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## Pancasila-based social responsibility accounting

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### Abstract

The purpose of this research is to formulate a basis of social responsibility accounting (commonly known as Corporate Social Responsibility/CSR) which nowadays trapped in the capitalistic frame by using triple bottom line concept. This research uses Pancasila (the ideology of Indonesia) as the paradigm and tool by observing 'the outskirts' or the marginalized. The observation results are formulated as the humanistic element based on Pancasila's principles. Thus, this research has resulted to a conclusion that Pancasila is actually the right basis for the social responsibility accounting to build a humanist civilization. Originality of this article is the use of national ideology that is sprung local wisdom to build the concept of CSR.

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I hate imperialism. I detest colonialism. And I fear the consequences of their last bitter struggle for life. We are determined, that our nation, and the world as a whole, shall not be the play thing of one small corner of the world.

Soekarno, The First President of Indonesia

### 1. Introduction

The concept of the social responsibility accounting, or known as Corporate Social Responsibility (CSR) is becoming the "spirit" which is touted to show that the company is able to serve to the surrounding environment. Global Reporting Initiative (GRI) (2013) as the international organization who handles the sustainability reporting

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matters has issued a structured guideline of reporting until G-4 version. The concept of CSR all this time was also related with Good Corporate Governance (GCG), thus enables the companies to not only look focus on profit, but also on the environmental dimension (Wibisono, 2007). However, the form of this responsibility should be revisited, both from the theoretical and practical aspects, considering that the idea of this form of responsibility is not a product brought by the Indonesian itself (Swasono, 2013).

In the conceptual level, it is only fair to ponder upon the basis that is used by the company in doing their social responsibility activities. The existence of triple bottom line concept (3P: profit, people, planet) requires that profit still occupies an important position, if not to say the main position (Nurmala and Kamayanti 2011). Referring to Milton Freidman's ethic concept which stated that 'there is one and only one social responsibility in business, to use its resources engage in activities designed to increase its profit', is the main reason the use of enterprise theory as the main basis of the company in doing the social responsibility (Parikesit, 2012a, Sitorus and Triyuwono, 2015). However, if it is deeply observed, this concept contains materialism as the main spirit in the modern accounting (Triyuwono, 2006). Definitely, it has a consequence that the company does not do the accountability as a form of dedication, but to gain more profit in the future.

In the practical level, the company's attitude to the environment should comprise social awareness. Companies who held CSR activities should be questioned about the credibility and the seriousness in doing and reporting the responsibilities. This can be seen from the research result that was done by Priyanti et.al (2007) which showed that the companies held CSR to gain legitimacy from the investors. Furthermore, the research which were conducted by Zakhrani (2013) and Arungla'bi and Kamayanti (2014) found that the information provided by the companies on their sustainability reporting was not the same with the reality found in the real life. Moreover, Amir (2013) found the fact that the CSR activities done all this time was not more than a form of modern imperialism.

Seeing a flaw between the concept and the application in the real life, a massive change to the accountability itself is needed. In this level, Pancasila holds the main role in the development of the new basis to make a social responsibility concept. As the foundation of this country, Pancasila reflects the Indonesian idealism that values humanistic. Furthermore, when Sitorus and Triyuwono (2015) formulated the accounting definition in the perspective of Pancasila which positioned itself as the accountability of human to God through the humanistic value, therefore it can be seen how noble the Pancasila values if it is used as the basis of the social responsibility.

Based on the above explanations, it can be said that the purpose of this research is to formulate the basis for the social responsibility on the corridor of Pancasila. This research is trying to elevate humanistic values which were neglected on the modern accounting (Kamayanti, 2012, Triyuwono, 2012).

## **2. Pancasila as The Faith of The Research**

This research used Pancasila as the paradigm and the research instrument. The use of Pancasila as the research instrument cannot be separated from the research purpose to elevate the humanistic element in the accounting. This is similar with the research done by Salampessy (2011) and Parikesit (2012b) which positioned Pancasila as a tool related to the concept of ownership and profit. Moreover, Kamayanti (2012) also used Pancasila as the basis on building the concept of love to build the accountant's awareness.

The use of Pancasila as a paradigm and instrument had the consequence of raising some awareness on the research. This awareness is presented as the impact of the concept of Pancasila which contained the human's humanistic element (Mulawarman, 2013). The first is the awareness to the divine value. As a nation which holds strongly on the religious values, the religion's role should also appear on the basis mindset of Indonesian accounting, not as an accounting label or accountant's awareness only. This kind of awareness has been stated by Triyuwono (2011) to raise *Sing Liyan* (The Other) in the sharia accounting field..

The second is the awareness to the humanistic value. The humanistic value is correlated with the divine value on the first principle of Pancasila. Accounting cannot claim to have an accountability relationship with God if it does not contain any humanistic element in it (Sitorus and Triyuwono, 2015). Furthermore, as an economy organ, both the company and the society and the employees have a strong relationship to determine the economy sustainability in the future (Subyantoro and Triyuwono, 2004), and this relationship obviously cannot be neglected. The modernity in

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