

competitiveness at the

FRONTIER

June 2008

theme :

**CORPORATE SOCIAL
RESPONSIBILITY**

in this issue :

- 3** **An Interview With GE And Citi**
Two firms widely praised for their Indonesian CSR activities offer some insights and lessons.
- 5** **Corporate Social Responsibility: The Indonesian Context**
Controversy over the law remains, but domestic companies can look at home and abroad for CSR examples to emulate.
- 7** **From Policing To Collaboration**
CSR ideals are well served when multinationals employ partnerships to ensure workplace standards compliance in Indonesia.
- 8** **Getting Ready For Business**
Business games on line can help students prepare to make real-life strategic decisions.

editor's message

The title of this publication, *Competitiveness at the Frontier*, succinctly describes its purpose: to focus on trends and best practices at the forefront of competitiveness-related topics. Therefore, this month's theme of Corporate Social Responsibility (CSR) may seem at first to be an odd choice.

Most people readily acknowledge that CSR is a virtuous endeavor, but does it really matter from the standpoint of enhancing the performance of Indonesian companies on the world stage? That depends on how companies define CSR: if it is viewed simply as an add-on for PR purposes, the impact on overall competitiveness is probably miniscule.

But companies that take a more sophisticated view of how CSR fits into their core business activities are likely to reap greater rewards. For example, local firms that coordinate with their international buyers to improve their performance on safety, environmental concerns and worker rights can ensure that their products will meet with international acceptance (see "From Policing to Collaboration" beginning on page 7).

And a well-designed CSR program can build a customer base in the long run. In our interviews with the architects of the award-winning CSR programs at GE and Citibank (page 3) is a description of Citi Indonesia's financial education programs in Indonesian schools – a gesture of goodwill to the community, certainly, but also a means of ensuring that the upcoming generation will appreciate the value of banking services.

Finally, our article by Edward Manik ("Corporate Social Responsibility: The Indonesian Context" page 5) looks at CSR in a legal and regional context, noting that Indonesian firms not only have legal obligations to meet, but face competition from countries such as China and Thailand that have institutionalized CSR labeling for export products. The message is clear: as Director of Country Corporate Affairs Ditta Amhorseya puts it, "corporate citizenship means good business." • CSW •

About the authors

Edward Manik ("Corporate Social Responsibility: The Indonesian Context") is SENADA's Legal Advisor. He has held positions with local law firms and also with the Indonesian Bank Restructuring Agency (IBRA). • **Ben Otto** ("From Policing to Collaboration") is a US Fulbright Scholar in Indonesia who does business writing and editing for several publications in Jakarta. • **Endah Raharjo** ("CSR At Kaltim Prima Coal: One Company's Experience") is an urban planning specialist with extensive experience working for Indonesian NGOs. • **Mamat Rohimat** ("Getting Ready For Business") is a graduate of MMUI who now works as a fund manager in an investment company. • **Andi M. Sadat** (GE interviews) is on the teaching staff at MMUI. He is the author of the book *Brand Belief*.

This monthly forum is jointly published by the Masters of Management Program, Faculty of Economics, University of Indonesia and SENADA, a four-year USAID-financed project whose goal is to increase Indonesia's economic growth and employment by improving the competitiveness of major labor-intensive light manufacturing industries. The views expressed in this forum do not necessarily reflect the views of the United States Agency for International Development (USAID) or the United States Government.

Competitiveness at the Frontier welcomes your letters and reserves the right to edit for length and clarity. We pay a modest honorarium for published articles and invite interested authors to contact us about writing opportunities. Contact the Communications Team, SENADA – Tel: (62-21) 5793 2577; Fax: (62-21) 5793 2578; e-mail: senada@dai.com. Website: www.senada.or.id

letters

A REGIONAL ISSUE

Author Baari La Inggi's observation in "Making Standards Work" [May 2008] that textile producers are confronted with varied and sometimes conflicting standards to meet is indeed true, and it is a difficulty that must be addressed across industrial sectors and on a regional level.

Trade is inhibited when the regulatory authorities in different countries impose different systems for assessing whether imported products conform to their standards. Indonesian producers may have products that are of adequate quality to meet standards or achieve certifications, but within the ASEAN region where many of their most promising trade partners are, they still confront duplicative or inconsistent testing procedures. To facilitate trade, it is vital that ASEAN nations first harmonize national standards with international ones and then implement a system whereby conformity assessments are mutually recognized.

This is the task that the ASEAN Consultative Committee on Standards and Quality (ACCSQ) is now addressing. Substantial progress has already been made, and standards have been harmonized for 20 priority products. We continue to work on Mutual Recognition Arrangements. The ASEAN countries have signed agreements relating to electrical and electronic goods and cosmetic products, and among our current priority sectors is pharmaceuticals, including traditional medicines and health supplements. Our efforts will continue into the next decade, and will promote free trade within the ASEAN region and beyond its borders.

— Shirley Ramesh
Senior Officer, ASEAN Secretariat

Competitiveness at the Frontier encourages letters (mail to: senada@dai.com) and reserves the right to edit for length and clarity

An Interview with : GE and Citi CSR Is Good Business

Every year the US Secretary of State bestows its Award for Corporate Excellence to an American firm doing business internationally, based on eight criteria that include good corporate citizenship, contribution to overall growth and development of the local economy, contribution to local science and technology, and other criteria related to working conditions, safety, legal compliance, innovation, and environmental practices.

In 2007, finalists for the award included two American firms doing business in Indonesia: Citi (for its enhancement of educational programs and its disaster relief) and General Electric, which ultimately won the award (for its exemplary role in post-tsunami relief efforts and its emphasis on employee volunteerism and educational programs).

To see if the activities of these two multinationals might hold any lessons for Indonesian firms, Competitiveness at the Frontier talked to personnel who oversee corporate social responsibility efforts in both organizations: at GE, Inggita Notosusanto, Manager Corporate Communications Southeast Asia, and Ani. T. Rahardjo, Communications Manager; and at Citi, Ditta Amhorseya, head of the Corporate Affairs office.

What is your definition of 'Corporate Social Responsibility'?

INGGITA: Many people think that CSR means 'charity,' but it is not like that. CSR is not about a company giving money away but about a company that is making money. How so? For instance, the company behaves responsibly when it pays salaries on time and in keeping with regulations. Or in

another example, if you use toxic substances to make your product, the procedures have to be in compliance with the Environmental Management Plan and Environmental Monitoring Plan (AMDAL). What is the good of giving to charity if at the same time the company pollutes the environment or breaks the law?

DITTA: Corporate citizenship means good business. CSR is an element of company operations, but I believe that corporations should be able to showcase other elements of company performance when they say they have good corporate citizenship, whether it is in terms of financial performance, whether it is hiring the best people, retaining the best people or providing training. It is part of our business practices. Sometimes people say to me that companies do CSR to hide the bad things they do. I always say no, it actually should complement the good things we do.

Can you give us an overview of your programs?

ANI: We have six mutually supportive CSR elements at GE: environmental health and safety, public policy (in which we work to create understanding between industry and government), compliance and governance (in which we share knowledge in order to build community capacity), product and supply chain standards (in which we guarantee, for example, that none of our suppliers use underage employees), valuing and developing our employees, and community engagement. The last one is what people usually think of when they think of CSR. Under community engagement, the GE Foundation makes donations, especially for education, ▶



GE's Inggita Notosusanto, Manager Corporate Communications Southeast Asia (right) and Ani T. Rahardjo, Communications Manager



Ditta Amhorseya, Head of Corporate Affairs at Citi Indonesia

◀ such as full scholarships for bright university students. We also set aside some of the GE budget in every business unit for programs such as electricity projects, clean water, medical equipment, partnership with NGOs (non-governmental organizations), forest conservation, etc. Finally, our community engagement includes our GE Volunteer Foundation, which organizes GE employees involved in community activities.

DITTA: Citi Indonesia's community initiatives are run under the Citi "Peka" program, from the Indonesian words "peduli," to care, and "berkarya," to do good. The program focuses on educating the next generation, building communities and entrepreneurs, financial education, natural disaster relief, and the environment. We provide money, conduct activities in partnership with NGOs, and encourages Citi employees to volunteer their time. Internationally, Citi focuses on the same overall areas but within each country we tailor our programs to local needs. For example, we support education in both Singapore and in Indonesia, but in Indonesia high school teachers need a lot of help so we focus on that. The needs may be different in Singapore.

Q: How do your activities relate to the core activities or values of your business?

DITTA: We like our financial education focus! We're very excited about the weekly five-minute TV program "Your Money" with basic tips on money matters that just got approved [by the Citi Foundation that approves all programmatic initiatives]. And we have the Citibank micro-finance awards that we've been doing for four years, where we recognize microentrepreneurs that have been successfully lifting themselves out of poverty by doing things like starting small businesses. And then we have also "The Adventures of Agent Penny and Will Power" [a program about money management and savings aimed at young children]. So we are making our footprint in financial education as well as microfinancing – areas that relate to our core business.

INGGITA: Let's look at it from the beginning, that GE cannot just grow for 130 years and exist in 150 countries without support from the community. Basically, since we cannot grow by ourselves we need to look at our motto "Growing inclusively with the country." Not exclusively, growing big only to die and vanish. Therefore, we are a long-term partner, operating on the condition that we have to employ a win-win solution with the society wherever we are.

ANI: Therefore our programs really need to be in touch with and empower society. Wherever we are, in response to society's needs, we conduct programs on several issues such as children's and

women's empowerment, training for teachers and students, environmental programs and skills development programs.

Q: Do you think your activities hold any lessons for smaller, Indonesian companies?

DITTA: CSR cannot just be for big companies. Small and medium companies can start CSR programs as well. It is not the amount of money that matters, it is the commitment. A lot of people say "Citibank has the money, you can do all this" and I say "actually no, it is not the amount you spend, it is *how* you spend it."

Lesson number two is, it's always good to have good partners who are NGOs. Because I don't think companies can do it all. The knowledge of NGOs is different, they are passionate. If you partner with NGOs, you get to learn from them and you also help NGOs build their capacity.

Third is, stick with your activities and your partners for a long time. At least five years. People talk all the time about measurement and impact; that's the only way you can learn, is by measuring results. There's no way you can measure impact after one year. Sure, we can give donations to, for example, a teacher's fund, but what is the immediate result? One of our programs for high school teachers has been operating for six years, and now we have a newsletter. Now we can share information, we know who has been promoted, we have testimonials. But that is after six years.

I think the other element is encouraging and managing volunteers. If companies give the opportunity for as few as two employees to volunteer, how the impact can multiply! Because every person has a giving heart. People may not know how to do it; there is not a volunteerism culture in Indonesia. But look at our experience with the Red Cross after the tsunami. [In the aftermath of the 2004 tsunami, Citi employees served as volunteers in the Red Cross headquarters in Jakarta where they worked for three months, every night from 4 pm to midnight, in two shifts, manning phones, providing English-speaking communications, updating websites, sorting donated clothes, etc.] The effort worked because they had clear instructions explaining what to do, clear roles and they could choose activities, or they could switch.

A lot of volunteer groups like the Japanese Women's Association organize a volunteer effort – we have had to schedule our time in schools around other groups doing volunteering. That should tell you something: if these small organizations can do it, a small company can do it.

Corporate Social Responsibility: The Indonesian Context

Controversy over the law remains, but domestic companies can look at home and abroad for CSR examples to emulate.

Controversy continues in Indonesia over the inclusion of Corporate Social Responsibility (CSR) under Law No. 40 of 2007 on Limited Liability Companies (UUPT). Article 74 paragraph (1) of UUPT clearly stipulates that: "Companies doing business in and/or in relation to natural resources must put into practice social and environmental responsibility," a provision opposed by many corporations.

The original language of the bill stated that CSR provisions applied to all companies without exception, but this was altered as a result of protest by the business community. The DPR finally decided that the CSR provisions would only be applied to companies that heavily utilize natural resources, such as mining, oil and gas companies, and plantations. However, the business community has continued to press for changes. The Vice Chairman of KADIN, Haryadi Sukamdani, even said that CSR should not be stipulated as an obligation, but should be voluntary. The reasoning is that companies are already 'forced' to fulfill their formal obligations, such as taxes, obtaining permits and conducting an environmental impact analysis (AMDAL). KADIN also questions whether it is appropriate to oblige a company that is just starting out, or is losing money, to conduct CSR.

From a legal perspective, CSR encompasses not only steps taken to minimize the impact of an indus-

KADIN questions whether it is appropriate to oblige a company that is just starting out, or is losing money, to conduct CSR.

try on the surrounding community and environment, but all corporate responsibility activities of interest to a company's stakeholders. The CSR concept itself is rooted in good corporate governance, which begins with compliance with legal norms and expands to become a code of conduct emphasizing the ethical aspect of business behavior and maintaining a good relationship with stakeholders.

The CSR theory and concept as we know it at the moment was mostly formulated by business experts and leaders such as Archie B. Carroll and John Ellington, who formulated the concept of the 'triple bottom line' (economic prosperity, environmental quality, and social equity) following the Earth Summit at Rio De Janeiro in 1992.

In terms of the environment, Indonesia should reflect on the policies of

CSR at Kaltim Prima Coal: One Company's Experience

CSR focused on the surrounding community has been part of the business activities of mining company Kaltim Prima Coal (KPC) since the company's inception in 1992. Careful research underpins all their CSR programs, and such studies have revealed that as much as 80 percent of the domestic product (PDRB) in Kutai Timor, where KPC operations are based, is a result of mining activities. Thus, KPC programs include activities like teaching farmers to use reclaimed land once mining activities stop, for purposes such as growing patchouli to produce profit-yielding patchouli oil. Other KPC surveys have researched what steps KPC can take to help farmers, fishermen, businesses and others in the community to widen their markets.

Despite dedicated efforts, KPC's programs face challenges. A 2005 KPC study of over 2,000 local citizens revealed that 75 percent of the community views development efforts as entirely the responsibility of KPC – not as a shared effort. Additionally, as a company involved in a highly visible industry, KPC attracts its share of criticism from local NGOs, who sometimes advocate for CSR activities not necessarily in line with KPC's business model.

But KPC has a clear vision of how to carry out their CSR mission. Says Harry Miarsono, General Manager External Affairs & Sustainable Development for KPC, "Our challenge is to convey an understanding about development, and that development is a long process that has to be gone through and reached cooperatively, and is our responsibility together, not only the responsibility of the company alone."

— Reported by Endah Raharjo

◀ neighboring countries such as Thailand and China. Both countries have made CSR labeling an obligation for their exported products. If a product does not have CSR certification or if the company is using materials generated using substances that harm the environment, the product can be rejected by the buyer. The situation is the same in England and the Netherlands, where CSR is required by the Capital Market Authority.

In Indonesia, multinational corporations that purchase from local vendors can take an active role in promoting CSR through their interactions with local companies. (SENADA is fostering such an approach in its Garment Partnership Indonesia and Eco Exotic initiatives.)

The CSR program of Medco offers an instructive example for others to follow. It began when Arifin Panigoro,

one of the owners of Medco Energy Groups, worked with the Advisory Board of the Medco Foundation to create an education program for farmers that would address the underdevelopment of food agriculture. Farmers receive assistance in land management, production of organic rice, and determining yields. The program managed to increase the rice paddy productivity on a million hectares of dry land in Central Kalimantan from 2.5 million tons of milled dry whole grain per hectare to 5 million tons.

As part of the program, Medco is also involved in recruiting and training inexperienced farmers to develop organic rice fields. These farmers receive a salary and begin climbing a career ladder that goes upward as their capacity improves. Medco has also invested in modern technology, utilizing machinery that can separate

the rice from its husk. This technological modernization alone resulted into a 30 percent increase in yield.

Another worthy example of CSR is the development of commodity corn undertaken by PT Sierad Produce Tbk. The company helped to strengthen livestock feed farmers' links to the value chain, building relationships among suppliers, developing their knowledge of prices, and helping them improve quality, as well as providing technical assistance on exporting.

In conclusion, on one hand CSR can be seen as a charitable concept, but on the other hand it can be seen as a way to improve business performance. Through caring for the community and making a strong commitment to CSR activities, substantial results can be obtained.

— Edward Manik

NEWS june '08

Global recession has dealt a severe blow to a number of textile and garment companies in Depok. Plunging demand has left companies with serious financial problems that forced them to lay off thousands of workers. (*Media Indonesia, 03/05*)

Furniture entrepreneurs in Kendari City, North Sulawesi are facing teak wood materials scarcity, thus causing prices of several household furnishings items to surge, namely wardrobes and beds. (*Bisnis Indonesia, 06/05*)

Indonesia may be seeking to regain its former clout in European markets through a glittering Indonesian trade expo in the heart of Europe this week. The Indonesian government is organizing the "1st Indonesian Expo in Central and East Europe (IECEE)" from May 7-10 in the Polish capital of Warsaw. (*The Jakarta Post, 07/05*)

The business sector plans to increase prices of all manufactured products by 5-7%, following the government's plan to increase the prices of subsidized fuels by up to 30% in June. (*Investor Daily, 08/05*)

With help from the Indonesian Eco-labeling Institute (IEI) and the European Union, With help from the Indonesian Eco-labeling Institute (IEI) and the European Union, the government is developing an executive body under the Ministry of Forestry to be responsible for the certification of sustainable wood products and production systems. (*The Jakarta Post, 15/05*)

The Indonesian Footwear Association (APRISINDO) will increase their prices by 7% following the government's plan to increase fuel prices by 30%. (*Kontan, 16/05*)

China's government has issued US\$ 80 billion worth of treasury bonds to help finance 174 Chinese investors' investment in Indonesia. The investors will concentrate on automotive, machinery, electronic, agro industry, forestry, chemical, mining and gas. (*Investor Daily, 16/05*)

Domestic textile and garment (TPT) producers have started to switch from the US market to markets in the European Union and Japan due to an economic recession in the US that has slashed demand by 30%. (*Bisnis Indonesia, 21/05*)

From Policing to Collaboration

CSR ideals are well served when multinationals employ partnerships to ensure workplace standards compliance in Indonesia.

An emerging trend among multinational corporations worldwide, including in Indonesia, is to ensure supplier compliance of workplace standards in ways that aren't seen as antagonistic policing by vendors, but rather as mutually beneficial partnerships between parties.

Companies such as adidas Group and Gap Inc., among the first worldwide to implement workplace codes of conduct and compliance expectations for suppliers in the 1990s, both say their efforts in Indonesia have evolved over the last decade.

"Back then our program was mainly focused on compliance audits and corrective action," says Harry Nurmansyah, West Asia regional manager of adidas' social and environmental affairs compliance body.

"The principle we try to follow now is partnering with suppliers to implement our workplace standards in their companies. This means going beyond simple monitoring programs such as audits and corrective plans to developing training programs for suppliers and promoting employee health and safety, as well as environmental stewardship."

The company's approach shifted in 2005, when the idea of 'sustainable compliance' led to the introduction of capacity-building projects to help suppliers meet workplace standards. "This shifted from the old approach of compliance by 'policing' to emphasizing the importance of internalizing

company values across the supply chain," he says. The company modified its audit tools and began a series of stakeholder dialogues to develop training programs and other initiatives to benefit factory workers and the communities of its 50-odd suppliers.

Gap, with some 100 contracted factories and 24 full-time staff in Indonesia, likewise says enforcer relationships between vendor and supplier are being replaced by dialogues – and their resultant programs – on how good corporate governance can benefit all parties.

"Collaboration is imperative," Gap spokeswoman Michelle Swanson says. "We still continue to monitor, but our efforts now tend to focus more on finding areas of improvement than policing."

The results haven't come overnight, she says, but a shift in perspectives among supplier companies has begun to emerge.

"It took time before vendors realized that compliance with [our codes] is not only expected in order to work with us, but that it benefits factory workers as well.

"As our program has developed and vendors have grown increasingly comfortable with our code, we have started to see vendors that are taking responsibility for their factory's compliance. Several vendors now have their own compliance monitoring system in place."

"Stakeholder engagement," Nurmansyah says, "is one of the keys. We engage with government agencies, professionals, academics, and labor unions to continuously evolve and shape our program."

The dialogues have led to programs designed specifically for a country's – or a factory's – situation and needs. "Corporate social responsibility initiatives have to be different depending on the circumstances of each country. For example, in Vietnam we have a community project which focuses on health and HIV/AIDS education, whereas in Indonesia this year we have a project on worker cooperatives."

Last year in Indonesia, adidas also conducted training for suppliers in internal communication, safety, and industrial hygiene, as well as workshops for trainers designed to improve supplier capability to design and run their own training programs. ▶

"This shifted from the old approach of compliance by 'policing' to emphasizing the importance of internalizing company values across the supply chain."

◀ Gap similarly tailors programs to supplier needs, with recent initiatives in Indonesia focusing on wastewater treatment, team training by the international workers' federation ITGLWF, supplier and factory training by the nonprofit labor watchdog Verité, and community initiatives such as tsunami relief in Aceh.

Penalties for supplier companies in violation of workplace standards remain the same at both companies. Factories falling short of the standards

are subjected to corrective action, or dropped entirely. In 2003 Gap terminated contracts with 130 suppliers worldwide, including in Indonesia. To avoid getting to that point, though, one key change in Indonesia may lie in an evolved notion of corporate social responsibility among stakeholders.

"In Indonesia, social responsibility is commonly understood as corporate philanthropy," as opposed to worker, community, and environmental welfare efforts, Swanson says.

Both companies suggest this, too, will evolve in time, as stakeholders see the kinds of initiatives launched by and for supplier companies.

"All of these efforts are aimed to help our suppliers to internalize worker and community values and create a sustainable approach to their compliance programs," Nurmansyah says.

"Not all suppliers have the same capacity, so it will take time to fully implement the change."

— Ben Otto

INNOVATION: Getting Ready For Business

Business games on line can help students prepare to make real-life strategic decisions.

It is common for educational institutions to be accused of not producing graduates who are tailor-made for the world of work. This failure to provide businesses with the entry-level work force they need is generally ascribed to three factors:

- 1) The curriculum in the educational institution does not match the demands of the business world.
- 2) Educators often have no direct work experience in the business world. Thus, the education they provide to students remains theoretical rather than practical. As a result, it is difficult for students to transfer the education they obtained on campus to the world of work.
- 3) Setting aside what technical knowledge an institution of higher learning may or may not teach, they do not provide adequate training in other essential skills needed in the work world, such as presentation, interpersonal, English, computer and leadership skills.

Online business simulation games aim to bridge the gap between what students learn in the classroom and what they will realistically need to know to function in the business world. The games are designed to mimic circumstances that players will face in real life on the job.

By playing online business simulation games, participants can learn about various activities and functions that companies usually conduct, such as product development, investment decisions, research and development, strategic management, managing distribution channels, marketing communications, funding decisions, and so on. By playing the game, participants can see the effects of the decisions they make on the performance of the company they manage. The company's performance is usually measured by the increase or decrease of its share price index (SPI) or other financial indicators, such as the Economic Value

Added (EVA), Return On Investment, Residual Income (RI), etc.

Companies benefit from employees exposed to such games because their new workers have had a chance to experiment with decision-making and discovering the consequences – without their mistakes costing the company big money. At the same time, participants can try out bolder strategies without fearing real-world consequences if the decision they make turns out to be ill-advised.

Students can try the online business simulation game of, among others: L'Oreal e-Strat Challenge (www.e-strat.loreal.com), The Business Strategy Game (www.bsg-online.com), JA Titan (<http://titan.ja.org/>), and Virtual Business World (www.marketplace6.com/mindex.php). Your next business adventure is just a mouse-click away. Good luck.

— Mamat Rohimat

EVENTS

Fifth Indonesia Cellular Show

Jakarta Convention Center Assembly Hall 1, 2 and 3, Jakarta
11–15 June

Hosted by ATSI (Indonesia Cellular Phone Association). A one-stop shop with all world-class cellular brands, benchmarking growth in the telecommunication industry of Indonesia.

<http://www.dyandra.com/content.php?go=scompany>

Interior & Craft Exhibition (ICRA) 2008

Jakarta Convention Center, Hall A and B, Jakarta
18–22 June

With the theme of “The Original Craft of Indonesia for The World,” ICRA 2008 is designed to be attractive, innovative, communicative and educational, by highlighting the vast variety of Indonesian best quality craft products, produced by creative and skillful Indonesian artisans.

<http://www.debindo.com/icra2008/>

Grand Wedding Expo

Jakarta Convention Center, Assembly Hall 1, 2 and 3, Jakarta
20–22 June

The best attended, business-producing wedding expo in Indonesia with opportunities to bring products directly to consumers and to enhance media exposure.

<http://www.jcc.co.id/>

Sixth BOBO Fair

Jakarta Convention Center, Hall 1, 2 and 3, Jakarta
25–29 June

Essential supplies for children, including toys, books, educational items, children’s fashion and accessories, and special activities for children.

<http://bataviaexpo.blogspot.com/2008/06/bobo-fair.html>

Jakarta Furniture Fair

Jakarta Convention Center Exhibition Hall A and B, Jakarta
28 June–6 July

A showcase of the most fashionable, functional, attractive and best quality furniture in Indonesia with a large product range that includes tables, desks, chairs, beds, cabinets, benches, outdoor furniture, and home accessories.

<http://www.ptmediatama.com/englishversion/jakartafurniturefair/maineventinfo.html>

Indonesian Packaging Exhibition

Jakarta International Expo, Jakarta
6–9 August

For trade professionals only, not open to the public. Exhibitor profile includes casings, coding and marking equipment, environmental technological-packaging recycling, logistics (storage technology), and more.

<http://www.indopack.net/Content/Default.asp>

CommunicAsia

Singapore Expo, Singapore
17–20 June

Asia’s most established and comprehensive Communications and IT event. Covering the entire spectrum of the ICT industry, CommunicAsia will focus on broadband communications, enterprise solutions, mobile technology and solutions, network solutions, satellite technology, security and Smart Card.

<http://www.biztradeshows.com/trade-events/communic-asia.html>

TO LEARN MORE

www.ibl.or.id Indonesia Business Links (IBL) is a not-for-profit foundation established in the wake of the Indonesian economic crisis. A major aim of the organization is to contribute to the creation of sound and ethical business practices in the country. The website includes information on benchmarking tools for corporate citizenship, training on CSR, and more.

www.unglobalcompact.org The Global Compact is a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. The site includes news updates and a database that can be searched by country on human rights, the environment, labor and corruption.

www.iied.org/SM/CR/documents/CSRandSMEs.pdf CSR efforts are easy enough to undertake if your corporation is enormous, but what about the little guys? This paper explores how the CSR agenda could be made more relevant to SMEs.

www.sa-intl.org/ Social Accountability International (SAI) assists corporations to achieve voluntary compliance with internationally accepted ethical standards for supply chain management. SAI is the developer of SA8000, a comprehensive system for managing ethical workplace conditions throughout global supply chains.

www.thecsrgroup.com/cblog/ The CSR Group LLC is a consulting and communications firm that works with businesses and organizations to address issues of corporate social responsibility. Their corporate blog offers a wealth of links to news articles on corporate social responsibility.

HIGHLIGHTS:



SENADA and Partners Launch QSEAL

With fanfare and an audience of close to 200 people in attendance, SENADA and its partners in the program (SOI, the Indonesian Automotive Center; IATO, the Indonesian Automotive Engineers Association; and ASBEKINDO, the Indonesian Service Station Association, formally launched the QSEAL mark of quality on 7 May at Le Meridien Hotel in Jakarta. QSEAL is a set of quality standards aimed at the mid-market for non-original parts sales on two- and four-wheeled vehicles. It is designed to improve the quality of vehicle parts manufacturing and provide a stepping stone for firms interested in reaching full OEM (original parts manufacturers) standards. The event included speeches by USAID Deputy Mission Director Robert Cunnane and Minister of Industry Fahmi Idris, who both emphasized the central role that quality improvements have to play in benefiting Indonesian competitiveness. Testimonials were offered by representatives from PT Cipta Kreasi Muda and PT Fuboru Indonesia who explained why they are signing up for QSEAL, and the event culminated in the signing of a symbolic contract by the two companies.



Three Business Innovation Fund Grants Wrap Up Successfully

SENADA's Business Innovation Fund (BIF) offers short-term, high impact grants for innovative projects involving the value chains where SENADA focuses (furnishings, home accessories, garments, footwear, and auto parts). Three grants that started up in November 2007 concluded at the end of April 2008, all with sound achievements. The first, a Rp 224 million grant to the consulting firm Servitama, allowed Servitama to work with five Indonesian SMEs to improve their problem-solving capabilities. Participating firms developed alternative solutions, improved labor productivity, and upgraded product quality. The second grant, for approximately Rp 202 million, was awarded the Indonesian Society of Automotive Engineers to develop a web portal where auto parts industry stakeholders and the general public can access literature on automotive standards and certifications. The e-library is up and running (www.iato-indonesia.com/elibrary) with over 200 documents available to users. The third grant went to UNDIP, the Research Institute at Diponegoro University, to develop standard operating procedures (SOP), quality control and certifications for brake drum production by SME iron casting firms. An SOP and workshop manual has been produced covering technical specifications and quality control. A workshop introducing the SOP was attended by a number of SME brake drum producers. All three BIF grants are part of an ongoing series of business innovation grants now underway through SENADA.



SENADA PHOTO GALLERY

TOP: (L to R) USAID Deputy Mission Director Robert Cunnane, Minister of Industry Fahmi Idris, and IATO Chairman Hasiholan Sidabutar point to the QSEAL label at the launch on 7 May. MIDDLE: (L to R) SENADA Program Management Director Caesar Layton, unidentified participant, and Servitama representative Pak Riptono during a Servitama problem-solving workshop. BOTTOM: Outgoing SENADA Senior Industry Advisor Jason Bohoney at his 3 April going-away event.