COMPETITIVE STAKEHOLDER THEORY IN A WORLD OF UNCERTAINTY

Arry Pongtiku [1]; Big Leung [2]

[1] Papua Provincial Health Office, Universities of Yapis Papua , Cenderawasih , Port Numbai - Indonesia

[2] Department of Communities, Child Safety and Disability, Queensland Government, Australia

email :arrypongtiku@ymail.com; biglung@gmail.com

"When spider webs unite, they can tie up a lion" (Ethiopian Proverbs)

ABSTRACT.

Uncertainty is real. This paper aims to describe   "Competitive Stakeholder Theory " as a business strategy. "CSR (Triple Bottom Line philosophy) and Stakeholder Theory are competing theories considered as strategic management to achieve objectives through value maximizing. The goal of Stakeholder Theory is pro all stakeholders involved. Every stakeholder including shareholder shares and creates values together which are useful for themselves. Stakeholder Theory is a dynamic process that contributed by Power and Control of Stakeholders embedded in ethics/philosophy; Existing Issues; Cost Effective Strategies; Moral and Trust; PDCA (Plan-Do-Check-Act); Recognition and Creating Values. They are a continuous process and have an interrelated relationship". Competitive Stakeholder Theory would be applied at stable situation and   at unstable   situation   such as uncertainty, turbulence, chaos, limited resources, remote areas, minimizing risk and issues of social responsibility.

Key words: Stakeholder theory, Uncertainty

BACKGROUNDS

Globalization   offers   many   opportunities   to   companies,   but   also   poses challenges for sources of uncertainty and risk. Business practices, even those conducted a very long way from their home markets, can be subject to intense scrutiny and comment by customers, employees, suppliers, shareholders and governments as well as other groups upon whose support the business relies. NGOs   become   more   and   more powerful in recent years calling business to account for policies in the areas of fair trades, human right, workers' right, environmental impact, financial probity and corporate governance (Knox and Maklan,2004). According to Philip Kotler (The Father of Modern Marketing)as cited   in Indonesia Business Week Magazine (June 17, 2009) today the world has entered the era of "*chaos*" (chaotic) when new environmental turbulence has transformed into new normality. This normality is formed from uncertainties, discontinuities and chaos. The new normality comes in the form of a combination of a booming economy, a downturn in recession and depression in an increasingly rapid cycle. Unfortunately almost all companies are not armed with chaotic system to respond and face turbulence. There are several key factors that drive chaos: a. *Disruptive technologies*, The emergence of technology can trigger the creation of new industry and business on the one hand, but terribly also can sweep clean industry and old business that has been stable. b. *Hyper competition*, Turbulence and chaos are driven by hyper competition which generally caused by various factors such as globalization, the emergence of substitution products, increasingly fragmented consumers, deregulation or invention of new business models. c. *Environment* , Environmental problems among others plant pollution and workplace accidents can happen boycott of NGOs and surrounding communities. To anticipate, the company must now involve the stakeholders for what is called "*business sustainability strategy*" .d. *Customer Empowerment*, The presence of social media like Face book, Twitter, Digg and

YouTube has enabled customers and other stakeholders to have full power. Interpersonal communication may occur, criticism that can denounce the opposition forces for the company. These increase business risks even trigger the turbulence of the business environment. Zuijderhoudt in short said chaos is essential stage in any fundamental change process that leads to self –organization. In normal fluctuations: control and relative stability are ability to cope but in preferential fluctuations: change impetus, seeking innovation, increasingly dynamic structure should be done. In chaos, coalition, trial and error structures, coexistence of multiple new growth cores are possible to be happened (Steven ten Have et al,2003).

METHODS

This study used mixed methods: Grounded Theory of Mode 2 which focused on application for management science and supported by Experimental Design. This study was carried out in *specific contexts:* a new comer in oil and gas business in Indonesia started its CSR in remote areas of Mamberamo- Rombebai Block of Papua with integrated health programs (*mobile health team*) during phase of gas exploration including seismic and drilling in 2006-2010. This phase was at risk to fail.

FINDINGS AND DISCUSSION

Learning about uncertainty is very important .It is similar to the issues of certainty and risk. Douglas (1992), in his book of Managerial Economics: Analysis and Strategy, states *uncertainty is involved when a decision might lead to one of several possible outcomes and exact outcome is not known in advance. Instead, there will be a probability distribution of possible outcomes, which the decision makers must identify.* I encouraged seeing power and challenge to apply stakeholder theory particularly in dynamic conditions such uncertainty and turbulence. This CSR which applied stakeholder theory became unique because it was starting during exploration (seismic and drilling phase) which was unproductive and gambling. The operation eventually failed. However, all stakeholders were happy, gained meaningful values and took over the services to government as exit strategy. Firms and its stakeholders could use this approach in order to bridge and to make closer to their real success or objectives. Furthermore, Stakeholders Theory creates not only more financial resources available but also more creativenes, opportunities through team work. They are mutually strengthening means minimizing risk and failure; and taking over the risk together if it happens. I would say again Stakeholder Theory can be applied at settled situation and at unsettled situation. I assumed if this theory can work in uncertainty, CSR and remote area, it will be very possible to fit in other situations such as certainty, risk, turbulence,chaos and limited resources.

"CSR (Triple Bottom Line philosophy) and Stakeholder Theory are competing theories considered as strategic management to achieve objectives through value maximizing. The goal of Stakeholder Theory is pro all stakeholders involved. Every stakeholder including shareholder shares and creates values together which are useful for themselves". I have seen the link among those original theories of CSR/Triple Bottom Line Theory (Elkington), Stakeholder Theory (Freeman), and Competitive Advantage (Porter) as competing theories. Porter and Kramer (2006) in their paper *"Strategy & Society: The link Between Competitive Advantage and Corporate Social Responsibility"* argue that there are relationships between corporate and society for success which can be learned through mapping social opportunity. The mapping explains: First, value chain that there are processed of *Looking Inside Out*: Mapping the Social Impact of the Value Chain. For example: In this case, company's operation in remote areas impacted social economic of people surrounding by offering jobs, trading with local people. Second, *Looking Out side In*: Social Influences on Competitiveness, for example: security or stability surroundings society improved productivity in workplace; relationship and good reputation improve brand (intangible asset). Similarly, Freeman et al (2004) in their paper of *Stakeholder Theory and "The Corporate Objective Revisited"* say that many firms have developed and run their business in term highly consistent with stakeholder theory. Firms such as J&J, eBay, Google, Lincoln Electric, AES and some more provided compelling examples of how

managers understand the core insights of stakeholder theory and use them to create outstanding business. Whereas all these firms value their shareholders and profitability, none of them make profitability the fundamental driver of what they do. These firms also see the import of values and relationship with stakeholders as a critical part of their on going success. In this proposition, I would argue that CSR and Competitive Stakeholder Theory articulate the shared sense of the value they create for all stakeholders, provide managers with more resources to find success and some extent try to gain more optimal value or value maximizing. Not only business (shareholders) are needed value maximizing but also other stakeholders being involved in such government, NGO (non government organization), non profit organization as well as society. When they directly involved in, there would be more values or superior values created and added to achieve their own objectives/success. It is therefore if this assumption is well aware of each stakeholder, there should be no many conflicts happened because they learn to create values for themselves. Freeman et al (2004) add shareholders are also stakeholders. Even though it was not so long the phase of exploration in this study (3 years), *Creating Values* found were for examples: *direct benefits* (felt by company, community, government, NGO, and society as well); *cost reduction*; *differentiation*; *social capital and brand*; *lesson learned-new initiative*; *community participation*; *empowerment of local resources*, *solid team*; *spirit*; *politics*; *awareness of government/other stakeholders*; and *exit strategies*. It is unlikely impossible the gained values will stimulate other stakeholders to create additional or advantageous values. In this case, after closing the company operation, the government and NGO started new initiatives to reach remote areas in bigger scope like "Save Papua Program".

*"**Competitive Stakeholder Theory is a dynamic process that contributed by Power and Control of Stakeholders embedded in ethics philosophy; existing issues; cost effective strategies; moral and trust; PDCA; recognition and creating values. They are continuous process and interrelated**"*. I put "Power and Control of Stakeholders" in the central in the model design because the actors are in position to act and implement the system. Philosophy / ethics must be a soul in their actions. Giddens, a British sociologist, in his theory of Structuration puts Agent or Actor as the most important position because Agent creates proceeding situation. His theory places the power for actors and action in determining repetition of social practices. Giddens recognized role of actor's objectives (*phenomenology theory*) and role of external structuration in shaping action (*theory of structural functionalism*)(Ritzer and Goodman, 2003).Actors also influence social change (Aguilera et al,2007). Many firms used Stakeholder Theory to implement CSR. Many firms faced pro and cons, success and failures, critiques and conflicts among them. My experience in this study, all variables in theoretical propositions 2 were significantly linked, however we had already addressed: clear role of stakeholders embedded in ethics/philosophy; existing issues; cost effective strategies including win-win solution; moral and trust including transparency and communication; PDCA (Plan, Do, Check, Action) or check and recheck mechanism; however it seemed not enough to get maximal achievement (Value Creations). We eventually found *"Recognition "* as accelerating values to their objectives: *respects* including appreciation (using logo, acknowledgment, rewards); *values of differentiation; satisfaction*; *pride* (award, responsibility, different experience); and *quality of services*. We created sense that CSR was responsible and belongs for all. We presented for all the best for community and psychologically put all stakeholders as high as possible. Key informants said *"Basically anybody wants to be appreciated and have a good name and may be a tendency to show who he or she is? It is important to speak with them.... we should put them like all flags rising and flapping so any party can be felt appreciated "*. Flags in history, were recognizable as the invention, almost certainly, the ancient Indians and Chinese. Flags had been introduced since Chou Dynasty in 1122 BC. In Europe the first national flags were adopted in the Middle Ages and Renaissance. Toward the end of the Middle Ages, flags become accepted symbols of Nations, kings, organizations, cities and guilds (Encyclopaedia Britanica,2008). In simple way, when the process to achieve objective is good, all actors /stakeholders

recognize it and at the same time they are recognized in their involvement, more voluntary and more creative they are.

Stakeholders theory has also been debating and receiving critiques in the last decades for instances: Lépineux, 2005; Antonacopoulou and Méric, 2005; Mahoney, 2005; Key, 1999; Jensen, 2000; Weiss accessed in Google on 8/16/2008.Freeman in 1984 originally defines *Stakeholders* as "*any group or individual that can be affected by the realization of a company's objectives*". Post, in his theory called *Stakeholder view*, "*The stakeholders in a corporation are the individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth- creating capacity and activities, and that are therefore its potential beneficiaries and/or risk bearers*." For Donaldson and Preston in 1995 as cited in Weiss accessed in Google.com on 8/16/2008, Stakeholder Theory conceives a model of the enterprise in which "*all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits, and there is no prima facie priority of one set of interests and benefits over another*". The model rejects the idea that enterprise exists to serve interest of its owners, be that maximizing their wealth or some other reasons for being business. Rather, the model is based on the idea that the enterprise exists to serve the many stakeholders who have an interesting it or who in some way may be harmed or benefited by it. This appears different arguments to other authors such as Freeman who said stake holder theory is pro shareholders (Freedman et al, 2004) and my argument is pro all stakeholder involved. Jensen (2000) explains "there is a dilemma: between a desire to maximize the value of their companies and the demands of stakeholder theory to take into account the interest of all the stakeholders in a firm. Value maximizing tells the participants in an organization how they will asses their success in achieving a vision or in implementing a strategy, but value maximizing says nothing about how to create a superior vision or strategy and value maximizing also says nothing to employees or managers about how to find or establish initiatives or ventures that create value". Lépineux (2005) comments the stakeholder theory fails to appreciate the place of civil society as a stakeholder. However in this case of CSR, we put community not only as a target and but also a subject for change. We gave them as much as benefits. One key informant said "*Thank you very much for the owners of the company for their high and deep commitment to help human beings*". Furthermore, the philosophy of CSR places *people /society* is very important, equally together with *profit /business* and *planet /environment*. "*NP's philosophy would not have barrier with local community. We will more involve local people than people from outside, because we see local people have capabilities and we will invest in Papua so local communities and surrounding areas will be developed...*". Community development is important to the future. If society actively participates for their own development and use their own potentials and local resources, this will ensure sustainability. Prediction of involvement with local community from a small study in that area showed *Mean Score Agreement* of Degree of Involvement with Local Community was 3,28 (where 4: very much involved). There is an appropriate epitaph: *But of the best of leaders. When their task is accomplished, their work is done, the people all remark 'We have done it ourselves* (Morley and Love,1986).

Based on quantitative results , it showed that CSR in the form of Mobile Health Team activities had significantly proved the reduction of communicable diseases. Pre and post experimental interventions within 3200 population showed *Parasite Rate of Malaria* in Warembori decreased from 4% to 0%, Tamakuri 0% to 0%; Anasi 14% to 3% and Geza 25% to 7%; *Microfilaria Rate* of Lymphatic filariasis in Warembori dropped off 1.1% to 0%, and Tamakuri 1.8% to 0%. We treated dramatically for leprosy (67 cases); immunization for mother and child during two visits was 508 people vaccinated. Treatments here mean to cut the transmission of diseases and the best prevention. We provided health education to community for raising awareness. We developed new buildings for health post and sub health center. Transfer of knowledge, skill, attitude and spirit into the team and local health workers as well as society were provided and emphasized during the activities. Lesson learned about collaboration among company, government (health institution, university, NGO and society) were opened. I am very

optimistic we can do something for change such remote areas to day, where many people may say difficult, impossible and useless.

We used *integrated approaches* in order to support community more comprehensively and more cost effectively. Meanwhile many people and organizations to day mostly see global issues (HIV/AIDS, Malaria, tuberculosis, mother and child program etc) that funds and donors are available, this is an opportunity to address the issues of local specific diseases that are neglected in such remote areas (leprosy, yaws, lymphatic filariasis, worms etc). It is the only way to support the neglected diseases which huge cases existing or *backlog* in the neglected areas. The integrated approaches were reasonable, like Papua's situation with limited infrastructure, difficult geography and of course expensive transportation. This exercise of integrated approaches impacted further for learning and scale economies on unit costs. You can imagine such Mamberamo is very remote and difficult to access and some tribes still living in very simple life style, of course it is rarely visited, very expensive as well as invaluable issues in relation to equity, human right and lesson learned. Porter stresses that there are "two basic types of competitive a dvantage namely *lower cost* and *differentiation* " as cited in O'Shaughnessy,1996; Porter ,2004; Porter and Kramer, 2006; Hill and Jones,2004. In positioning of Competitive Stakeholder Theory, lower cost becomes important indicators from variable of *Issues* and *Cost Effective Strategies*. Furthermore, both lower cost and value differentiation were significant indicators from variables of *Recognition* and *Creating Values*. In this study, *cost reduction* was started with using method of *low cost effective intervention* from WHO (World Health Organization) where most drugs were available in government for free of charge. The low cost effective strategies were simple and pro-sustainability. Government and some NGOs preferred to use cost effective strategies, as one informant said *"…but equally we do not encourage efforts which are not cost effective and are possibly counter-productive to providing acceptable, appropriate and sustainable services"*. Selection for appropriate stakeholders to involve in and their interests in the existing issues as well as the cost effective strategies is important. As cited in Cornielje (2007),USAID reports 80% of their failed projects do fail because of failure to do a stakeholders analysis. Stakeholder analysis learns who are your stakeholders ?and what is their power? .Stakeholders can be supporters, detractors or both. The integrated programs which bring many programs together can reduce cost compared to one program carried out a lone. " *I appreciate the efficiency of the program and the team in place. I am very grateful, in the name of the patients I have met there…"*. From a key informant of the company stated *"We have created values through these activities. This CSR is indeed super efficient"*. Technology and communication had been significant to save cost and time in this CSR. It was noted emails within 2 years for instances: There were 350 messages written for Mr. A; 317 messages written for Mrs. I; 53 messages written for Mr. N; 159 messages written for NP; 117 messages written for mobile health team; and 22 messages written for Mr. H. Telephone and teleconference were frequently used to check and recheck the process of implementation. Transportation to Rombebai from Biak used boat and helicopter. PDCA (Plan Do Check Action) cycle supported to keep programs in place and minimizing errors. Learning process by team also reduced cost for instances: we knew what the best time to go; we understood what community needed and how to solve the problems in appropriate ways. Cost reduction by integrated health approaches and learning effects contracted it into economies of scale where output increased. The learning effects are cost savings that come from learning by doing (Hill and Jones, 2004).

Increasing quality and control were happened because it was carried out by team through learning process and sharing knowledge and experience. The quality of this CSR program could also be measured in the quantitative results but more than that when more stakeholders were joined including government (DepkesRI) and BP Migas, more different knowledge and professionals were in place mean that the quality of program was assured, more transparency also happened. As generally speaking, more than two heads thinking is better than one head. Others say when people sing a similar song in melody using various voices of *soprano*, *alto*, *tenor* and *bas,* the results will be more beautiful and more powerful.

Stakeholder Theory works in different people with different backgrounds. Conflict is natural. Hamel, Doz and Prahalad (2002) in their paper of "Collaborate with Your Competitor and Win" in Harvard Business Review say *Harmony is not the most important measure of success. Indeed, occasional conflict may be best evidence of mutually beneficial collaboration. Few alliances remain win-win undertaking forever* Better communication and transparency among stakeholders increase trust to support. Other important things, there was good response of community, it could see from many people came and participated .Society became interested because we provided more comprehensive services in which were not only curative but also preventive interventions. Strategy of the "Nations Petroleum" to combine the activities of CSR with company's field operations was reasonable and cost effective. Dutch Proverb says *"Row with the peddles you have (but try to get a better boat in the meantime)"*.

Differentiation has centered of competitive advantage theory and important indicator from Competitive Stakeholder Theory. In this study, even in short duration (3 years) I had detected the differentiation. From company side, I could say the differentiation was for instances: Commitment of company supported the society in early stage of exploration phase; reached neglected areas with people and its disease; significant role to support "*Save Papua program*" and accomplishment by Minister of Health of Republic Of Indonesia; employed someone who was positive HIV and 2 leprosy cases (*after treatment*). This approach is different. I noted some comments of key informants"…*CSR is actually rare done by business actors because their perception is associated to cost/expenses thing. ...My opinion about NP's CSR program, particularly Community Health Development (CHD) is marvelous and more than expected. Because it is very rare an investor for oil and gas wants to provide budget for CSR in the phase of exploration. On the contrary it is very usual companies want to implement CSR and CHD in exploitation phase in order to all cost regarding this program will be reimbursed to government when the companies produce oil and gas. This is we called it "cost recoverable"…This means NP has been willing to implement CSR program without depending on the issue of cost recovery, because if the exploration is failed or not economical, so the block could not be developed and the block then returned to government"*. The company as a new comer in oil and gas business in Indonesia attracted the government and NGO through its CSR. This relationship among central and local government, NGO as well as society has a political power. The company had practiced an excellent example of human right/equity issues. One of key informant from government said "*We did not see how much money that company wishes to spend for these activities, but the company's commitment want to support community are very expensive and deep meaning for us*". In addition, this case had been awarded "*Manggala Karya Bhakti Kartika*" at National Health Day from Minister of Health Republic of Indonesia in December 2008. This CSR has been selected and presented in CSR national competition for oil and gas companies in 2008 and used for a doctoral dissertation might increase the value of differentiation. From other stakeholders side (government, NGO), the differentiation would be a chance to learn and to collaborate with profit company, reaching remote area that never accessed, of course it would have political content as well , such as increasing trust to government that the government cares society . Morley and Lovel (1986) say when a political change happened it is like the domino theory, it will encourage better distribution of resources. The NGO had opportunity to access society/remote area as expression " *I learn from Dr L in Jakarta that you may be traveling to the Rombebai and Yapen Region for assessment of leprosy prevalence. I think this is great news for the people there"*.

O'Shaughnessy (1996) in his paper of " *Michael Porter's Competitive Advantage revisited* ", says Porter disregards some of important determinants of competitive advantage, his thesis of competitive advantage never transcends economics, and therefore encourages the belief that problems soluble exclusively through economic policy pressures. This is a deficient view: it neglects the role of history, politics and culture in determining competitive advantage. In addition, as example of this case, there were not only politics but also culture influenced. If one investment comes to remote place there will be challenges for

speed, the society who are really depend on nature such in remote place is at risk for facing the rapid changes. It is reasonable to do CSR at earlier stage. The similar comments about investment development impacted to history, politics and culture came from David Tonkin (1997), Ahmad Arif (2008) and Wibisono (2007). In positioning of Competitive Stakeholder Theory , *Politics* is important indicator from variables of *Issues* and *Creating Values*.

I also encourage companies to help society through CSR where many people still think that CSR is like investment in the long run (*brand perspective*), but this case showed society and stakeholders entirely felt benefits even in the short run such the phase of exploration as key informant said " *My opinion, the benefits of this CSR are really taken in place through communities. A good CSR is carried out and affected directly to communities in term of physical examination and diagnose, immunization for children and pregnant mothers, laboratory examination, treatment of communicable diseases (leprosy, lymphatic filariasis, malaria, TBC, worms, HIV/AIDS detection), help mother in delivery babies, other diseases including evacuation of emergency cases. Most of these services previously never touched to communities. It was because of the location of very remote, isolated or difficult to access* ". Health intervention in community proved that there was significant reduction of communicable diseases. Results in workplace indicated high Man Hours (*2,002,930 hrs*) or high productivity among workers. "*Nations Petroleum received direct and indirect benefits from this CSR, for examples: Healthy workers who were employed and recommended to work in this project had been selected by medical health team ; People who live in base camp of the company in the field are more secure, not threaten by communicable diseases and can interact naturally with others; cost for treatment of employees has been reduced or very minimal; Operation of the project runs properly with very low of absentee in the workplace; experts or expatriate feel secure to work in the field; created good image of company where communities, workers and government considered that company cares for health and safety of its workers and communities*". Other informant said " *… it is as a licence to operate, communities are welcomed to us,... CSR is away to get a trust (not only communities but also linked stakeholders*. Dr.Deming (Wikipedia, accessed on 6/12/2009) mentioned *The Seven Deadly Diseases* of a business company includes excessive medical costs and excessive cost of warranty, fueled by lawyers who work for contingency fees. This effort of course reduces unnecessary cost. "*Malcolm Baldrige Self Assessment* performed "good overall score" (*718* from maximal 1000), means the quality of management was in place. In short, it was clear now that Epidemiological model by John Gordon (*balance of Host, Agent and Environment*) and CSR model /Triple Bottom Line by Elkington (*balance of people, planet and profit*) had had strong relationship. Aggregating situation as the epidemiological model , of course, strengthened the balance of Triple Bottom Line philosophy which eventually generated the prosperities for society and company in that area where health was a basic requirement for development. I agree with Porter and Kramer (2006), NGOs, governments and companies must stop thinking in terms of "*Corporate Social Responsibility*" and start thinking in terms of "*Corporate Social Integration*". The philosophy of CSR (Triple Bottom Line) is indeed marvelous ,however the term of CSR has sometimes misleading and misunderstanding among stakeholders (society, government and NGO). It seems this issue of social responsibility merely belongs to the company, which operate in the areas and pressures for company. In fact, social problems such as health, education, environmental care are responsible for all. Government/state is much more responsible than others, but sometimes has limitation. CSR is a chance to reach community. Corporate Social Integration means pro active effort from company side because the social relationship of company towards society, government, NGO, other stakeholders is a precious thing. One key person said " *...to reach the goals of company, in early exploration phase, the company has been involving into community because community is a part of operational activities, can not be separated. Success and failure of well exploration is depending also on the readiness and acceptance of the community towards our company*". I also agree with Porter and Kramer (2006) said that efforts to find shared value in operating practices and in the social dimensions of

competitive context have the potential not only to foster economic and social development but to change the way companies and society think about each other. This is important things for supporting company operation. The stakeholder theory provides this opportunity for communicating and sharing. Corporate and society, also government and NGOs are responsible for generating stabilities in supporting changes means ultimately increasing economic prosperities and saving the earth.

As *Law of the Republic of Indonesia Number 40 of 2007*, *Article 74* concerning Limited Liability of Companies, ratified in Jakarta on 16th August 2007, has declared. There are four points of the law are as follows (1) Companies doing business in the field of and/or in relation to natural resources must put into practice of CSR (2) CSR shall be budgeted and calculated as a cost based on decency and fairness (3) Companies who do not put their obligation into practice shall be liable to sanctions (4) CSR shall be stipulated by Government Regulation. Though, Indonesia currently has a law of CSR, some companies probably argue that they have paid taxes to government what for doing CSR ? Debating has raised due to this law, however firms should consider CSR is a strategic approach in management as advices by Peter Drucker (1974, 2008), *the Father of Modern Management*, in his dimension of management; Porter (2006), *the Father of Competitive Management*, states CSR can be much more than a cost, a constraint, or a charitable deed; it can be a source of opportunity, innovation and competitive advantage; Kotler (2008), *the Father of Business Marketing*, CSR should be considered as investment and brand. I could say CSR should be genuine, voluntary. CSR is an ethical business practice which in my point of view is an effort by corporate and its stakeholders working together increases the quality of life of the work place and local communities or society in general, and share responsibilities, risk and respects. Social aspects such as improving health and education, environmental care and community development are basically responsible for all. In other words, CSR in one hand is an ethical practice in modern business perspectives, in another hand, Social Responsibilities is ethical efforts of all stakeholders in generating prosperities of human life, saving environment and performing sustainability particularly in the place and surrounding they work. CSR must be clearly mentioned in vision and mission of a company. I remember words of Dr.Sam Ratulangi, an Indonesian hero , says about a philosophy of Human functions is *Si Tou Timou Tumou Tou* means "*Humans live to empower others*". Prosperities should go to firms together with society surrounding in the place of investment including other stakeholders. There must be clear benefits for society where they work in, company and other stakeholders involved. I encouraged firms which implement CSR, should involve government, society and NGOs together. In practice, government sometimes was ignored and prejudiced by companies and NGO *"Why do you not to use Mr. R , an NGO expert for this CSR, Sir?... He many times talked something bad about government; he thought his recommendations are the best; he is not a field worker and he asked too expensive payment"* a key informant said. Sometimes NGO which link to firm wants to work alone. Furthermore, Government sometimes can be a risk barrier because they have resources such as man power; equipments, regulation and political power. If there are disasters happened for example, government has ability to mobilize resources. In some practice, companies sometimes ignore society as subject and do not involve them appropriately. This may threat relationship and sustainability. NGOs in other side can be a control, in general speaking they have brave to say wrong if it is happened so it will be balance. One key informant in this study explained "*We are from Corporate will really support for this program to be implemented successfully, however we have some limitation about technical field to do. But I believe this will be overcome if all stakeholders support*" so the words "*Together We Can* "is relevant in pushing and calling the partnership as a challenge. To sum up, Stakeholder theory offers opportunities to enhancing capitals not only material, financial, man power, but also knowledge, skill, spirit ,risk reduction and better relationship as well as politic. Stakeholder theory also strengthens quality and control; they can monitor and evaluate CSR together. Direct benefits are gained by company,

society, government and NGO both in the short and the long run. Finally I quoted one key manager's comment in testimony that CSR with this Stakeholder Theory *"become easy, efficient and on time"*.

CONCLUSIONS

Using Mode 2 of Grounded Theory, a new theory which is called "***Competitive Stakeholder Theory***", has been generated by Arry Pongtiku. The theory in broad perspectives states that:

- CSR (Triple Bottom Line Philosophy) and Stakeholder Theory are competing theories considered as strategic management to achieve objectives through value maximizing. The goal of Stakeholder Theory is pro all stakeholders involved. Every stakeholder including shareholder shares and creates values together which are useful for themselves.
- Competitive Stakeholder Theory is a dynamic process that contributed by Power and Control of stakeholders embedded in ethics/philosophy; existing issues; cost effective strategies; moral and trust; PDCA; recognition and creating values. They are continuous process and interrelated.

Values creations through this Competitive Stakeholder Theory do not only gain more resources (man, money, materials, knowledge, skill, spirit, and attitude) but also more relationship, quality, transparency, cost effectiveness, risk reduction, new initiative, better image and political meanings for all stakeholders. Specifically, such as The land of Papua which has large areas would be future target for exploration and exploitation for natural resources, this theory could strengthen a mutual understanding between company and society, respect law and culture and make better relationship to other stakeholders as well especially if it is done in early stage .

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