

CHAPTER V

CONCLUSION

Corporate Governance as defined by Sir Adrian Cadbury (2000) is “concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society” This is a new concept in Indonesia however internationally it has already been an integral part in companies’ strategies. CSR on the other hand is an element of corporate governance; one of the means to support the implementation of corporate governance. In the past, the standpoint is only the shareholders need to be prioritized but the point of view has shifted and changed to the stakeholders’ perspective. Companies are increasingly aware of their stakeholders, if they lose one of the selected set of their primary stakeholders than they will not be able to reach their maximum potential moreover they might even perish. Unilever has been aware of this fact since the first time it was established in 1933.

Unilever Indonesia has been operating in Indonesia for more than 74 years, a relatively long time for a multinational company to reside in Indonesia. Unilever, an Anglo-Dutch company, has been operating in Indonesia for over 74 years. It is one of the largest consumer product businesses in Indonesia. The long sustainable life that Unilever has enjoyed is also because of their many and many contributions they have made to the growth of Indonesia. The company has been contributing economically, socially and environmentally

to the nation. This approach that the company employs is also known as the triple bottom-line approach. The triple bottom-line approach proposes that a company should be measured by three aspects profit, planet and profit in doing its operations. In other words, it should not only generate profits and contribute economically; it should also contribute environmentally and socially.

The CSR activities at Unilever are organized by the Unilever Peduli Foundation which was established in November 2000. Since then, the conduct has been more focus and has generated an even larger impact. The programs have successfully captured the spectrum of values as specified on the triple bottom-line approach. Through its black soybean initiative the company has successfully brought back the black soybean variety which was outnumbered by the yellow soybean varieties. This eventually will create job opportunities for farmers hence contributing to the local economy. The Green and Clean programs; Jakarta Green & Clean, Surabaya Green & Clean and Merdeka dari Sampah; have undoubtedly contributed significantly to the preservation of the environment in the participating areas.

Socially, the black soybean initiatives have been empowering woman farmers to be more productive, the Yogyakarta IHPP has stimulated and raised the awareness of the people in Yogyakarta of the importance of a healthy lifestyle. In addition to the social issues, the people working at Unilever get more than sufficient benefits from the company an example showing how the company cares for its employees can be seen from the “Safety Talk” conducted on a weekly basis in every department at the company. This safety talk is intended to make employees more careful and be more cautious.

Overall, the whole concept of Unilever's programs is to add vitality to life and this is done through their CSR programs which are sustainable in nature; prompting the society to be the one taking part as the starring role in the programs. After the programs have been meticulously articulated, the company only wishes that its role in the program is merely as a facilitator monitoring and guiding these principal agents to assure the attainment of the predetermined goals. As the CSR programs are truly the reflections of Unilever Indonesia's commitment and dedication to the nation.

The company is committed to be a good corporate citizen. It has achieved and contributed so much to the nation's evolution; the existence of the company managed to survive through dramatic changes to Indonesia from a nation under the regime of a tyrant to an independent republic we have come to know at the present. By being a good corporate citizen, Unilever has earned a good reputation and image from the public's eyes. The good company reputation eventually enhances the corporate social performance and financial performance. In conclusion, there is a mutual relationship among the corporate social performance, corporate financial performance and corporate reputation. They support one another in making the company a good corporate citizen. The high commitment and attempts that the company makes to be a good corporate citizen do not go under the radar, it is widely-known that Unilever's business practices have complied well beyond what they are required to.

Their exceptional performance has often been awarded and recognized by numerous organizations and establishments both locally and globally. Not only have they been awarded for their outstanding achievement in the implementation of corporate governance, they have also been recognized internationally as well for their admirable CSR programs giving

significant positive impacts to the surroundings. Moreover, they have also been participative in supporting the achievement of the Millennium Development Goals as declared by the United Nations in September 2000 as an initiative to take a collective action along with the citizens of the world to alleviate the burdens carried by the less fortunate found mostly in under-developed countries. Their actions through the CSR programs they organize, have encouraged and inspired people from all walks of life to partake as well in helping their needy counterparts in other parts of the world.

The fulfilled needs of the stakeholders provide a supportive setting for the implementation of corporate governance. Unilever is committed up to the highest to implement good corporate governance; a set of tools along with functions are set up to support and smooth out the process. The board of directors, the board of commissioners, an audit committee, a corporate secretary, a corporate risk management team, the Blue Umbrella team as a medium for whistle-blowing and other functions supporting the corporate governance. In addition, they have given their pledges to act in the best interest of the company and the stakeholders. This is reflected upon the excellent corporate governance in the company; as evidence meetings held by the boards have a rather high attendance level.

The stakeholders of the company are very well-informed on the progress of the ongoing activities. In the objective of keeping the stakeholders informed, the company has decided to issue sustainability reports once in every two years since 2004; despite the nature of the report which is not very accurate and complete, the company's intention to keep the stakeholders well-informed although the government does not require them to issue the report should be noted. The report does not fully comply with the GRI, yet still helpful in informing the stakeholders. The impacts generated from the programs are also tremendous and felt throughout the stakeholders.

The firm pays a considerable amount of attention not just to its shareholders but also to the non-shareholders. There is a multiplicity of stakeholders but they all hold a set of common interests respecting their rights, fairness on distribution of benefits and burdens and their well-offness. At Unilever, all of these three are always considered so that it is assured that all decisions are ethical. The company strives to be regarded as a company with integrity among the society. In congruence with its mission “Adding Vitality to Life” the company wishes to hold its integrity and always be associated with a positive image that reflects its adherence to high moral principles or professional standards. The company’s code of business principles is a reflection of how the company holds highly to its integrity. Every individual working for Unilever and doing transactions with Unilever has to adhere to these principles.

Other than the CoBP, in implementing good corporate governance the company complies with the principles of corporate governance established by OECD and NCCG. Apart from that, the company is also in full compliance with the regulations of CSR. The company has been awarded green status in PROPER by the KLH for its factories in Cikarang and Rungkut for their far beyond compliance with the requirements. Some of their adherence beyond their obligations can also be found in adhering to AMDAL, UU RI No 25/ 2007. As one of the supporting elements of good corporate governance in the company as previously stated is through the means of CSR. By fulfilling this responsibility, the company will show its commitment to the stakeholders. The company conducts CSR in three areas, namely health and hygiene, small and medium enterprises and environment. These programs are aligned with the triple bottom-line approach. The outcome from the programs of each area has been outstanding; a great influence and effect on the affected stakeholders have been generated along the way.

Through the corporate social initiatives the company has taken along the way for almost 74 years, the company has gained and enjoyed uncountable bottom-line benefits; tangible and intangible. The company is fully aware that their achievements and the many years they have been able to do their business in Indonesia are inseparable from the efforts and contributions they have been making to the stakeholders. They know that their sustainable business practice is due to the conducive surrounding provided. Moreover, this is only possible because the company has been a good corporate citizen throughout the years.

Unilever Indonesia is a great example for companies in Indonesia to look up to in implementing CSR. They have realized the importance in meeting their responsibilities and they have enjoyed the many advantages that come with an excellent CSR conduct. They know that stakeholders are equally as important as the shareholders. By doing their responsibilities to the stakeholders; meeting their needs; the company has enjoyed a long sustainable successful business.

Hence, by taking Unilever as an example of a company conducting an excellent CSR, it is hoped that companies everywhere; in particular in Indonesia; will be encouraged to follow their footprints. It is the path to be a company which is ahead of the industry; does beyond what it is required to, gives more than what is expected and still manages to be on top of its game in business. After all, the golden rules do apply “treat others the same way you want to be treated.”