

Implementation of Legal Dimensions Corporate Citizenship at PT United Tractors, TBK: Systematic Review

Wawan Erfianto, Heti Mulyati, Gendut Suprayitno

Management Science Program, Postgraduate School, IPB University, Jl. Raya Dramaga, Kampus IPB Dramaga, Bogor 16680 West Java, Indonesia

Corresponding Author: Wawan Erfianto

ABSTRACT

Corporate Citizenship measures four dimensions namely economic, legal, ethical and philanthropic which have strategic values and have a positive impact on the company. PT United Tractors, Tbk implements good corporate governance (GCG) as an effort to improve the performance of a company. GCG is part of the roadmap towards Corporate Citizenship so that its implementation is reviewed based on the legal dimension. The implementation of the law shows that the company integrates legal compliance into the company's strategy, this shows the implementation of the legal dimension. After knowing the implementation of the legal dimension of Corporate Citizenship in the company, the next step is to quantitatively measure its implementation and the influence given to the company.

Keywords: Corporate Citizenship, GCG, Legal Dimensions

INTRODUCTION

Corporate Citizenship is a core element of business strategy in meeting economic, social, and political demands and to enhance the role of the company in the decision making process, with three strategic value points namely market benefits in differentiation and cost reduction, anticipating constraints and preventing risks and meeting environmental needs (Eberhard, 2011). As legal entities with rights and duties such as citizens of the countries in which they operate (Matten, 2003), companies establish Corporate Citizenship with a leadership foundation at all levels, employee engagement, measured financial systems and public-private partnerships (Economist Intelligence Unit, 2008). According to Carrol, 1998 the Corporate Citizenship is a derivative of the conceptualization of the role of business in

society in the management literature, where the most dominant derivative is dominated by the idea of CSR (Corporate Social Responsibility) which measures four dimensions:

- Economy, which is profitable (fulfilling the company's economic responsibilities)
- Law, which is obedient to the rule of law (fulfilling corporate legal responsibilities)
- Ethics, which is ethical behavior (response to the company's ethical responsibilities)
- Philanthropy, which is to contribute to giving back to the environment what has been received

The impact of Corporate Citizenship on the company can be positive for several things, namely reputation management, profile and risk management, recruitment,

motivation and employee retention rates, investor relations and access to capital, learning and innovation, competitiveness and market position, efficient operations and operating permit (Little, 2003). With the existence of these positive values, it is necessary to do a review to find out the implementation of the legal dimensions of Corporate Citizenship in the company based on literature as secondary data owned by the company.

METHODOLOGY

This research methodology uses a systematic review method by taking qualitative data collected from secondary data for research purposes. The stages in systematic review consist of identification review, initial article screening, advanced article screening and article evaluation (Fitroh & Utama, 2017). The results of systematic review of this review and packaging of research results into actionable messages (policy brief and policy paper) are comprehensive and balanced facts presentation formats for policy makers (Siswanto, 2010). This research was conducted to answer the implementation of the legal dimensions of Corporate Citizenship at PT United Tractors, Tbk

DISCUSSION AND RESULT

PT United Tractors, Tbk (United Tractors) is a company listed on the Indonesia Stock Exchange, whose shares are owned by the public 40.5% and owned by PT Astra International 59.5% established since 1972 with the main business being trading tools heavy in the construction sector with the brands Komatsu, Scania, UD Truck, Tadano and Bomag (UT Annual Report, 2017). As a trading company, in addition to selling products, United Tractors also provides after-sales services, namely sales of spare parts and repair services with major customers, namely companies engaged in the mining, agriculture, forestry, construction and transportation sectors. In its activities, United Tractors implements good corporate governance (GCG) and

implements corporate social responsibility (CSR). Good Corporate Governance (GCG) as an effort to improve the performance of a company / organization and become a guideline for company leaders in making decisions and carrying out actions based on high morals, compliance with applicable laws and regulations and awareness of social responsibility the company to stakeholders (stakeholders) consistently. What is done is a Roadmap that starts from good corporate governance (GCG) that is fulfilling the provisions of regulations in corporate governance to be a good corporate company that can effectively control business operations, especially business risk aspects, to become good corporate citizens namely industrial citizens and social communities. ethical and responsible.

According to Carrol, 1998, the dimension of Corporate Citizenship says that the economic dimension is an economic view as a good individual citizen is that he can support himself and is not a burden on other parties, where the company's economic responsibility is to produce profits in ways that are not contradictory to realizing good corporate citizenship. The legal dimension of good Corporate Citizenship, such as the person, also obeys the law by seeing it as codified ethics (which is recorded as a rule), so that when business ethics are all right, good and fair for business, the law is made to realize standards - these standards are in business performance, so that to create them legislation is designed to regulate relationships with key stakeholders such as customers, employees, society and the environment. If a business wants to be considered and admired as good corporate citizenship, then it must comply with these laws and integrate legal compliance into its corporate strategy and operational management. Ethical dimension of view Corporate Citizenship is an exemplary business that not only has value because it is economically successful and complies with the rule of law, but strives to carry it out ethically. Philanthropy is the desire to help

humanity through charitable actions, whether carried out by private citizens, foundations, or companies that aim to improve the quality of life and to ensure a better future, where philanthropy is realized through corporate contributions known as a general definition from the Corporate Citizenship itself.

The legal dimension of Corporate Citizenship is in line with the principles of GCG, where the World Bank defines GCG is a collection of laws, regulations and rules that must be fulfilled that can drive the performance of company resources to work efficiently, generate sustainable long-term economic value for shareholders and the surrounding community as a whole (Iskander and Chamlou, 2000). United Tractors' commitment to law is manifested by the company with an internal control system that includes financial risk, effectiveness of operational activities, and compliance with applicable laws and regulations (UT Annual Report, 2017). The implementation of Good Corporate Governance (GCG) is in line with applicable regulations including the Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Companies ("Law No. 40/2007") and Law of the Republic of Indonesia No. 8 of 1995 concerning Capital Markets (UT Annual Report, 2017). Management of employees in the company refers to the Law of the Republic of Indonesia No. 13 of 2003 concerning employment and derivative rules. The company's health and safety system is based on the Law of the Republic of Indonesia No. 1 of 1970 concerning work safety with the aim of managing the K3 aspect is the achievement of a zero lost time injury (Zero LTI) condition in all operational areas with one of the reference performance indicators being a measure of frequency rate (FR) and severity of work accidents/severity rate (SR).

CONCLUSION AND SUGGESTION

In line with the vision of becoming global corporate citizenship, the company is

fully committed to harmonizing business performance with the provision of benefits to society and the environment as part of corporate stakeholders carried out through the implementation of Corporate Social Responsibility (CSR) programs, with the aim of balancing economic performance achievement social aspects and aspects of environmental sustainability, namely to carry out the concept of triple bottom line (Portfolio, People, and Public Contribution Roadmap) in total (UT Annual Report, 2017). Based on secondary data from the company's annual report, it appears that the company has implemented corporate citizenship in the legal dimension, that is obeying the company complies with legislation and integrating legal compliance into corporate strategy and operational management. by the state.

After the implementation of the legal dimension of Corporate Citizenship, as written by Morrison et al., 2007, the company chose corporate citizenship as a useful tool not only to improve the reputation of the public, but also to increase employee engagement. In accordance with the company's goal that it wants to be good corporate citizenship, but it has never been evaluated as to the extent of its achievement so that it is necessary to quantitatively measure its implementation and the influence given to the company. If this is done, it is hoped that workers will know their role in building corporate citizenship in the company so that they will make a positive contribution and the company knows the extent of the influence of corporate citizenship on the management of the company so that efforts are made to have a positive impact on it.

REFERENCES

- Carrol Archie B. 1998. The Four Faces of Corporate Citizenship. *Business and Society Review*. Volume 100(101):1-7. Published by Blackwell Publisher.
- Eberhard H Laurence. 2011. *Strategic Value of Corporate Citizenship: Theory and Practice of Corporate Social Responsibility*. Talence (France). Springer.

- Economist Intelligence Unit. 2008. Corporate Citizenship : Profiting from a sustainable business. The Economist.
- Fitroh, Utama, D.N. 2017. Synthesizing a Soft System Methodology Use in Information Systems Research Field: A Systematic Review. 2017 Fifth International Conference on Information and Communication Technology (ICoICT) : 489-492. Kuala Lumpur.
- Iskander Magdi R and Chamlou Nadereh. 2000. Corporate Governance: A Framework for Implementation. Washington, D.C. (USA). The World Bank.
- Little Arthur D. 2003. The Business Case For Corporate Citizenship. Word Economic Forum.
- Matten D, Crane A. 2003. Corporate Citizenship: Towards an extended theoretical conceptualization. International Centre for Corporate Social Responsibility. No 3-2003:1-21:429-453. ISSN 1479-5116.
- Morrison E E, G C Burke III and L Greene. 2007. Meaning in Motivation: Does Your Organization Need an Inner Life?. Journal of Health and Human Services Administration. No 30(1): 98-115. <http://ecommons.txstate.edu/sohafacp/1>.
- Siswanto. 2010. Systematic Review as a Research Method for Synthesizing Research Results (An Introduction). Surabaya. Pusat Penelitian dan Pengembangan Sistem dan Kebijakan Kesehatan, Badan Litbang Kesehatan, Kementerian Kesehatan.
- United Tractors. 2018. Annual Report 2017 : Delivering Togetherness. Jakarta (ID). PT United Tractors, Tbk.

How to cite this article: Erfianto W, Mulyati H, Suprayitno G. Implementation of legal dimensions corporate citizenship at PT united tractors, TBK: systematic review. International Journal of Research and Review. 2019; 6(7):305-308.
