

ANALYZING GOOD CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY OF CHURCH OF BATAK KARO PROTESTANT USING FINANCIAL AND ETHNOGRAPHIC APPROACHES

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ABSTRACT

This study was conducted with the assumption that good corporate governance and corporate social responsibility in organizations will help organizations achieve long-term sustainability. Previously, good corporate governance and corporate social responsibility were primarily applied to corporations with the goal of remaining profitable, whereas non-profit organizations must remain financially viable in order to serve their members and communities. The focus of this study is on the church as a religious institution that also serves as a non-profit corporation. Data was gathered using a quantitative and qualitative mixed method approach. The quantitative data analysis method employs Ritchie and Kolodinsky's Financial Performance Ratios, which include Fiscal Performance, Public Support, and Investment Performance Ratios, as well as an interpretative paradigm with ethnographic methods for qualitative research. The study's findings demonstrate that financial performance, as evaluated by Ritchie and Kolodinsky financial ratios, has been erratic, with a propensity to decline in 2017 due to a change in church management. The interviews revealed that the Church of Batak Karo Protestant practices good corporate governance and corporate social responsibility, which have a favourable impact on financial performance. To gain public trust, the Church of Batak Karo Protestant must continually enhance its Good Corporate Governance and Corporate Social Responsibility. This study also found that the Karo tribe's culture has a significant impact on the Church of Batak Karo Protestant's application of Good Corporate Governance and Corporate Social Responsibility. The policy recommendations in this study for the Church of Batak Karo Protestant are to establish a standardized and integrated management system that incorporates Good Corporate Governance and Corporate Social Responsibility, as well as the assimilation of Karo culture, based on the findings.

Keywords: Good Corporate Governance, Corporate Social Responsibility, Financial Performance, Non-Profit Organizations, Protestant Caro Church.

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1. INTRODUCTION

The church is one of the non-profit organizations in the religious field used by Christians to carry out their worship activities. Church performing as a religious entity does not rule out being spared from corruption cases (Austin, 2004). Several cases of individuals and groups of people were found abusing the church by using the name of the church as a mask to get benefits for themselves and their groups (Casino, 1987; Rockson, 2019; Stack & Kposowa, 2006; Young, 2017).

On the other hand, the church is viewed as an economic unit that requires the practice of organization and implements management concepts to achieve goals. Therefore, the church needs financial and non-financial management and reporting system to operate effectively and efficiently (Cappel, 2001; Flory et al., 2012; Laughlin, 1988) As the church grows, the challenges arise become more diversified, necessitating the standardization of church governance, including financial reporting. The majority of the church income comes from donations and contributions from members of the congregation, and it must be handled transparently to foster trust (Gronbjerg, 1991; Jun & Armstrong, 1997).

The Church of Batak Karo Protestant (CBKP) is an Indonesian Protestant church that serves the Karo community and was founded in Tanah Karo, North Sumatra. This church was established on 1941. According to 2015 statistics, CBKP (Church of Batak Karo Protestan) has 22 *Klasis*, 533 churches, 327 congregations (small churches), and around 310,901 members (Hikmawan, 2017). Church members are spread across Sumatra, Java, Kalimantan and Sulawesi. GBKP church served by 391 full-time pastors, 68 prospective pastors (*Vicar*), 46 retired pastors, 50 gospel teachers and 6,357 Elders & 3,749 *Deacons* (Malau & Ginting, 2016). The major income for CBKP are from Sunday worship offerings, special offerings, congregational thanksgiving and congregational tithes. In managing its finances, CBKP has its regulatory system which is regulated by the *moderamen* (central office). However, the implementation of church governance and management is a combination of managing based on Karo culture and the professional system, which leads to the dissimilarity of results.

Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) are two concepts that give a notion for achieving a company's goals, defining the management sphere, and measuring success all at once (McGee, 2009). GCG emphasizes the significance of obtaining correct, accurate, and timely information for every part of the business. Corporate Social Responsibility is important to an organization because it demonstrates its commitment to its community and helps the organization create trust with its members and community. As a result, both GCG and CSR contribute to financial viability by fostering long-term loyalty among companies, their members, and the general public (Michelon & Parbonetti, 2012; Peni & Vähämaa, 2012).

Good corporate governance ensures that non-profit organizations adhere to legal and ethical requirements while also boosting the organization's overall strength (Elson et al., 2007; Pfang, 2015). Church owners and management are expected to avoid agency conflicts due to GCG's efforts. Based on previous research, there is a link between good corporate governance and a company's financial performance (Mukhtaruddin et al., 2019; Nur'ainy et al., 2013; Nuryana & Surjandari, 2019). In a non-profit organization, an emphasis on governance boosts efficiency. On the other hand, Good Corporate Governance builds trust among society and donors by ensuring

that information is transparent and reflected in financial reports that include CSR allocation (Gilang et al., 2018).

Apart from that, GCG and CSR are two concepts that contribute to an organization's growth. (Andonov et al., 2015; Kang et al., 2010; Murdiono, 2018). CSR is intimately linked to non-profit organizations' goals of serving the public good through service delivery. To analyze if CSR is being implemented under the principle, a principle must be established. The principles of GCG are one of the principles that can be used as a guide while adopting CSR. Previously, GCG and CSR were popular in government and corporations, but nowadays, corporate practitioners and non-profit organizations adopt good governance and social responsibility ideas (Latief, 2013; Rosser & Edwin, 2010; Samroni, 2007).

Existing research emphasizes the importance of GCG and CSR in profit-driven enterprises. Non-profit organizations, on the other hand, must thrive and become self-sufficient. As a result, non-profits must follow sound GCG and CSR standards. This study is important since few studies look at the influence of GCG and CSR on non-profit organizations.

2. LITERATURE REVIEW

The presence of distinct chief managers with a predisposition to focus on projects and corporate investments that generate big returns in the short run rather than maximizing shareholder value by investing in successful ventures is one of the main assumptions of agency theory. Internal agency concerns should be resolved using a sustainability concept, one of which is Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR). Non-profit organizations are in a different state than businesses, which are in the business of providing services and profiting from the loyalty and trust of their members, donors, and society (Bryson, 2018; Hopt & Von Hippel, 2010; Kaplan, 2001; Knutsen, 2013).

In practice, GCG and CSR contribute to the long-term viability of businesses. However, the most well-known concepts of GCG and CSR for corporations are profit-oriented (Knutsen, 2013). According to (Le Breton–Miller & Miller, 2006; Michelon & Parbonetti, 2012) since the notion delivers a track record from corporate to community, CSR is a Good Governance premise. Across a broader sense, CSR manifests itself in a variety of organizations, including non-profits, as a means of demonstrating responsibility, accountability, and transparency to stakeholders. Previous research focused on how to use GCG and CSR to improve a company's image over time (Gürlek et al., 2017; Mandina et al., 2014; Vanhamme et al., 2012). Despite CSR's important position in the commercial world, critics have raised concerns about its impact on non-profit and non-governmental organizations. Critics argue that CSR programs at non-profit organizations are ineffective since they are comparable to and interwoven with the non-profit organization's fundamental activities, which are to help and serve.

The subject of whether or not non-profit organizations should use GCG and CSR has to do with long-term viability. Non-profit organizations are caught between the need to provide services and the inability to create a profit as a means of survival. As a non-profit organization, we have restrictions in our ability to function as a business. However, the requirement for non-profits to

provide transparent information, responsible organizations, and excellent corporate governance requires them to use GCG and CSR to do so.

According to Nur'ainy et al. (2013), accountability and transparency in NPOs are always linked to disclosure and transparency regarding the use of donation funds. Non-profit organizations that provide services to members and the community develop a reputation as organizations that care about the environment, people, and profit. Members and the community will feel more trust and a sense of belonging as a result of this practice. The presence of trust and belonging will aid non-profit organizations by increasing donations and assisting them in becoming more sustainable without relying on profit (Nuryana & Surjandari, 2019).

In the implementation NPO's need to conduct frequent evaluation toward their GCG and CSR to identify important standar and indicators to be fulfilled by NPO's since the requirements are changing based on time and organizations characteristics. Bonn and Fisher (2005) stated that the efficient and successful application of GCG results in a good flow of corporate management and, improves the company's financial and non-financial performance. In this era of technological disruption, CSR and GCG are highly competitive. This notion is currently expanding to best effort to undertake best practices toward justice, transparency, accountability, leadership, and sustainability, where this principle is the focus of stakeholders due to technology's flexibility in accessing it.

Fairness leads to the improvement of equal rights and opportunity, transparency leads to the disclosure and open access to information, accountability leads to the liable of activities and funding aspects, and responsibility leads to the commitment of organizations to deliver duty and services to their members as a result of the implementation of GCG in NPO's (Shaw, 2006). This four component is critical since GCG implementation constantly demonstrates that there is underlying value that is unrelated to financial performance.

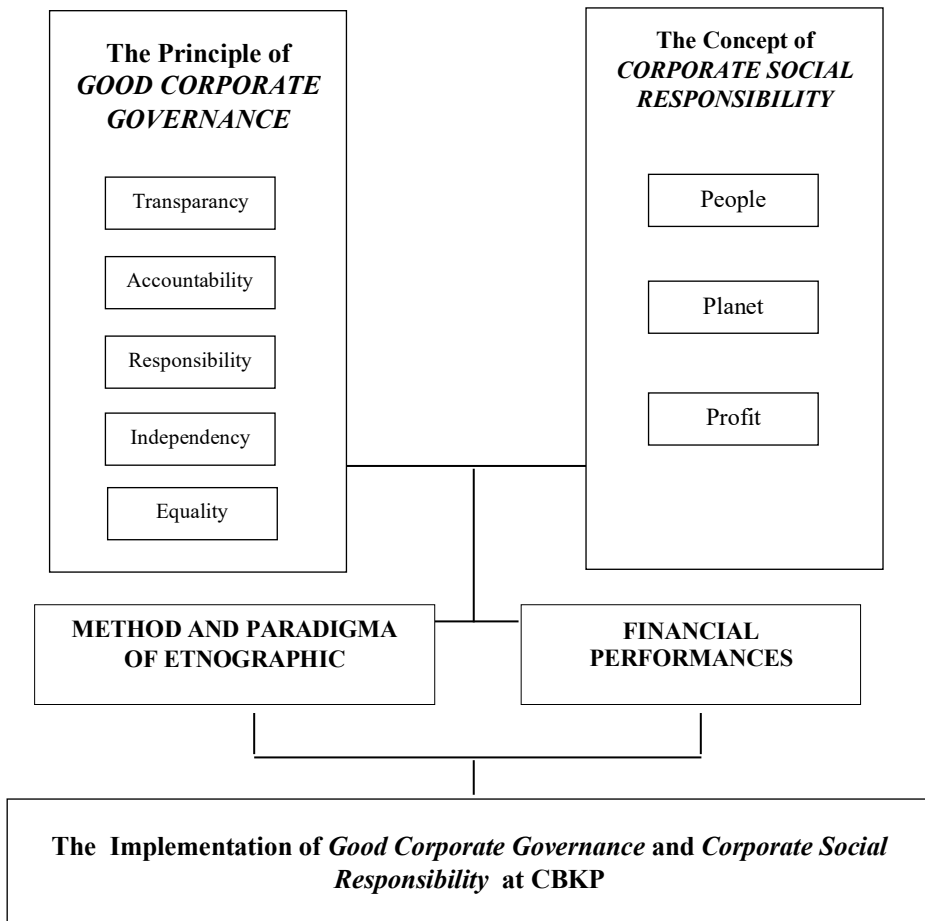
The needs to be sustain should go hand in hand with the implementation of CSR in NPO's. In practices, the nature of NPO's are serving and giving (Latief, 2013). This approach, on the other hand, is incompatible with stakeholders who seek a quick result on the organization's long-term viability. While in implementation, the CSR dimension should be aligned with an external party with a strong emphasis on society (Aqueveque et al., 2018; Aras & Crowther, 2008; Knutsen, 2013). Different findings from existing literature suggest that CSR practices have a positive impact on corporate stakeholders (Arnold, 2017; Bhardwaj et al., 2018; Książak, 2016; Siddique, 2014), improving a company's reputation (Aksak et al., 2016; Yoon et al., 2006), increasing dependability and trust (Martínez & Del Bosque, 2013; Choi & La, 2013; Sharma & Jain, 2019) as well as increasing purchasing intent, repetition, and loyalty (Walker & Kent, 2009; Zhao, 2014) where this holds true for non-profit organizations as well.

To contribute to empirical study in this area (Isa, 2012), investigate the relationship between corporate social responsibility and stakeholder perceptions of trust. The findings revealed that corporate social responsibility has an impact on non-profit organizations, notably in terms of better communication, which contributes to reputation and the development of stronger stakeholder relationships. The investigation into the relationship between corporate social responsibility and public perceptions focuses on non-profit organizations, with the goal of improving communication between organizations and their members by delivering positive outcomes such as increased

donations, increased identification, and more favorable public perceptions. However, certain arguments arise since CSR is frequently considered as an intrinsic element of non-profit organizations whose sole purpose is to engage in CSR activities such as cause-related marketing, community connections, philanthropic giving, and volunteer program development (Do Paco & Nave, 2013; Jones, 2010).

3. METHODOLOGY

Figure 1: Conceptual Framework



Source: Processed by the author.

3.1. Research Form

The mixed approach was employed in this study. Mixed methods, according to (Aneshensel, 2012), are a combination of quantitative and qualitative methodologies. This technique of research tries

to collect data in a more comprehensive, legitimate, reliable, and objective manner. In mixed methods research, there are two models: sequential (sequential) and concurrent (concurrent) (simultaneously). In the sequential type, various procedures are combined at different times, whereas in the concurrent type, they are mixed at the same moment (Sekaran & Bougie, 2016).

3.2. *Research Variables and Operational Definition*

The variables in this study are as follows: 1. Good Corporate Governance (GCG) ; 2. Corporate Social Responsibility (CSR) 3. Financial Performance The indicator used in measuring financial performance is the financial performance ratio of (Ritchie & Kolodinsky, 2003) consists of : Fiscal Performance Ratio, Public Support Ratio, Investment Performance Ratio, Efficiency Ratio of Non Program Activities, Program Efficiency Ratio (Barnes, 1987) stated that not all ratios can be applied to measure the financial performance of non-profit organizations such as investment ratios. In this study the authors only use three of the five ratios, namely the Fiscal Performance Ratio, Public Support Ratio and Investment Performance Ratio.

3.3. *Data Collection Techniques*

The financial data of CBKP will be analyzed to obtain quantitative data, and interviews with the Church Council Management Board will be conducted to obtain qualitative data. Interviews are undertaken to aid in the analysis and explanation of quantitative data gained via document analysis.

3.4. *Research Paradigm*

The interpretive paradigm and ethnographic methodologies research paradigms are used in this investigation. Reality, according to the interpretive paradigm, is subjective, generated, discovered, and interpreted (Rahardjo, 2018). According to the interpretif paradigm, social reality is holistic, inseparable from one another, complex, dynamic, and full of meaning, with a reciprocal rather than causal link between symptoms. As a result, the interpretive paradigm sees social reality as fluid, processed, and replete with human interpretation. In terms of the human viewpoint, the interpretive paradigm sees humans as beings who are aware of and deliberate in their actions (intentional human being). The interpretative paradigm's goal is to interpret and comprehend social phenomena, and it's a good fit for this study's goal of interpreting how good corporate governance and corporate social responsibility are applied in church companies (Annells, 1996).

3.5. *Research Instruments*

3.5.1. *Document Analysis*

Research instrument in this study is document analysis by measuring financial performances. The indicator used in measuring financial performance is the financial performance ratio of (Ritchie & Kolodinsky, 2003). In this study, the authors only use three of the five ratios, namely the Fiscal Performance Ratio, Public Support Ratio and Investment Performance Ratio. This research will analyze financial data of GBKP Rg Pontianak at the end of the management period, namely 2018. The financial data found will be compared with the results of interviews to see the indicators of the elements of applying GCG and CSR which were previously carried out in (Hartanto, 2011).

3.5.2. Interview

The interview method employed in this study was a semi-structured interview. Semi structured interviews are forms of verbal communication in which the interviewer asks questions to elicit information from others. Despite the fact that the interviewer has prepared a list of questions, the interviewer is free to inquire about anything that is relevant to the research being conducted (Longhurst, 2003). Researchers used interviews as a research instrument to obtain as much information as possible to analyze research problems. The subjects interviewed by the researcher were the Chairman of the Council, Secretary, Deputy Secretary, Treasurer and Pastor of the Congregation at CBKP.

An ethnographic interview is the type of interview used in this study. Ethnography is a qualitative design in which a researcher describes and evaluates the patterns of values, behavior, beliefs, and language learned by a cultural group, according to (Creswell et al., 2007), Ethnography is a branch of history that investigates society, ethnic groups, and other ethnic formations, ethnogenesis, composition, residence displacement, social welfare characteristics, and their material and spiritual culture. Ethnography is frequently used to gather empirical information about human society and culture. Participant observation, interviews, and questionnaires are commonly used to collect data (Schensul et al., 1999).

According to (Longhurst, 2003), there are 3 (three) types of questions in conducting ethnographic interviews; descriptive, structural and contrast questions. In this study, researchers only used two types of questions which included the following:

Table 1: Types of Questions

No	Types of Questions	Questions Example
1	Descriptive question. This type of questioning allows one to collect a sample that occurs in the informant's language. Descriptive questions are the easiest type of question to ask and use in all interviews.	"Can you describe how governance is applied to this organization?"
2	Contrast question. Ethnographers can find out what the informants mean by the various terms used in the original language. Contrast questions allow ethnographers to discover the dimensions of meaning used by informants to distinguish various objects and events in their world.	"Is there a difference between the management principles used in this organization and other organizations? "

Source: Longhurst (2003).

3.6. Data Analysis Methods

This study analyze financial data of CBKP, proceeds with conducting interviews to obtain qualitative data. Interviews supporting data by analyzing and explaining the results obtained from document analysis.

4. RESULTS AND DISCUSSION

4.1. Financial Performance Analysis of CBKP

Financial data analysis on CBKP based on the results of calculating the financial performance ratios of Ritchie and Kolodinsky (2003) as follows:

Table 2: Financial Reports of CBKP

Financial Report	2015	2016	2017	2018	2019	Average
Cash and Equivalent with Cash	38.455.078	69.535.702	77.104.339	79.059.105	90.439.244	-
Total Income	38.117.249	196.773.935	286.771.008	252.389.632	255.437.943	-
Total Asset	305.655.078	396.135.702	406.689.339	418.944.105	437.134.244	-
Total Cost	45.563.871	150.547.111	172.759.591	183.714.952	188.638.824	-
Total Contribution	32.950.000	134.280.500	127.461.300	88.215.700	7.186.063	-

Table 3: Fiscal, Public Support and Investment Performances Ratio of CBKP

Fiscal Ratio	2015	2016	2017	2018	2018	Average
Total Income divided by Total Assets	0,12	0,50	0,71	0,60	0,58	0,50
(Total Revenue minus Total Costs) divided by Total Assets	-0,02	0,12	0,28	0,16	0,15	0,14

Public Support Ratio of CBKP						
	2015	2016	2017	2018	2019	Average
Public Support Ratio						
Total Contribution divided by Total Cost	0,72	0,89	0,74	0,48	0,04	0,57
Total Contribution divided by Total Revenue	0,86	0,68	0,44	0,35	0,03	0,47

Investment Performance of CBKP						
Investment Performance Ratio	2015	2016	2017	2018	2019	Average
Cash and Cash Equivalents divided by Total Assets	0,126	0,176	0,190	0,189	0,207	0,177

Table 3 presents Church financial reports from 2015-2019. Fiscal performances of CBKP showed volatility from 2017 until 2018. The ratio of Total Revenue divided with Total Assets is 0.50 in average. This result can be interpreted that for every IDR 1 of funds circulated by CBKP in term of assets are capable in obtaining funds of IDR 0.50. The result of this ratio classified as low since a result above 1.0 indicates annual income greater than total assets. Meanwhile, a value close to 1.0 indicates an organization income with slightly below asset valuation at the end of the period.

In profit oriented organizations, ratio of total revenue similar with Total Sales to Total Assets comparisons with interpretation that the higher this ratio, the better the performances (Choi & La, 2013). The ratio of Total Income divided by Total Assets at CBKP from 2015 to 2019 was below 1.0 where this indicates that annual total contribution of CBKP is lower than total assets. This findings provide support to the result of previous studies that despite the inability to obtain profit,

non profit organizations should implement business practice by conducting financial report analysis in order to survive (Kim, 2019). Interviews result with the CBKP confirm that the church retains annual contributions from members, which are then donated back to activities for mutual benefit, the church cannot collect assets from the annual contributions because it violates the natural principles of Non-Profit Organizations, namely for mutual benefit. As stated by the Assembly's Chairperson (Runggun) in an interview, *"all decisions were made in accordance with Runggu (colloquy) and in phases beginning with the lowest level. If there are disagreements, all members of the congregation must participate in discourse and make every effort to resolve them so that they do not develop outside the community. In terms of finances, one could say that we are in the process of becoming self-sufficient, as our support comes from all of the churches. However, our commercial entities, such as our Credit Union (CU), have not yet reached that stage; there is still a long way to go before we can accept monies from them, but credit union contributions are often made through tithing"*.

Ratio of Total Contribution divided by Total Cost to measure the proportion of costs (use of donations funds). According to Ritchie and Kolodinsky (2003), "A ratio value above 1.0 indicates that contributions exceed costs, while values less than 1.0 indicate that costs are greater than contributions". Based on the calculations in table 4.9, it is known that the average ratio of total contribution divided by the total cost is 0.57, which means that donation fund contribute significant role around 57% in financing church operation. This results can be translated into the dependency of GBKP toward donations to finance its operational activities. This result similar with the findings from (Rockson, 2019) that stating the larger the contribution, the larger dependability between non profit organizations and its member. On the other hand, this result force GBKP to creates activities and program to maintain attachment, sense of belonging, loyalty and commitment of Church member (Pfang, 2015).

Table 4: Elements of Good Corporate Governance Implementation in CBKP

Elements of Transparency	Yes	No
Weekly Bulletin	√	
Yearly Financial Report	√	
Yearly Financial Audit		√
Regular Explanation to Church Member	√	
Elements of Accountability	Yes	No
Management of inflow and cashflow	√	
Budgeting supervisory process by Board of Church committee		√
Distribution and implementation of task and responsibility	√	
Elements of Responsibility	Yes	No
Routine accountability according to Church Governance rules	√	
Responsibility for ongoing and future activities	√	
Responsibility to the environment	√	
Elements of Independence	Yes	No
Freedom of decision making and its implementation	√	
Autonomous Rights of the Church	√	

Table 4: continued

Elements of Fairness	Yes	No
Rules and policies regarding operational activities	√	

Source: CBKP Activities Document (2019).

Table 5: Indicators of Good Corporate Governance Implementation in CBKP

Indicator	Questions
Transparency	What is your understanding about the principles of transparency and how to apply these principles in CBKP?
Accountability	What is your understanding about the principle of accountability (clarity of functions, implementation and accountability of each organ) and how is the application of these principles in CBKP?
Responsibility	What is your understanding about the principle of responsibility and how is the principle applied in CBKP?
Independence	What is your understanding about the principle of independency and how to apply this principle in CBKP?
Fairness	What is your understanding about the principles of fairness and how to apply these principles in GBKP?

From the results of the interviews, assessment indicators are related with transparency of financial and non-financial information. Non-financial information about services including church worship activities, current and on going program deliver transparently through the congregation, which is conveyed every week after Sunday worship in front of the congregation orally and through written congregation news.

The congregation news distributed on Sunday service contains current and ongoing service activities. For church financial information, conveyed in the congregation's newsletter but still limited to church entry posts, such as the number of offerings collected every Sunday service as well as family worship, categorical worship and tithes and thanksgiving given by the congregation. However, the detailed and overall reporting to the congregation limited once a year at the *Sidi Deliberation* (a large meeting held between the council and the congregation represented by the board of each sector / category) and reporting only to internal officials. Based on the results of interviews with five respondents show that CBKP has implementing the principle of accountability. However, it is not optimal due to bureaucracy system in organization where church advisory board must approve and check all transaction and activities before it carried out that resulting into a delayed on implementation of program or activities.

The result of interview also confirm that accountability implementation in CBKP have applied a balance between cash of inflow and outflow. However, the implementation are limited only to the using of conventional accounting system. On the other hand, budget supervisory system at CBKP applied highest leader supervisory approval. In the implementation, a budget needs an approval from congregation leader both written and unwritten assignment. The written and unwritten assignment also regulated in the book of "*Setialah version 029*" as benchmarks and indicators in achieving organization vision and mission. Furthermore, CBKP needs integrated system relates to accountability to supervise management and bureaucracy including a digital version of financial

report on their website that easily access by member of church. According to Hartanto (2011), technology creates public value and deliver trust of nonprofit organizations to society. However, problem arises related with manual data of CBKP church that based on paper. Good Corporate Governance will find it difficult to implement accountability principle due to differences in previous and current system. CBKP should transform and digitize their system to form effectiveness and efficiency in term of accountability in Good Corporate Governance. As stated by the Chair of the Assembly (Runggun) in an interview, "*accountability at CBKP is carried out in a "presbyterial-synodal" manner, which means that there is no arrangement or hierarchy of positions, meaning that everything must be based on a joint decision. For clarity of function and implementation, it is stated in the GBKP governance book. However, not all councils or commissions are selected based on their educational background, because in our church the selection of the board is based on the person's daily work or experience. The board of directors comes from the congregation and is chosen by the congregation as someone who is considered capable of doing so. The obstacle to applying this principle lies in the timing due to the "part-time" nature of the church. So, in carrying out every task in the church, they are still carried out together, considering that the work in the church as administrators is not our main job*".

CBKP implementing three indicators to assure the fulfillment of responsibility; frequent accountability checks according to Church governance rules, responsibility for ongoing and future activities and being responsible to the environment. These three indicators are subjected to the nature of CBKP to convey public service. For accountability, committee carried out a maximum of one month reporting after the activity takes place. However, responsibility to the congregation still limited to once a year. Responsibilities also applied to the surrounding environment by actively involve in building communication and taking part in activities around the community.

For Independence Principle, CBKP implements policies, systems and procedures of independency. CBKP govern in mutually agreed upon specific matters concerning church activities. Decision making process is accordance with the basis of CBKP church order which is "*presbyterial synodal*" means that deliberation must be prioritized in decisions making. Decision making carried out at *Sidi Deliberation* held by *runggun* once a year to discusses decisions regarding the operational activities in church services for the next year and several decisions related with center (*moderamen*) or *klasis* (the service area that oversees *runggun*). Freedom in decision making and its implementation shown through the ability of member to express their opinion. One of the pastors at CBKP stated that "Freedom to express applied in each congregation (*Perpulauan Jabu-Jabu*) and in coordination meetings that held twice a year.

Church and business entity are different in term of management principles (Milbrandt, 2007; Vázquez et al., 2002). As non profit organization, CBKP applies the principle of "attentiveness" based on the church pastoral care. *Shepherding* is a service carried out based on the love of Christ, which is love for citizens and / or special servants, both individually and communally. This principle applies to guide and reconcile for obedience and closer to God. This principle applied in accordance with Church objectives to increase faith of its congregation.

Table 6: The Implementation of Corporate Social Responsibility (CSR) at CBKP

Questions	Corporate Social Responsibility Indicator
What is your understanding toward Corporate Social Responsibility of organization?	People, Planet, and Profit
Does CBKP have implementing social responsibility according to CSR principle (People, Planet, and Profit)?	People, Planet, and Profit
What kind social responsibility program conducted by CBKP toward environment and community? What are the obstacles during the implementation?	People, Planet, and Profit

In connection with Corporate Social Responsibility, CBKP implementing social responsibility focusing on People, Planet and Profit. These three principles reflected in Tri Tasks of the church, namely *diaconia* (service), *marturia* (testimony) and *koinonia* (association). Result of interview conducted with CPB (Church Pastory Board) of CBKP showed that church management has carried out social responsibility and fulfills triple-bottom-line principle, namely being responsible to people, planet and profit through *deacon* (service) activities and improving public trust by managing donations transparently. CBKP Runggun Pontianak maintaining sustainability by protecting environment through participating and cooperates with government in socializing cleaner life to preserve the universe. The above statement was quoted from an interview with the Chairperson of the Assembly (Runggun), who explained that “*CBKP's actions related to humans have been carried out through Diakonias. Almost every year, there are socializing materials in the church linked to "keeping the planet," which are always urged to be completed every time the congregation meets. We encourage the ban of smoking in church rooms to ensure the comfort of fellow congregations, as well as the prohibition of littering because we have provided trash bins to ensure the cleanliness of our surrounding environment and to carry out reforestation in the area where we reside. The fundamental objective of the church is service rather than wealth*”.

Table 7: CSR Fund Allocation CBKP

Year	Activities	Fund allocation (Rp)
2017	Donations for Mount Sinabung Disaster Relief	10.150.000
2018	Fund Allocation for Joy and Grief	15.450.000
2019	Fund Allocation for Community Donations	8.843.000

Source: Financial Report of CBKP

4.2. *The Ethnographics of Karo Ethnicity in Influencing the implementation of Good Corporate Governance and Corporate Social Responsibility of CBKP Runggun Pontianak*

Table 8: The Ethnographics of Karo Ethnicity Based on Unique Characteristics

Questions	Etnographis of Karo Ethnicity
What are the unique characteristics of Karo Society in living their daily lives?	Unique characteristics
What is life philosophy of Karo Society?	Life philosophy

Table 8: continued

What kind of kinship system exists in Karo society and does the kinship system views as support or a hinder for the governance of Church?	Kinship system and kinship system value
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The unique and most prominent characteristic of Karo tribe in their daily lives is that they strongly prioritize "*Runggu*" (deliberation) in decision making and use life guideline expressed in kinship system "*Merga Silima*" (five clans), *Rakut Sitelu* (Tuga Ikatan), *Tutur Siwaluh* (eight types of relationship) and the *ten-two-plus sada* (twelve plus one type of kinship). This system contribute an important role in the life of Karo people.

According to (Samroni, 2007), *Runggu* is a tradition of deliberation in *Kuta* (village) community. *Kuta* in Karo tribe refer to forum for social interaction between various components of society in the field of government. The process of deliberation (*runggu*) carried out by *sangkep nggeluh* (relative) in the family who are doing customary activities. The results obtained from *runggu* are to reach agreed decisions for traditional events. According to (Lestari et al., 2019) the implementation of *runggu* is carried out in every Karo community traditional event consisting of marriage ceremony, joy of child birth and sorrow of custom of death.

Another special characteristic of Karo tribe is *Rakut sitelu* means that Karo people value family. However, there are also those who interpret it as *sangkep nggeluh* (completeness of life). *Rakut sitelu* sometimes called *daliken sitelu*. Etymologically, *daliken sitelu* means three furnaces (*Daliken: stone furnaces, sitelu: three*). The meaning of *daliken sitelu* refers to the fact that in daily life, the Karo people cannot be separated from what is called a furnace to light a fire (cooking) which can be interpreted as togetherness.

From the unique characteristics of Karo tribe, GCG implementation are still influenced from Karo culture that still value kinship system in the management. This resulting into a bias in decision making and the implementation of Good Corporate Governance. On the other hand, CSR implementation of CBKP also influenced by the unique characteristics of Karo Tribe that focuses on the closest community and environment where the Karo community live. In term of organization, this culture creates growth to their closest community and deliver sense of togetherness to solve problems in their organizations (Dávila, 2012).

Table 9: The Etnographics of Karo Ethnicity Based on Leadership

Questions	Etnographis of Karo Ethnicity
How is the implementation of Runggu leadership style at CBKP brings positive impact to the performances of CBKP ?	Leadership style
Does Runggu leadership style in Karo tribe deliver influence of a good Corporate Governance implementation on CBKP?	Leadership Style and Good Corporate Governance
Does it possible to implement Good Corporate Governance Principle at CBKP?	Good Corporate Governance and Church Management

From the results of interviews conducted with CBP (Church Board of Pastory) and the Pastor of CBKP, it is known that the unique characteristic is inherent in the lives of Karo community. The

kinship system of *Rakut Sitelu* describing "caste" because of the stipulation in Karo tribe community that considers *kalimbubu Dibata ni Idah* which means that the God we see in this world is to be respected. There is an expression in the karo community "*Mehamat man Kalimbubu, Metenget Ersenina Ras Metami man Anak Beru*" which means "*respect for elderly, concern for now and spoil the new child*". This strongly supports the task of the Church, namely to become partners with God in carrying out the vision and mission of the church. The expression that exists in Karo community where everyone will respect and support each other. The closeness of the relationship which adds to the atmosphere of kinship in the Church when combined with the Karo culture. The leadership of the Karo ethnic grew strong, which is also stated by an interview conducted with the Chairperson of the Assembly (Runggu), "*Because CBKP is essentially Runggu, any action made must be consulted beforehand because it is a collective decision, which indicates that everyone has agreed on the choice, and deliberation is a component of great leadership*".

Karo culture in particular have positive influence on church environment including the management of CBKP in general. However, viewing from its implementation in CBKP Rg Pontianak, church pastoral board considers that this culture delivers positive impact along with negative impact as well. The negative impact related with organizational structure where there is a division of tasks for the chairman, secretary, treasurer and other council bodies that show differences in authorities and responsibilities. This separation will creates clash and conflict of interest since in the Karo culture prioritizes the phrase "*Mehamat man Kalimbubu, Metenget Ersenina ras Metami man Anak Beru*" where in the implementation they will choose their direct inherited to become the head of the organization. Based on histories, Karo tribes combinations of culture and organizational structures will clashes with what becoming priority in organizations (Damian & Zowghi, 2003; Rollinson, 2008).

5. CONCLUSION

Non-profit organizations must closely follow a set of guidelines in order to serve the public and society. This type of organization survives on donations and charity from the general population. Previously, non-profit management was done on a person-to-person basis or using local knowledge. Non-profit organizations, on the other hand, are beginning to incorporate Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) as a means of long-term sustainability (CSR).

CBKP as a church that exists to serve its members and community, has delivered financial results, particularly in terms of assets and contributions. The Church's assets are cash, and contributions are in the form of gifts. Through the use of an ethnographic technique, it was discovered that Karo cultural leadership style has the greatest influence, with Kinship systems serving as solutions to difficulties in all situations. Since the goal of CBKP is to serve the Karo community in the framework of Karo culture, the implementation of GCG and CSR in CBKP is blended with Karo culture.

The results of an ethnographic interview to determine the implementation of CSR at GBKP, on the other hand, demonstrate that CBKP's CSR program focuses on the impact on the triple bottom line of sustainability: people, profit, and planet. CBKP, on the other hand, turns profit into public

service in order to foster trust and loyalty. The Karo system and culture's interference will collide with GCG and CSR's original concepts, but one of its preserves of kinship will have a good impact on GCG, notably in embracing accountability and transparency as a united component of Karo Culture. The policy recommendations for CBKP are to create a standardized and integrated management system that incorporates GCG and CSR, as well as the absorption of Karo culture, based on the findings.

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