

**AN ANALYSIS OF THE CORPORATE SOCIAL  
RESPONSIBILITY (CSR) IMPLEMENTATION BASED ON  
THE COMMUNITY DEVELOPMENT (THE STUDY IN  
ENERGI MEGA PERSADA MALACCA STRAIT LTD.,  
BAKRIE TOWER, SOUTH JAKARTA)**

**UNDERGRADUATE THESIS**

**This Undergraduate Thesis is Proposed to be Eligible to Achieve a Bachelor  
Degree at Faculty of Administrative Science in Brawijaya University**

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DEPARTMENT OF PUBLIC ADMINISTRATION  
MALANG  
2016**

## MOTTO

*“Keberhasilan adalah kemampuan untuk melewati dan mengatasi dari suatu kegagalan ke kegagalan berikutnya tanpa kehilangan semangat.”*

*(Winston Churchill)*



# UNDERGRADUATE THESIS APPROVAL SHEET

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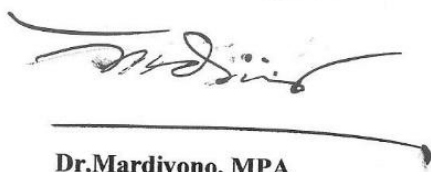
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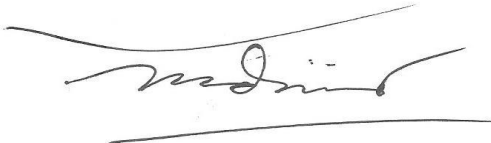
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#### STATEMENT OF UNDERGRADUATE THESIS ORIGINALITY

I declare with truth all my knowledge, in this undergraduate thesis script which titled **“An Analysis of The Corporate Social Responsibility (CSR) Implementation Based on The Community Development (The Study in Energi Mega Persada Malacca Strait Ltd., Bakrie Tower, South Jakarta)”** there is no scientific papers that has been proposed by other or opinion ever written by or published by other, except it has been cited in writing in this script and has been mentioned in the citation source and bibliography.

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## SUMMARY

Arum Sekar, Nyndia, 2016. **An Analysis Of The Corporate Social Responsibility (CSR) Implementation Based On The Community Development (The Study in Energi Mega Persada Malacca Strait Ltd., Bakrie Tower)** Dr. Mardiyono, MPA.,Dr.rer.pol., Romy Hermawan MAP 172 pages + vii

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In accordance with Law Number 40 of 2007 concerning limited liability companies that each company is obligated to carry out the social and environmental responsibility is then expected to address the problems that often occur in the area surrounding the company good environmental and social issues over the years, in this case Energi Mega Persada Malacca Strait Ltd. as the company's upstream oil and gas independent conducts Corporate Social Responsibility (CSR) based in Riau Province Comdev one area of operations of the company. The CSR program is one of the programs of the nonprofit charity. The purpose of the CSR program is held by Energi Mega Persada Malacca Strait Ltd. is making local communities independently both in the field of economic, social and education. Independent not only at the time the company still has operations in their territory, but also if the company is no longer operating. This research discusses the implementation of the Program of Corporate Social Responsibility (CSR)-based Community Development at Energi Mega Persada Malacca Strait Ltd., what factors that support and hinder in the process of implementation of the program, and the impact of what is perceived by the company and the local communities.

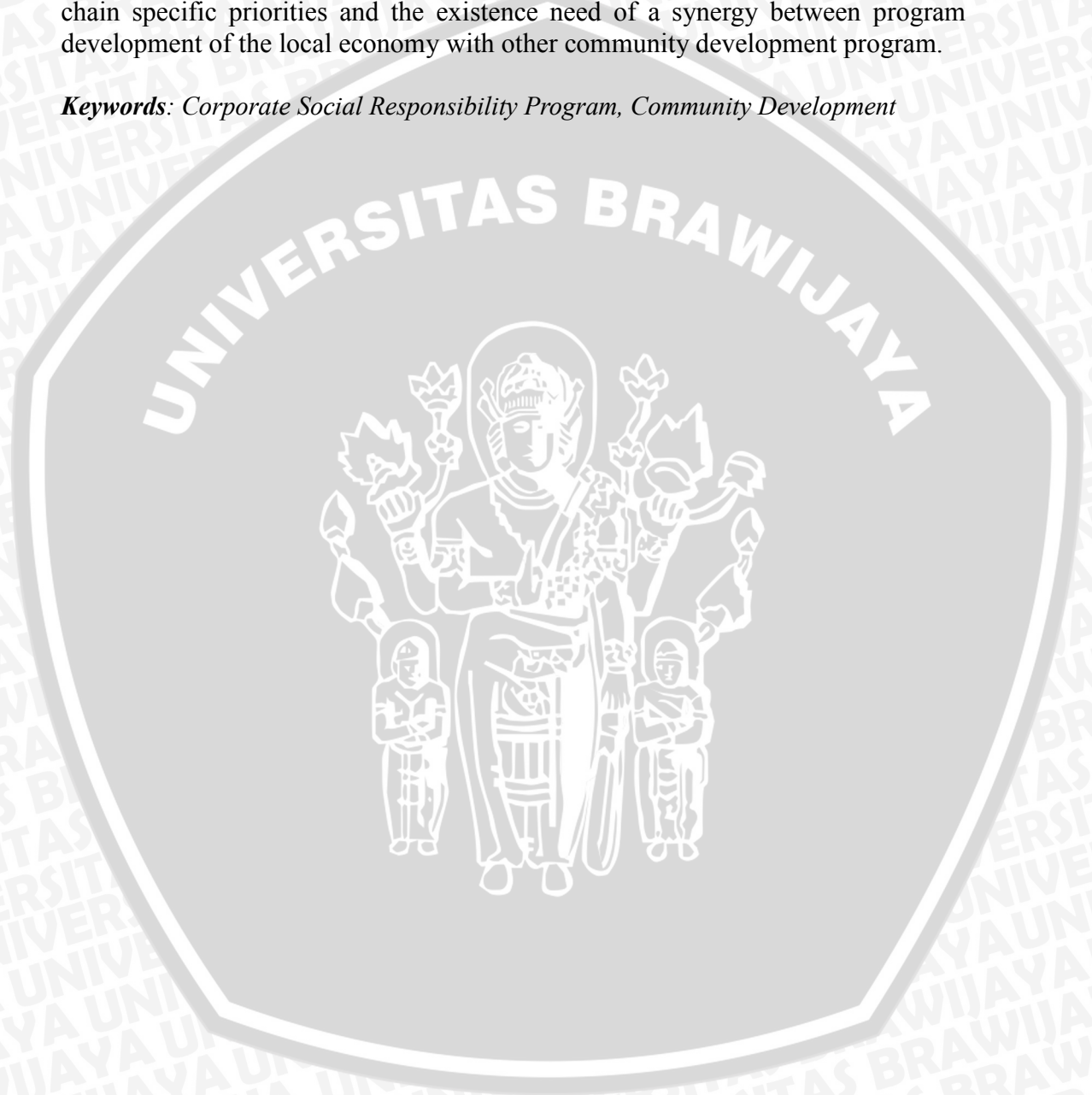
This research uses descriptive research methods with qualitative approaches. Research location is Energi Mega Persada Malacca Strait Ltd., Bakrie Tower, South Jakarta. The primary data were obtained from the results of the interview. While secondary data obtained from the documents that relate to the theme of research. The technique of data collection by way of interviews, observation, and documentation. Methods of data analysis performed ranging from data collection, condensation of the data, the presentation of the data, and draw conclusions.

The implementation of CSR programs of Energi Mega Persada Malacca Strait Ltd. goes well and in accordance with the program that had been designed before. The existence of the program implementation in 15 villages of Riau Province, brought a positive impact towards the enhancement of the economy and the well-being of local communities. Because this company program designed the theme of development of the economic potential of local-based Community Development. So the actors involved here is not only the company, but also the existence of the role of local governments, local communities, and related institutions. However, CSR programs, Comdev has based several factors supporting and restricting factors. Supporting factor is a good commitment and collaboration between the actors concerned, while restricting factor is the condition of the area of operation.

Based on this research, then researchers may give recommendations, namely: Energi Mega Persada Malacca Strait Ltd. need to ensure some of the

important implementation agenda such as mapping the business chain and the environmental conditions surrounding the Sago and rubber businesses more broadly to obtain development opportunities and barriers to the development of a more accurate, perceived agenda Follow-up to strengthening local economies through environmental improvement efforts determinant of competitiveness in the business chain specific priorities and the existence need of a synergy between program development of the local economy with other community development program.

**Keywords:** *Corporate Social Responsibility Program, Community Development*





## PREFACE

Assalamu'alaikum Wr. Wb.

All the gratefulnesses are raised for Allah SWT for all His graces and blessings so that the writer is able to finish the thesis entitled “The Analysis of the Program Implementation of the *Corporate Social Responsibility* (CSR) Based on the *Community Development* (The Study in Energi Mega Persada Malacca Strait Ltd., Bakrie Tower, South Jakarta)” which is proposed in order to fulfill the requirements of the Bachelor Degree of Public Administration on Administration Science Faculty in Brawijaya University of Malang. The writer realizes that the making of the thesis will not be accomplished without any helps and supports from various sides. Therefore, in this opportunity, the writer expresses her gratitudes to:

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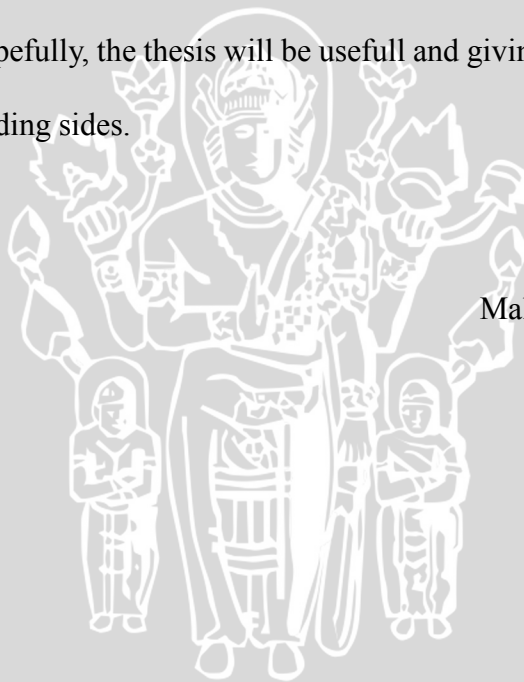


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suggestion and the cheers to finish the thesis together
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The writer realizes that the thesis still has the weakness, therefore due to the  
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improve the thesis. Hopefully, the thesis will be usefull and giving any meaningfull  
contribution to the needing sides.



Malang, 24 June 2016

Researcher

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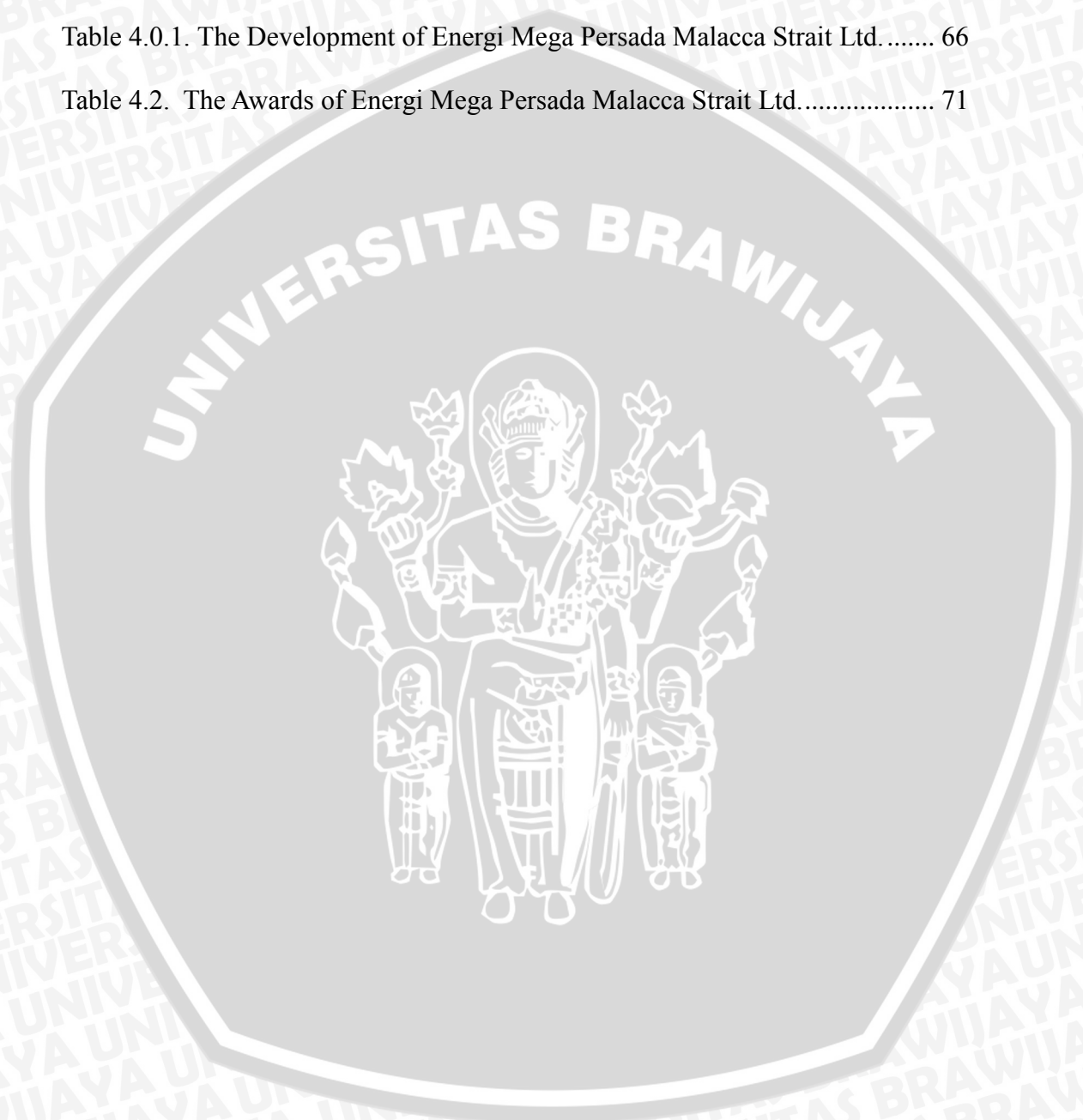
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## CHAPTER I

### INTRODUCTION

#### A. BACKGROUND

The social welfare is the realization of the one of the country goals in line with the state order including the state institutions and the state apparatus can responsible for the development. As written in the opening of 1945 Constitution in the fourth paragraph *“Subsequent thereto, to form a government of the state of Indonesia which shall protect all the people of Indonesia and their entire native land, and in order to improve the public welfare...”* therefore, it can be said that Indonesia is a country with the purpose to realize the public welfare.

The development is the bridge to the public welfare. However, the development itself has the broad meanings. It can be marked from various sides and perspectives, from the sides of social, economy, culture, politics, and others which are related to the rights and the freedom of the people in a country. To achieve the success of the development, it is not only the responsibility of the government, but also the role of other related actors. According to the Institution of State Administration in Basuki (2006:9) that the state administrators, there are three main actors involved, they are the government (public sector), the private (private sector) and also the society (society). The state administration system can be traced to the theory of governance. Governance is well known as the Government Management Order. Nevertheless, there is significant difference between governance and the government concepts which is closer and not involving the other side of the

organization structure.

Good Governance is as an effort to change the characters of the government which tends to work by itself without considering involvement of the society, to become the a democractic government. According to Ananto Basuki and Shofwan stated that the government administrator system which applies the good governance, the society is not regarded as an object, but as a subject which implements the programs and the policies of the government (Basuki and Shofwan, 2006:13). Then, according to the State Administration Institution as cited by Sedarmayanti (2012:4) concludes that the form of the good governance is the performance of the state government which is responsible, effective and efficient, by keeping the constructive “synergistic” interaction among the dominant actors, such as private sectors and society. Based on the above explanation, it can be understood that to achieve the good government management order (good governance) the participation of the three main actors is necessary. It is also explained by Tilaar (2004) in (Setiajatnika, 2008:2) that the good governance includes the three components, namely: Good Public Sector Governance on the public sector, Good Governance in the society sector and Good Corporate Governance (GCG) in the private sector.

Good Corporate Governance is defineted as a system which manages and controls the company to create the value added for all stakeholders (Sutedi, 2011:2).

Good performance of GCG, the company or the private sector will also give the benefit to the stakeholders.

The implementation of the GCG which is performed by the company is



expected to give more contributions to the society stakeholders especially to those which are live around the company location. The GCG have focused more on the company social responsibility to the vast society known an Corporate Social Responsibility (CSR).

The corporate social responsibility, in the beginning is just as the philanthropy and charity activity or more known as the CSR. According to the World Business Council for Sustainable Development (WBCSD) as cited by Mardikanto (2014:93), CSR is the business commitment to contribute on the continually economic development, working with the employee, their family and the local society. With the existence of the Regulation No. 40 of 2007 about the Limited Company that every company is obliged to do the social and the neighborhood responsibility, it is expected to be able to overcome the current social problems around the company.

The company as the actor in the business world has the goal oriented to make profit as maximum as possible. Elkington (1998) in Suharto (2010:30-31) explained that the CSR of the company is the development of the Triple Bottom Lies (profit, planet, and people) concept. He ascertained that the good company does not only seek for the economy profit (profit), but also has the concern to the environment preservation (planet) and the social welfare (people). To be seen again, the purpose is able to raise or develop the company position in the business circle or the business world. However, the activities done by the company can generate responsibilities of the company to keep the balance of the environment.

The business performance done by the company may have the problems

caused by the company in solving their problems. Those companies must be able to keep the balance of the other sides which can affect the development of the company, that is the society. Therefore, CSR is important to do, in order to keep the harmonization among the stakeholders or increase the company development.

One of the company problems relating to CSR is the problem between the company side and the society side around the operation area as the local community. The local community feels that the existence of the company in their areas does not give any adequate compensation or even give harms to the society, such as by the impact of the nature damage and the environmental pollution in the local community life caused by the company operation activity. The reason which triggers the problems, is the lack of the company CSR implementation form which is able to build the harmonic social condition between the local community and the company. The CSR implementation brings the consequence where the company also has to have the responsibility to the other sides namely the employees, the suppliers, the consumers, the government, and so on.

The CSR implementation is the actualization and the realization of the government effort to keep close with the society. Nonetheless, the company is charged to do the society empowerment through the Community Development. According to ISO 26000:2010 in Mardikanto (2014:97) it is expected to the company and the business holders that the CSR is not only as the donation but also as the society empowerment (Community Development). Along with the statement above, according to Budimanta (2008:24), CSR is basically one of the important elements in the sustainability as the form of the Community Development which



includes the social, the economy, the environment and the social culture sector which are the important process in managing the cost and the profit of the business activity with the stakeholders, internal (the employee, the stakeholders, and the capital) and also external (the institution, the general order, the society members, the civil society group, and so on).

Referring to the statement above, it means that CSR based on the Community Development is important enough because the CSR program which is recently performed by the company not only the donation but also the participation from the local society of the company neighborhood, so the effect of the business activity profit can be also felt by the internal and the external sides.

According to the previous research entitled The Implementation of Corporate Social Responsibility (CSR) Program Based on the Community Development which is done by Ade Maulana Putra (2014), that Greenfields Indonesia Ltd. In Babadan Village, Ngajum Sub-district, Malang District realizes the importance of the CSR program to the company continuity and also to the neighborhood society around the company location. The CSR program implementation which is performed by the company based on the Community Development where every CSR program based on the society development. So, the society also contributes on those programs, but they also gain the empowerment effect of themselves to become the better economy, social or even skill.

Energi Mega Persada Malacca Strait Ltd., Bakrie Tower, South Jakarta is the well-known company of the producer, the developer, and the explorer on the oil and the natural gas. The company has the mining operation areas which covers the



Islands of Indonesia locating around the community or the local society living area. The activities done by the company arise the responsibility to the company to keep the balance of the environment. On the other side, the company activities trigger the economic development to the part of the surrounding society of the operation area by increasing the income so that the bigger job opportunity of the living standard. Nonetheless, it can change into contrary, if the company has reached the end of the contract period, they will have to leave the operational area by leaving any problems, such as the physical damages and the environmental pollution. It really gives the bad effect to the society. Because the environment damages have the potential to disturb the society economic activities. Therefore, the company is charged to be responsible to minimize the exploitation effects. The responsibility is not only to the exploited-nature environment, but also to the local society, directly or indirectly affected by the company activities.

At the beginning of the company's operating activities at a location in Riau Province, local people did not give permission to perform social activities of the operation. Because the main activity of company operations to exploit the natural resources of the area, so the locals assume that the presence of the company only harming them. So companies get a bad image in the view of local people. Environmental damage that occurs because of operations and communications which are not entwined with both between companies with the local people also becomes a factor local community assume that companies only take advantage without thinking of the surrounding environment.

But over time as the company's leading oil and gas Energi Mega Persada

Malacca Strait Ltd. running its business based on the projects, so it can keep the good relation with the stakeholders and the business existence to achieve the profitability and the continuity of the development is important to be placed along with the corporate social responsibility, where the harmony between the society and the company needs to grow together happened, so it needs the collaboration among the stakeholders in order to gain the optimum profits. And it becomes the consideration to the company in order to the CSR program based on the Community Development performed by the company does not only to fulfill the existed Regulations. Referring to the most basic governance concept, according to Sumarto (2009:28) is not only concluding the government as the actor of the development, but also the private sector through the good corporate governance. Therefore, the writer is interested to research about the CSR implementation of Energi Mega Persada Ltd. based on the Community Development, so the writer uses the thesis entitled **“An Analysis of the Corporate Social Responsibility (CSR) Implementation based on the Community Development (The Study in Energi Mega Persada Malacca Strait Ltd., Bakrie Tower, South Jakarta)”**.

## **B. Formulation of the Research Problems**

Based on the background explanation above, so the writer generates the following problem formulation:

1. How are the CSR program implementation based on the Community Development in Energi Mega Persada Malacca Strait Ltd.?
2. What are the supporting and the inhibiting factors of the Corporate Social Responsibility (CSR) Programs of Energi Mega Persada Malacca Strait Ltd.



Based on the Community Development?

3. How are the effects obtained by the company and the society from the CSR program implementation based on the Community Development in Energi Mega Persada Malacca Strait Ltd.?

### **C. The Objectives of the Research**

1. To describe and analyze the CSR program implementation based on the Community Development in Energi Mega Persada Malacca Strait Ltd.
2. To describe and analyze the factors which are supporting and inhibiting the CSR program implementation based on the Community Development in Energi Mega Persada Malacca Strait Ltd.
3. To describe and analyze the effects which are obtained by the company and the society from the CSR program implementation based on the Community Development in Energi Mega Persada Malacca Strait Ltd.

### **D. The Contribution of The Research**

This research is expected to be beneficial both academically as well as fern against implementation of CSR programs in Indonesia and can improve the welfare of society and make the community self-sufficient through Community Development, so that it can be used as studies for practitioners, researchers, academics and the Government to add to the knowledge in development programs which boils down to increasing the welfare of society.



## 1. Academic Contribution

- a. It can contribute to the academic study of the implementation of Corporate Social Responsibility based Community Development.
- b. It can provide understanding of the good to the Government, public, and private associated implementation of CSR programs in Indonesia.
- c. It can provide benefits that most academic studies to enrich in studies of governance which have an affinity with the concept of Good Corporate Governance and Corporate Social Responsibility to be able to have an impact on increasing the well-being of the community through Community Development.

## 2. Practitioners Contribution

- a. For the governments

The results of this research were later expected to be input in formulating a policy Government or programs will be done so that the implementation of Good Corporate Governance through Corporate Social Responsibility of the private sector may be right on target and does not overlap with the Government program.

- b. For the companies

The results of this research are expected to be input to make improvements-improvements to the program of Corporate Social Responsibility (CSR) issued the company in improving the welfare of

society through CSR based on Community Development.

c. For the public

The results of this research are expected to be the subject of more open information about the condition of implementation of Corporate Social Responsibility (CSR) from the private sector that is around their environment so that the community can also play an active role in the running programs by company.

d. For the students

The results of this research can be made later as a means of understanding and knowledge about the implementation of Corporate Social Responsibility (CSR) either conceptually or practically so that they can analyze and seek solutions in order to make the implementation of CSR based Community Development can really right on target and perceived by society to be boils down to increasing the welfare of society.

## **E. Systematic Discussion**

To know the outline of what is described in this thesis writing, can be seen in the systematic discussion of the overall arrangement which is the thesis in a nutshell:

### **CHAPTER I : INTRODUCTION**

Is the introduction describes the background to the selection of the title of implementing CSR based on

Community Development of Energi Mega Persada Malacca Strait Ltd. From the background and then drawn among other issues: how is the implementation and the approach used for the program, so that researchers can describe facts that happened on the field.

## CHAPTER II : REVIEW OF THE LITERATURE

Describes the appropriate literature review with the object of research i.e. the implementation of CSR. Study of the theory being used, among others: the theory of Governance, Good Governance, Good Corporate Governance, Corporate Social Responsibility, and Community Development.

## CHAPTER III : RESEARCH METHODS

Describes the research methodology used is concerned, the research focus research jensi, location and site research, data sources, data collection techniques, research instruments and data analysis. Research methods used in this paper is a descriptive research methods with qualitative approach, so that the author can explain in a real phenomena that occur in the field.



#### CHAPTER IV : FINDINGS AND DISCUSSION

Explain the results and pembahasan containing the presentation of the data and data analysis. In this chapter are linked between the results of the penelietian with the existing theory.

#### CHAPTER VI : CONCLUSION AND RECOMMENDATION

Is the cover containing the conclusions from the results and discussion, as well as advice which is the recommendation of further study or policies to come.



## CHAPTER II

### LITERATURE REVIEW

#### A. Governance and Good Governance

##### 1. Governance

The concept and the term governance began to develop in the early 1990s was marked by the presence of a new perspective of the system of Government and the role of Government Basuki (2006:8). This view arose due to the role of Government that assessed too wide, so the lack of discretion to develop for the community. So the Government becomes an institution that considers the most and power in understanding the desires of the community.

The emergence of the concept of governance in the beginning is preceded by a sense of dissatisfaction against the concept of a government that just put the government as organizers of the State. As expressed by Irwanto (2011), the term government and governance is often considered to have the same meaning, namely how to implement the authority in an organization, agency, or country. Government is the name given to the party which conducts the government power within a country. Its dominating role of government on the concept of government that makes the role of the public and the private sector tends to be neglected and result in their interests.

The term “*kepemerintahan*” or in English United Kingdom “govenance” is defined as: “The authoritative and administration of the affairs of

men/women in a nation, state, city, etc.” It can also mean “The act, fact, manner of governing”, namely: “action, facts, patterns, and activity or conduct of the Government”. Or a series of processes of social and political interaction between the Government with the community in a variety of fields related to the interests of the community and Government intervention over the interests ", Kooiman (eds, 1993) as quoted by Sedarmayanti (2012:35). So governance is not just a means of leadership as an activity, but it also has the meaning of the directive, maintaining, managing, coaching and organizing can also mean Government.

Whereas, according to the World Bank, stated that governance as “An ordinance the use of State power to manage economic and social resources for the development of society” World Bank in Syakrani (2009:36).

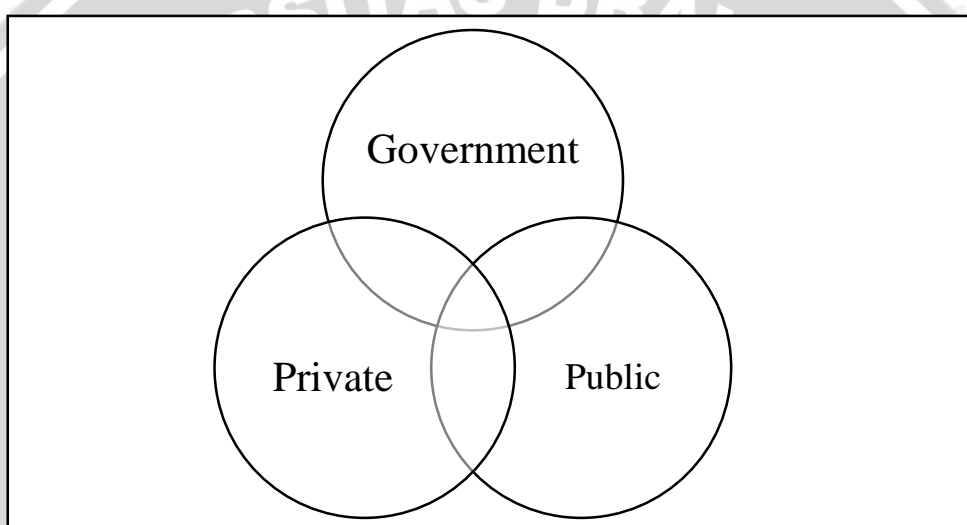
In the most basic governance concepts, mentioned there are three main stakeholders interacting and run its functions respectively i.e. state (State or Government), private sector, and society. A government institution creates a conducive political and law, the private sector create jobs and income, the society was instrumental in building social interaction, economy and politics including invites community groups to participate in economic activities Sumarto (2009:28)

So governance is a process of interaction of various elements (narrowed in three key actors, i.e., the State, society and business) in managing its main sectors of public rights or public patrimony. Son (2009:2).

Various notions about the concept of Governance is basically almost the



same point, namely on how Government interacts with the public in the field of economic, social and political interests of the fulfillment of society in the effort. For more details, then here is a picture of the social political and economic interaction between Government, the private and the public in the concept of governance.



**Picture 2.0.1 Interactions between Principals within the framework of National**

*(Source: Sedarmayanti, 2012 : 38)*

*Governance* is more known as the Government Management Order. Nevertheless, it can be seen again that there is prominent difference on the *governance* concept and the *government* concept which is more introvert and not involving the other sides in the organization structure. Thereafter, the *Good Governance* appears as the effort to change the characters of the *government* which tend to work by themselves without considering any aspirations from the society, to become the aspirative government.

## 2. Good Governance

Governance is already no longer exclusively into the menu that is presented to the State and sub organization (public sectors). Good governance is then like a malignant cancer spread in all directions. Not only deals with the science of public administration, but cleared on a variety of other studies such as the empowerment of the community, the environment, economics, politics, law, and sociology of applied knowledge. The most phenomenal products of good governance was when he managed to find the missing link between the work of the Government reform by tackling poverty. Views are with good governance then the distribution of the budget the Government and business circles to the poor the more wide open as expressed by Renzio (1997) (son of, 2009:2).

Good governance with the term from the Latin, namely *Gubernance* absorbed by English be Govern, meaning steer (control), direct, or the rule. Governance is a concept that is still vague. At first the World Bank defines governance as "the exercise of political power to manage a nation's Affairs" Davis and Keating in Nugroho (2011:352). Meanwhile, the UNDP defines good governance as "the exercise of political, economic, and administrative authority to manage the nation's affairs at all levels" Nugroho (2011:352).

*Lembaga Administrasi Negara* (2000) as quoted by Sedarmayanti (2012:4) concluded that the realization of good governance is the Organization of State Government that is responsible and solid, as well as effectively and efficiently, by keeping a constructive synergy between the

domain-the domain of the State, the private sector and the community.

Good Governance is an effort change the character of the Government initially tend to work alone without regard to the aspirations of the community, being a Government that aspirational. According to Ananto Basuki and Shofwan, "in the system of organizing the Government apply good governance of society is no longer seen as objects, but becomes the subject of which carry out the programs and policies of Government Basuki (2006:13).

In LAN's strategic plan 2000-2004, as cited by Sedarmayanti (2012:43) need to mentioned a new approach in organizing the State and development headers on the realization of good Governance namely: *"... the process of management of democratic Government, professional, high menjunjung supermasi law and the human rights desentralistik, participatory, transparent, accountable, clean and justice; In addition to the power to succeed, oriented to the improvement of the competitiveness of the nation"*

Next Sedarmayanti (2012:7) concluded the characteristics and principles according to the UNDP (1997) that must be adhered to and developed in the practice of organizing good Governance, include:

1. Accountability: the existence of an obligation for the apparatus of Government to act as the person in charge and the insurer to sue over all actions and policies that the establishment
2. Transparency: a good Governance will be transparent to the people, both the present Centre or area



3. Openness: opportunities for the people wants to file a response and criticism against the rated Government is not transparent
4. The rule of law: a good Governance has a characteristic form of guarantee certainty law and sense of Justice society against any public policy

This is as described by Tilaar (2004) Setiajatnika (2008:2) that Good Governance is actually covered by the three components namely: Good Governance in Public Sector the public sector, the public sector Good Governance and Good Corporate Governance (GCG) in the private sector. Related to that, of the total characteristic or the principle of good governance are mutually reinforcing and interlinked and can not stand alone among one another.

Reffering to the explanation above, it can be understood that to achieve the good governance needs the participation from each of the three main actors included in it. It is also explained by Tilaar (2004) in (Setiajatnika, 2008:2) that the good governance includes the three components, namely: Good Public Sector Governance on the public sector, Good Governance in the society sector and Good Corporate Governance (GCG) in the private sector.

## **B. Good Corporate Governance**

### **1. The Meaning of Good Corporate Governance**

The emergence of the concept of Good Corporate Governance Sutedi (2011:13), is the answer to discontent over the financial performance of the scientist's theory of Agency in the empirical level. Even the elements which helped the introduction of Good Corporate Governance on its own is no longer derived from the theory of Agency, namely: the Manager of the company, the Board of Commissioners, shareholders, lenders, remuneration, dividends, capital market, passes over the managerial labour market, and the market for corporate control, but rather increases with: information, complete, accountability, openness and confidentiality, code of conduct, legal guarantees, and still will grow again with investors (individuals and institutions), the rights (the rights of shareholders, the rights for pinjaman, the giver of the law, and legal guarantees).

According to the Forum for Corporate Governance in Indonesia (FCGI) in Sedarmayanti (2012:53) Corporate Governance are:

A set of rules governing the relationship between the holder, caretaker (Manager) of the company, the creditors, the Government, employees and holders of other external and internal interests relating to the rights and obligations of them or in other words a system that controls the company. The purpose of Corporate Governance is to create added value for all interested parties (stakeholders).

Further definition according to Cadbury in Sutedi (2011:1) said that Good Corporate Governance is directing and controlling the company in order to achieved a balance between power and authority of the company. Noensi, an expert on GCG of Indo Consult, defines Good Corporate

Governance in Sutedi (2011:1) is running and developing company with clean, strict laws and care about the environment which is based on socio-cultural high values.

Then on the regulation of the Minister of State-owned enterprises Number 01/MBU/2011 about the implementation of Good Corporate Governance in State-owned enterprises mention the GCG is the underlying principles of a process and mechanism of the management company based on the legislation and ethics of trying.

Good Corporate Governance is the system definitively regulating and controlling the companies to create added value to all stakeholders Sutedi (2011:2). There are two things that are emphasized in the concept, first, the importance of the rights of shareholders to obtain information with the correct (accurate) and just in time and, second, the obligation of the company to perform disclosure accurately, on time, and transparency against all these performance information, ownership, and stakeholders.

## **2. The Guidelines of Good Corporate Governance**

National Committee for the Corporate Governance of wisdom finally managed to establish Good Corporate Governance Guidelines after discussion by involving the wider community through workshops. Guidelines (code) that has been issued on 29 November 2000 already ditetapkan as official guidelines, the preparation of these guidelines in accordance with the decision of the Coordinating Minister for the economy



no. 31/M.Ekuin/06/2000. The Committee will also recommend improvements to the legal system necessary to support implementation of the code, namely the following:

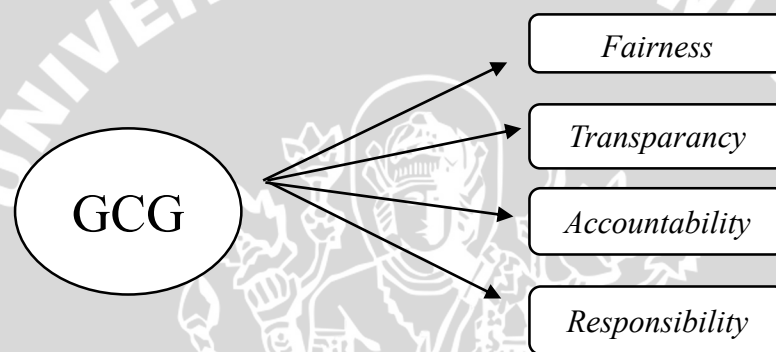
- 1) To make changes to the law on limited liability companies to accommodate the principles of Good Corporate Governance
- 2) To make changes to the law on the registration of the company to ensure the implementation of the disclosure of the information of the company
- 3) To fix and improve accounting standards, including rules on the establishment of the Audit Committee and Compliance Officer (Compliance Officers)
- 4) To fix and improve rules relating to openness, refine and improve the rules on the capital market, including supporting the formation of a new Financial Supervisory Agency, as part of the law on the Central Bank's new
- 5) To fix and improve the rules in articles of a limited liability company
- 6) To fix and improve the rules on the banking sector
- 7) Form an institution to Director-Director in providing training and certification for Director-Director

### **3. The Principles of Good Corporate Governance**

The principles embraced Good Corporate Governance and Corporate Social Responsibility like the two sides of the coin. Both are equally

important and inseparable, it is in a good governance should have social and environmental concern. The principles set forth in the Good Corporate Governance generally consists of 4 principles Untung (2014:7), namely:

- a) Accountability
- b) Openness
- c) Naturalness
- d) Responsibilities



**Picture 2.0.2. The Principles of GCG**

(Source: Untung, 2014:8)

#### 4. The Benefits of Good Corporate Governance

Both companies were State-owned (SOE) or pure private companies through the implementation of GCG will gain some of the benefits that profitable for their company. As for some of the benefits from the implementation of GCG for the company (<http://forester-azharmaskum.blogspot.com>) is:

- 1) With the implementation of Good Corporate Governance (GCG) decision making process will take place in more good resulting in an

optimal decision, can improve efficiency as well as the creation of a healthier workplace culture.

- 2) Good Corporate Governance (GCG) will allow escape or minimum can minimize the management of the company. This will suppress the possibility of harm to other interested parties or perusahaan as a result of these actions.
- 3) Value of the company in the eyes of investors as a result of improved their confidence in the management of companies in which they invest.
- 4) For shareholders, with an increase in performance then by itself would increase the value of their stock and also the dividend will ilai they receive
- 5) Because in Good Corporate Governance (GCG) employees placed as one of the stakeholder that are supposed to be managed either by the company, then the motivation and job satisfaction employees are also expected to rise
- 6) With good Corporate Governance implementation, then the trust level of the stakeholders to the company will be increased so as to raise the positive image of the company. This of course can press costs incurred as a result of stakeholder demands to the company.
- 7) The consistent application of Corporate Governance will also improve the quality of financial statements of the company.



The implementation of the GCG concept which is performed by the company is expected to give more contributions to the *stakeholders* especially to those which are around the company location. The GCG concept develops along the appearance of the concepts which have the similar background goal but focus more on the company social responsibility to the vast society or *Corporate Social Responsibility (CSR)*.

### **C. Corporate Social Responsibility**

#### **1. The Meaning of Corporate Social Responsibility**

The main concept of Corporate Social Responsibility is the behavior or the way companies pay attention to and involves mutual shareholder, employees, customers, suppliers, Governments, NGOs, international agencies and other stakeholders. Suharto (2010:30).

The World Business Council for Sustainable Development (WBCSD) in Mardikanto (2001:92) defines CSR as “Business commitment to contribute to sustainable economic development, working with employees, their families and the local community”.

Whereas Budimanta, et al. (2008) in Mardikanto (2014:94) defines CSR or corporate social responsibility is the company's commitment to build a better quality of life along with the parties concerned, particularly communities that are around them and the social environment in which the company is located, conducted its business activities with integrated on an ongoing basis.

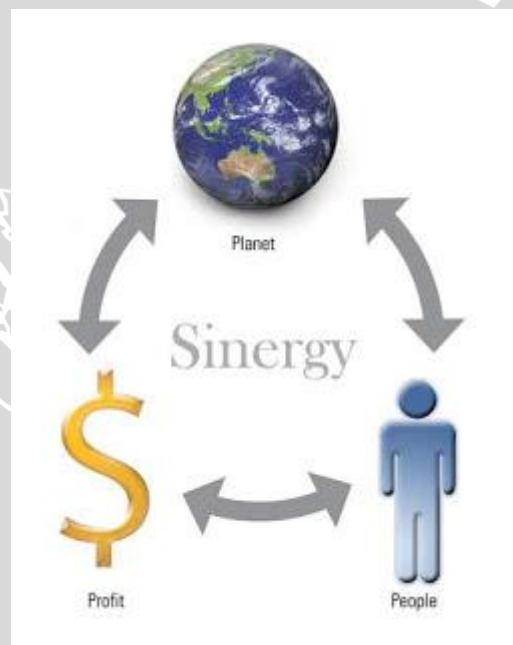
According to the institution of The Corporate Responsibility Coalition (CORE) Mardikanto (2006:96) as 'organ of society', the company has a responsibility to protect human rights are directly related to their operations as well as in a broader scope.

By the end of 2010, precisely on the 1st November 2010, the ISO 26000 has been released about the International Guidance for Social Responsibility. The release of ISO 26000 has been demonstrated to the parties, that Social Responsibility is not simply become a corporate liability, but has been incarnated as the responsibility of all of us, both the public and private institutions. Mardikanto (2001:97).

The main concept of CSR is behaviour or the way companies pay attention to and involves mutual shareholder, employees, customers, suppliers, governments, non-governmental organizations (NGOs), international institutions and other stakeholders Suharto (2010:30). CSR is a dependent who is obliged to be carried out by a company, the Government of Indonesia firmly States this through limited liability company Regulation (UUPT) the latest, i.e. the Regulation Number 40 of 2007 article 74 that:

1. The company is running its business in the field of dan/atau related to natural resources is obligated to carry out the social and Environmental Responsibility
2. Social and Environmental Responsibility as referred to subsection (1) is the obligation of the company budgeted and accounted for the cost of the company that its implementation is done with attention to propriety and reasonableness.
3. The company does not carry out its obligations as referred to in subsection (1) is penalized in accordance with the legislation.
4. Provision with careful about social responsibility and environmental set up with government regulations

The sense of Corporate Social Responsibility are relatively easy to understand and operated to develop the concept of Tripple Bottom Line (profit, planets, and people) which was conceived Elkington (1998) cited by Suharto (2010:30-31). In his book *Cannibals With Forks: The Tripple Bottom Line in 21st Century Business* (1998), Elkington asserts that good company not only hunt down a mere profit. But it has also, concern for environmental sustainability (planet) and the welfare of society.



**Picture 2.0.3 The 3P Concept of CSR**

(Source: <http://www.ardhi-widjaya.co/2013/01/bagaimana-konsep-csr-yang-ideal.html>)

## 2. The Benefits of Corporate Social Responsibility

Pratiwi (2012) further conveys some of the benefits of CSR:

- a) To improve the company's image

By conducting CSR activities, consumers can better get to know the company as a company that always do good activities for the



community.

b) To reinforcing "Brand" companies

Through the activities of delivering product to the consumers by way of knowledge sharing the product for free, can give rise to consumer awareness will be the existence of the company's products so as to increase the company's brand position

c) To develop cooperation with stakeholders

In carrying out CSR activities, the company is certainly not capable of working on sendri, so should be assisted with stakeholders such as local governments, communities, and local universities. Then the company can open the good relationship with that stakeholders

d) To distinguish the company with its competitors

If CSR is conducted by the company, the company has safety accentuate their comparative advantage so it can be set it apart with a competitor offering the same product or service

e) Generate Innovation and learning to enhance the influence of the company

Select CSR activities corresponding to the main activity of the company requires creativity. Planning a CSR consistently and regularly can trigger innovation in companies, which in turn can enhance the role and position of the company in the global business

f) To open access to investment and payment for the enterprise

Investors now have an awareness of the importance of investing in

company which has conducted CSR. And also a provider of funds, such as banking, better prioritize the granting of aid and on companies that perform CSR

g) To increase the share price

Ultimately if the company routinely conducts CSR that comply with its major business and do it consistently and regularly, the business community (investors, creditors, etc.), academics, Governments, and consumers will be the more company. Then the demand for the company's stock will go up and the auto company's stock price will also increase

h) The benefits for companies, deserve a social license to operate

The surrounding communities are the main community enterprises. When they get the benefit of the company, then naturally they will feel to have company. So the rewards are given to companies is the discretion to run its business in the area

i) To reduces the risk of the company's business

Managing the risk in the midst of the complex problems of the company is essential to the success of the venture, disharmony with stakeholders will interfere with the smooth running of business perusahaan. If the problem has already happened, then the cost for recovery will be much more doubled when compared with the budget for the Corporate Social Responsibility program conduct as preventative measures to prevent the worsening the relationship with

stakeholders need to get attention

j) To expanded access to resources

A good track records in managing Corporate Social Responsibility is a competitive advantage for companies that can help smooth the way towards the necessary corporate resources

k) To spread out access to the market

Investments that are cultivated for Corporate Social Responsibility programs can be a ticket to the company toward a greater opportunity. This includes fostering consumer loyalty and penetrate new market share

l) To reduction the cost

Many examples of cost savings that can be done by doing Corporate Social Responsibility. For example: Re-mendaru with factory waste into the production process. Besides being able to save production costs, also help so that this exile waste becomes safer for the environment

m) To improve relations with stakeholders

The implementation of Corporate Social Responsibility will help increase the frequency of communication with stakeholders, where these communications would further increase the trust of stakeholders to the company

n) To improve relations with regulators

Companies who implement Corporate Social Responsibility



generally will relieve the burden of the Government as a regulator who is actually responsible for the well-being of the environment and the community

- o) To improve the morale and productivity of employees

A good company image in the eyes of stakeholders and a positive contribution to the community and the company given the environment, would pose its own pride for employees who work in their companies thus increasing the motivation of their work

- p) To get award opportunities

The number of appreciation or reward given to the perpetrators of the Corporate Social Responsibility now, will add up to the company to get award

### 3. The Scope of Activities Corporate Social Responsibility

About this, according to ISO in 2006 Mardikanto (2014:153), include:

- a) Organizational governance, or to manage the organization and company
- b) Human rights
- c) Labour practices, or practice employment
- d) The environment or environmental management
- e) Fair operating practices
- f) Consumer issues, related to the rights and consumer protection
- g) Community involvement and development

Furthermore an activity called corporate social responsibility or CSR when you have a number of the following elements:

- a) Continuity and sustainability vital element is the continuing of the CSR. An activity is a charity based trend or CSR is not incidental. CSR is characterized on a long term perspective, not instant, happening or booming. CSR is an activity that has been planned, systematic and can be evaluated.
- b) Community empowerment, it distinguishes the CSR activities of the nonprofit charity or philanthropy solely. The activities of the charity help the community though, still does not make the community self-sufficient. One indication of the success of CSR program is the independence that leih on society compared to before the existence of the CSR program.
- c) Two ways, that CSR programs are two-way. The company did not act as communicators, but also should be able to as komunikasikan that listen to the aspirations of the community, by doing the need assessment, i.e. knowing the needs, desires, wants, and interest from the public.

#### **4. The Principles of Corporate Social Responsibility**

The implementation of CSR is also based on the following principles  
Mardikanto (2010:166):

- a) The principle of legal compliance, in a sense, companies must understand and comply with all regulations, local, international, expressed in writing and not written, in accordance with a specific procedure.
- b) Adherence to International Law. That is, when establish policies and practices related to social responsibility, companies must adhere to, decisions, guidelines, government regulation, declaration or international treaties.
- c) Respecting the stakeholders concerned, in a sense, the company shall recognize and accept the associated stakeholders and diversity diversity companies-partners (large and small) and other elements, which may affect the related stakeholders.
- d) The principle of transparency: that is to say, the company must be clear, accurate, and comprehensive in stating the policies, decisions and activities, including an introduction to the potential of the environment and the community. In addition, such information should be available to affected people, or those who may be affected materially by the company.
- e) Respect for human rights, in a sense, the company shall implement policies and practices that will respect existing human rights in the Universal Declaration of Human rights.



## 5. The Implementation of Corporate Social Responsibility

The implementation of Corporate Social Responsibility in the company are influenced by several factors. Factors that affect them is the commitment of its management, the size or the maturity of the company, regulation or administered tax system etc. Wibisono (2007). Refer to Saidi and Abidin (2004) in the Suharto (2006), there are four models or patterns of CSR is generally implemented by companies in Indonesia, namely:

### a. Direct Involvement

The company running the program directly with the CSR organizes its own social events or submit a contribution to the community without intermediaries. To perform this task, a company usually assign one of his senior employees, such as the corporate secretary or public affair manager or be a part of the task of the leadership of the public relation.

### b. Through corporate social organization or foundation

The company established its own Foundation under a company or group. This model was the adoption of a model that is customarily applied in companies in developed countries. The company usually provides the initial funds, Fund of funds or timeless routine that can be used on a regular basis for the activities of the Foundation.

### c. In partnership with the other party

The company organizes CSR through cooperation with social agencies/organization non-government, government agencies, universities or the mass media, both in managing funds and in implementing social activities.

d. Supporting or joining in a consortium

The company co-founded, becoming a member, and supports a social institution established for certain social objectives. Compared to the other models, this pattern is more oriented on the awarding of a grant is a grant of company development. Party to such institution or consortium which is trusted by companies that support it are pro actively seeking cooperation partners from among the operational agencies and then develop a mutually agreed program.

## **6. Factors that affect the implementation of Corporate Social Responsibility program**

Basically the implementation of CSR by companies other than as a form of concern for employees and their families, is also intended to improve the quality of local communities that exist around the company so that later impact on the livelihood of the community peningkaan. This form of caring that is intended as part of corporate social responsibility to the impacts arising from their activity, be it in the field of environmental impact and social events. One form of CSR according to Wahyudi and Azheri (2008:62-

63) one of his form is through Community Development programs to help improve the welfare of the local community. Through CSR-driven Community Development Program is expected to provide a positive impact towards the enhancement of the quality of the local people.

The implementation of CSR programs do not always run smoothly, there are several faktor that may affect the implementation of the program. Fortunately (2008:9-10) in the Sanjaya (2013:38) explains that Corporate Social Responsibility is divided in two forms, the first of its nature into or internal, and the second which is set to outside or external. Matters related to the internal complete is about relating to corporate governance (Good Corporate Governance). While the ekstenal related to the environment around companies that operate like pollution, waste, communities, suppliers, customers, consumers, and Government. Based on the above exposure later on when doing research can be known what factors that affect the implementation of CSR programs that can be a factor endowments and a barrier.

#### **D. Community Development**

##### **1. The Meaning of Community Development**

The discipline of social work stipulate that community development is



part of a strategy of macro social work Practice. In the universe, social work, Community Development is often defined as the process of strengthening the community actively and sustainably on the basis of the principle of social justice, participation, and collaboration are equivalent Netting, Kettner and McMurty; 1993; IFE, 1995; Suharto (2010).

Community development is a journey of discovery (exploration), where when it happened or find things that were not expected, then it is a new opportunity for learning and growing life and Tesoriero (2008:336).

## **2. Public Participation in Community Development Program**

There are three main reasons why community participation has very important in a program Alfitri (2011:200):

- a) Public participation is a tool to obtain information about the conditions, needs and attitudes of local people, who without the presence of development programs and projects will fail.
- b) The public will more trust the project or development program if it feels involved in the process of preparation and planning, because they will be more knowing the ins and outs of the project and will have a sense of belonging to the project.
- c) That encourages the presence of public participation in many countries, because it is a presumption arises of democratic rights if the public is involved in the development of their own community.

So that the public has the right to give advice in determining the type and development approach to be implemented in their areas.

Theoretically the people's participation in Community Development program of oil and gas companies Alfitri (2011:207) can be seen from a few things, namely:

- a) The public will participated when they feel that the important issues or activities
- b) The public should feel that their action will make the change
- c) The various forms of participation should be recognized and rewarded
- d) The public should be supported and its participation in the participation

### **3. The Approaches of Community Development**

Stages of development of a society largely determined by the preparation and strategies of good planning, so that the community development action programme can reach the target. There are three approaches to planning for community development according to Nindita (2008) in Alfitri (2011:34):

- a) Developmet for community. The founders of community development activities is a company that has the status as charities, while the position of the Community target is as an object activity of the community development. The effect of these activities is the dependency of the community against the company to achieve the

end result. Therefore, the ultimate goal is to produce something, then this program period is relatively short. Characteristics of the program is oriented on company or known by this program.

- b) Development with the community. Formulated the activities under this program together between the company and the community. The company's position as an agent of development, while the community is as a subject at once as the object of the community development program. The goal of this program is oriented on results and contribute to the process of development. The impact of the positinya, the community was not totally depends on these, but they will be trained to based organized. This program is usually a period of time long enough and sustainable. The characteristics of this programme is oriented to meet the needs of the community at the same time the purposes of the company.
- c) Development of community. The main characteristic of this program is oriented on fulfilling the needs of the community. The purpose of the end is the development processes. Here be the originator of the idea was its own community, so community-identified needs and programs. Thus community based purely as subject whereas the company as agent for its construction. Positive impact is to make community become self-reliance by because they directly involved completely on their own programs and that determines the success or failure of his business. Because of these characteristics, then this kind



of programs usually have a long period of time. This program usually known by its form a partnership, i.e. training and mentoring on a specific community. A detailed description of these three approaches to community development can be seen in table 2.1. below.

**Table 2.0.1. The Kind of Community Development Approach**

	DEVELOPMENT FOR COMMUNITY	DEVELOPMENT WITH COMMUNITY	DEVELOPMENT OF COMMUNITY
Insiator	Company	Company and Public	Public
Status of corporate	Charities	Development agent	Development agent
Status of society	Object	Object or subject	Subject
Goal	Goal oriented	Result of process development oriented	Result of process development oriented
Side effect/impact	Depend on	Depend on and <i>swadaya</i>	<i>Swadaya</i>
Time frame	Short term or specific purposes	Medium term or continuously	Medium term or sustainability

(Source: Nindita (2008) dalam Alfitri 2011:36)

## **E. Program**

### **1. The Meaning of Program**

The program is the first element that must be fulfilled for the sake of existence and the passage of an activity. A program is a collection of projects that are related to each other and are designed in such a way to harmonize and integrating with a variety of activities to achieve the targets of the policy thoroughly. With the program then any plans will be more organized and make it easy in terms of the operational. In a program must contain some of the main aspects, namely:

- a) The purpose of the activities will be achieved
- b) Types of activities taken in achieving goals
- c) Rules must be held and the procedure to be undertaken
- d) Estimated budget needed
- e) Strategy implementation Jones in Kapus (2012)

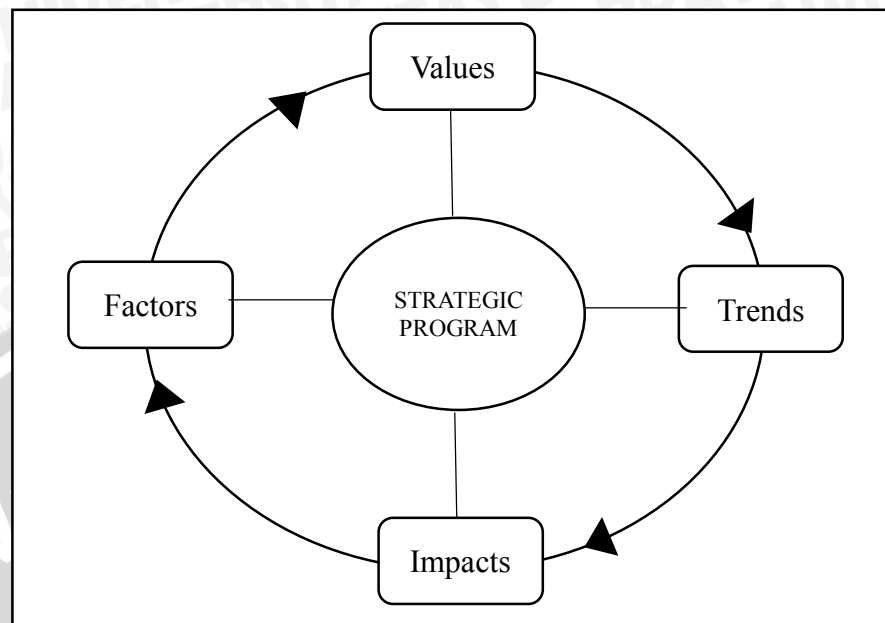
Then the program contained in the definition of Regulation RI number 25 in 2004 About National Development Planning System explained that: "Program is an instrument of policy that contains one or more of the activities implemented by instances of government to achieve goals and objectives as well as to obtain the allocation of the budget, or coordinated by public agencies."

## 2. The Planning of Program

A program must have a clear parameters, especially for a program that aims to achieve social welfare. Because the social welfare programs are based on community empowerment rated: as a field or sector development that involves programs and social services that are invisible (intangible services) Suharto (2005:18). Conceptually, in determining these parameters summarized in the acronym "FIT-V" which is a continuation of the Trend Factor, Impact, and Value:

- a) Factors: Whether the program is causally accountable? Whether the program is the decisive factor that is able to address the problem of the public regarding the crowds (the key factor to problem solving)?
- b) Impact: Does the program socially and economically profitable? Whether these programs useful or have an impact on improving the well-being of the public?
- c) Trend: Are those of project a globally and nationally visible? Whether the program is aligned to national and global trend?
- d) Value: Whether the program is culturally acceptable? Does the program fit the values and cultural expectations that developed in the community? Suharto (2005:18-19)





**Picture 2.0.4. Strategic Program Parameters**

*(Source: Suharto, 2005:19)*

#### 4. The Implementation of Program

The implementation is what happens after a law enacted that give authority programs, policies, benefits, or a kind of tangible outputs, the term refers to the implementation of a number of activities that follow a statement of intent about the program objectives and outcomes that are desired by government officials as described by Ripley and Franklin (1982) in Winarno (2012:148). Implementation includes the following actions (without action) by a variety of actors, specifically the bureaucrats, which is intended to make the program run.

At this stage of the implementation of the program, Suharto (2005:79) stated that the bottom line pointing at the planning process at the level of abstraction. The application of the policy or the granting of service is the goal, while the tools of his achievements is to carry out operations or

activities. There are two procedures in carrying out the programme, i.e.:

- a) Detailing the operational procedures for implementing the programme
- b) Detailing the procedures so that the activities according to the plan

## **F. Social Changes**

### **1. The meaning of social changes**

Social change is one focus of study within sociology. Virtually every study of social phenomena tend not to spite with aspects of social change. As an expression of Haferkamp and Smelsra Kanto (2006:6):

“Every social science theory, whatever his conceptual starting point, certainly will be fixed on changes that describe the social reality”.

Wibert Moore for example, defines social change as "a change of social structure", and is meant by social structure is the "patterns of behavior and social interaction". Ranjabar (2008-10:15). Wilbert Moore entering into the definition of the various expressions of the social changes of the structure such as norms, values and cultural phenomenon, so it is clear that such a definition it includes all-round. Wilbert Moore also argues that the change sosal is not a symptom of modern society but a universal thing in human life experience.

While Samuel Koenig says that social change refers to modifications that occur in the pattern of human life, in which arises due to internal or external causes. Kanto (2006:5).

Based on the above description can be put forward that in General, social change can be defined as the process of change in various aspects of social life in masyarakat happens in a certain period of time. The change of the social aspects that are important in the life of the community for example changes in values and social norms, social processes, social patterns of behaviour and lifestyles, social stratification and institutional community.

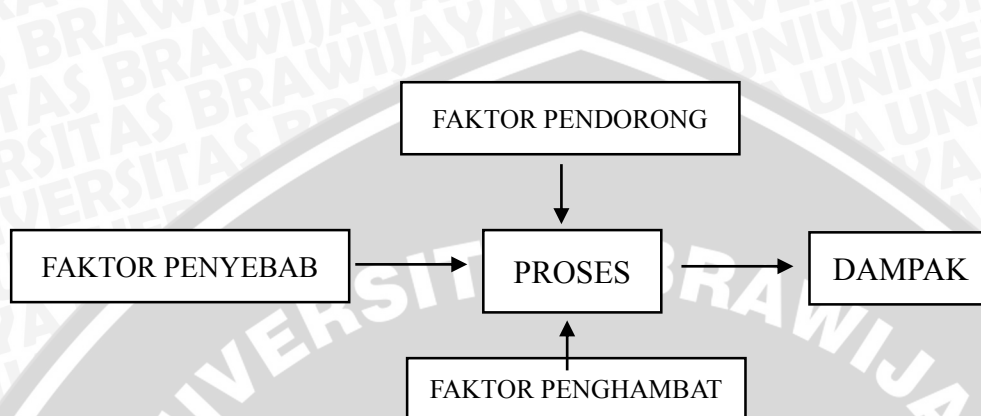
## **2. Scope of social change**

In accordance with the understanding of the concept of social change at the top, space lingkup the study of social change is more focused on the process of change in values and social norms, social processes, social patterns of behaviour and lifestyles, social stratification and institutional masyarakat. But in general space lingkup study of the social change may include changes in various aspects of social phenomena in human life, therefore, given the breadth of the scope of social change, then any of the study of social change need to be membatasi and focuses on a particular aspect of social change in the community.

If it's different levels of analysis, the problems examined generally revolve around the related factors, proses and the impact of social change. The third of these factors affect the course of the process of social change,



which in turn produce the impact social change in society. In a nutshell can be described as follows:



**Picture 2.0.5. Relationship Factors, Processes, Impacts Social Change**  
(source: Kanto, 2006:8)

### 3. The forms of social change

Social and cultural changes can be differentiated into beberapa forms based on a time dimension, the impact and process, i.e. Kanto (2006:8):

- a) From the time dimension can be distinguished between changes in slow and fast changes. There is no measure of time about slow and fast changes. The relative nature of the changes, which means that a slower or faster than other changes.
- b) From the dimension of the impact inflicted, distinguished between small and big social changes. It said small changes when not cause fundamental changes impact on various aspects of the social life of the community, such as changes in fashion apparel, a system of familial (kinship), inclusion of minority culture in society. In contrast, the development of communication technology and

industrialization tend to be large and significant impact in people's lives, because of the effect on the institutional change/social pranat, social interaction, working relationships and others.

- c) From the dimension of the process, can be distinguished between the desired changes (intended change) or planned (planned change) and undesirable changes (unintended change) or unplanned (unplanned change). Change the desired or planned this was deliberately planned by parties who want to make changes to (agent of change) to achieve a particular goal. But when viewed from its effects, often appearing results or changes that are not desired by the community and the phenomenon like this is hard to avoid.

#### 4. The supporting factors of social change

Ranjabar (2008:101)

- a) Tolerance

It is the attitude of accepting something circumstances. Tolerance of aberrant deeds is a means of social change in the hold. With the presence of tolerance will encourage creative individuals creating businesses change. Community tolerance, have weak social control.

Diversion occurs when there is a mismatch between the aspirations of functioning channels creating goals.

- b) Open system walks of life

Open system allows the existence of a broad vertical social movements, it means giving an opportunity or to individuals to come forward on the basis of ability alone. Open system for voracious tight vertical social mobility. Individuals who feel satisfied in his position given the opportunity improve fortunes. Therefore, individuals who have the creativity, critical, opportunity to correct the position.

c) Heterogeneity (a heterogeneous Population)

Each of the groups of the population have aspirations as well as the channel reach aspirations. Have heterogeneity of the nonprofit community aspirations and the aspirations of channels with each other is different. The difference of aspiration allows social clashes has good physical and non physical. These circumstances becomes the catalyst for the occurrence of changes in society.

d) Sense not satisfied

The public discontent that has its roots, causing the on set of revolution in society. The revolution gave birth to the changes in all aspects of life. Dissatisfaction in society brought about the wisdom of the rulers are not rooted in the community's aspirations, will further encourage the occurrence of changes in society.

e) Character of the community

Etnopsikologis in each of the different community groups of characters so that a different attitude to respond to something social problems. There are societies that are receptive attitude of something



new, this attitude is closely associated with the value held in the community. In addition, the attitude of society that appreciates the work of someone and the desire to advance that has been work in the community, it will encourage the public to the efforts of new discoveries.

f) Education

The problem is the problem of the extent to which changes in the attitude of accepting and changing attitudes is a matter of education, changing attitudes is done through education. This means that education gives encouragement change the community. Education teaches individuals how to open his mind and accept new things, and provide the ability to assess whether the culture of its people will be able to meet the needs of the times or not.

g) Ideology

The ideology of the system of values is something members of the community to regulate social behaviour. This means giving an overview of the extent to which something public to understand himself. And this as the catalyst who arouses the desire of members of the public to live together so that changes occur in the community.

## 5. The inhabiting factors to social change

Ranjabar (2008:104)

### a) Isolated Societies

The life of a society alienated (isolated) causes the society does not know what developments occurred in other communities may be able to enrich the social life of its own. It also causes that the citizens of the community always tekungkung with his thought patterns by tradition, thus impeding the course of the process of change.

### b) Late development of science

Science opens the eyes to adjust to the new conditions on the basis of reasoning. In a particular area, there is the presence of the late development of science. This may be due to the communities or isolated terasin, also dimugkinkan that the community often shut down the development changes that occur on the basis of maintaining the purity of the culture.

### c) Traditional attitudes

The attitude is the tendency of act against something object. But the attitude of the extolling of tradition and the past, and assumes that the tradition of absolutely cannot be changed, then the things that hinder the operations of the process of change.

### d) Existence of interests that are embedded

Societies that feel secure in the present circumstances will resist change, community members who obtain the position on the basis

of bloodlines. Therefore, they will inhibit even denied the changes that normally occur at the community transitional sedag, making it difficult for those who have privileges to let his position i in a process of change.

e) Existence of prejudice

Prejudice is an attitude towards a particular group or class that is not group or class of its own. This attitude raises the discrimination without objective basis. Changes in support of the development need of collaboration, whereas the atmosphere of prejudice raises not togetherness.

f) Customs or customs

Custom or habit is patterns of behavior for members of the community in fulfilling all needs anyway. The community felt the pleasure of using these customs in arranging the layout behavior. With the changes, then the traditional values of the irrational will be replaced with the values of rational objectives. This replacement gives rise to a sense of anxiousness, so considered changes to dismantle customs or habits, thus a crisis will emerge and impede change.



### CHAPTER III

#### RESEARCH METHOD

##### A. The Type of Research

The research method is closely associated with the procedures, tools, as well as design or technic in analyzing the data. The method is derived from the Greece "*Methodos*" which means way or path traveled. Based on the issues that will be raised, then the type of research used in this research is descriptive research using qualitative. Widi (2010) suggests that the research is descriptive research that attempts to give an overview of the situation, systematic problems, phenomena, services or programs, or provide information about, for example, an ongoing process, the influence of a phenomena, attitudes, views. Referring to this, then this study aims to describe the social phenomenon of terperci in particular will be examined. From the study of the definitions Moleong (2014) concluded that qualitative research is research that intends to understand the phenomenon of what is experienced by the subject for example behaviors, perceptions, motivations, actions, the dall., holistically, and by means of the description in the form of words and language, in a specific context utilize a variety of methods with natural nature. In this case is the depiction or description of "Analysis Of The Implementation Of The Program Of Corporate Social Responsibility (CSR) Based On Of Community Development (Study On Energi Mega Persada Malacca

Strait Ltd.)”.

## **B. The Focus of Research**

According to Moleong (2014:97), the limitation issue through the study through the focus of the research has four important things: first, a research not starting from a vacuum or something that is empty. Second, the focus is basically a major problem stems from the through knowledge acquired through scientific libraries or other libraries. Third, the purpose of the research on the dasarnas is solving problems that have been formulated. Fourth, a problem that is based on a defined focus are tentative, may be modified in accordance with the situation of the background research. From the explanation above, which become the focus in this research are as follows:

1. The implementation of the program of Corporate Social Responsibility (CSR) PT Energi Mega Persada Malacca Strait-based Community Development
  - a) Direct Involvement
  - b) Through corporate social organization or foundation
  - c) In partnership with the other party
  - d) Supporting or joining in a consortium
2. The Suppoting and The Inhibiting Factors of the Corporate Social Resposibility (CSR) Programs of Energi Mega Persada Malacca Strait Ltd. Based on the Community Development

3. The Effect Obtained by the Company and the Society from the Corporate Social Responsibility (CSR) programs of Energi Mega Persada Malacca Strait Ltd. Based on Community Development

### **C. Location and Research Site**

Research location is the place where researchers will do research on objects that are examined. This research carried out in DKI Jakarta. Whereas the definition of the research site is a place where researchers can capture the actual state of the object being examined. The research site is determined in order to simplify the determination of the locus that are too extensive. As for the site of the research itself is Energi Mega Persada Malacca Strait Ltd. office, Bakrie Tower, Jl. HR Rasuna Said Jakarta.

### **D. The Type of Research Sources**

Based on this kind of research is used, data obtained can be distinguished into two types, namely:

1. Primary Data, i.e. data obtained directly from the people or informants who deliberately chosen by the researcher to obtain data or information problem related with research. As for the source of primary data obtained by the researchers concerned with CSR activities of Energi Mega Persada Malacca Strait Ltd. that is interacting directly with the resource person in depth. As for the



source of primary data obtained by the researchers concerned with CSR activities of Energi Mega Persada Malacca Strait Ltd. i.e. interact directly in depth with speaker of 4 people, consisting of:

- a. Interviewed with Mr. Ade Abdurachman as CSR Coordinator Energi Mega Persada Ltd.
  - b. Interview with Mr. Arip Hidayatuloh as CSR Officer Energi Mega Persada Ltd.
  - c. Interviewed with Mr. Hafied Awal Bahnir as CSR Officer Energi Mega Persada Ltd.
  - d. Interviewed with Mrs. Indah Renita as CSR Officer Energi Mega Persada Ltd.
2. Secondary Data, is support the primary data, in the form of reports, documents, records, and archives-research other support. It is based on the opinion of the Widi (2010:250) explaining that the secondary data is data that have been processed in the form of a written manuscript or document. Secondary data that can be used in this research is the report the implementation of CSR activities of Energi Mega Persada Malacca Strait Ltd., research documentation, documentation in the form of photographs of activities of the company, the parties and other information either from the internet or other media.

### **E. The Technique Of Data Collection**

The technique of data collection is the way used by the researchers

to collect data. In this study, researchers used some of the techniques of data collection as follows:

1. Observation (Observation)

Observation or observation is one form of primary data collection. Observation is a very rewarding way, systematic and selective in observing and listening to the interaction or phenomena that occur. In this study researchers obtain data by doing a direct observation of the object of research. Observations made at the offices of the Bakrie Tower, Rasuna Said, South Jakarta.

2. The interview

Interview methods are often used to obtain information from the person or society. In the course of his life one can obtain information through various forms of interaction with other people. Data collection through this technique is done by means of interview (interview) and the facts directly with data sources and informants can support penilitan needed. Researchers obtained data by conducting interviews with employees CSR of Energi Mega Persada Malacca Strait Ltd., namely with Mr. Ade, Mr. Arip, Mr. Hafied, and Mrs. Indah.

3. Documentation

The documentation is the technique of data collection undertaken by researchers with a means of noting and utilizing existing data

on establishments with regard to research in the form of documents or records which relate to the topic of the issue. Researchers doing documentation by taking photos of the CSR program activities of Energi Mega Persada Malacca Strait Ltd.

#### **F. The Research Instrument**

Research instrument is a device used to obtain or gather data in order to solve problems and achieve the research objectives. According to Sugiyono (2011:222) mention that qualitative research instrument is a person or a human instrument, i.e. the researchers themselves. Qualitative researchers as a human instrument, the function sets the focus of the research, selecting informants as a data source, perform data gathering, assessing data quality, data analysis, interpret the data and make conclusions of all. To be able to be instruments, researchers have to prepare extensive insight and theory so capable of questioning, analyzing, photographing and reconstruct the social situation which examined become more clear and meaningful. As for the instruments used in this research are:

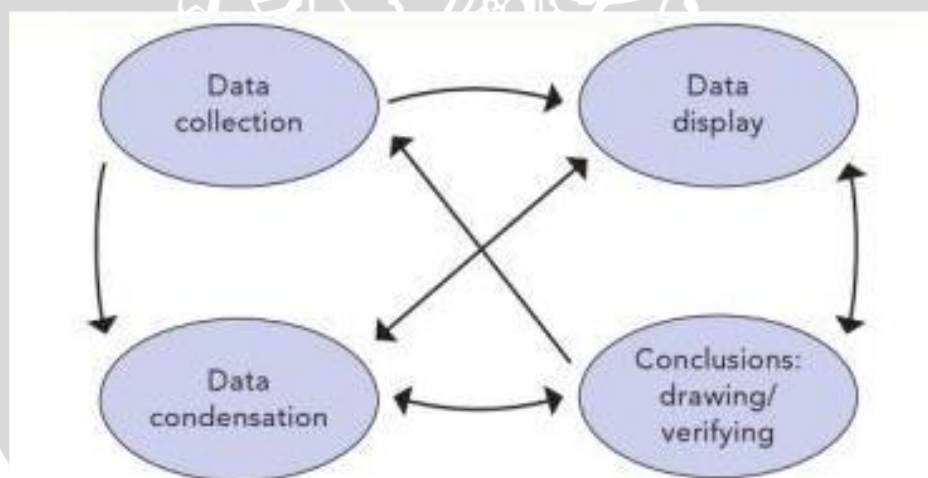
1. Researchers themselves, i.e. using the five senses to see, observe and feel the existing events on the ground are mainly related to the focus of the research. Directly down to the field to collect data from what was examined.



2. Interview Guidelines, a list of questions to be posed to obtain data to the completeness of the study.
3. Field note, is used to record what's being heard, seen and well thought out in order to data collection in the field.

### G. Data Analysis

The analysis of the data used in this study is a qualitative analysis. According to Miles, Hubberman and Saldana (2014:31) in qualitative data analysis there are three strands of activities that occur simultaneously. Activity in data analysis: Data Condensation, Data Display, and Conclusion Drawing/Verifications.



**Picture 3.0.1. Data Analysis Interactive Model**  
*(Source: Miles, Hubberman and Saldana, 2014:14)*

Step analysis of this research consists of three strands of activities that occur simultaneously, i.e.: the condensation of the data, the presentation of the data and the withdrawal of kesimpulan/verifikasi, can be explained as follows:

1. The condensation of the Data

Condensation is the selection of data, focus, simplify it, make it abstract, and or change the data that appears in the written record in field, interview guidelines, documents and other empirical material. With condensation making the data more robust, if compared to the reduction of the data always weaken or lose something in the process. Condensation of data occurs on an ongoing basis the qualitative-oriented. In fact, before the data dug done anticipation and conceptual framework against condensation, the research question, as the collection of data can be relevan/closer. Condensation/data transformation process continues after the activity field, to finish writing the final report, which is part of the analysis. Condensation is a form of data analyses that focus, sharpen, discard and organize data in such a way so that the conclusions can be pulled and verified. Data condensation, not necessarily a quantification, but qualitative data that can be modified in various ways: through selection, summaries and so on.

## 2. Presentation of data

Presentation of data that has been condensed, it is the second major flow analysis is activities view. Display data that is good and right as the process leading to qualitative analysis.

The data that have been described in this study include various types of tables, a narrative summary, picture, which has been organize on a regular basis so that it becomes a collection of information that is meaningful and well composed that provide tethering conclusions and taking action. Again, as with data reduction, the creation and use of the presentation of the data is not separate from the analysis. That part of the analysis. Design the rows and columns of a matrix for qualitative data and decide on the type and form of data that should be entered into the boxes of the matrix is an activity analysis.

## 3. The withdrawal of the conclusion (conclusion drawing)

The third important analysis activity is to draw conclusions and verification. From the beginning of the data collection, an analyst kualitatif began searching for the meaning of objects, mencatata regularity of the explanation, the possible configurations, the flow of cause and effect, and the proposition. Conclusion-the conclusion “final” may not appear until the data collection ends, depending on the magnitude of the field note



groups, storage and re-search method used, the skills of researchers, and the claims of the funder.



## CHAPTER IV

### FINDINGS AND DISCUSSION

#### A. The General Description of the Research Location

##### 1. The General Description of the Institution/the Organization

Energi Mega Persada Malacca Strait Ltd. is the head company of the independent oil and gas which has the headquarter in Bakrie Tower, 22-32 floor, Rasuna Said Epicentrum, South Jakarta, Indonesia. The company has the operation areas including: the Islands of Indonesia in North Sumatra, East Kalimantan, Java, and East Indonesia. The company has the commitment to run the business with ethical, social, and responsible to the environment. The stock of Energi Mega Persada Malacca Strait Ltd. is recorded in the Stock Exchange of Indonesia with the ENRG as the stock code.

The company is divided into several subsidiaries in managing the operation areas, namely KKS Gebang JOB, Tonga, Korinci Baru, Bentu, Malacca Strait, Gelam, ONJW, Kangean, GMB Sangatta II, Sembereah, GMB Tabulato and Masetta. And the research location used by the researcher is one of those subsidiaries from Energi Mega Persada Malacca Strait Ltd., which has the operation area in Riau Province, Sumatera.

The Vision and the Mission of Energi Mega Persada Malacca Strait Ltd.

The Vision

“To become the Exploration Company and the well-known Independent Oil and

Gas Producer in Asia. Applying the excellence on the health, the working and environment security, upholding the good company management, and contributing on the community development”.

#### The Mission

1. To become the company which has the low production cost on oil and natural gas.
2. To beware on the development stability and the exploration expense in deciding the long-term development, also in the case of sales.

#### 2. The Operation Area

The concession or the operation area which becomes the exploration area and the oil and natural gas producer of Energi Mega Persada Malacca Strait Ltd. has several point chosen by the government through the *SKK Migas* with area width of 1.870.625 km<sup>2</sup>. However, the researcher has chosen Energi Mega Persada Malaacca Strait Ltd., so the researcher is more focus on the company area in Riau province, Sumatera. The company operates the *working interest* the large-scale of oil and natural gas portfolio owning. The village or the area becomes the area which is side by side with the company, so the other villages or areas in Riau Province decide to divide the adjacent area with the company inti 3 (three) Rings, they are:

##### Ring 1

The society which is in the operation area has the direct effect from the company operation become the main priority of the CSR Energi Mega Persada



Malaacca Strait Ltd. program target.

### Ring 2

The society which is alongside the operation area has the indirect effect from the company operation becomes the second priority of CSR Energi Mega Persada Malaacca Strait Ltd. program, the area level in the Ring 2 company operation area is in the range of the district area.

### Ring 3

The society which is in the province area also the general society nationally has not become the priority target for the CSR of Energi Mega Persada Malaacca Strait Ltd. program, except certain condition and policy.

The adjacent area with the company is the operation areas included in the Ring 1 area and getting the priority of the CSR of Energi Mega Persada Malaacca Strait Ltd. program, namely:

1. Teluk Belitung Village, Merbau Sub-District, Meranti Island District, Riau Province
2. Bagan Melibur Village, Merbau Sub-District, Meranti Island District, Riau Province
3. Lukit Village, Merbau Sub-District, Meranti Island District, Riau Province
4. Mayangsari Village, Merbau Sub-District, Meranti Island District, Riau Province
5. Tanjung Kulim Village, Merbau Sub-District, Meranti Island District, Riau Province
6. Mengkikip Village, West Tebing Tinggi Barat Sub-District, Meranti Island

District, Riau Province

7. Tanjung Village, West Tebing Tinggi Barat Sub-District, Meranti Island

District, Riau Province

8. Tanjung Darul Takjim Village, West Tebing Tinggi Barat Sub-District, Meranti Island District, Riau Province

9. Tanjung Peranap Village, West Tebing Tinggi Barat Sub-District, Meranti Island District, Riau Province

10. Mengkapan Village, Apit River Sub-District, Siak District, Riau Province

11. Bunsur Village, Apit River Sub-District, Siak District, Riau Province

12. Lalang Village, Apit River Sub-District, Siak District, Riau Province

13. Kayu Ara Village, Apit River Sub-District, Siak District, Riau Province

14. Kayu Ara Permai Village, Apit River Sub-District, Siak District, Riau Province

15. Tanjung Kuras Village, Apit River Sub-District, Siak District, Riau Province





# Properti Minyak dan Gas Bumi Oil and Gas Properties



**Picture 4.0.1. The Location Of The Business Unit Energi Mega Persada Ltd.**

(source: laporan tahunan PT Energi Mega Persada,2012)



**Picture 4.0.2. Working Area Of Energi Mega Persada Malacca Strait Ltd.**

(source: laporan tahunan PT Energi Mega Persada Malacca Strait,2012)



### 3. The Development of the Institution/the Organization

The existence and the development of Energi Mega Persada Malacca Strait Ltd. can be traced through the important moments from the following table:

**Table 4.0.1. The Development of Energi Mega Persada Malacca Strait Ltd.**

<i>Perkembangan</i>	<i>Riwayat Singkat Perseroan</i>
<i>Oktober 2001</i>	<i>PT Energi Mega Persada didirikan dan dikenal sebagai perusahaan produsen, pengembang, dan eksplorasi dalam sektor hulu minyak dan gas bumi.</i>
<i>Februari 2003</i>	<i>Mengakuisisi RHI Corporation (RHI), pemilik Kondur Petroleum S.A. (Kondur), operator Kontrak Kerjasama (KKS) Malacca Strait, dan menguasai 34,46% working interest atas Malacca Strait.</i>
<i>Februari 2004</i>	<i>Mengakuisisi PT Imbang Tata Alam (ITA) yang menguasai 26,03% working interest di KKS Malacca Strait. Kondur dan ITA bersama-sama memiliki 60,49% working interest di KKS Malacca Strait.</i>
<i>Maret 2004</i>	<i>Mengakuisisi Kalila Energi Ltd. (KEL) dan Pan Asia Enterprise Ltd. (PAN) menjadi pemilik langsung 100% Lapindo Brantas Inc. (Lapindo). Lapindo memiliki 50% working interest dan merupakan operator KKS Brantas.</i>
<i>Juni 2004</i>	<i>Tercatat di Bursa Efek Jakarta dengan kode saham</i>

	ENRG.
Agustus 2004	Mengakuisisi Energi Mega Pratama Inc. sehingga memiliki 100% working interest KKS Kangean melalui EMP Exploration (Kangean) Limited dan EMP Kangean Ltd. EMP Kangean Ltd. adalah operator KKS Kangean.
Januari 2006	Pelaksanaan Penawaran Umum Terbatas I menghasilkan dana sebesar Rp 3,78 triliun untuk pembelian aset PT Tunas Harapan (THP) termasuk Rp 832 miliar untuk memenuhi persyaratan modal kerja.
Januari 2006	Mengakuisisi THP dengan total sebesar US\$308.6 juta, memiliki 5 Kontraktor Kerja Sama terpisah melalui 5 perusahaan. Total cadangan minyak dan gas 2P pada saat ini adalah 88 mmboe.
Mei 2007	Menyelesaikan transaksi dengan Mitsubishi Corporation (Mitsubishi) dan Japan Petroleum Exploration Co. Ltd. (JAPEX) untuk menjadikan mereka mitra strategis melalui pembelian saham anak perusahaan Perseroan, Energi Mega Pratama Inc. sebagai hasil transaksi ini adalah Mitsubishi dan JAPEX memiliki total 50% working interest tidak langsung di KKS

	<i>Kangean dan Perseroan menerima US\$360 juta dari hasil transaksi.</i>
<i>Juli 2007</i>	<i>Melakukan dekonsolidasi Lapindo Brantas Inc, Kalila Energy Ltd. (KEL), dan Pan Asia Enterprise (PAN) dari laporan keuangan konsolidasi sesuai dengan Standar Akuntansi Indonesia.</i>
<i>Maret 2008</i>	<i>Melakukan konversi pinjaman dari Minarak Labuan Co. (L) Ltd's (MLC) kepada Kalila Energy Ltd. KEL dan PAN menjadi saham KEL dan PAN. KEL dan PAN adalah pemilik Lapindo. Dengan demikian kepemilikan Perseroan di KEL dan PAN terdiluasi menjadi masing-masing 0,0117783% dan 0,0009999%.</i>
<i>April 2008</i>	<i>Mengakuisisi KKS Tonga senilai US\$11,8 juta. KKS Tonga diperkirakan memiliki cadangan hingga 90 juta barrel ekuivalen minyak. Blok yang berlokasi di Sumatera Utara telah menghasilkan 850 barrel minyak per hari dari 1 sumur di Tonga.</i>
<i>Mei 2009</i>	<i>Perseroan memperoleh 2 KKS Gas Methana Batubara (GMB) di kalimantan (Sangatta II dan Tabulako) dengan perkiraan sumber daya</i>



	<i>gabungan sebesar 1,5 triliun kaki kubik gas.</i>
<i>November 2009</i>	<i>Perseroan menandatangani perjanjian dari INPEX Masela Ltd (INPEX) untuk mengakuisisi 10% working interest di KKS Masela yang berlokasi di Laut Arafura. KKS Masela telah memperoleh sertifikat atas cadangan gas 2P sebesar lebih dari 18 triliun kaki kubik.</i>
<i>Februari 2009</i>	<i>Perseroan berhasil melaksanakan Penawaran Umum Terbatas II yang menghasilkan Rp 4,84 triliun (sekitar US\$519 juta). Perolehan ini digunakan untuk membayar sebagian besar pinjaman (US\$250 juta) dan untuk mengamankan akuisisi 10% kepemilikan KKS Masela dari INPEX. Setelah pembayaran pinjaman, rasio utang terhadap modal dalam laporan keuangan Perseroan membaik 3,2 kali (2009) menjadi 0,6 kali (2010).</i>
<i>November 2010</i>	<i>Perseroan menyelesaikan transaksi akuisisi 10% KKS Masela dari INPEX. Dengan transaksi ini, maka cadangan 2P bersih Perseroan meningkat sebanyak 138% menjadi 531 juta barrel ekuivalen</i>

	<i>minyak.</i>
<i>Desember 2011</i>	<i>Mengakuisisi 18,73% porsi efektif pada KKS ONWJ (Offshore North West Java) senilai US\$2,4 /barrel yang meningkatkan cadangan 2P Perusahaan sebesar 10% dan meningkatkan produksi bersih Perusahaan sebesar 72%.</i>
<i>April 2013</i>	<i>Mengakuisisi 41% tambahan kepemilikan di blok KKS Tonga dari PT Capital Petroline sebesar USD41,7 juta, sehingga kepemilikan perseroan di KKS Tonga meningkat menjadi 94,3%.</i>
<i>Mei 2013</i>	<i>Perseroan melepas 10% kepemilikan di KKS Masela. Dengan transaksi ini, cadangan 2P bersih Perseroan menurun, namun dana hasil penjualan digunakan untuk pelunasan pinjaman dan memperkuat neraca keuangan.</i>
<i>Oktober 2013</i>	<i>Mengakuisisi 75% kepemilikan Blok Buzi EPCC di Mozambik, Afrika yang memiliki cadangan terbukti dan terukur sebesar 283 miliar kaki kubik gas dan sumber daya prospektif sebesar 13,4 triliun kaki kubik gas.</i>

<i>Agustus 2014</i>	<i>Energi Mega Persada (EMP) meluncurkan new brand identity atau logo baru dengan brandline Empowering People.</i>
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*(source: Laporan Tahunan PT Energi Mega Persada Malacca Strait, 2014)*

After tracing the development of Energi Mega Persada Malacca Strait Ltd. above, the writer will describe some awards obtained by the company. The followings are the awards list table of Energi Mega Persada Malacca Strait Ltd.:

**Table 4.2. The Awards of Energi Mega Persada Malacca Strait Ltd.**

<i><b>Tanggal</b></i>	<i><b>Penghargaan</b></i>
<i>23 Februari 2009</i>	<i>EMP Malacca Strait mendapatkan penghargaan Indonesian CSR Awards 08 Terbaik 2 di bidang Sosial dan Ekonomi dari Menteri Sosial Republik Indonesia.</i>
<i>15 Agustus 2009</i>	<i>a. Bapak Dahrul Hidayat selaku Comunnication &amp; CSR Land Matters Manager serta LKM Mandiri Sejahtera EMP Malacca Strait mendapatkan penghargaan Gold Gelar Karya Pemberdayaan Masyarakat (GKPM) Award 2009 dari Menteri Koordinator Bidang Kesejahteraan Rakyat Republik Indonesia.</i>



	<p>b. <i>Kelompok Kerja Pangan Olahan Sagu Merbau (Pokja Pos Merbau) EMP Malacca Strait mendapatkan Silver GKPM Award 2009 dari Menteri Koordinator Bidang Kesejahteraan Rakyat Republik Indonesia.</i></p>
<p>22 Oktober 2009</p>	<p>a. <i>EMP Malacca Strait mendapatkan penghargaan Gold KSN Awards 09 kategori Bidang Ekonomi/Kemitraan Program Kelompok Usaha Bersama/Aneka Usaha Kecil/Menengah dari Menteri Sosial Republik Indonesia.</i></p> <p>b. <i>EMP Malacca Strait mendapatkan penghargaan Silver KSN Awards 09 kategori CSR dan PKBR Pelaku Tingkat Manajemen dari Menteri Sosial Republik Indonesia.</i></p> <p>c. <i>EMP Malacca Strait mendapatkan penghargaan Platinum KSN Awards 09 kategori CSR dan PKBR Pelaku Tingkat Lapangan dari Menteri Sosial Republik Indonesia.</i></p>
<p>15 Desember 2011</p>	<p><i>EMP Malacca Strait mendapat 3 penghargaan Indonesia CSR Award dari Menteri Nasional RI:</i></p> <p>a. <i>Platinum bidang lingkungan</i></p> <p>b. <i>Platinum bidang ekonomi</i></p> <p>c. <i>Gold bidang sosial</i></p>

25 April 2012	<i>EMP Gelam, EMP Kalila Bentu-Korinci Baru (BKB), dan EMP Semberah meraih penghargaan Zero Accident dari Kementerian Tenaga Kerja dan Transmigrasi.</i>
22 Mei 2012	<i>EMP Malacca Strait meraih sertifikat ISO 14001:2004 (Sistem Manajemen Lingkungan) dan OHSAS 18001:2007 (Sistem Manajemen Keselamatan Kerja) yang dikeluarkan Lloyd's Register.</i>
5 Juni 2012	<i>EMP Semberah berhasil meraih peringkat Hijau Nasional dalam Program Penilaian Peringkat Kinerja Perusahaan (PROPER) dalam Pengelolaan Lingkungan Hidup.</i>
25 November 2014	<p><i>EMP Malacca Strait meraih peringkat Gold dalam Indonesian CSR Awards 2014 bidang pelibatan dan pengembangan masyarakat ekonomi pada sektor pertambangan dan energi "Rumah Karet" di Desa Mengkapan, Kayu Ara Permai, Desa Lukit, Kecamatan Sungai Apit dan Merbau Kabupaten Siak dan Kepulauan Meranti, Provinsi Riau</i></p> <p><i>EMP Malacca Strait meraih peringkat Gold dalam Indonesian CSR Awards 2014 bidang pelibatan dan pengembangan masyarakat ekonomi pada</i></p>

	<p>sektor pertambangan dan energi “Pengembangan Produk Pangan Olah Sagu” di Desa Bagan Melibur, Lukit, Kelurahan Teluk Belitung, Kecamatan Merbau, Kabupaten Kepulauan Meranti, Provinsi Riau</p>
	<p>EMP Malacca Strait meraih peringkat Silver dalam Indonesian CSR Awards 2014 bidang pelibatan dan dan pengembangan masyarakat ekonomi pada sektor pertambangan dan energi “Radio Komunitas” di Kelurahan Teluk Belitung, Kecamatan Merbau Kabupaten Kepulauan Meranti, Provinsi Riau</p>
	<p>EMP Malacca Strait meraih peringkat Silver dalam Indonesian CSR Awards 2014 bidang pelibatan dan dan pengembangan masyarakat ekonomi pada sektor pertambangan dan energi “Koperasi Jasa Keuangan Syariah Mandiri (KJKS) Sejahtera 01” di Desa Bagan Melibur, Lukit, Kelurahan Teluk Belitung, Kecamatan Merbau, Kabupaten Kepulauan Meranti, Provinsi Riau</p>
	<p>EMP Malacca Strait meraih peringkat Silver dalam Indonesian CSR Awards 2014 bidang pelibatan dan dan pengembangan masyarakat ekonomi pada</p>



	<p>sektor pertambangan dan energi “Program Peningkatan Kesehatan Masyarakat (Pemberian Makanan Tambahan, Kelas Ibu Hamil, Perilaku Hidup Sehat dan Bersih” di sebelas (11) desa, satu (1) kelurahan dan tiga (3) Kecamatan Kabupaten Kepulauan Meranti dan Siak, Provinsi Riau</p>
	<p>EMP Malacca Strait meraih peringkat Silver dalam Indonesian CSR Awards 2014 bidang pelibatan dan pengembangan masyarakat ekonomi pada sektor pertambangan dan energi “Gas untuk Pembangkit Listrik Tenaga Minigas Melibur” di Desa Bagan Melibur, Lukit, Kelurahan Teluk Belitung, Kecamatan Merbau dan Tasik Putri Puyu, Kabupaten Kepulauan Meranti, Provinsi Riau</p>
<p>10 Agustus 2015</p>	<p>Koperasi Jasa Keuangan Syariah Mandiri (KJKS) Sejahtera 02 di Desa Sungai Kayu Ara Kecamatan Sungai Apit, Kabupaten Siak meraih peringkat ketiga dalam koperasi berprestasi tingkat Provinsi Riau</p>

(Source: prepared by researchers)

## **B. The Research Focus Data Presentation**

### **1. The CSR Program Implementation of Energi Mega Persada Malacca**

#### **Strait Ltd. Based on the Community Development**

The Corporate Social Responsibility (CSR) program implementation is basically the required activity performed by a company. The CSR implementation is the form of the Good Corporate Governance (GCG) to the society in order to give the beneficial of the company existence in the surrounding society. One of the CSR forms is through the partnership program with the society. This program is generally embodied on the Community Development (Comdev) to help in raising the society welfare in certain long-term period. Through this program, it is expected that the society will receive any benefits from the existence of the company and become indepent without the company which is operated in the same area. The importance of the CSR implementation through the Community Development also becomes the concerning to one of the companies in South Jakarta, Energi Mega Persada Malacca Strait Ltd. The company is located on Rasuna said, South Jakarta which holds the exploration operation and the oil and natural producer in Riau Province area, Sumatera.

### **a) The Direct Involvement**

Energi Mega Persada Malacca Strait Ltd. has performed the Corporate Social Responsibility (CSR) program since 2003. Because of the strong commitment of the company to become the well-known company on oil and natural gas sector, the company records its vision on its philosophy about the company social responsibility. The mentioned social responsibility is the morality responsibility in the form of the ethical commitment or the moral commitment which is adhered on the organization as the effect of the decision and the activity done in order to do the ethical action together realizing the sustainable development concept, the health, and the society welfare, as defined in the ISO 26000 of Guidance on Social Responsibility. In the beginning of the CSR program in the company, it has no any structured methodology, because the previous background is to become one of the company social permission forms to the local society in the operation area. In order for the company to operate the exploration operation of the oil and natural gas production effectively and efficiently is by obtaining the permission from the local society in the operation area, it means that the society is not disturbed or harmed by the existence of the company, from the view of the social economy and the environment. However, as time goes by, the CSR program of the company has developed through several stages which finally has the structured methodology, the concentration and the purpose. As the company operating in over all of the areas in Indonesia, therefore the company wants its existence in the operational area can give any positive effects to the surrounding society. And indeed, by directly involving the society role in the programs. The company



performs the CSR program directly by holding the social activity by itself or by giving the donation to the society without any mediator. Through the program, the society is able to improve the welfare with the society empowerment. The society empowerment or the *Community Development* (Comdev) is the operation support program approach done by the company in implementing the social and the environmental responsibility from the company to the local society in the operational area.

In achieving the CSR program based on the Comdev is certainly through several stages. The beginning stage was the Comdev Audit which has done in 2004 by *LPEM UI*, in this stage, the obtained evaluation result was the CSR program implementation in Energi Mega Persada Malacca Strait Ltd. without passing any process. Then, in 2005, the Ethnography Study had been re-studied by *INRR IPB*, through this study, the obtained result was the local society having the relation with the company which had the negative perception and a high dependency. Therefore, the complexicity caused by the interaction between the company and the others sides with different business in using the local society resources was happened. Then, in 2006, the next stage had been done, it was the Social Mapping with the methodology of Participatory Rapid Community Apraisal (PARCA), from the result of this stage, the company acknowledged the matters that the local society was wanted and expected, they were; to increase the economy income, to increase the education quality, the health, to increase the infrastructure and the public service, to improve the Human Resource through the capacity improvement and the local organization empowerment. From this stage, the company was one company of oil

and natural gas companies which became the pioneer of Social Mapping, because the company wanted to be welcomed by the surrounding society. Until the third stage, the company found the framework way in order for the company to perform the economy program by optimizing the Natural Resources and the Human Resources.

Afterwards, the company makes the internal company Focus Group Discussion (FGD) to re-strengthen the beginning background of the CSR program in its company by obtaining the social permission from the local society for the smooth operation, so in this internal discussion, the company tries to find the way on how the economy program of the company from the previous framework can run without disturbing the company operation. Certainly, by obtaining the opinions from several stakeholders of the company. After doing the internal FGD, the company does the external FGD by involving the local society into it. The discussion which has been done is specifically to find out the existed the local economy potential, through the local economy potential mapping and the business environment common condition. In this discussion, the company also holds the program theme vote, it is the local potential based on the development for the company to be more focus on the CSR program. Then the company and the local society discuss about the strategy development and the collaborative action agenda, after the program is made, it is the time for the company and the society make the collaborative institution to help starting the action agenda.

The CSR Vision of Energi Mega Persada Malacca Strait Ltd. is to become the advanced and the trusted function in realizing the excellent reputation of the oil



and natural gas industry. Along with the vision, the CSR program is expected able to create the good relation with the business sides especially the society alongside the operation area by doing the company obligation to contribute on the stability development. The company contribution which is to build and develop the programs supporting the stability development included the economy, the health, the education and the environment management aspects, by involving the worker concern, the surrounding community and the other society to improve the living quality equally between the business benefit and the development benefit. Through the society empowerment program performance, the company wants to contribute in realizing the competitiveness locally or nationally on every sectors, namely the Natural Resources, the environment, the health and also the education.

The company considers the existence in the operation location has to be the catalyzer which brings the continually benefit to the surrounding society. The company has committed to improve the surrounding society living quality through some series activities designed to increase the capacity and the working ability, and the human resource, to improve the health quality and to protect the environment preservation. Through these ways, the company becomes the catalyzer of the community development process in order to improve the social welfare around the company operational area. The process is done through the participation and the cooperation with the business sides in the operational area of every business unit.

In performing the CSR activity for the local society, the company must consider the aspects which become the local society needs in order to the program performance benefits can be felt, Energi Mega Persada Malacca Strait Ltd. realizes



it so well. The company has committed to run the business with ethical, social, and responsible to the environment. One of the visions of Energi Mega Persada Malacca Strait Ltd. related to the CSR program is contributing in the community development. Otherwise, the mission relating to the CSR program is to develop the company by maintaining the standard of the honesty, the integrity, and the community relation due to the oil and natural gas company brings the benefits to all stakeholders.

From the explanation above, it can be seen that the company has started the CSR programs since years before. The programs are launched every year and always adapted with the needs and the wants of the society in order to achieve the good relation, besides, the existence of the company can give any benefits for the society, not only when the company is operating in the same area but also when the company is not operating anymore. The CSR performance in several villages of Riau Province done by Energi Mega Persada Malacca Strait Ltd. is not only to abort the Regulations No. 40 of 2007 about The Limited Company, but Energi Mega Persada Malacca Strait Ltd. realizes on the importance of the good relation between the company side and the local society. As stated by Mr. Ade Abdurachman as the CSR coordinator of Energi Mega Persada Malacca Strait Ltd. in this following:

*“Karena pola yang digunakan adalah pola partisipatif sehingga sifatnya bukan top down, namun bottom up maka diadakan diskusi dengan masyarakat. Di dalam diskusi tersebut muncul lah banyak pendapat masyarakat lokal tentang potensi ekonomi lokal mereka, dan stakeholdermembantu meyakinkan mereka mana sebenarnya yang menjadi kekuatan sekaligus keunikan mereka. Karena metodologi yang dikembangkan adalah peningkatan daya saing ekonomi lokal agar mendapatkan kesejahteraan masyarakat.”* (The interviewed was conduct on 2 February 2016 at 15:01 in Bakrie Tower Office, South Jakarta)

Seeing Energi Mega Persada Malacca Strait Ltd. becoming serious to do the social responsibility to the local society, it is not overreacted to call the company, so far, which is located in Rasuna Said, South Jakarta, included the environment-concern company. Since the beginning of performing the CSR programs in the society, Energi Mega Persada Malacca Strait Ltd. has the routines activities which are done every year.

Simply, the understanding of Corporate Social Responsibility (CSR) can be meant as the company commitment to the stakeholders, it is for the company's employees or even the local society around the company. The CSR implementation is meant as the form of the social responsibility and also the company concern to the society. Many activities are often done by the company generally as the proof of its CSR. One of the CSR forms is the program done by the company and the local society. The program is generally realized on Comdev to help increasing the social welfare. Through the program, it is expected to give the huge benefit to the society and be felt not only for the company which does the operational activity but also for the company which does not do the operational activity in the same area anymore. Later, it will help to improve the society independence level in order not to depend on the company helps.

In this case, Energi Mega Persada Malacca Strait Ltd. does not only hold the activities such as donation or any physically helps, but also more important help such as the local economic potential development which is bound with the local society. Therefore, as the company CSR program strategy which is produced from various stages explained before. The previous research study was the unplanned



CSR program of the company, so it did not have any clear purpose or methodology.

It is explained by Mr. Arip Hidayatullah CSR officer of Energi Mega Persada Malacca Strait Ltd. in the following:

*“Jadi zaman dulu program kita itu belum begitu jelas, nah tapi sebenarnya itu muncul pertanyaan “Uang yang sudah dikeluarkan jumlah nya besar, tapi masyarakat kok demo terus? Dan menuntut terus? Apa yang sudah diberikan perusahaan?” dari pertanyaan itu lah perusahaan akhirnya mencari jalan keluar melalui studi etnografi dan tahapan lainnya untuk mencari strategi program yang lebih jelas dan fokus. Sehingga program yang sekarang lebih terencana.”* (The interview was conducted on 15 February 2016 at 15:15 in Bakrie Tower office, South Jakarta)

The concept of CSR program based on Comdev in Energi Mega Persada Malacca Strait Ltd. itself is the social capital and the society development. Because the CSR basic strategy is the continuity development based on the social, economy and environment development. On the other words, it is to build the welfare together (social economy), not only for the current generation, but also for the next generation. One of the requirements to achieve the purposes above is by the company constructive relation of the CSR program executor and the *stakeholders*. The CSR program which is oriented on the social capital sees that the activity core is to rear the trust between the stakeholders, the initiative, the responsibility, and the society commitment also the will or the ability to adapt with the change. The form of the visible social capital relation is the growing trust in the form of the real cooperation. So, the CSR program development must be started from developing the cooperation. The social economy development (education, health, infrastructure and the society income) is the media to equalize the cooperation in order to develop the social capital.



So that, before the company determines the excellent program and implements the CSR program based on the Comdev, there are some stages which have to be passed together with the society and the government due to the right-on-target program, namely:

1. The social mapping which is done with the method of the Participatory Rapid Community Appraisal (PARCA)
2. Community Action Plan (CAP) by using the method of the Focus Group Discussion (FGD)

#### 1.1. FGD's Stages

- Internal FGD, it is the FGD which is done inside the internal company involving the management and the company employees.
- External FGD, it is the FGD which is done by the representative from the company along with society, the public figure, the local government, and the local institutions of Ring 1.

#### 1.2. The Overall CAP Stages

- The mapping of the local economy potential and the general condition of the business neighborhood
- The theme choosing based on the local development
- The development of the collaborative action strategy and the performance agenda
- The making of the collaborative institution with the collaborative adjacent
- The making of the collaboration institution with the collaborative

adjacent

### 1.3.The Result of the CAP

- Determining the main local product as the excellent program
- The development of the capital institution through the development or the establishment.
- The formation of KOPJA (Working Group) as the integrated and collaborative forum as the society development program sentinel.

3. The Collaborative Action Implementation, which is done together with the related sides, monitored and evaluated together with the society.

These programs are held in the adjacent areas which has been explained before. The company adjacent area is the operational areas including the Ring 1 area which has the priority of the CSR program implementation based on the Comdev of Energi Mega Persada Malacca Strait Ltd. in the Ring 1 area, there is the local society lied in the operational area and stricken by the direct effect of the company operation, so this area is created to be the priority of the main-target program. The budget prepared by the company itself, the amount of the budget realization spent by the company in 2011 was Rp. 3.410.646.200, in 2012 was Rp. 2.173.853.856, then in 2013 was Rp. 416.340.572 and in 2014 was Rp. 1.811.754.545

The role of the CSR program based on the Comdev of Energi Mega Persada Malacca Strait Ltd. has three roles, namely the first is as the initiator, starting the initiative to trigger the next initiative from the society, then the second is as the

facilitator, to facilitate the collaboration institution empowerment and to facilitate the resource mobilization to support the society initiative, and the third is as the simulator, to encourage the society initiative. So the company position is as one of the local development stakeholders, so the social economy development must be done with collaborative and thematic based on the local resources.

#### **b) Through the Foundation or the Company Social Organization**

In implementing the CSR program, Energi Mega Persada Malacca Strait Ltd. builds the foundation under the company management. Besides, by forming the program with the development theme based on the local potential, the CSR program based on the Comdev of also helps the society by establishing the Capital Financial Institution, with the background of the capital circulation needed by the society to run or pay their small businesses. Starting with the economy program implementation and institution, the CSR program of Energi Mega Persada Malacca Strait Ltd. performs the Social Mapping with the PARCA method on April 2007, it also establishes the capital institution in the form of Micro Financial Institution by the society initiative in four villages, in Sei Apit Sub-District, Siak District. The company along with the consultant from *PINBUK (Pusat Inkubasi Usaha Kecil)* establish the institution from the socialization to the society and next, the recruitment of the institution administrator, all from the local society. The founder is chosen from the wealth people, the public figures and the religious figures, the businessmen in the village then the company invites to build this capital institution and then divided into the administrator, then choosing the manager. The forming of



this capital institution becomes the hope of the society, because it does not have the institution which can fulfill the capital for the micro businesses. The stiffness to get the capital access from the conventional Banks and also the faraway distance, makes the local society puts a lot of hopes to the institution which is operated using the Syari'ah system. The office amenities giving and the training facilities for the manager and the administrator in West Sumatra also the institution consultant from the company, becomes the asset to the institution to be operated. The capital which the institution has is the money circulation, by giving the stock in the form of *SIMPOKSUS* (*Simpanan Pinjaman Khusus*). Because the second law of the institution is the cooperation, so it is formed like cooperation, inside the cooperation there is *KJKS* (*Koperasi Jasa Keuangan Syariah*), it becomes the basic of the capital institution. Therefore, before the institution is legalized by the Cooperation Institution of Indonesia, all the facilities requirements are carried by the company as if the capital loan in the form of fresh money, or in the form of savings and loan. Then, it develops after the company gives the guidance to these two institutions, then it is formed as *KJKS Mandiri Sejahtera 01* in Merbau Sub-District, Meranti Island District and *KJKS Mandiri Sejahtera 02* in Apit River Sub-District, Siak District which becomes the starting market of the family economy development.

It is also explained by Mr. Hafied, the CSR officer in Energi Mega Persada Malacca Strait Ltd. in the following:

*“Pada 2007 kita kesana tidak ada Bank saat itu, terdapat koperasi namun sudah tidak aktif. Kemudian kita membangun kerjasama dengan PINBUK (Pusat Inkubasi Usaha Kecil) mereka adalah spesialis dalam pembentukan dan penumbuhkembangan lembaga keuangan mikro, dan karena sebagian besar masyarakat disana beragama muslim maka kita*

*menggunakan pendekatan mikro syariah. Dari PINBUK ini kita dapat membangun 2 LKM, yaitu KJKS Mandiri Sejahtera 01 di Kecamatan Merbau dan 02 di Kecamatan Sungai Apit dibentuk melalui sosialisasi perekrutan pendiri, pengurus dan pengelola, kemudian perusahaan memberikan beberapa pelatihan pendampingan.”* (The interview was conducted on 15 February 2016 at 16:15 in Bakrie Tower Office, South Jakarta)



**Picture 4.0.3. Meeting The Establishment Of Institutions**  
(source: Corporate Social Responsibility Project Report EMP  
Malacca Strait)

Both of the institutions are developed altogether, but *KJKS Mandiri Sejahtera 01* is far well-developed after obtaining the special financing from the Riau Bank, it is the program utilization from the Bank with the soft loan which is successfully used by *KJKS Mandiri Sejahtera 01* as the savings and loan capital as their movement. Beside receiving the help or the soft loan from Bank of Riau, the institution also receives the help from Bank of Indonesia People and the local cooperation. Then, until the late 2015, they received the gross profit of Rp. 1,8



Billion and in *KJKS Mandiri Sejahtera 02* for Rp. 1,2 M, as the assets which they are successfully received. In 2010, *KJKS Mandiri Sejahtera 01* has achieve the reward, it was the best cooperation in Meranti Island District, while *KJKS Mandiri Sejahtera 02* received the award as one of the twelve best cooperations in Riau Province in 2015. the starting capital of *KJKS Mandiri Sejahtera 01* was Rp. 90 Million, while *KJKS Mandiri Sejahtera 02* was about Rp. 80 Million, these capitals are from the society capital and the company capital.

As the institution which is made by the society itself, the *LKM KJKS Mandiri Sejahtera 02* has the program and the product which has to be the distinguisher from the other financial institutions in the local society. The excellent programs and products of the *LKM* are:

1.) *Pokusma Program (Kelompok Usaha Mandiri)*

The program of the Poor People Empowerment with the Syariah method which is called as *POKUSMA (Muamalah Business Group)*. The program includes the special families which have the poor category to increase their family income in groups. The program which is only joined by the mothers becomes the program having the role to improve the institution existence and to give the benefits to the *POKUSMA* members. The mothers' groups meet once a week, in 2014, they were 105 members which are outspread in five villages in Apit River Sub-District.

2.) *Produk Tadika (Tabungan Pendidikan Anak)*

The product which targets the children and the parents becomes the excellent choice from Elementary School until Senior High School in five villages in Sei Apit Sub-District. Aside from saving the graduation money or the entering



school money, the students who save their saving in *Tadika* are also given the profit sharing from the circulation savings every year. The saving product is proved interested for all grades of school because almost all the schools in five villages in Sei Apit Sub-District join the *Tadika* savings program. The last progress is the *tadika* consumers are 723 students in nine Elementary Schools in Sei apit Sub-District with the total amount of savings Rp. 269.848.500. The amount proves the huge interest and the attention to this product.

As the only institution built by the local society, *LKM KJKS Mandiri Sejahtera 01 and 02* has the active roles as the institution which give a lot of solutions for the small-middle businesses growing well in Apit River Sub-District. Although, it is seen slow and the relative small capital help, but it is proven that the capital help given always be appropriate and continually.

From the effects given by the *LKM* to the society, there are some awards given by the government such as, the Third Best Cooperation in Siak District and the Best Cooperation because doing the *RAT* on time in 2013 and 2014. It proves that the effects from the institution in Siak District are getting bigger and counted as the institution which has the benefits for the society.

Eventhough it has good progress, the Financial Institution does not run smoothly in running its business, there are some problems which are similar to the society has not been familiar to the profit sharing with the syari'ah system, unto the high enough traffic of the beginning operational, it makes *LKM* in problems for awhile. However, there is always the consultants from the company, the administrator and the manager can hold and run the business well. The traffic level

can be lessen with the socialization intenticity to the society along with the company and the Administrator and the Manager Capacity Improvement which is always done by the company, making this institution ready to keep competing in its area.

It has been six years for the institution to get the profit, eventhough it is relatively small, to the founder, the consumers and the business partners who use the institution existence. By the profit improvement which has been produced, it is then shared through the profit sharing every year, the Money Financial Institution slowly shows the positive development and gets the trust from the society.

Energi Mega Persada Malacca Strait Ltd. has been succesful to make this financial institution becomes the institution merged with the society and certainly has been owned by each Sub-District, so it does not belong to the company anymore. Therefore, the society in both Sub-Districts calls the LKM as Bank.

#### **c) Partnered with the Other Sides**

In performing the CSR program of Energi Mega Persada Malacca Strait Ltd. interweaves the cooperation with the government, with the local government of Riau Province, not only in managing the fund but also in holding the social activity. Therefore, the applied CSR program by the company is the collaboration program among the government, the company, and the society.

It is proven with the statement from Mr. Ade Abdurachman as the CSR coordinator of Energi Mega Persada Malacca Strait Ltd. as following:

*“Pada tahun 2007 program CSR di perusahaan ini mulai fokus untuk meningkatkan ekonomi masyarakat lokal dengan mengoptimalkan sumber daya alam dan sumber daya manusia. Dan melaksanakannya melalui sebuah kolaborasi atau kerja sama antara perusahaan, pemerintah dan masyarakat tentunya. Karena sebenarnya menyejahterakan masyarakat adalah bukan fungsi utama perusahaan, namun disini perusahaan*



*berusaha memberikan kontribusi yang terbaik. Sehingga ini lah yang menjadi ciri khas program CSR perusahaan kita.”* (The interview was conducted on 2 February 2016 at 15:01 in Bakrie Tower Office, South Jakarta)

Therefore, the role of the local society in the CSR program based on Comdev of in Energi Mega Persada Malacca Strait Ltd. is not only as the targeted programs. However, the society is involved from the planning, the implementing until the evaluation. The government is nvolved as well.

#### **d) Supporting or Joining the Consortium**

In the implementation of CSR program based on Comdev, Energi Mega Persada Malacca Strait Ltd. certainly establishes and supports the social institution for the certain social purpose. So, the company establishes the Financial Institution as the trusted institution by the company to interweave the operational instituion cooperation partner and becomes the financial institution for the local society and then develops the program agreed alltogether. Earlier, the company establishes the *LKM* along with the *PINBUK* and also with the agreed program, they have a huge theme, it is the resource development.

Energi Mega Persada Malacca Strait Ltd. is the oil company which has created an enormous dependency on the local economy activity. In the long term, it will be problems, because as the company based on the natural resources, the company existence will end if the natural resources runs out. Therefore, it has been realized that it needs to get rid of the dependency of the society economy and the local economy generally on the non-renewable natural resources. Realizing the problem, Energi Mega Persada Malacca Strait Ltd. has made a change of the basic



pattern with the Comdev approach which is oriented on the society development, including the economy development through the natural resources and the human resources optimization, with the collaborative approach with the stakeholders in the area with the society community. This new approach is more oriented in developing the social capital to improve the society productivity through the cooperation and the local economy development facilities. This approach is expected will create the trust, the social network, and the cooperation with the society (to create the beneficial relation between the company and the local stakeholders) with the social capital improvement to open the opportunity of the broad resources mobilization for the society welfare improvement (the improvement of economy, the society acces to the education and health service). One of the big steps is the implementation of *PARCA* (Participatory Rapid Community Appraisal) in 2006. Through *PARCA*, the company does the participative assessment of the community aspiration to the local society development, the activity is also used to equalize the perceptions about the key stakeholders society development, so each sides can understand on how the society developpment is the alltogether responsibility. The result of *PARCA* is the outline of the arranged working program by the society based on the needs, also the working plan from, by, and for the society itself, it needs to be sharpened and implemented in the more detailed working program. Especially on the local economy development, the result of *PARCA* needs a big support in the form of the cooperation with various sides. From the background above, the comprehensive action plan, especially on the economy development based on the local society through an activity named *PRA LEAd Action* in 2007. *PRA LEAd*

*Action* (Participatory Appraisal for Local Economic Advancement Action) is the quick judging method participatively to plan the action of the local economy empowerment. The output of the activity is the action planning matrix which has the category: market-driven, it is focused on the effort to meet the supply and the demand; inclusive, which is including all the business related to the value chain also the support institution; collaborative, it emphasizes on the collaborative solution of the issues from all of the stakeholders (the government, the big private, the Final Institution subject and other inovation resource institutions); strategic, which helps the stakeholders to create the joint strategic vision about the economy; also the value-creating, which soughts the creation or the increasing of the added value from the economy subjects. Through the *PRA LEAd Action* activity, it is formed the working group to start those action agenda. The working group is positioned as the collaborative institution. The working agenda is not only as the activity planning of the society economy development, but also as the media to build the trust between the stakeholders (with the company as one of the key stakeholders), the cooperation, the social network in the society.

As for, the PRA LEAd Action activiyy is done for the local economy development in the operational area of Energi Mega Persada Malacca Strait Ltd. with industrial cluster platform, as the tool in building the social capital. The purpose is to improve the social capital in the society (the trust, the network and the cooperation); the improvement of the society welfare through the increasing of the local small business unit competitiveness; and the improvement of the relation quality between the company and the society. Therefore, it is expected there is the startegy with the



strategic vision with the characteristic of market-driven, inclusive, collaborative, also value-creating which optimize the creation or the increasing of the economy subject added value; there is the detail working agenda document as the action plan of the local economy empowerment supported by the key stakeholders, in the form of the working plan matrix; the making of the collaborative institution (working team) consisted of the key stakeholders to escort the action plan implementation of the local economy empowerment; the implementation of the action agenda to develop the local economy through the business environment restoration as the competitiveness determinant on the priority specific business chain; and there is the synergy between the local economy development program and the other society development program.

In the same year, the government of Riau, the NGO, the local society, the business subjects have done the FGD activity for three days in Furaya Hotel, Riau and the result of the activity is before the era of 1970's, sago was the main food for the society of Bengkalis Village. Since the implementation of the green revolution program, sago became unpopular and the society was slowly consuming rice as the main food. It was also caused by the decreasing production of the sago in its area. Nowadays, the sago flour is produced as the complementary food (the main ingredients to make bread, noodle, cracker) and sent to the Java Island as the main ingredient to make string noodle. The added value which is produced from the local sago flour has the low quality than the string noodle product in the market, because the local sago is sold in the form of wet flour, while the sago flour sent to other islands is in the form of dry flour. For the rubber product, compared to earlier



decades, the amount the rubber farmer in Siak District is lessen, related to the redirected some the rubber farm into the oil palm farm or others. The rubber production pattern has not changed since the beginning up until now, it is in the form of the liquid produced by the rubber farmer sold to the shops, then sent to the rubber company in Siak District until Pekanbaru City, through the river or land transportation. Based on the decreasing condition of the economy, the business subject of both commodities and the increasing unemployment of young generation, so the main target of the Workshop PRA LEAd Action is the social economy development in Siak and Bengkalis District especially for the sago flour producer and the rubber farmer. The sago flour producer are mostly located in Merbau and West Tebing Tinggi Sub-District, Bengkalis District, meanwhile the rubber farmers are generally located in Apit River Sub-District, Siak District.



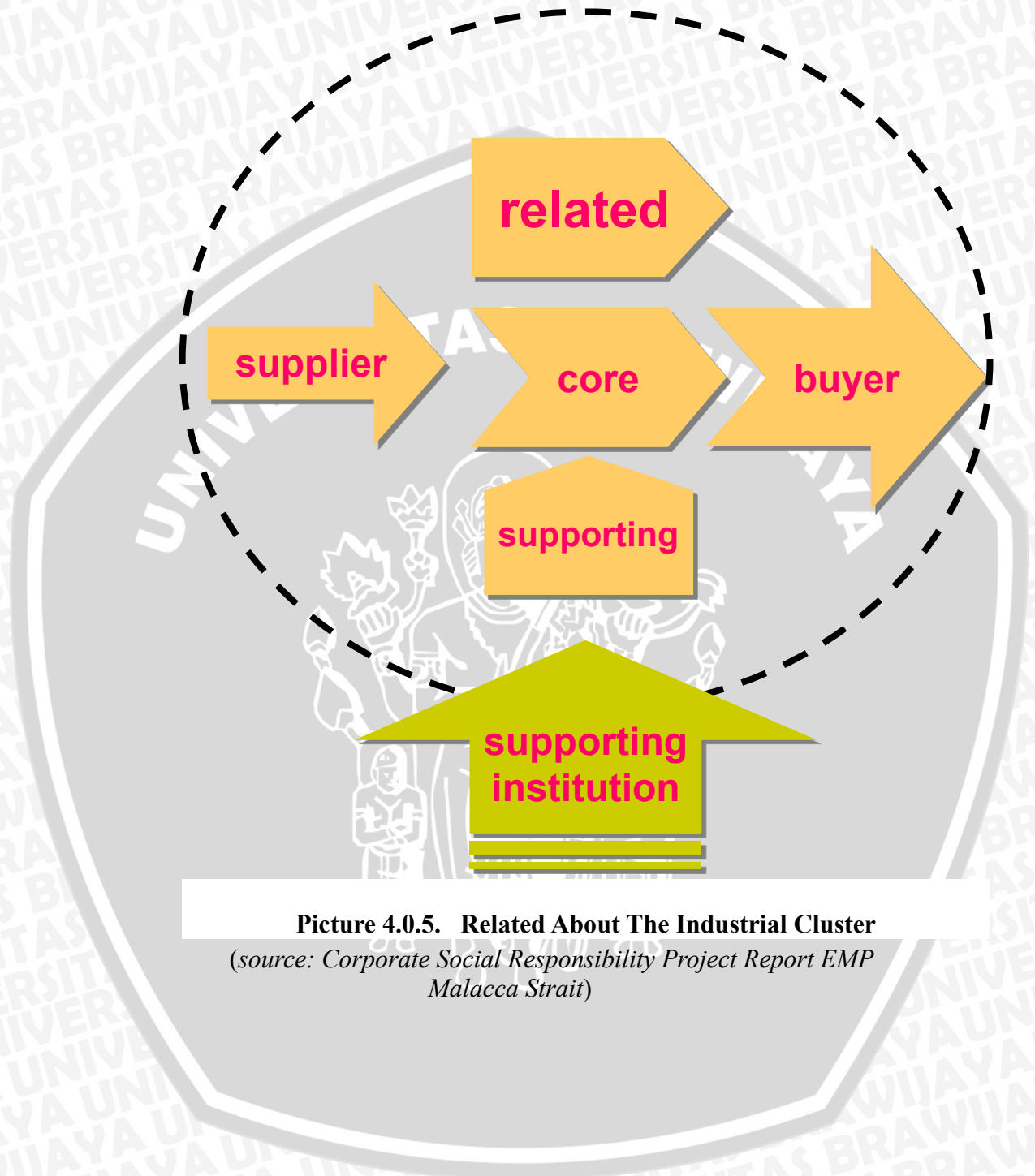
**Picture 4.0.4. The activity of CD LEAd Action**  
(source: Corporate Social Responsibility Project Report EMP Malacca Strait)

Through the internal workshop, it identifies the important factors affecting

for supporting the succesness of CD LEAd Action, it is the relation between the company and the stakeholders, the society condition, the company operational relation, and the company internal cooperation in developing the society (CSR program). The influencing relation can be described in the scheme above. The four factors above have been discussed participatively and contextually. From the discussion result, it has been formed the joint strategy between the related working unit to fix those factors simultaneously. The result of the activity is the internal potential consolidation on the society development through the local economy empowerment, it is from the vision equality and the understanding between all the company internal sides in the program development. Nedst, every division sees the opportunity of the relation quality increasing between the society and the company through the CD LEAd Action program and optimize the benefit to restore the division performance, also to give the contribution to the program.

Therefore, from the FGD activity, the company helps arranging the industrial cluster subjet mapping based on the groups of the business subject relations, they are the Industrial Cluster of Sago Food Product and the Industrial Cluster of Rubber in Siak District (*Klaster Karet Melayu Siak*).





**Picture 4.0.5. Related About The Industrial Cluster**  
 (source: Corporate Social Responsibility Project Report EMP  
 Malacca Strait)





**Picture 4.0.6. Industrial Cluster of Sago Food Product**  
(source: Corporate Social Responsibility Project Report EMP  
Malacca Strait)



**Picture 4.0.7. Industrial Cluster of Rubber in Siak District**  
(source: Corporate Social Responsibility Project Report EMP Malacca Strait)

An explanation of the picture above it is a map based on the industry cluster grouping perpetrators of relationships between businessmen, for the yellow box is a core industry, for the blue box is the industry advocates, the orange box is the supplier, for the purple was supporting institutions, and the latter for the green box is a market.

In the next session, based on the agreed empowerment priority, the FGD members begin to arrange the tree of goals, which is started from the main goal (goal), it is to improve the society welfare in the Industrial Cluster of Karmelasi (Siak Melayu Rubber) area. To achieve the main goal, it is needed the purpose (purpose), and to achieve the purpose, it needs some the last result output of the activities.

Based on the CAP result by using the FGD method, the next stage is to make the collaboration institution as the development program sentinel. To implement those program concepts, the social capital empowerment is done through the learning process on the interaction of the real cooperation, so it needs *POKJA* (*Kelompok Kerja*) which accomodates and escorts the society economy development. *POKJA* is made based on the existed industrial cluster. The cluster *POKJA* is the collaboration institution of the society economy development which focuses to strengthen the specific industrial cluster, the *POKJA* cluster is not as the new institution which substitutes the government, CSR or sosiety representative institution duties, *POKJA* is made as the company, the government and the other institutions partners which focuses on the society economy development.

The function of *POKJA* itself as the intitution which gives the mechanisme

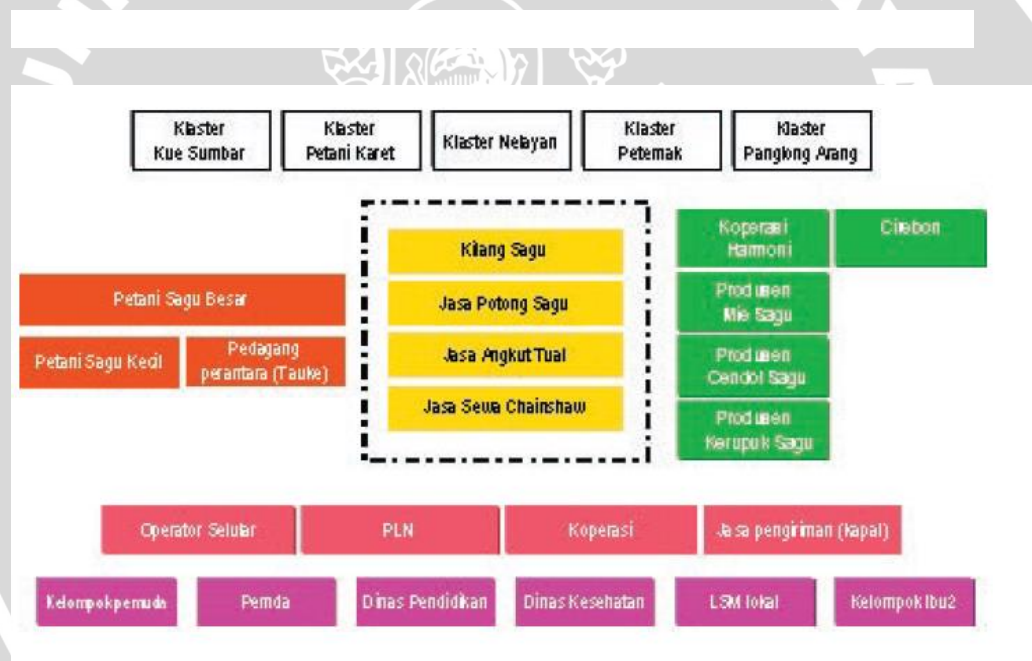


of the collective action agenda for the society economy development. The second, is to build the trust, the network and the cooperation in the society and the last is as the government, the corporate and the other institutions partners which focuses on the society economy development. And the main duty of *POKJA* is to facilitate the information and the technology trading; to keep the communication, the cooperation, and the coordination; to create the relation and the trust level (trust) which support and facilitate the organization on the planning and the collective action. The organization mechanism of the cluster *POKJA* is the collaboraton organization group which is made from the industrial cluster workshop; the cluster *POKJA* is worked for the specific industrial cluster which the members are chosen from the cluster members; the cluster members are the economy and the non-economy subjects related to the business and the non-business relation, consisted of the representative of the government, the business subjects, the education institution, the inovation institution, NGO, and the other institutions which focus ib the society economy development; the mechanism of the *POKJA* members choosing is done by acclamation based on the institutions or groups representatives; and the Basic Budget and the Household Budget is arranged first after *POKJA* selected. *POKJA* is not the business institution which does the active business to the *POKJA* internal matter, but as the activity identification suited to the cluster development needs. Therefore, *POKJA* regularly makes the meeting to evaluate all the activities and the collective working plan. In the rubber development program, it is made *POKJA* for Karmelasi, *POKJA* of Merbau Gugus Lukit.

The adjascent area for this program is the Merbau Sub-District (Lukit



Village, Belitung Bay, Bagan Melibur) then the Apit River Sub-District (Mengkapan Village, Kayu Ara, Bunsur, Lalang) and the West Tebing Tinggi Sub-District (Mengkikip Village). Afterwards, it is done the relation identification among the subjects to see the existed small business such as the cutter tools (the rubber cutter); the rubber farmer (land owner); the rubber producing factory and so on, then it must see the existed service industry in the adjacent area, they are PLN; the seluler operator, the shipping service (ship); Financial Institution. After identifying, there are some clusters which can be developed as following:



**Picture 4.0.8. Proyeksi Formasi Kluster Sagu**

(source: Corporate Social Responsibility Project Report EMP Malacca Strait)



**Picture 4.0.9. Proyeksi Formasi Kluster Karet**  
(source: Corporate Social Responsibility Project Report EMP Malacca Strait)

The second explanation for the picture above is a projection of the formation cluster sago and rubber is almost the same as the previous picture, namely for the yellow box is a core industry, to the pink box is a supporting industry, the orange box is the supplier, for the purple was supporting institutions, and the latter for the green box is a market.

In supporting the rubber development program on Tuesday, July 28 2009, POKJA held the rubber oculation training activity. With the background to improve the rubber productivity, it needed one or several requirements, they are the rubber farm area expansion, the availability of the qualified rubber seed, the availability of rubber tree restoration optimization, the availability of the excellent rubber tree for rejuvenation, the accomodation of the water needs with the good infrastructure, also the appropriate tecnology using. The rubber oculation is one of the steps to get the



excellent rubber tree and the simple ability in caring the rubber. In the context of the local economy competitiveness, the oculation ability application is very important to improve the farmer innovation capacity, the ability will teach the farmer to be the supplier of the excellent seed. The implementation of the empowerment pioneer in the competitive area is through the CSR local economy program of Kondur Petroleum SA in the adjuscent area, reffering to the program planning to increase the transaction is by improving the rubber caring and excellent rubber rejuvenation so the Rubber Oculation training activity for the members of *POKJA Karmelasi* is important to do.

*POKJA Karmelasi*, CSR of Energi Mega Persada Malacca Strait Ltd. and the Head Branch of the Farming and the Cattle and the Fishing Institution were synergized to make the oculation training activity for the members of *POKJA Karmelasi*, they were the rubber farmers. The Occulation training was done with the instructures and the farm breeder from Sabak Auh with the participants of 15 people. The activity was about the theory and practice explanation, the theory was about the definition introduction, the kinds, the function, the way to occulate, also the oculation problems solving and the oculation practice orders, the stages and the carings.





**Picture 4.0.10. Training in Green Rubber**

*(source: Corporate Social Responsibility Project Report EMP Malacca Strait)*

Then, the activity is continued with the Rubber Occultation Training for two locations, they were *POKJA Karmelasi* on April 20-21 2010 and *POKJA Merbau Gugus Lukit* on April 22-23 2010. With the background, the purpose, the similar theory and the practice activity with *POKJA Karmelasi*, CSR of Energi Mega Persada Malacca Strait Ltd., the Institution of Farm and Forest of Siak District, the Institution of Forest, Farm, Fishing and Sea of Meranti Island District were



synergized to do the occulation training activity for the members of *POKJA Karmelasi* and *POKJA Merbau Gugus Lukit*.



**Picture 4.0.11. Training of Green Rubber in *Pokja Karmelasi Sungai Apit***

(source: *Corporate Social Responsibility Project Report EMP Malacca Strait*)





**Picture 4.0.12. Training of Green Rubber in Pokja Merbau Klaster Lukit**  
 (source: Corporate Social Responsibility Project Report EMP Malacca Strait)



After holding the Rubber Occulation Training activity to start the rubber development program, next the administartor of *POKJA Karmelasi* forms the yearly working program to support the program realization. The first 2012 agenda is to intern the rubber farmer with the targets of *POKJA* administrator, rubber farmer, the village apparatus, the Sub-District representative and the second agenda is to monitor the realization of the internship result with the targets of rubber farmer and the rubber farmer groups, then for the first 2013 agenda is the follow-up of the internship program with the targets of the rubber farmers, the rubber farmers groups, the members of *POKJA Karmelasi*, the young people who work in farming sector, NGO, then the second agenda is the rubber farmer training and the making school for the rubber farmers and the making of demplot location of rubber planting with targets of the farmers, NGO, the students, the rubber collector seller, the young people, ad the members of *POKJA Karmelasi*.

As stated by Mr. Ade Abdurachman as the CSR coordinator of Energi Mega Persada Malacca Strait Ltd.as following:

*“Sebenarnya awal pembentukan program tahunan ini tujuannya umumnya untuk terjadinya proses penyebaran pengetahuan serta keahlian okulasi pada petani karet guna meningkatkan kapasitas inovasi. Namun memiliki tujuan khusus yaitu merespon kondisi pertumbuhan karet di kabupaten siak yang mempunyai area luas namun produksi masih rendah diakibatkan dari kualitas karet yang jelek dan meningkatkan pemahaman dan keterampilan petani pada penggunaan alat okulasi juga pengenalan batang bawah yang baik serta mata entres pilihan.”*(The interview was conducted on 2 February 2016 at 15:15 in Bakrie Tower Office, South Jakarta)



**Picture 4.0.13. Internship Activities Rubber Farmers First Day**  
(source: Corporate Social Responsibility Project Report EMP  
Malacca Strait)

The picture above was the release of the DIS HUTBUN Siak District secretary on March 22 2012, and the opening ceremony. Then, it was continued with the activity of the rubber cultivation theory explanation by the local rubber farmer, the activity was followed by 25 participants. The theory explained was about the definition introduction, the kinds, the functions and also the rubber caring and producing.





**Picture 4.0.14. Internship Activities Rubber Farmers Second Day**  
*(source: Corporate Social Responsibility Project Report EMP  
 Malacca Strait)*

The picture above was the second day of the rubber farmer internship activity, the activity was to see the four-year opened rubber trees, then to see the entres farm in Air Muring Ltd., North Bengkulu District. Then it was explained about the rubber occulation ways, the making of planting lane, the making of the planting holes, and the right way of rubber planting. However, the participants also learnt about how to tak a good care of the rubber due to more qualified rubber. The last was the participants also learnt about the way of the cacatoo wires making.





**Picture 4.0.15. Internship Activities Rubber Farmers Third Day**  
(source: *Corporate Social Responsibility Project Report EMP*  
*Malacca Strait*)

The picture above was the third day of the rubber farmer internship activity, the activity was the learning about the way to sharpen the tapping knife, to choose the tapping side correctly and properly based on the needs, and the participants also learnt about the way to tap from the bottom side. The activity was done in the local rubber farm. There, the participants did not only watch and learn, but also they were given the chance to try practicing what they have learnt on that day.



**Picture 4.16. Internship Activities Rubber Farmers Fourth Day**  
 (source: *Corporate Social Responsibility Project Report EMP Malacca Strait*)

On the pictures above was the fourth day of the rubber farmer internship activity, the activity was the preparation to learn on how to tap from the upper part. It was directly practiced by the local rubber farmer, the participants were also given the chance to try.



## **2. The Supporting and The Inhibiting Factors of the Corporate Social Responsibility (CSR) Programs of Energi Mega Persada Malacca Strait Ltd. Based on the Community Development**

### **a) The Supporting Factors**

From the previous researches, the researcher is able to recognize the pushing factors of the CSR programs of Energi Mega Persada Malacca Strait Ltd. based on the Community Development which are divided into two, namely the internal supporting factor and the external supporting factor.

#### **1) Internal**

Based on the field observation that the implementation of the CSR programs which are done by Energi Mega Persada Malacca Strait Ltd. is good so far. It is because there are some pushing factors in order to implement the CSR programs smoothly. The high commitment from the company in implementing its CSR programs, the routine activity done every year is the development program of the local economy potential which is interweaved with the local society. The commitment is the proof that the company realizes the importance of CSR to the local society, in order for the local society to feel the benefit from the company operational. It has been explained by Mr. Ade Abdurrachman as the CSR coordinator of Energi Mega Persada Malacca Strait Ltd. as following:

*“Pelaksanaan program CSR di perusahaan sudah dilakukan sejak tahun 2007, perusahaan menyadari betapa pentingnya melakukan kegiatan CSR sebagai bentuk tanggung jawab sosial. Yang awalnya hanya sebagai ijin sosial perusahaan terhadap masyarakat lokal agar kegiatan operasi tetap berjalan lancar, namun sekarang semakin berkembang dan lebih fokus yaitu untuk kesejahteraan masyarakat melalui program CSR yang berbasis comdev. Agar dampak yang dirasakan masyarakat tidak hanya*



*saat perusahaan masih beroperasi di wilayah mereka, namun juga setelah perusahaan sudah tidak beroperasi di wilayah mereka. Sehingga bantuan yang kami berikan tidak hanya sekedar charity, namun melalui pendekatan kolaborasi partisipatori antara perusahaan, pemerintah, dan masyarakat.”*(The interview was conducted on 2 February 2016 at 15:01 in Bakrie Tower Office, South Jakarta)

The explanation above shows that Energi Mega Persada Malacca Strait Ltd. has the high commitment of the implementation of CSR program, for all of the activities are as the social responsibility which can be useful and meaningful for the local society. It is done to keep the good relation and interaction among the company, the government and the local society, especially the society of Riau province becoming one of the operational activity location of the oil and natural gas exploration and production. The statement from Mr. Arip as the CSR officer of Energi Mega Persada Malacca Strait Ltd. also convinces the explanation above, that:

*“Sebelum perusahaan mencetuskan sebuah program, tahapan yang dilakukan pun juga beragam karena perusahaan ingin berkolaborasi dengan pemerintah dan juga masyarakat lokal. Perusahaan mengadakan yg disebut FGD (Focus Group Discussion) yang terbagi menjadi 2 internal dan eksternal. Yang dimaksud dengan FGD internal adalah diskusi bersama stakeholder yang berada di dalam perusahaan, setelah itu apabila sudah mendapatkan kesepakatan tema program baru lah perusahaan melakukan FGD eksternal yaitu diskusi bersama pemerintah dan masyarakat lokal, dengan mengadakan social mapping (pemetaan sosial).”* (The interview was conducted on 15 February 2016 at 15:15 in Bakrie Tower Office, South Jakarta)

So the good communication weaved among the company, the government and the local society is to keep their good relations. The company shows that implementing the CSR program is not as the obligation, but also to keep the

harmonious relation with the local government and the local society. Including for the sago and rubber food processing program accompanient process, Energi Mega Persada Malacca Strait Ltd. makes the training and the accompanient to them as the form of the commitment to perform the program. As explained by Mrs. Indah Renita as the CSR officer of Energi Mega Persada Malacca Strait Ltd, that:

*“Pelatihan atau magang yang kami adakan ini kami lakukan di awal setelah program ini disosialisasikan kepada masyarakat. Karena disini perusahaan bersama petani sago maupun karet memberikan binaan kepada masyarakat lokal yang ikut berpartisipasi dalam program kami. Dan ini merupakan bentuk tanggung jawab perusahaan terhadap masyarakat lokal agar mereka tahu cara perawatan dan pengembangan olahan sago dan karet, karena ini akan berpengaruh terhadap kualitas hasil.”* (The interview was conducted on 16 February 2016 at 15:30 in Bakrie Tower Office, South Jakarta)

Besides, having the high commitment on the implementation of CSR, the company also fully supports all the activities, eventhough the budget spent is low. It is convinced by the explanation by Mr. Ade Abdurachman as the CSR coordinator of Energi Mega Persada Malacca Strait Ltd, that:

*“Dalam mendukung program CSR tentunya perusahaan mendukung dalam hal apapun. Salah satu bantuan penting yang diberikan oleh perusahaan adalah persiapan anggaran atau dana untuk program CSR tersebut. Memang dana yang dikeluarkan perusahaan tidak sedikit, namun itu lah salah satu upaya kami agar tujuan dari program CSR yang kami rencanakan, laksanakan tercapai tujuannya.”* (The interview was conducted on 2 February 2016 at 15:01 in Bakrie Tower Office, South Jakarta)

With the budget availability, the high commitment of the company, and the interweave of the good relation with the local society for the implementation of CSR programs based on Comdev can be the supporting factors so those factors can



run and give any benefits to the society.

## 2) External

Besides the pushing factor from the internal, there supporting factors from the external. Based on the observation on the field, one of the external pushing factors os the good society participation on the CSR programs of Energi Mega Persada Malacca Strait Ltd., in joining the training and the internship activity, become the member of *LKM*, and in the development of joint programs and *LKM*, which has been made among the company, the government, the local society and the other related institution. It is suitable with the explanation from Mr. Hafied as the CSR officer of Energi Mega Persada Malacca Strait Ltd., that:

*“Karena program CSR kami berbasis comdev, maka pendekatan yang digunakan pun bersifat partisipatif. Maka peran masyarakat disini tidak hanya menjadi penerima program, namun mereka ikut berpartisipasi dalam perencanaan program dengan diskusi lalu Social Mapping, lalu pada saat pembentukan LKM masyarakat juga tidak hanya menjadi nasabah namun dalam proses perekrutan anggota pun masyarakat dijadikan pengurus dalam LKM tersebut, dan dalam pengembangan program pangan olahan sagu dan karet pun masyarakat turut berpartisipasi mulai dari perencanaan hingga pelaksanaannya.”* (The interview was conducted on 15 February 2016 at 16:15 in Bakrie Tower Office, South Jakarta)

Besides, the high enthisiiasm of the society in joining the sago and rubber food processing product development program also becomes the supporting factor i implementing the CSR programs of Energi Mega Persada Malacca Strait Ltd. It is re-explained by Mr. Hafied as the officer of Energi Mega Persada Malacca Strait Ltd, that:

*“Pada saat program di laksanakan pun masyarakat merasa sangat antusias untuk mengikuti program tersebut, karena mereka merasa*

*memiliki hak suara atau pun berpendapat dalam merencanakan program tersebut. Dan masyarakat merasa program ini tidak hanya milik perusahaan, tapi milik mereka juga sehingga mereka turut berperan dalam mencapai tujuan program CSR perusahaan.”* (The interview was conducted on 15 February 2016 at 16:15 in Bakrie Tower Office, South Jakarta)

The support from the central government or the local one become the supportig factor in implementing the CSR program of Energi Mega Persada Malacca Strait Ltd. The opinion of Mr. Arip as the CSR officer of Energi Mega Persada Malacca Strait Ltd. strengthens the explanation above, that:

*“Dari awal perencanaan program CSR ini perusahaan memang berkolaborasi dengan pemerintah dan masyarakat lokal. Karena disini perusahaan menyadari, bahwa peran perusahaan hanya menjadi fasilitator, yang memiliki tugas dalam menyejahterakan masyarakat adalah pemerintah. Sehingga peran pemerintah disini juga sangat lah besar, seperti memberikan perizinan pelaksanaan program, dan pastinya pemerintah memiliki payung hukum UU dalam pelaksanaan program ini juga menjadi dasar dalam program CSR berbasis comdev ini.”* (The interview was conducted on 15 February 2016 at 15:15 in Bakrie Tower Office, South Jakarta)

According to the explanation above that the participation and the local society enthusiasm factors, also the government support on the CSR programs of Energi Mega Persada Malacca Strait Ltd. based on Comdev can be the esternal pushing factor in implementing the CSR program of the company itself.

#### **b) The Inhibiting Factors**

Based on the resercher observation on the implementation process of CSR programs of Energi Mega Persada Malacca Strait Ltd., there are some factors can be the inhibiting factors. The pulling factors are the external pulling factors where



the factors are from the external or the outside of the company, there are the factors from the society joining the CSR programs. It is the lack of the education background, so to weave the communication is not easy. As explained by Mr. Ade Abdurachman as the CSR coordinator of Energi Mega Persada Malacca Strait Ltd., that:

*“Karena program CSR yang kita laksanakan ini dilakukan di Provinsi, di desa-desa yang dimana wilayah nya menjadi tempat kegiatan operasi perusahaan yaitu eksplorasi minyak dan gas bumi dan terkena dampak langsung. Maka desa-desa tersebut termasuk yang terpencil dan tidak banyak tersentuh oleh teknologi canggih, atau pun budaya baru, dalam menjalani kehidupannya masyarakat disana masih sangat kental dengan tradisi nya, serta fasilitas pendidikan yang mereka dapatkan pun tidak cukup baik. Sehingga pada waktu kami berkunjung kesana untuk sosialisasi atau pun bekerja sama komunikasi yang terjalin tidak begitu baik, karena keterbatasan pengetahuan dan bahasa.”* (The interview was conducted on 2 February 2016 at 15:01 in Bakrie Tower Office, South Jakarta)

According to what has explained by Mr. Ade, it can be understood that the local society is halted by the communication problem. However, besides the society problem, the company also feels that the government also becomes the inhibiting factor of the CSR program implementation of Energi Mega Persada Malacca Strait Ltd. It is strengthened by the explanation from Mr. Arip as the CSR officer of Energi Mega Persada Malacca Strait Ltd., that:

*“Pergantian struktur yang terjadi di pemerintah daerah, menjadi salah satu sedikit hambatan kami dalam pelaksanaan program. Jadi di awal kita sudah memberikan penjelasan dan sepakat untuk bekerja sama dengan Bupati A dan hubungan yang terjalin sudah baik, di tahun-tahun berikutnya terjadi pergantian struktur maka kami harus memberikan penjelasan yang berulang kali dan menjalin hubungan baik lagi dengan struktur pemerintah daerah yang baru itu.”* (The interview was conducted

on 15 February 2016 at 15:20 in Bakrie Tower Office, South Jakarta)

Besides the local society and the local government, there is the operational area condition becomes one of the inhibiting factors. As explained by Mrs. Indah as the CSR officer of Energi Mega Persada Malacca Strait Ltd., that:

*“Lokasi wilayah dampingan berada di remote area, dimana akses infrastruktur jalanan kurang baik. Dimana ini menjadi salah satu hambatan kami dalam beroperasi, karena terkadang tidak semua bisa melalui jalur darat sehingga mengharuskan kami melewati jalur laut. Lalu perusahaan menyadari bahwa jalur-jalur tersebut adalah akses jalan menuju wilayah operasi kegiatan maka diadakan renovasi, dan perusahaan berkepentingan dalam merawat akses-akses tersebut. Sedangkan yang diluar itu infrastruktur masih kurang baik berasal dari pemda tersebut.”* (The interview was conducted on 16 February 2016 at 15:30 in Bakrie Tower Office, South Jakarta)

The problems stated by Mr. Ade, Mr. Arip and Mrs. Indah are indeed from the local society, the government, and the operational area condition sides which become the inhibiting factors in implementing the CSR programs of Energi Mega Persada Malacca Strait Ltd.

### **3. The Effect Obtained by the Company and the Society from the *Corporate Social Responsibility* (CSR) programs of Energi Mega Persada Malacca Strait Ltd. Based on the *Community Development***

Based on the observation on the field that the implementation of the CSR programs done by Energi Mega Persada Malacca Strait Ltd. is definitely arising the effects felt by the related sides. And the effects are not only felt by the local society as the program receiver but also felt by the company as the program pioneer.



### a) The Effects Felt by the Company

From the research done by the researcher, then there are some effects from the CSR program based on Comdev of Energi Mega Persada Malacca Strait Ltd. Felt by the company. One of them is the reducing complaints and demonstration done by the local society to the company. It is strengthen by the explanation from Mr. Ade as the CSR coordinator of Energi Mega Persada Malacca Strait Ltd., that:

*“Perbedaan atau dampak positif yang perusahaan rasakan dalam perkembangan program CSR mulai dari awal 2007 sampai sekarang adalah berkurangnya komplain atau demo dari pihak eksternal yaitu masyarakat lokal telah berkurang. Dimana pada saat awal kegiatan operasi dilaksanakan, masyarakat lokal banyak melakukan demo tentang program comdev yang tidak jelas, ketidakpedulian perusahaan terhadap masyarakat lokal, tidak ada nya bantuan yang konkrit, serta meminta keadilan dengan menuntut di sediakannya lapangan kerja kepada perusahaan. Namun setelah diadakan program CSR berbasis comdev ini, komplain atau demo-demo tersebut berkurang walaupun masih ada beberapa komplain namun tidak berhubungan langsung dengan program yang perusahaan laksanakan, seperti terlambatnya honor, pipa bocor, dan lain-lain.”* (The interview was conducted on 2 February 2016 at 15:01 in Bakrie Tower Office, South Jakarta)

Then, besides the lack of the complaints and the demos done by the local society to the company. The other positive effects felt by the company is the negative report about the company is lessen. As explained by Mr. Hafied as the CSR officer of Energi Mega Persada Malacca Strait Ltd., that:

*“Pada awal pelaksanaan program CSR, perusahaan mendapatkan pemberitaan negatif yaitu beberapa masyarakat membicarakan bahwa sebenarnya biaya yang dikeluarkan oleh perusahaan itu tidak lah sedikit, namun mengapa yang kami sebagai penerima program tidak merasakan dampak yang nyata. Berkaca dari pemberitaan tersebut, perusahaan terus melakukan evaluasi dan melakukan beberapa studi sehingga mendapatkan jawaban mengapa masyarakat sampai merasakan hal*

*seperti itu. Setelah berjalannya waktu program CSR berkembang menjadi berbasis comdev, dimana lebih jelas sistematis dan tujuan yang ingin dicapai, pemberitaan negatif pun mulai berkurang karena semakin kesini masyarakat bisa merasakan dampak positif bagi mereka.”* (The interview was conducted on 15 February 2016 at 16:15 in Bakrie Tower Office, South Jakarta)

After the reducing of the complaints and demos and also the negative reports from the local society to the company. There is the increasing support given by the stakeholders is the other positive effect felt by the company. It is explained by Mrs. Indah as the CSR officer of Energi Mega Persada Malacca Strait Ltd., that:

*“Dukungan yang diberikan oleh stakeholders terutama eksternal meningkat, selama perkembangan pelaksanaan program CSR berbasis comdev ini. Seperti dukungan berupa partisipasi, hubungan kerjasama yang baik dari stakeholders eksternal yang terkait dengan program tersebut.”* (The interview was conducted on 16 February 2016 at 15:30 in Bakrie Tower Office, South Jakarta)

Based on the explanation above that the positive effect obtained and felt by the company from the CSR programs based on the Zcomdev are the decreasing complaints, demos and the negatives report done by the local society to the company along with developing program and the support from the stakeholders.

#### **b) The Effects Felt by The Local Society**

As explained above that the effect of the CSR program based on the Comdev is also felt by the planning sides, namely the company, and also the receiving side, namely the local society. One of the effects they feel is the increasing opportunity for the local society in making and building the business. It is strengthened by the



explanation from Mr. Hafied as the CSR officer of Energi Mega Persada Malacca Strait Ltd., that:

*“Pembentukan LKM yang bekerja sama dengan masyarakat lokal dan lembaga lain yang terkait pada waktu itu, salah satu tujuannya adalah membuka kesempatan masyarakat lokal dalam berusaha dan juga agar tidak lagi terjadi agar tidak lagi terjadi adanya miss communication antara perusahaan dengan masyarakat lokal. Dimana sebelumnya masyarakat lokal terus menuntut perusahaan untuk modal usaha mereka.”* (The interview was conducted on 15 February 2016 at 16:15 in Bakrie Tower Office, South Jakarta)

Besides the increasing opportunity for the local society to try and lessen the muss communitaion between the company and the local society. By the establishing of LKM in their villages, the other positive efect felt by them is the capital helps and the the easier access. As explained by Mr. Arip as the CSR officer of Energi Mega Persada Malacca Strait Ltd., that:

*“Masyarakat lokal merasa sangat senang dengan program olahan pangan sagu dan karet dan berdirinya LKM ini. Banyak yang hal positif yang dapat mereka terima, lalu ada beberapa yang berbagi cerita kepada saya misalnya saja dalam hal ekonomi mereka sangat lah merasa terbantu karena adanya program olahan pangan sagu dan karet ini, SDM yang ada di desa mereka ternyata bisa menjadi program unggulan yang dimana sekarang juga sebagian besar juga sudah menjadi lapangan kerja untuk mereka. Dan dengan didirikannya LKM mereka merasa modal tentunya terbantu dengan askes permodalan yang semakin mudah tentunya untuk menunjang usaha kecil mereka.”* (The interview was conducted on 15 February 2016 at 15:20 in Bakrie Tower Office, South Jakarta)

After the local society feels the increasing opportunity in trying and accessing the easy capital, automaticaly the dependcy more on the company is lessen. It is also one of the good effect felt by the local society. It is explained by

Mrs. Indah as the Csr officer of Energi Mega Persada Malacca Strait Ltd., that:

*“Sebenarnya dari awal perencanaan program CSR ini, perusahaan sudah ingin membuat masyarakat lokal mandiri dalam arti bantuan atau hal positif yang perusahaan bawa dan berikan ini tidak hanya didapatkan pada saat perusahaan masih beroperasi di wilayah mereka namun perusahaan ingin masyarakat lokal masih bisa mendapatkan hal baik itu seterusnya walaupun perusahaan sudah tidak lagi beroperasi di wilayah mereka. Maka dari itu juga program CSR perusahaan berbasis comdev dan diharapkan ketergantungan negatif masyarakat lokal terhadap perusahaan selama ini juga berkurang.”* (The interview was conducted on 16 February 2016 at 15:30 in Bakrie Tower Office, South Jakarta)

Based on the explanation from Mr. Hafied, Mr. Arip and Mrs. Indah, there are some matters like the increasing opportunity of the local society in establishing the businesses, the financial access helps and the negative dependency on the company are not happened anymore. Therefore, those are the effects felt by the local society to the CSR programs based on the Comdev of Energi Mega Persada Malacca Strait Ltd.

### **C. Data Analysis**

#### **1. The Implementation of the CSR Program of Energi Mega Persada**

##### **Malacca Strait Ltd. Based on the Community Development**

The private sectors has the huge role as one of the actors involved in the Good Governance through the Good Corporate Governance, because by the implemetation of the Good Corporate Governance so the private sector can give its contribution to the stakeholders. As the Good Corporate Governance appearing, the company is charged to be responsible on the environment condition and the society economy social in surrounding the company through the Corporate Social



Responsibility (CSR). It is referred to the opinion from Untung (2014:7) that the principals of the Good Corporate Governance and the Corporate Social Responsibility is like the two sides of coin. Both are important and not be able to be separated, in this case, the good managing order, it must have the social and the environment concern. Therefore, it is expected that the private sector is able to give the positive contribution to the local society, by performing the social and the environment responsibility to the society through the Corporate Social Responsibility (CSR) implementation.

One of the companies which gives its contribution through Corporate Social Responsibility (CSR) is Energi Mega Persada Malacca Strait Ltd. Energi Mega Persada Malacca Strait Ltd. is the independent oil and gas company which has the headquarters in Bakrie Tower, Rasuna Said Epicentrum, South Jakarta. The company has the operational areas covering: Indonesia Islands from North Sumatra, East Kalimantan, Java, and East Indonesia. Since 2007, the company has begun its CSR program. It is done as the proof of the company commitment to run the business with ethical, social and responsible to the environment, especially the local society in the operationl area and gets the direct effect from the operational activity. Based on the CSR understanding, explained according to The World Business Council for Sustainable Development (WBCSD) in Wibisono (2007:7) that the meaning of Corporate Social Responsibilit (CSR) is the form of the business world commitment to keep acting with ethical, legally operating and contributing to the economy development, along with the living quality from the employees and their families and also the local society quality improvement and to the broad society as

well, all of those are for the business and the development sake. As Energi Mega Persada Malacca Strait Ltd. has done the activities of CSR program in Riau Province, especially in Belitung Bay Villages, Melibur Bagan Village, Lukit Village, Mayangsari Village, Tanjung Kulim Village in Merbau Sub-District; Mengkikip Village, Tanjung Village, Tanjung Darul Takjim Village, Tanjung Peranap Village in West Tebing Tinggi Sub-District, Mengkapan Village, Bunsur Village, Lalang Village, Kayu Ara Village, Kayu Ara Permai Village, Tanjung Kuras Village in Apit River Sub-District are the operational areas where the local society has got the direct effect so they become the main priority of the targeted program.

The implementation of the Corporate Social Responsibility (CSR) programs of Energi Mega Persada Malacca Strait Ltd. has started since 2007, the company gave the helps in the form of the physical helps to the society. Because the early planning with the company social permission background to the local society, due to the company operational activity runs smoothly without any hurdles from the local society who reject the company existence. As the time goes by, the company CSR programs start to develop to the other sectors, not only the physic aspects. Such as the economy, the environment, the infrastructure, the education and the health sector. However, the excellent program of the CSR program from Energi Mega Persada Malacca Strait Ltd. is the economy sector. Generally, the company running the CSR according to the Regulations, in this case is the Limited Company Regulations (UUPPT) No. 40 2007 chapter 74. As it is done by Energi Mega Persada Malacca Strait Ltd. Then, it is referred to the opinion of ISO 2006 in (Mardikanto, 2014:153) an activity is called as CSR or the compay social



responsibility if it has these following aspects:

1. Continuity and Sustainability, are the vital aspects of CSR. A donation activity which popular or incidental is not CSR. CSR is the matter with the characteristic of long term perspective, not instant, happening or booming. CSR is the planned, systematic and evaluable activity.
2. Community empowerment, it distinguishes the CSR with the activity of charity or philanthropy. The donating activity though it helps the society, but it does not make the society to be independent. One of the success indicator of the CSR programs is the more independence on the society before the CSR programs are made.
3. Two ways, the CSR program with two ways. The company does not act as the communicator only, but also act as the communicant that listens the society aspiration, by doing the need assessment, recognizing the needs, desires, interest, and wants from the society.

Generally, the implementation of CSR programs by Energi Mega Persada Malacca Strait Ltd. has been suitable to what has explained in the opinion above. It can be seen that from the first point, the Continuity and Sustainability is the vital aspects of CSR. Therefore, when the CSR program planning, the company wants the benefits are also felt by the local society in the long term and continually, even when the company is operating or no longer operating in the same area. A donation activity which popular or incidental is not CSR. CSR is the matter with the characteristic of long term perspective, not instant, happening or booming. CSR is the planned, systematic and evaluable activity.

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education, the health, the environment, the infrastructure and especially the economy sectors. Because one of the success indicator of the CSR programs is the more independence on the society before the CSR programs are made. As has been said by Mr. Ade Abdurachman as the CSR coordinator Energi Mega Persada Malacca Strait Ltd. that:

*“Memang pada awal pembentukan program CSR ini awalnya kita hanya ingin mendapatkan ijin sosial dari masyarakat lokal agar kegiatan operasi kami berjalan dengan baik. Namun dewasa ini kami menyadari bahwa kita tidak bisa hanya mementingkan keuntungan perusahaan, kami menyadari bahwa harus juga melihat keadaan lingkungan sosial di sekitar lokasi. Sehingga perusahaan berpikir bahwa kita harus membuat masyarakat lokal mandiri, baik di bidang ekonomi sosial maupun pendidikan. Dan tentunya berkelanjutan, dalam dampak baik yang mereka dapatkan dari program CSR ini tidak hanya dirasakan pada saat perusahaan masih beroperasi di daerah mereka, namun bagaimana nanti apabila perusahaan sudah tidak beroperasi di daerah mereka.”*

Therefore the excellent program of CSR program by Energi Mega Persada Malacca Strait Ltd. is on the economy sector, with the characteristic of two ways. It is suitable with the third point which the company does not act as the communicator only, but also act as the communicant that listens the society aspiration, by doing the need assessment, recognizing the needs, desires, interest, and wants from the society. Then when the CSR program planning, the company is collaborated with the government and the local society. By performing the Focus Discussion Group (FGD) internally with the stakeholders of the internal company, externally with the government of Riau Province and the local society. So, from the FGD activity, the company acts as the communicant that listens the aspirations or the opinions, from the internal sides and the local society. It is agreed that the company CSR program is the local potential based development. And to recognize the needs, desires,



interest, and wants, the company makes the social mapping so it can be concluded what the society needs, desires, interest and wants also to agree on the local potential that will be developed and become the local excellent.

Then the CSR program activities done by Energi Mega Persada Malacca Strait Ltd is the sago and rubber food processing development. Where the determination of the sago and rubber food processing is happened when FGD and social mapping performed by the company along with the government and the local society. The choosing is based on sago and rubber as their local potential, then it has the uniqueness, the subjects who acts in the business is not only the farmer of sago and rubber, but also the sago seed supplier, oil seller, rubber production tools seller in Pekanbaru, the rubber labors and other also have the important role on this food processing development program. Besides, for the financial access, Energi Mega Persada Malacca Strait Ltd. Establishes the Financial Institution (LKM) with background of the capital circulation needed by the society in order to run and pay their small businesses. So the financial access for the local society is getting easier, and there will be no misunderstanding between the company and the local society that they always ask the financial helps from the company. As has been said by Mr. Hafied as the CSR officer Energi Mega Persada Malacca Strait Ltd. that:

*“Sebelum adanya pembentukan LKM (Lembaga Keuangan Masyarakat). Akses permodalan masyarakat lokal dalam menjalankan usaha kecilnya sangat lah sulit, karena di daerah mereka belum terdapat Bank. Sehingga masyarakat lokal meminta modal kepada perusahaan, dengan menggunakan proposal rutin. Mungkin ini sebenarnya tidak terlalu memberatkan perusahaan, namun tujuan kami untuk membuat mereka mandiri tidak tercapai apabila ini terus berkelanjutan. Sehingga kami pun membentuk LKM berbasis Syari'ah dimana akses permodalan berasal dari perputaran modal yang dilakukan oleh para stakeholders karena dasar hukum lembaga ini adalah koperasi.”*

It is done to make the company closes to the local society, to keep the good relation between the company and the local society. Besides, the company has absorbed a lot of working labors from the local society/ it will cause the mutualism symbiosis between the company and the local society, by the existence of the company in their area, the local society is feeling helped. Meanwhile, the company itself will obtain the social permission and other benefits from the implementation of CSR program. It is similar to the explanation from Pratiwi (2012) that the implementation of CSR program has several advantages, namely:

1. To improve the company image
2. To strengthen the company "Brand"
3. To develop the Cooperation with the Business Figures
4. To distinguish the Company with the Competitor
5. To produce the Inovation and the Learning to Increase the Company Influence
6. To open the Access for the Investment and the Costing for the Company
7. To increase the Stock Value
8. The CSR Benefit for the Company, properly to Obtain the Social License To Operate
9. To reduce the Company Business Risk
10. To spread the Resources Access
11. To outspread the Resource Access
12. To outspread the Access to the Market
13. To reduce the cost
14. To restore the Relation with the Stakeholders
15. To restore the Relation with the Regulators
16. To improve the Encouragement and the Productivity of the Employee
17. The Opportunity to Achieve the Awards

Referring to the opinion, Energi Mega Persada Malacca Strait Ltd. obtains some benefits from the implementation of the CSR programs. The benefits is to improve the company image by performing the CSR program, the local society can acknowledge the company as the good company that usually holds good activities. Eventhough, the operational activities done by the company is the natural



resources exploitation of oil and natural gas, but the company has the strong commitment to make its company becoming the well-known company of oil and natural gas as stated in the phylosophy about the company social responsibility. As has been said by Mr. Arip Hidayatullah as the CSR officer Energi Mega Persada Malacca Strait Ltd. that:

*“Awalnya perusahaan mendapatkan citra yang negatif di mata masyarakat lokal. Karena mereka berasumsi bahwa kedatangan perusahaan hanya lah merugikan mereka. Maka dari itu masyarakat lokal sering mengadakan demo pada saat kegiatan operasi perusahaan dilaksanakan. Dan secara tidak langsung, masyarakat lokal tidak memberikan izin sosial kepada perusahaan untuk melakukan kegiatan operasi di daerah mereka. Maka dari itu dewasa ini program CSR perusahaan bersifat dua arah, dimana dalam merencanakan, menjalankan, hingga evaluasi kami mengikut sertakan peran masyarakat di dalamnya. Agar kita lebih mengetahui sebenarnya apa yang dibutuhkan dan diinginkan mereka dari kedatangan perusahaan.”*

The social responsibility mentioned is the moral obligation in the form of the ethical commitment or the morality commitment which relates to the organization as the cause of the decision and the activity done to realize the continuity development, the health, and the society welfare concept, as defined in ISO 26000 Guidance on Social Responsibility. Seeing the third point of focus research, it is to improve the cooperation with the business figures in doing the CSR programs, the company is certainly unable to do by itself, so it must be helped by the business figures namely the local government, the local society. Therefore, the implementation of CSR program, the company applies the collaborative agenda with the local government and the local society. So, it can open and keep the good relation with the business figures. As has been said by Mrs. Indah Renita as the CSR officer Energi Mega Persada Malacca Strait Ltd. that:

*“Tentunya PT Energi Mega Persada juga bekerja sama dengan masyarakat dan pemerintah setempat (bermitra dengan pihak lain) untuk membentuk Kelompok Kerja (POKJA) sebagai lembaga kolaborasi multistakeholders yang akan mengawal agenda kolaboratif yang telah disusun bersama. Dukungan dari POKJA menjadi agenda utama bagi penguatan modal sosial di masyarakat.”*

Then, the benefit to distinguish the company with the competitor is also obtained by Energi Mega Persada Malacca Strait Ltd, because the company performs the CSR programs by itself, so the company has the opportunity to excel its comparative excellence and can distinguish the competitor that offers the similar products or services.

Then the benefit of to get the Social License To Operate from the local society is also obtained by Energi Mega Persada Malacca Strait Ltd. Because, when the local society gets the benefits from the company, and they have given their trust to the company, so they feel that they also own the company. Therefore, the contribution given to the company is the freedom to run its operational activities in their area. The other benefit obtained by the company is to restore the relation with the stakeholders, where the implementation of the company CSR will help to add the communication frequency with the stakeholders internally or externally, so this communication will add more trust from the stakeholders to the company. And also, to restore the relation with the regulator becomes one of the benefits obtained by the company, because in implementing the CSR program generally will lessen the government duty as the regulator which is actually responsible to the environmental and the local society welfare, it is one of the company purposes to help the government duty in giving the local society welfare though it is not their main duty.

As has been said by Mr. Ade Abdurachman as the CSR coordinator Energi Mega



Persada Malacca Strait Ltd. that:

*“Perusahaan disini berperan sebagai private sector, dimana kesinergisan antara private sector, public sector (pemerintah) dan society (masyarakat) dibutuhkan untuk mencapai tujuan sebuah negara yaitu kesejahteraan masyarakat. Maka disini kami hanya sebagai fasilitator yang membantu meringankan tugas pemerintah, karena perusahaan menyadari sebenarnya ini adalah bukan tugas utama dari kami namun tugas utama dari pemerintah. Namun perusahaan membantu melalui mengadakan program CSR ini dan menjaga kesinergisan antara pemerintah daerah dan masyarakat lokal tentunya.”*

Then, to get some awards from some institutions and the government is also obtained by Energi Mega Persada Malacca Strait Ltd. for their CSR program, especially their excellent programs. It is suitable with the last point, it is to get the awards. The amount of the rewards and awards given to the CSR performers, nowadays will add more chance for the company to get more award.

Energi Mega Persada Malacca Strait Ltd. shows the seriousness and the commitment of the company on the CSR implementation for the local society, by directly visiting the operational area, though it applies the collaborative system, it does not mean that the social activity or the donation giving to the local society through the mediator. The collaborative system is done to keep and interweave the good relation between the government of Riau Province and the local society. However, the company implements the CSR program independently, all the activity budget is originally from the company. It shows that in implementing the CSR program, Energi Mega Persada Malacca Strait Ltd. applies the model or pattern directly. It is explained by Saidi and Abidin (2004) in Suharto (2006) that generally the companies in Indonesia applies the CSR model or pattern, which one of them is the direct involvement. As well as

Energi Mega Persada Malacca Strait Ltd, implements the CSR program directly by making social activity or giving the donation through the mediator. To do this duty, the company tends to choose the senior official, such as the corporate secretary or the affair manager or becomes the part of the duty of the public relation official. Energi Mega Persada Malacca Strait Ltd. holds their CSR programs, all the programs and the direct activity under the regulation coordination of *SKK Migas* contractor.

Energi Mega Persada Malacca Strait Ltd. implements the CSR programs in several villages of Riau Province with the direct effect of the operational activity after the company performs the CD Audit, they are the evaluation done by *LPEM UI*, then the result of the evaluation is the implementation CSR program by the company does not pass the process. Then the company along with the *INRR IPB* do the Ethnography Study, here found that the society has the relation with the company which has the negative perceptive and the high dependency so the appearance of the complexity caused by the interaction between the company with all the business sides who use the local economy resources. Then it makes the Participatory Rapid Community Appraisal (PARCA) Social Mapping, through PARCA, it is done the judgement with community aspirative participative to the local society development, the activity is also used to equalize the perceptions about the key Stakeholders Society Development, so each sides can understand that the society development is the joint responsibility. Then, the next the next stages is the internal and external Focus Group Discussion (FGD), they are the local economy potential mapping, the



common condition of the business environment mapping, the theme choosing of the local potential based on the development, the development of the collaborative action strategy and agenda, the making of the collaborative institution of the action agenda sentinel. After through those several stages, then it is the time for the implementation, the monitoring, and the evaluation together with the society. It is suitable with Zauhar explanation (1993:4) that the management of a program is always started with the conceptual and identified idea stated in the form of writing. Some stages done by Energi Mega Persada Malacca Strait Ltd. are called as the pre-proper study which has the purpose to determine whether the program and the project is logic and important to do, seen from the potential, the time and the cost.

One of the CSR program form is through the Community Development (Comdev), it is to help the local society welfare, according to the opinion from Wahyudi and Azheri (2008:62-63). Through the CSR program based on Comdev, it is expected that it can give the positive effect on the local society quality development. Therefore, Energi Mega Persada Malacca Strait Ltd. in implementing the CSR program based on the Comdev is through the excellent program on the economy sector. It is the sago and rubber food processing development program in the Ring 1 areas or the area which its society get the direct impact from the company operational activity/ through this program, Energi Mega Persada Malacca Strait Ltd. expects the increasing of the welfare and the independency from the society. It is stated by Netting, Kettner, and McMurty in Suharto (2010) that the Community Development is often defined

as the actively and continually society empowerment process based on the social justice, the participation, and the equal cooperation principals. As well as the implementation of the company CSR programs, it is to get the permission from the local society earlier, but nowadays the company realizes that the programs do not run with a good system to achieve the agreed goals. So, the company makes some stages of CD Audit, Ethnography Study, PARCA, and FGD which results into the different view that the stakeholders also participate on the company success determination in the long term, so that the relation with the *stakeholders* is important. There three main reasons why the society participation has the important characteristic in one program, according to Alfitri (2011:200):

1. The society participation is the tool to obtain the information about the condition, the needs and the local society behavior, without these existency the development and the project program will be failed.
2. The society will tend to trust the development project or program if they are involved in the process of the preparation and the planning, because they will know the details of the procey and have the feeling of owning the project.
3. The society is the one which pushes the common participation in many countries, because it appears the opinion that it is a democracy right if the society is involved in the society development itself. So, the society has the right to give suggestions in determining the developmet kinds approach which is hold in its area.

Based on the observation of the CSR program done by Energi Mega Persada Malacca Strait Ltd., there are three main reasons the society participation is considered as importan matter in a program, so that it also becomes the company basic to plan the CSR program based on the Comdev. For the first point, the society participation is the tool to get the information about the condition, the needs and the local society behavior, so the company makes the external FGD done with the local



society for the local economy potential mapping which is obtained because the local society knows the natural resources made and used to improve its economy quality, and from many opinions appear, the company helps to concentrate on the sago and rubber because it can be seen that it can be the excellent potential, then it is done the business environment common condition mapping and certainly the theme choosing of development based on the local potential. So that, the company realizes that the local society participation is very important, without the development program and project it will be failed. Then the reason of the company holds the external FGD in CSR program planning based on Comdev is also to interweaved the trust and the good relation with the local society. By involving the society on the local economy potential mapping, the common contin of the business environment mapping and the theme choosing of the development. Because theybecause they will know the details of the project and have the feeling of owning the project. As explained in the second point that the society tends to trust the development project or program if it is involved in the process of the preparation and the planning. Related to the third point about the pushing factor of the general participation in many countries, because the opinions appear that it is the democracy right if the society is involved in the society development itself. So that, the local society is given the right to participate in giving the suggestions, determining the development kind and approach which will be held in its area. As has been said by Mr. Arip Hidayatullah as the CSR officer Energi Mega Persada Malacca Strait Ltd. that:

*“Perusahaan melibatkan peran masyarakat lokal dalam merencanakan, menjalankan program CSR ini. Karena dengan begitu perusahaan dapat*

*menjalin hubungan yang baik dengan masyarakat lokal kemudian dalam pembentukan dan penentuan tema dari program agar lebih terfokus karena masyarakat lokal lebih mengerti SDA apa yang berada di daerah mereka memiliki potensi besar dan melibatkan banyak aktor dalam pengembangannya. Maka perusahaan mengadakan FGD internal dan eksternal dalam pembentukan program CSR ini.”*

Afterwards, the society development stage is very determined by the good preparation and the planning strategy, so the action program of the society development can reach the target. So, there are three approaches for the community development approach according to Nindita (2008) in (Alfitri, 2011:34). One of them is the Development with Community in this program, the activity is defined together between the company and the society. It is suitable with the performance by Energi Mega Persada Malacca Strait Ltd. in planning the CSR program based on the Comdev namely the company position as the development agent, while the villages of the local society in Ring 1 area of Riau Province are the subjects and the objects of the society development program. The goal of this strategy is oriented on the result and giving the donation to the development process. The positive effect, the local society does not fully depend on the company, but it will be trained in long and continuous period. The program characteristic is oriented to fulfill the local society needs also the company goals.

One of the scopes of the Comdev programs explained by Rudito and Famiola (2013:144-146) is the *community empowerment* which is the programs related to the broad access to the society for supporting its independence. Still according to Rudito and Famiola (2013:144-146) that the main target on



Comdev is the realization of the society independency through the community empowerment. The importance of the society empowerment on the sago and rubber food processing product development program seems becoming the important concern for Energi Mega Persada Malacca Strait Ltd. While implementing the CSR program since 2007, the company gives the empowerment to the society through the accompaniment process of the rubber farmer internship activities which are divided into two stages. The first stage was held by Siak Melayu Rubber Working Group (*KARMELASI*), the farmer group in Merbau Sub-District, Meranti Island District on March 22-28 2012 and the second stage was held by the rubber farmer group of Merbau Sub-District, West Tebing Tinggi District, Meranti Island District and *POKJA Karmelasi of Siak District* on June 23-Juli 1 2012. The other accompanient activities are the occulation training divided into two stages. The first stage was held by *POKJA Karmelasi* on April 20-21 2010 and *POKJA Merbau Gugus Lukit* on April 22-23 2012. In every accompanient activities done by the company, specially invites the mentor/instructure to give the materials and the theories to the targeted group, they are the rubber farmer and the seed supplier involved on the sago and rubber food processing product development program. To have more knowledge on rubber occulation and to grow the new business for the farmer as the qualified rubber seed supplier and after the business grows, it is expected that the business linkage among the rubber farmers happened, the farm breeders also the rubber farming tools suppliers. The importance of the accompanient from the company is felt directly by the rubber farmers and the seed supplier,

and they will also deliver the complaints and the difficulties faced while rubber occulation and rubber seed processing.

Then, in every implementation of CSR programs, it has to give the big benefit for the local society, as the effect from the company operations. Basically, the company CSR implementation does not only seek the economy profit, but also to consider the other aspects, namely the environmet aspect (planet) and also the society aspect (people). It is as explained by the concept of the Tripple Bottom Line which is well-known by John Elkington book of *Cannibals With Forks: The Tripple Bottom Line in 21<sup>st</sup> Century Business* (1998). Elkington defined that the good company does not only seek for theprofit (profit). Meanwhile, the good company must have the concern on the environment presrvation and the society welfare.

All this time, since the implementation of CSR program in 2007, there were many programs made by Energi Mega Persada Malacca Strait Ltd. which have a lot of benefits felt by the local society, especially the villages of Ring 1 area in Riau Province. The education sector program is the library development and the reading site then the computer CLC activity for the Senior High School 2 Siak and the Senior High School 3 in Apit River Sub-District, on the health sector is the healt service (posyandu) development, the added food giving and the medicine plants planting in Mengkapan, Bunsur, Lalang and Kayu Ara River villages and on the infrastructure sector is the proper-living development, the road access inovation and the local society homes. It shows the concern from Energi Mega Persada Malacca Strait Ltd. Through the CSR programs on the



society social (*people*) aspect. Besides, the excellent CSR programs which try to improve the society independency level by holding the sago and rubber food processing product development program giving good effects to the society. It is realized by the rubber and sago farmer that the economy quality (*profit*). So the company does not only think about to increase the company economy (*profit*), but also think about the local society welfare. And for the environment aspect (*planet*), Energi Mega Persada Malacca Strait Ltd. also has the program on the environment sector, it is the mangrove planting and mangrove tourism village development in Lalang Village, Apit River Sub-District.

## **2. The Supporting and Inhibiting Factors of Corporate Social Responsibility (CSR) Programs of Energi Mega Persada Malacca Strait Ltd. Based on the Community Development**

Based on the observation on the field about the implementation of CSR programs by Energi Mega Persada Malacca Strait Ltd. based on Comdev has not effectively run because there are some supporting and inhibiting factors on the program implementation. Referring to Untung (2008:9-10) in Sanjaya (2013:38) explained that the Corporate Social Responsibility is divided into two forms, the first is the internal characteristic, and the second is the external characteristic. Therefore, the research divides the factors into pushing and pulling programs into two forms namely the pushing and the pulling factors internally from the inside of Energi Mega Persada Malacca Strait Ltd., and also the supporting and the inhibiting factors externally from the local society.

The internal supporting factor from the company is the high commitment of the company in running all their CSR programs. That commitment is shown by the company because it realizes the importance of the CSR programs for the local society around the company operation activity location in order for the company existence will give positive effect to the local society. The implementation the CSR program of Energi Mega Persada Malacca Strait Ltd. Is not based on Regulations No. 40 2007 which obliges the company to do the social responsibility to the society. Besides, the frequency of the company to communicate related to the planning and implementing the CSR program through external FGD done by the company and the local society shows the good initiative from the company. It shows that the implementation of CSR programs does not only to do the obligation, but also keep the harmonious relation between the company and the local society. Statement of Mr. Arip as CSR officer PT Energy Mega Persada Malacca Strait also reinforce the explanation above, that:

*“Sebelum perusahaan mencetuskan sebuah program, tahapan yang dilakukan pun juga beragam karena perusahaan ingin berkolaborasi dengan pemerintah dan juga masyarakat lokal. Perusahaan mengadakan yg disebut FGD (Focus Group Discussion) yang terbagi menjadi 2 internal dan eksternal. Yang dimaksud dengan FGD internal adalah diskusi bersama stakeholder yang berada di dalam perusahaan, setelah itu apabila sudah mendapatkan kesepakatan tema program baru lah perusahaan melakukan FGD eksternal yaitu diskusi bersama pemerintah dan masyarakat lokal, dengan mengadakan social mapping (pemetaan sosial).”* (Interviewed on 15 February 2016 at 15:15 in Bakrie Tower Office, South Jakarta)

Including the commitment to give the accompaniment activity routinely to the



farmers and the sago and rubber seed suppliers which have the role or follow the sago and rubber food processing product development excellent program. The company gives the accompanient activity in the form of the rubber occulation training and internship to add more information about the way to treat and process sago, also the good order of rubber occulation in order to get the high quality food processing product. Then, the form of the high commitment on the CSR implementation can be seen through the budget from the company. All this time, Energi Mega Persada Malacca Strait Ltd always supports all the forms of CSR programs with the steady budget in huge-enough amount to give the benefits for the local society.

Besides, the internal company supporting factor, in order to have the maximum implementation of CSR programs, it has to be supported by the external supporting factor, in this case is the local society which has been the targeted program. Based on the observation on the field, the CSR implementation of Energi Mega Persada Malacca Strait Ltd. gets the positive receiving and respons from the local society, especially in the villages of Ring 1 areas in Riau Province. It is proven in another excellent program of sago and rubber processing product development, the excellent program of education and health, thay are the library and the reading site, then the computer CLC activity, then the health service development, the additional food giving and the medicine plants planting get the positive respons from the local society. Then, after following those programs , the society wants to listen and understand the

conditions given by the company, as like the rubber farmers focus on the occulation theory by observing the age difference of the bottom branch and the *entres* wood is not pierced, they have the information from the accompanient activity. It also proves that the society in the villages of Ring 1 area of Riau Provinces is interested to follow the CSR programs based on the Comdev. It is suitable to the explanation from Alfitri (2011:207) that theoretically, the society participation on the Community Developmet programs of the oil and natural gas company can be seen from several matters, one of the is the the society will participate if the y feel that the issue or the activity is important. As the local society in the cillages in Ring 1 area of Riau Province feels that the activity is importan to improve their economy in economy, social, and the education. Then, the support from the government in the form of the participation and the permission in implementing the programs in Riau Province also becomes one of the succes or not suppoting factors on the CSR programs based on the Comdev. As descirbed by Mrs. Indah Renita as CSR officer Energi Mega Persada Malacca Strait Ltd., that:

*“Pelatihan atau magang yang kami adakan ini kami lakukan di awal setelah program ini disosialisasikan kepada masyarakat. Karena disini perusahaan bersama petani sagu maupun karet memberikan binaan kepada masyarakat lokal yang ikut berpartisipasi dalam program kami. Dan ini merupakan bentuk tanggung jawab perusahaan terhadap masyarakat lokal agar mereka tahu cara perawatan dan pengembangan olahan sagu dan karet, karena ini akan berpengaruh terhadap kualitas hasil.”* (Interview on 16 February 2016 at 15:30 in Bakrie Tower Office, South Jakarta)

Besides, the suppoting factors in implementing the program, there are also the inhibiting factors, but the inhibiting factors of the CSR programs based



on the Comdev of Energi Mega Persada Malacca Strait Ltd. comes from the external or outside the company. The pulling factor from the local society is understood that their main problem is from the communication, because their area is on the isolated area so the good quality education is hard to be found and the culture influences is hard to enter their area, it can be seen as the positive effect that the they can receive the other culture besides their own culture. Then from the government sides, the structure changing happened in the local government, sometimes becomes the pulling factor of the program, because the structure changing happened every time they change the former person with the one. It is also reinforced by the explanations of Mr. Arip as CSR officer Energi Mega Pesada Malacca Strait Ltd., that:

*“Pergantian struktur yang terjadi di pemerintah daerah, menjadi salah satu sedikit hambatan kami dalam pelaksanaan program. Jadi di awal kita sudah memberikan penjelasan dan sepakat untuk bekerja sama dengan Bupati A dan hubungan yang terjalin sudah baik, di tahun-tahun berikutnya terjadi pergantian struktur maka kami harus memberikan penjelasan yang berulang kali dan menjalin hubungan baik lagi dengan struktur pemerintah daerah yang baru itu.”* (Interview on 15 February 2016 at 15:20 in Bakrie Tower Office, South Jakarta)

And the operational area condition is on the remote area so the road infrastructure access is not good enough, where the access is very important for the company operation activity . The overall explanation are the inhibiting factors of the CSR programs implementation of Energi Mega Persada Malacca Strait Ltd.

### **3. The Effect Obtained by the Company and the Society from the Corporate Social Responsibility (CSR) programs of Energi Mega Persada Malacca Strait Ltd. Based on Community Development**

Based on the observation on the field about the CSR programs implementation of Energi Mega Persada Malacca Strait Ltd. based on Comdev certainly gives the good effect for the company which plans and runs the program, but it is felt by the local society as the target from those programs.

As we understood from the implementation of CSR programs, there are some benefits felt by the company according Pratiwi (2012), one of them is the improvement of the company image by doing the CSR programs, the consumers know more about the company which does the good activities to the society. Same like, Energi Mega Persada Malacca Strait Ltd. in the earlier existency in the villages of Ring 1 areas of Riau Province, where the area get the direct effect by the company operational activities, the local society tends to judge in negative ways, the society feels that the company existency is to harm the society. But, as the CSR programs based on Comdev grow, and with the programs done by the company, the society realizes that the programs give a lot of positive effects on the economy, the social, the environment, the education and the infrastructure sector. Therefore, the company image becomes better, because of doing the good activities. Besides, the decreasing complaints and demos done by the local society about asking for the job opportunity, the justice, and the easy financial access to the company decreased along the programs growth, the making of *LKM* also becomes the local society demand



in order to make the easy access of their small businesses financial. And the supports from the *stakeholders* also increases, as the opinion stated by Pratiwi (2012) that there are some benefits felt by the company from the CSR programs, one of them is the restoration of the relation with the *stakeholders*, the implementation of CSR programs will help adding the communication frequency with the stakeholders, where the communication will increase more trust stakeholders to the company so the support obtained by Energi Mega Persada Malacca Strait Ltd. on the CSR programs based on the Comdev increases as well. As described by Mr. Hafied as CSR officer Energi Mega Persada Malacca Strait Ltd., that:

*“Pada awal pelaksanaan program CSR, perusahaan mendapatkan pemberitaan negatif yaitu beberapa masyarakat membicarakan bahwa sebenarnya biaya yang dikeluarkan oleh perusahaan itu tidak lah sedikit, namun mengapa yang kami sebagai penerima program tidak merasakan dampak yang nyata. Berkaca dari pemberitaan tersebut, perusahaan terus melakukan evaluasi dan melakukan beberapa studi sehingga mendapatkan jawaban mengapa masyarakat sampai merasakan hal seperti itu. Setelah berjalannya waktu program CSR berkembang menjadi berbasis comdev, dimana lebih jelas sistematis dan tujuan yang ingin dicapai, pemberitaan negatif pun mulai berkurang karena semakin kesini masyarakat bisa merasakan dampak positif bagi mereka.”* (Interview on 15 February 2016 at 16:15 in Bakrie Tower Offie, South Jakarta)

Besides, the company also feels the effect from the CSR programs based on the Comdev by Energi Mega Persada Malacca Strait Ltd., the local society as the target of the program also feels the positive effect. There is social changin where the changing in various social aspects of the local society life. Some of them are the increasing opportunity for the local society in making the business, which they feel burdened before in strating and developing their businesses. As deccribed by Mr. Arip as CSR officer Energi Mega Persada

Malacca Strait Ltd., that:

*“Masyarakat lokal merasa sangat senang dengan program olahan pangan sagu dan karet dan berdirinya LKM ini. Banyak yang hal positif yang dapat mereka terima, lalu ada beberapa yang berbagi cerita kepada saya misalnya saja dalam hal ekonomi mereka sangat lah merasa terbantu karena adanya program olahan pangan sagu dan karet ini, SDM yang ada di desa mereka ternyata bisa menjadi program unggulan yang dimana sekarang juga sebagian besar juga sudah menjadi lapangan kerja untuk mereka. Dan dengan didirikannya LKM mereka merasa modal tentunya terbantu dengan askes permodalan yang semakin mudah tentunya untuk menunjang usaha kecil mereka.”* (Interview on 15 February 2016 at 15:20 in Bakrie Tower Office, South Jakarta)

However, because of the CSR program which makes the accompaniment in the form of training and the internship, definitely add more information about the business development, especially the sago and rubber processing product development program. Then the help of the financial access, earlier the society asks for the financial helps which cause the miss understanding, and now it is responded with the establishment of LKM. Besides, the positive effect felt by the local society is their negative dependency to the company has been lessen. Because through the CSR programs based on Comdev, the company wants the local society becomes independent. It is suitable to the opinion by Kanto (2006:8) that the social and culture changing can be distinguished into several forms, one of them is based on dimesional process, which is able to be distingushed between the desired changing (intended change) or the planned change (planned change) and the unwanted change (unintended change) or unplanned change (unplanned change). The intended or planned change is purposely planned by the sides which wants to have the changing (agent of



change) to achieve certain goals. So that the CSR programs based on the Comdev, that the effect felt by the local society is the intended and planned change which is purposely planned by Energi Mega Persada Malacca Strait Ltd.



## CHAPTER V

### CONCLUSION AND RECOMENDATION

#### A. Conclusion

Based on the research results on the field, so it can be concluded that the CSR program implementation based on the Comdev in Energi Mega Persada Malacca Strait Ltd. Is as follow:

The direct involvement of the Energi Mega Persada Malacca Strait Ltd. in performing the CSR programs based on the Comdev is the company runs the programs directly without any mediator by holding the social activities by themselves namely by holding the programs on the economy, education, environment, health and infrastructure sector. Later, through those programs, the society is able to increase their welfare with the society empowerment or the community development. However, the superior program is on the economy sector, it is the sago and the rubber processed product development program. Because the theme choosing is before the program making so it is important to discuss it with the local society and the government, which is the local economy potential development.

Energi Mega Persada Malacca Strait Ltd. establishes the Capital Money Institution (LKM), with the background of the capital circulation needed by the society in running and paying the owned-small businesses. It is KJKS Mandiri Sejahtera 01 in Merbau Sub-District, Meranti Islands District and KJKS Mandiri Sejahtera 02 in Apit River Sub-District, in Siak District. Energi Mega Persada



Malacca Strait Ltd. Organizes the CSR program based on the Comdev through the collaboration or the cooperation with the government of Riau Province and the local society. Energi Mega Persada Malacca Strait Ltd. forms the working group which accomodates the cooperation and also controls the economic society development agenda. The working group is made based on the existed industrial cluster. The cluster working group is the collaboration instituion of the society economi development which focusec to empower the specific industrial cluster. The cluster working group must present as the new institution substituting the government, CSR or society representative institution duties, the working group is made as the company, the government and the other institutions partner which are concerned as the society economy development.

There are some internal supporting factors come from the high commitment of the company in performing the Corporate Social Responsibility (CSR) programs. By then, the appearence and the involving of the good relation between the company and the local society are happened. It is happened because the local society is involved from the planning, the performance, the evaluation and until the frequent communication with the company. Besides, there are some external supporting factors come from the participation and the enthusiasm of the local society to the CSR programs based on the community development done by Energi Mega Persada Malacca Strait Ltd. based on Comdev. Then for the inhibiting factors are from the local society, the government, and the operational area condition sides.

The positive effect gained or felt by the company is the lessening of the complaints, the demonstrations or the negative reports from the local society to the

company, and the increasing supports from the stakeholders. On the other hands, the positive effects gained or felt by the local society is the increasing opportunity for the local society to start the business, because the capital access is getting easier and the negative dependency on the company is lessen.

### **B. Recommendation**

To increase and maximize the Corporate Social Responsibility (CSR) programs performance based on the Community Development, Energi Mega Persada Malacca Strait Ltd. needs to do these following steps:

1. Energi Mega Persada Malacca Strait Ltd. needs to make sure on some important implementation agenda, such as the business chain mapping and the business environment condition for sago and rubber widely in order to obtain the development chance and the development obstacle can be more accurate.
2. Energi Mega Persada Malacca Strait Ltd. should always pay attention to the social interests of the local society so that companies can increasingly cultivate relationships with local society, so as to increase public confidence towards the company and the community is also increasingly has a positive image to the company.
3. Energi Mega Persada Malacca Strait Ltd. need to keep the synergy between the local economic development program with the CSR programs in other fields, such as in the areas of education, health, environment and infrastructure. So that local society can also develop not only on the economic field.



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