

Corporate Social Responsibility of PT. Kalimantan Sawit Kusuma to Improves Local People Welfare

Rinto Alexandro¹, Merisa Oktaria²

^{1,2}Economic Major, Teacher Training and Education Faculty, Palangka Raya University, Indonesia

ARTICLE INFO

Article history:

Received 18 May 2020
Received in revised form
5 June 2020
Accepted 18 July 2020
Available online 29 August
2020

Keywords:

CSR, Education, Health,
Infrastructure

ABSTRACT

Corporate Social Responsibility (CSR) is a form of commitment, concern and responsibility of the company to the external environment of the company through various activities. This research aims to analyze the impact of CSR implementation on the welfare of local communities. Data analysis using the Spradley model of domain analysis, taxonomy and components, cultural theme analysis. The results of the research stated that PT. KSK has implemented CSR programs in the field of education, that is providing scholarships and giving goods of stationery equipment, as well as assistance for village library and carried out gradually. In the field of health that is building clean water drill wells, building posyandu and free health checks and carrying out CSR programs in the field of infrastructure, that is by carrying out repairs of village's road and village's waterway (drainase). With the implementation of csr program, balai riam sub-district community feels much better than before, but for the recruitment of the surrounding community to be part of PT. KSK is still not fully implemented because the level of education owned by the surrounding community is still low and does not meet the criteria of hr recruitment of PT. KSK. So this research has social implications that play a role in improving the progress of people's lives around the company.

*Corresponding author.

E-mail addresses: rintoalexandro@fkip.upr.ac.id¹ (Rinto Alexandro). merisa.oktaria@fkip.upr.ac.id² (Merisa Oktaria)

1. Introduction

Corporate Social Responsibility (CSR) was an agreement of the World Summit on Sustainable Development (WSSD) in Johannesburg, South Africa in 2002. The result of this agreement is aimed at all companies in the world in order for the company to be encouraged to create a sustainable development). Corporate Social Responsibility (CSR) is an ongoing commitment by the business world to act ethically and contribute to the economic development of the local community or the wider community, along with improving the living standards of workers and their families (Anggraeni, 2013; Bernal-conesa et al., 2016; Urip, 2014). So corporate social responsibility (CSR) is a form of commitment and concern for the company's external environment through various activities carried out in the framework of environmental care, community norms, development participation, and various other forms of social responsibility. CSR program is one of the efforts seen as effective to realize good corporate governance, good corporate citizenship and good business ethics of a business entity (Magnan & Farrell, 2004; Maharani, 2014; Suparnyo, 2010).

CSR program is a form of corporate commitment that is not only a liability but also an investment for the company especially in achieving profit centre (Novita, 2016; Wibisono, 2007). According to Law No. 40/2007 on Limited Liability Company (Ltd), Article 1 paragraph (3), the Government gives permission for the company to stand up to help the community. Helping the community in question is through csr programs or mentioned in the social and environmental responsibility of the company to the community around the company where it stands. So, the company not only exploits the natural wealth in the area because it is also responsible for the welfare of the people around the company it stands for. The Company is also required to be active in the framework of community economic development, with the aim of improving the quality of life of the local community.

CSR is covered with four basic foundation that are interconnected with each other (Hasibuan, 2003; Nasdian, 2006). The first foundation is the main foundation of CSR in economic activity, this includes good financial performance, healthy capital investment, obedience in tax payments, no bribery/corruption practices, no conflict interests, no support for corrupt regimes, respect for intellectual/patent rights and does not provide political contributions / lobbying. Then, the second foundation is in environmental issues, including some things such as not doing pollution, not contributing to climate change, not contributing in any waste, not doing water wastage, not doing energy wasting practices, not taking up land, not contributing to noise and maintaining biodiversity. Furthermore, the third foundation is about social issues that include how to establish the health of the affected employees or communities, have a positive impact on the community, protect the consumers, tolerate diversity, maintain privacy, carry out donations according to their needs, be responsible for outsourcing and off-shoring, and access to obtain certain goods at reasonable prices. The last foundation is welfare issue, including providing compensation to employees; utilizing government subsidies and conveniences, maintaining employees health, maintaining workplace conditions, maintaining occupational safety and health, and maintaining work/life balance (Harahap, 2011; Kansil & Christine, 2001; Rahmatullah & Kurniati, 2011).

PT. Kalimantan Sawit Kusuma is engaged in the field of oil palm plantations, in accordance with Law No. 40 of 2007 on Limited Liability Company, Article 74 paragraph (1) above, that every company engaged in the field of utilization of natural resources is obliged to carry out social responsibility. PT. KSK which is engaged in this plantation is included in the company whose activities utilize natural resources. Based on the observations that have been made, PT. KSK has a CSR program that focuses on several areas, that is : Education, PT. KSK provides scholarships for outstanding students in elementary school (elementary school), provides school equipment for elementary school students, and assistance for village libraries; In the field of health, PT. KSK provides assistance, that is the construction of posyandu buildings for the community, the manufacture of drill wells providing clean water, mass circumcision and free health screening assistance for elderly people (seniors); In the socio-cultural field, PT. KSK provides food assistance for seniors; In the field of infrastructure, PT. KSK provides road improvement assistance and improvement of village waterways and productive economic fields, PT. KSK provides assistance for rattan craftsmen, assistance for the home industry, and assistance for the cultivation of vegetable and rattan crops.

The foundation gives an idea that CSR is not partial, but rather a comprehensive affair. Therefore, it is not appropriate if the company only focuses on environmental aspects, but ignores in terms of employee or community welfare and imbalances among other aspects. Based on this, the above points can be used as an indicator of the extent of the company's seriousness in implementing CSR. PT. KSK has a fairly large business area spread across Sukamara District. PT. KSK owns 70% of the plantation area in

Permata Kecubung sub-district and 50% is plasma (owned by the community that sales the proceeds from oil palm plantations to PT. KSK through cooperation with cooperatives), while in Balai Riam sub-district the area is almost 80% owned by PT. KSK and almost 60% plasma-shaped, and in Sukamara Sub-district itself reaches 40% owned by PT. KSK, almost 10% plasma-shaped. Other than that, there are three villages near the location of PT, that is Bangun Jaya Village which is the establishment of PT. KSK, Balai Riam Village and Sekuningan Baru Village which is still very close to the location of PT. KSK. Other than that, there are a second group (quite close) villages that are also close to the location of PT. KSK, that is Air Dua Village, Sungkai Hill Village, and Lupu Peruca Village. It is the most farthest distance from the location of PT. KSK namely Pempaning Village and Jihing Village. When viewed from the distance of several villages around PT. KSK then there are areas considered vulnerable by the company, this area is passed by the Mapam river (Balai Riam river) which is Balai Riam village in the first group of closest villages to PT. KSK and Air Dua Village (the second group that is quite close to the company).

The implementation of operational activities carried out by PT. KSK certainly does not always run smoothly. PT. KSK which is located in Balai Riam sub-district experienced several problems that impacted the surrounding community, one of which is the problem of waste from palm oil fruit production that is felt by the surrounding community. In addition, not only liquid waste and solid waste, but also followed by air pollution from the waste, including unpleasant odors that can be smelled by the surrounding community of PT. KSK which eventually received criticism from the surrounding community who were disturbed by the condition. This research is in line with research conducted by (Suwandi & Keban, 2013) in Jambi, whose research shows that government regulations on CSR, apparently have no impact on CSR practices. On the other hand, the company's commitment and strategy is a decisive factor in the success of CSR practices and other results showing that CSR practices have contributed to the improvement of people's economic and social conditions but still have prominent weaknesses, that is up and down CSR policies and strategies. Also the limited local community participation.

Based on the background and problems from above, researchers conducted research on the implementation of CSR programs implemented by PT. KSK that is, in the fields of education, health and infrastructure in Balai Riam Sub-District, Sukamara District. The problems examined related to the implementation of PT. KSK CSR program in Balai Riam sub-district, Sukamara District in the field of education, health, infrastructure and community response to the implementation of the program.

2. Methods

This research was conducted in PT. KSK Kecamatan Balai Riam Sukamara District, the company was chosen as the object of research because PT. KSK is one of the large companies implementing CSR programs in Central Kalimantan. The type of research used in this research is qualitative research, that is to investigate events that occur naturally. Qualitative research methods are research methods based on post positivism philosophy, used to examine natural object conditions, (as opposed to experiments) where researchers are as key instruments, data source sampling is done purposively and snowball, collection techniques with triggulation (combined), data analysis is inductive / qualitative, and qualitative research results further emphasize the significance of the generalization (Arikunto, 2010; Sugiyono, 2014).

Data analysis conducted in qualitative data research is more focused on the process in the field, that is along with data collection. The data obtained will be redeveloped to become a hypothesis which will be tested again with certain techniques.

The data sources in this research are primary and secondary data, secondary data sources are used to support information obtained from primary data sources, i.e. from library materials, literature, past research, and books. Data collection is done by observation, interview and documentation, this is in accordance with the opinion (Sugiyono, 2014) which suggests that in the collection of data in qualitative research carried out on natural settings (natural conditions), primary data sources, and more data collection techniques on participants observations, in-depth interviews and documentation.

3. Results and Discussions

Research Results

PT. KSK Was built on July 11, 1993, and has an area in Balai Riam sub-district with 17,000 ha, as well as a total of 634 permanent employees. PT. KSK located in Balai Riam sub-district is a branch of PT. KSK which has a central contor in Pontianak at West Kalimantan. In assigning its employees, PT. KSK to the local workforce, but due to the lack of adequate Human Resources, pt. KSK forced to find outside workers to meet the needs of its workforce. PT. KSK started to carry out plasma plantation development activities based on the Decree of the Minister of Transmigration and Forest Encroachment Settlements

Number: KEP.218 / MEN / 1986 dated July 11, 1996. As the implementer of PIR-TRANS KKPA pattern palm oil plantation in Balai Riam sub-district and Permata Kecubung.

The way and purpose of pt. KSK's business activities in addition to improving the quality of human resources, as well as participation in development in Sukamara District area, increasing the economic value of field as one of the Economic Resources for regional development and improving the welfare of the community evenly

Implementation of CSR program by PT. KSK in the community of Balai Riam Sub-District, Sukamara Regency in the education sector

CSR programs enjoyed by the community in Balai Riam sub-district in the education sector, among others are scholarship programs aimed for outstanding students at the elementary school level, assistance in the form of school equipment ranging from school bags to stationery intended for elementary school students, and assistance to the village library located in Bukit Sungkai Village. KSK always programmed social responsibility in the field of education in its budget each year. Direct programs in the field of education from PT. KSK can be seen in Table 1.

Table 1. Direct Program of PT. KSK in Education

CSR program	Form	Total	Description
School equipment for students in the area as a social and environmental responsibility of PT. KSK	Stationery and school bags	2,253 sets	Already implemented
Scholarships for outstanding students in the area and environmental responsibility of PT. KSK	-	-	It has not been done as long as researchers carry out the research
Village library in Bukit Sungkai village at Balai Riam Sub-District	-	-	It has not been done as long as researchers carry out the research

Source: Communities in Balai Riam Sub-District, 2019

Implementation of CSR program by PT. KSK in the community of Balai Riam Sub-District, Sukamara District in the health sector

This program in the field of health is still enjoyed by some villagers, because PT. KSK is still focused on the area passed by the mapam watershed, because the people at the Mapam river still use a lot of mapam river water for daily needs such as cooking, bathing, washing and so on. According to PT. KSK if this happens then the fear is that if there is a leakage of liquid waste that enters the water of the Mapam River, because pt. KSK factory is located near the mapam river flow.

Programs owned by PT. KSK in this field of health as well as in the manufacture of drill wells, construction of posyandu buildings, and free health checks for seniors (elderly people). As seen in Table 2.

Table 2. Direct Program of PT. KSK in Health

CSR program	Form	Total	Description
Clean water	Drill wells	1 unit	Already implemented
Posyandu building construction	Posyandu Building	1 unit	Already implemented
Free medical check-up for seniors	Health checks	All seniors who are in the area of corporate responsibility	It has not been done as long as researchers carry out the research

Source: Communities in Balai Riam Sub-District, 2019

Implementation of PT. KSK CSR program in balai riam sub-district, Sukamara District in infrastructure sector

PT. KSK programs like village road repairs, drainage repairs, and construction of houses of religion, or developments allocated to the community in Balai Riam Sub-District.

In one financial year of PT. KSK can only provide assistance in the field of infrastructure no more than three villages specifically on road repair or road infrastructure, because programs in the field of infrastructure, especially road repairs require a lot of funds (costs) and require equipment. In addition, the limitations of equipment owned by PT. KSK cause not all of the proposed programs to be presented,

and other than the limitations of the equipment there are many more limitations owned by PT. KSK. Infrastructure programs submitted by the Community to PT. KSK can be seen in the 3.

Table 3. CSR programs proposed by the Community in the Infrastructure Sector

Proposed programs	Form	Total/Length	Description
Roads in Bangun Jaya Village	Pelantritan	± 1.3 Km	Granted
Roads in Desa Air Dua	Road exfoliation	± 3.5 Km	Granted
Roads in Sungkai Hill Village	Pelantritan	± 1.5 Km	Not granted
Construction of houses of religion in Lupu Peruca Village	Cement	± 20 sacks	Not granted

Source: Communities in Balai Riam District, 2019

The proposal submitted to PT. KSK will be processed and the company will see if the submission can be granted by coordinating with the field of heavy equipment owned by PT. KSK. If there is an unused pt. KSK machine then the application will be granted but, if in the process pt. KSK machine is used and does not know when it was completed and/or takes a very long time, then pt. KSK's actions cannot accept the application. In addition to requiring heavy equipment and stripping roads require considerable funding.

Discussion

The presence of PT. KSK on the side of the community has helped many people in Balai Riam sub-district, for example has lowered the unemployment rate in Balai Riam sub-district, and has lowered the poverty rate that has been difficult to eradicate, has even been rampant everywhere. In addition, the presence of PT. KSK can increase people's income in Balai Riam Sub-district, and can improve the welfare of the community that can be seen from the mindset of the community. CSR's purpose is as compensation or reciprocal efforts for the mastery of natural resources or economic resources by companies that are sometimes expansive and exploratory, in addition to social compensation due to discomfort in society, having a symbiotic relationship of mutualism to get support from the community (Syahputra, 2008; Untung, 2014) CSR is a way to reduce or even prevent social conflict. In the past, people thought only about the middle part of his body (stomach), without thinking about anything else, when there was still a lot to think about such as health and education, but nowadays society has started to change by thinking of these two things become a mandatory thing, not just the stomach business is the main thing.

With the presence of PT. KSK provides a positive thing for the community, especially with the partnership program built by PT. KSK with the community in Balai Riam Sub-District. As well as CSR programs organized by PT. KSK has helped many people in Balai Riam sub-district. The presence of PT. KSK on the side of the community has changed people's lives a lot and has opened isolated villages, which the village could not be reached by land line before, but with the presence of PT. KSK now the entire village in Balai Riam sub-district can be reached by land line. Indirectly, the presence of PT. KSK on the side of the community has made many progress, ranging from village construction, road infrastructure, increasing community capital income and improving people's living standards. This can all be seen from people's improved lives and almost every house has more than one motorcycle. The partnership program built by PT. KSK with the community in Balai Riam Sub-District through cooperation with KUD, has had a positive impact. The positive impact on the community in Balai Riam sub-district is in the form of increasing income from the community.

The results of this research are relevant to the research conducted by (Novita, 2016; Susiloadi, 2008) whose research shows that social relations between workers are the most influential factor in the implementation of CSR, means that both companies and partnerships have mutually supportive relationships in advance so that the implementation of CSR can run in accordance with the expectations and common goals. What happens to PT. KSK and its social relationships with the people around the company is the symbiotic relationship of mutualism that depends on each other. The difference between this research and the previous research is in the wider research coverage that in addition to social in this research also looks at the economic impact and behavior of local communities when this CSR program is implemented in the area.

In accordance with the theory that Corporate Social Responsibility (CSR) is an ongoing commitment by the business world to act ethically and contribute to the economic development of the local community or the wider community, along with improving the living standards of workers and their families (Fajar, 2010; Rivai & Sagala, 2011), the theory is clear in Balai Riam sub-district, that with CSR in the area it turns out that in addition to being able to develop pt. KSK business is able to do economic development for communities around the company. Other than that, being able to change the behavior of the local community becomes more driven to get a better education in order to work in the company or get a better job than their previous parents. PT. KSK stated that the people in Balai Riam sub-district have relatively low human resources, therefore PT. KSK cannot hire any person in a certain position that does not match his or her expertise, because if it mis places people who do not conform to his or her field expertise will result in no comfort in working and his work will be done in halfway. PT. KSK is also principled when there are good regional sons and according to what they need, why should they search far away (Java).

In addition, in the area of PT. KSK stands not only one palm oil company but there are three large companies surrounding Balai Riam sub-district. These three large companies are PT. Union Sampurna Tri Putra (USPT) which is divided into several branches including Sungai Bila Estate (SBE) and Lipat Gunting Estate (LGE) and PT. Harapan Sawit Lestari (HSL), these are palm oil companies other than PT. KSK located in Balai Riam Sub-District. Therefore, PT. KSK has no other choice if the shortage of workers is forced to look outside Balai Riam Sub-district, or even outside the island of Kalimantan itself. That is all due to the wide spread of jobs in the area with so many palm oil companies located in Balai Riam Sub-district. Other than that, people in Balai Riam sub-district have changed professions, prefer to work in their own gardens and/or self-employed.

With the results of this research is expected to contribute in the field of economic education science as one of the real forms of learning that in terms of education turns out to have a broad impact on one's economic level. In addition, by knowing the real impact of CSR in the environment, it can prove the theory about the implementation of CSR, because CSR should be in every company, in addition to being able to improve the development of the company is also able to provide a good relationship with the surrounding community.

4. Conclusion

Based on the results of research and discussion, it was concluded that in the field of education PT. KSK provides scholarship programs for students in elementary school (elementary school) and assistance in the form of school equipment ranging from bags to stationery for grade one (I) to sixth grade (VI) elementary school students in all regions which are the responsibility of social company of PT. KSK. In addition, PT. KSK also programs assistance to one of the village libraries located in Balai Riam Sub-District or precisely in Bukit Sungkai Village. In the health sector, PT. KSK provides the construction of drill wells to provide a clean water sources for people at side of Mapam river due to a leakage of waste that enters the well river stream. In the field of infrastructure PT. KSK provides village road improvement programs and drainage improvements for people in the area, which is the social responsibility of the company. PT. KSK programs the program every year, but not all villages get the program in one financial year. People generally feel quite helped by the presence of PT. KSK on the community side, because the presence of PT. KSK not only presents the company's core garden, but also by bringing partnership programs with the local community.

References

- Anggraeni, Y. (2013). Tingkat Keberhasilan Program Corporate Social Responsibility "Water Access – Sanitation and Hygiene" PT Aqua Golden Mississippi Citereup [Institut Pertanian Bogor]. <http://repository.ipb.ac.id/handle/123456789/66073>
- Arikunto, S. (2010). *Prosedur Penelitian Suatu Pendekatan Praktik*. Rineka Cipta.
- Bernal-conesa, J. A., Nieves-nieto, C. De, & Briones-Peñalver, A.-J. (2016). CSR and Technology Companies : A study on its Implementation, Integration and Effects on the Competitiveness of Companies. *Intangible Capital*, 12(5), 1529–1590. <https://doi.org/10.3926/ic.721>
- Fajar, M. (2010). *Tanggung Jawab Sosial Perusahaan Di Indonesia: Studi tentang Penerapan Ketentuan CSR Pada Perusahaan Multinasional, Swasta Nasional dan BUMN Di Indonesia*. Pustaka Pelajar.
- Harahap, M. Y. (2011). *Hukum Perseroan Terbatas*. Sinar Grafika.
- Hasibuan, M. S. . (2003). *Manajemen Sumber Daya Manusia*. Bumi Aksara.

- Kansil, C., & Christine, S. K. (2001). *Hukum Perusahaan Indonesia (Aspek Hukum Dalam Ekonomi)*. Pradnya Paramita.
- Magnan, I., & Farrell, O. C. (2004). CSR and Marketing: An Integrative Framework. *Journal of the Academy of Marketing Science*, 32(1), 1–19.
- Maharani, S. N. (2014). Sustainability Reporting Sebagai Media Perusahaan Dalam Mengembangkan dan Melaporkan Kebijakan Bisnis Berkelanjutan. *Modernisasi*, 10(1), 11–22.
- Nasdian, F. T. (2006). Pengembangan Masyarakat (Community Development). Bagian Sosiologi Pedesaan dan Pengembangan Masyarakat Departemen Komunikasi dan Pengembangan Masyarakat Institut Pertanian Bogor.
- Novita, F. I. (2016). Dampak Pelaksanaan Program Corporate Social Responsibility (CSR) Pt. Holcim Indonesia, Tbk Terhadap Masyarakat Lokal Di Kabupaten Cilacap. *Jurnal Kesejahteraan Sosial*, 3(1).
- Rahmatullah, & Kurniati, T. (2011). *Panduan Praktis Pengelolaan CSR (Corporate Social Responsibility)*. Samudra Biru.
- Rivai, V., & Sagala, E. J. (2011). *Manajemen Sumber Daya Manusia Untuk Perusahaan Dari Teori ke Praktik*. Rajawali Pers.
- Sugiyono. (2014). *Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif, dan R&D*. Alfabeta.
- Suparnyo. (2010). *Corporate Social Responsibility: Teori dan Praktek*. Badan Penerbit Universitas Diponegoro.
- Susiloadi, P. (2008). Implementasi Corporate Social Responsibility untuk Mendukung Pembangunan Berkelanjutan. *Jurnal Spirit Publik*, 4(2). http://fisip.uns.ac.id/publikasi/sp4_2_priyanto.pdf
- Suwandi, Y. T., & Keban, E. M. (2013). Praktik Tanggung Jawab Sosial Perusahaan PT. Bakrie Sumatra Plantations (Tbk) Unit Jambi. *Kawistara*, 3(2), 198–219.
- Syahputra, E. (2008). Implementasi Corporate Social Responsibility (CSR) Terhadap Masyarakat Lingkungan PTPN IV (Studi Pada Unit Kebun Dolok Ilir Kabupaten Simalungun). Universitas Sumatera Utara.
- Undang-Undang Nomor 40 Tahun 2007 Tentang Perseroan Terbatas.
- Untung, B. (2014). *CSR Dalam Dunia Bisnis Edisi I*. Andi Offset.
- Urip, S. (2014). *Strategi CSR: Tanggung Jawab Social Perusahaan Untuk Peningkatan Daya Saing Perusahaan Di Pasar Negara Berkembang*. Lentera Hati.
- Wibisono, Y. (2007). *Membedah Konsep & Aplikasi CSR (Corporate Social Responsibility)*. Gramedia.