CHAPTER 2
LITERATURE REVIEW, CONCEPTS AND THEORIES

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

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 a systematic survey, the presentation will be structured into

1The 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 past research”.
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
(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 pursuit of the sustainable development agenda. They are considered as non-state actor 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, Cameroon and Nigeria, India, Philippines, Australia and Canada. Meanwhile, some scholars have also stressed that various global initiatives on multilateral regulations, such as the UN Global Compact, 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](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’ 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 businesscirclelikeforatleasttwodecadeshaveforcedtheemergenceofmultipleinterpretations 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 ‘civic 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 Janeiro. 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 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.

Table 2.1. Trends of Conflict between Companies and Stakeholders according to the Type of Industries
(Prayogo, 2008:81)

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<th>Type of Industry</th>
<th>Local Communities</th>
<th>Workers</th>
<th>Consumers</th>
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<tr>
<td><strong>Extractive:</strong></td>
<td>High potentials: exploitative to natural resources and local communities</td>
<td>Moderate; not too strong resistant and sensitive to conflict, due to strong competition to get access to economic resources</td>
<td>Low resistant, conflict are very rare, except protest or boycott over contaminated products and human rights issue</td>
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<td></td>
<td>very vulnerable to the explosion of violent conflict, due to strong competition to get access and control over economic resources.</td>
<td>since generally the welfare of the workers and their family are very good</td>
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<td><strong>Manufacturing:</strong></td>
<td>Moderate resistant, not vulnerable to the explosion of conflict, except attached to the issue of environmental pollution and damage</td>
<td>High resistant, very vulnerable to the onset of conflict due to company’s profits margin tend to be sourced from low wages, among others.</td>
<td>Low resistant, conflict very rare, except complaints over the quality of the products</td>
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<td>exploitative over the workers</td>
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<td><strong>Services:</strong></td>
<td>Low resistant, conflict very rare, low interaction and conflict of interests.</td>
<td>Moderate resistant, not too vulnerable to the explosion of conflict, except the company with bad management practices</td>
<td>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.</td>
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<td>exploitative to consumers</td>
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programs in both social and environmental realms. Through its management 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 in Indonesia.

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 Onderzoek (NOW) in the Netherlands.

The idea of multi-stakeholders partnership gets the impetus in the 2002 Johannesburg 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 Janeiro, 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 sustainable development. Partnership can be seen as an institutional arrangement that
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, 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

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 genuine purpose of building partnership. At its heart, their study attempts to reveal the
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 these sectors.

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
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

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 view6 (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.

**Table 2.2:**
**Mapping the Theories & Approaches of CSR**
(Garriga & Domenec Mele, 2004)

<table>
<thead>
<tr>
<th>Types of Theory</th>
<th>Approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instrumental theories</strong>&lt;br&gt;(focusing on achieving economic objectives through social activities)</td>
<td>• Maximization of shareholder value&lt;br&gt;• Strategies for competitive advantages&lt;br&gt;• Cause-related marketing</td>
</tr>
<tr>
<td><strong>Political theories</strong>&lt;br&gt;(focusing on a responsible use of business power in the political arena)</td>
<td>• Corporate constitutionalism&lt;br&gt;• Integrative Social Contract Theory&lt;br&gt;• Corporate (or business) citizenship</td>
</tr>
<tr>
<td><strong>Integrative theories</strong>&lt;br&gt;(focusing on the integration of social demands)</td>
<td>• Issues management&lt;br&gt;• Public responsibility&lt;br&gt;• Stakeholder management&lt;br&gt;• Corporate social performance</td>
</tr>
<tr>
<td><strong>Ethical theories</strong>&lt;br&gt;(focusing on the right thing to achieve a good society)</td>
<td>• Stakeholder normative theory&lt;br&gt;• Universal rights&lt;br&gt;• Sustainable development&lt;br&gt;• The common good</td>
</tr>
</tbody>
</table>

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’ interest versus ‘stakeholders’ interest. At its heart, the debate of

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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’ 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 affect, or affected by, an organizations’ decisions, policies and operations” (Lawrence & Weber, 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)
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 stakeholders 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 relationships is 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 2.3. Non Market Stakeholders of Business](image)

**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 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)
Table 2.3: Framework of Nature of Interest and Power of Non Market Stakeholders  
(Lawrence & Weber, 2008:15)

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Nature of Interest – Stakeholder wishes To</th>
<th>Nature of Power-- Stakeholder Influences Company By:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• Refusing to extend additional credit</td>
</tr>
<tr>
<td>Communities</td>
<td>• Employ local residents in the company</td>
<td>• Issuing or restricting operating licenses and permits</td>
</tr>
<tr>
<td></td>
<td>• Ensure that the local environment is protected</td>
<td>• Lobbying government for regulation of the company’s policies or methods of land use and waste disposal</td>
</tr>
<tr>
<td></td>
<td>• Ensure that the local area is developed</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activist Groups</td>
<td>• Monitor company actions and policies to ensure that they conform to legal and ethical standards, and that they protect the public’s safety</td>
<td>• Gaining broad public support through publicizing the issue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lobbying government for regulation of the company</td>
</tr>
<tr>
<td>Media</td>
<td>• Keep the public informed on all issues relevant to their health, well-being and economic status</td>
<td>• Publicizing events that affect the public, especially those that have negative effects</td>
</tr>
<tr>
<td></td>
<td>• Monitor company actions</td>
<td></td>
</tr>
<tr>
<td>Business Support Groups (e.g. trade associations)</td>
<td>• Provide research and information which will help the company or industry perform in a changing environment</td>
<td>• Using its staff and resources to assist company in business endeavors and development efforts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Providing legal or ‘group’ political support beyond that which an individual company can provide for itself</td>
</tr>
<tr>
<td>Governments</td>
<td>• Promote economic development</td>
<td>• Adopting regulations and laws</td>
</tr>
<tr>
<td></td>
<td>• Encourage social improvements</td>
<td>• Issuing licenses and permits</td>
</tr>
<tr>
<td></td>
<td>• Raise revenues through taxes</td>
<td>• Allowing or disallowing industrial activity</td>
</tr>
<tr>
<td>The General Public</td>
<td>• Protect social values</td>
<td>• Supporting activists</td>
</tr>
<tr>
<td></td>
<td>• Minimizerisks</td>
<td>• Pressing government to act</td>
</tr>
<tr>
<td></td>
<td>• Achieve prosperity for society</td>
<td>• Condemning or praising individual companies</td>
</tr>
</tbody>
</table>

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”.

75
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 influenced a dynamic process of social interactions within partnership itself over a
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)

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Government Sector</th>
<th>Business Sector</th>
<th>Civil Society Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constituents</td>
<td>Educational/academic institutions*</td>
<td>Business associations</td>
<td>Campaign groups, Community-based organizations, Donor agencies, Labour organizations, Non-governmental organizations, Private voluntary organizations Religious institutions</td>
</tr>
<tr>
<td></td>
<td>National &amp; Local government</td>
<td>Enterprise development agencies; Financial institutions International companies Joint stock companies National/multinational companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Sector services QUANGOS (quasi-autonomous non-governmental organizations)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key Roles</td>
<td>The Rule of Law</td>
<td>Investment &amp; Trade</td>
<td>Social Development</td>
</tr>
<tr>
<td></td>
<td>Creates the framework for economic, political and social rights; Provides regulations and standard-setting mechanisms, as well as adherence to international obligations</td>
<td>Creates goods and services; Maximises profits for investors; Provides employment opportunities, innovation and economic growth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tends to be bureaucratic and intransigent</td>
<td>Tends to be single-minded and competitive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tends to be combative and territorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Characters that Inhibit Collaboration</td>
<td>Rights-driven – provides information, stability and legitimacy</td>
<td>Profits driven – is inventive, single-minded and fast</td>
<td>Values driven – is responsive, inclusive and imaginative</td>
</tr>
</tbody>
</table>

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 separated tables.
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

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

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 institutional entrepreneurship’, is promoting and institutionalizing norms and agreements in such a way that they become adopted, affirmed and monitored for consistency.

**Table 2.6. Collaborative Continuum**
(Austin in Glasbergen, et.al.,2007:52)
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”.

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Sustainable development is well acknowledged as one of the most pervasive but also contested ideas in global environmental discourse (see Elliott, 2004: 157). Despite 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 is 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 business 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.