

COMMUNITY INVOLVEMENT AS A STRATEGY FOR ACCOUNTABILITY CORPORATE PERFORMANCE RATING ASSESSMENT PROGRAM (PROPER)

Akhmad Najib, Joni Emirzon, Hilda Zulkifli, Alfitri

ABSTRACT

Program Performance Rating (PROPER) is believed to encourage environmental requirements for business activities in environmental protection and management. The basic principle of the implementation of the PROPER is to encourage compliance of companies in environmental management through the instrument of information in the form of incentives and disincentives. Incentives in the form of image for companies that have good environmental management performance and disincentive given the reputation for poor environmental management system. In reality its implementation PROPER found weaknesses that lead to the assumption that the outcome of the PROPER not transparent, less credible and accountable in the public eye. This study aims to reveal what caused PROPER transparent, less credible and accountable in the eyes of society, then answer how the strategy should be done to improve the credibility PROPER. The approach taken in this study is a qualitative approach, with survey respondents are people around the range-1 PROPER participating companies in the city of Palembang. Data collection techniques include in-depth interviews, observation and documentation, while the technique of data analysis include: data reduction, data presentation, data interpretation, and conclusions. The results showed that 1) PROPER not transparent, less credible and accountable in the public eye due to no disclosure of information from the government and the company to the public regarding PROPER so that differences in perceptions create public dissatisfaction over the implementation and results of PROPER assessment. 2) Involvement of the public through publications in general and given the right to express an opinion on the objection period to answer what is the PROPER public discontent in the implementation and produce policies that are transparent, credible and accountable.

Keywords: Environmental Performance, Community Involvement, Accountability, corporate performance, PROPER

INTRODUCTION

PROPER is one means of policies (policy tool) developed by the Ministry of Environment (MoE) in Indonesia in order to encourage compliance with responsible business and / or activity against a wide range of legislation in the environmental field, through the instrument of information by actively involving the community (Mahmudi, 2014). Therefore, compliance performance improvement can occur through the effect of incentives and disincentives reputation arising from the announcement to the public PROPER performance rating. Stakeholders will give appreciation to companies rated well and put pressure or encouragement to companies that have not been good rate. Assessment criteria to PROPER uses compliance instruments and information instruments as a benchmark for environmental management performance assessment of a company. Compliance instruments are measured through a set of regulations that have been issued by the government namely Minister of Environment Regulation No. 3 of 2014.

Keep in mind that the validity of the data collected on PROPER assessment becomes very important and determines the success of the program. So the "Checks and Balances" to all of the data must consider the procedures in collecting data and also cross checked the truth by using a comparator component namely "public perception" especially direct impact located around the activities and facilities of the company. So the community involvement, directly or indirectly, is expected to improve the performance of PROPER policies. In the program of Environmental Performance Rating and Public Disclosure (EPRD) error of the data collection will lead to conflict from PROPER participants and communities recipient information, so the data collected must be accurate (reliable and credible), according Gozun et al (2011) there are something to do for the matters, it had been made its framework to do in a survey and a visit to a waste management facility to see effort to do environmental management; conduct additional sampling test to self-assess the accuracy of compliance with quality standards; and to hold discussions with the communities around waste management facility to determine the public perception of the environmental performance from the facility.

Actually PROPER implementation is a mechanism to capture the companies' compliance with government regulations (quality standard) for discharge liquid waste emissions, air, B3 waste and EIA implementation for one year assessment period (362 days). However, they still found their dissatisfaction by the conduct of complaints about environmental problems involving the PROPER participating companies (the complaint) where the complainant in this case is the community around the business units. In a study result conducted by Ge et al in China, the people are against the pollution directly but they do not know how to manage the environment effectively.

Environmental complaints and compliance are two things that can not be separated. In the formalities can be assumed that the company has been abiding by the waste effluent quality standards and implement environmental management with good governance, then the company should not receive complaints related to problems with environmental issues. But the fact that occur at different pitches with what is perceived and expected during this or differ in perception in general. This study aims to reveal what caused PROPER considered not transparent and less credible in the eyes of the community and then how the strategy pursued to improve the credibility of the PROPER.

MATERIALS AND METHODS

The nature of the research is explanatory research. Explanatory research is a fundamental nature and aims to obtain information, explanation, data about anything that are unknown. The series of explanatory research starts from the determination of the problem, then proceed with the collection of information required for data collection, the collection and analysis of data collected and the last is an to draw conclusion. Researchers just prepare some questions as a guide for obtaining primary data in the form of information, explanation, required preliminary data. This study is a constructive analysis on the policy orientation (Torgerson, 2007). According to Togerson, demands to improve policies that face challenge on the advancement of science, as well as the world revolution that can not be dammed make policymaking should have a clear orientation.

There are several approaches used in this study, among other statutes approach (per-Law Invite) are becoming frames (foundation) research so as to have a clear framework. The

next approach is the concept of implementing PROPER theoretically supported by scientific about environmental law, environmental control policies, and community participation. The third approach is a case-based approach, in which the environment case becomes the identification of the problems that occur primarily related to the implementation of the PROPER. The last is a futuristic approach, in which the study sought to answer how PROPER strategy with the aim of producing a policy that is transparent, credible and accountable.

The research location is in the city of Palembang in Ilir Timur 2 subdistrict especially in the area of human settlements in Ilir 1, 2, 3 and Lais River village. The residential areas are in the ring area-one who felt the direct impact of the company's activities. The study was conducted in the period 2015 to 2016. The collection of secondary and primary data include the implementation of a literature study, questionnaires, observations and interviews. Purposive sampling method used in this study, according to David (2004), there is no minimum amount in determining the number of respondents as long as respondents have knowledge and skills in the subject area concerned.

Table 1. Respondent Sampling Percentage

Sampling Percentage from 4 Areas (%)				
	1 Ilir	2 Ilir	3 Ilir	Lais River
AGE				
16 – 50	77,14	39,29	81,40	62,5
50 UP	22,86	60,71	18,60	37,5
Total	100	100	100	100
SEX				
MALE	62,86	57,14	62,79	59,37
FEMALE	37,14	42,86	37,21	40,63
Total	100	100	100	100

RESULTS AND DISCUSSIONS

Results of the assessment and obedience from businesses or activities on environmental management in the PROPER is classified into 5 (five) ranks: gold, green, blue, red and black (Table 2.) Participation of entrepreneurs in South Sumatra in PROPER levels have increased, companies of PROPER award recipients in 2012 amounted to 55 companies to 70 companies in 2013, then in 2014 to 87 companies, and the last in 2015 PROPER recipient companies totaled 119 companies. Percentage of PROPER award recipient company in South Sumatra province in a period of 4 years have increased by 116.36%. Significant figures shows that companies ongoing basis to compliance and improvements in managing its environment. But the fact that people still often complain resulting from the impact of corporate activity, such as contaminated water, so that it becomes cloudy and can not be used for everyday purposes such as bathing, washing, even for drinking, society must filter water by providing water purification tablets so water was proper for consumption. If it is dry or rainy season, people often feel unclean air caused by waste companies.

Table 2. PROPER Companies Assessment Result in South Sumatra Province

Assement Year	Company rating				
	Gold	Green	Blue	Red	Black
2012	1	10	32	12	0
2013	2	10	45	13	0
2014	2	11	57	17	0
2015	2	12	91	13	1

In the implementation of PROPER, the company will be awarded obey if they have met the requirements and provisions that have been assigned and are listed in the legislation in force. Data neighborhood complaints received by the Environment Agency of South Sumatra province in 2012 - 2015 (Table 3) shows that environmental complaints made by the public

related to environmental issues involving the company still ranked receiver in blue, green and gold. These results show the community dissatisfaction with the results of the assessment and the assessment found a discrepancy with what is happening in the field. Complaints related to the environment are "not detected" by the assessment PROPER team does not need to happen if at the time of pick-test or assessment in the field also held public perception around business units. Netting the public perception is intended not just to find information about the event or events from contamination during the assessment period, but it can also be used as a means of communication or explanation of the management environment carried out so far by the company. The increase of public access to environmental information can play an important role in improving pollution control, quality of decision making, and improve environmental management performance (Xu Bing et. Al, 2008).

Table 3. Environmental Complaints Involving PROPER recipient company in South Sumatra Year 2012-2015 (source *Sumsel BLH*)

Complaints on Environmental Issues

PROPER RANK	YEAR	YEAR	YEAR	YEAR
	2012	2013	2014	2015
GOLD	-	-	1	-
GREEN	2	2	4	2
BLUE	-	2	8	6
RED	1	-	4	-
BLACK	-	-	-	-
TOTAL	3	4	17	8

Disclosure of access to information is one of the government's efforts to control the negative impacts of development on the environment. Disclosure of access to information is the right of people to be able to participate in the development and improve the quality of life. The right to environmental information will increase the value of the effectiveness of participation in environmental management, in addition it will open up opportunities for people to actualize their right to a good environment and healthy (Nugraha, 2016). It become essential matter for companies to communicate the environmental management committed to

the community, especially those around the company's activities, from interviews and questionnaires to capture the public perception was found that 53.07% of respondents considered the company did not communicate yet about environmental management actions to the community. In the document management and environmental monitoring (EIA document), the company was given the obligation to carry out some monitoring to the quality of water and air. Cross check results of the implementation of environmental monitoring by the public, showed almost 50% of the community around the company does not know that the company has been monitoring the quality of the environment. Environmental issues for the community is a very sensitive issue 56.58% of respondents stated that the company did not sufficiently involve the community around their business unit to participate in monitoring and maintaining the quality of the environment. It is supposed that with their community involvement in environmental management be very important because people will become supporters and also balance in maintaining environmental quality. This was confirmed on statements from 60,53% respondents that they would protest / boycott against the company's activities if there are environmental problems that occur, and 75.88% of respondents would make a complaint about the environmental problems to government officials resulting from the actions of companies that pollute the environment.

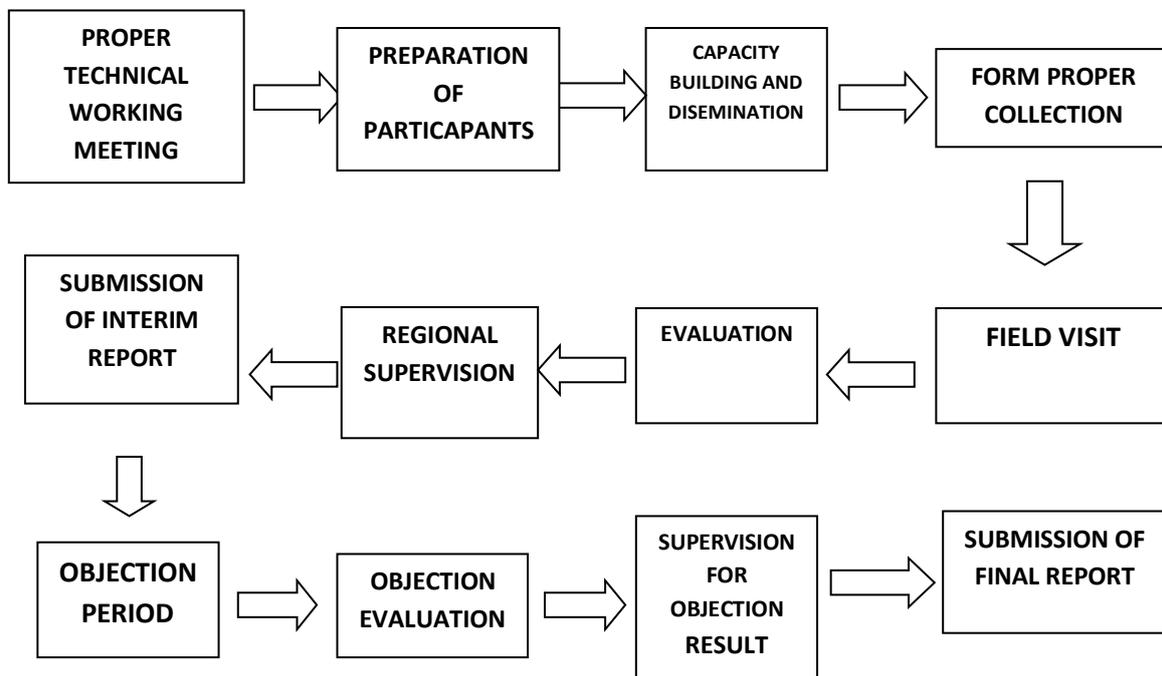
In general it can be said that a policy evaluation activities regarding estimates or policy judgments including the substance, implementation and impact. In this case, the evaluation is seen as a functional activity. It means, the policy evaluation is not only done at the end of the course, but also it is done in the whole policy process. Thus, the policy evaluation may include the formulation stage of a matter of policy problems. Programs that proposed to solve the policy problem, implementation, as well as the stage of policy impact. Santoso (2003) in his study mentioned that efforts should be made to develop a model policy that encourages public participation, namely the model "policy as a struggle for the interests of the community" and model "policy as a process of social marketing". In other words, inclusion efforts that materialized through participatory planning can take substantive advantage where political decisions taken would be more effective, besides it gives a sense of satisfaction and a strong enough public support to a process of development. Thus the public involvement in the process of determining public policy that gives a strategic value for the community itself becomes one of the important conditions in development efforts undertaken. The opening of public space interventions bears the consequences of opening up opportunities for

communities to take actions in influencing decisions. So the decision is not only determined by technocrats and bureaucrats alone, but it began to enter the public sphere and the general public. Along with being expressed Bambang Utoyo. S in the Comparative Study of Local Government Policy and Public Participation Strategy concludes community participation is a core component in the policy making and implementation in a healthy democratic society. The findings in this article shows that in Canada it adopts a broader range of public participation techniques related to: volunteerism and public agreements, environmental and strategic planning, and government. While in the United States it shows that it is more likely to promote public participation through mechanisms such as referendums and annual public meetings on the public issues. In the process of public policy, the idea of the policy community is ideal for the design of future policy processes to accommodate the values of participation, collectivity, inclusiveness, and most importantly, sustainability. Therefore in the future it is required reorientation of the government's behavior (public apparatus) and public (including civil society and private sector), that rule is no longer solely owned by the government, rather it is a networking and the balance between stakeholders in each process of public policy, it is no exception in the context of urban development. Or in simple language, governance was the key word.

PROPER implementation is integrated by various stakeholders starting from the preparation phase of PROPER assessment criteria, the selection of companies, a ranking decision, up to the announcement for the public the performance rankings (Figure 1). Stages begins with the selection of participating companies where the target company PROPER participants are companies that have a significant impact on the environment, listed on the stock market, has products that are export oriented or used by the public. Once the participants are set, then the self-monitoring of data collection with a report evaluating the implementation of environmental management presented the company. In addition to self-monitoring data, it is also conducted primary data collection by the direct oversight to the field routinely carried out by supervision officials of the Environment (PPLH). The information gathered is then processed into interim report, which evaluates the performance of the company in the management of water, air, B3 waste compared with specified PROPER assessment criteria. This interim report card has indicated the company performance rating based on PROPER criteria. Temporary report card was then addressed through the mechanism of peer review by the technical team. Results of the discussion is then reported to

the Echelon I officials from Ministry of Environment for comments and consideration. After that, the report card is reported to the Advisory Council to obtain the opinion and approval of the Board. Report Card results of discussions with the Council is then set as temporary report card that will be delivered to the company and the local government. Companies and local governments are given the opportunity to submit an objection by backing up from new valid data. After the objection period is exceeded, then the results are reported to the Advisory Council. The Council will provide the latest opinion regarding the status of the company's performance before it is reported to the Minister. Minister examines, provides policy and establishes the status of the company performance rating by considering the report of the Advisory Council. After all the process is passed, the publication of the company's performance ratings disclosed to the public and also to companies and local governments. The stages mentioned are clearly no public participation that are involved in the implementation phases of PROPER, it indicates that there is no disclosure of information access to the public, no open access to information eventually leads to the assumption in society that PROPER is carried out only for the interests of the company.

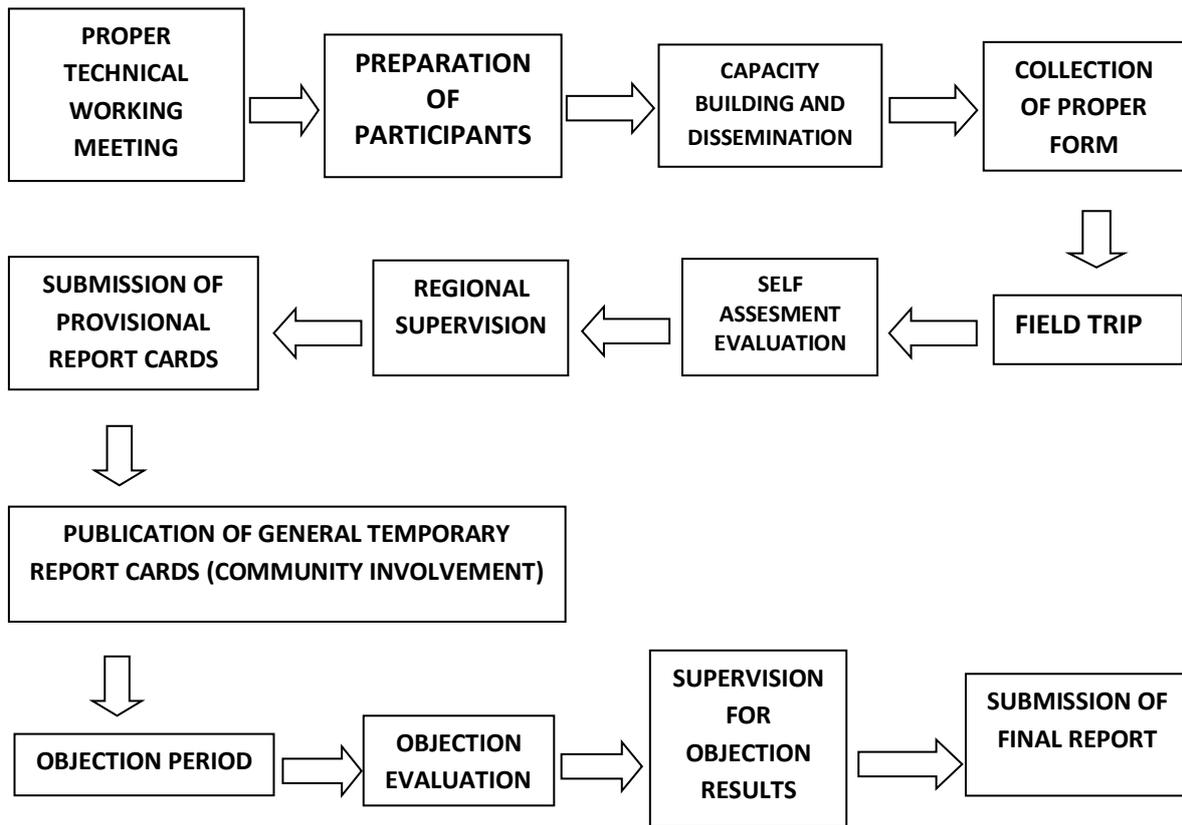
Figure 1. PROPER EXECUTION STAGES (Source BLH South Sumatra)



Stages of PROPER implementation shows that the PROPER policy has the disadvantage by not involving the active role of community management efforts and environmental protection

and the results of PROPER assessment, there is no socialization and access to information disclosure regarding PROPER policy management to the community, not transparent and not credible. Finna Rizqina (2010) wrote that participation is a) there must be a common goal to be achieved; b) their urge to donate or get involved for the achievement of common goals; c) community involvement both mentally, emotionally and physically, and; d) must be the shared responsibility for the achievement of group objectives. One the efforts to be made by a citizen is to participate actively in the various activities being carried out in the neighborhood whether it related to the problem of environment, development, and other policies. Participation is an active process and initiatives that emerged from the community and will be realized as a real activity when it is met by three supporting factors, namely: the will, the ability and the opportunity to participate. Based on these opinions it is important that people are given the opportunity to participate, the study found a gap in the PROPER implementation stages where it should be on the stage the community can be involved actively as a determining factor for the government to determine the rating company. Objection period as presented in the Implementation Phase PROPER is addressed to the Government and the Company if there is an objection or refutation from of the delivery of the results of interim assessments (Report Card meantime). Objection period has a duration of approximately 20 days starting from the day of submission of interim report to the government and the company then after a set time, followed by a phase of the evaluation PROPER Disclaimer. The study found that at the stage of objection period active community participation should be involved namely by doing the publication of the temporary report card results to the public in general. By doing publicity in general to the public and the public are given the right to submit an objection or rebuttal of the rating, result of the company so indirectly it will affect the level of information transparency and credibility of PROPER assessment. So during the objection period, not only objection or refutation of the government and the company that comes into consideration of PROPER council to determine the ratings but also it has been included to the people in it. Stages involving public participation (Figure 2) makes the assessment PROPER results accountable and capable of reducing community dissatisfaction with the implementation of the PROPER and open communication between the company and the community so that the difference in perception between the company and communities in environmental management, especially related to policy PROPER will not be happen.

Figure 2. Stages of PROPER Community Engagement Model



CONCLUSION

People considered PROPER not transparent and less credible because there is no disclosure of information from the government and the company to the public regarding the conduct of PROPER so that there is a difference of perception and dissatisfaction from the public on the results of PROPER assessment. Community involvement in the Implementation Phase of PROPER will answer public dissatisfaction that occurred during this time and certainly improve the credibility of PROPER.

ACKNOWLEDGMENTS

The authors would like to express heartfelt thanks to the Prof. Dr. Joni Emirzon, SH, M. Hum, Prof. Dr. Hilda Zulkifli, M.Si, DEA and Prof. Dr. Alfitri, M.Si from Sriwijaya University for their training. It takes the role of the government as the holder of full power to make policy. The hope is that the community is able to participate in protecting and managing the environment with a good understanding and right on target.

REFERENCES

- Bambang, Utoyo. (2009). *Geography opens World Horizons 3*. Book Centre Ministry of National Education.
- David, F. 2004. *Strategic Management*. Translation by PT. Gramedia Group Index. PT. Gramedia. Jakarta.
- Gozun, E. G., Laplante, B., and Wang, H. 2011. *Design and Implementation of Environmental Performance Rating and Public Disclosure Programs*. The World Bank: Development Research Group Environmental and Energy Team.
- The Republic of Indonesia Ministry of Environment, Ministry of Environment Regulation No. 3 of 2014 on Corporate Performance Rating Assesment Program In Environmental Management, Jakarta, in 2014
- Mahmudi, *PROPER Role as a driver of the increase in the Company's Performance in Environment Management*.
- Neu, D., Warsame, H., and Pedwell, K. 1998. *Managing Public Impressions : environmental Disclosures in Annual Reports*. *Journal of Accounting, Organizations, and Society*. Vol.23 No.3. pp 265 – 282
- Republic of Indonesia The Education and Training Centre Ministry of Environment, Law No. 32 of 2009 on the Protection and Environmental Management, Jakarta, in 2011.
- Rizqina, Finna (2010). *Public Participation in School-Based Management Policy Implementation in the District of West Jakarta Municipality Kalideres*. Faculty of Social Science and Politics University of Indonesia.
- Rowe, G., and Frewer, L. J. 2000. *Public Participation Methods : a Framework for Evaluation*. Sage : Society for Social Studies of Science. 3 – 29.
- Santoso, Purwo, *Building Mechanism Participatory Regional Policy Formulation*, Paper Presented in the Multi-Stakeholder Workshop organized by the Transparency Jogjakarta, in collaboration with the Independent Legal Aid Institute (use values) and Partnership for Governance Reform in Hotel Novotel Yogyakarta on January 20, 2003.
- Soekanto, Soerjono, *An Introduction to Sociology*, Jakarta: PT. King Grafindo Persada, 2003.
- Torgerson, C.J. & Torgerson, D.J. (2007). *The need for Pragmatic Experimentation in Educational Research*. *Economics of Innovation and New Technology* 16(5): 323-330.
- Wang, H., Bi, J., Wheeler, D., Wang, J., Cao, D., Lu, G., and Wang, Y. 2004. *Environmental Performance Rating and Disclosure China's GreenWatch Program*. *Journal of Environmental Management*. 123 – 133.

Xu Bing, Xiong Bing, Li Fugui. 2008. Improving Public Access to Environmental Information in China. *Journal of Environmental Management*. Elsevier. Page 1. 88 (2008) 1649–1656

¹Akhmad Najib, ²Joni Emirzon, ³Hilda Zulkifli, ⁴Alfitri

¹ Doctoral Degree Program in Environmental Sciences School of Postgraduate Studies Sriwijaya University

email: najibakhmad60@gmail.com

² School of Postgraduate Studies Sriwijaya University Email: jonimirzon@yahoo.co.id

³ School of Postgraduate Studies Sriwijaya University Email: hilda.zulkifli@yahoo.com

⁴ School of Postgraduate Studies Sriwijaya University Email: alfitri@unsri.ac.id