Cross-sector Partnerships Models in Corporate Social Responsibility to Implement Poverty Reduction Initiatives in Indonesia

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Abstract. In order to effectively align corporate social responsibility (CSR) with the poverty reduction agenda, corporations need to be more inclusive and collaborative with other actors. Cross-sector partnerships in the implementation of CSR have been an emerging approach and practice, as promoted by public administration scholars. Key actors in the partnerships may come from the government, civil society represented by non-governmental organizations (NGOs), and corporations. However, designing successful effective partnerships that are relevant to cross-sector dynamics and political contexts has been proven to be particularly challenging, especially in emerging economies and new democracies, such as Indonesia. This paper provides key characteristics of effective cross-sector partnerships that have been derived from an examination of three case studies in Indonesia and Tanzania. They represent cross-sector partnerships with differing scope and depth. Throughout this paper, one can observe and extract key characteristics of effective partnerships based on three case studies of which a model for each is described. In particular, characteristics utilized for assessing the effectiveness of the models include ownership, alignment and synchronization, accountability, reduced dependency, resource sharing, along with representation and legitimacy.

Keywords: corporate social responsibility, cross-sector partnership, poverty reduction

INTRODUCTION

Many transnational corporations (TNCs) are based in Indonesia and several gigantic TNCs, such as ExxonMobil, Total, Chevron, ConocoPhillips, British Petroleum, Newmont and Freeport each has an established presence. As shown in Table 1, Indonesia ranks within the top 20 for four important natural resources among countries. Ross (2006) identifies Indonesia as the 23rd oil dependent country, indicating the importance of oil extraction as a substantial income for the country. In a report for Oxfam America examining the relationship of extractive industries and poverty across the globe, Ross finds paradoxical facts.

On the one hand, TNCs make enormous profits through the extraction of resources. Yet on the other hand, they produce negative externalities that harm the host countries in various social and environmental ways. There have been chronic disastrous impacts in the form of higher poverty rates, high rates of child malnutrition, low spending levels on health care, low enrollment rates in primary and secondary schools, low rates of adult literacy, and income inequality. Moreover, oil and mineral dependent countries tend to suffer from unusually high rates of corruption, military spending, authoritarian government, and government ineffectiveness, (Ross 2001, p. 6-9). Indonesia, in many respects, is not an exception.

<table>
<thead>
<tr>
<th>Type of Natural Resources</th>
<th>World rank</th>
<th>Year</th>
</tr>
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<tbody>
<tr>
<td>Coal</td>
<td>5th</td>
<td>2012</td>
</tr>
<tr>
<td>Gold</td>
<td>9th</td>
<td>2011</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>14th</td>
<td>2012</td>
</tr>
<tr>
<td>Oil</td>
<td>20th</td>
<td>2011</td>
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For more than three decades (1966-1998), with privileges from the Soeharto regime, TNCs have been involved in many incidents of environmental and human rights abuse (Ballard, 2000), as well as corruption (Kemp, 2001). In addition, although Indonesia had liberalized its extractive industries since 1967 in order to increase revenues (Robinson, 1987) about 45 years later poverty is still one of the country’s biggest issues. Time series data from the Center for Welfare Studies shows persistent figures: the number of Indonesians living in extreme poverty was 40.36 million in 2008, 44.83 million in 2009, and 43.07 million in 2010 (Handayani, 2012).

Oil and mining operations located in remote areas destroy the local subsistence livelihoods and fail to accelerate the local economy. Remote areas, as Wirisudarmo (2000) describes, are typically impoverished because the terrain is rocky, has high acidity, and/or consists of alluvial clay and sandy material. These conditions force the local people to make ends meet on the traditional extraction of natural resources, such as crops, fish, forest products, and industrial minerals such as gold (p. 26). To make the condition even worse, Article 14 of Law Number 33 Year 2004 on Central-Regional Financial Balance rules unfair distribution of revenues from extractive industries. As shown in Table II, the central government has been enjoying the majority of the profits from this sector, a situation that makes it difficult for local governments to accelerate development and reduce poverty rates.

Global CSR movements have raised optimism on the role that business can play in tackling poverty (Fox, 2002; Fox & Prescott, 2004; Knoringga 2008, 2010), as well as both avoiding and correcting social injuries caused by corporations (Simmon et al., 1976 as quoted in Idemudia, 2009). Although defining CSR hardly produce commonly agreed consensus, there are three key features of CSR (Nelson, 2004, p. 6).

“There are three key features, such as; 1) beyond philanthropy to more integrated approaches on the mainstream of business-for leading companies, CSR is moving from corporate margins to the mainstream, to cover not only philanthropy, but rather how a company manages the totality of its impact on and contributions to society; 2) beyond public relations to greater accountability and stakeholder engagement - CSR is moving from assertions of corporate performance in one-way communications to greater accountability and transparency to more stakeholders through other forms of stakeholders engagement that include, but go beyond public reporting; 3) beyond legal compliance to greater clarity of principles and values - leaders in CSR are moving beyond compliance based mindset. They recognize that CSR is not only ‘box-ticking’, but also about public statement of corporate purpose, principles, values, underpinned by internal policies system, management, and accountability”

However, many scholars believe that the effectiveness of CSR practices is impossible in an environment with weak governance (Frynas, 2008). Calder and Culverwell (2005) argue that weak governance has increased the degree of involvement of corporations in human rights abuses, bribery, and other fraudulent practices. Given their bad track record in Indonesia, some believe the reliance that TNCs have on voluntary CSR cannot guarantee socially and environmentally responsible business practices as it does in the US and Europe (Garvey & Newell, 2005; Blowfield and Frynas, 2005).

The belief that mandatory CSR is more effective than voluntary CSR was also the position taken by the Government of Indonesia in 2007 when the House of Representatives of Indonesia passed Law Number 40 (Law 40/2007) on Limited Liability Companies (Rosser, Atje, & Edwin, 2008). The most controversial section, Article 74, explicitly states that CSR is compulsory for companies. Rosser and Edwin (2010) translated the four points in Article 74 from the original Indonesian language as follows.

“1) Limited liability companies that carry out business activities in natural resource sectors or that are connected with natural resources are obliged to implement Corporate Social and Environmental Responsibility; 2) Corporate Social and Environmental Responsibility, as referred to in paragraph (1) represents a responsibility of a limited liability company that is budgeted for and calculated as an expense of that company, the implementation of which is to be carried out paying attention to appropriateness and propriety; 3) Limited liability companies that do not implement their obligation as referred to in paragraph (1) will incur sanctions in accordance with the provisions of legislative regulation; 4) Further provisions concerning Corporate Social and Environmental Responsibility will be laid down in a Government Regulation.”

Furthermore, the Indonesian government also believes that mandatory requirement of CSR promises better coordination and division of responsibilities among stakeholders. In many occasions, as expressed by mayors, legislators and many other public officials, the government expressed concerns over potential overlap among different programs.

In contrast, an opposition group from the business society, represented by the Indonesian House of Chambers, business scholars, and politicians who are also engaged in business, perceive this law with caution. Their ultimate concern is that the law could encourage more corruption and subsequently worsen the investment climate (Rosser & Edwin, 2010). With its lobbying power, the business group was able to stall the development of government regulations for five years. By the time the Government Regulation for Law 40/2007 was passed in June 2012, its contents were unclear and did not specify guidance on how to implement the mandatory CSR. This indecisive policy framework leaves a void which can be widely interpreted by predatory economic and political interests for corruption.

In addition, both Law 40/2007 and its implementing regulations fail to respond to the growing expectation for the establishment of CSR partnerships. In the context in which companies and government have been
involved in a closed relationship that excludes ordinary citizens and societal groups, a multi-stakeholder and cross-sector institutional arrangement has been preferable for its advantages in terms of greater accountability and inclusiveness (Nelson, 2004). Since Indonesia transitioned into a democratic society in 1998, the public has been demanding more inclusions through partnerships and participatory avenues in almost every stage of policy-making and public affairs in general (Antlov, 2003).

In the absence of this regulatory framework to facilitate cross-sector partnerships in CSR that aims to effectively implement poverty reduction initiatives, this paper observes and extracts key characteristics of effective partnerships based on three case studies of which a model for each is described. In particular, characteristics utilized for assessing the effectiveness of the models include: ownership, alignment and synchronization, accountability, reduced dependency, resource sharing, representation, and legitimacy.

The author starts the discussion by presenting the literatures on partnerships from different scholars and disciplines. This is followed by descriptions of the cases studies, encompassing the backgrounds, objectives, processes of partnership formation, roles of facilitators, areas of partnerships, and the outcomes. Before arriving at critical consideration on each model derived from the case studies, the author presents comparisons and analysis based on the framework. The final part is conclusion that provides recommendations.

RESEARCH METHODS

The author used desk research as a method to identify tool of analysis and to study three different cases of CSR partnerships. The author reviewed books, research reports, and journals in several range of disciplines including business, development studies, governance, and policy studies. When selecting scholarly resources, the author utilized key words mainly cross-sector partnerships, collaborative governance, and tri-sector partnerships. Most studies reviewed are about theories and concepts of partnerships, and initiatives to implement partnerships in which government, NGOs and corporations are involved in. The cases are both in advanced democracies like the US and developing worlds such as in Asia and Africa. In addition, the author followed up on the literature cited in the literatures that reviewed.

The result of the review is a framework to analyze the three models used as case studies in this paper. Three case studies in Indonesia and Tanzania were selected as the objects of analysis because they represent initiatives that differ in the intent, scope and depth of collaboration, as well as the context of partnerships. The author perceives the case studies as continuum from “minimalist” to “maximalist” collaboration.

RESULT AND DISCUSSION

The first discussion is about Understanding the Framework of Cross-sector Partnerships. Many scholars in the field of cross-sector partnership identify the concept differently. Some refer to it as collaborative governance (Anshell & Gash, 2007), cross-sector collaboration (Bryson, Crosby, & Stone, 2006), cross-sector partnership (Seitanaidi & Crane, 2009; Googins & Rochlin, 2000; Selsky & Parker, 2001), tri-sector partnership (Warner & Sullivan, 2007), and social alliances (Waddock, 1988; Berger, Cunningham & Drumwright, 2004). This paper uses these different terminologies interchangeably to discuss poverty reduction initiatives that are carried out through collaborations among corporations, government (host countries and donors), nongovernmental organizations (NGOs), community-based organizations (CBOs), and communities.

This concept is utilized because it offers greater engagement compared to the coalition model or the public-private partnerships (PPPs) model. A coalition, especially in regard to relationships among stakeholders in extractive industries, is impermanent, means-oriented, and diverse in goals, with little shared use of resources and value of agreement (Gamson, 1961). A coalition may generate more risks and disadvantages than it would benefits. Meanwhile, public-private partnerships (PPPs), as Ansell and Gash (2007) argue, are “often to achieve coordination rather than to achieve decision-making consensus per se” (p. 548). They assert that collective decision-making is secondary in PPPPs because the focus is to make an agreement to deliver certain services or perform certain tasks.

The list below is a summary of characteristics of effective cross-sector collaborations (Waddock, 1988; Googins & Rochlin, 2000; Berger, Cunningham & Drumwright, 2004; Bryson & Cosby, 2006; Warner, et. al., 2007; Anshell & Gash, 2007; Seitanaidi & Crane, 2009; Selsky and Parker, 2010; Brinkerhoff & Brinkerhoff, 2011). Effective cross-sector collaborations have the following characteristics, as summarized in Table 3.

Several other dimensions are also critical to the success of partnerships. “Ownership”, Ansell and Gash (2007) argue, “implies shared responsibility for the process” (p. 560). In this respect, they assert that trust is critical so that stakeholders have a willingness to involve in such partnership initiative. According The New Broker: Brokering Partnerships for Development (Warner, 2003), partnerships initiatives may be facilitated by independent mediators. This is due to stakeholders with differing interests are hardly capable to achieve foundational aspects of partnerships such as goals and resource sharing. Nonetheless, it is the government agency that is ultimately held responsible for the outcomes of partnerships. The role of private sector in poverty reduction agenda through its CSR should be regarded as complementary and supplementary to government’s function (Young, 2006).

<table>
<thead>
<tr>
<th>Table 3 Characteristics of Effective Cross-Sector Partnership</th>
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<tbody>
<tr>
<td>a. common goals;</td>
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<td>b. collective and consensus-based decision making;</td>
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<tr>
<td>c. one sector cannot solve the problems alone;</td>
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<tr>
<td>d. solutions created together benefit all stakeholders;</td>
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<tr>
<td>e. shared and pooled resources (such as funds, expertise,</td>
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<tr>
<td>f. non-hierarchical and equal structures and processes;</td>
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<tr>
<td>g. trust-based;</td>
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<tr>
<td>h. relationships are institutionalized for-mally and informally;</td>
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<tr>
<td>i. synergistic interactions among partners;</td>
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<tr>
<td>j. shared accountability for outcomes and results.</td>
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In addition to ownership, Helm and Loon (2003) emphasize alignment and synchronization. Alignment means that recipient’s systems to design and implement programs, financial management, and monitoring and evaluation are utilized. When the system works less effectively, partnership initiatives work to improve the system. On the other hand, synchronization implies that stakeholders work on reducing fragmentation, duplication, and overlapping programs. As a result, synchronization increases complementarities and makes full use of stakeholders’ respective comparative advantages. Both proper expectation and dependency management in cross-sector partnerships also play an essential role. Davy (2004) pointed out that merely building infrastructure or delivering social services without involving local stakeholders has led to a dependency culture. The consequence of this dependency culture, says Idemudia (2008), is an escalation in community expectations. Hence, Hamman (2001) states that when participation that is accompanied by capacity building efforts increases, local stakeholders are less dependent on the extractive companies.

To all these prescriptions, Ansell and Gash (2007) assert the importance of legitimacy and representation with regard to inclusiveness. The more inclusive a partnership, the more stakeholders are represented. As a consequence, legitimacy increases since the policy outcome represents a broad-based consensus (Ansell and Gash, 2007, p. 555-556).

The further result of increased inclusion and representation is accountability. The more inclusion of diverse stakeholders in decision-making processes affecting the course of partnerships, the more possibilities are available for local stakeholders—mainly local communities—to have a say and to exert control (Garvey and Newell, 2005).

The second discussion is about models identified from case studies. The three models below represent cross-sector collaborations with differing scope and depth. The first model, derived from Soplop et al’s (2009) study in Indonesia, is basically a partnership in implementation. It is unique because the targeted communities have the capacity to influence the decision-making processes on the ground based on the predetermined design by the government, corporations, and the international NGO. The second model, based on Sullivan and Kiangai’s (2004) research in Tanzania, represents other characteristics. It is company-led yet stakeholders are able to influence the subsequent policy making and implementation. The final model, based on Suryani’s (2010) finding in Indonesia, represents a more holistic collaboration where all stakeholders have been involved throughout all phases of the partnership cycles.

Community-based School Reconstruction: Indonesia. In Yogyakarta and Central Java, Indonesia, Research Triangle Institute (RTI), a USAID-funded projects’ contractor, initiated public-private partnerships (PPPs) for school reconstruction. This approach was meant to link central government, local governments, communities, and companies (ConocoPhillips, a US oil company operating in Indonesia) to run a community-based school reconstruction. They did this through expanding on an existing project called the Decentralized Basic Education program (DBE1), that assists local governments to improve their financial management systems and service delivery in education.

Parties involved in DBE1 worked together based on letters of commitment (LC) identifying and clarifying the respective roles and contributions from each partner, which became binding agreements. The LC was to be exchanged among the stakeholders to be a reference for inter-party monitoring. Badan Pelaksanaan Usaha Hulu Minyak dan Gas Bumi (BP Migas), the government’s executive agency that regulates upstream oil and gas business activity, coordinated with the oil companies to channel some of their CSR funds into the program. The education departments at the provincial and district level, together with local Government’s religious affairs offices selected the schools that would be reconstructed. The local Governments solved land title issues and offered staff support, office space, school equipment, furniture, and materials. Communities, through school boards, were actively involved in designing, planning and constructing the buildings which included employment opportunities for local residents.

A committee was formed to manage the project, consisting of 9-15 volunteers representing the communities surrounding the schools. Volunteers from the school board were selected based on their prior experiences in building management and supervision rather than on their social status. The DBE1 facilitated trainings and workshops for these community committees to enable them to work independently and self-sufficiently. Topics covered in the trainings and workshops included building design, procurement, hiring, volunteer management, construction process oversight, financial and administrative reporting, effective collaboration and management of the overall construction processes.

Soplop et al.’s (2009) study concluded that the community participation approach used by DBE1 answered the weaknesses of the existing model of school construction which was usually transferred to the building contractors or other third parties. Contractors tend to be profit oriented and give less attention to building durability and maintenance. Their building model most often did not fit local needs. Meanwhile, DBE1 produces higher quality construction work, lower costs, and greater transparency. It also cultivates a higher degree of community ownership and satisfaction when compared with reconstruction work undertaken by the traditional practices of private contractors (Soplop et al., 2009, p. 10).

Social Development Program: Tanzania, Kahana Mining Corporation Ltd (KMCL), a subsidiary of Barrick Gold, was granted a license to operate in Bulyanhulu, Tanzania, in 1994. Bulyanhulu is about 45 km south of Lake Victoria in the Kahana District in North Central Tanzania. Prior to this arrangement, from the 1970s the mine site was inhabited by 30,000–40,000 artisan miners. The granting of a license to KMCL by the national government lead to government promoted violent actions against them starting in April 1996, including torture and murder. These incidents sparked an international uproar.

Local communities saw the discrepancies between their lives and the multi-billion dollar corporation. The central government failed to distribute mining revenues to improve the local community’s welfare. Realizing that this could damage the company’s reputation, KMCL eventually chose to apply a tri-sector partnership approach to gain the community’s acceptance for them to operate in the area. A safe workplace environment is also important to attract local Tanzanians as prospective managers. One action to achieve community acceptance was KMCL’s plan to replace 70% of its expatriate managers within five years, with local Tanzanians.
KMCL’s tri-sector partnership approach was implemented through a program called the Social Development Program (SDP). In 2000, KMCL contracted a Canadian consulting company, Planning Alliance, to facilitate the partnership processes. The SDP consisted of housing and other related infrastructures for KMCL’s workers. It was extended to reach the local community, in terms of health, education, water supply and local business development. Given the project’s large scope, KMCL pooled resources from local government and communities, and prepared an exit strategy before handing over the long-term responsibility to the community and local governments.

A community development unit was set up internally in KMCL to implement the development plan in collaboration with the community, local governments, and NGOs, and to coordinate implementation across its internal units. Extensive consultations and negotiations were undertaken to enable KMCL management and the various stakeholders to identify areas to address. A cross-sector committee was established to coordinate the program design and resources in each project.

Each actor, in any given partnership, played a role based on its respective scopes. The NGO CARE Tanzania produced training modules, trained and mentored teachers, and mobilized the community. The District Council recruited teachers, supervised schools, created provision of construction materials and logistical support for the program. Village government and communities contributed labor and land for construction, explored communities’ financial contribution for the program, and mobilized people to participate in adult education.

As a result, as Sullivan and Kiangi’s (2004) study reveals, SDP has increased children’s access to education to closely 100 percent compared to 60-80 percent prior to the program. About 35,000 people enjoy better access to clean water (p. 122). The communities have adopted healthier life styles and have become more aware of HIV, AIDS, and malaria (p. 123). Due to the partnership model and contribution by SDP, the government was able to better implement its development programs (p. 124-125).

Multistakeholders Forum: Indonesia, Kutai Timur District is located in Borneo, Indonesia. It hosts approximately sixty mining companies, mainly coal, the revenues of which contribute 84.47% to the overall economy of the area. Because the district is a hinterland with limited public infrastructure and services, the local government expects companies to be involved in efforts to boost local development through PPPs. In addition, working together in a partnership is idealized in order to avoid duplication among companies’ CSR programs and the government development programs.

In 2005, a local NGO, called the Centre for Empowerment and Economics (C-Force), initiated a program entitled “Multi-stakeholders Partnership Initiative for Implementing Sustainable CSR in Kutai Timur” with funding from the European Union. The Multi-stakeholders Forum (MSH-Forum) was intended to facilitate partnerships in designing, implementing, monitoring and evaluating CSR programs. The other objectives of MSH-Forum included promoting participatory, transparent, accountable and pro-poor CSR practices.

For these purposes, C-Force invited companies, local government officials, local members of legislatures, community figures, local NGOs, and local universities to participate. It also organized all of the activities starting from the formation of the partnership’s committee, programs, and Memorandum of Understanding (MoU). The multi-stakeholders agreed that MSH’s mission was to mainstream the UN’s Millennium Development Goals for CSR practices in areas of health, education, economic development, and infrastructure, which were in line with the Kutai District Development’s plan. C-Force’s facilitation also succeeded in binding the partnership with District Leader’s Regulation Number 10/02.188.3/HK/VII/2006 which outlines the “Guidance of CSR Implementation in Kutai Timur District”.

The governance body of the MSH Forum represents companies, local government, and civil society entities equally. There are three layers in the committee: district level, sub-district coordinating committee, and village coordinating committee. At the district level, there is an advisory and implementation board consisting of district leaders, CEOs, and other top ranking officials in local government and companies. MSH-Forum Secretariat acts as the head of the Implementation Board for day-to-day administration. At the sub-district and village level, the coordinating committees representing MSH-Forum worked to identify and list problems, aspirations, and needs through annual development planning meetings. Funding, as outlined by the guidance policy or rules, comes from companies, government, and unrestricted donations.

The planning process starts from participatory annual development meetings at the village level, and then moves up to the sub-district, followed by the district level. The Coordinating Teams of MSH Forum at the sub-district and the village level act as the facilitators of the planning processes. However, the community can also submit their proposals directly to the Committee of MSH-Forum without attending the meeting. Discussions about CSR program formulation, evaluation of CSR implementation, as well as the performance measurements of the partnership forum, were held once a year.

Suryani (2010) found that MSH-Forum achieved several outcomes. Companies’ CSR programs and local government programs have been better coordinated and synchronized. Several government-company joint programs were also created. Through MSH-Forum, the local government and companies better managed community expectations. On the other hand, MSH-Forum provided more access for communities to present their needs and have their voices heard to make CSR programs more relevant.

The third discussion is about the Analysis of Case Studies’ Advantages and Disadvantages. The three models from the case studies can be regarded as a collaboration continuum, as illustrated in Table II. From left to right, the degree of partnership is more comprehensive. The processes through which partnerships were formulated, worked towards their missions and programs, as well as achieved their goals, were more intensive from left to right.

A number of characteristics were utilized to assess the advantages and disadvantages of each model. For a cross-sector collaboration model to be effective in facilitating multi-
EDI, CROSS-SECTOR PARTNERSHIPS MODELS

Table 4 Comparison of Models

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<thead>
<tr>
<th>Characteristics</th>
<th>DBE1 Indonesia Bottom-up Model</th>
<th>SDP Tanzania Community-Led Scheme with Consultations &amp; Negotiations</th>
<th>MSH-Forum Indonesia Bottom-up Partnership</th>
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<tbody>
<tr>
<td>Ownership</td>
<td>The program was initiated through external actors and driven by the central government.</td>
<td>SDP was indeed a company-led program, but there were also many in-depth consultations and negotiations between the company and stakeholders in each district of each project area. Since the project’s goals represent the consensus, ownership is greater.</td>
<td>The goals, rules, project areas, targeted benefit-caries, roles division and shared resources were agreed by consensus. The other key is that it was formalized by the Head of District Deen. The partnership then became a public program.</td>
</tr>
<tr>
<td>Alignment and synchronization</td>
<td>Provincial, district education offices and religious affairs offices helped DBE1 select school recipients of the reconstruction project. The project complemented the areas that were not covered by government programs or other nonprofit relief programs.</td>
<td>In the consultation and negotiation phases, KMCL identified its sup-plementary and comple-mentary roles. KMCL supported the government and communities in capacity building.</td>
<td>Since the very beginning of MSH-Forum’s goals and programs were formulated in line with the government’s development plan.</td>
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<tr>
<td>Accountability</td>
<td>DBE1 managed the overall project management, yet in implementing the project, the team consisted of DBE1, BP Migas and companies representatives. On the contrary, provincial and local government officials could not stand equally with this DBE1-BP Migas-Companies’ team.</td>
<td>Despite the asymmetrical resources among stakeholders and the project’s nature which was company-led, each stakeholder had somewhat equal power to hold each other accountable. The company has financial and expertise power. The mine workers and residents could potentially deploy blockages or sabotage that would harm the company’s reputation and production. The government has authority and other legal instruments.</td>
<td>Accountability in MSH Forum is greater than the previous models. MSH Forum has annual meetings to evaluate its projects. “Checks and balances” existed along the project’s life. Monitoring and evaluation involved stakeholders’ representatives where they could give input to improve the project.</td>
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Expected management and dependency
- It can be said that DBE1 simply channeled the project to areas where the need was greatest. For a regular situation, this method can increase dependency because the resource sharing is imbalanced.
- The stakeholders were actively involved in the processes of consultation, negotiation and bottom-up planning. In the processes, KMCL encouraged communities to utilize their assets. The Kahana District Government shared 25% of its budget, though it was only 2% of the total SDP budget plan.
- The deliberative processes provided avenues for companies to explain their limitations. The facilitator can build sense of empowerment by identifying tangible and intangible underutilized assets owned by government and communities.

Representation and legitimacy
- A community participation approach, representation, and legitimacy were built at community level, i.e. by electing the committees’ members so that they can have real power to face the existing domi-nant vil-lage elites. The overall project’s legitimacy relied on the central government’s authority. This is not ideal as a model for extractive industries.
- The relevant stakeholders including the company, government entities, mining workers and community members actively involved in consultation and negotiations.
- MSH Forum encompasses all stakeholders including those who had conflicting relationships. Moreover, chairing the Forum are executive officials from each stakeholder. This creates a strong legitimacy.

Timeline
- Partnering processes took a year from October 2007 through September 2008.
- Partnering processes took a year from 2000 through 2001.
- Partnering processes took place from August 31, 2005 through March 27, 2006.

In addition to the comparison in Table II, there are some possible risks and some further disadvantages in establishing a collaborative across sectors. The DBE1 model is unlikely to be preferred by the local government and communities surrounding companies in Indonesia because of its limited access to program design and planning. Greater
access to policymaking is preferred over mere involvement in implementation. This relates to a psychological issue that TNCs are foreign powers and as a response, local governmental and societal entities should seize the power through all possible channels.

If the DBE1 model is applied in the areas of extractive industries, and included in the second or the third model, possible opponents of this model could be local government’s officials and politicians. In the age of decentralization, when local governments in Indonesia have been enjoying greater autonomy since 2001, it is unlikely that they will support this model. The DBE1 model positioned local government out of the project’s implementation. That position eliminates opportunities for local officials to corrupt the project. By the same token, DBE1 model also eliminates opportunities for contractors to win a development contract bidding with low quality of project proposals. Within what had been a common modus operandi through which corrupt officials enjoy bribery from contractors who wanted to win the bidding, local contractors and corrupt officials are solidly disadvantaged by the DBE1 model.

Local governments are likely to support the SDP model. In Indonesia, seventy percent of local government budgets are generally spent on salaries (Synnerstrom, 2007). Hence a model in which companies provide the bulk of partnership funding is preferable. A capacity building component is also desired given the fact that many local officials in remote areas lack capacities in terms of project management knowledge and skills (Sullivan & Kiangi, 2007). Local governments seem to benefit if companies take over the project management for similar reasons. Nevertheless, a sentiment that local entities should own and control resources, even though these have been legally contracted to TNCs by the central government, can create a problem. Therefore, this scheme is preferable as a temporary option, such as in the case of a transitional institutional arrangement. It implies that in the long-term, after local governments, local NGOs and communities would have their capacities increased, allowing to withdraw from their initial leading roles.

In a conflict-prone context where trust is scarce, like in the SDP and MSH-Forum, the roles of facilitators were proven crucial in bridging differing interests and actors. Many scholars find that facilitators can mediate gaps, prevent domination, and condition a conducive environment for partnerships (Waddock, 1988; Warner, 2003; Fox, 2005; Bryson, Crosby & Stone, 2006; Ansell & Gash, 2007), even in the absence of legislation that can foster collaboration (Ashman, 2001). To do so, Lasker and Weiss (2001) assert that facilitators must have skills to “(1) promote broad and active participation, (2) ensure broad based influence and control, (3) facilitate productive group dynamics, and (4) extend the scope of the process” (Ansell & Gash, 2007, p. 554). Donor agencies, NGOs, consulting firms, universities and other actors can fulfill the role of facilitators.

In the MSH-Forum, there is a risk of domination with regard to the existing imbalance of power relationships between elites and communities. Elites in government, legislative, and political parties generally have more power and influence due to the patron-client culture in local politics. A conflict of interest with government officials also needs to be considered since they act as partners and regulators simultaneously. Responding to this potential risk, companies may react in the way of hesitation and passiveness in the MSH-Forum. This negative consequence is indeed revealed in Suryani’s (2010) study, showing that MSH-Forum had become a battle ground among local elites during the election seasons. Another possible explanation for this is C-Force’s inability to sustain facilitation due to limited project funding from the European Union.

CONCLUSION

Given the fact that one model cannot fit every context, this paper is not proposing a single approach. Rather, after evaluating the weaknesses, advantages, risks and lessons learned from the three models, the paper arrives at a number of propositions for consideration.

First, neutral, professional and credible facilitators should exist in CSR cross-sector partnership development initiatives to bridge asymmetrical power, resources and knowledge among stakeholders (Ward, Fox, & Wilson, 2007). Second, donor agencies should provide capacity development for companies so that they can effectively engage in governance reform initiatives relative to CSR. Third, in order to have a high degree of representation, legitimacy, accountability, program ownership, alignment and synchronization, CSR cross-sector partnership initiatives should have a governance body and structure that encompasses almost all sectors and levels. Fourth, CSR projects with low complexity or ones that fit with a community’s capacity, is likely to produce the highest output and outcomes if implemented through community participation.

Designing effective cross-sector partnerships that are relevant to Indonesia’s dynamics and political contexts is indeed difficult. Nevertheless, combinations of those key characteristics of effective partnership in the three models, as presented in the paper, can be alternative approaches to successfully align CSR with the poverty reduction agenda in Indonesia.

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