (locally called Kelurahan Jambangan) situated in southern Surabaya which is passed through by the Surabaya River, one of the important branches of the Brantas River. Jambangan covers a total area of 72 hectares populated by approximately 6.312 people. It is not too far away from the Rungkut District in eastern Surabaya where Unilever's factory is located (Ramdhani, 2010: 11).

In the beginning when Unilever engaged the Jambangan community at the end of 2001, the living habits of its people were far from being environmentally-friendly. They used the river as a public toilet and rubbish dump. They also had the habit of throwing away rubbish in the nearest vacant lot, public space, creek or just simply burn it in their backyard or in their garbage storage[17]. It is unsurprising that larger volumes of waste were then accumulated in the river that may have caused flooding and affected the river ecosystem (Ramdhani, et.al. 2010: 11).

For the first phase of the initiative, Unilever provided various basic facilities, such as rubbish carts and bins as well as trees to be planted for greening the

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[17] In urban areas, mostly in the mid and upper level class residential houses, each house has their own permanent garbage storage. They regularly (monthly) pay retribution fees for waste collection to their neighborhood organizations (RT/RW). Sometimes, people or their domestic helpers like to burn the waste in the storage when it is full and the responsible agency is late to collect and transport the garbage to TPS and TPA; other times scavengers collect some of the waste to be used, recycled or sold to the bigger waste collectors. In densely populated areas or slum areas in big cities like Jakarta and Surabaya where the inhabitants are mainly non-permanent residents due to urbanization, the condition is even worse because many households do not have their own solid waste recycling schemes and people tend to hinder from retribution fees.

neighborhoods. During the initial process of its involvement in Jambangan, Unilever worked together with several respected members of the community besides consulting with the Heads of Jambangan Districts and Sub-Districts. Mr. Mohammad Yadi and Mrs. Winarsih are the lecturers of UNESA, but also the residents of Jambangan. They work voluntarily and consistently to educate people in waste reduction and segregation through the composting[18] technique, which is basically in line with Unilever's program. Mr. Mohammad Yadi in particular made a breakthrough by developing a communal-based composter made from a big plastic drum with one meter height and 120 liters volume capacity. Although all organic waste could be composted in this drum, it is not hygienic and causes air pollution with its unpleasant smell and odor whenever the lid of the composter is opened. This breakthrough, however, has encouraged people to start learning how to do waste composting and thinking about some advantages of doing such things (Ramdhani, et.al. 2010:13).

Another community member who worked tirelessly to create a better environment in Jambangan was Mrs. Sriatun Djupri, or well known as 'Bu Djupri' – following her husband's name. She was a local who had been recognized as the pioneer of household-based waste management in Jambangan long before the Unilever program existed and later introduced the system of an environmental cadre network. In the early 1980s she was the first person in Jambangan who voluntarily built a private toilet in her house to discourage other people from using the river as a public toilet and communal lavatory. In 1999, when she was appointed as '*Ketua RT'* (head of the neighborhood unit), Mrs. Sriatun actively initiated various environmental programs, such as household waste composting and greening the neighborhood. Thus, during the implementation of Unilever's program in Jambangan, she was the key person who actively and

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[18] Composting is the decomposition of organic wastes under controlled conditions to produce soil conditioner, compost or organic fertilizers. Indonesian communities have traditionally used composting to dispose of their organic waste. Over the past 20 years, the practice of composting has been decreasing due to the increased use of chemical fertilizers. However, since the beginning of the 1990s, several municipalities and communities have initiated various composting technologies (Chaerul, at.al, 2007)

continuously promoted and supported the program. In 2008, the Indonesian President, Susilo Bambang Yudhoyono awarded Mrs. Sriatun the 'Kalpataru' Award – a prestigious environmental award given annually by the Indonesian national government to recognize the contributions of 'lcoal environmental champions' and commemorate Environment Day – for her long dedication as one of Indonesia's green heroes. (Ramdhani, 2010: 23-25)

Nevertheless, having worked for almost two years in Jambangan, Unilever remained unsatisfied with the environmental condition of the community. They perceived that they were still far from attaining the targets of the program. They witnessed that all the facilities they had provided were not fully utilized. Hundreds of rubbish bins were not optimally used; neither were the rubbish carts. Lack of public participation was also the case. Pusdakota and Unilever's joint research project (2004: 20-24) later confirmed the reasons why the overall situation had not yet significantly changed. Using 'participatory action research' (PAR) and 'focused group discussion' (FGD) methods, the study identified in detail the various factors causing a lack of participation in the waste management program. The related factors varied, ranging from several individual reasons, technicality problems of waste composting to infrastructure and waste management as a whole (see Table 4.5.).

However, the fundamental problem was centered on an interplay of these following factors: (1) the weakening of a sense of togetherness among the community in maintaining their own environment as a comfortable public domain, which results in the lack of people's participation towards supporting environmental protection programs; (2) the existing environmental programs are conducted at ad-hoc bases, not as integrated and sustainable, project based oriented activities, whether they come from the initiative of the government, universities or private companies like Unilever; (3) the top-down

approach used in the planning of environmental programs has hampered participation and contribution from local initiatives; (4) no law enforcement to control industrial pollution; (5) poor city planning to guarantee the service of public utilities.

Table 4.5.: Problems of Waste Management in Jambangan Sub-District
(Pusdakota, 2004: 20-24)

Types of Problems	Related Causal Factors
Human (Individual) Problems	(1) Feels that there is no need nor urgency to do waste separation (2) Feels that waste separation is difficult (3) Lazy to do waste separation (4) Apathetic in doing waste separation (5) Reluctant to do waste separation (6) Prefer to burning waste instead (7) Lack of know-how understanding in waste separation and composting (8) Lack of solidarity in supporting waste reduction programs
Technical Problems	(1) Lack of knowledge on the benefits of composting (2) Mini composter being misused by children (3) The number of mini-composters are very limited (4) Not all organic waste can be composted (5) The location of the mini composters is not easily accessible (6) The mini-composters have yet to be fully optimized (7) The composting methods used are not good enough
Infrastructure and Waste Management problems	(1) A limited number of communal composters compared to the total amount of communal waste; (2) Waste-collecting vehicles do not have a separation system; (3) The Jambangan temporary disposal site (TPS) is not integrated with the communal waste management program. (4) Waste-pickers and waste-collectors are not engaged in the waste management program; (5) No public participation in providing rubbish drums and composters; (6) People rely on government or third parties' assistance; (7) Socialization to people is considered as not being comprehensive enough to engage all residents and cover all the important issues, both technical and substantial; (8) People feel that they have no obligation to support the program because they pay taxes to the government for waste management; (9) No public participation in making a site plan for waste management programs at whatever level.

In brief, the study came up with several recommendations to be adopted by Unilever in order to be successful in their CSR program implementation. This

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recommendation basically suggested three strategies which are considered to be relevant to the local context and community needs and capacity to activate the program. They include formulating and implementing: (1) a strategy on program dissemination, (2) a strategy on social capital development, and (3) a strategy on conducting an institutionalized participatory approach in the implementation of the program/project.

At the end of 2004, Unilever started to apply a better-directed strategy to make more substantial changes and create a more sustainable program. Unilever then initiated development of the so-called 'environmental cadres'. Starting in Jambangan, Unilever successfully trained 45 environmental cadres that served as 'agents of change' in their own communities. A majority of the cadres are housewives who presumably have spare time to be utilized. They are equipped with a set of knowledge and skills on how to develop public awareness in their own communities concerning to the importance of environmental protection and in particular the urgency of a new waste management system that applies the three principles of waste reduction, reuse and recycle (Ramdhani, et.al., 2010: 17). One year down the road and this new approach was seen to result in an establishment of an integrated solid waste management model at the neighborhood level (Tahir, 2010: 3), as shown by Figure 4.5 below.

Jambangan project was then perceived to be successful in making a great leap towards protecting the living environment and managing community-based waste management. The Mayor of Surabaya City, Mr. Bambang D.H., admitted the success of Jambangan (Ramdhani, et.al. 2010:18) and subsequently committed to support the advancement of the program at the city level.

Household Level
1. Organic waste: household composting, residual storage   2. Non-organic waste: home-recycling, recyclables storage at waste bank, residual storage for collection
Community Level
1. Neighborhood clean-up & green plantation   2. Semi-communal / communal composting   3. Community primary collection   4. Waste Bank to sell recyclables to waste picker   5. Home recycling industry (further development)   6. Cooperative (further development)

Figure 4.5.: Model of Integrated Community-Based Waste Management
(Tahir, 2010: 3)

4.2.2. "Surabaya Green and Clean" Program: A Great Leap Forward

This section provides an overall picture of what the Surabaya Green and Clean Program (hereafter called SGC) is all about. This includes an elaboration of the main actors, the structure of the program, the approach and mechanism used and some performance of the activities. The presentation of all this information aims at providing basic information of the unit of analysis, which is needed to further understand the partnership dynamics in the following chapter.

SGC was formally launched in 2005. It was developed as a green CSR initiative from Unilever Indonesia. The main purpose was to replicate the Jambangan pilot project to the city level in order to grow the impact of the community-based waste management program. In order to implement the SGC program Unilever established a multi stakeholder partnership consisting of various actors across sectors. They include the Surabaya city government, Jawa Pos media group, local environmental NGOs and local communities. These actors developed a collaborative approach to manage and sustain

the SGC program. Such multi stakeholder partnership is basically the main feature of the SGC program.

4.2.2.1. Actors: Modalities and Commitments

The actors engaged in the partnership to manage the overall process of the SGC program can be grouped into two categories, namely the key actors (or the leading organizations) and partners. The key actors are those who have initiated and have been highly involved in the overall process of the partnership program. The partners include local environmental NGOs, local academia, and local communities (people and their informal leaders). They are basically part of Surabaya's civil society who engaged in the partnership dynamics either directly or indirectly. The following paragraphs explain in more detail about the actors mentioned above.

4.2.2.1.1. Local Government

The Surabaya City Government representatives come from different levels and agents. They become involved in the SGC program, either directly or indirectly. At the city level, the Surabaya Cleansing and Landscaping Department (DKP) has played the role as the leading agency for government-coordinating processes and as the government representative for multi-stakeholder dialogue forums. Such a position basically follows DKP's official function and authority in MSWM governance in Surabaya, which is also closely related to the main activities and objectives of the SGC program.

Other important agencies include the Surabaya Developmental Planning Agency (BAPPEKO), the Environmental Management Board of Surabaya (BLH) and the Surabaya City Cooperation Division, particularly the sub-division of international cooperation. To some extent, along with the development of the SGC program, other

agencies were also involved, such as the Health Agency, the Trade and Industrial Agency, and the Agricultural Agency. The latter agencies were engaged at an ad hoc basis, according to the specific issue or agenda to be addressed on program development or partnership dynamics. For example, the Agricultural Agency started to get involved when SGC entered its expansion stage in 2007-2008. At this period, the participating communities came up with creative ideas that resulted in the development of cultivation centers for several plants, such as orchid, adenium, and aloe vera. Another example is the involvement of the Trade and Industrial Agency driven by the increasing trend of the so-called 'trashion' product.

Finally, partnership with the Surabaya City Government also included engagement with their apparatus working at the lowest governmental levels at districts and sub-districts. They are highly encouraged to provide the necessary support needed for the SGC program in their own authorities, particularly by working closely with environmental cadres and facilitators in their respective communities. Above all, their main functions are to encourage the people's participation and facilitate local initiatives for better improvement of the environmental performance in their surroundings. In Jambangan sub district for instance, *Pak Lurah* (the head of district) has applied several mechanism to develop people's participation and sustain the program. He organized reguler meetings or locally named as 'radikal' or rapat berkala in which he did socialization and discussion for the related programs and problems to all *Pak RW* living in his sub districts. Every two weeks *Pak Lurah* also encouraged his people to do the so-called 'kerja bakti'. This activity is very well known in Indonesian society, even it is considered as Indonesia local wisdom. The activity refers to the engagement of local communities to work together voluntarily for certain public purposes, *Pak Lurah* also issued an official letter to his citizens, asking them to give one tree as a 'trade off' for every single public service the *Lurah* had provided. The collected trees then were

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distributed to the surrounding RT / RW to be planted by their citizens (see the letter in the attachment).[19]

It is also worthwhile to note that the individual engagement of top officials at the Surabaya City Government, namely Mr. Bambang Dwi Hartono (commonly named Pak Bambang) and Mrs. Tri Rismaharini (commonly called Bu Risma) as the key persons in the partnership dynamics, have significantly contributed towards increasing the general public's support for the SGC program. Pak Bambang was elected as the Mayor of Surabaya for the period of 2005-2010. Meanwhile Bu Risma is a professional bureaucrat who previously chaired the Surabaya Cleansing and Landscaping Department (DKP) before being appointed later as the Head of the Surabaya Development Planning Board (BAPPEKO) in the following administration period.

The involvement of the Surabaya City Government has brought forward a full range of modalities that support Unilever's commitment. Their modalities include physical, organizational, political, intellectual and socio-cultural capitals. The first three are the most important features of the Surabaya City Government modalities. As shown in the following Table 4.8. the commitment of the Government to provide budget allocation for the SGC program implementation has increased over time.

While concerning organizational capital, the Government has shown their capacity to make formal linkages and coordination, not just among the governmental agencies, but also between the Government and the society at large. The so-called *Musrenbang* (abbreviation for *Musyawarah Rencana Pembangunan,* see the Appendix) or Development Plan Discussion Forum and the City Council (*Dewan Kota*) are the formal mechanism officially used by the Government to publicly inform and discuss the City's development plan with various stakeholders in the society, including the

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[19] All the information provided based on the interview with Pak Lurah Jambangan in his office, on 11th May 2010 at 10.00 the local time.

development program for MSWM solutions. Last but not least is the political will and support given towards the SGC program. The Mayor of Surabaya has extensively attended various occasions in schools, universities, community gatherings and government official meetings, to publicly explain the importance of the SGC program in order to achieve the city's sustainability goals, both in the specific context of the MSWM problem and of the overall development agenda in general (Interview, S.G0V-01).

4.2.2.1.2. Local Media

Jawa Pos plays an important part in the SGC program as the local media partner. *Jawa Pos* is the biggest media group in Indonesia. It controls hundreds of media publications network throughout the country, including 140 newspapers and 20 TV stations. Established on July 1st, 1949 in Surabaya, *Jawa Pos* is strongly rooted in this city and its people in carrying out its mission. Through the group's dynamic and innovative management style, *Jawa Pos* has been renowned as a pioneer in Indonesia's media business, such as: being the first newspaper printed in color everyday (1986) and the first newspaper to use remote printing technology (1988)[20]. *Jawa Pos* was also the first Indonesian newspaper to win the World Press Photo of the Year Award and at the same time the first winner in the world elected by acclamation (1996). Prior to joining the SGC partnership, *Jawa Pos* had already conducted several social and environmental programs in Surabaya, such as: Jawa Pos Pro Otonomi Institute, Road Safety Programs, Public Safety Campaigns, Indonesian Basketball League (DBL) competition, Indonesia Youth Convention and Cleaning the Kalimas River (Jawa Pos Official Document, 'Newspaper for Everyone', 2010).

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[20] Some other innovations of *Jawa Pos* include: being the first newspaper in Indonesia to use computers (1984), the first to continue publishing during the holidays (1992), the first to invest in internet / online provider business (1994), the first newspaper to apply the international width standard (young broadsheet format) in 1998, the first to publish a special daily section for youth (2000) and the first to implement Computer to Plate (CPT) technology. Thus, it is not surprising that *Jawa Pos* CEO Dahlan Iskan was selected to receive an international prestigious award from Ernst & Young as World Entrepreneur of the Year in 2002. He is currently the Indonesian Minister of State-owned Enterprises under the Susilo Bambang Yudhoyono administration.

Jawa Pos voluntarily agreed to become the public campaign manager in disseminating information about the SGC program as well as promoting public awareness on environmental-related issues. *Jawa Pos* proved its commitment by providing an exclusive coverage of the SGC program in a full page under the 'metropolitan' section of the paper. The news coverage explained the whole process of SGC program implementation as well as the profile of the award winning communities, including a special feature of several prominent people as 'Green Heroes' who have individually made a great effort to inspire their communities. *Jawa Pos* TV station also broadcasted an exclusive program on SGC activities.

In addition, *Jawa Pos* also committed to become the program manager for the overall SGC competition process. This includes responsibilities in designing the program, organizing the recruitment process for participating communities, providing logistics, managerial services as well as recruiting members of the judging team for selecting the SGC award winners and becoming the award ceremony event organizer. In fact, no less than *Jawa Pos* Marketing Manager himself took up the role as the SGC program manager (Interview, S.MED-11).

4.2.2.1.3. Local NGOs

Official local environmental NGOs in the Unilever-led partnership are Pusdakota-Ubaya (Pusdakota)[21] and Tunas Hijau. However, their involvement is primarily as part of the judging team that conducts an assessment to determine the SGC award winners. The only local NGO that has been deeply involved in the overall process of the SGC

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[21] Pusdakota-Ubaya is structurally overseen by Universitas Surabaya (UBAYA), a reputable private university in Surabaya. It was formed purposely by Ubaya based on the Decree of UBAYA's President (SK Rektor No. 598/2000) to institutionally manage the university's social mission to provide assistance and advocacy for urban communities living around the campus in order to enable them to solve their own problems. Pusdakota is an abbreviation for *'Pusat Pemberdayaan Masyrakat Kota'* or Center for Urban Communities Empowerment. However, due to its style of management and working system, people know Pusdakota better as an NGO, rather than as a university body. It is headquartered in Rungkut sub district, near to Unilever's plant site and to Ubaya main campus, which has served as the community's training center and meeting point for discussing various issues and problems.

program is Semanggi Foundation. Among other NGOs, Semanggi Foundation is well-known as a Unilever-associated NGO (Interviews, S.NGO-13; S.NGO-14; S.NGO-16) since it is financially supported by and works on behalf of Yayasan Uli Peduli or Unilever Peduli Foundation (UPF)[22]

Pusdakota is a well-established local NGO in Surabaya that has had extensive experience in community-based waste management, even long before Unilever came to Jambangan and initiated SGC. Since 2000 Pusdakota has been intensively working with the problems of solid waste management in the city by conducting direct assessments and advocacy programs to the communities located near their headquarters in Rungkut sub-district. Pusdakota has also conducted a public training for their waste-composting program. The MSWM program is only one of the many programs Pusdakota has for community development. Other programs include social entrepreneurship, micro finance, organic farming, sanitation health, community library, child character building, health family and integrated environmental program, as well as participatory learning and training services. In short, Pusdakota's programs covers three integrated areas of social-economic-environment. (http://www.pusdakota.org; 27/10/2010; 15:10)[23]

In 2000 Pusdakota collaborated with the Surabaya City Government and Kitakyushu City-Japan to develop a suitable composting technique for the household level. This joint project later resulted in the invention of the renowned 'Takakura Method', a simple and ready-to-use waste composting technology. In collaboration with the Government, Pusdakota disseminated the usage of this method to local communities in Surabaya. In addition to the above, Pusdakota is also among several NGOs who have

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[22] *Yayasan Unilever Peduli* (Unilever Peduli Foundation = UPF) or well known as 'Uli Peduli' is the foundation officially established by Unilever Indonesia to independently organize and manage all of the company's CSR programs and its related activities, including those in the environmental field (Green CSR). In 2008, UPF was renamed as Unilever Indonesia Foundation. The organizational structure of this foundation consists of three main bodies, including a Consultative Board, Supervisory Board and Executive Board. The Consultative Board is chaired by the CEO of Unilever Indonesia, while the Supervisory Board is led by the Human Resources and Corporate Relations Director. See Unilever Sustainability Report, 2008: 69.
[23] All this information is also provided based on direct observation to the Pusdakota headquarter in Rungkut on 22 and 28 December 2010 as well as the Pusdakota's official publications. See the Appendix for Pusdakota's Community Development Model

been appointed by the Surabaya City Government as partners for public advocacy and public dialogue on various social urban problems, particularly waste management (Interview, S.NGO-13). Until now Pusdakota continues to work closely with their constituencies in Rungkut area to consistently practice the 3 principles of solid waste management. The organization's headquarters in the area has also functioned as one of the 13 communal-based waste composting centers in Surabaya.

Figure 4.6. Community-Based Composting Centers and Activities

(The two pictures above were taken from the Internet, the one below is taken directly by the researcher during the site-visit activities to Pusdakota headquarters in Rungkut, Surabaya, 28 December 2010).

The other NGO in the partnership is Tunas Hijau. Tunas Hijau has been a partner of the SGC program for about 6 years (2005-2010). Apart from being one of the judges for the SGC competition, Tunas Hijau also assisted in the program evaluation and the program development plan. Similar to Pusdakota, Tunas Hijau also claims that her engagement in the partnership was not because of Unilever. Instead, it was the Surabaya City Government and *Jawa Pos* that have invited Tunas Hijau to engage in the program (Interview, S.NGO-16).

Tunas Hijau's constituents are mostly youth and children, particularly students from secondary to senior high school. The organization's various activities, particularly the renowned annual competition program called 'King and Queen of the Environment' Awards, have contributed to increasing awareness on environmental issues, including the problem of waste management, among youth and children (see the previous pages, or http://www.tunashijau.org).

4.2.2.1.4. Local Communities

The local community is another important element in the partnership. Conceptually, community can be defined as 'people that live within a geographically bounded area, who are involved in social interaction and have one or more psychological ties with each other and with the place in which they live' (Christen and Robinson, 1989, cited in Tahir, 2012: 5). In this study community refers to those who are living in the *kampung-kampung*[24] scattered in 31 districts and 163 sub-districts around Surabaya City. They can be further grouped as community members and leaders who belong to the so-called neighborhood associations: RT *(Rukun Tetangga),* RW

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[24] *Kampung* means village in the urban areas. It is generally illustrated as the area with a high density of population. The people come from various cities in Indonesia so that they form an heteregenous community. Mostly the people are from low-middle incomes. *Kampung* in many urban areas in Indonesia is considered important because it forms and influences the character of the city. Almost two thirds of urban people live in *kampung-kampung*. For Surabaya, building *kampung* does not just mean building its physical aspects. The role of *Kampung* is very strategic to transform Surabaya into a smart, civilized and sustainable city (Johan Silas, Interview, 22 December 2010; 14.00 the local time)

Figure 4.7: Household/Community-Based Solid Waste Management Activities Applying 3R Principles

Notes: Pictures from left to right: (1) An environmental cadre in RT-3/RW-V Kampung Jambangan shows how to use the 'Takakura Home Method' (THM) for organic-waste composting process. THM has been the favorite method of composting among local communities because it is simple and hygienic (2) 'Aerob' Composter donated by Unilever previously used by the local communities in Jambangan; (3) People selling their solid (dry) waste – plastic, paper, can, etc – to the collector walking around the neighborhood; (4) Several women together are selecting recyclable wastes and administrating them into their log books; (5-6) People creatively make community-based waste storage partitions.

Source: Picture 1 & 2 were taken directly by the researcher during site visit to one of the Jambangan environmental cadres; While pictures 3, 4, 5 & 6 are the documents of Jambangan Sub-District Office received during the site-visit and interview with the Head of Jambangan Sub-District in May 2010.

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(Rukun Warga) or PKK (Empowernment Family Welfare). Indonesian neighborhood associations[25]. In carrying out their mission and programs, these neighborhood associations establish a mechanism called *'Dasa Sila'*. This mechanism organizes the community members into several sub-groups consisting of ten people in order to effectively carry out the designed programs and activities in solid waste management (see Figure 4.7).

The role of local communities has become very strategic in the SGC program as they are collectively organized by Unilever in the so-called 'environmental cadre network'. Those who are trained to become cadres then work voluntarily in their own communities. Unilever has systematically prepared them as the agents of change to solve solid waste management problems at the community levels. The selected cadres are trained regularly to gain the required knowledge and skills on the new approach of waste management and other related environmental issues. The major task of a cadre is to apply the knowledge and skills on waste management with the 3-R principles they have acquired in their own families in consistent way, while at the same time raise people's awareness in their communities to clean and green their surroundings in order to create a better and healthier environment.

Those cadres who are loyal and have good records are then appointed as 'facilitators'. Facilitators are different from novice cadres in terms of their levels of playing field. As senior cadres with more experience, the facilitators have responsibilities in program implementation at the district and sub-district levels, while novice cadres focus on the community or neighborhood levels.

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[25] PKK started in the 1970s under the directive of the Ministry of Home Affairs, and was set up at the national, provincial and local levels, parallel to the administrative hierarchy. At the local levels PKK is formed at the municipal, district and sub-district. Its membership is exclusively for women. PKK dealt with programs and activities directed to improve the welfare of the family. Despite its positive impact on family welfare, the function and implementation of PKK programs --especially during the Soeharto-led administration era-- was strongly criticized. It was considered as imposing state ideology to ordinary women because the programs were decided at a higher hierarchy and program formulation at local level was constrained (Cited in Tahir, 2012: 7)
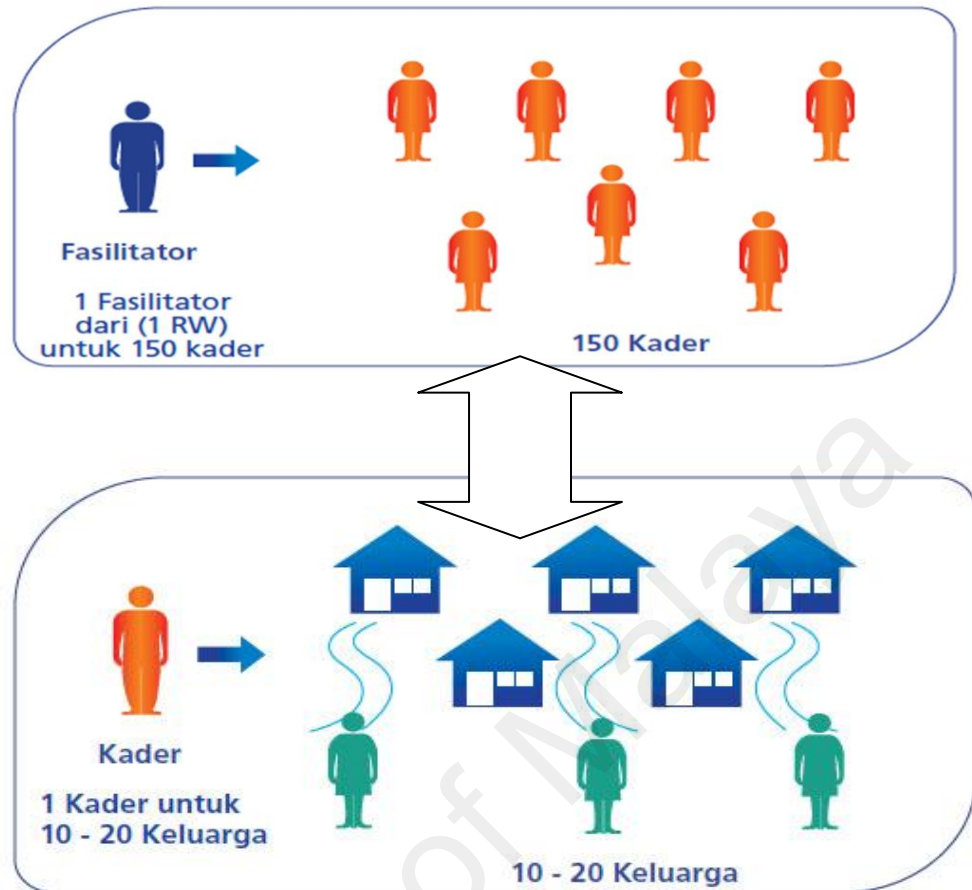
Figure 4.8.: Environmental Cadre Network Model for Engaging Communities
(Unilever Sustainability Report, 2008: 66-67)

Thus, facilitators have responsibilities to manage and supervise the program-related activities conducted by the cadres in their respective areas of duty. In general, both cadres and facilitators are basically social workers that work voluntarily for the pursuit of public interests without receiving any fixed professional fees or salary (Ramdhany, 2010: 44). The Figure 4.8 illustrates the working system applied in the environmental cadre network, which basically follows the principle of multilevel marketing.

In order to build the capacity of the facilitators to do their work, Unilever has provided them with a regular training program called 'DIKLATIF' (an abbreviation for *Pendidikan dan Pelatihan Singkat Kader Lingkungan Aktif*) or 'A Short-Course and Training Program for Active Environmental Cadres'. Through this course facilitators

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are equipped with various skills and knowledge to strengthen their personal capacity as agents of change, such as communication, management, teamwork, leadership, composting methods, and other related environmental protection issues (Ramdhani, 2010: 43).

4.2.2.1.5. Academia / Universities

As described previously, Surabaya is also a center for higher education in Indonesia, home to both state and private universities. Therefore, Unilever also engaged academia from reputable universities in the city, such as ITS and UNESA. They are involved in the partnership through their professional commitment in conducting scientific research and consultancy for policy making process. Some of them are employed as part of the institutional engagement, while some others are engaged as individuals with social responsibilities to their societies.

UNESA was engaged in the partnership early on when Unilever just started its green CSR program in Jambangan. Through the UNESA Task Force for Waste Management Unilever received technical assistance in identifying the characteristics of the Jambangan communitiy and the waste generation pattern in the neighborhood. The UNESA task force also helped Unilever in conducting a needs assessment of the Jambangan community (Ramdhani, 2010: 12-13). Furthermore, the UNESA academia who are also members of the UNESA Task Force have individually committed to be Jambangan environmental cadres and deal with the waste problems in their communities, even up till now (Interview, JLC-22).

In the case of ITS' engagement, support towards the SGC program is given through conducting several scientific studies on MSWM-related issues in Surabaya. The first research was done before Unilever began its program in Jambangan in 2001, and

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the subsequent one was conducted in 2006 with a focus on post-consumer waste research. Both research studies have provided Unilever with a more comprehensive and accurate data on waste generation and treatment at the city level, based on composition and other specific characteristics (Unilever Sustainability Report 2006: 24, 28).

Moreover, ITS has several academia whose expertise center on MSWM problems, including Professor Yulinah Trihadiningrum, a renowned expert in the field of waste management and harmful toxic waste. Another distinguished figure is Professor Johan Silas from the Architecture Departement, whose expertise in urban planning and urban environmental problems has led to his involvement in various government's development projects in Surabaya. His moral wisdom and knowledge as a leading academia is the modality for his critical engagement in the SGC program.

UBAYA's role in the partnership is very much related to its institutional linkages with Pusdakota-Ubaya. At the beginning of its establishment, Pusdakota was better known as an institutional part of UBAYA which received a mandate to deliver the university's social mission in Surabaya. However, over the years along with its deep involvement in many social programs, Pusdakota's public outreach to various relations and its dynamic, independent and critical management style, has led the organization to be recognized as an NGO. However, because of the existing formal linkages, both structurally and institutionally, between Pusdakota and UBAYA, their names have always been united. In fact, one of UBAYA's leading academia in chemistry science, Professor Rieke Riyadi, has a great concern towards environmental issues. Her development project on environmentally-sound mobile toilets has been used by the Surabaya City Government to be installed in the city's public parks.

In short, it is apparent that there are many actors who are engaged in waste management activities in Surabaya, either directly or indirectly. They each have their

own respective roles and functions (Table 4.6). This has further served as a solid foundation to strengthen effective public participation for the success of community-based waste management and consequently the Surabaya Green and Clean program.

4.2.2.2. Structures and Governance Mechanism of the Partnership

The partnership established to carry out the SGC program has taken place in a non-hierarchical process and in non-formalized structures following the definition of Glasbergen, et.al (2007:2) suggested in Chapter 2. Thus, unlike other cases of multi stakeholder partnerships in Southeast Asian countries (Gonzales, et.al, 2000) and in Huntingdonshire, United Kingdom (Davies, 2002), in this case there is no special body,

Table 4.6. Roles and Functions of Actors in CBWM/SGC

(Tahir, 2012: 19, partly modified by the researcher)

Actors	Roles and Functions	Types
Households	The main pillar for the achievement of CBWM/SGC objectives; practicing 3R principles in their household-based waste management effectively, participating in community-based waste management programs/activities in order to create, develop and maintain a better living condition in their neighborhood environment, such as: giving cash/ in-kind/ labor contributions, attending consultative meeting, doing administration. For some, esp. housewives, participating as environmental cadres.	Primary Stakeholder
Community Leaders/ Organizations	Motivator, director, organizer/ manager for community members to support CBWM/SGC program; raising the awareness of community members on environmental protection and environmentally sound waste management; directing and managing waste management activities, mobilizing and organizing community members' participation, facilitating community needs. For some, serving as facilitators and acting as an intermediary between the community and local government.	
Formal/ Informal Recyclers/ Waste Workers	Helping/facilitating the community to collect, sort, buy and sell the recyclable items to the waste collectors.	

Local/ Municipal Government	Political Leader; mobilizing and energizing governmental apparatus to support communities in waste management activities, providing secondary services: funding, infrastructure, land, and technical assistance for the community.	
Media	Media coverage and public motivator/educator; publishing news, events and public opinions to raise and strengthen environmental awareness and concerns for society at large, monitoring, controlling and supporting governmental policies for the sake of the environment and society. For *Jawa Pos* in particular taking a part as the program organizer (campaigning, disseminating information, jury for competition) for SGC program.	
Unilever /UPF	Program organizer, facilitator and supervisor: formulating concepts/ideas, providing financial and/or managerial support, providing capacity-building skills and training including business skills.	
NGO	Facilitator, Advocator; assisting and facilitating the coordination of community activities, providing technical expertise, raising environmental awareness to the community, acting as an intermediary between the community and local government.	Secondary Stakeholder
Academics	Conducting scientific activities (e.g. research, teaching, publications, seminars, etc) to raise the society's environmental awareness, providing technical/ professional assistance or consultation for policy makers in the government, business and society to support environmental policy/program/activities.	
Other companies*)	Providing occasional donations, either monetary or in-kind as part of their philanthropic activities / CSR program; helping for marketing the 'trashion' products.	
Waste Enterprises (Small/Medium)	Providing waste collection and transportation services for communities through a contract with the community or local government.	Other Stakeholders
Provincial/National Government/Local Parliament	Regulators: setting up regulations, formulating policies, guidelines and operational standards for public participation in waste management; providing institutional and political support for local governments to develop better waste management programs.	

Notes: *They include local/national and private/state-owned companies.

committee, or task force purposefully formed to engage all the actors and to define their

specific roles and responsibilities for the program implementation. Even the key actors -

- Unilever, Jawa Pos and the Surabaya City Government -- did not formalize their engagement using official documents, such as a 'memorandum of understanding' (MOU) or 'contractual agreement' that publicly outlined their functions and contributions.[26] This fact indicates that partnership is really established by mutual understanding or consensus, taking into account the importance of MSWM issues in Surabaya.

Regarding the management of the program, as presented in the paragraphs above, the roles and responsibilities of the key actors are defined in accordance with the nature of power, characters, and modalities they respectively have. All the key actors contributed to financing the program, but in more specific ways they respectively have different responsibilities. Unilever acts as the main sponsor that facilitates the process of educating people through general advocacy programs to the communities at large and specific courses and training programs for those who are involved in the environmental cadre networks. While *Jawa Pos* acts as the program manager, in addition to its responsibilities for media coverage.

In the partnership, the Surabaya City Government is a strategic facilitator and motivator for greater public participation, which involves overseeing the responsibilities of the Surabaya City Government's bureaucracy and governmental apparatus from the highest ranks to the lowest levels. Furthermore, having the power to control the

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[26] The researcher had asked the representatives of each major party in the partnership during their interviews - Jawa Pos, Unilever and the Surabaya City Government (Head of the Cleansing and Landscaping Department and Head of the Environmental Management Board) about these documents, but all of them say that they are 'NOT available'. The researcher then directly consulted the Cooperation Division of the Surabaya City Government. There were different answers from the Head and the staff assigned to search for the documents needed. The former said 'YES available', but having checked to their files and documents the staff said 'NOT available'. The researcher finally received two copies of 'contractual agreement' letters between the Surabaya City Government and other private sectors showing a model of public-private partnership. The letters refer to the agreements for the 'development of Surabaya Multimedia City (SMMC)' project with Telkom, and another program on the 'empowerment of sea-lines based communities in Northern Surabaya to improve their capacity in agricultural industries based on their sea catch, partnering with three big private sectors in Indonesia, namely Telkom (from the telecommunication industry), Carrefour (from the retail industry) and Sampoerna (from the tobacco industry). These two documents clearly define the objectives of the collaborative projects, the roles and responsibilities of the respective parties, the scope of activities, and the duration of the projects. See appendix.

municipal development budget, it also becomes the Government's responsibility to channel a portion their public funds for financing the program.

In order to prevent conflict and manage the different interests among actors, a forum called 'the Surabaya Waste Management Stakeholder Forum' was established. This forum was established in 2006 to facilitate the creation of long-term solutions by educating the community on environmental issues and making appropriate resources available. The forum includes representatives of government agencies, universities, NGOs and the community (Unilever Sustainability Report, 2006: 24). Another important mechanism was the monthly development meetings. This forum was created by Unilever to strengthen the working system of the environmental cadre network in which Unilever's team of motivator acts as the catalyst for change. Through this forum the motivators can discuss the challenges, obstacles and aspirations for the success of the program (Unilever Sustainability Report, 2006:25).

4.2.2.3. Organization of the Program: Participatory - Competition

The SGC program is basically designed as a follow up to the Jambangan pilot project. Accordingly, the program remains focused on community-based waste management activities. However, in order to pursue the target of significant solid waste reduction at the city level, particularly waste generated from organic and plastic materials, it is necessary for the program to be modified and redesigned in order for it to be more effective and sustainable in the longer term. Taking into account the complexity of MSWM problems that necessitates extensive public participation, the partnership then decided to organize a competition to accelerate achievement of the targets. Such a competition mechanism was believed to significantly increase participation from communities around the city.

In 2005, the SGC competition was officially launched with the full support of Jawa Pos and the Surabaya City Government. Winners of the competition were chosen based on their creativity of waste recycling-reducing-reusing and their general awareness on local environmental regulations. Every year the SGC competition sets up a specific evaluation criteria to select the nominees and determine the award winning communities, which was in line with the specific aims of the whole SGC program. In 2005, the target was simply to encourage communities to start separating their household waste as well as cleaning and greening their environment. The following year (2006), the target was reducing as much waste as possible.

In 2007, the SGC competition aimed at educating the people on how to create a new functional item through waste recycling and separation. The following year (2008), the specific criteria were the community's creativity and innovations in enlivening their *kampung* with various environmental-related activities, such as planting their *kampung* with flowers and using their recycled products. Since 2008, the term 'Surabaya Green and Clean' was replaced by a new slogan 'Flowering Surabaya, Green and Clean'. The following year (2009) a theme of urban farming was launched.

Subsequently, in 2010 the theme centered on waste-water recycling, and the top awards were received by the *kampung* that successfully introduced an innovative way to build 'APAL' *(Alat Pengolah Air Limbah)*. APAL is a type of distilling water instrument that enables liquid waste to be reused for watering plants around the *kampung* (*Jawa Pos*, 21/12/2010). The following Figure 4.9 clearly shows the significant changes of the Surabaya local environment as a result of the CBWM/SGC. Currently Surabaya has more clean river and better environmental condition at *Kampung-Kampung*. While the next Figure 4.10 shows various innovations created by

local communities at *Kampung Jambangan, Kampung Candirejo and Kampung Gundih.*

Figure 4.9.:
Transformation of Kampung and River Condition in Surabaya after the CBWM/SGC Program was Introduced

(Sources: accessed from the on-line sources)

Figure 4.10.:
Several Local Innovations Resulting From The SGC/CBWM Program

Notes: From left to right, (1) APAL – distilling water system, an instrument to reuse household liquid waste for watering plants and trees in the neighborhood of RW07, Kampung Gundih. It is 2 metres in height with a 34 litres water capacity, see *Jawa Pos, 21/12/2010*, p.29.; (2) Three small composting drums designed to strain the liquid compost that can be used to fertilize the community plants. The composting drums are made by the people in Kampung Candirejo, Genteng. (3) Various *'Trashion'* handicrafts made of recycled plastic waste are displayed by one of the environmental cadres in Kampung Jambangan; (4) Organic compost made from used egg shells.

Source: (Picture 1-2) Personal Documents; The pictures were taken during site visit to Kampung Gundih, Surabaya, 24 December 2010; (Picture 3) Personal Documents; the picture was taken directy during interview with one of the senior environmental cadre in Jambangan; (Picture 4) Documents from the Office of Jambangan Sub-District, received during site visit and interview with the Head of Jambangan sub District, 11 May 2010.

Although there are various innovations invented by the participating communities, the SGC organizing committee remains determined that the main criteria in selecting 'the best of the best' *kampung* is based on the community's capacity to reduce the greatest amount of waste. However, to appreciate the efforts of the participating communities and to encourage more participants in the following years,

the SGC Committee has selected fifty participating communities as the best *kampung* with the most independent community. They have been awarded based on 10 Award Categories: (1) The Best of the Best *Kampung* –as the highest achievement; (2) *Kampung* with the best environmental and water management program; (3) *Kampung* with the best community; (4) *Kampung* with the best environmental program; (5) The greenest *kampung*; (6) *Kampung* with the most active community; (7) *Kampung* with the most innovative community; (8) *Kampung* with the most independent community; (9) Green Hero; (10) Roadshow. Those who are selected as winners are awarded with cash money, in-kinds and further assistance to develop local initiatives and innovations for their environmental programs (see Jawa Pos Daily, 20/12/2010: 43). The awarding ceremony is held annually as part of the city's anniversary celebration and has become a major event for the Surabaya Government and its people.

It should be noted here that in spite of the fact that competition is the most dominant feature of the SGC program, there are also other related non-competition based sub-programs. These include the 'Road Show Green and Clean' (RSGC) and 'facilitation system' sub-programs. RSGG aims to serve as a public education forum in order to generate more environmental awareness, and in particular to motivate non-participating communities to take a part in the SGC program. RSGC was introduced as part of the SGC competition activities in 2006, having observed that the level of public participation in 2005 was still limited. The 2005 award winning communities were assigned to host the RSGC in the following year. The winning communities displayed their achievements in waste reduction and the various innovations they have created to the attending public in the RSGC – this usually includes high-ranking government officials, heads of districts and sub districts of those communities that have yet to become SGC participants.

The main idea presented in RSGC is that waste reduction management, regardless of the type or composition of the waste, can be done in many ways. The other lesson learnt for the community is that waste reduction management will bring mutual advantages for everyone as long as there is public participation in the process (Ramdhani,2010: 64-65). The following Figure 4.11 provides an illustration that describes the overall process and mechanism of the Surabaya Green and Clean program.
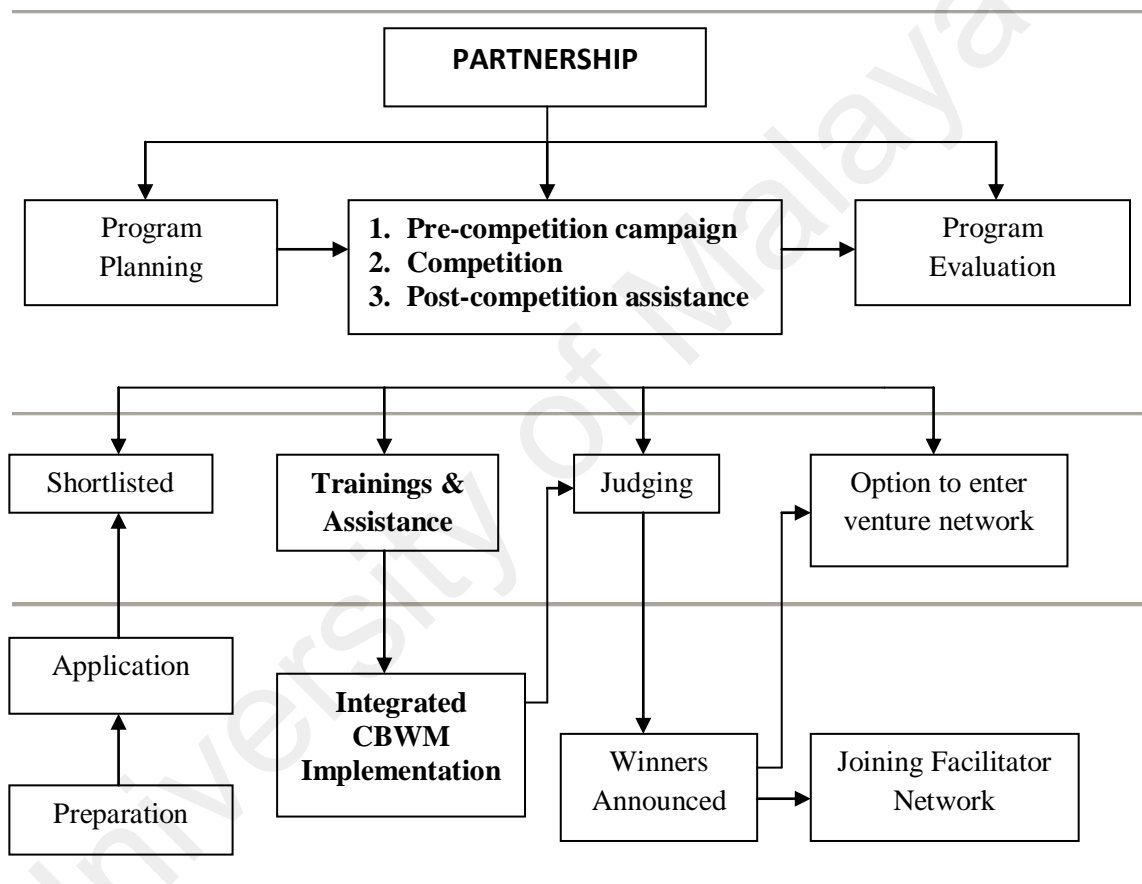
Notes: 1) The 1st line shows the area of the program's concern, the 2nd line refers to the area linking the program and community, the 3rd line involves the area where the community's activities take place; 2) The option to enter a recycling business that started in 2007 was given only to the competition winners who were interested in developing a recycling home-industry, whereas the facilitator network was established after 2009.

Figure 4.11: Annual Cycle of the SGC Program
(Tahir, 2012: 42)

Taking into account that a paradigmatic shift in waste management is not an easy process, the SGC program provides a facilitation mechanism. The core of the working system lies in the role of the environmental cadre network to continuously motivate and empower communities – including those who have yet to participate in the SGC program and communities who have not been selected as winners – so that they are able to independently conduct waste reduction programs as well as come up with their own innovations to make a better environment.

The growing number of participating communities over the years (see Figure 4.12) is also correlated with the increasing number of environmental cadres assisting and encouraging their communities to engage in solid waste management as shown by the following Figure 4.13 (see Maeda, 2010: 7; also Surabaya Cleansing & Landscaping Department (DKP), 2010).[27]
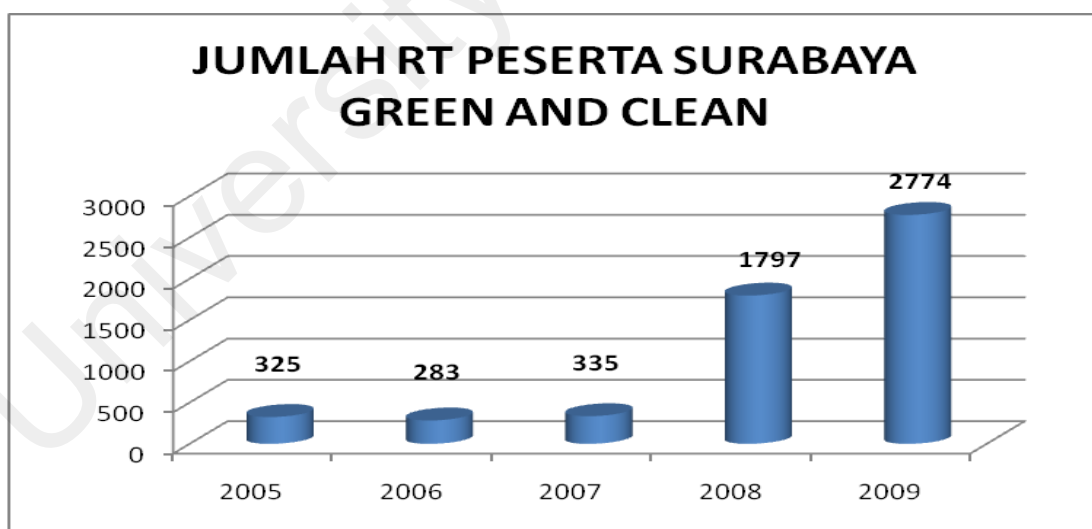
Figure 4.12: Number of Participating Communities in the SGC Program

(Surabaya Cleansing & Landscaping Department, 2010, (archives, unpublished))

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[27] There is a difference in the data between the two sources of information. IGES only covers the period of 2005, 2006, 2007 and 2008. In the period of 2007, IGES stated the number of participating communities was 355, while DKP wrote 335. It is unclear whether this slight difference is a technical mistake or caused by other problems. IGES data is taken from the Unilever Foundation. There is no confirmation about the source of DKP data.

Figure 4.13: Number of Environmental Cadres (2007-2009)

(Surabaya Cleansing & Landscaping Department, 2010, (archives, unpublished)

In terms of financial support, Table 4.7 below shows that financing for the SGC competition was shared not only among the key actors, but also by several other partners from the private sector, including Yamaha, Honda and Telkom. The first two are leading players in the automotive industry, while the latter is Indonesia's biggest information-technology enterprise. It should be highlighted that when the program was first launched, there were foreign funds that came from the Kitakyushu City Government, Japan. Over the years, budget allocation from the government has also steadily increased.

It should be noted here that it was very difficult to acquire solid data regarding the nominal amount of the financial contributions. Perhaps it is because financial matters are quite sensitive. Thus, the data may vary from one source to another. For example, according to Jawa Pos Marketing Manager (Interview, S.MED-11), for the 2006 SGC competition, her party shared IDR 300 million plus news coverage, while Unilever's

Table 4.7: Financial Profile of the Surabaya Green and Clean Program
(1USD= 10.000 IDR)

Year	Surabaya City Government (IDR)	UNILEVER (IDR)	Other Partners		Total Budget (USD)
			(IDR)	Institutions	
2005*)	50.400.000	57.600.000	12.000.000	Kitakyushu City Government	12.000
2006	200.000.000	148.000.000	25.000.000	Yamaha	37.300
2007*)	391.300.000	38.700.000	N/A	N/A	43.000
2008	250.000.000	300.000.000	500.000.000	Telkom	114.000
			90.000.000	Honda	
2009	350.000.000	450.000.000	100.000.000	Honda	90.000
2010**)	395.000.000	N/A	55.000.000	Jawa Pos	45.000

Sources: Reorganized based on several sources provided by (1) *Jawa Pos* archives; (2) Surabaya City Government filed in www.unhabitat.org/bestpractices/2008/mainview.asp?BPID-1903, downloaded on 11/07/2010; 14:33 pm. As for the data of the government's budget itself is based on two sources: the 2007 data (*) is the version from the Head of Surabaya City Development Planning Agency; and the 2010 data (**) is the version from the Head of Surabaya City Cleansing and Landscaping Department. No financial data was provided by UNILEVER concerning this matter.

Note (1): Other partners, namely local NGOs, contribute by providing technical and administrative support. They primarily help the City government to increase people's awareness through conducting public campaigns, composting programs, and sharing recycling waste techniques.

Note (2): It was stated in the second source that *Jawa Pos* Group as a media partner does not give direct financial contribution. Instead they provide in-kind support such as coverage and publication of events in the media (newspaper and television) and sponsorships of awards. However, from other sources (**) it was written that the amount of Jawa Pos' financial contribution is approximately 14% of the total budget).

contribution amounted to IDR 400 million and the Surabaya City Government shared IDR 60 million. Regardless of this, what is important to be underlined here, by presenting the table, is that each party to the partnership has shown their strong commitment to make the SGC program workable. The key actors in particular, have not just shared organizational, political and intellectual capitals, but also they have shared their physical capital.

Having implemented the SGC program with a combination of various efforts and approaches, the data below shows a reduction in the amount of solid waste generated in the city that is transported to the final disposal site (TPA) in Benowo, between the years 2005 and 2009. Table 4.8 below details the figure for each year.

Table 4.8: Estimated Waste Reduction in Surabaya (2005 – 2009)

(Ramdhani, 2010: 22 and DKP, 2010, Global Forum, 2014)

Year 2005	Year 2006	Year 2007	Year 2008	Year 2009	Year 2010
1,800 tonnes/day	1,640 tonnes/day	1,480 tonnes/day	1,258.7 tonnes/day	1,229.43 tonnes/day	1,200 tonnes/day

Having observed this current trend of waste reduction, the Head of the Surabaya Department of Cleansing and Landscaping firmly states his optimism that the TPA in Benowo could sustain its capacity for the next ten years, or even longer, as long as the Surabaya people are consistent in applying their new norms of waste management at all levels of society (Jawa Pos Daily, 20/12/2010: 42). He also suggests that in the following year of 2012, the team of judges for the annual competition of SGC will include experts from Kitakyushu in order to provide a more comprehensive and accurate assessment regarding the impact of community-based waste management to Surabaya (Jawa Pos Daily, 20/12/2010: 42).

As a summary of this chapter, we can say that the local context of Surabaya has provided many factors that significantly contribute to the achievement of the Surabaya Green and Clean Program which is in line with the Unilever's CSR objectives, that is

increasing waste production and public participation. The factors include the engagement of various actors with their respective modalities and commitments. At this point, we can highlight the activism of local NGO and communities at grassroots level living in *Kampung-Kampung* to take a part in environmentally sound waste management. Even some of them show their enthusiasm to dedicate themselves as environmental cadres working in voluntary basis. In particular we can also appreciate the local media *(Jawa Pos)* that fully joins the program of Surabaya Green and Clean beyond its traditional roles as a news maker. Last but not least is the competition-based mechanism of the Surabaya Green and Clean program itself that has enabled a wider public participation in more effective way.

CHAPTER 5

THE DYNAMICS OF MULTI STAKEHOLDERS PARTNERSHIP
FOR SURABAYA GREEN AND CLEAN:
A DISCUSSION AND ANALYSIS

Having understood the setting of the community-based waste management (here and after called CBWM) program and its subsequent 'Surabaya Green and Clean' (here and after named SGC) program, this chapter provides an analysis on the dynamics of multi stakeholders partnership in Surabaya that take place since 2001 up till 2010 to build, develop and sustain the CBWM/SGC program towards sustainable development. The analysis aims at providing an understanding about the nature of the relationship among the actors engaged, especially the key ones from public (government) sector, private (business) sector and civil society. This analysis gives a comprehensive explanation on why the partnership in Surabaya seems to be the case of the successful one; how the actors engaged frame and channel their interests and do interactions one to another within the partnership; what factors have influenced the achievement of the partnership program and the desired common goals.

The analysis in this chapter covers three major aspects embedded within the partnership, namely the actors, the events (program contents), and the process of partnership itself. This chapter gives an analysis based on the actors' interpretations on what has been going on within the partnership's dynamics. Therefore, the analysis extensively uses the qualitative data sourced from in-depth interviews and direct observations to the related sites during the field trip. For a simple written presentation, this chapter uses a special code for each direct quotation resulted from the interviews. This code refers to the related resource persons (the interviewees). For example: S.GOV-01 refers to the Mayor of the Surabaya City, U.BUS-07 refers to the Unilever

Environmental Program Manager, and etc. To see the detailed information about the interviewees, please have a look the Appendix that presents the list of interviewees.

5.1. The Partnership Dynamics

This part begins with the basic argument that despite the absence of a legal-formal structure, the SGC partnership has performed quite well. In a more substantive way, the dynamics that prevail within the partnership are democratic and participatory in nature, with a high degree of participation among the partners and a more open mechanism of dialogues for exchanging the ideas and solving the problems. Regarding the longevity of the partnership and the level of achievement so far, the thesis argues that the nature of the relationship within the partnership has excluded the possibility of destructive conflict that may disrupt or terminate the partnership program in midway.

This indicates that the actors have applied the so-called 'consensus-based approach' instead of 'conflict-based strategies' in organizing the partnership program. Those who prefer to use the former approach do not presume that conflict is required to stimulate change. Rather, they emphasize on identifying common ground and working with people in influential positions who would welcome change or least be open to it (Chaskin, et.al, 2001: 96). Furthermore, in such an approach the actors avoid conflicting positions and oppositional tactics. Instead, they work to create change by promoting mutual respect and productive interaction among the various stakeholders in ways that are expected to alter their relative influence and ability to get things done. (Chaskin, et.al, 2001: 96). Thus, this approach inherently recognizes that building a partnership means applying a political relationship in which the actors' engaged should work in harmony so that power can be shared and distributed for mutual benefits (Eichler, 1998:26, in Chaskin, et.al, 2001:96).

5.1.1. The Process: Networks, Action and Content

In this section a more comprehensive and analytical description of the whole partnership construction building process and development will be elaborated. We define that for about ten years (2001 – 2010), the Unilever-led multi stakeholder partnership for MSWM solutions in Surabaya has advanced in three phases. The first phase started in 2001, the second phase in 2005, and the third phase began in 2008. In terms of the scale of impact, the first phase can be defined as the pilot stage, the second phase is the expansion stage and the last phase is considered as the transitional stage to institutionalization. Each stage of the partnership has their own dynamics, which reflect the social interactions among the participating actors. However, each stage is also a part of a transformation process from the current situation to a future desired state. Following the 'collaborative continuum' framework as suggested in Table 2.6 (Chapter 2), this thesis suggests that the Unilever-led partnership program has gradually transformed from the lowest stage of a philanthropic collaboration towards the highest level of 'integrative partnership' although not yet comprehensively done.

Each stage in the analysis will be examined simultaneously by following the 'sociology of translation', which consists of four phases of translation: *problematization, interessement, enrolment and mobilization*. This framework enables us to further examine the interplay of power and interests among actors during their social interaction in the SGC partnership; how the actors construct networks and enroll others in their visions of partnership and subsequently facilitate a 'sociology of translation' from the current situation to an alternative desired state.

5.1.1.1. The First Phase (2001 – 2004): Problematization

The first phase of the partnership dynamics is marked by Unilever's involvement in the Jambangan sub-district, which began in 2001. This phase is the

problematizing phase in which Unilever started to define and frame the problem in Jambangan. The problem was initially defined as the decreasing quality of clean water sources in the river system because of industrial pollution and irresponsible habits of local communities that were harmful to the environment. As a result, during this stage Unilever launched the 'Cleaning the Brantas River' program (www.unilever.co.uk/sustainability/casestudies/water, accessed 4/4/2012, 2:18pm WIB).

Although this program had been promoted as the global icon of Unilever's Green CSR program in Indonesia, Unilever shifted its strategy to promoting a community-based waste management program, which focused on educating people to apply the 3-R principles based waste management at the household and community levels. Jambangan sub-district was set up for the pilot project because Unilever believed it could become a model for CBWM program with a sustainable impact. Unilever defined its sustainability goals based on several targets, that is, (1) people's active participation in waste management, (2) reduction of the amount of waste transported to the final disposal, and (3) the changing mind-set of the people in Jambangan about the river's function. (www.unilever.co.uk/sustainability/case_studies/water; accessed 4/4/2012, 2:18pm WIB).

In this case, the uncertainty overwhelmed the problematizing phase. Unilever encountered several difficulties in carrying out its mission. Following the collaborative continuum framework, as presented in Table 2.6 (Chapter 2), this early phase of the partnership was discerned by various philanthropic traits. In terms of the level of engagement with stakeholders, for example, Unilever only developed informal and infrequent relations with several figures among the local communities. Likewise, the governmental representatives engaged in the partnership were limited to the Head of

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Jambangan sub-district who provided very standard bureaucratic services (Interviews, S.GOV-06; S.JLL-19)

Meanwhile, concerning the type of resources and scope of activities at this stage, Unilever's program could also be considered as a typical philanthropic program. The activities were carried out at an ad hoc basis and even sporadic. Unilever only provided basic facilities such as rubbish carts and bins, and trees to be planted by the local communities in greening their surroundings. Such activities certainly did not demand high managerial capacity and the amount of resources disbursed was also small.

We may argue that the lack of baseline information on public environmental concerns and behavior as well as the lack of community involvement at this early point in the partnership were the underlying problems for Unilever to carry out its mission. Accordingly, Unilever needed to engage other actors to assist in redefining the problem and redirecting the program. For this purpose, Unilever decided to partner with Pusdakota-Ubaya, one of the Surabaya local NGOs well known as the pioneer and the Government's partner in community-based waste management. They did joint collaboration to carry out a research project to evaluate the existing program. The project's result affirmed that there were many fundamental problems hindering Unilever's program from being successful in attaining the desired objectives. As shown in Table 4.5 (Chapter 4), the research conducted by Pusdakota had concluded that the problems varies in terms of human problems, technicalities, infrastructure, and governance mechanism.

Nevertheless, in this problematizing phase the inherent tensions became more apparent within the bilateral relationship of Unilever and Pusdakota. Differences in ideology and values towards several critical issues on transparency and equity, among other things, have been underlying their different interpretations of the identified

problems, including how they should approach the existing problems. According to one of the Surabaya local NGO leaders, it is very important to explore and appreciate the existing local values before a certain community development program is designed. (Interview, S.NGO-13). Despite the fact that both parties finally reached a consensus, the inherent tensions have led them to fail ineffectively building mutual trust in the progression of the program.

This lack in 'collaborative trust was indicated by the exclusion of Pusdakota to be a key partner in the later phases of the SGC partnership. Having engaged in the joint research project and several training and advocacy programs in Jambangan, Pusdakota did not longer work closely with Unilever. In the SGC partnership program, Pusdakota only participated as a member of the judging team for three years (2005-2007). In fact, its participation was because of the Surabaya City Government's invitation, not based on Unilever's request. Unilever gave the increasingly important advocacy role in the SGC program to other parties, namely Semanggi Foundation and Unilever's motivator team. Because of its very close relationship with Unilever, Semanggi Foundation's full participation in the SGC program has undeniably invited criticism among other local NGOs (Interviews, S.NGO-13; S.NGO-15).

By the end of 2004, the second moment of translation called the 'interessement' phase began. Despite the disagreement with Pusdakota to reach common understanding in several cases, during this phase Unilever basically attempted to answer two fundamental questions, which were recommended in Pusdakota's research conclusion. The questions were regarding how to increase people's awareness and participation, and how to create an integrated, systematic, and sustainable program.

Therefore, during this interessement translation stage Unilever began to expand its network to local communities, instead of limiting to several key figures. The

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networks were constructed by the motivator team's activities. The motivator team comprised of several local universities' graduates who were professionally recruited and employed by Unilever to bring forward Unilever's mission to the communities. Their major task was how to engage as many communities' members as possible to be prospective environmental cadres for supporting the implementation of Unilever's CBWM program.

The study shows that the role of this motivator team was extremely important in this interessement translation stage because they directly facilitated and mediated the process of exchange and adjustment of perceptions and expectations between Unilever and the local communities through a series of meetings and discussions. As such, this is a period of consultation and promotion about Unilever's mission and objectives to carry out a CBWM program in Jambangan which is basically in line with the Surabaya City Government's development plan to overcome the city's MSWM problems. The following parts of dialogue with Unilever Motivator Team describe how the process of problematization in this first phase of translation took place.

> "Surely, the point is that we have [struggled] in many ways, in our own ways, starting from going door to door, gathering the residents, establishing several groups that consist of ten community members, called 'Dasa Wisma'... to joining social forum and activities, such as religious meetings, senior residents meetings, ..whatever it is, we will try hard to attend and even bring some plants for the people, bring some pictures, samples or anything...we go all out!" (Group Interviews, U.BUS-08, U.BUS-09, U.BUS-10).

> "We attempt to find the informal leaders in the village where we are in, which are great potentials to be recruited as agents… We approach all the existing informal leaders. After we get one, we starts to motivate and empower them with certain knowledge and skills…We believe that such people will be respected in their own communities, whose statements will be listened to, and they also have many links to other people or communities. Certainly they have some degree of power to encourage people to join the program, thus we think the rest would be much easier to go through…" (Group Interviews, U.BUS-08, U.BUS-09, U.BUS-10).

> "Before we jump into our field of destination, we conduct an assessment of

the potential villages, to find out what potentials they have...We usually request permission first to the heads of the communities. After that there is normally a community meeting... It may be in the form of housewives or female monthly meetings, committee meetings or other kinds of social meetings. We propose our intention to the heads of the communities in order to get involved in such meetings so as to have an opportunity to present our environmental program, attempt to motivate people and to disseminate our program...normally it is like that...Thus, we use the existing social meetings to get through. Normally...from that starting point...we will see a lot of people and certainly we are able to identify what types of persons they are...perhaps some are active, some others very outspoken, some agree, and others disagree...So, if there is a person whose statements and opinions are carefully listened to by the others...ooo then we may conclude this person is a leader in his/her community so that we should maintainthem..."(Group Interviews, U.BUS-08, U.BUS-09, U.BUS-10).

As such, the interviews above have shown that through the motivator team's role, Unilever has attempted to redefine the problem and reframed its interest to be in line with the public interest in Jambangan. According to them, the problem has been defined in a simple way and it has been attached to something that really happened in the society so that they could easily understand the importance of 3-R principles application in their household waste management activities. The association of the Keputih tragedy with the emergence of various diseases was, among others, an entry point to construct the peoples' perception that the application of 3-R principles in waste management at the household level is undeniably very important to be supported by local communities.

They also connected the importance of people's awareness in practicing proper waste management with the flood tragedies that frequently occurred in the past because the river's surface has been covered with garbage. The dangers of plastic waste were connected to soil fertility and some other aspects. Despite this, it was acknowledged that such adjustments of perceptions was really time consuming in the process. The main prevailing constraint was because a majority of the people believed that it is the

responsibility of the government to ensure proper waste management. (Interview, U.BUS-08).

Likewise, the important role of the environmental cadres as pioneers should also be acknowledged. These cadres were actually the ones who have struggled or established direct interactions with people at the grass roots level so that they would be willing to voluntarily engage themselves as part of the environmental cadre networks. They have worked hard to motivate people by achieving a certain degree of common understanding on the meaning of waste-induced environmental problems, the importance and advantage of community-based waste management, and the mutual advantage gained by being an environmental cadre.

Both the motivator team and environmental cadres have admitted that it was very difficult to persuade people at the grass roots level to work voluntarily as an environmental cadre without any salary or some kind of material incentives (Interview, U.BUS-08). They have acknowledged that there are many factors affecting the resistance from some people to be engaged, either as environmental cadres or just simply as followers to practicing the waste segregation and reduction process. In fact, Pusdakota's study has already identified these factors, as shown in the Table 4.5. (Chapter 4). Therefore the strategy they applied also varied, ranging from influencing spiritual motivation and describing the potential advantages to building togetherness through various occasions, such as: *'kerja bakti'* – a local term that means working voluntarily in togetherness to clean up the surroundings – (Interviews, S.JLC-21, S.JLC-22, S.JLC-23). To some extent, the individual background of the pioneer cadres, in terms of their levels of education and their positions as informal leaders -- such as a head or activist of PKK -- is the strength of a cadre that have empowered them to play their role.

Having learned the working system of the motivator team and the cadres (as well the overall system of the environmental cadre networks that include the role of 'facilitator'), it is clear that Unilever has applied the so-called strategy of 'sales-based marketing' to promote and implement its green CSR program. As acknowledged by Unilever's Environmental Project Manager, the strategy was purposefully adopted having understood the prevailing problems in Jambangan and having realized that it can actually be seen as part of the strength in Unilever's business operations working across the value chains (Interview, U.BUS-07). Although the strategy implementation of this penetrative social marketing strategy in the early phase is not easy, in the following phases it has proven to be very effective in mobilizing peoples' participation in the partnership alliances for the SGC program.

Nevertheless, such penetrative social marketing strategy displayed by Unilever's motivator team in this phase of translation have drawn some criticisms from NGO activists, besides generating suspicion from several community members on what is Unilever's true objective. The motivator team was judged as being part of Unilever's sales promotion team who are marketing Unilever's products. Regarding this matter they firmly stated that they were never allowed since the beginning to even bring forward either Unilever's brand or its products (Group Interviews, U.BUS-08; U.BUS-09, U.BUS-10).The claims of the motivator team were also confirmed through in-depth interviews with the senior environmental cadres. They firmly stated that they were never asked any-related questions on Unilever's products during their interactions with the motivator team (Group Interviews, U.BUS-08; U.BUS-09, U.BUS-10).

By the end of 2004, the motivator team had accomplished their specific target on cadre recruitment. There were already 45 environmental cadres spread around the Jambangan district (Ramdhany, 2010: 33). They were ready to be pioneers and agents of change to solve solid waste management problems. The wife of the Mayor of

Surabaya, who headed PKK at the city level, officially declared the establishment of this environmental cadre network. This declaration has showed a social-political recognition to the existence and strategic role of an environmental cadre.

To sum-up, we conclude that in the first phase Unilever has successfully constructed the fundamental pillar of the partnership, that is, a 'collaborative trust' with the local communities, as a result of the intensive role of the motivator team. In contrast, the inherent tensions within the relationship of Pusdakota and Unilever began to appear, creating an uneasy point of departure for building further alliances with local NGOs. Notwithstanding, building 'collaborative advantage' and 'collaborative trust' are continuous activities that evolve overtime throughout the partnering process (Glasbergen, et.al, 2007: 8-9). To some extent 'trust' in particular may encounter several challenges ahead in the expansion stage along with the changing interests of the actors. This is certainly a determining factor for the sustainability of the partnership and the program it envisaged.

5.1.1.2. The Second Phase (2005-2007): Enrollment

This second phase can be defined as the expansion stage. It means that the CBWM program needs to be scaled-up and gain legitimacy in order to create a wider impact (Glasbergen, et.al. 2007: 11). According to the sociology of translation, in this period of time, the partnership enters the so-called enrolment phase. It means that the lead actor assigned roles to others in the actor-network of the partnership, particularly through the imposed 'local management groups' (Davies, 2002:196). In this case, Unilever delegated a part of its role and responsibilities to local management groups consisting mainly of the Surabaya City Government, *Jawa Pos*, the local NGOs, and the environmental cadre network. Thus, both the partners and the programs were intensively expanded during this second phase.

There are three major features in this second phase, namely: multi-stakeholders partnership, competition mechanism, and facilitation system. First of all, an ideal multi-stakeholder partnership as Unilever expected was finally formed in this phase, and the community-based waste management program at the city level was officially launched in 2005 for the first time under the renowned name 'Surabaya Green and Clean' (SGC). It was acknowledged that such a fashionable name - SGC - was the idea of *Jawa Pos*, replacing the previous name of 'Surabaya Environmental Program' that was relatively unpopular. Meanwhile, Unilever had a stake in the program's content with the so-called *'Bedah Kampoeng'* idea, which was later transformed as an SGC sub-program called 'Road-Show Green and Clean' (RSGC) (Interview, U.BUS-09).

SGC is not just a label for the CBWM program. Rather, at its heart SGC is a far-reaching vision on the future of Surabaya in 'Becoming a healthy, friendly and beautiful City'. In 2005, the SGC competition started at the sub-district levels. There were 325 neighborhood units that took apart in this initial competition. It was fully acknowledged that when SGC was launched for the first time, it still received little public attention. This situation was understandable as the old paradigm was still dominant among the majority of the Surabaya people. In contrast to new paradigm of MSWM, the existing old paradigm believes that all waste management activities were under the sole responsibility of the government (see Figure 3.5. in Chapter 3). The only obligation of citizens is to pay a certain amount of money on a regular basis. Good waste management is simply understood as disposing garbage into its proper bins (Ramdhani, 2010: 63).

To popularize the SGC program, on the same year *Jawa Pos* sponsored a program called the 'Creating Wonokromo Green and Clean' program. Wonokromo is an area serving as the main gate to Surabaya from the South. It has also been an icon of the city with the renowned zoo located in this area. But unfortunately, it is also notorious as

a slum area. Thus, mobilizing a large number of people to clean Wonokromo during the time SGC was launched has brought succeeded in increasing the popularity of the program.

In the following years of 2006-2008, a similar competition program was launched called *'Merdeka dari Sampah'* (Liberated from Waste). This program was annually held by the communities as part of a series of activities to commemorate Indonesia's Independence Day. This program aimed at increasing people's awareness and participation, and has further helped the expansion of the SGC program.

The engagement of the Surabaya City Government, particularly the Mayor personally, is a strategic tactic adopted by Unilever, not only to help scale up the program at the city level, but also to bring legitimacy – a political acceptance that recognizes the program as a relevant alternative or supplement to governmental policy on municipal solid waste management issue. In this case, the Surabaya City Government has fully supported the SGC program by providing financial assistance and political support so that the program could be sustained and consistently developed from year to year. In terms of program financing, the previous Table 4.7 (Chapter 4) shows that the city government has steadily provided funding resources to develop the program. Furthermore, by energizing the bureaucracy and apparatus at all levels, the Surabaya City Government has increasingly shown its political commitments.

The SGC program also received further legitimacy when the Surabaya Cleansing and Landscaping Department officially included community-based waste management program in the City's 2006-2010 Strategic Plan (called *Renstra*). This means the SGC program had become part of the city's official development program that would be properly financed from the city's annual budget for over five years. The SGC program has been put as part of 'The Improvement Program of 3R-based Waste Management,

Independent Waste Management, and Socialization of 3R-based Waste Management to Society'. Actual data from the Surabaya City Government (DKP, 2006: 33) shows that the total amount of five years budget to improve the CBWM program reached IDR 8.981.878.525,09 (eight billion, nine hundred and eighty one million, eight hundred and seventy-eight thousand, five hundred and twenty five rupiahs, nine cents). While, the total budget for the overall municipal waste management program in the period of 2006 - 2010 -- including waste transportation, waste processing and waste management at both temporary and final disposal areas – is IDR 1.193.757.496.516.68 (one trillion, one hundred ninety three billions, seven hundred fifty seven millions, four hundred ninety six thousands, five hundred and sixteen rupiahs and sixty eight cents) (DKP, 2006:33). See the details of this budget in the Appendix.

To show their commitment in achieving the desired objectives of the program, the government takes further initiatives. Firstly, they distributed over 16,000 units of household compost baskets for free to residents over a period of four years. There have already been approximately 17,000 units of baskets used widely in the city, including those purchased by individuals. Secondly, the government established 13 communal-based composting centers across the city (see the Figure 5.1 below). They are located in 13 districts, namely Bibis Karah, Sonokwijenan, Wonorejo, Keputren, Menur, Bratang, Kejawen Putih, Tenggilis Utara, Tenggilis Timur, Rungkut Asri, Gayungsari, Romokalisari (Benowo), including Pusdakota composting centre. These composing centers facilities process about 40 tones of organic waste a day from vegetable markets and pruned twigs and weeds from parks and streets. In turn the produced compost is fully utilized at city parks and green areas. In addition, to support the city's greening initiatives, several public services at the sub-district level have been attached to the people's commitment to plant trees in their own yards.
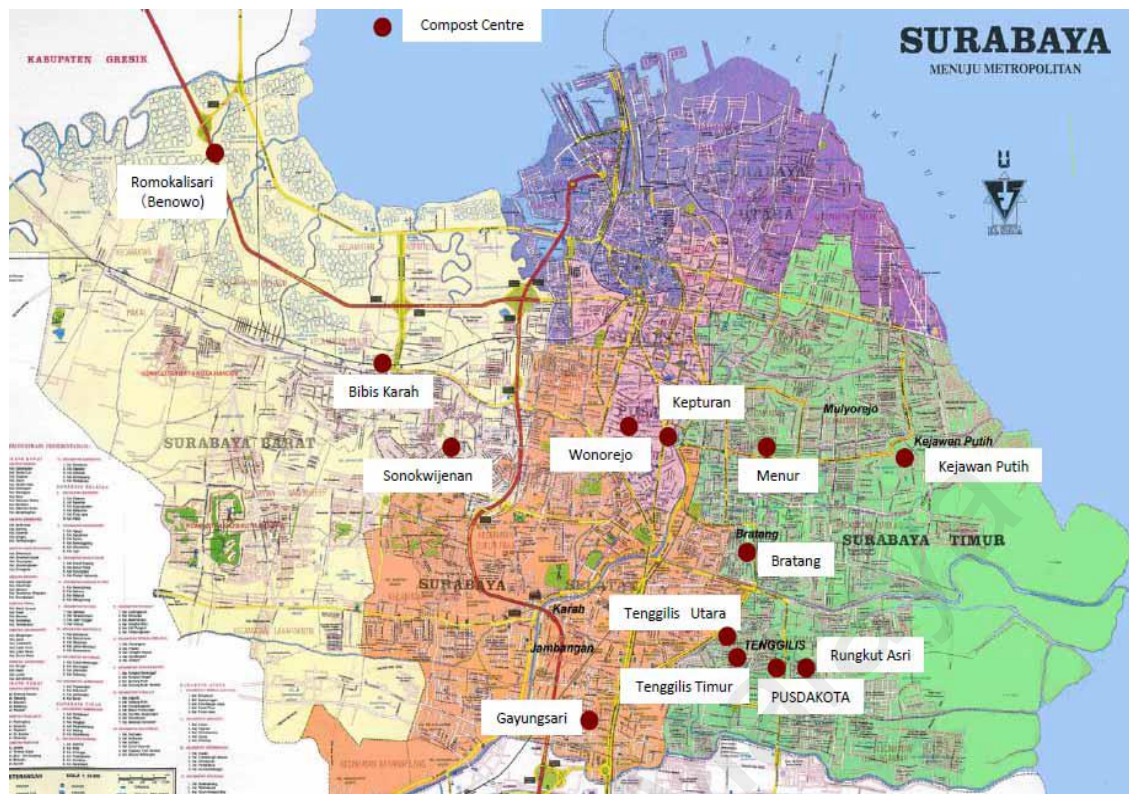
Figure 5.1: The Map of 13 Composting Centers Across the City of Surabaya
(Maeda, 2010)

The expansion of the actor network in this phase was also characterized by the involvement of *Jawa Pos* as media partner in the partnership. Taking into account the ups and downs of the pilot project development in Jambangan in the earlier period of the partnership (2001-2004), Unilever engaged the *Jawa Pos* media group and the Surabaya City Government as its strategic partners to pursue the desired objectives of its CSR program in solid waste management in the city. What made Unilever come up with this decision stems from the rationale that *Jawa Pos* is one of the leading newspapers in the country and the most influential in Surabaya. *Jawa Pos* is identical with Surabaya because the city is the place where this media group was first established on July 1st, 1949. Currently *Jawa Pos* has been growing and becoming the Indonesia's largest media network comprising of 140 newspaper publications and 20 television stations all over the country (See "*Jawa Pos*: Newspaper for Everyone"; see also the Appendix). Unilever believes that *Jawa Pos* has the capacity not only to play the traditional function of news reporting, but also to motivate, energize and activate

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Surabaya's people in a significant manner to support its CSR program. In regards to this, Unilever Environmental Project Manager says:

> "…We have seen many programs engage the media as a partner to publicize events from the field, but they do not act as a motivator for the people. <u>Thus, through this partnership we would like to engage media which is effectively able to [motivate] people for greater public participation</u> because we want the program of community-based waste management to easily be a part of peoples' lives…" (Interview, U.BUS-07)

Jawa Pos itself perceived its participation in the SGC program as a part of its institutional mission to become involved in the dynamics of society. As stated by *Jawa Pos* Marketing Manager (Interview, S.MED-11), it was indeed in *Jawa* Pos' fundamental interest to take part in transforming Surabaya into a comfortable, progressive and secured city so that the paper's editorial policy consistently applies the so-called 'peace journalism' or 'responsible journalism'. It means that in conducting its business practices *Jawa Pos* takes into consideration its role as a public educator that should positively contribute to the city's development process while preserving its objectivity as a media organization.

Jawa Pos also perceives that the program proposed by Unilever is not something new. Long before the existence of Unilever in Surabaya brought the idea of urban waste management program, *Jawa Pos* was already accustomed to such public or social awareness campaign, including in environmental issues. In the 1990s, for example, *Jawa Pos* launched the 'Clean Kalimas River' program. Other governmental programs that *Jawa Pos* had successfully supported were *'Keselamatan di Jalan Raya'* (Road Safety Programs), *'Kampanye Keamanan Publik'* (Public Safety Campaigns), 'Jawa Pos Mendukung Otonomi Daerah'(Jawa Pos Pro Autonomy Institute), *'Pemberantasan Narkoba'* (Fight against Drugs) and some other youth events, such as Deteksi

Convention (Interview, S.MED-11; see also "*Jawa Pos* Newspaper for Everyone").

Therefore, when *Jawa Post* later joined the SGC program, its media coverage towards the program in both daily newspaper and television effectively boosted community motivation and participation around the city. As stated by *Jawa Pos* Marketing Manager (Interview, S.MED-11), within the Unilever-initiated partnership, *Jawa Pos* had defined its role as the initiator and programmer for the Surabaya people's education.

Another important feature in this second phase is the competition mechanism of the SGC program. In contrast to the picture in the pilot stage, in this expansion stage, such a competition mechanism has efficiently created a bigger impact from the program they envisaged. The impact is particularly indicated through the increasing number of participating communities and environmental cadres. As shown in Tables 4.12 and Table 4.13 in Chapter 4 (pages 180-181), the impact has significantly increased in the period of 2008 – 2009. Therefore, to develop the program in this phase of partnership, several ad-hoc events were organized to widely introduce the SGC program to Surabaya people at large, such as the Road Show Green and Green. In a sustainable way, the facilitation system (the networks of cadre-facilitator-motivator) has played a bridging role to continuously help participating communities obtain the external assistance required to improve their environmental performance.

Simultaneously supported by the role of the committed environmental cadres, the facilitation system in the SGC program functioned in a more substantive way by empowering local residents to apply a new paradigm on solid waste management through the application of 3-R principles in various small-scale composting and recycling schemes. They also started to become familiar with 'trashion' activity that is transforming plastic waste into various useful things for daily use, such as bags, umbrellas, boxes, tissue holders and many more. Subsequently, Unilever facilitated the financial and technical assistance to improve these 'trashion' skills.

Advancements made through people empowerment are clearly shown by the capacity to reduce the proportion of organic waste in the total volume of waste transported to final disposal sites. A study by Kamil and Trihadiningrum (2006, cited in Tahir, 2010:4) concluded that the innovative model of Unilever's partnership strategy for its green CSR in Jambangan resulted in an 80% significant reduction of waste disposed in TPA; at the same time it also successfully increased over 90% participation rate. Furthermore, according to Jawa Pos Marketing Manager, one of the participating communities was able to reduce their communal waste up to 50%. In terms of trashion skills improvement, there was one participating community that able to make raincoats from the so-called 'kresek' plastic bag[1] (Interview, S.MED-16). Meanwhile, at the city level waste reduction has also significantly been reduced from 1,640 tons/day in 2006 to 1,480 tons/day in 2007 (see Table 4.8 in Chapter 4).

Apart from that, more trees and plants are cultivated in many villages, and some local communities creatively developed cultivation centers of several plants, such as *orchid* villages, *adenium* villages, *aloe vera* villages, and many more. In the case of Candirejo sub-district, the communities have developed their villages into a tourist destination that produces liquid organic compost and plant-sourced fruity soft drinks, as shown by Figure 4.10, in Chapter 4 (Direct Observation and Group Interviews, S.CLC-26, S.CLC-27, S.CLC-28).

It is noteworthy to underline that in this phase the 'environmental cadre network's' work continued. In 2005, the network was scaled up to 13 sub-districts. At the same time, the facilitator system began to introduce capacity-building programs for

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[1] *'Tas Kresek'* is a very common plastic bag widely used by people, usually those who are shopping everywhere, mostly to carry food and other light items, etc. The term *'kresek'* comes from the sound that can be heard when the bag is repeatedly rubbed. It has a very simple design with three major colors, which are black, white and red. Many department stores or hypermarkets have their own design and colors of plastic bag, but today because of the public campaign advocated many NGOs about the impacts of this *'kresek'* plastic bag to environmental degradation, and the increasing amount of municipal waste originating from this type of plastic bag, several big stores or hypermarkets have started to change their plastic bag to more environmental-friendly bags made from recycled paper and degradable plastic. Some also offer paper boxes to customers for carrying their purchased goods.

the 'environmental cadre network' (see Figure 4.8 in Chapter 4). As part of the SGC program, the facilitation system gained advantages from the existence of the facilitator team. During this phase the facilitator team gradually took over the advocacy role from the motivator team. In the following years, in line with the increasing number of SGC participating communities as well as the increasing independency and awareness of the communities for conducting the 3-R principles-based waste management, the motivator team's main responsibility shifted its focus to maintain the program dynamics. They no longer went 'door-to-door' to work closely with the communities as they did in the early period in Jambangan (Group Interviews, S.BUS-08, S.BUS-09, S.BUS-10).

Therefore, to some extent the enrolment phase have run well and functioned successfully because the building of 'collaborative advantage and trust' took place, particularly between Unilever and the local communities as well as between the local communities and the Surabaya City Government. This also means that Unilever successfully united local management groups – local authority, local media and local communities – into its vision of MSWM solutions based on peoples' participation. With each actor's own modalities, the partnership was able to define, promote and manage the renowned SGC program. It should also be underlined that the success of this enrollment also led to an empowerment of the local communities. In the following years the partnership was maintained and developed with the continuous support of 'local management groups', which led towards the expansion of the SGC program to become bigger and better than before.

The following Figure 5.2., well-illustrated by Maeda from the IGES-Japan, can provide a more comprehensive view about the multi-stakeholders partnership that takes place in Surabaya in order to effectively conduct the overall program and activities towards a greener and cleaner Surabaya. Each stakeholder has their respective roles and functions which are very important in contributing to the success of the program and the

desired common goals. We can say that no single party can dominate the process and accordingly can claim that the success of the program as the result of their exclusive roles or functions. In the following parts of this Chapter 5 we discuss more about the other stakeholders' roles and the realities in the dynamic process of interactions among them.
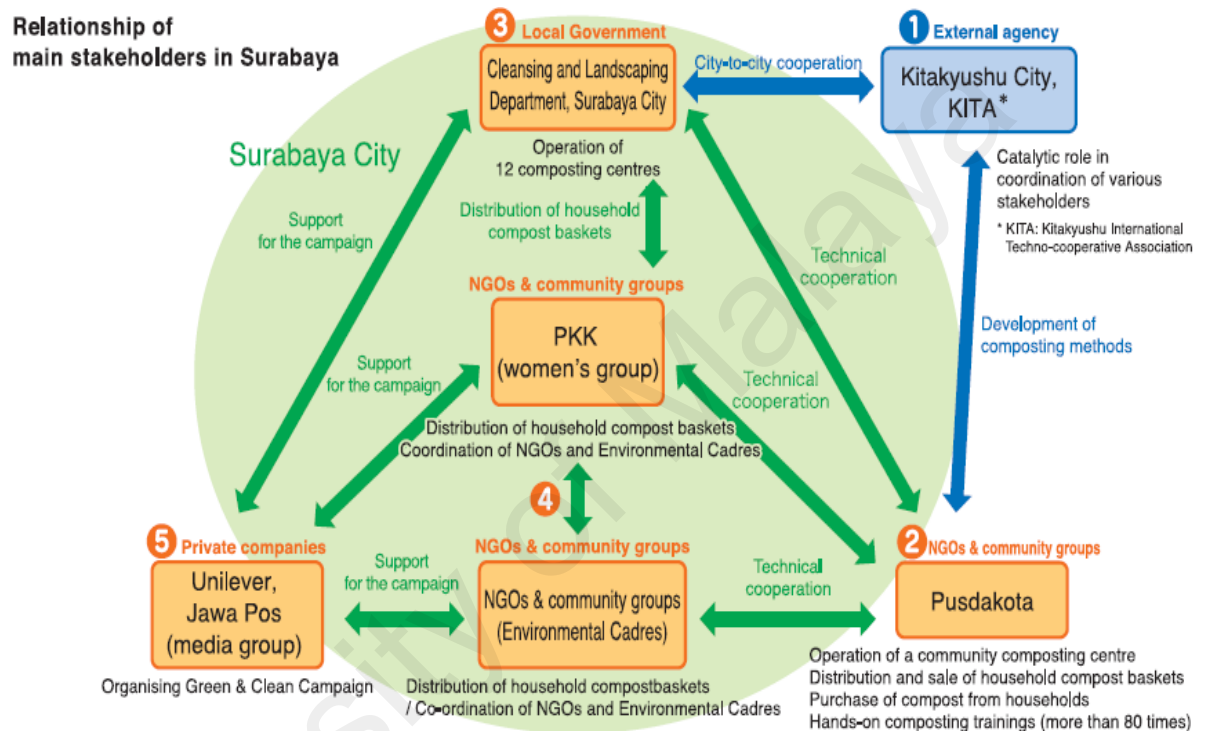
Figure 5.2.: Stakeholders' Relationships in Surabaya to Successfully Conduct the SGC Program
(Maeda, 2010)

5.1.1.3. The Third Phase (2008 – 2010): Mobilization

In this third phase, which is defined as the expansion phase, scaling-up efforts continue to create an even greater impact through formalization of the model. This phase is also labeled as the moment of mobilization in the sociology of translation where the partnership attempts to mobilize wider communities into taking action for the SGC program. However, it is argued that this phase was the critical stage to further institutionalize the program because the phasing out of Unilever's role in community-

based waste management program was scheduled in 2010. Thus, this third phase was a transitional period towards institutionalization.

During this period, we observe that the government's role was getting intense. The SGC program was adopted into the government's strategic plan, thus exemplifying the government's institutional capacity to take over the responsibility. We also confirmed the frequency in which the objectives, values, strategies and performance expectations of the SGC program are mentioned in the Surabaya Mayor's public statements at various occasions (formal and informal), including events at schools, universities and official government meetings (Interview, S.G0V-01). Since 2008 we observed positive trends in the increasing number of participating communities in the SGC program that is closely related with the acceleration of the number of environmental cadres (see Figure 4.12 and Figure 4.13 in Chapter 4).

Despite all this, this phase has posed a fundamental question on whether the partnership has really empowered people with the capacity and capability to collectively solve their own problems and meet their own needs; to what extent are they able to build a regulatory framework that practices and respects the principles of participation, transparency, efficiency and accountability (Glasbergen, et.al, 2007: 9-10).On the other hand, as argued by an NGO activist, the effectiveness of the competition mechanism introduced in the partnership needs to be questioned in terms of norms internalization; to what extent is the increased participation in the SGC program linear with the development of new habits among the people to consistently apply the 3-R principles in their household waste management, with or without prolonged competition (Interview, S.NGO-17). Thus, the process of norms internalization and institutionalization is a big challenge in the overall partnership's dynamics. The results have yet to be seen because the stage of institutionalization just begun after the transition from the expansion stage ended in 2010.

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Concerning this, it is worthwhile to point out that the 'Association of Surabaya Environmental Facilitators' (*'Paguyuban Fasilitator Lingkungan Hidup se-Surabaya'*) was established on May 29, 2009. The Mayor of Surabaya attended the launching of this association and gave his support to the realization of its mission. According to the Head of Association, the first elected chairman, the main objective of this association is to keep the working system of facilitators running well through intensive and regular communication facilitated by the mechanism enhanced in this association. Each facilitator is expected to strengthen the monitoring system in their own authorized territories and communities by conducting a regular meeting for cadres and maintaining a close relationship with the head of districts or sub-districts for consultation and coordination (Interview, S.LL-18; Ramdhani, 2010: 63).

This association has been structurally organized according to a multilevel system that follows the governmental administrative division. At the city level, there is a chairman who heads the entire association. Then there are five coordinators at the regional level, each responsible for the five regions of Surabaya City: Western Surabaya, Eastern Surabaya, Central Surabaya, Northern Surabaya and Southern Surabaya. Subsequently, at the lower levels, there are coordinators at the district levels (or *Kecamatan*), sub-district levels (or *Kelurahan*), who are mainly responsible for the programs and activities in their own territory. This structure is consistently followed through to the community levels (or *Rukun Warga/RW*) and neighborhood levels (or *Rukun Tetangga/RT*), respectively. The lowest level is called *'dasawisma'*, a group of ten people at the neighborhood level (Ramdhani, et.al. 2010: 46).

We can say that the facilitator working system embedded in the association is a good indicator for the prospect of institutionalization since it shows the capacity of people at the grassroots level to organize themselves in order to solve common problems and achieve common goals. Furthermore, the formation of the Surabaya

Environmental Facilitator Association is very likely to support the partnership's contribution towards good governance, or what is also known sometimes as 'governance legitimacy', more than merely being a collaborative arrangement (Glasbergen, et.al, 2007:76-77). Among other important criteria that have been fulfilled towards good governance is the association's effort to establish a well-defined management structure and appropriate monitoring regime based on participatory and transparency principles. In addition, this new arrangement provides wider opportunities for peoples' participation on the policy-making process through a series of consultation, representation, and participation in the implementation of the program. As a matter of fact, the association has reemphasized the significance of the environmental cadre network to enhancing solidarity and citizenship advancements.

Nevertheless, to further examine the features of the institutionalization stage, it is necessary to understand the partnership within a broader socio-political context. At this point, the issues of democracy and good governance are the essential parts to the partnership dynamic. Mobilization itself is a lively process, which evolves overtime and to some extent depends on the changing situations and the configuration of power relations (Davies, 202: 196-197). In fact, the stage of institutionalization in the CBWM program in Surabaya began after the end of the transition or mobilization stage in 2010.

With respect to the time frame, the scope of this study is also limited to observe the partnership's longevity within a period of ten years, from 2001 to 2010. Since 2011 Unilever's environment program's focus has shifted from working with local communities to greening office spaces (Green Office Program). The transition era has provided ample time for the Surabaya City Government to gradually take over Unilever's main role in leading the societies to carry out the CBWM program independently.

The following section will further discuss several specific conditions in the local context of Surabaya that have enabled Unilever's CBWM/SGC program to grow and flourish in Surabaya. Before going into that discussion to observe whether redistribution powers have taken place within the partnership, it is particularly useful to consider the actors' view, including the local civil societies that have shared a sense of ownership to the city in which they live, but at the same time have also questioned the issue of transparency underlining Unilever's green CSR mission in Surabaya. Therefore, in this next part, constructive and interpretative approaches of qualitative analysis will be largely used to obtain an understanding of the reality from the different actors.

5.1.2. Business – Societal – Political Relationship of CSR

Unilever perceived the partnership as a strategy, which they have purposefully designed to disseminate the corporation's environmental program in such a way that it becomes part of societal demand. Unilever acknowledged that there are some constraints and limitations to understanding real societal problems and situations that hinder the company from jumping directly into the communities to carry out the program. Through the partnership Unilever expects to be able to play the role of a 'catalyst' in the program, and of course in the whole collaboration process. Unilever's Environmental Program Manager says:

> "…about partnership, since the beginning Unilever has observed that such a program would be successful if conducted by implementing the concept of a 'partnership'; Partnership will enable potential partners who share a common mission and vision to be involved and in the end create a greater impact in the implementation process of the program"(Interview, U.BUS-07)

> "…since the beginning we realize that Unilever is not an NGO. We know that we are a corporation, so to build a social program in the field it would be ideal if we are able to engage local people, especially the local communities" (Interview, U.BUS-07)

In this case, Unilever Indonesia has proven itself as a 'consensus organizer' through its capability to engage Surabaya people at large, which includes the government, business and civil society altogether in order to carry out its mission through the implementation of the SGC program. Unilever's engagement with Pusdakota-Ubaya in the first phase of the partnership process (2001-2004) has truly demonstrated the company's weaknesses in identifying the problem and directing a program to arrive at a common understanding with other actors. During this phase, the philanthropic approach applied by Unilever proved to be unsuitable to promote an environmental CSR program with a big mission.

Unilever's further intensive engagement with the local communities through the 'environmental cadre network model' exemplifies the company's interest to create a big impact to society. Similarly, when Unilever finally engaged *Jawa Pos* and the Surabaya City Government at the expansion stage of the partnership, its interests are not just about creating a much larger impact, but also about how to sustain the program in the long term (Interview, U.BUS-07). Thus, it is observable that through the partnership dynamics Unilever defined and redefined its interests. Unilever perceives that its ultimate interest in the partnership is to attain legitimacy for its green CSR program (Glasbergen, et.al. 2007: 11).

Moreover, the success of Unilever's CSR program in Surabaya seems to be a 'big deal' for the company's green image. What Unilever perceives regarding the potential success of implementing corporate social responsibility through its partnership in the SGC program is evident, as firmly mentioned by Unilever's Manager for Environmental Program:

> "…No…no…it is [not] because we have manufacturing plants in Surabaya…that is not the matter. Our plants in Rungkut have no relation to the launch of the SGC program. Our plants in Bekasi are much larger, but we have no such kind of SGC program there. There is no other

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program that we have ever had that is as holistic as the one we have in Surabaya. <u>Surabaya was selected because of its big [potential] to create a great impact for Indonesia. The impact would be so powerful if the program was successful. Surabaya is the second largest city in Indonesia after Jakarta</u>. Jakarta itself is too complicated. So, we selected Surabaya, once again, because we really want to make a great impact, and in fact it is happening already! <u>Like or dislike, we now have a stake in Surabaya</u>. When we moved from Surabaya to Jakarta….we found that the impacts are clearly not as powerful as those we hear about in Surabaya" (Interview, U.BUS-07).

Unilever's strong vision on modeling Surabaya and its localities to become a successful pilot project for its green CSR program has led the company to manage the CBWM/SGC program in a systematic and comprehensive way. Unilever was also very passionate in carrying out the program. Using all the relevant modalities they have, that include physical capital (e.g. financial and material resources), organizational capital (e.g. human resources and managerial capacity), political capital (power, influence, interest, articulation), intellectual capital (knowledge or know how), and socio-cultural capacity (e.g. spirit of trust, willingness to collaborate) (see the Table 2.5 describing Modalities Framework in Chapter 2, page 75), Unilever successfully enrolled both the Surabaya City Government and *Jawa Pos* into its vision to create a successful program for a better environmental quality in Surabaya. Through the construction of a multi stakeholder partnership, they in turn shared their powers to promote, manage and sustain the SGC program effectively for the pursuit of the common goals. Together and simultaneously, the City Government shared their political power and *Jawa Pos* share both its media and corporate power to advance the program.

Within the partnership dynamics, besides demonstrating its ability to use political capital that successfully engaged various stakeholders in the collaboration, Unilever has also shown its intellectual and organizational capital by creating innovations that have become important features in the SGC Program. Consequently,

this has brought a distinctive characteristic to its green CSR program. The most important feature is the development of the 'environmental cadre network model' that efficiently mobilized people's participation at the community level. This innovation has largely impacted women empowerment and community capacity building. According to the framework of modalities for cross partnership, Unilever has utilized its entrepreneurial skills and specific knowledge on comparative advantage to add value to its green CSR program.

Unilever's physical modalities are distributed through means of financial assistance to support various training programs for cadres and facilitators' capacity building, advocacy to communities, and sewing skills for 'trashion' development as well as to continuously manage the SGC annual competition. According to Unilever Environmental Project Manager (Interview, U.BUS-07), the total budget allocation for community development through Unilever's green CSR program has steadily increased; yet she was not able to explicitly state how significant the budget is in proportion compared to Unilever's other CSR programs in the health and economic fields as well as when compared to the company's total budget or profit growth. As an illustration, Unilever's Sustainability Report (2008) showed that in 2007-2008 the largest part of the company's CSR budget was allocated for program development and execution than for charity. The budget allocation for program development and execution significantly increased from 64% in 2007 to 84% in 2008; while, in contrast, the budget for charity decreased significantly from 36% to 16%.

The enrollment of local communities into Unilever's vision on waste management has empowered thousands of people, particularly women. This has enabled the program to be implemented in such an effective and sustainable way leading it to achieve its desired objectives. According to Unilever, the most important targets have so

far been achievable in Surabaya, namely: waste reduction and people participation (Interview, U.BUS-07).

Such significant achievements with elements of innovation in the SGC program were perceived in different ways by the other actors. According to *Jawa Pos*, as stated by its Marketing Manager, Unilever has put a particular stake in the SGC program:

> "….in my opinion, Unilever's has a militant capability to consistently empower housewives who are members of the PKK through a series of training activities…this is actually what makes the program sustainable…something that also brings pride to the communities at large…even turning their villages to become famous for certain icons such as 'Orchid Village', 'Jasmine Village' and many others…"(Interview, S.MED-11)

Furthermore, *Jawa Pos'* Marketing Manager also argues that SGC is the most successful social and environmental program, among other programs, that brings real advantages for the city and its people (Interview, S-MED-11). Both its news editorship policy and Unilever-initiated environmental cadres network have significantly contributed to the success of the SGC program, especially when compared to its other environmental program on 'bio-pore construction' partnering with TELKOM – Indonesia's largest telecommunication company – in 2008.

In contrast to the SGC program which gained intensive public exposure with an exclusive news coverage in one full page of *Jawa Pos* newspaper as well as a special program broadcasted on TV Jaktim (*Jawa Pos* TV network), the program with Telkom only received 1/3 page coverage. Unlike Unilever, Telkom had no sufficient technical or organizational experience to conduct such an environmental program independently. More importantly, Telkom also had no 'field workers' like 'environmental cadres' in the Unilever-led SGC program to be able to monitor the problems on the field. In fact, in the beginning there were some technical errors in the 'bio-pore' construction so that it

did not achieve the expected results. Shortly, the Telkom-initiated environmental program was suddenly discontinued from *Jawa Pos* publications, despite the fact that the program was quite effective in preventing floods (Interview, S.MED-11).

In contrast to *Jawa Pos*, Pusdakota has a different perception. According to Pusdakota Program Director (Interviews, S.NGO-13), instead of Unilever or *Jawa Pos*, the success of the SGC program should largely be attributed to the local communities. They are indeed the greatest contributors to the program who commit their enthusiasm, solidarity, loyalty, creativity, even their own money and other modalities. Unilever's financial assistance is incomparable to what the local communities have contributed to the success of the SGC program. In brief, it was the local people who made the SGC program effective.

It is also argued that the SGC program has actually been rooted in Surabaya long before Unilever came to the city. Pusdakota also asserts that the Surabaya people were the true initiators. Past experiences have proven that without the people's involvement, no program could have ever been implemented well in the long term. Pusdakota states that she had a stake in initiating various activities involving the community to take care of their environment. To prepare the City for the Adipura Awards – a prestigious annual environmental award by the National Government given to the cleanest city in the country – Pusdakota had already applied a competition mechanism to conduct an environmental assessment of the communities. What Unilever did was only mobilizing and accelerating the SGC program in order for it to be subsequently attached to Surabaya City's Strategic Plan (Interview, S.NGO-13)

Pusdakota also contends that there was a lack of clarity in the conception and implementation of the partnership-initiated SGC program, which resulted in fundamental flaws. Pusdakota criticized that over time the SGC program has become

more superficial and dominated by Unilever's interest for image building, rather than being consistent with the environmental values-based advocacy to society. In detail, Pusdakota's Program Development Director firmly states as follows:

> "…In our opinion, there is nothing wrong with the corporate taking such roles of mobilization…but today the values-embedded in the program have been degraded…there is no longer the moral consciousness once contained in the earlier phases of the program; Like or dislike, they (Unilever) must talk about their (corporate) product image; the percentage of promoting such images and interests within the program dynamics was about 90:10, instead of 50:50; the fact shows that all recycled products promoted in the SGC competition had to be made from Unilever products packaging; thus, in the context of (waste management) policy, it was completely inappropriate. Instead of taking the responsibility to manage its commercial product's waste, the company (Unilever) transferred the responsibility to local communities without any guarantee at all. For example, only by providing 50 million rupiahs annually for social activities, the company receives international CSR Awards as a green company. Correspondingly, the company receives high profitability (ratings) from investors in the Exchange Markets, hundreds of times much larger than what it actually gave to the people. Indeed, not many people at the grass roots level really understand these kinds of reality in the business world today. We are worried that it was what actually happened in the relationship of business and society in the case of Unilever in Surabaya. We see that there are increasing conflicts among the participating communities when they were no longer the winners or when they no longer received assistantship through the advocacy program. SGC did not include the aspect of maintenance. Neither Unilever, does the Surabaya City Government take this step." (Interview, S.NGO-13).

Pusdakota's views basically posed two critical issues embedded in the SGC program, that is, sense of ownership and transparency. With respect to the issue of ownership, similar critical arguments were stated by local scholar at the Department of Business and Management, PETRA Christian University, who is also the Director of Transformative Society Networks, a local-based NGO working for public governance issue. He says:

> "I should trace back first so as not to jump to the conclusion that the existing achievement is Unilever's achievement only. As a corporation, Unilever may claim that is true; that is their right. But as one who grew up in Surabaya, I need to contextualize the issue in the right place to understand it. Long before the Green and Clean program blossomed, which has been

jointly conducted by Unilever and *Jawa Pos*, the Surabaya people had already been preoccupied with the waste problem…it must be admitted that <u>what the Surabaya City Government had done was only at the preliminary stage, just removing the waste from the eyes of the Surabaya people, not yet managing the root of the problem</u>. In early 2000, several universities in the city came together, around (the years) 1999-2000, I got involved in (the movement), and assisted the City Government…. However, this does not mean that what our friends from Pusdakota-Ubaya have done so far with the Takakura composting method was bad. It was indeed extraordinary! <u>The only problem was that they only made a single movement; they had no capacity to make a public campaign through advertisements in newspaper or television</u>… Thus, there had been many friends from local environmental NGOs who have worked hard before Unilever came to Surabaya. For example, in greening activities, there are friends forming *Tunas Hijau*; in addressing waste management problems, Pusdakota and *Sahabat Lingkungan* have played an intensive role. <u>Unilever is the only party that has large 'ammunition' and is able to make the program explosive through mass media</u>. Hence, it is understandable how the public impression is that Unilever is the single party that has put in effort…thus for me, since the beginning Unilever has calculated that Surabaya people are relatively mature enough (to deal with the issue of waste management)…but <u>we should compare this with Unilever's Program before it engaged *Jawa Pos*. Unilever's work in Jambangan amounted to nearly nothing.</u> But when it later engaged *Jawa Pos*…*Jawa Pos* had an interest to showcase its 'power'… in fact they have a strong capacity to turn something small and simple into becoming something very important and exceptional"(Interview, S.PUS-33).

Meanwhile, the founder and Director of Bangun Pertiwi, one of the Surabaya-local-based NGO focusing in community development for environmentally sustainable waste management program, also strongly argues that the Surabaya's achievement in becoming greener and cleaner is the result of the contribution of its people, not any other party; people who have aroused and changed their mindset to become more responsible towards their own environment. The question is who has created this new situation? In Bangun Pertiwi's opinion, it is neither Unilever nor the Government who has a stake. Instead, it was Bangun Pertiwi who played a role in educating the facilitators and motivator team to develop a proper mind-set, while at the same time doing advocacy to the grassroots. The Director of Bangun Pertiwi further affirms that it is the awareness of the Surabaya people that basically enabled the newly established public parks spread around the city to be kept and well-maintained, not just because of

Mrs, Risma. In her point of view, it is easy for Mrs. Risma to pay workers to clean the parks. However, the most difficult task is to educate the people to be more responsible in maintaining the existing parks (Interview, S.NGO-15).

Meanwhile, in regards to the issue of transparency, both the local academia from Universitas Airlangga and Head of the Surabaya Environmental Management Board pose their arguments based on a legal perspective. They both criticized the role of corporations in the CBWM/SGC program in Surabaya as being inconsistent with the principle of 'extended producer responsibility' outlined in Article 16 of the Indonesian National Law on Waste Management (*Undang-Undang* No.18/2008). This article says: "each company should be responsible to manage their own products and products' packaging that is unable or difficult to be recycled or neutralized through natural processes". Thus, as firmly argued by both interviewees, based on this principle it is the obligation of Unilever to take responsibility of its products' hazards in various forms, particularly those that are harmful for the ecological environment (Interviews, S.AUS-32; S.GOV-03).

Based on this legal stipulation, another local scholar from Airlangga University states that SGC is simply a 'conspiracy' between business and government to pursue their interests through Surabaya's solid waste management problems. The government is eager for the program to be successful as soon as possible, while the businesses attempt to ease their environmental responsibility. These interlocking interests have obscured the uncertainty whether *Jawa Pos'* major paper mill and printing plants have been accredited as a Green PROPER-rated Industry.[2] (Interview, S.AUS-32).

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[2] *Jawa Pos* owns its own newsprint paper mill in Gresik, one of the growing regencies in Greater Surabaya. It also manages its own printing plants (under Temprina) in 54 locations in Indonesia, besides sub-contracting to PT Adiprima Suraprinta. The latter company produces over 450 tons of newsprints daily in which 60% of that amount is allocated for *Jawa Pos*, 30% for export and 10% for other newspapers in Indonesia. Furthermore, *Jawa Pos* has also built two independent power plants, one in Gresik and one in East Kalimantan. See *Jawa Pos* Official Publications "Newspaper for Everyone". Meanwhile PROPER, is annual awards granted by the Indonesian Government, c.q. the Ministry of the Environment, to a corporation that has shown environmental responsibility, especially indicated by the level of industrial pollution they produce. Therefore there are several categories in

In response to such criticisms, Unilever admits that it has a great interest to enhance its public image as a corporation with a strong environmental vision. As firmly stated by Unilever's Environmental Project Manager, building a (green) image is very important for Unilever's business sustainability because business does not just deal with the numbers of marketing performance or profit growth. Therefore, Unilever has actively promoted the SGC program to both national and international forums, which has so far resulted in various awards that have either directly or indirectly strengthened their green image and business reputation amongst the international and national community[3]. However, regarding all these awards, Unilever said that principally the awards belong to the society, to the Surabaya people, because the awards represent the achievement of the people. Consequently, Unilever gave the in-cash awards back to society and kept the trophy because the awards were nominated under its initiative. Unilever also claims that it has always made a proper, open public statement to acknowledge the contributions of other partners. (Interview, U.BUS-07)

There were two different standpoints in response to Unilever's claims. According to one of the facilitators in Jambangan, cash awards received from the Energy and Globe Awards in 2005 amounted to 100.000 Euros were equally distributed by the Surabaya City Government based on the presented proposals made by the people. In this case, the cash awards were spent to buy Takakura Composter Kits, which were then redistributed to all the communities' members. Each neighborhood received 400 units of Takakura Composter Kits. (Interview, S.JLC-23). Therefore, there were transparency and accountability regarding the utilization of public funds that in turn influenced the sense of ownership among local communities towards the program.

PROPER, such as black, brown, green, blue and gold. Black is the most irresponsible company, while the gold is the best one (the most responsible). In details about PROPER, see www.klh.gov.id

[3]There were at least four international awards received, namely: the Energy Globe Award from Austria in 2005, UNESCAP Award 2007 for Urban Environmental Improvement, Green Apple from the Green Organization from the UK Government in 2007

At this point, we can also say that the principles of transparency and accountability in managing a better waste management at the grassroots level have been implemented well by several environmental cadres in Jambangan. As shown in the Appendix, the environmental cadres in RT03/RW-V Jambangan, for example, has consistently published the annual report of the community in-cash flows as the result of the solid waste management in the period of 2005-2009, even though they use a very simple accountancy system,

In contrast, *Jawa Pos* surprisingly expressed a deep feeling of disappointment in terms of its relationship with Unilever at this stage. They perceived what Unilever did with the awards as a form of 'egoism' towards the collaborative work they envisaged together at the beginning. Such bitter feelings emerged when the SGC program was awarded the Green Apple from the UK Government. The awarding ceremony was held in Bali in 2007 during the COP-13 of UNFCCC Annual Meetings for Climate Change. *Jawa Pos* perceives that Unilever failed to give proper appreciation to its partners who have closely worked together for the success of the SGC program. It seemed that *Jawa Pos*' role and dedication to the program as well as its attendance in the awarding ceremony were only 'stamps' for legitimacy to the partnership-based program. In this regard, *Jawa Pos* Marketing Manager explains in detail as follows:

> "…How can *Jawa Pos* only be considered as 'a provoking agent'…that's our criticism. If our participation is just considered as a 'stamp' for the partnership's legitimacy,…why should our role be like that? That's the only criticism we have. In spite of all that, fundamentally, the SGC program itself is a useful one, which brings a lot of advantages. We even regard it as being such an advanced program that prevents us from managing it again, because of what? The demands are getting much greater. The society moves too fast!" (Interview, S.MED-11)

As a big corporation in the media business, *Jawa Pos* has always been criticized as having a business interest in its social involvement, as people often say 'no free lunch' in any relationship with the business community; Being in the media industry, Jawa Pos certainly wants its newspaper to be read or its TV program to be watched by as many people as possible. Therefore, the bottom line lies in the marketing strategy. Taking a greater role in the SGC program means that *Jawa Pos* has a greater opportunity to penetrate unexplored markets in the smallest community units of *'kampoeng-kampoeng'* throughout the city so that it can distribute its newspaper to an even wider audience. Concerning this matter, *Jawa Pos* Marketing Manager frankly says as follows:

> "…As a matter of fact, this program was 'awful', because the fact of the matter was we had a marketing problem. At that time our marketing staff could not penetrate to the smallest community units in society (called *kampoeng*) because they built portals around their housing complex. Then, we planned how to create a social program that would be attractive or people living in kampoeng-kampoeng to become involved through which we would be able to enter the kampoeng smoothly without any boundaries. Therefore, we should package this program nicely; and that is 'Surabaya Green and Clean'. Therefore, this is actually a marketing program at its heart" (Interview, S.MED-11)

As shown in its business profile, *Jawa Pos* dominates the Surabaya and East Java market populated by approximately 40 million inhabitants. According to Nielsen Media Research Survey in 2006 and 2009,*Jawa Pos* has proven to be the most read newspaper in Indonesia. Meanwhile, the 2009 Enciety Business-consult survey has also suggested a similar picture on the popularity of *Jawa Pos*. They state that Surabaya people who prefer to read *Jawa Pos* among other newspapers such as *Kompas, Surya, Radar, Memorandum, Media Indonesia* and *Surabaya Post*, reach 93,5% of the population. Moreover, approximately 75,6% of Surabaya people prefer obtaining information through newspapers compared to a small 47,7% of the Jakarta population (*Jawa Pos*

Offical Publications, 'Jawa Pos for Everyone', 2010). In other words, the two surveys above indicated that *Jawa Pos* has grown stronger over the years in Surabaya. Thus, as *Jawa Pos* Marketing Manager implies, it is very likely that the Surabaya Green and Clean Program has contributed to the pursuit of *Jawa Pos'* business interests (see the Appendix).

Regarding the business interests embedded in both Unilever's and *Jawa Pos'* social mission to jointly work for the SGC program, the Head of the Surabaya Environmental Management Board (locally named *Badan Lingkungan Hidup*, or abbreviation as BLH) believes that it is a natural phenomena because there is 'no free lunch' in a business relationship. He firmly states:

> "…For me, the interest of 'green images' is indeed the business interest. That's what I always say; it's in Unilever's business interest to become engaged here in Surabaya, not merely because of her environmental concerns. No! There's always a business interest. Unilever indeed has a business interest. But then Surabaya gains advantages from their engagement, because the program was introduced in the city. It could have been launched in Medan, Makassar or other cities…but fortunately Surabaya was chosen as the pioneer. But do not forget, there are business interests embedded in the program…it is ok, because we can gain an advantage from that interest for something that is positive for society…" (Interview, S.GOV-03)

It should be underlined that Unilever has distributed its power to the motivator team they established to implement a 'sales based-marketing strategy' through 'centralized command'. As a result, they can enroll local communities to be part of the actor networks who carry out Unilever's mission through the CBWM/SGC program. Over time, such a strategy has created a sense of belonging towards the program along with a sense of togetherness between the motivator team and local communities.

Therefore, the motivator team regard themselves as a stakeholder that has significantly contributed to the success of the story (Group Interview, U.BUS-08,

U.BUS-09, U.BUS-10). According to Glasbergen, et.al (2007:43), they have played the role of 'internal brokers' because they closely interacted with the communities in order to acquire vital information needed to keep Unilever's program workable and achieve its mission. However, the motivator team themselves prefer to be considered as playing a role of advocacy, although sometimes they aggravate people when trying to raise their awareness (Group Interview, U.BUS-08, U.BUS-09, U.BUS-10).

Nevertheless, instead of criticizing the genuine purpose of the two business actors in the SGC partnership, a sociologist from the Universitas Airlangga is more concerned on the impact of the extensive role of *Jawa Pos*. He is not so much worried on the business interest of *Jawa Pos*, but rather he is more concerned on the people's dependency to the media, which in itself has probably influenced the program's sustainability.

> "…In my opinion, *Jawa Pos* should be seen as a commercial power for media publishing,. But *Jawa Pos* is a very well-established media business. It does not need the readers' support…. Unfortunately in this case, <u>*Jawa Pos* did not play its critical function as media</u>, instead it focused creating public exposure on what people have done so far by publishing colorful and interesting pictures. Thus, *Jawa Pos* is more concerned on generating news and human interests, rather than criticizing the City Government…sometimes its news makes bores us because we know exactly the content and pattern…*Jawa Pos* has indeed motivated social movements. However, on the other side I am worried with the model it presents. I am worried it will lead to the people's dependency; if *Jawa Pos* does not expose them (and their activities) they would consider their activities (or program) as not being important. <u>As a result, their involvement in the program will be very pragmatic.</u> This is what had happened with the previous governmental programs in which *Jawa Pos* had been the media partner, such as the safety on the road program…once the *Jawa Pos* withdrew its involvement, the program became unpopular and ineffective.
>
> Thus, <u>*Jawa Pos* has created a dependent effect rather than facilitating the program to be sustainable through the people's self-consciousness on the importance of environmental protection</u>….It is highly expected that the people or the green heroes would keep playing their great roles without any interest to be publicized in *Jawa Pos*. I think time will tell. My only concern is that the patterns of *Jawa Pos'* role would bore the people so that it will need to create new activities….This (SGC) program takes a lot of energy. Therefore, for the sake of public exposure it is certainly very important to engage media, but for it must re-think of new ways to attain sustainability …" (Interview, S.AUS-31)

As such, the above facts have indicated that partnership dynamics within the implementation of the SGC program have brought about several critical issues on ownership, transparency, accountability and sustainability. All of these issues are important but at the same time uneasy to deal with. In the following parts we will discuss in more specific about the economic rationale of CSR and the local context of Surabaya which are relevant to assess and evaluate the strategic implications of CSR.

5.1.3. Economic Perspectives of Unilever's CSR

In addition to the critical perspectives that come up particularly from the elements of civil society about the Unilever's genuine motives or interests in promoting CSR program in Surabaya, this following part attempts to bring economic perspectives for our further discussion in order to enrich our understanding about the rationale behind of CSR. As an academic discussion, it is necessary to put some theoretical or conceptual frameworks.

Since the early days when the term 'CSR' was first coined until today's era where globalization has undoubtedly created even more complex and threatening circumstances for business communities, the 'business motivation' behind companies' CSR activities continue to become an object of great debate. The debates which have evolved from time to time can be categorized into two major streams – one closely highlighting companies' shareholders' interests and another focusing more on stakeholders' engagement. The first stream, led by Nobel Prize winner Milton Friedman, argues that 'the social responsibility of business is to make profits, and that company managers have no right to spend the company's money for CSR-related practices as they are not the legitimate activities of the company'. On the contrary, the second stream – led by Henry Mintzberg from McGill University – argues that 'corporations are not only economic actors acting in pursuit of their owners' selfish interests, but also social actors whose economic decisions impact the wider circles of

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the society'. In Mintzberg's words, corporations are not located in moral free zones (cited from Crane, et. al., 2008: 24-25).

With regard to this debate, first and foremost it should be remember that Multinational MNCs are rational economic actors with exceptional modalities and privileges in the global political economy arena. With their many modalities and privileges, MNCs play a strategic role as engines of growth for developing countries through their contributions towards international trade as well as financial and investment activities. Highly rational in nature, MNCs always put economic self-interests as their main priority. Austin (Cited in Glasbergen, 2007: 52), identified several economic motives which drive MNCs and other business entities to engage in collaboration with other actors, and they include: the quest for product differentiation, market expansion, employee enrichment, supply development, production efficiencies and competitive advantages. Nevertheless, Austin also admitted that there are other possible motives behind companies' decisions to work with other actors. Austin categorized these non-economic interests into three types of motivations: a) compliance-driven motivations, b) risk-driven motivations and c) value-driven motivations. The decision to conduct philanthropy and CSR activities are part of value-driven motivation. Such kinds of motivation also include reputation enhancement and consumer patronage (Austin in Glasbergen, et.al., 2007: 52)

In this context it is then important to refer to what Archie Carroll (1979, cited in Crane, et.al, 2008: 60-67) suggested through the so-called "Pyramid of Corporate Social Responsibility". Carroll basically touched on the notion that business actors do not merely have a single responsibility, which is 'economic responsibility'. Carroll's pyramid suggested that business actors actually have four kinds of responsibilities, namely: economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities. However, it is indeed true that economic responsibilities –

that business actors are responsible for being efficient, competitive and profit-making entities – lie at the very bottom of the pyramid which functions as the foundation upon which all the other responsibilities rest. At the second layer of the pyramid, lies legal responsibilities; closely followed by ethical responsibilities at the third layer, and philanthropic responsibilities at the very top of the pyramid. Put in other words, it can be said that CSR is basically the reflection of companies' highest responsibility to society after they finish all the other responsibilities, especially with regard to economic and legal aspects.

In addition to Caroll, Garriga & Mele also touched on how important economic aspects are in explaining companies' CSR-related behaviors. As illustrated in Chapter 2, Garriga & Mele's mapping is crucial to understand CSR in a wider context. Garriga & Mele introduced the so-called 'instrumental theories' which basically allude to how CSR is mainly a strategic tool for companies to achieve economic objectives and to, ultimately, create wealth. In their writing, Garriga & Mele explained in great depth how precisely CSR can be used by companies to pursue their economic interests. First, CSR can be used to maximize companies' shareholder value. Second, companies can use CSR as a strategy to increase their competitive advantages. Third, CSR can also enable companies to conduct a form of 'cause-related marketing'.

The research findings indicate that Unilever's CSR practices in Surabaya cannot be separated from business considerations. Unilever has definitely employed what Garriga & Mele argued as an instrumental approach to CSR practices. Firstly, it can be argued that Unilever's CSR practice in Surabaya, which was initiated in 2001 to meet social demands in Surabaya regarding CBWM/MSWM problems, has actually maximized its shareholder value. As can be seen from the data and Figure 3.1. (Chapter 3), Unilever's net sales and income in Indonesia steadily increased throughout 2006 to

2010, and that Indonesia has developed into a production base for Unilever markets in both Asia and Australia.

Next, it can also be argued that Unilever has used its Surabaya CSR practice to increase its competitive advantages. Referring to Garriga & Mele, the notion of 'competitive advantage' usually refers to companies seeking the achievement of its long-term social objectives through the most efficient resource allocations. Basically, there are three sub-approaches to this strategy, namely: (a) social investments in a competitive context; (b) a natural resource-based view of the firm and its dynamic capabilities, as well as (c) strategies for the bottom of the pyramid.

In respect to (a) <u>social investments in a competitive context</u>, we can understand how Unilever carefully chose a philanthropic activity in Jambangan district that is of close proximity to the company's mission: solid waste management in municipalities. As the global public is becoming increasingly more environmentally-conscious, companies around the world - including Unilever - are also becoming increasingly pressured to reduce their "carbon footprint". In addition, it is also important to understand that the Indonesian national regulation on waste management (UU No.18/2008) mentioned the "extended producer responsibility" principle which, in a sense, push companies like Unilever to develop CSR programs that can respond to social demands.

As one of the world's leading company in FMCP industries, Unilever has been facing intense pressure from both the government and society to share its knowledge and resources in the collective efforts to realize a proper management system for industrial waste, including packaging-related waste. In comparison with other companies, Unilever is indeed a leader in the area of community or municipal solid-based waste management (CBWM/MSWM) through their success in promoting and

employing the '3R principles' (Reduce, Reuse, Recycle) in several big cities in Indonesia. Unilever was able to create greater social value by tapping into that area for their CSR practices, and then build a solid trademark as well as have a very green image in the eyes of the public. This, in turn, steadily increased Unilever's net sales and profits, and at the end increased the company's wealth significantly.

The second sub-approach is (2) a <u>natural-resource-based view of the firm and dynamic capabilities</u>. This approach basically refers to the capability of a company to utilize its resources - from human, organizational to physical resources - in a more efficient, creative and effective way so as to increase the company's competitive advantage. This concept also refers to the company's ability to develop proper relationship with primary stakeholders, including communities, in their immediate surroundings which are impacted by their operations. This approach sees companies as having the capability to continuously and comprehensively respond to external dynamic challenges posed by natural biophysical environment within which they operate. Taking those conditions into account, companies should be able to integrate three main and interconnected strategic capabilities - pollution prevention, product stewardship and sustainable development - by continuously improving, working towards stakeholders integration and reaffirming a shared vision (cited in Crane, et.al, 2008: 81).

The research findings show that Unilever is a company that fulfills all the criteria explained in the paragraph above. Two points are especially important to explore in greater depth. Firstly, how Unilever can successfully engage multiple local actors- governments, local media, NGOs and communities – to collaborate and organize the 'Surabaya Green and Clean' (SGC) program. Secondly, how the initiation and constant development of the so-called "environmental cadres network" at the community level is in line with the company's mission to be a more environmentally-sound company. These strategic initiatives perfectly demonstrate Unilever's capability

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in utilizing its organizational resources, as the company must have deployed significant resources to motivate local communities in a systematic and persistent way so as to ensure their participation in cooperating with Unilever to manage municipal waste. In another sense, Unilever's strategic partnership with various external stakeholders can also be understood as something that provided Unilever a great opportunity to further apply and develop its knowledge, organizational experiences as well as human and physical resources – enabling them to truly contribute towards the solvency of Surabaya's solid waste management-related problems. Essentially, what Unilever has done is link their values and marketing strategies in a way that differentiates the Unilever brand from that of their competitors (Vogel, 2005: 50). Neither 'Wings' -- a local Indonesian brand-- nor 'Procter & Gamble' -- an international brand -- both the Unilever's toughest competitors in the Indonesian FMCP industries has similar initiatives to deal with municipal solid waste management in a comprehensive and intensive way as part of their CSR program and activities. This basically gives Unilever an edge over the two major competitors and other smaller ones.

The third approach is related to the usage of (c) <u>strategies for the 'bottom of the economic pyramid'</u>. This refers to the ability of the company to make "disruptive innovations" in the form of products and services designed for non-traditional customers from impoverished communities– most of which actually live in developing countries, such as India and Indonesia. For Unilever, disruptive innovations are done through the development of various consumer products - both personal and home care products -that are sold in smaller sizes and cheaper prices, and are available for trade in small shops across towns, districts, sub-districts and other remote areas all over the country within which Unilever goods are distributed. This certainly increased Unilever's competitive advantage as a reputable FMCP Company with hundreds and

thousands of supply chains all over the world, including in Indonesia, the biggest archipelago and fourth most populous country in the world with approximately 200 million inhabitants.

It is difficult to deny that the company's initiative to develop networks of environmental cadres and get highly involved in organizing the SGC has strengthened Unilever's competitive advantage over its competitors. By engaging multiple actors and pushing hard for the social program to materialize, Unilever has penetrated potential markets in Surabaya, the second largest city in Indonesia – especially targeting those living at the very base of the 'economic pyramid'. This is mainly because the SGC program engaged many of those living in the Surabaya's so-called *kampoeng-kampoeng* –Indonesian local term to refer to neighborhoods at the real grass root levels – in its sub-district areas. Although Unilever is a world class company which has operated in Indonesia for many decades, image is still something extremely important for Unilever as it is often the very thing that enables it to triumph over its competitors in the eyes of potential consumers. Indeed, although Indonesia's market is enormous, the business atmosphere there is extremely competitive as various new local and international business actors continue to spring up and target the Indonesian society. In today's world where more and more Indonesians are becoming environmentally conscious, Unilever is forced to create "disruptive innovations" related to the environment to preserve their control over Indonesia's huge market.

The last approach in the instrumental theories also applied by Unilever is **cause-related marketing.** This is a strategy used by associating ethical or social responsibilities with products bought by consumers so as to generate more revenues and sales for the company as well as forge a closer relationship between consumers and the company (Cited in Crane, et.al, 2008: 82). In the case undertaken, Unilever applied this strategy in two ways. First, by encouraging the communities who take a part in the

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annual SGC program to collect the (plastic) packaging waste of Unilever products, to then be transformed into *trashion* (fashion-forward products made out of trash). Despite the many criticisms that come in from local NGOs, Unilever still maximized the opportunity to conduct cause-related marketing. Another move from Unilever worth noting is its sponsorship towards award-winning nights organized for the greenest and cleanest *kampoeng,* including the most innovative trashion products, competition.

Based on the above explanation, it can be underlined that economic or business interests are inherently linked with any business actors' behaviors, including those related to their CSR practices. After establishing that, another important point to highlight is how CSR's potentials to make a significant contribution to the society is still very much debatable (Vogel, 2005). Before jumping into any conclusions, we must carefully examine many factors, among others are genuine local context and quality of public institutions. In today's world, especially in developing countries, state agencies cannot be the single unitary actor who conducts the management of urban development – especially, those related to the building and preservation of urban infrastructures – as they oftentimes lack the financial means and expertise to do so. In this sense, PPP becomes the perfect platform through which business actors can 'chip in' and help state agencies. It is clear how companies' decisions to help manage urban development are laden with economic interests. In the case undertaken, the partnership between Unilever and the Surabaya City government can be considered as a form of PPP. However, it is worth noting that, unlike others, a 'power sharing' characteristic is prevalent in the partnership– meaning that there is a constantly changing business–government relations through cooperation and trust; mutual beneficial sharing of responsibilities; knowledge and risks; give-and-take and negotiating differences (Mol, cited in Glasbergen, et,al, 2008: 220).

5.2. Intervening Conditions

At its heart, the intersection of interests and power embedded in the actors' roles and responsibilities within the partnership's dynamics represented a 'political momentum'. The scholar from Petra University expressed his views on this issue in this following quotation.

"…Unilever's strength at the time they entered Surabaya, regardless of their motivation, is <u>their attempt to synergize</u>. <u>As a corporation they have financial resources, while the media needs advertisements to be well established in the society, and the government really wants the society handle this problem</u>. So, <u>the collaboration fits perfectly</u>! What Unilever has conducted in some places as the pilot projects is then amplified through competition. Then there is public participation. At this point, the government has greatly shown its goodwill, particularly because there is a media partner strongly supporting the program to be well implemented. It is remarkable! However, <u>if it is claimed as Unilever's achievement, I feel that the largest budget for this program probably come from the communities themselves, not from Unilever</u>. It is because the people realize the benefits of the program will inherently return to the communities themselves. It is because the Surabaya people have been awakened in the last ten years from many aspects, many directions, not from one aspect only."(Interviews, S.PUS-33)

His views were also very similar to the opinion of the Head of the Surabaya Environmental Management Board. According to him (Interview, S.GOV-03), such political momentum is not only the important factor but also the unique element that has significantly contributed to the success of the SGC program, and it is in fact very good for both the Surabaya city and its people.

It is in the interest of the Surabaya City Government to have public participation in promoting a more environmentally and socially sound municipal solid waste management as recommended by the national law on waste management – Undang-Undang No.18/2008. The government accordingly will put the CBWM/SGC in priority and sustain it in the future (Interview, S.GOV-04). In fact, establishing an environmental program is mandatory for the government based on *Undang-Undang No.32/Tahun 2009* that serves as the Indonesian National Regulatory Framework for

environmental protection and management nationwide (Interview, S.GOV-03). Unfortunately, the fact shows that the government's budget allocation to carry out various programs for tackling the diverse environmental problems has not been sufficient from time to time (Interview, S.GOV-03).

There are many reasons for such predicaments, including among other things, the multidimensional character of environmental problems that inherently has critical linkages to other social and economic problems, such as health, education, agriculture, trade-industries, transportation, as well as the lack of institutional capacity at the local level to deal with the problems. In the context of this study, as asserted by the Head of Surabaya Environmental Management Board, the most overwhelming problem is the lack of understanding and sense of urgency among government officials that causes environmental programs to be placed as a lower priority in public policy. In turn, such problems have resulted in a limited budget allocation to support environmental programs. This is what we call 'budget politics' (Interview, S.GOV-03)

Having faced MSWM problems for quite an extensive period and having learned the relative success story of the Jambangan CBWM program initiated by Unilever, the newly elected Mayor of Surabaya, Mr. Bambang DH, has committed to become a leader in overcoming the worsening condition following the break-out of the 2001 Keputih tragedy. The tragedy and its multidimensional and widespread impacts was the peak of prevalent waste management problems in the city.

This tragedy also indicated the previous government's inability to facilitate good governance for an ecologically sound and sustainable waste management system. Thus, the new government's vision and policy to prevent similar tragedies like Keputih and to pursue good MSWM governance in general easily matched Unilever's CSR mission to carry out a green CSR program in Surabaya as well as *Jawa Pos'* corporate interest to

always beat the front lines of the city's societal dynamics, and at the same time increase their readership. Apart from that, the new Surabaya City Government's willingness to establish partnership with Unilever is also driven by Mr. Bambang's self-awareness to take advantage from the National Corporate Law, *'Undang-Undang No.40 Tahun 2007 tentang Perseroan Terbatas',* which regulates corporate social and environmental responsibilities in Article 74[4] (Interview, S.GOV- 02).

It seems clear that the Keputih tragedy has also become an entry point to transform the mindset of local communities in addressing waste problems in their city. One facilitator described this awareness as follows:

> "…after the Keputih tragedy happened, it was indeed very difficult to transfer our waste to the final disposal site, up until then Benowo was opened as the new final disposal landfill. But now the waste in Benowo has accumulated up to eight meters…if we do not help (the waste management) from house to house, in the end another tragedy like Keputih would occur. Therefore, we are afraid that the landslide tragedy in Bojong, West Java would also happen to us. It is unimaginable should such a tragedy fall on Surabaya! Thus, we were very touched, we were so touched that we did not want to have such a tragedy happen in our city again. We then shared these examples to our people to get their attention and have them engaged in our program because when the Keputih tragedy happened we felt so devastated about the many environmental impacts, including the unbearable odor, disgusting maggots, and other various insects flying around our surroundings. (Interview, S.JLC-25)

To sum up, the past failures have probably led to the coordination among various stakeholders in Surabaya in resolving the city's MSWM problems. Unilever came in at the right time when there was political momentum. The newly elected government of Surabaya had a vision to support the development of such a program for particular legitimacy and mandatory reasons. Apart from that, the people's awareness has matured with the increasing problems they face, and the media was ready to fully

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[4] Actually Indonesia has already national regulatory frameworks that regulate corporate social and environmental responsibilities, that is UU No.40/2007 (Corporate Law); UU No.25/2007 (Investment Law); Peraturan Pemerintah No.Per-05/MBU/2007 (Governmental Regulations Partnership Program). See the Appendix.

contribute. Nevertheless, there were still other factors that need to be dealt with in a specific way because of their particularity. The following section will examine those factors.

5.2.1. Leadership

In many cases of partnership, leadership is a fundamental issue that may hamper the effectiveness of the partnership's process. Some scholars (Glasbergen, et.al 2007, Davies, 2002, Gonzales, et.al, 2000) have suggested the importance of leadership tasks in all phases of the partnership's process and dynamics. In each phase, a leader's task covers several challenges that contain elements such as visioning, problem structuring, conflict handling, internal brokering and institutional entrepreneurship.

In this case, we argue that leadership is a critical factor in the success of the multi-stakeholder partnership's ability to manage the SGC program. The partnership's longevity and the achievement of the SGC program is impossible without a sound leadership performed by the actors engaged. We can say that they performed the so-called 'collective leadership'. This kind of leadership enabled the diversity and reciprocity of actor relations in the processes. As shown in the Figure 5.2, it is not the state that becomes the center of dynamic interactions in the social relations among actors, neither the market nor civil society. Instead, the actors engaged has shared co-responsibility according to their sector attributes and modalities (see Table 2.4 and Table 2.5, in Chapter 2) for the sake of attaining sustainability goals.

In the case of Surabaya, we also want to argue that the most critical leadership elements to the partnership's ability in attaining its sustainability goals are visioning and institutional entrepreneurship. These two factors influence the process of social interactions that lead to the construction of local (good) governance for sustainable development (Davies, 2002; Barth & Wolff, 2009). Thus, in this section we will explore

such leadership tasks particularly concerning to political leadership performed by the Surabaya City Government. In the case of Surabaya, we argue that political leadership is very important to drive the workings of public institutions to be well-performed as a regulator and a facilitator that ensure the principles of transparency, accountability and participatory exist in social interactions. While, in turn, the quality of public institutions has proved itself to be the determinant factor for a successful and beneficial CSR program (Vogel, 2005; Kemp, 2001, Malkasian, 2004).

The Mayor of Surabaya, Mr. Bambang D.H., and the Head of Surabaya Development Planning Agency, Mrs. Risma, are widely acknowledged as people who have devoted their charismatic leadership and compelling vision since the outset of the program. In 2005, both Mr. Bambang and Mrs. Risma had just been elected for their respective positions. They have then become the key figures from the government sector who share a common vision and expectation with Unilever in solving MSWM problems in Surabaya through an integrated and systematic way based on people's participation. Consequently, they fully dedicated themselves in working towards the success of the SGC program.

However, long before the SGC program was initiated, both Mr. Bambang and Mrs. Risma had already experienced dealing with MSWM problems in the city. As their bureaucratic position in the government, they have been exposed to the dynamics of Surabaya's MSWM problems since the very beginning. Before taking the position as Mayor of Surabaya, Mr. Bambang was the Deputy Mayor of the city (2000 – 2005). However, in the last years of his post as Deputy Mayor, he was assigned as the Acting Mayor because the Mayor had a serious illness that prevented him from undertaking his official duties. Meanwhile, Mrs. Risma was previously Head of the City's Cleansing and Landscaping Department (see the Appendix). Furthermore, Mr. Bambang and Mrs. Risma's educational background have also contributed to the way they perceive

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problems and solutions. Mr. Bambang graduated from UNESA with a degree in Math and has an experience as lecturer in his almamater. While Mrs. Risma graduated from ITS with a degree in Architecture and majoring in urban planning. Both the professional and personal background of these figures have probably become the specific factors that lead to their distinctive performance as government officers in dealing with the MSWM issue. Unilever Environmental Manager attributed to these two persons as the action-oriented leaders with strong vision and dedication (Interview, U.BUS-07).

Both Mr. Bambang and Mrs. Risma have seriously taken the unpleasant experience from the Keputih tragedy as a rallying point for all Surabaya citizens to work together to attain their aspirations. They are well known as leaders who are close to their people because they often visit and talk directly to them. Mr. Bambang says:

> "…every year I pay a visit and talk with the principals of all the schools in Surabaya, ranging from elementary to high schools, including vocational schools, both state and private ones…I also meet and discuss with the students who lead various extra-curricular organizations in their schools…they are leaders, aren't they? I energize them to motivate their students. As well, every year I visit all the community leaders in 'kampong-kampong (RT/RW)' – the communities / neighborhood units in Indonesian social structures – throughout the city. As leaders of their communities, it can be assumed that they are not resistant to openly and directly converse with me in order to communicate what their people think, need and want. <u>By doing this I believe there will be no mental constraints or communication block to empower the civil society in Surabaya</u>…"(Interview, S.GOV-01)

Through this direct communication method, the Mayor motivates the Surabaya people. Both the Mayor and Mrs. Risma have also energized people in the government to take a part in the SGC program. Moreover, a typical problem in politics is when changes in political leadership often result in changes in priorities, as Gonzales, et.al (2000:49) underline in their study. This strangely did not take place in the case of Surabaya. When Mrs. Risma was appointed as Head of the Surabaya City Development Planning Agency, and Mr. Hidayat Syah replaced her position as Head of the Surabaya

City Cleansing and Landscaping Department, there were no effects that delayed the implementation of the SGC program. These favorable contextual factors in the Surabaya partnership were further strengthened with the consistent representatives from both *Jawa Pos* and Unilever. Mrs. Tirawaty as Unilever's Environmental Program Manager had been involved in the partnership since the beginning of Unilever's program in Surabaya in 2001; while Mr. Suharyadi as *Jawa Pos'* Marketing Manager had also been engaged in the SGC program since the process began in 2004 and consistently served as the program organizer up until 2010.

For a majority of the Surabaya people, particularly among the civil society and environmental cadres, Mrs. Risma is considered as the architect behind the Surabaya's progress in environmental performance. When the Unilever's CSR program was first initiated in Jambangan, she was the Head of Surabaya Cleansing and Landscaping Department (DKP) and subsequently she was appointed as the Head of Surabaya Development Planning Agency (BAPEKO) when Mr. Bambang DH led the City's administration as the Mayor. Her successful efforts in transforming Surabaya towards environmentally sustainable city and her consistency for the Surabaya Green and Clean program are publicly acknowledged from her colleagues, NGO activists, academia from reputable universities as well as environmental cadres[5] (Interviews, S.GOV-02; S.JLC-25; S.PUS-33; S.IUS-35, S.IUS-36; S.NGO-13)

In the eyes of the Dean of the Faculty of Environmental Engineering, Institute of Technology Surabaya, Mrs. Risma is particularly hard working and professional. In

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[5] Mrs. Risma has been elected as Mayor of Surabaya for the period of 2010-2015, succeeding Mr. Bambang. Many observers say that her popularity among environmental cadres, PKK members, NGO activists, and academia was her political leverage. On top of that, her professionalism, moral integrity and modesty were her strength among other candidates from other political parties. Her engagement in the grassroots has also yielded in strong political support from civil society when she was challenged by her political rivalries not longer after being officially inaugurated as leader of the city. She firmly rejected the highway development plan suggested by a majority of the parliament members (DPRD), which was led by her former competitor in the election process. Currently, Mrs. Risma is among three Indonesian mayors, and seventy-seven mayors around the world, to be nominated as the 2012 World's Best Mayor by the City Mayor Foundation (see, *Kompas*, 08/04/2011)

contrast to other bureaucrats in general who preferred to mask their incapacity in project management under the reasons of budget limitation, Mrs. Risma was able to make budget spending more efficient and at the same time make extraordinary performance in her job. Indeed she has shown her distinct character as a professional bureaucrat (Interview, S.IUS-36).[6]

Both Mr. Bambang and Mrs. Risma have demonstrated their leadership in such an inspiring way that energizes public participation to support the program and at the same time activates their bureaucratic machines at all levels – from the municipal to the smallest administrative units at the community level – in order to provide all the supplies and facilities needed. First and foremost, they have pushed the establishment of composting centers in thirteen districts across the city in order to process municipal solid waste from the markets and other public areas, as previously shown by Figure 5.1.

Secondly, under their leadership, it was widely recognized that Surabaya has become a better place to live because of the increasing number of public parks and the larger green spaces in the city (see the Surabaya City Government Official Publications, 'Sparkling Surabaya Park lane'). Since 2002 there have been 14 newly established city parks in Surabaya for various social functions, such as sports, recreation, education, children playing grounds, and elderly jogging activities. Some of the parks had been purposefully transformed from gas station areas, which was considered to deviate from the City's planning regulations (See *KOMPAS* Daily, 21/11/2010). As shown by Figure 5.3 below, the total number of city parks and forest so far is twenty four.

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[6] Having tried several times, the researcher failed to get an opportunity for in-depth interviews with Mrs. Risma, either before or after she is elected as the Mayor of Surabaya for the period 2010 – 2015. The fact that beyond 2010, the agenda of municipal solid waste management is still in the government's priority. To ensure about her strong leadership, please see testimonials about Mrs. Risma's personal and leadership qualities of Mrs. Risma, especially from ordinary people of Surabaya, see the Appendix.

The author's direct observation has made the debates about the real advantages of the newly established public parks irrelevant. Based on the direct observation done at one of the famous parks named 'Taman Bungkul' [7], located in Jalan Darmo, one of the city's main boulevards, the author argues that such public spaces are enjoyed by many people coming from various social-economic classes, across genders and ages. There are many car and motorcycle parking areas around the park. There are also many facilities for children playground, sports, art performances and Wi-Fi connections for youth. Because of the better management applied in maintaining these public parks, the visitors can enjoy purchasing meals, snacks and soft drinks in the food corner. The Mayor claims that the new city parks have led to an increase of income among local vendors operating in the parks (Interview, S.GOV-01).
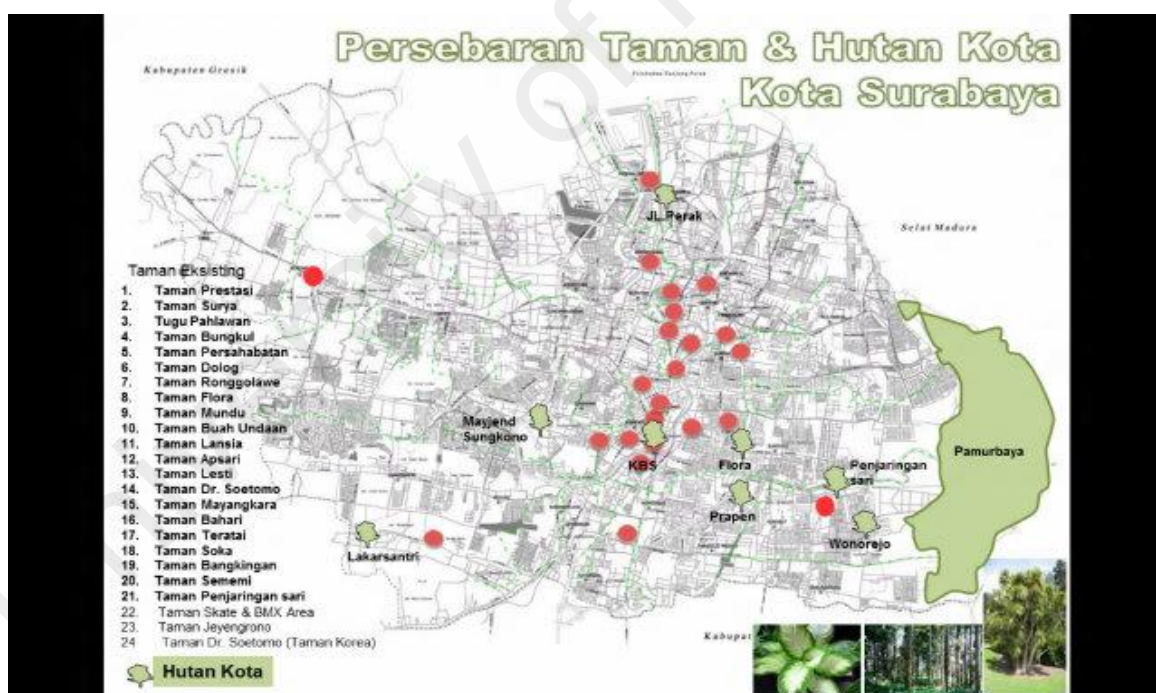

Figure 5.3.: The Map of Distribution of City Parks and City Forest in Surabaya
(Surabaya Government, 2014)

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[7]Taman Bungkul Surabaya (Surabaya's Bungkul Park) won the **2013 United Nations Asian Townscape Award** presented by UN Habitat Regional Office for Asia and the Pacific, the Asia Habitat Society, the Asia Townscape Design Society, and the Fukuoka Asia Urban Research Center. The Asian Townscape Awards are designed to honor cities, regions, projects, and others that have played a significant role as models in landscape construction. This year, the Asia Townscape Awards carried the theme **"Townscapes: a Source of People's Pride"** which shows the people`s pride in the place in which they live their daily lives. This year, Surabaya's Bungkul Park became the only city park in Indonesia to receive the award while the other Asian Townscape Awards went to Da Nang City and Hoi An Town in Vietnam. See www.indonesia.travel.com; see also www.tempo.co.

Based on the in-depth interviews, it seems that Mr. Bambang has considered environmental issues as an important matter for transforming his society. He strongly believes that it is time for his city and people to be more independent in deciding what they want to achieve for a better life in the future. He further asserts that the local government today should be more aware and sensitive to the dynamics of both economic and environment-societal demands as a result of globalization, democratization, and decentralization. He believes that the importance of environmental issues should enable them to become 'the entry point' in developing many governmental policies. He sees that public participation is necessary to create change at a larger scale, but it requires strategy and strong leadership in order for public participation to effectively achieve the common objectives (Interview, S.GOV-01). Thus, it is clear that the Mayor of Surabaya perceives environmental problems as an opportunity for him to demonstrate good leadership towards enhancing the quality of public institutions.

The Mayor of Surabaya has activated his bureaucracy from the city governmental levels to the sub-district levels in order to provide support for the work of environmental cadres and facilitators. He even made a public statement in front of his apparatus in an official gathering of program facilitators on March 6th 2007 that he would apply a 'carrot and stick' approach in order to make the city's bureaucracy workable for a successful implementation of the SGC program. Since then all the sub-districts in Surabaya have enthusiastically established environmental cadres in their communities and facilitated regular training programs for their communities in cooperation with the Surabaya Cleansing and Landscaping Department (DKP).

5.2.2. The Capacity of Public Institutions

Malkasian (2004:35) suggests that regardless of the vision and stakeholders approach the companies may have in conducting their CSR program, the quality of public institutions is a determinant factor in the program's success. If the public institutions are corrupt, not transparent and not accountable, it becomes a disincentive for any company to carry out its social responsibility. In the opinion of Mayor Bambang, the quality of public institutions centers on three key words: trust, transparency and accountability. These are very important factors to build a strong cross-sector partnership. The following passage describes how Mayor Bambang perceived this critical issue in the context of partnership building and development for the interest of public administration:

> "When I firstly entered the Municipality, I did my best to build trust… I had a formula. Actually <u>between public participation, trust, transparency and accountability, all are linear.</u> The logic is like this: never expect society's participation, whether individually, institutionally or corporate if there is no trust. Don't expect trust to develop if there is no transparency, and don't expect transparency if there is no accountability. Thus, <u>when designing a development program, it is accountability that should be prioritized, and then after accountability is present we can attain transparency. Once there is transparency, trust will follow. When there is trust, participation will follow. That's it! It goes automatically!</u> Thus, when Telkom collaborates with the Municipality, Unilever cooperates with the Municipality; there is no lost money because all is spent wisely and responsibly. Now there are many parties cooperating with us, such as Sampoerna. Why were they willing to spend money when I wanted to build a city forest, a mangrove forest of 2,400 hectares? The research cost 1 billion and it was funded by Sampoerna. There are many companies here, such as Tetrapak, whose awareness has increased too. Especially with Law No. 40 of 2007, companies will move in no time… Pertamina, Bank Jatim, and many other companies…" (Interview, S.GOV-01)

The quality of Surabaya's public institution that is strengthened by the visionary and egalitarian leadership of Mayor Bambang who was elected for the period 2005-2010, has become a tremendous encouragement for the implementation of Unilever's

CSR Program in Surabaya. This is acknowledged by Unilever's Environmental Project Manager who stated that Unilever's environmental program ran much faster when the Mayor showed his attention and support since 2004. In her opinion, Mr. Bambang was the action-oriented leader that contributed to the success of the SGC program (Interview, U.BUS-07). The strong municipal leadership is also strengthened by professional staff in several different agencies, such as the Surabaya Environmental Management Board, the Surabaya City Developmental Planning Agency, the Cleansing and Landscaping Department and many others. On top of that, the sustainability goals of Surabaya has been continuing in the next five years (2010 – 2015) when the political leadership of Mr. Bambang has been replaced by Mrs. Rismaharini as the Mayor of Surabaya. Even in 2014 Mrs. Risma has been awarded as the Top 10 best Mayor in the world in because of her great achievements in making Surabaya a much better place to live.[8]

In fact, Surabaya has a long experience in managing partnership-based social development programs. The *'Kampoeng Improvement Program'* (KIP) during REPELITA[9] III (1979-1984) was the first development project introduced to upgrade physical infrastructures in the neighborhoods of urban slum areas in the city. It was followed by similar programs, such as the 'Integrated Urban Development Program' (IUDP) in the Period of REPELITA V (1988-1993). Both of the programs used a 'bottom-up', rather than a 'top-down' approach and focused on improving the living quality of underprivileged groups. Regardless of whether the program was successful or not, an important lesson learned is that to achieve effective results through partnership is

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[8] See http://www.worldmayor.com. See the Appendix for the testimonials from her people about her profile.

[9] REPELITA, an abbreviation for *'Rencana Pembangunan Lima Tahun'* (Five Years Development Plan) is a strategy of Indonesian national development during the Soeharto-led Administration. As the second Indonesian president who was in power after the revolution period, socio-economic aspects were given priority in his development program. As the acronym explains, Repelita was designed for a five years implementation and was renewed periodically. It began in 1969 and was completed after Soeharto stepped down from his presidency in 1998. Each Repelita had its own specific priorities and targets, but the whole objective was to grow and stabilize the economy based on the development of the agricultural sector. This sector was considered to be the most important element for national stability and progress.

not easy to do within a short period of time. Thus, supportive pre-conditions for public participation are crucial (Santosa, 2000: 176-177).

It is also noteworthy to point out that before 2001 Surabaya had actually been one of the most advanced cities in Indonesia in terms of environmental protection. The city has received at least six 'Adipura Awards' – a prestigious national environmental award for the cleanest city annually given by the President. The year of 2011 was a special year for Surabaya because for the first time the city received several awards. Besides bringing back home the Adipura Award for the metropolitan city category, Surabaya also received five awards for its 'Adiwiyata School' and also the renowned 'Kalpataru Award' (see Kompas On-line, 08/06/2011; 20:11 WIB, http://sains.kompas.com). Unlike the other awards, Kalpataru is an award for individual achievers who have dedicated her/himself for protecting the environmental. Lulut Sri Yulyani was a Surabaya citizen from Kedung Baruk Sub-District who successfully restored 900 mangroves in Wonorejo mangrove forest and developed commercial products using mangrove-based raw materials, such as soap, snacks, handicrafts and batik -- Indonesian traditional cloth patterns-- with 44 various designs (see Kompas on-line, 07/06/2011; 16:05 WIB, http://sains.kompas.com).

In previous years, Surabaya has also received various international awards, such as the Honor City Programme by UNCED (1992) and the UNEP Award (1990). More recently, Surabaya was also awarded the International Energy Globe Award (2006) for the city's Cleaning Brantas River Program that was a joint program with Unilever, the Green Apple Award (2007), the Millennium Development Goals (MDGs) Award and the Dubai International Awards for Best Practices (2009). The last three awards were largely a result of the Surabaya Green and Clean Program, initiated together with Unilever and *Jawa Pos*. During the 5th Kitakyushu Initiative Network Meeting sponsored together by IGES Kitakyushu Office and UNESCAP in 2010, Surabaya was

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awarded as the best city in Asia Pacific with a good community-based waste management system (Ramdhani, 2010: 93-96).

The level of multi stakeholders partnership initiatives can also be an indicator to see the quality of public institutions. This can show the degree of mutual trust among the different parties. It is well noted that in 2009 the Surabaya City Government has officially engaged three companies – Carrefour Indonesia, Sampoerna and Telkom – to collaboratively carry out a community-based economic development program in Surabaya's coastal areas. As stated in their Joint Declaration (see he Appendix), the program aims at improving the economic capacity of people living along the coastal areas by developing a business center for fisheries and sea-based processed products as well as by optimizing the partners' capacities (Principle 1.1.). Furthermore, it states that the objective of this joint program is also to increase the quality of community-based fishery and sea-related processed products with a spirit of togetherness (Principle 1.2.)[10]. In the same year, the government also signed a joint project with PT. Telekomunikasi Indonesia Tbk (Telkom) to develop 'Surabaya Multimedia City', which aims at improving the information-communication service facilities, particularly Wi-Fi Internet Access, around the city. This joint cooperation includes the following programs: Surabaya Broadband for Government and Education, Surabaya Broadband Citizen, and Surabaya Government Community.[11]

A more definitive measurement of the quality of Surabaya's public institution can be also seen based on the 'City Development Index' (CDI). It is an assessment method used by UN Habitat to evaluate the performance of a city's development

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[10] See the Joint Declaration between Surabaya City Government and PT. Carrefour Indonesia, PT. Hanjaya Manadala Sampoerna Tbk, PT. Telekomuinikasi Indonesia, Tbk, on 'Business Centre for Improving the Quality of Fishery and Sea-based ProcessedProductsin Surabaya City *(Kesepakatan Kerjasama antara Pemerintah Kota Surabaya dan PT. Carrefour Indonesia, PT. Hanjaya Mandala Sampoerna Tbk, PT Telekomunikasi Indonesia tentang Sentra Bisnis Untuk Meningkatkan Kualitas Produk Olahan Hasil Kelautan dan Perikanan Kota Surabaya),* Number 415.4/4411/436.2.3/2009; Number 001/CI-TELKOM-HMS/CSR-MOU/IX/2009; Number 0409/CSR & CONT/2009: Number. M.237/HK.840/D05-F2000000/2009, 14 September 2009, Surabaya.

[11] See The Joint Declaration between the Surabaya City Government and PT. Telekomunikasi Indonesia Tbk. Divre V Jawa Timur on 'Development of Surabaya Multimedia City', Number: 415.4/3820/436.2.3/2009; Number: 614/HK810/D05-A 1010000/2009, signed in Surabaya, 10 August 2009 by Bambang Dwi Hartono (Mayor of Surabaya) and Triana Mulyatsa (Telkom Representative).

program throughout the world. The index is composed of several variables that represent the quality of a city's development. This includes variables such as infrastructure, education, health, waste management and city-products. Every sub-index has a value between 0 and 100. According to CDI, Surabaya was the city with the highest index situated outside of Jakarta reaching 90,51 points. Surabaya's rank was followed by Bandung, Makassar and Palembang. Overall, among other metropolitan cities – with a population up to 1 million people – Surabaya's position was second after Jakarta that had an index of 92,71 (Widiantono and Soepriadi, 2009: 3,5). Other prestigious international awards received are the 2011 ASEAN Environmental Awards and the Asia Best Public Park for Taman Bungkul .

In fact, the Surabaya City government has taken significant steps to create a healthier living condition for its citizens. This includes (1) greening the city by transforming thirteen gas stations that violated the green space regulation into public parks with various social functions (see Figure 5.3); (2) restructuring the city's riverside areas by developing median and riverside parks, such as 'panjang jiwo' riverside, 'ITATS' riverside, 'kebonsari' riverside, 'kaliwaron' riverside; 'undaan' riverside; (3) conserving the city's forest in at least six locations, namely: Flora Park, Wonorejo Seed Garden, Surabaya Zoo, Mayjen Sungkono Roundabout, Propen City Forest, ITS City Forest; (4) developing urban farming agriculture in *kampung-kampung*, such as in Greges-Asemrowo, Pakis-Sawahan, Keputih-Sukolilo; (5) supporting a 'Car Free Day" program to reduce the air pollution from transportation; and (6) monitoring Industrial Water Treatment Installation (Rismaharini, 2011).

Meanwhile, in the context of MSWM, the Surabaya City Government has also shown its commitment to support the implementation of the 3R principles-based waste management. Several programs and activities undertaken by the government so far are as follows: socialization to the community, establishing community-based/ city-wide

Table 5.1. Best Practices of Surabaya City in Promoting Environmentally Sound Waste Management

(Rismaharini, 2011)

Program	Activities	Details
Socialization to the Community	Conducting counseling activities, environmental campaign and socialization on the importance of 3R principles in waste management to: communities (districts & sub-districts), schools, markets, and office buildings.	In cooperation with local NGOs, such as Bangun Pertiwi, Pusdakota, Sahabat Lingkungan, etc.
Distribution of Cleaning Tools	Distributing cleaning tools for free to help communities manage their own waste, such as trash carts, household scale composter and its modifications (takakura basket, composter bin, etc.), and waste shredder (to shred waste before processing in compost center).	Up until 2010, distribution has reached 17,033 units of the takakura basket and 1,314 units of composter bin.
Building, managing, supporting community-based and city-wide composting centers	These centers are used for composting waste generated from markets, streets, public parks and other green spaces (median) across the city; These centers are built using the Government's Budget; The proposal to build a composting center can either come from the city government or communities.	Up until 2011, there were 15 composting centres located in: Benowo Landfill, Keputren, Tenggilis Utara Menur, Wonorejo, Tenggilis Taman, Rungkut Asri, Gayung-Sari, Bibis Karah, Sonokwijenan, Sumberojo, Putat Jaya, Srikana, Jambangan, Bratang,
Supporting the recruitment and training of environmental cadres	Officially inaugurated the recruitment of 45 pioneer environmental cadres in Jambangan Sub District (2004); inaugurated the establishment of the Surabaya Association of Facilitators for Environmental Program (9 May 2009), etc.	In cooperation with Unilever, as the initiator of the environmental cadre network.
Providing Rewards and Punishment	Providing rewards for communities willing to process their waste by applying 3R principles through the 'Surabaya Green and Clean' program; Providing rewards for environmental cadres at national day awarding; Law enforcement through judicial operation.	Providing financial rewards for the SGC Award Winner Announcement (given in cash)
Supporting/ developing Waste Recycling Business Center	These centers are aimed at developing recycling activities, increasing the quality of recycled products, etc	So far five centers have been established across the city.
Supporting recycled products marketing	Helping to promote and sell various recycled products from communities to the public in shopping centers throughout the	There are currently seven shopping centers that take part in this program: ITC

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		Mega Grosir, Jembatan Merah Plaza, Royal Plasa, Pasar Atom, Cito, Darmo Trade Centre, and Tunjungan Plaza.
	city.	
Supporting Community-Based Waste water Treatment Plants	Encouraging communities/ neighborhoods to reduce clean water consumption and reuse residual water for watering plants.	This firstly has been innovated by community members at Kampung Gundih

composting centers, distributing free composting tools to the community, supporting recycled products business centers, supporting community-based water treatment plants, etc. (see Table 5.1).

Despite the fact that the Surabaya City Government has been very progressive in promoting environmental policies, it seems that the quality of public institutions in the city is still questionable. An internationally distinguished scholar from ITS, an emeritus professor at the Planology and Architecture Department, illustrated the current situation in Surabaya as two sides of the same coin. He firmly states that on one side of the coin people at the grass-roots level living in *kampoeng-kampoeng* around the city have inherently shown their capacity to change in a dynamic way. They have independently supported the recycling program. They have creatively developed their potential on their own, without having to wait for the government's assistance. He believes that they played a large role in urban waste reduction.

Meanwhile, on the other side of the coin, the city government has yet to perform as it should be. The Surabaya City Government is still far behind their counterparts in Europe and Japan in carrying out its responsibilities. One of the biggest challenges is human resources in the government sector, as he further states:

"…. I see that one of the constraints we face is the incapability of human resources in the city government to keep up with the speed of the city's advancement. Although the number of staff who holds a Master and Doctoral

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Degree has increased, it does not automatically guarantee (anything). <u>The city's development is very fast, and the quantity of waste generation has increased even faster. Such challenging conditions are not balanced with improving the capacity of the city government</u>. Perhaps in the following years there will be incremental improvements. In fact, the Surabaya City Government has an advantage because it has a good relationship with local universities which can help to fill the gap in human resources supply…"(Interview, S.IUS-35)

5.2.3. International Cooperation

.   One important indicator in Surabaya's government capacity, as claimed by the Head of Surabaya's International Cooperation Sub-Division, is that the city has been able to take a part in international networks and gain advantages from her involvement in such international relationships.

Under the 'sister city' cooperation framework, 'Kitakyushu International Techno-cooperative Association' (KITA) has provided Surabaya with the technology know-how and financial support needed to develop a series of hygienic and efficient composting methods developed to suit the climate in Surabaya and applicable at the household level. In this collaboration, the government invited Pusdakota, a local NGO, to be KITA's counterpart. Afterwards, Pusdakota and the government replicated the model by starting the operation of 13 composting centers and distributing 16,000 household baskets (Maeda, 2010: 06).

According to the city's Head of International Cooperation Sub-Division, Surabaya is one of a few municipalities in Indonesia that has actively engaged in the so-called 'sister-cities' (international) cooperation and has received many advantages from such a relationship[12]. While the majority of Indonesian municipalities let go of such great international opportunities by limiting it to mere paperwork; often called as 'paper

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[12] See the Appendix. Surabaya is the second rank after Jakarta as the city which has a large capacity to carry out international cooperation, especially under the co-called scheme of 'sister cities'. So far it has developed relationship with 11 (eleven) foreign counterparts with cities around the world, including Busan (South Korea), Seattle (U.S.A.) and Guangzou (China). In particular with Kitakyushu, beyond 2010, the Surabaya City under Rismaharini-led administration has strengthened their ties with many cooperation agenda. See the Appendix.

tiger'. (Interview, S.GOV-05). The following Figure 5.4. indicates the institutional capacity of the Surabaya City Government, in particular under the leadership of Mayor Tri Rismaharini, to develop international cooperation for the pursuit of Surabaya sustainable development agenda. As shown by Figure 5.4., it is clear that the sustainability vision of the Mayor has enabled her to extend the areas of international cooperation not only deepening the cooperation in solid waste management sector, but also move towards other sectors, such as transportation, energy and water resources. All these sectors are strategic areas in the pursuit of sustainability goals since they respond to environmentally-based urban development agenda that determines the quality of public services.
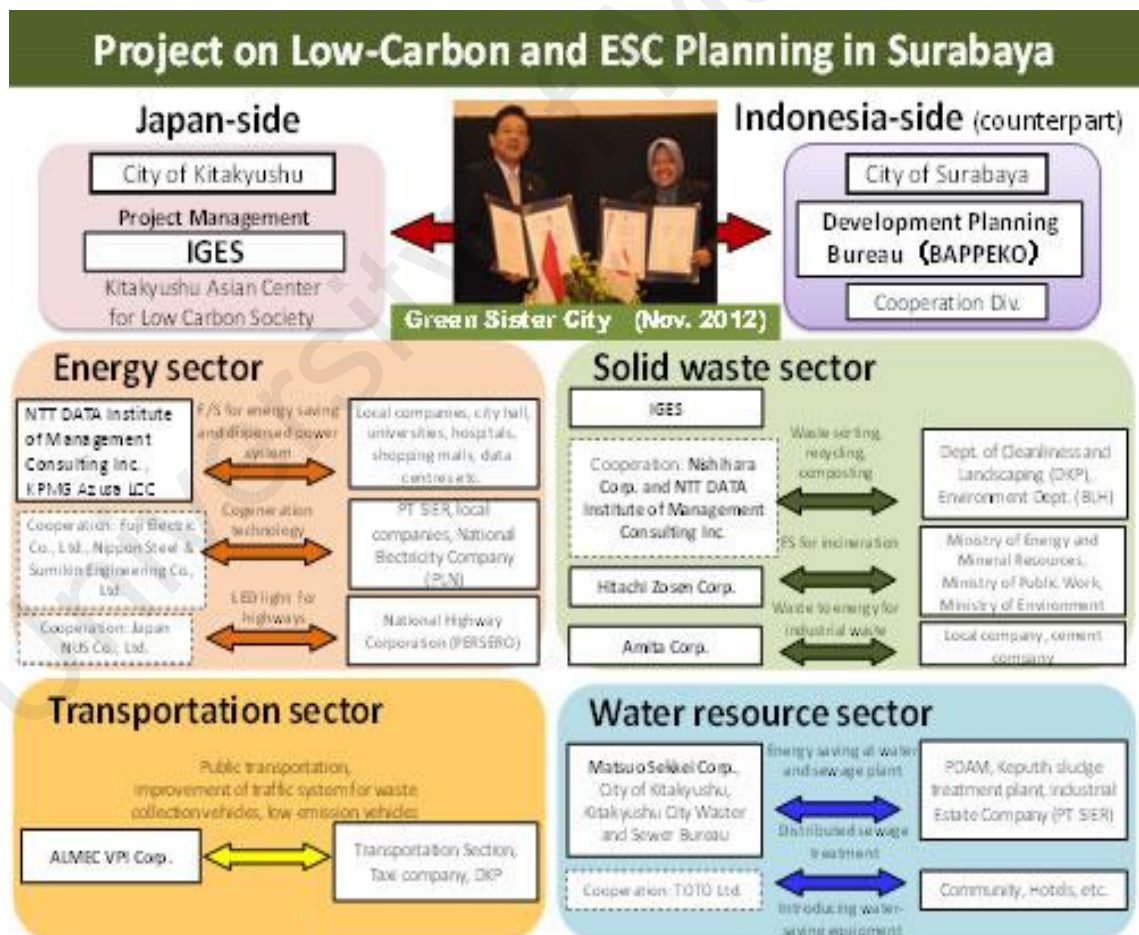

Figure 5.4. An Overview of Surabaya – Kitakyushu International Join Program Moving Towards Sustainable Development
(Bappeko and Maeda-IGES, 2013: 3)

Having learned from the case of municipal solid waste management program, Surabaya's capacity to carry out international programs has influenced by several factors. They include visionary leadership, wide public participation, and tripartite partnership between state-business-civil society are the key to play successful in capitalizing external resources received from international cooperation with other cities or international institutions abroad.

As a summary of this chapter, we can say that multi stakeholders partnership established to conduct the CBWM/MSWM/SGC program in Surabaya is more than just a CSR management strategy applied by Unilever to promote their social vision and mission. Rather, it is inherently a dynamic process of socio-political interactions among the actors engaged which has contributed in shaping and reshaping the actors' interests. When previous studies on partnership have shown that many partnership projects in the world, especially in developing countries, fail to be sustained in the long run or fail to be scaled up into a larger area, and consequently are unable to achieve the desired common objectives, the case of Surabaya seems to be the successful one. There are in fact some distinctive factors within the local context of Surabaya that have been playing as the contributing factors for the success story of it. We call these factors as intervening conditions, that include political leadership, political momentum, international cooperation.

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CHAPTER 6

UNILEVER AND SURABAYA PARTNERSHIP MODEL:
AN ASSESSMENT AND FURTHER IMPLICATIONS TO
SUSTAINABILITY GOALS

As stated in the introduction, this study does not simply look at the narrow claims about the success of UI's Green CSR program under the flagship of Surabaya Green and Clean as described in the official publications or media coverage. Instead of, it attempts to examine the detailed process, the overall assessment and its broader implications to sustainability goals. To understand the existing achievements and its broader implications of the SGC program and its partnership strategy, this chapter provides a further analysis by exploring the richness of the qualitative data, while also taking into account the findings and the previous analysis.

The overall assessment of SGC program and its dynamic partnership basically refers to the achievements of sustainability goals. Sustainability itself means *"a state whereby what is to be sustained is genuinely sustainable in the long term"* (Adger & Jordan, 2009: 4). Sustainability goals by its definition therefore comprise two major aspects, namely *'process'* and *'outcomes'*. The first aspect refers to a process of change in which society organize themselves to apply the principles of sustainable development in an attempt to fulfill their needs in a relationship with their ecological environment. While, secondly, 'outcomes' refer to the overall quality of human wellbeing and the ecosystems on which it ultimately depends (Adger & Jordan, 2009: 4-5).

Regarding the 'process', this thesis suggests that the existing achievement of Unilever's initiated partnership program under the flagship of Surabaya Green and Clean throughout the period of 2001-2010 should be understood as part of a long term process to moving towards sustainable development. Therefore, despite the fact that the

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SGC program has been relatively successful until the end of 2010 in meeting its main objectives -- that is, significant waste reduction and increasing public participation -- nevertheless, with regard to sustainability goals, there remains a critical question to be posed: what is to be sustained? This question even potentially becomes more controversial if we add several questions, as formulated by Elliot (2006: 157-158), such as how should it be sustained? What kind of development is envisaged? What normative assumptions need to be embedded in it? Is it locked in conventional development course and ideology of growth or is it more informed by ecological ethics? Therefore, put simply in the other words, we argue that the underlying issue in talking about the continuity of SGC, not only lies in the evaluation of it as a technical program but also in observation of its collective spirit represented in a multi-stakeholder partnership towards sustainable development. The core question therefore concerns about how to govern sustainability.

Governing sustainability in the dynamic challenges of Surabaya's local context is an uneasy job. There are several reasons for this. First, having relatively good quality human resources and good facilities of public infrastructure as well as strategic geographic location as the regional development hub for Eastern Indonesia, Surabaya highly pressurized to serve various urban functions according to national, even international, standards. These functions include economic activities (such as, trade, finance and investment) and social services (such as, education, health, communication, entertainment and tourism). Therefore, Surabaya will certainly face increasing growth challenges of urbanization, industrialization and modernization that gives high pressures to the city's natural carrying capacity and the environmental quality as a whole. The further implications of those tensions will be compounded by the forces of economic globalization resulting in a heightened competition amongst people living in the city, particularly those the lower class society, to struggle for access of natural-based

resources, such as clean and drinking water, housing, gas and electricity and generally fresh air. Consequently, complex urban social problems increased, such as poverty, crime and environmental degradation,

Secondly, although the current achievement of SGC is quite impressive for its ability to reduce up to 20% the volume of waste handed to the final station from the total amount of solid waste around the city, as acknowledged by Japanese scholars (Maeda, 2009, 2010), it is not enough to achieve sustainability goals. The existing SGC program for at least five years has only focused on solid waste management at the household and community levels, while as argued by the Director of Bangun Pertiwi (Interviews, S.NGO-15), there remains at least 50% of the total solid waste in Surabaya that has not yet been managed with 3R principles. This includes solid waste sourced from restaurants, hospitals, offices, schools, shopping malls and even campuses.

Meanwhile other types of solid wastes, such as plastic and paper tend to increase in volume (Trihadiningrum, 2010) and need further management because it cannot be solved only by through 'trashion' activities. In addition to this, liquid wastes, particularly toxic and hazardous substances coming from industrial activities have yet to be managed properly. Unless the sustainable development paradigm is applied, industrial water pollution could potentially become a very serious problem for Surabaya as the people depend on the river system surrounding the city. Further consequences, such river pollution may potentially bring disadvantages for the fishermen living around the coastal area of the city which covers about 19.039 ha or 36.55% of the total area (*KOMPAS* Daily, 08/03/2011).

Against this backdrop, the achievement of sustainability goals in Surabaya can be criticized through three lenses: First the commitment of private sectors, particularly Unilever, to go beyond compliance and continuously develop Green CSR program. The

compliance of Unilever, and other companies whose core business belong to the Fast Moving Consumer Goods industry need to be aware of the critical point of *'extended producer's responsibilities'* stipulated in the National Waste Management Law (UU No.18/2008). For certain people, like Director of Bangun Pertiwi (Interview: S.NGO-15), Academician from Petra University (Interview: S.PUS-33), Academician from Airlangga University (Interview: S.AUS-32), environmental cadre from Jambangan (Interview: S.JLC-21), and the Surabaya City Head of Environmental Management Board (Interview: S.GOV-03), they all similarly argue that Unilever should take more responsibility in managing their packaging waste in Surabaya because Unilever is part of the existing problem. According to the Law, it is the Unilever's corporate responsibility, not the people of Surabaya, to manage their packaging waste after their products have been consumed. Surabaya civil society tend to criticize that the genuine motivation of Unilever's involvement in Jambangan environmental program and subsequently the SGC program is only to serve their business interests.

Hence, Unilever's long-term commitment would be always scrutinized under that Law. Regarding private sectors' commitment, *Jawa Pos*' critical position as a giant media company with national network, not only as media partner for the SGC program needs to also be scrutinized (Interview: S.AUS-32). It is still in doubt whether Jawa Pos' big plants supplying raw materials for its newspaper publication has fulfilled international environmental management standards in its operations. This pattern of thinking can be applied to all private companies that are involved in the SGC program as part of their CSR activities. In line with the main principle of CSR itself, the first and foremost question for them is: "Have they complied with the existing environmental regulations?". Moreover, if we refer to the so-called 'sustainability portfolio', Unilever still needs to have a 'sustainability vision', on how the company should go beyond greening business practices such as developing pollution prevention systems, product

stewardship and clean technology and consistently focus more on external and strategic goals of sustainable development. This implies that the company should always be ready to be part of the long term process of transforming society with new norms and values on environmental protection (Crane et.al, 2008).

Secondly, the consistency of the Surabaya City Government to sustain and develop the SGC ideas into various public policies even under stronger budgetary constrains than in the past. This reflects strong commitments of the city government towards environmental protection. In this regard, strengthening institutional capacities to build law-based control mechanisms for unsustainable business practices will be a critical agenda since the existing democratic system in Indonesia today remains largely dependant on the central figures. So far, the post-2010 SGC has continued (www.jawapos.com) under the leadership of the Mayor of Surabaya, Tri Rismaharini. This is expected since Risma was the architect behind the SGC program during the era of Former Mayor Bambang's administration. The question then is, if Risma is not elected anymore in the next general election (2015), would the Surabaya city government remain committed to support the SGC program? When that time comes the effectiveness of the democratic system will be put to a test on whether it can support the achievement of sustainability goals.

In fact, there are still many unfinished agenda in Surabaya MSWM problems. Up to the end of this research period (2010), the local governmental regulations (locally known as *'Perda'*, an acronym for *'Peraturan Daerah'*) on sustainable waste management, as part of the national law implementation system, does not yet exist. Moreover, the incentive-disincentive mechanism to encourage more effective public participation in applying the new waste management paradigm has not yet been developed. According to Airlangga University scholar (Interview, S.AUS-32), it is the responsibility of the city government to control and manage all related problems

concerning waste management, because waste, or in vice versa a good living environment, is categorized as 'public goods'. The responsibility and authority of the city government in waste management cannot be transferred to other parties, neither to its people nor companies. What can be shared to third parties (private sector) is only the technical operationalization of the policy for several reasons. For instance, in the case where the government lacks the funding and infrastructure to support implementation of a particular policy, the government then invites the private sectors and establishes the so-called public-private partnership mechanism. If in the process there is a problem with the company-partner's performance, then it is the government's responsibility to solve the problem. In fact, in the new paradigm of waste management the role of government is being challenged to also include leading the society in order to transform the waste into useful resources (such as for electricity, etc.).

Thirdly, the continuation of Surabaya citizens' environmental consciousness to internalize new norms of sustainable waste management as their new 'habits', instead of temporary actions throughout the annual competition was mainly motivated by material rewards. It is widely acknowledged among critical local NGOs activists and scholars, that the success of SGC is the result of the active participation of the Surabaya people, not Unilever. In the words of the reputable scholar from ITS (Interview: S.IUS-35), "the people of Surabaya are very deserving of its city". It is no surprise that over the last two decades the City of Surabaya has received many awards, mostly because of the people living in *Kampung-Kampung* always show their great willingness to take part in many government-led program. However, he acknowledged that sustainability is crucial, primarily because people have the tendency to waver in between habits, especially if the government fails to exemplify its maximum effort.

Therefore, the question is whether the Surabaya people will continuously have a high spirit and full of consciousness to sustain and develop the idea of the SGC

program? In this regard, it is very important that people's initiatives at both individual and community levels should be consistently developed in line with a more social-cultural approach so as to significantly improve the quality of the environment and human well-being. This also includes the people's ability in driving a heightened environmental awareness of the products they purchase (Cahyadi, 2011).[1]

The data collected throughout this study using process-tracing and triangulation methods confirmed the main thesis that the quality of public institutions and public participation are the keys or the determining factors in the achievement of sustainability goals, both for the process and outcomes. Therefore, the case of 'partnership in Unilever Green CSR program in Surabaya' is a representative case of the 'partnership in environment governance', because governance in the environmental sector is cooperative and multi-stakeholders in nature and it is still able to take place despite being located in a setting presented some constraining elements, such as suspicion towards MNCs, lack of political coordination, and cultural condition. We further argue that the so called 'Surabaya model partnership' is a unique case of 'partnership in environmental governance'. This partnership model was characterized by the workings of social capital that enables a wide variety of engagement between state and non-state actors -- including business entities (MNCs and National/Local Business), local NGOs, local media (Jawa Pos, Radar, Suara Surabaya) and certainly the local communities – to sustain the transformation process of MSWM problems in Surabaya. Increasing public participation, particularly with regards to the involvement of some other business entities, such as the engagement of PT MPM Honda, Ice Cream Campina (http://www.jawapos.com).

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[1] There are four ways of being such 'smart consumers': (a) realize that the plants of the producer claiming their products are green products are built not in conservation area or not by doing environmental destruction (e.g: forest, water sources, fertile areas, etc); (b) aware that the product life cycle, starting from production to distribution process does not apply unsustainable practices, such as exploitative raw materials and produce air, water or land pollution ; (c) realize that all components of the product must be environmental friendly; (d) being critical to consumerism inherently driven by the products.

What is also important to underline is that Surabaya Partnership Model under the flagship of SGC program not only successful in bringing social and environmental benefits, such as better household environment, greener and cleaner streets, employment, production of herbs and vegetables using compost, income generation by selling compost, but also greater implications to local developmental agenda. This include more public parks, more composting centers, more environmental projects, more community and private sector involvement and more gas (GHG) emissions avoided.

Rather than technical-developmental agenda, Surabaya Partnership Model has fully reflected the existence of social capital. Several key elements of social capital, as shown in the following Figure 6.1, has embedded within the process. If we follow Craswell (2008: 437, 445) on grounded theory, social capital in the case of Surabaya can also considered as the context because it refers to specific conditions (in Surabaya Surabaya) that influence the strategy applied by Unilever to develop partnership with
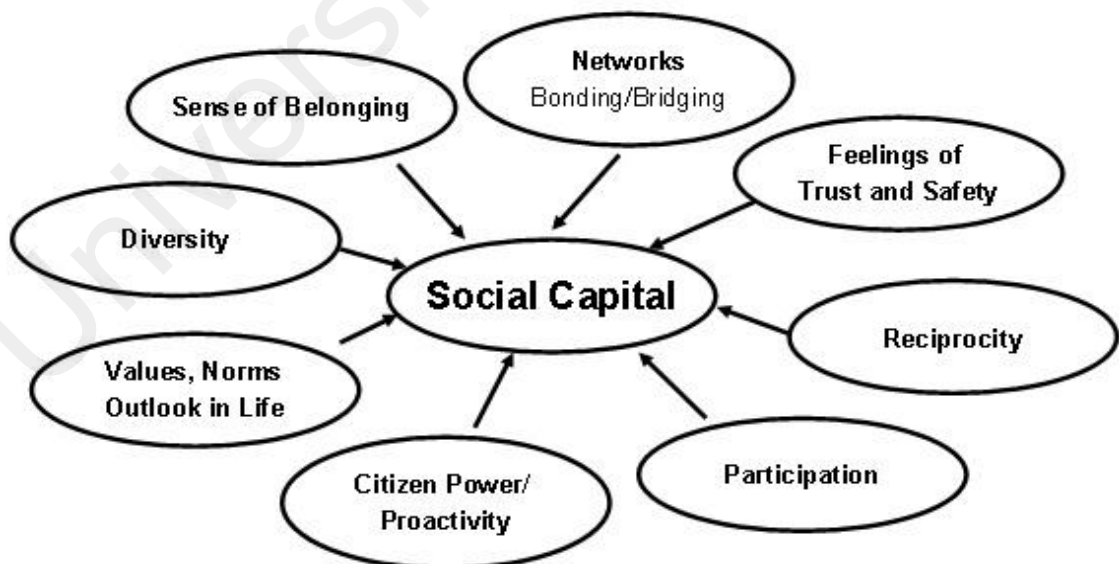

Figure 6.1. The Elements of Social Capital
(Boeck, Fleming & Kemshall, 2006)

various stakeholders, particularly the City Government and the local media *(Jawa Pos)* in order to succeed its mission in doing CSR program in Surabaya.

Sense of belonging and participation are the top list of these key elements of social capital. These two elements are mutually related. As Johan Silas argues that the existing achievement of Surabaya is because the people of Surabaya has strong sense of ownership, even beyond sense of belonging, to its city. "It is something that is probably absent in many other cities in this country" (Interview: S.AUS-32). The realities show that over the years since the launching of SGC in 2005, the number of participating community in the program of Surabaya Green and Clean has continuously increased. On top of the target of waste reduction in significant volume has been achieved and acknowledged by international community. In more hypothetical way, we can say that strong sense ownership wields strong participation.

The existence of social capital, particularly with regard to the element of the **citizen power/ pro-activity** can be clearly shown by the workings of *'environmental cadres network model'* with more than 26.000 individuals engaged, including the presence of strong leaders in informal bureaucratic structures (RT/RW) as well as non-governmental/ non-profit organizations (NGOs/ NPOs) who have a vision to address environmental issues. The establishment of Surabaya Association of Environmental Facilitators (locally called *'Paguyuban Fasilitator Lingkungan Kota Surabaya'*) in a voluntary basis has also proven the citizen power in Surabaya (Ramdhany, et.al, 2010: 41-46). They all work together in the long term process of simultaneously adopting top-down and bottom-up approaches to deal with the complex problems of waste management in Surabaya for more than five years, even up till now.

In a dynamic urban society like Surabaya, social capital is a very important factor to address the challenges of urban problems, as shown by the case of New York's

community in Putnam's story. The existence of **mutual trust** and **networking** among various citizen groups in society and between the people and their government are some key elements of social capital that make all ideas and programs about being green workable in empirical situations. The existence of social capital results in legitimacy for the SGC program and the rising of sense of ownership among stakeholders, which finally contributes to the success of the SGC program in achieving the sustainability goals.

It is also important to note how the leadership of the Surabaya Mayor Bambang Dwi Hartono in the earlier process of building partnership to formulate SGC program in 2005 and then his predecessor in 2010 SGC[2] the Mayor Tri Rismaharini who has continuously preserved the continuity of SGC with greater public participation and innovations. They has encouraged public participation with good strategy of **reciprocity** by creating special celebrations and awards for all the participating communities engaged in SGC program from year to year and have proven successfully shifting their Their roles and performances would be discussed in the following parts by bringing the concept of 'environmental state'.

For further discussion in governing sustainability, this study attempts to look back to the state's role at all governmental levels. In earlier parts of this study I argued that, although corporations have a stake in partnership for sustainable development, the role of state is nevertheless very important in determining the outcomes of sustainability goals. The logic is very simple because the ecological environment – in which waste is a part of – is a public goods. Also, as stated by Airlangga University Scholar (Interview:

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[2] This study focuses only on the dynamic of the partnership between 2001 – 2010 in which Unilever was a key actor. Thus, post-2010, the researcher relies on data provided in official websites of the Surabaya Government and the daily news, particularly local newspaper (Jawa Pos) and national daily (Kompas). The researcher used these as secondary data. These data was important to show the basic facts about the continuity of the SGC program and the general patterns of the program (such as the actors engaged, what the main features of the program, etc)

S.AUS-32) because under the Law (UU No.18/2008) it is a state that has been awarded the authority of waste management:

> The authority of waste management cannot be transferred, neither the responsibility. It is the [state] who should bear the responsibility. If there is a problem of management process in a city/municipality or in a certain area, then the state should be responsible because [she] was granted a legal authority by the National Law (*Undang-Undang* No.18/2008) to deal with waste management"

Therefore, the so-called 'environmental state' is actually becoming a central concept under the contextual discussion of sustainable development; while CSR, partnership, governance and sustainability are several other related concepts that form an 'umbrella' under which the (environmental) state's role is being tested. Blowfield and Frynas (2005) have suggested that we cannot simply demand for CSR contributions to address public issues such as environmental sustainability. It is because there are always limitations to CSR contributions, coupled with the complex challenges of development in developing countries. Whilst, Kemp (2001) and Malkasian's (2004) studies have also confirmed that the role of government to make public institutions more responsive and responsible in tackling environmental problems is very critical. Their credibility will highly influence the engagement of private sectors in a partnership program.

To gain a wider public participation the government needs to have a transparency and accountability in performing its roles as public institutions. This is actually the bottom lines of an interdependent relationship between the dimensions of an active public participation and a responsible public institutions. This is observable in the case of Surabaya, where more companies have engaged in the SGC program, not just Unilever. Moreover, the case of Surabaya has gradually moved from *'partnership as a*

collaborative arrangements' to *'partnership as a means to good governance'* (Brinkerhoff, cited in Glasbergen, et.al, 2007: 68-85).

The importance of the state's role in our discussion of partnership for sustainable development is inspired, among others, by Austin P.J. Mol's book article (cited in Glasbergen, 2007: 214). In that article, quoting the renowned article of Evans, et.al (1985), Mol argues that the state is important in any social analysis, including any developmental-related social issues. According to Mol, the inclusion of the state in an analysis would make the neo-liberal (economic) development perspectives more balanced. Nevertheless, several authors have also rekindled the arguments on the importance of the state or the state's responsibility in confronting the complex challenges of the 21st century, in which environmental protection, poverty eradication and social justice are among the important areas of responsibility. (Fukuyama, 2004; Vogel 2005; Keliat, e.al 2013).

A quest for the role of the state in making CSR program workable and the achievement of sustainable development in many developing countries like Indonesia is a challenging socio-political agenda. This is due to the western tradition of CSR with its mainstream ideas about CSR as a voluntary initiative, instead of an obligation, which is not applicable in Indonesia because in Indonesia the state has made that CSR mandatory. It has been clearly stipulated in several laws and legislations, including *'Undang-Undang'* (UU) or Law and *'Peraturan Pemerintah'* (PP) or Government Regulation, among them UU No.4/2007 on Limited Companies *(Perseroan Terbatas)*, UU No.22/2001 on Oil and Gas *(Minyak dan Gas)*, UU No.25/2007 on Foreign Direct Investment *(Penanaman Modal Asing)*, PP No.47/2012 on Corporate Social and Environmental Responsibility *(Tanggungjawab Sosial dan Lingkungan Perusahaan)*. Nevertheless, despite all these regulations, in general CSR practices in Indonesia have not yet effectively achieved their desired objectives. CSR practices have been used

mostly for public relations, which are not sustainable and more business oriented. Accordingly, it is very relevant to critically ask 'who should take the leading role so that all the weaknesses of CSR practices may be overcome'? Vice versa, there is also a fundamental question concerning whether CSR will take over state's authority in addressing societal problems?

Above all, the important role of the state is highly connected to the issue of legitimacy towards a certain project. Legitimacy refers to the recognition and the acceptance of a certain project as an alternative –or supplement—to governmental policy on a particular public issue (Glasbergen, 2007: 11). Regards to this in sustainability issues, the role of the state becomes critical as it holds the key to ensuring 'ecological justice'. It means that the state has an authoritative capacity to make and enforce the process of burden sharing among various actors with different modalities, characters and interest to join in partnership for achieving their common objectives.

Concerning the principle of equality in partnership, Salim (2010) and Brinkenhorf (2002) have similarly argued that the equal relationship among the actors engaged in partnership is the key for success. Brinkenhorff (2002) further states that each actor in partnership is rational because they have their own interests and needs. In addition to their different capacities. Therefore equality is very important as a basis to build mutual trust and, in turn, contributing to the success of partnership. At this point it is worthwhile to acknowledge that in reality the divergence of basic interest among the actors engaged in a partnership project may occur, especially if the project is temporary (MacDonald & Chrisp, 2005).

It should be underlined here that this study also shows the importance of strengthening public-private partnership in achieving sustainability goals. This study basically acknowledges the contributing role of private actors, particularly corporations due to distinctive modalities they have such as financial capital, skillful human

resources, know-how technology and management. Therefore, the presence of responsible companies having sustainability vision are undoubtedly helpful in solving the problem of state's incapacity, inefficiency and ineffectiveness in accelerating the development process for the pursuit of sustainability goals, particularly in poor countries or developing countries where government generally lack the financial resources and administrative capacities to carry out their strategic roles in addressing complex problems such as environmental sustainability.

Finally if we put it in a broader context, governing sustainability requires the so-called 'environmental state", that is, a set of high quality of public institutions and strong political leadership with a long-term sustainability vision that can carry out the state's role effectively. With regards to Indonesia's national context, this issue is very relevant. However the most critical question is whether democracy is the best political system to support the attainment of sustainability goals, as believed by some scholars (Elliot, 2006; Narain in Jacquet, et.al, 2009: 210-211). This question is very relevant when taking into account the factual and actual condition of local governments in Indonesia's socio-political setting. They have a larger degree of autonomy to conduct development since the end of the Soeharto-led administration in 1998.

However, the problems in today's decentralization era is that many heads of local governments have been implicated in legal cases because of corruption and power abuse. According to the Head of the Information Centre at the Ministry of Home Affairs, Reydonnyzar Moenek, during the period 2004-2012 there were 173 heads of cities/regencies that underwent Inspection status as witnesses, suspects and defendants. About 70% of that number have already received a legally binding verdict and became convicted. Meanwhile, Indonesian Minister of Home Affairs, Gamawan Fauzi, said that out of 495 cities/regencies and 33 provinces, at least 173 were governed by those implicated in legal cases. According to Ganjar Pranowo, Vice Chairman of Commission

II of the Indonesian House of Representatives (locally called DPR), corrupt practices by the local governments stem from competition to win power during the elections that require a very expensive budget for a potential head of cities/regencies. At least one Regent/Mayor/Governor candidate needs to prepare a total of Rp.15 billion - Rp.30 billion. (http://www.nasional.kompas.com/read/2011 04/17/01423258, accessed 05/10/2012, 2:45 PM).

In short, the above information clearly indicates that most Indonesian local governments still lack the institutional capacities to develop a good governance system (Azis, in Azis, et.al, 2010). In turn, this condition leads to the ineffectiveness of bureaucracy in handling their job. This is certainly a big challenge in the pursuit of the sustainable development agenda for the state at all governmental levels. It is because governing sustainability should abandon the 'business as usual' practices. Keliat, et.al (2013: 139-141) have comprehensively identified several challenges the state needs to address. To some extent, this identification can be applied to the case of Surabaya. First, how to develop the existing legal framework at the national policy level that simultaneously supports the long-term vision of sustainable development. This includes changing the overall approach of environmental policy making in Indonesia which currently applies more on 'end-pipe solutions' approach, instead of a preventive one that has the potential to effectively address the roots of environment-related problems.

Second, how to develop an institutional framework that strengthen the state's capacity and ability to ensure law enforcement while encouraging independency and integrity of the state to play their role well as 'a good police' among the various divergent interests of stakeholders. In this regard, a participatory approach to multi-stakeholders partnership strategy is the best way to deal with the complex tasks of sustainable development, including policy drafting, implementing, monitoring and

evaluating. Therefore, such democratic mechanism certainly needs to be sustained. Third, state should be able to provide financial support for environmental policies. The high technicality of environmental problems requires more operational funding to be allocated in order to properly address the issue. Accordingly, the state's capacity to build up international cooperation or networks is necessary in order to search for external resources. In addition, the state should be able to lead the overall process of financial management for effective resources allocation. Fourth, is how to shift the national development paradigm from the previous extractive dependent development and pro-growth views to a new renewable energy based and pro-environment approach, particularly among politicians and the policy making communities working in the government sector in Indonesia.

Fifth, is how to sustain civil society engagement in order to gain a wider political support for policy change that is in line with sustainable development agenda. Sixth, concerns how to develop a road map towards sustainable development with a comprehensive and long term vision, taking into account the social and ecological impacts in each stage of the development period. In short, all these challenges are in line with what the Indonesian National Development Agency (locally known as BAPPENAS) and the World Bank have suggested in their policy paper. As presented in the first chapter, they similarly state that there are several major constrains that local governments have to face in dealing with MSWM problems, namely, (1) the lack of institutional and organizational capacity; and (2) low technical and financial management capabilities.

This study suggests that in dealing with MSWM problems, it is worthwhile to have a look at the current global trends about city and environmental problems: First the blue print of Local Agenda 21 as an outcome of the 1992 Earth Summit has emphasized

the importance of local governments to deal with several key environmental challenges, including municipal solid waste management. The existence and the strategic role of the city (municipality/regency) has gained wide recognition from the international community and United Nations (de Viliers, 2010: 4-5). Local Agenda 21 has clearly recognized that today's global environment related problems are inherently rooted in local action and therefore cities as well as their leaders -- as a part of the local governments -- potentially become a key player for achieving sustainable development agenda (Fraser, 2014; Acuto, 2013; Betsill & Bulkeley, 2006; Charter 2001; Williams, 1997)[3]. The role and function of a city government is considered very important because it is a governmental unit that is considered closest to the community.

In a highly urbanization of the world today, cities are strategic sites of energy consumption and waste production so that cities' leaders are expected to lead the planning and to facilitate the policy changes and its implementation process more effectively. In addition, it is also considered easier for the cities to build a partnership and engage in consultation with various stakeholders in the community on an ongoing basis (Betsill & Bulkeley, 2006: 143; Carter, 2001: 276). Therefore the United Nations, through the support of UNEP and UNDP, are encouraged the development of Local Agenda 21 documents in order to effectively implement the principles and sustainable development agenda agreed on at the national level through the participation of cities in each region.

Second, the phenomena of globalization and the so-called 'urban sprawl' around the world today have resulted in most of the world's population currently living in big

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[3] In Section III of the Agenda 21 document, local governments have been explicitly stated as one of the nine major groups (major groups). This major group includes (i) business and industry groups, (ii) children and adolescents / youth, (iii) farmers, (iv) local/Indigenous communities, (v) government, (vi) organizations, non-government; (vii) epistemic community,, (viii) women, (ix) workers and unions. See http://www.un.org/esa/dsd/agenda21/res_agenda21_21.shtml, accessed 22 July 2011; 18:15

cities (Girardet in Vertovec and Posey, 2003: 87-88; Leitmann in Mudacumura, et.al., 2006: 170). This situation has increasingly confronted the capacities of mayor leadership in any country to effectively deal with environmental impacts that come along together with the growth of industrialization and modernization. This condition causes the access to basic infrastructure facilities and services, whether based on renewable resources or not, to become very competitive among the city dwellers. Availability of land for housing and settlements, transportation, clean water and sanitation, energy consumption for the various needs of residents and industrialization as well as sewage systems and waste management, the government's work agenda in urban areas become very complex and challenging. Such multidimensional complexity of the social and environmental problems has basically reflected a market failure, government failure as well as challenges to the reform of governance (Aoshima, in Inoguchi, Newman and Paoletto, 2003: xvii-xviii).

To provide a more reflective analysis, it is worthwhile to take into account the following perspectives. Girardet (in Vertovec and Posey, 2003: 94-95) has argued that the root of the problems is the failure of urban communities in major cities to understand the so called *'urban metabolism'*, namely the pattern of consumption and production of goods and urban public services with all the residue should run in a *'circular'* rather than *'linear'* flow. Therefore, to become *'sustainable city'*, it becomes imperative for the people, individually and collectively, as a social, business or government entity, to be able to use all resources (using and re-using) efficiently by minimizing the use of materials and waste disposal through a natural recycling system in the atmosphere, soil and waters. In reality, most urban people never think that, for example, a piece of wood, a piece of meat and a piece of paper that they frequently consume in daily life, is actually closely related to the phenomenon of deforestation in the Amazon, Malaysia and Indonesia. Therefore, it can be easily imagined what will

happen if more contemporary urban people increase in numbers but lack of ecological insight in their lifestyle.

Thus, ecologically oriented talk for the sustainability of the city and its people needed a new approach, different attitudes and actions. This paradigm shift must start from a comprehensive perspective, namely to understand the complexities of urban environmental issues as an integrated whole with other social, economic, political, cultural and legal problems. This is important because the multidimensional character of environmental problems is in contrast to other social problems (see Carter, 2001: 162-168)[4].

The next is to understand that sustainability is essentially a cybernetic feedback system that requires us to continually adjust our relations with our neighbors and the world outside (Girardet, in Vertovec and Posey, 2003: 96); not least is the importance of public participation in which individuals and communities should as much as possible be involved in decision-making processes. In this respect the Brundtland Report has reaffirmed that: "Enforcing the law alone cannot be a common interest. It principally needs community knowledge and support, which entails greater public participation in the decisions that affect the environment. "(quoted in Carter, 2001: 278).

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[4] Environmental issues in this century have essentially departed from an ideological framework loaded with value systems and beliefs in view of the human relationship with their natural surroundings. This prompted the importance of environmental protection issues to be translated into activism, so they would become more than just ideas. In addition, as a public policy issue, environmental problems have 7 unique characteristics, which distinguish it from social issues in general. The seven characteristics include (1) public goods: everyone has an equal right to access the benefits available, but must not claim ownership to nor exploit it for on behalf of any interest; (2) trans-boundary problems: territorial boundaries tend to be cross regulations so the solution can only be achieved with cooperation between the parties; (3) complexity and uncertainty: the interconnection and interdependence between the phenomenon of environmental problems as a result of human activity or policy and cyclical or natural phenomenon; (4) irreversibility: degree of difficulty to improve or completely restore the environmental damage that has been caused; (5) temporal and spatial variability: long-term maintenance of the environment but the damage can take place overnight, so the benefits of maintenance effort cannot be enjoyed in the short term. In addition, the variation of damage in each region may differ from one another; (6) administrative fragmentation; many environmental issues that require cross-sector coordination among relevant institutions to align perceptions and interests are likely to vary from each policy authority in each sector, and (7) regulatory intervention: environmental damage often results from the activity that has been legitimized by the government, so government must take responsibility in improving the situation by policy interventions, whether they are legal, political and socio-economic (Carter, 2001; see also Dovers 1996: 309-313)

In short, despite of its success to develop 'the right track' to address municipal solid waste management problems in Surabaya that brings a lot of social and environmental benefits and greater implications to the city development, in a broader context of sustainability goals the Surabaya Model Partnership certainly has to face serious challenges resulted from the societal dynamics driven by triple growth of population, urbanization and industrialization. In this context, we believe that social capital is the important modalities for the future of Surabaya, in particular to develop a stronger and sustainable partnership with various actors. However, to govern sustainability, it is undeniably that the role of environmental state is very important to drive necessary changes in society towards sustainability goals, that is, the welfare of human being and the quality of eco-system. The unique characters of the environment as public goods needs the authority of state as both regulator and facilitator to ensure that everyone has access to enjoy it, but no one can exploit it so as to create the 'tragedy of commons'.

CHAPTER 7

CONCLUSION, THEORETICAL CONTRIBUTION AND RECOMMNEDATION

The environment is undoubtedly a unique social problem with its own traits that are hardly comparable with others and consequently makes it difficult for policy makers to respond in an effective way. At its heart, it teaches us about the importance of values, ethics and morality that prevent us from being self-centered and short-minded. It also stimulates us to think with a holistic perspective and systemic approach as well as a deep appreciation to the other creatures and the primacy of process. Talking about the environment in a broader context of sustainable development really forces us to go beyond *'business as usual'* in terms of ways of thinking, behaving and acting, in both our individual and collective lives. *'Self-centrism'* or *'departmental-egoism'* is certainly irrelevant to deal with the multifaceted environmental problems. Accordingly, working together in multi stakeholder partnership with a far-reaching vision is imperative for achieving a better quality of life embedded in sustainable development goals.

This study has discussed environmental issues from a more practical approach by connecting the global discourse and local empirical realities in the Indonesian setting. Surabaya, the second largest city in Indonesia which is located in the eastern part of Java Island --the most strategic Island in the country's socio-economy and political landscape – has been the groundwork where the ideas of global discourse on corporate social responsibility, partnership and sustainable development have interplayed in such a dynamic process at the local level.

As a single case study, the so-called *'Surabaya Model Partnership'* in dealing with solid waste management problem – one of the most pressing urban environmental problems around the world -- has presented a unique picture of realities that challenge

our intellectual wisdom in discussing many critical issues of environmental governance in the pursuit of the sustainable development agenda: How should businesses take a leadership role if market forces still dominantly dictate their interests? Is state (government) still relevant? How should the state position itself amidst the complexities of sustainability issues? How should we appreciate the genuine participation of local communities and social movements with their creative ideas?

At the end, this study has suggested that the solution for environmental problems, regardless they are conservation or urban environmental problems, requires good environmental governance and sound environmental leadership underscored by multi-stakeholders partnership. At this point, any environmental project under the flagship of corporate social responsibility could be 'the playing field' in which all stakeholders perform their best practices within the partnership dynamics. In this regard, leadership capacity and social capital – in which elements of trust, networks, reciprocity, citizen activity and sense of ownership to the achievement of a common objective – are essential for the success story. The case of Unilever's CSR to address environmental problems in Surabaya is the likely case.

This concluding chapter consists of three parts. In the first part, the objectives outlined in the first chapter will be linked with the research findings and analysis presented in this study. The points of conclusion for each objective of this study are briefly explained by sub-headings. In this part how the findings confirm, or in vice versa, revisit the existing theories and methodology applied are also highlighted. The second part attempts to provide a brief reflective discussion describing the lessons learnt from this study and the strategic implications of the topic discussed. Finally, this chapter presents theoretical contribution and some recommendations, both practical and academic.

7.1. The Green CSR Program in Surabaya is a rational choice for Unilever in dealing with global sustainability challenges

The complexity of sustainability challenges has been the driving factor that closely links the importance and urgency of environmental governance that incorporates business interests in the process. In this study, such complexities include external factors coming from globalized environmental degradation and the imposition of global norms on corporate responsibility to protect the ecological environment, as indicated by the Rio Declaration and Agenda 21, the Johannesburg Declaration, the UN Global Compact, ISO 14000, and GRI. External factors also come from the interaction between global economic forces and social concerns of environmental groups around the world that consistently enforce the commitment of corporations to green their business.

Under such circumstances, Unilever, just like other giant companies in the world, has been challenged to take on an environmental leadership role. As one of the big players in the world's FMCP industries, the life cycle of Unilever products that include consumption, production and distribution activities, is very closely linked with global sustainability challenges, such as climate change, water crisis, material resource scarcity, energy and fuel, ecosystem decline, deforestation, urbanization and wealth (WBCSD, 2013, www.csrinternational.org). Consequently, it is a rational choice for Unilever to develop Green CSR as part of the company's sustainable business strategy.

Unilever's initiative to develop Green CSR also implies that the company has perceived sustainability challenges as more opportunities rather than risks. Unilever fully understands that its long-term competitiveness in Indonesia lies in the company's capacity to assertively, smartly and consistently conduct Green CSR with a vision for sustainability. As the fourth most populous country in the world with approximately 250 million inhabitants and a growing middle class with good purchasing power, Indonesia is certainly an interesting market for many multinational companies, including those

whose businesses are in fast moving consumer products like Unilever. Moreover, having established in the country for more than seven decades, Indonesia today has become Unilever's strategic country for the Asia and Australia regional market.

Unilever is also aware that due to globalizing consciousness of green values, there is a growing concern among Indonesians on the importance of environmental protection in the process of economic development. As an MNC whose business is always scrutinized by global environmental movements, Green CSR focusing on MSWM problems is a strategic choice by Unilever to reduce the environmental impacts of its business, among other things. It is well acknowledged that the solid garbage coming from Unilever's plastic-based packaging materials of products potentially affect soil degradation and water pollution.

Finally, it is important to state that Unilever's commitment to carry out its green CSR Program on MSWM problems will determine its business capacity to pursue a 'sustainability vision', meaning that the company's green concerns go beyond the matters of 'product stewardship' and 'clean technologies'. It is because that, as acknowledged by UNEP, environmentally-sustainable waste management is a strategic development agenda at all governmental levels, especially in developing countries. It is indeed a long-term project due to the triple growth dynamics of the Indonesian society today, namely urbanization, industrialization and modernization. Thus, MSWM problems are actually the *'battleground'* for Unilever in Indonesia to demonstrate its sustainability vision through an appropriate Green CSR Program. It means, if Unilever really has a vision for sustainability, it should scale-up the program, not just in Surabaya but also in as many other cities across the country as possible.

This study concludes that the overall picture of Unilever's Green CSR in Surabaya has simultaneously demonstrated the application of different theoretical approaches of CSR practices --instrumental, integrative and ethical-- as suggested by

Garriga & Mere (2004). No single theory can really capture the whole story of Unilever's Green CSR practices in Surabaya. It is because Surabaya is 'the battle ground' for Unilever that the case of Green CSR and the partnership strategy embedded for many reasons: First, Unilever has significantly contributed to the increasing rate of plastic waste in Surabaya (Trihadiningrum, 2007). Secondly, Surabaya is the city in which many big rivers, including the Brantas river --the largest and longest river in East Java --- pass through. Thirdly, Surabaya has had a bad experience with uncontrolled MSWM problems (the case of the 2001 Keputih Tragedy). Fourth, Surabaya is the business, trading and industrial centre for the eastern part of Indonesia in which Unilever's second largest factory operates in Rungkut industrial zone.

Fifth, the fact that Unilever today has to face an intensifying competition in Surabaya's local market with the renowned local brands called 'Wings' as well as the other international brands produced by Japanese and European companies. Wings is a local company that produces a variety of household consumer products, particularly detergent, soap, and dishwashing. providing substitution for Unilever's products because of its quality and competitive prices. Finally, Surabaya is the second largest metropolitan after Jakarta which has been playing strategic urban functions at the regional level for eastern Indonesia, including economic zone, communication hub, and becoming centre of public services in education and health (Mac Donald, 2013; Song, 2013). A growing middle class society and the unique character of its people are other local factors that make the little success story of a particular program in this city remarkable. Briefly speaking, it is evident that the selection of Surabaya as the pilot project of Unilever's Green CSR on MSWM problems is a rational choice for the company's business interests.

Therefore, this study confirms that Unilever has applied CSR as an instrument to strengthen its competitive marketing strategy, while stakeholders management is

applied to meet social demands by integrating the Surabaya government, people and media to collaborate in strategic partnership for implementing the Surabaya Green and Clean program. Unilever has also attempted to demonstrate its ethical concerns for sustainable development because, as stated above, its products' life cycle are highly determined by environmental sustainability so inevitably Unilever has to consistently pay attention to several typical problems of its business operations, such as green house gases, water, waste and sustainable resources.

At this point, this study also concludes that, as an MNC, Unilever's CSR in the ecological environment, including in Surabaya, would be largely influenced by global market forces, such as public demand, consumer boycotts, NGOs activists' pressures, expectations toward the global competitive market, limited capacity of national and local governments to cope with existing problems (Rondinelli and Berrii, 2000; Vogel, 2005; Blowfield & Frynas, 2005, Frynas 2009). Thus, it is clear that Indonesia has proven a good place for Unilever to develop its production-base and to control a larger market share for its products in the world. With the country's 4th rank in population globally, an abundance of natural resources is available for its raw materials, and an increasing purchasing power of the people, makes Indonesia very attractive for Unilever, as well as for other MNCs, to gain more profit. Last but not least, relatively lower production cost and the absence of environmental taxes are also motivation for Unilever to stay in the country.

7.2. 'Surabaya Partnership' as a model of multi stakeholders partnership strategy in CSR

This study acknowledges that Unilever has contributed positively to support growing public concern on environmental protection among Surabaya people, particularly the city's local communities living in 'Kampung-Kampung' *(residencies or*

neighboring communities). This study contends that the establishment of the 'environmental cadre network' initiated and supported by Unilever to some extent has proven to more than double the effects in mobilization of public awareness and meaningful public participation to enable a collaborative work towards the pursuit of a greener and cleaner Surabaya. Environmental cadre network should be acknowledged as Unilever's genuine idea and greatest contribution that successfully became distinguishing feature of Unilever's Green CSR Program in dealing with Surabaya's municipal solid waste management problems. It should be pointed out that Unilever's strong modalities as a big business, especially in terms of physical, organizational, intellectual and socio-cultural capitals (see Table 2.4 in Chapter 2), compounded by the company's seasoned experience in doing retail business in Indonesia for over seven decades has certainly influenced the company's ability to come up with the idea. Simply put, Unilever has successfully *'copy pasted'* of its business (marketing) strategy to sell its green ideas.

However, the overall picture that developed through process tracing reveals that there are many contributing factors which need to be accounted for the performance and achievement's of Unilever Green CSR program. These factors have been attributed to the so-called 'Surabaya Partnership Model', that comparatively speaking, makes partnership for sustainable development project at the local level in Surabaya not just a reality but also a unique case. There are several important factors in this case, namely: 1) **actors and partners**, which come from cross-sectors representing the power of business, state and society altogether in a wide spectrum, including the 'hybrid power' of local media; 2) **structures** which are non-hierarchical and less formal without a structural establishment; 3) **governance mechanism** which applies a democratic participatory approach, as well as use a competition-based mechanism; 4) **leadership** characters by key individuals that is strong, consistent and solid (effective) with a

collective approach that successfully combines business, political and social leaderships in parallel ways; 5) **public participation** is relatively high, especially at the community level and showing a growing proportion of women participation; 6) **duration** that is relatively stable for five years, not stopping at the pilot project phase, instead successfully integrating with the city's development agenda; 7) **conflicts** exist but are not destructive; 8) **achievement** is relatively high and measurable, as acknowledged by the international community; 9) **sustainability** is relatively prospective.

Furthermore, using process tracing method, this study also confirms there are several different variables that have significantly influenced the distinct features of the Surabaya Partnership Model in dealing with MSWM problem to the advantage of Unilever's Green CSR Program. This set of variables consists of the attributes within the local of Surabaya context including a social capital, political momentum, strong leadership, international networks (cooperation) and the fanatic role of local media. All these variables have confirmed what Frynas (2009: 38-39) argues about the importance of context for the success or failure of CSR initiatives. The local context of Surabaya has clearly made Unilever's CSR initiatives to address MSWM problems relatively more successful than similar initiatives applied in other cities, such as Jakarta and Medan. The most important feature that typically differentiate between two cities is 'social capital'. In Surabaya, the existence of social capital has reflected a strong 'sense of ownership' shared by both the municipal government and the people. To some degree, such feelings to some degree do not just strengthen mutual trust and mutual support among the people.

These features about the 'Surabaya Partnership Model' reflect two different pictures of Unilever 's Green CSR program, just like 'two sides of one coin'. <u>Firstly</u>, the company has played pivotal role as impetus or stimulus for (accelerating) the changes in Surabaya's performance towards becoming a Green and Clean city. It is because long

before Unilever really came along and tried to find solution for the city's MSWM problem, the municipality government and its people had already started to deal with it. Secondly, an in vice versa, Unilever is not the only single actor, nor the determinant one, enabling the process of the Surabaya Green and Clean program. What is evident is that the existence of Unilever has made partnership possible.

After all, this study argues that the 'Surabaya Partnership Model' is a case that prove the existing hypotheses of Vogel (2005: 169-170). It says that local government and local participation as the foundation of 'social capital', are very much likely to determine the success story of Green CSR. It is right that the active role of corporations with a good sustainability vision is a significant factor for achieving sustainable development, however on the other hand, without the involvement of other actors –local government and local civil society, and other local factors, it is difficult to say whether real changes towards sustainable development will take place. In the case of Surabaya, the local media (e.g. *Jawa Pos* and *Suara Surabaya*) and the local leaders (in neighboring communities of *RT/RW*) are the other local (contextual) factors that play constructive role.

At this point, the qualitative approach and process tracing method used for data inquiry has proven very helpful for the researcher to investigate the phenomena holistically and reveal the 'informal' realities and undisclosed the 'hidden' facts in order to answer the fundamental question of this study, that is, whether corporation (in this case is Unilever) really matter in making the necessary changes for transforming new norms in solid waste management practices towards sustainable development goals. With respect to this, this study asserts that Unilever's Green CSR in Surabaya has performed what is called as *'business case'* CSR, meaning "it is profitable [for the company] to behave well" (Lund-Thomsen, 2005: 621). Despite the values driven for promoting environmentally sound solid waste management practices, Unilever's

business interest is embedded in the Surabaya Green and Clean program. Enhancing the corporate reputation and brand image as well as sustaining competitiveness and profitability to develop market growth in Indonesia's large and very dynamic market make up some Unilever's genuine motivation to carry out its Green CSR program through strengthening multi stakeholders partnership.

7.3. Lessons learnt and strategic implications

Unilever has advanced its green CSR program towards a sustainability vision by innovatively engaging with various stakeholders to ensure the program's sustainability as well as to attain the advantages of the triple-bottom-line. Progressive waste reduction and public participation are two clear objectives of the program which were successfully attained for the common interests. Nevertheless this achievement needs to be evaluated in the context of sustainability goals. The reasons for this are as follows:

First, the number of participating communities in the Surabaya Green and Clean Program up till the end of 2010 did not reach than 10% of the total population of Surabaya. It means that more efforts are needed to sustain the program with a greater number of participating communities. Second, the program only focused on solid waste management at the household and community levels. It does not yet included solid waste generated from the activities in public areas, such as hospitals, restaurants, offices, markets and shopping malls, universities and schools, etc. Thirdly, the program only focused on the management of a certain type of waste (organic and plastic waste), while there are many other types of solid waste which are not yet well managed, particularly liquid waste from industries. Fourthly, the use of competition-based mechanism with material rewards which has been the dominant approach to mobilize public participation is still questionable on the point of: how far can new norms on environmentally sound waste management be internalized in the people's mindset so as

to create 'new habits'. <u>Fifth</u>, how far can the local (city) government take strategic actions with a more progressive public policy as a breakthrough effort to anticipate the continuous problems of MSWM that results from the triple growth dynamics of urbanization, industrialization and modernization.

The Surabaya model partnership which is multi stakeholders in nature has proven to bring positive contributions for both **governance quality** (such as participation, transparency, accountability) as well as **practical developments** (cleaner and greener environment, emerging local innovations in socio-economic aspects: production of recycle products (trashion), urban farming, community-based composting centers, community-waste water treatment installations). Thus, a multi-stakeholders partnership strategy under strong leadership and vision provides an answer for environmental problems, in way money and technology cannot.

The case of Surabaya in particular has also provided lessons learnt in terms of the strategic role of the state, in this case the Surabaya City Government, in enabling good environmental governance, through developing a strong vision on the importance of environmental protection, increasing wider public participation, improving the quality of public services through efficient and responsive bureaucracy, as well as encouraging local media to play the role of public motivator and 'watchdog'.

At this point, what is interesting to note is that, the Surabaya case does not show the old-government-dominated model, with a strong top-down policy making (Glasbergen, et.al, 2007 cited Stewart and Gray, 2006). Instead the Surabaya City Government has successfully brought local communities as the owner of the program through providing various incentives, such as block grants for continuing their own local initiatives to strengthen the SGC program's sustainability. The inclusion of program in the city's official development agenda (or locally known as '*Rencana Pembangunan Jangka Menengah Kota Surabaya' = RPJM*) has enabled the city

government to provide annual budgets for strengthening or scaling-up the program at local levels. In short, the City Government of Surabaya has clearly shown its capacity to not only play a strategic role in establishing good relationship with other actors through the dynamic process of partnership, but also its capability to carry out partnership arrangements resulting in governance innovations to deal with urban environmental challenges.

As the final conclusion, this study suggests that governing sustainability (or good environmental governance) should be the further next agenda for Surabaya. In this regard, strengthening the role of the state actor, c.q. the Surabaya City Government, is certainly a prerequisite. There are two main reasons for this argument. First, because the environment is public good, thus consequently the state as public institution should take more responsibility in ensuring the quality of the environment and its availability for all groups of people equally. Secondly, the core features of CSR is voluntary. Therefore it should also be acknowledged that as a rational economic actor, corporations are always motivated and driven by business-opportunities in getting involved in CSR programs and activities.

Therefore, a CSR program should be considered as a stepping stone for the state to improve their capacity in knowledge, policy and organizational aspects. It is also important to point out that businesses cannot take over public authorities' responsibilities for promoting, implementing and monitoring social and environmental standards. Therefore, a state's institutional capacity, particularly in law-making and law-enforcement must be enhanced. The case in Surabaya has also proven the CSR as relational model (Barth & Wolff, 2009:7). It says that by applying multi-stakeholders partnership CSR can play a strategic role as a 'hub' that mutually connects different actors and their expectations as well as perform their respective best practices for achieving the common objectives. In this relational model, no single actor becomes the

center of dynamic interactions in the social relations among actors, neither the market nor civil society. Therefore in the context of sustainability goals, multi stakeholder partnership should be institutionalized because through partnership co-responsibilities and governance capacity of all actors involved can take place. In short, this study suggests that multilayered governance is highly needed to govern the dynamic character of environmental challenges.

As a summary, this study has contributed to a certain advancement of knowledge to better understand the interactions of MNCs, partnership and sustainable development issues under the framework of corporate social responsibility in the local setting of Indonesia. This is very important because since the Agenda 21 was first launched to the international community over two decades ago in Rio de Janeiro (1992), mainstreaming sustainable development as a policy paradigm seems to remain 'paper tiger' or 'lips service' among policy makers at all governmental levels. Unfortunately, this condition continuous to worsen and is lacking serious attention from the academia, particularly in Indonesia. This is also a matter of concern because most partnership programs in Indonesia, whether they are supported by international donors, national government or MNCs, tend to be project-oriented activities and are still unclear in terms of the sustainability and profitability to bring about a better quality of live for the society at large. As such, this study unveils an important lesson learnt that despite the willingness of MNCs to conduct CSR program, the state's role and the quality of public institution still hold the key for enhancing a multi-stakeholders partnership that will ensure CSR programs to be effectively carried out towards achieving sustainability goals.

7.4. Theoretical Contribution

As this study belongs to social science, the theory-making as the result of this study should be connected to the empirical, that is, to the realm of experienced reality.

According to Harding and Blokland (2014: 12), theory is "the outcomes of reflection that sharpen our understanding of the world... theory use relatively coherent, connected concepts and statements about the social reality that help us understand what matters, how things work and what causes what". Put in other words, theory is basically the results of observation and consideration activities.

As explained before, the inductive analysis and process tracing method used in this qualitative study has helped the researcher find out that the success story of Surabaya in dealing with the MSWM problem is the result of the so-called "Surabaya Model of Partnership". Instead of being a public-private partnership, this model is more multi-stakeholders or cross-sector partnership in nature due to the fact that the partnership engaged the third sector–the so-called 'civil society' actors. This sector consists of various elements, including non-governmental organizations, universities and local communities. Not only serving as the 'watchdog' for public-private governance arrangements, the third sector also goes to play a prominent role in the long-term process to pursue the common objectives of all actors involved with their enthusiasm and activism. Research findings led the researcher to conclude that this partnership has successfully enabled effective collaborative actions that resolve existing problems and enable the realization of common objectives.

The partnership phenomena in Surabaya is arguably an exemplary case on how sustainable development can be implemented well at the practical level in the local setting of Indonesia, providing a challenge to the writing of Gray (cited in Glasbergen, et.al, 2007:32-33) in which he stated that many major obstacles, such as mistrust among stakeholders, differing frames of issues and problems, institutional constraints, lack of infrastructures and many others, impede collaboration at this level. Having examined how the partnership in Surabaya has evolved over the years (2001 – 2010) into influential multilevel governance arrangements in dealing with the challenges of

municipal solid waste management problems under the flagship of "Surabaya Green and Clean", there are at least three distinctive features that exist in Surabaya which significantly contributed to the success story of its overall achievement, that is, the role of media, social capital and visionary leadership.

With an ontological position that led the researcher to believe that 'humans are naturally cooperative' and an epistemological position driven from the three major concepts used in this study and reflected in the overall partnership phenomena in Surabaya, that is, partnership, governance and sustainability, then the Surabaya Model of Partnership needs to be further conceptualized to contribute to the theoretical debates on 'partnership' and 'sustainable development' as well as their mutual relations.

Against this backdrop, speaking in a theoretical sense, we argue that sustainable development needs a **"transformational partnership",** that is, a collaborative action among actors from different sectors driven by mutual trust and interest in order to develop a new governance mechanism by transforming the logic of sustainability into practicality in which shared values, norms and objectives are embedded in the process and ultimate goal. This kind of partnership goes beyond a matter of benefit and risk-burden sharing process, and the actors engaged also does not take the partnership itself as a project *an sich*. The logic of sustainability is what encourages the actors to go beyond their own self-interests and orientation to achieve short-term profit, but instead look forward to external as well as more strategic and sustainable goals (Hart in Crane, 2008). Last but not least, sustainability itself should be understood as a dynamic condition taking into account the permanent changes of both social and environmental changes themselves overtime.
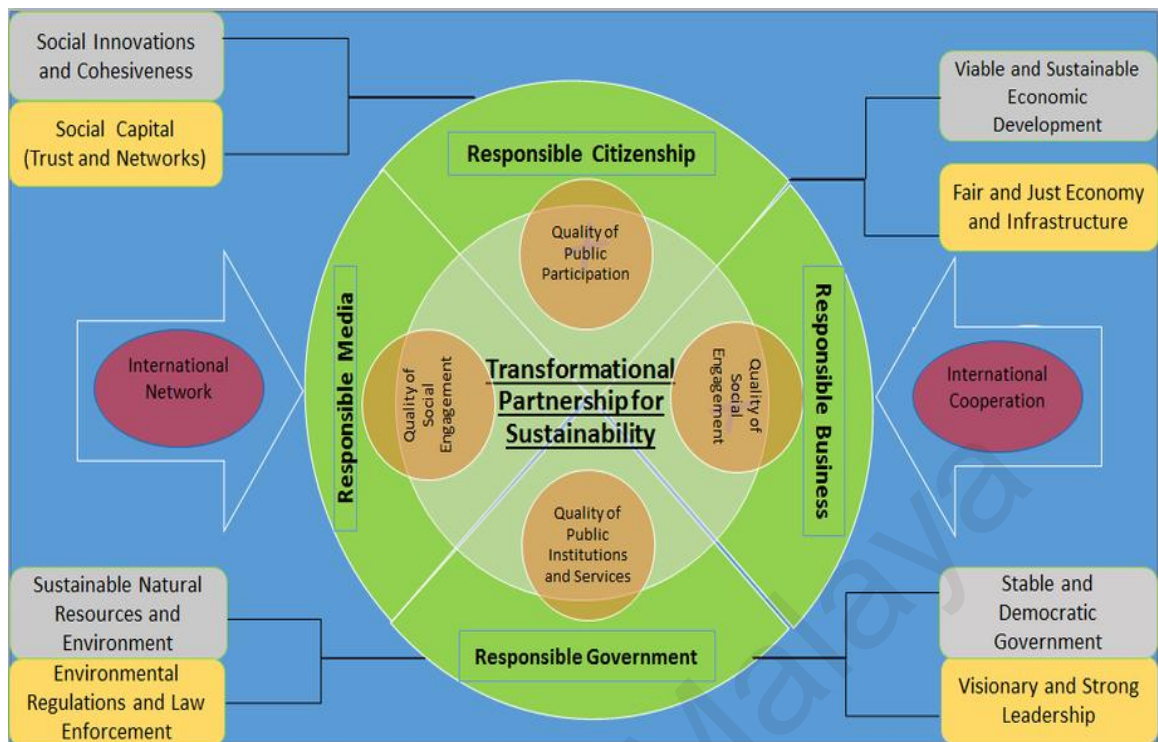
Figure 7.1.: Transformational Partnership Model for Sustainability
(Modified by the author based on the research findings and conclusions)

This transformational partnership is supported by the existence of several major elements. First element is a responsible government that consists of high quality public institutions performing high quality public services and providing high quality public infrastructures.. Second element is responsible business actors conducting social engagement through accountable and sustainable CSR program. Third element is responsible citizenship which entails a wider and more constructive public participation, at both an individual and or collective bases. Fourth element is a responsible media that performs social engagement through the promotion of public awareness and participation for the solvency of public issues at various dimensions. The following illustration summarizes the theory of transformational partnership offered by this study.

What needs to be understood is that transformational partnership also needs prerequisites. First and foremost is a visionary and strong leadership. This is perhaps

the most critical one since it is prevalent in any given stage of the collaborative process. Based on research findings in the case of Surabaya, leadership existed in each sector involved. However, it is most crucial in the governmental sector as the government can kick start the transformation process. The government is indeed the actor who should lead the process at the macro level since institutionally it has strategic functions as a regulator and provider of 'public goods', for example in the form of a good quality environment. It also has bureaucratic machines and political leverages enabling it to work on behalf of the public's interests and towards the realization of development goals. This prerequisite has reinforced Arthur P.J. Mol's argument (cited in Glasbergen, et.al., 2007: 2002) which basically states that the state's role is undeniably very important in environmental partnerships since the quality of environment is a form of public goods which must be ensured by public authorities.

Visionary and strong leadership means that governmental actors have far-reaching vision about "the world" and "us", so that they are able to understand both external and internal challenges that may stand in obstruction to new values of governance which internalize the principles of environmental protection, human rights and democracy in the process of development. However, visionary and strong leadership also entails governmental actors understanding their strategic position and functions in the societal system with certain political leverages. In addition, visionary and strong leadership are also laden with good governance values, which include transparency, accountable and participation. In the long run, visionary and strong leadership in the governmental sector will lead to a functional and stable democratic government. Therefore, the theoretical argument of this study identifies the quality of public institution as the reflection of a responsible government capable of ensuring

good quality public services and facilities that support the achievement of high quality living standards for its city and its people.

Stable and democratic government as the result of a visionary and strong leadership in turn will provide a bigger room for the role of media to be partners in the development process. Although media is an important pillar in the democratic system, both scholars and practitioners in environmental activism in Indonesia have not given serious and proportional attention to its role in fostering an effective implementation of the sustainable development agenda. The media can actually act as an agent of change by enacting various strategic functions, such as creating public awareness, facilitating public education process on certain public issues as well as mobilizing public participation. However, the strategic functions of the media have been overlooked; they are seen as mere news makers. There is actually another condition darkening the role of media in this era of globalization. Neoliberalism and capitalism, as the dominant paradigms in this era, have led to the commercialization of various mass media outlets. Media tends to play a role as a capitalistic machine bringing benefits only to its shareholders.

The second prerequisite is a <u>fair and justice economic system and infrastructure</u>. What it means here is an economic system that provides equal opportunity for all business entities to exist, survive, develop and sustain based on transparent and fairness principles and regulations in conducting business operations. Therefore, assuming business entities, especially the world class corporations, such as MNCs, have great potentials to bring negative externalities due to their control over strategic assets in production and consumption activities in society and their operations are dominantly driven by *laissez faire* and capitalistic paradigm which is exploitative in nature, thus a solid regulatory framework is urgently needed at the bases of a multi governance level –a combination of global, regional, national and

local level- that has the ability to effectively uphold their long term commitment for doing responsible business for a better society and a more sustainable environment. In addition, co-existence of various business entities fairly regulated by the government will lead to viable and sustainable economic development which is dynamic in nature.

The third prerequisite is <u>the existence of social capital</u>. Social capital refers to the social connections by which people live and work together within their society and strive for common objectives. Mutual trust, engagement and networks are the central elements in social capital. The existence of local values, traditions and cultures are contributing factors that strengthen the workings of social capital to be a meaningful resource in the developmental process, together with other resources, such as human capital and natural capital. The working of social capital potentially leads to the emergence of various social initiatives, governance innovations and more solid cohesiveness among various groups of people within and between society. It is because the workings of social capital will increase the sense of ownership among the citizens towards the 'project' of partnership and its common objectives. Under such condition, a quality of public participation will be greater with a strong sense of responsibility among the citizens.

The fourth prerequisite is <u>the existence of solid regulatory frameworks and law enforcement</u> for environmental protection. This is a fundamental basis to establish a new environmental governance mechanism in regulating the utilization of environment as "public goods" that provide equally basic services for various demands coming in from different interests of groups in the society. However, in light of the spirit of sustainable development, the protection of the ecological system and the rights to live in a healthy environment for the marginalized group of people should be put on the top based on two arguments saying that: 'the future of economy is the

ecology' and 'poverty will underpass economic growth and degrade the quality of the environment'.

Based on the above explanation, the researcher would like also to say that this study, which concludes with a 'Surabaya model of partnership' does live up to the theoretical promises of the current partnership because it provides a sufficient explanation to the existing conceptual criticism about partnership as identified by Arthur P.J. Mol (Cited in Glasbergen, et.al, 2007: 223-226): First, giving attention to the process of partnership by understanding a broader social background and development of partnership is much more than taking an instrumental view and pragmatic approach that usually focus on the short term objectives of partnership. The study shows that the overall process of partnership building, developing and sustaining in Surabaya is very dynamic, consistent and visionary – and this has significantly contributed to the understanding of the long-term impacts and consequences to the city's transformation from the nightmare of MSWM problems to the broader public appreciation at the local, national and international levels.

Second, Surabaya Model of Partnership has put back the old-government-dominated models laden with a strong top-down approach to policy making. The implementation, designs, actors and arrangements do not highly depend on traditional ideas of state-led predominant governance system. In a sense, the representation of the state in this case, the Surabaya City government, has become an actor which enacts a more 'joint inter-organizational policy making' approach. The study has shown how the Surabaya City government has proven her institutional and organizational capacities to work together effectively under the networks system of collaboration at the local and international level.

Third, the collaborative process has paved the way for governance arrangements to take place; governance arrangements meaning arrangements in which

valuable resources in the form of characters and roles of private sector and civil society are incorporated in the pursuit of the realization of the main objectives of the partnership. In short, each actor has their own authority in their own respective fields, but they are all mutually connected with a clearly defined common objective. The study has shown how the Surabaya city government has provided a conducive atmosphere by giving facilitation and support mechanism that led to the emergence of social innovations coming in from the society and the private actors. In this sense, the success of the partnership also derived from the society and the private actors' willingness to join in and share their many modalities. From this case, it could also be understood that the government's non-confrontational strategies and solutions to the existing public problems of MSWM facing the city and its people yielded many benefits.

Fourth, what also needs to be highlighted from the case is how an unequal power balance actually posed no hindrance to the process of partnership, but instead sparked a joint collaborative process synergizing the different powers of the actors engaged. The underlying factor shown by this study is that the Surabaya model of partnership has successfully redistributed powers among their participants, in particular to the local people or community. The local people and community are formally acknowledged as equally important actors within the partnership, rather than objects exclusively controlled by the government and /or business actors. They have right to development and therefore should be provided a greater access to participate in development process and get advantages of it.

7.5. Policy Implications and Recommendation

It is certain that the advancement of Surabaya to address municipal solid waste management problems bring policy implications because of the continuous dynamics of Surabaya people and its city. As the second largest city in Indonesia located in a

very strategic location and having great potentials in terms of human resources, economic growth and infrastructure readiness, Surabaya should go beyond 'business as usual' practices in its development. So far the development in the past 5 years under the leadership of the Mayor Rismaharini (2010-2015), the increasing city's capacity in dealing with MSWM problems has brought implications not just in the ecological environment, but also in the social economic arena. In short, the Figure 5.1. in Chapter 5 can shows that the Surabaya's development policy has been moving towards sustainable city which is supported by four sectors as the pillars. They are energy sector, solid waste sector, water resource sector and transportation sector. To succeed with this strategic development agenda, leadership capacity and consistency is critical element. The question is whether democratic liberal paradigm in Indonesian political system today would be able to support the vision of sustainable development as it supposed to be (see WCED, 1987: 65) or in vice versa, stay in 'status quo' with short term perspectives, in which the pursuit of material profit orientation (economic growth) has been the main preference at the cost of environmental quality and natural resources conservation as well as social protection to marginalized people.

The success story of Surabaya to deal with MSWM problems has also inspired other city leaders at both national and regional levels. From 25 – 27th of February 2014 Surabaya hosted a regional forum under the theme, "Multilayered Partnerships and Coalition as the Basis for 3Rs Promotion in Asia and in the Pacific" participated by 33 countries from Asia-Pacific as well as 29 city leaders in Indonesia. In this occasion, it was declared the leaders' commitment to reduce waste in their respective territories up to 20% through the application of 3-R principles in waste management (*KOMPAS* Daily, 26/2/2014; 25/2/2014). Whilst, UN Economic and Social Commission for Asia and Pacific in collaboration with Japanese governments and the Institute for Global Environmental Strategies (IGES), has developed an initiative to provide technical

support in waste management program to 174 cities in 18 countries in Asia Pacific (see the Appendix). Among others, the so-called Kitakyushu Initiative for a Clean Environment, has copied the Surabaya Model to be spread up to several cities in Southeast Asia, including Bangkok in Thailand, Bago and Cebu in Philippines, Sibu in Malaysia, and several cities in Indonesia, e.g. Medan, Makassar, Semarang, Jakarta, etc. (see the Appendix).

Another important policy implication is that, the Surabaya City Government has developed CSR policy with the principle of good governance. There are at least five areas of CSR budget allocation, that is: education, health services, small and medium enterprises, infrastructure and environment facilities, and public services. The success of multi stakeholders partnership in waste management has inspired more private sectors involvement in supporting the city government's development agenda in those five areas, that consist of education, small-medium entrepreneurship, public infrastructure and environment, health services and public services (see the Appendix).

Based on the above explanation and acknowledging the thesis saying that 'the future of economy is the ecology', this study would like to suggest some recommendations by taking into account the following facts: Unilever is an MNC focusing on fast moving consumer products (personal and household care, dairy products) with a lot of business privileges in Indonesia, such as producing more than 160 items that have been leading brands in various key product categories, including soap, detergent, dishwashing liquid, shampoo, toothpaste. These products have controlled 95% of the total Indonesian market and 90% of the low- income market in Indonesian . Unilever also has long supply (commercial life) chains across the country, comprising 350.000 outlets, 1500 suppliers, 3300 employees in 17 major cities. Whilst, both the international community (UN Habitat; UNEP) and national authorities (UU

No.18/2008; RAN-GRK 2011, and Bappenas's Evaluation) have acknowledged that MSWM is a strategic and pressing problem for humankind.

First recommendation goes to Unilever. The company should be more consistent in carrying out their CSR program. Unilever's innovative way in implementing partnership strategy, in particular, environmental network cadres at the grassroots levels should be expanded not only to engage various women organizations (PKK), but also youth organizations (in the communities, schools and campuses) spread throughout the country. This is because the Agenda 21 considers youth as the major group whose role is critical to the pursuit of the sustainable development agenda. Consistency is very important for Unilever to show that its Green CSR practices has also shifted towards a 'developmental case' and 'people case' CSR, not just merely 'business case' CSR. Unilever's consistency in dealing with the MSWM issue will confirm the company's commitment to go beyond compliance, especially with the critical issue of 'producer's extended responsibilities' principle as stated in the National Law of Waste Management (UU No.18/2008).

This study would like also to underline the importance of the city government (leaders) in Indonesia. This study suggests that the Surabaya City Government and other local governments across the country should be really aware of the complex challenges of environment-related development problems, not just because of economic globalization forces, but also the triple growth of a dynamic society, namely: urbanization, industrialization and modernization. The *'growth first, clean later'* paradigm is no longer relevant. They need to understand that in the interconnected situation of globalization-regionalization-decentralization era, city leaders have a strategic position and function in promoting and strengthening global environmental governance towards attaining the sustainability goals, particularly a higher standard of living for their people (Acuto, 2013). In this regard, an ecological perspective should be

used as the 'entry point' to address the complexity of development challenges with a proper public policy. This is the crucial part of the so-called 'urban vision' needed by city leaders today (Fraser, 2014).

To face all the above urban challenges in a more empirical sense, Indonesian city leaders should fully understand what they have in their local context. At this point, they should be aware that social capital in their local society is much more important than material capital in determining the success of their sustainable development goals. Accordingly, the city government should have more political will to broaden the room for public participation, while at the same time starts to seriously develop economic instrument-based regulations so that corporation comply with the National Law on Waste Management (UU No.18/2008). These regulations include tax incentives, deposit refund system and legal penalties for industries that pollute river systems. In addition, it is also very timely for the Surabaya City Government to invest high green technology to deal with MSWM problems more efficiently and effectively. Such technology and scientific approach in dealing with MSWM problems serves an important element in reducing greenhouse gases as well as energy efficiency.

There are two particular conditions in which these recommendations on the improvement of institutional capacity of the Surabaya City Government to govern sustainability. They are, firstly, Surabaya needs to strengthen policy coordination with its neighboring cities that belongs to the Surabaya Metropolitan Area named *'Gerbang Kartosusila' (GRK)*, an acronym for Gresik, Bangkalan, Mojokerto, Surabaya, Sidoarjo and Lamongan. Sidoarjo and Gresik in particular are 'emerging economies' due to high- speed industrialization prone to the exposure of environmental harms. Secondly, because the city is passed through by many rivers which belong to a network system of rivers consisting of Brantas River, Surabaya River, Porong River. Surabaya river, among others, has a key role in providing clean water supply for drinking water for all

of Surabaya. Meanwhile, the river also serves as a natural sink for industrial liquid wastes around the city. Thus, Surabaya's geographic features are intertwined with environment-related development problems in the city, not just MSWM problem but also a serious industrial (water) pollution. The river system is a critical water source for residential, public and commercial consumption. This river system is therefore very resistant to the human behavior who have no environmental awareness. If then the state --represented by the city government-- failed to govern the sustainability of this 'common body of water', the so-called 'the tragedy of commons' is very likely to happen in the city.

In this respect, taking a lesson learnt from the experience of local authorities in China (Qi Ye, et.al., in Pierre Jacquest, et.al., 2009: 133-147) and long term strategic plan to create a low-carbon society, it is also worthy to point out here the importance of a close relationship between the city governments and the central (national) government in policy making coordination. Nevertheless, the City Government should have some degree of autonomy to create their own initiatives in the implementation process, particularly to manage investment, staffing, capacity building and international cooperation in order to address energy efficiency in urban infrastructure and households. It is also important for the central government to set up a system of incentives, laws and regulations in order to improve the performance of the local governments in dealing with the sustainable development agenda, including MSWM issues, which is in line with the objectives at the national and global levels. In sum, the evaluation system of the city government's performance should not only focus on economic growth but also include their action to address various environmental challenges.

Local civil society should be more open-minded and innovative to broaden their relationship with other actors, especially big business and media, without sacrificing

their idealism. Although local civil society is the important actor who can speak straightforwardly and have some degree of militancy in working with the grassroots, they need to believe that multi-stakeholder partnership is the best way to address environmental problems in society, which are complex in nature. Although the character and tradition of local civil society in Surabaya is quite strong, with local NGOs such as Tunas Hijau, Bangun Pertiwi, Pusdakota and Ecotown, as well as academia at both state and private universities, there are still major challenges ahead that need a more solid and strong civil society. Among those challenges include developing public consciousness towards critical links between environment and development problems as a result of the speed of triple growth (urbanization, industrialization, modernization) and maintaining the consistency of local governments in dealing with environmental challenges. With respect to the second challenge in particular, there are two notes to bear in mind, namely (1) the dilemma of government democratization in Indonesia that is still heavily dependent on the particular figures, instead of the system itself, and (2) there are still problems of institutional capacities that hamper the development and implementation of pro-environment regulation sets with strict control mechanism.

The usage of qualitative approach with case study and process-tracing method has enabled the researcher to find out a lot of interesting issues. However the most important and challenging research agenda to be done pertains to the issue of "multilevel governance", particularly the importance of the city government's role in dealing with sustainable development agenda through international networks and other social partnership mechanisms. Taking into account the formula that says 'global problem, local solutions' and 'local actions, global implications', this research recommendation is justified by the fact that Indonesia today has 503 cities/regencies granted by the national law of local autonomy (UU No.32/2004). This autonomy status has enabled a city/regency to independently utilize any local resources and initiatives

for the interest of a better quality of people's life and advancement of development in their own region (except monetary, political and security affairs). Therefore, as suggested by Agenda 21, cities in Indonesia should be able to play strategic role in the pursuit of sustainable development goals and take into account the Principle 10 of the 1992 Rio Declaration that firmly states partnership as a strategy to address the nexus of environment-development problems: "environmental issues are best handled with the participation of all concerned citizens, at the relevant level".***

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SUPPLEMENTARY:

LIST OF PUBLICATIONS AND CONFERENCE PARTICIPATION

Publications

No.	Title of the Article	Place of Publications & Information	Publisher
1.	**Journal Article:** Strengthening the Capacity of Cities in Indonesia's Foreign Relations and Diplomacy in the Era of Decentralization and Globalization	The Indonesian Quarterly First Quarter 2016, Vol.44, No.1 ISSN.0304-2170 (Category A/B, UM List of Publications)	Centre for Strategic and International Studies (CSIS) – Jakarta
2.	**Journal Article:** The Strategic Role of Local Government in International Cooperation to Promote Sustainable Development Original Title: *Peran Strategis Pemerintah Daerah dalam Kerjasama Internasional untuk Pembangunan Berkelanjutan*	Jurnal Global & Strategis, Vol.7/No.1, Januari – Juni 2013 (pp.123-138) ISSN: 1907-9729 Nationally Accredited by Directorate General of Higher Education, Ministry of National Education, Republic of Indonesia SK: 81/DIKTO/Kep/2011	Department of International Relations, Faculty of Social and Political Sciences, University of Airlangga (UNAIR)
3.	**Journal Article**: Corporate Social Responsibility of Japan Multinational Companies in Indonesia to Promote Sustainable Development: A Case Study of Toyota Motor Manufacturing Indonesia (TMMIN) Original Title: *Praktek Tanggungjawab Sosial Korporasi Perusahaan Multinasional Jepang di Indonesia: Studi Kasus P.T. Toyota Motor Manufacturing Indonesia (TMMIN)* *Co-author with Dani Setiawan (Postgraduate Student, International Relations Department, Univesity of Indonesia)	Indonesian Journal of Japanese Studies Vol.1/ No.02, December 2013 (pp.115-148) ISSN: 2301-8178 ISSN On-Line: 2301-8917 Published as part of an agreement on Independent Research Projects supported by the Center for Japanese Studies, University of Indonesia (CJS-UI)	The Center for Japanese Studies, University of Indonesia (CJS-UI/ PSJ-UI)

4.	**Book Article:** City and Woman: Between Tehran, Jakarta and Surabaya Original Title: *Wajah Kota dan Perempuan: Antara Tehran, Jakarta and Surabaya*	ISBN: 978-979-26-0726-0 Published as an article in a book titled: A Note from Tehran: Reflective Thoughts of Indonesian Women on Islamic Awakening	Penerbit Citra (Anggota IKAPI – Ikatanh Penerbit Indonesia), Jakarta
5.	The Strategic Role of Secondary Cities Towards ASEAN Economic Community 2015: A Case of Surabaya, Indonesia	A Journal Article to be submitted to Journal of Southeast Asian Studies, (under final editing)	CSEAS Kyoto University, Japan
6.	Strengthening ASEAN CSR Network: Prospect and Challenges	A Journal Article to be submitted to Journal of Asian Politics and Policy (APP) (under final editing)	John Wiley & Sons

Seminar/Workshop/Conference

No.	Title of Paper Presentation	Event, Venue & Date	Organizer
1.	The Politics of Corporate Social Responsibility (CSR): Between Global Norms, National Dynamics and Local Actions	Presented in International Seminar "SEBUMI-3", Kampus UKM, Selangor, Malaysia, 12-13 October 2010	Joint Collaboration between FISIP University of Indonesia and FSSS Universiti Kebangsaan Malaysia
2.	"Islamic Spirits and the Strategic Role of Women in Sustainable Development Agenda: A Learning Case from Indonesia"	Presented in International Conference on Women and Islamic Awakening, in Tehran, 10 – 11 July 2012	The Government of Islamic Republic of Iran
3.	Workshop on Drafting "General Guidance for CSR Practices in the Ecological Environment"	Office of the Ministry of Environment, Republic of Indonesia, Jakarta 13 April 2011	Ministry of Environment, Republic of Indonesia
4.	"Multinationals and Local partnership for Sustainable Development: A Study of Unilever CSR in Surabaya"	International Interdisciplinary Ph.D. Workshop in Sustainable Development Columbia University, 6-7 May 2011	Association of Postgraduate Students, Columbia University, New York

No.	Title	Conference	Organizer
5.	Poster Presentation: "Surabaya Local Partnership Towards Sustainable Development"	The 17th International Conference on Sustainable Development with theme "Moving Towards for Sustainable Development", Columbia University, NY 8-10 May 2011	International Sustain. Development Research Community & Columbia University, New York
6	"Corporate Social Responsibility and the Role of "Third Sector' to Promote Sustainable Development"	The 7th Asia Pacific Regional Conference on the Third Sector under the theme "Business Responsibility and Third Sector" Denpasar, Bali, Indonesia, 24-26 November 2011	International Society for the Third Sector Research in collaboration with MMCSR- CECT - Universitas Trisakti, Jakarta
7.	"Perception and Readiness of Indonesian City Government towards ASEAN Economic Community: The Case of Surabaya"	International Seminar on "Local Government and AEC 2015: Challenges and Opportunities", Kampus FISIP UI – Depok, 29 January 2014	Center for International Relations Studies (CIReS) FISIP UI in cooperation with Department of Southeast Asian University of Malaya
8.	"Cities in the Dynamics of Globalization and Regionalization"	National Workshop on "Strengthening Diplomatic Capacity of the City Government towards AEC 2015", Office of the Makassar City Governrnent, Makassar, South Sulawesi, 2 Oktober 2014	Directorat of Research and Community Development, University of Indonesia (DRPM – UI)
9.	"Enhancing the City's Role in Jokowi's Strategy of International Diplomacy	National Conference of Indonesian Association of International Relations Studies (AIHII), Jakarta 25-26 November 2014	AIHII in cooperation with Universitas Budi Luhur, Jakarta
10.	ASEAN CSR Governance: Indonesian Perspective	International Conference on Indonesian Politics and Government, "Directions of Democratic Reforms and Government Effectiveness", FISIP Universitas Indonesia, Depok 2-3 November 2015	Department of Political Science, FISIP University of Indonesia, Depok