CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY WELFARE

(A Study in Nickel Mining Company in Kolaka Regency Southeast Sulawesi)

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Abstract—The objectives of this research: (1) Assess understanding of the concept of corporate social responsibility (CSR) by the community, government, non-governemental organizations and companies. (2) Assess the effect of implementing a CSR program on improving the knowledge, skills and attitudes of the target community in trying productive economy. (3) Formulate a model of community economic empowerment based on the variables studied which are suitable for the implementation of CSR by companies in Southeast Sulawesi. The informants in this study were those who knew the process of giving and distributing CSR of nickel mining companies in Kolaka Regency. The parties in question are (1) Local Government, (2) Company parties, (3) Communities and (4) Non-Governmental Organizations.

The results of the study show: (1) The low understanding of CSR management, especially by the community and non-governmental organizations (NGOs) due to their lack of involvement in the formulation of CSR programs, the formulation of CSR programs results in their low understanding. This resulted in the community tending to perceive CSR as a donation aid not on understanding the use of CSR in improving sustainable living standards for the community. (2) The distributed CSR program has not yet had an impact on increasing knowledge, skills and other productive economic activities because the CSR programs provided are not in accordance with the needs and expectations of the community, especially in increasing the productive economic activities of the community. (3) A good management model based on the findings of this study is to apply a fair and participatory participatory CSR model, so that the community, NGOs. The government and company must sit together in formulating a CSR program in accordance with the needs of a just society that is imbued with the spirit of the Pancasila.

Index Term: Corporate Social Responsibility, Attitudes, Skills and Creative Economy

1 INTRODUCTION

Southeast Sulawesi has relatively big potency of medium and large enterprise company; in 2014, there were almost 3,577 business units (BPS Sultra, 2015). These companies have for a long time been operated and exploited local wealth as one of its dominant production factors, however, growth of regional development has not been well-adjusted with the growth and development of existing companies.

There are large companies in Indonesia and several companies in Southeast Sulawesi Province that have implemented part of their social responsibility through regional development efforts and public economic empowerment efforts of the community, both surrounding the companies as well as in several regions in Southeast Sulawesi Province. These activities are in the form of providing financial assistance for surrounding area development in the forms of public facilities, educational facilities, worship facilities, and also in the forms of training, mentoring, and / or counseling in the field of productive economy in order to improve community welfare of the surrounding community, and others. Such various activities taken by the companies are considered as a form of social responsibility for development of the surrounding community. Some of these activities are intended to bring any required knowledge, skills and attitudes by the community so that they can increase their household income through any productive efforts.

The CSR program implementation process by the company currently has not yet involved the surrounding community as its program target in planning activity, so that there is less optimal program success. There is no an identification process on the public community needs surrounding by the company in term of starting the CSR implementation.

A research by Mapisangka (2009) examined on relationship between CSR implementation on community welfare. The study found out that CSR indicators have influences on welfare of the surrounding community. There are less number of research on the influences of CSR on community welfare, it motivates the researchers to conduct this research. Results of the study are different from the research conducted by Astiti, 2016 stating that CSR does not have any significant influences on community welfare.

Implementation of CSR in Kolaka regency still requires commitment and cooperation from various parties, such as the government, communities, NGOs and companies. For the government, sustainable CSR implementation CSR by the company will not only give positive influences on the company, but it
will also help to strengthen community economic power. The government faces public high demands for comprehensive development, while government has limited capacity by its budget. In this case, the CSR taken by the company serves as a supporter for the government in term of assisting them to meet the community interests, which in turn, it will contribute to improved community welfare. There will be such increase by empowering the surrounding community through the company’s CSR programs.

Development of mining areas in Kolaka Regency is spread in the district areas as follows:
1. Allotment areas for non-metallic minerals and minerals can be seen in Wolo, Samaturu, Latambaga, Kolaka, Wundulako, Baula, Pomalaa, Tanggetada, Watubangga and Toaridistricts.
2. Allotment areas for oil and gas mining areas can be seen in Padamarang Islands Sea, Wundulako District and plans for the Oil and Gas Mining Area (WKP Migas) consisting of: Plan for WKP Bone Bay Block covering an area of 8,044 km covering Kolaka Regency and North Kolaka, Kolaka-Bombana Block Plan.
3. Allotment areas for geothermal mining can be seen in Mangolo district, Latambaga District.

Success of community economic empowerment efforts can be influenced by various variables, both internal variable of community individual and external variables such as community group dynamics, program quality, and other supporting qualities. The community surrounding the company as the target of the development program (empowerment) from the government (central or regional), thus, the community surrounding the company may be influenced by any overlapping programs. Such condition can be avoided if there is coordination among all parties, so that there will be no any overlapping programs but then there will be complementary designing program. Recently, there is still limited academic researches to examine CSR program implementation taken by these companies, as well as the extent of it contribution to increasing public income and welfare of the surrounding community. Paying attention to these conditions, this research is conducted to answer any existing gaps with goals to; (1) Assess understanding on the concept of corporate social responsibility (CSR) by the community, government, NGOs and companies. (2) Assess the influences of CSR program implementation on increasing knowledge, skills, and attitude of targeted community in term of productive economic efforts, and (3) formulate a model of community economic empowerment based on CSR implementation by the companies in Kolaka Regency.

### 2 Thinking Framework

The research thinking framework is elaborated from several referred studies including a research conducted by Astitui, 2016 examining on the influences of CRS implementation on improved community welfare; Noor, 2013 who analyzed the community social problems at mining sites, formulated a CSR program from social, economic and level aspects and influences of CSR in community empowerment, especially in education and health aspects; DwiCahyoNugroho, 2013, who studied CSR implementation programs and its influences on social changes in society that was reviewed in terms of community perceptions toward the program and community response.

Based on Figure 2.1, it can be stated that community economic empowerment through CSR implementation is directed at development of household economic enterprises by paying attention to the potential of local resources and potential of commodity markets being cultivated. Community attitude in self-economic empowerment and family economic empowerment is an indicator of the extent to which the community economic empowerment program achieves its expected goals. Thus, community attitude (knowledge, skills, and attitudes) towards the development of productive economic enterprises serves as a dependent variable.

### 3 Research Method

#### 3.1 Research Design

This study uses a qualitative approach, namely a research on the data that is collected and expressed in the form of words and images, words arranged in sentences, for example sentences from interviews between the researchers and informants. Qualitative research sets from the philosophy of constructivism which assumes that reality is dimensionless, plural interactive and an exchange of social experiences interpreted by individuals.

This qualitative research uses descriptive qualitative method that aims to understand social phenomena from participants’ perspective. The participants are people who are invited to interview, to be observed, asked for data, opinions, thoughts, and perceptions.

This study uses a phenomenological approach, since it is directly related to any existing organized people symptoms in manufacturing units. Research using a phenomenological approach tries to understand meaning of events and interactions with people in specified situations. In short, the researchers try to understand the subject from the point of view of the subject itself by not ignoring interpretation, by making a conceptual scheme.
3.2 Research Location and Time
This research location is in Kolaka Regency of Southeast Sulawesi Province. In each region in Kolaka Regency, there will be identification on any villages surrounding mining companies having business groups in empowerment activities based on group approaches in the community, namely Sopura village, Hakatubobu village, oko-ok village and Pomalaa village.

Collection of primary data and secondary data is conducted for about 5 months. The time period is determined by considering that the data collection is conducted simultaneously in each village. The reason for choosing Kolaka Regency as the research location is because Kolaka Regency is one of the largest mining operation areas conducted by PT Antam UBPN in Southeast Sulawesi Province.

3.3 Research Informants
Informants in this research are those who understanding the process of CSR provision and distribution of nickel mining companies in Kolaka Regency. The parties in question are (1) the Regional Government consisting of 3 informants, (2) the company consisting of 3 informants, (3) The community consisting of 4 informants and (4) Non-Governmental Organizations consisting of 2 informants, with totally, there are 12 informants for this research.

3.4 Data Analysis Method
Analysis techniques in the qualitative research, the data analysis processes can be carried out by researchers at the time of data collection. Based on a research by Creswell (1994) qualitative research prioritizes the use of inductive logic which categorization is taken from researchers’ meeting with research subjects in the field or where the data is found. So, the qualitative research is characterized by information in the form of context bonds that will describe social phenomena.

![Interactive Model Data Analyze](image)

The data is obtained, then collected to be processed systematically; starting from observation, interview editing, classifying, reducing, then the activity of presenting data and concluding data. The data analysis technique in this research uses Miles and Huberman’s (1984) Interactive Analysis Model as seen in the figure 4 above

4 RESULTS AND DISCUSSION
4.1 Analysis Understanding on corporate social responsibility (CSR) concept by community, government, NGOs and corporate.
4.1.1 Understanding on CSR concept by public figures and CSR recipients
Results of the research related to CSR information from public figures can be explained that the community does not really understand about corporate social responsibility. This is because in planning, implementing, evaluating and reporting the CSR, there is no community involvement. There is also seen to have less community understanding on the CSR even by CSR assistance recipients. The understanding of the Community as CSR recipients is only limited to CSR as a corporate obligation that must be given to the community. As stated by Ansar Naki, a recipient of PT. Antam CSR who was interviewed on Friday / December 27, 2018 explained that his understanding on CSR was an obligation for PT. Antam company to issue funds according to regulations. In addition, in CSR provision, it is necessary for even distribution, implementation program justice and fairness since often the assistance provided is not as expected.

Low level of public understanding on CSR program implementation is caused by lack of socialization applied by Antam UBPN in Southeast Sulawesi. As stated by Nikma, a recipient of CSR UBPN Antam on December 20, 2018, she explained that implementation of CSR program Antam still required socialization so that people could find out the forms of CSR to be distributed. In addition, it was also necessary for involvement of all parties, especially supervision.

Based on results of interviews with public figures and recipients of PT. Antam CSR, it can be seen that understanding related to CSR issue is only limited to the responsibility that must be applied by the company. Low level of public understanding on CSR has resulted in community less interest in participating in CSR program discussion that will be conducted by PT. Antam.

4.1.2 Understanding on CSR concept by the government of Kolaka Regency.
There is already a good understanding on the CSR program by the government of Kolakaregency, this can be seen from results of the interview with division of Economy and Natural Resources of Kolaka Regency, Ir. Agus Andy. MP on Thursday / December 6, 2018, he explained that the regional government simultaneously with regional representatives had issued a regional regulation in Kolaka Regency No. 15 of 2014 concerning corporate social and environmental responsibility. Corporate social responsibility programs include developing an empowerment-based social environment; micro, small and cooperative business partnerships; and programs directly to the community, company regulations.

Making of Regional Regulation by Kolaka Regency concerning CSR is not only a culture of inter-regional follow-up as a form of oversight in regional autonomy era. The CSR program should be directed towards improved community welfare. But, in its reality, implementation of CSR program by PT. Antam in Kolaka Regency has yet seen its influences and existence. This was revealed by HM. Kasim Madariaas Asisten II Secretary of
Kolakawhen he was interviewed on Thursday 06 December 2018, he stated that CSR Program by PT. Antam in his opinion has not been too influential on the aspect of community welfare because the community does not participate in the implementation activity. The public should be involved in formulating a CSR program that will be provided by PT. Antam so that community aspirations can be absorbed and used as a basis for CSR program formulation.

Based on results of interviews with the government of Kolaka Regency, it shows that there is already a good understanding of the local government towards the CSR implementation by PT. Antam. This can be seen from existence of the local government regulation in KolakaRegency No. 15 of 2014 concerning corporate social and environmental responsibility. Corporate social responsibility programs include developing an empowerment-based social environment; micro, small and cooperative business partnerships; and programs directly to the community. However, in the program implementation still does not cover all aspects of government regulations, such as micro business assistance for any complicated people and one requiring guarantees.

4.1.3 Understanding on CSR by PT. Antam

Through CSR, the company can also build its reputation, such as improved company image and its shareholders, company brand position, as well as the field of company’s business.

Results of the interview with Maemahah on Monday / December 10, 2018, Deputy Manager of CSR management of PT. Antam related to the CSR program implementation explained that the CSR implementation is a corporate social responsibility to the communities that is directly influenced by the company’s operational activities. Formulation of a CSR program refers to Government Regulation No. 47 of 2012 concerning corporate social responsibility. CSR distribution policy of PT. Antam is stated in CSR Master Plan and guidelines for supply chain management. PT. Antam has conducted many programs including business capital for SMEs since 2000 and training in improving human resources in Kolaka Regency.

4.1.4 Understanding on CSR by LSM

The term of Non-Governmental Organization (NGO) is expressly defined in the Instruction of the Minister of Home Affairs (Inmendagri) No. 8/1990, which was addressed to the Governor in all Indonesia areas regarding the Development of Non-Governmental Organizations. Appendix II of the Ministry of Home Affairs states that NGOs are organizations / institutions whose members are citizens of the Republic of Indonesia who voluntarily or independently intend to engage in certain activities determined by organizations / institutions as a manifestation of community participation as an effort to improve the standard of living and community welfare, which focuses on self-service.

According to Abdul Hakim Garuda Nusantara, he said that definition of NGOs was indeed difficult to formulate, but in a simple way, it might be interpreted as a movement growing based on popular values. It aims to foster community awareness and independence, which ultimately improves community welfare.

According to Peter Hannan (1988), a social science expert from Australia who had conducted research on NGOs in Indonesia in 1986, he mentioned that NGOs are organizations that aim to develop grassroots development, usually through creation.

Based on results of interviews with NGOs in KolakaRegency, it was shown that there is very low level of NGO understanding on the CSR program of PT. Antam. This is because NGOs have never been involved in formulation of CSR programs by PT. Antam. In addition, limited number of NGOs in KolakaRegency has an influence on lack of NGO involvement in formulation of CSR program by Antam UBPN Southeast Sulawesi.

4.2 Influences of CSR program in improving community knowledge, skills and attitude in economic productive efforts.

4.2.1 Influences of CSR Program Implementation in Improving Knowledge

Based on results of interviews with the community as CSR assistance recipients, it is known that PT. Antam has applied improved knowledge program for the community, including through scholarship programs for the community. The scholarship program is given ranging from elementary school (SD), junior high school (SMP), high school and vocational (high school / vocational) and scholarships for students in universities. However, lack of clarity on educational scholarship provision for the community has lead to a fact that there are still many people who should receive the educational assistance but then in reality, they do not obtain it.

4.2.2 Influences of CSR Program on Business Attitude Change

The attitude as referred to in this research is the community attitude, which is closely related to the community needs towards the corporation. Corporate is aware that success in achieving goals does not only depend on internal factors but also by its surrounding communities. This means that there has been a great relationship between corporate and community. The company formerly positions itself as a donator through charity activity. Recently, it position itself as partners who contribute to the sustainability of corporate existence.

Productive economic work activities are a business skill and skilled work activity. This activity is conducted to obtain income, so that it can use the income earned from this work. Based on the above opinion, it can be concluded that productive economic efforts are programs launched by the Indonesian government to address and improve community welfare in the field of economic, which aims to improve skills, income, work partners and community independence in the economic sector through entrepreneurial activities and other endeavors through a group in the community.

The realization of social responsibility in the field of economic is realized by PT. Antam, Corp. by making a real contribution to society and the Government, and creating positive influences on overall economic development. The form of contribution and economic development to the community aims to improve economic independence and social welfare, in addition to contributing to the Government through payment of taxes, royalties, and other non-tax state revenues (PNBP), in accord-
4.3 Construction of CSR Justice Participative Model

The research findings indicate that the absence of community and NGO involvement in the formulation of CSR programs results in unfulfilled community needs and desires. The CSR program should be started from consultation of the village community to determine of necessary programs by the community, so that the CSR program is expected to truly benefit the target community.

Based on the previously described model, namely (1) Economic View of CSR, (2) Philanthropic Model of CSR, (3) Social Web Model of CSR, and (4) Integrative Model of CSR, then the researchers try to reconstruct the development of Justice Participatory CSR model. This model is built to complement existing model that ignores community involvement and non-governmental organizations (NGOs) as well as a sense of injustice in the CSR distribution process.

Therefore, according to the researchers, the management model of justice participatory CSR is a pattern of CSR management involving all parties (actors) in decision-making process that directly influences on those involving in the development process. This means that development involves all players in an equal position for formulation of needs, goals and objectives, steps and their respective roles and responsibilities in development. Community involvement is a manifestation of a) respect for the existence of free human beings who have the right to determine their own destiny without being determined by others, b) opportunity to conduct social responsibility according to their nature as humans, and c) opportunity to obtain the same knowledge and information.

Community participation or community groups in problem solving on the development issues is required since it can strengthen the sense of responsibility and support the efficiency and then success of development will be more secure, and help the process of program implementation technically (Kumortomo, 2007). Furthermore, it is stated that in order to achieve these objectives, there are some required tips to be developed including a) non-target outcome development orientation, b) the absence of dependency or charity, c) no accommodation for certain groups, and d) the programs must develop responsibilities, and e) poverty reduction “trusting capabilities of the community as the target”.

For this reason, the approach taken to the community should be fair cooperation, namely a development approach placing the community as an equal development partner, so that the decisions are then discussed and decided together, b) Delegation, is a development approach that gives full authority to the community to make decisions that directly concern their lives, and c) Social control, is a development approach in which the highest decisions and controls are in the hands of the community. This means that there will be a new participation if there is sufficient level of popular sovereignty and the highest level of popular sovereignty is the existence of social control.

Higher education as an educational service institution that in carrying out its activities, it must always try to meet customer desires. Each university certainly has different vision and mission, but it has very basic goal namely Tri Dharma of Higher Education which includes Research, Development and Community Service. In the Tri Dharma of Higher Education, research and development are the carrying capacity in management of existing environmental and social responsibilities, so that there will be community service in the form of CSR in Indonesia. Implementation of Corporate Social Responsibility will work appropriately if there is a partnership program between government, corporate, and society.

Higher education as a partner in CSR implementation serves itself to:
1. Assist the corporateto compile and implement Corporate Social Responsibility programs based on its core business
2. Assist the government to compile an audit draft of Corporate Social Responsibility
3. Assist the government in terms of formulating policy draftsof tax incentive, certification or labeling for corporations that have applied the Corporate Social Responsibility
4. Hold training for Corporate Social Responsibility auditors
5. Put the Corporate Social Responsibility into the study program curriculum
6. Find scholarships from corporations for underprivileged but high achieving students
7. Hold seminars on Corporate Social Responsibility
8. Being a source of data or information for S1, S2, S3 students who will conduct research on Corporate Social Responsibility
9. Foster small entrepreneurs / SMEs
10. Hold trainings (preparation of financial reports, tax consultations, financial management)
11. Assist assisted villages through management assistance for cooperative management

Through involvement of universities in determining CSR priorities and reserves programs, it is expected to reduce the sense of injustice faced by the community as the CSR target. Determination of the CSR program can be studied scientifically.
so that it has a strong basis for deciding which CSR program is
the priority and which CSR program is reserved. To apply the
functions of higher education in the CSR formulation, it does
not mean that it is necessary for CSR at the university. CSR is
only a medium in applying responsibilities. Even without CSR,
universities, students and bureaucracy must be able to conduct
this function. In the Tri Dharma of Higher Education as stated,
community service is one component of the philosophical foun-
dation of education in higher education.

Another institution serving in this CSR model is Non-
Governmental Organizations (NGOs). Since it was determined
as a liability of mining companies, there have been a lot of
number of local community empowerment programs by utilizing
CSR funds through micro-credit programs, job training,
maintenance of environmental hygiene, scholarships, clean wa-
ter supply, and others. However, there are not many programs
facing success in breaking down the issue of power asymmetry.
There is no change on the position of the local community as
recipients, objects and beneficiaries both by the company and
the government.

It can easily find out any examples in which local NGOs or-
ganize citizens to blockade transportation of oil and gas compa-
ies or mines. Unfortunately, this mode has not been systemati-
cally aimed at political education. The Study by Welker (2009)
in West Sumbawa found that local communities were mobilized
for the benefit of local elites. Local NGOs are in a difficult posi-
tion. If it fails to initiate a strategic program, instead of empow-
ering it, NGOs will be vulnerable to being blamed as being in
the side of the company, which abolishes its role in term of pro-
gram facilitation rather than advocacy.

Related to this issue, the main role for local NGOs is to avoid
common mistakes of poverty reduction programs, namely by
not distinguishing indicators of poverty and causes of poverty.
Poverty reduction programs such as encouraging expansion of
employment opportunities still plays an important role. But,
such program can not provide much assistance to eliminatethe
root of poverty, namely access gap for policy making. Moreover,
employment created from work as a subcontractor, for ex-
ample, has limited absorption and low sustainability.

4.4 Research Limitations
This research limitation can be seen when this research does not
study comprehensively on the influences of CSR program im-
plementation on the community and the sustainable influences
of CSR program by the community. Also this research has only
focus on four aspects involved in the CSR program implementa-
tion, namely the community, regional government, NGOs and
PT. Antam, meanwhile, the aspect of central government as the
central key for formulation of regional regulation related to CSR
is not yet studied in-depth. This leads to this research results
that cannot be used to improve central government regulations
concerning corporate responsibility. But, it only serves as rec-
ommendations for improvement for regional government of
Kolaka Regency.

5 CONCLUSION AND RECOMMENDATION
5.1 Conclusion
Based on aforementioned discussion results, then it can be con-
cluded as follow:
1. There is still low level of understanding on the CSR man-
agement, especially by the community and non-
governmental organizations (NGOs); it is caused by lack of
involvement of the community and NGOs in formulation of
CSR programs; the formulation of CSR programs has result-
ed in their low understanding. This results in the communi-
ty tending to perceive CSR as a donation assistance, they
then do not understand the use of CSR in improving sustain-
able living standards for the community
2. Distribution of the CSR programs has not provided influ-
ences on improved knowledge, skills and other productive
economic activities since the CSR program provision is not
in accordance with the community needs and expectations,
especially in improving community productive economic
activities.
3. A good management model based on the findings of this
study is to apply a justice participatory CSR model, so that
the community, NGOs, the government and the company
must discuss together in order to formulate the CSR pro-
gram in accordance with their needs based on the basis of
justice and spirit of the Pancasila.

5.2 Recommendation
Based on the aforementioned research conclusion, then the re-
searches can provide the following recommendations:
1. There must be an improvement on the community participa-
tion in formulating CSR programs. The formulation of CSR
program should be started from village / sub-district devel-
opment, results of the discussion are then given to the gov-
ernment to be proposed to the PT. Antam as a distributor of
CSR programs
2. It is necessary for an assistance or facilitator in distribution
of CSR programs. The facilitator should be taken from
NGOs in Kolaka Regency based on the required competen-
cies. Thus, NGOs will also be involved in CSR management
activities.
3. The CSR management model should use a justice participa-
tory management model. Justice in the distribution of CSR
serves an important role so that there is no social jealousy
among people.
4. Further research can develop this research using a quantita-
tive approach to test the influences of PT. Antam on im-
proved community welfare. In addition, further research is
expected to determine sustainability of the CSR programs
that have been provided by the company.
REFERENCES


