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# Corporate Social Responsibility in the Economic, Agriculture, and Environment Development; An Evidence of Teluk Bintuni Regency, West Papua



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**ABSTRACT:** This study aims to obtain an overview of the performance of Corporate Social Responsibility in Teluk Bintuni Regency in the social, economic, agricultural and environmental fields. Measurement of CSR performance is carried out by examining the gap between the level of importance and the performance of CSR implementation, as well as the priorities needed for program sustainability. There were 40 beneficiaries as respondents, located in the villages of Onar Baru, Onar Lama, Saengga, Tanah Merah, Tofoi, Babo and Bintuni. Data were analyzed using Importance Performance Analysis (IPA). The findings show that the level of conformity between interests and performance is 67%, and from the 14 attributes of the assessment, there are 7 attributes of program management that must be prioritized, namely planning and implementing programs that are as expected, accompanied by clear monitoring and evaluation. The program must be in accordance with the objectives, provide opportunities for the community for community involvement to provide input and have an orientation to the satisfaction of the target community.

KEYWORDS: Performance, CSR, Bintuni Bay, Agriculture, Economy, Environment

#### INTRODUCTION

Advances in science, technology, and multi-media coupled with good management skills have made the business world go fast (Prajarto, 2015; Danuri, 2019). The progress of the company will result in the complexity of the company's activities. Complexity can be facilitated by building good relationships within the company environment, between companies and the environment around the company, and between companies and the government (Tyoso, 2016). If a company is considered as an institution that provides benefits to the environment inside and outside the company, the smooth running of the company's operational activities can be guaranteed (Fuad, 2006; Parinduri et al., 2020).

Companies in Indonesia are starting to pay attention to environmental and social aspects, as a form of corporate social responsibility. The form of attention can be seen in the policies set by the company. The accounting sector, which is part of the business world, has contributed to responding to corporate social concerns with the development of social accounting, including the implementation of corporate social responsibility programs and accountability for CSR in the company's annual financial statements.

The term CSR has been used since the 1970s and in Indonesia the term CSR has only been used since the 1990s (Nayenggita et al. 2019). Most companies in Indonesia carry out CSR through collaboration with other partners, such as non-governmental organizations, universities, or consulting agencies. Understanding CSR (*Corporate Social Responsibility*) can be defined as a company's concern that set aside some of its profits (*profit*) for the benefit of human development (people) and the environment (planet) in a sustainable manner based on appropriate procedures and professional (Elkington & Rowlands, 1999). The CSR is a concept that companies have responsibilities to consumers, employees, shareholders, communities, and the environment in all aspects of the company's operations.

Corporate social responsibility (CSR) in Indonesia is an obligation of companies to the environment and surrounding communities (Law No. 40 of 2007 concerning Limited Liability Companies; Law No. 25 of 2007 concerning Investment, and SOE Ministerial Regulation Number Per-5/MBU/200 regarding the BUMN Partnership Program with Small Business and Community Development Programs), which is different from companies in the western world which are voluntary (Sutto, 2003; Ribstein, 2005; Blowfield & Frynas, 2005; Dhaliwal et al., 2011). Company activities in Indonesia are carried out with environmental development

(Tsamara et al., 2018) and economic development of local communities around the company (Putri, 2018); and funding for business actors (Machmud, 2015) as well as building partnerships with various parties (Kadir, 2012; Puspitasari, 2015; Tsamara et al., 2018).

The implementation of CSR, nowadays, is no longer seen as a potential competitive advantage for companies, but as a real strategic need (Falkenberg & Brunsael 2011). CSR can bring benefits to companies in the midst of a financial crisis (Lins et al., 2019), investors (Petersen & Vredenburg 2009), employees (Kim et al., 2010; Wang et al. 2013), management (Du et al., 2013), and consumers (Groza et al. 2011; Moosmayer 2012). However, on the other hand CSR can be very expensive and few companies can measure its benefits (Bhattacharyya 2007).

If companies do not engage in CSR, this can harm the company's reputation and in turn can reduce the company's short-term and long-term profitability. On the other hand, if a company invests in CSR, it will be criticized by stakeholders, especially for companies that reduce CSR activities. This of course can reduce product quality and safety, especially to treat employees less well (Campbell 2007). Even when companies invest in CSR, it often creates skepticism from stakeholders (Daniri, 2008). This means that companies can benefit from CSR, but there are also companies that fail to take advantage of their benefits in CSR programs.

The company's CSR practices can help explain how the company can benefit or not from the programs/activities implemented. This is highly dependent on stakeholders in supporting the company's CSR activity targets. Some stakeholders often pay less attention to the company's CSR practices. This condition encourages companies to develop a performance analysis framework to evaluate the CSR implemented. Evaluation of CSR performance often gets satisfaction from employees (Bauman and Skitka, 2012). Furthermore, CSR performance analysis can effectively explain how stakeholders view the company's CSR practices (Martinko et al. 2011). Therefore, in this article, a performance analysis is carried out on stakeholders who are directly affected by the company's CSR activities. Research so far considers company employees as the main stakeholders in obtaining benefits (Hansen et al. 2011), while other stakeholders can be neglected in CSR (Aguinis & Glavas 2012). In terms of CSR performance analysis can include many dimensions (Pedersen, 2011),

this research will examine how CSR attributes are used to see the performance of stakeholders on the company's CSR practices. In particular, this research will examine the attributes of interest and satisfaction of different stakeholders towards the implementation of CSR programs. Lin et al. (2010) report the impact of CSR on the performance of the company's role, but there are also studies that take into account the attributes of CSR performance and its impact on environmental management through the role of stakeholders.

#### RESEARCH METHODS

Research carried out in Teluk Bintuni Regency by involving 40 beneficiary communities from various ethnic groups in Bintuni Regency and specifically people in the southern part of the region. The research was conducted from June to September 2022, on 40 respondents who were the targets of CSR activities. Respondents are stakeholders and local communities.

The performance of CSR implementation was analyzed using the *Importance Performance Analysis* (IPA) matrix. This matrix was first developed by Martilla and James (1977) as a method of measuring beneficiary satisfaction (Havitz et al., 1991), comparative analysis (Bacon, 2003), and was applied to see the popularity between hospitality and tourism, and measurement of organizational interests and performance (Eskildsen & Kristensen, 2006). The method was created with the aim of measuring the relationship between consumer perceptions and priorities for improving product/service quality, which is also known as *quadrant analysis* (Setiawan 2005).

Interest-Performance Analysis (IPA) consists of two parts, namely quadrant analysis and gap analysis. Quadrant analysis puts attributes into 4 different quadrants, namely Quadrant I (Main Priority), Quadrant II (Maintain Achievement), Quadrant III (Low Priority) and Quadrant IV (Excessive). The second part of the Interest-Performance Analysis is the gap analysis. Gap analysis measures the difference between the average performance appraisal and the level of importance rating. Attributes that are above the total average of all attributes are declared as having good performance, while attributes that are below the average line for the total of all attributes have low performance so that they need improvement. The method of measuring community satisfaction uses the IPA (*Importance-Performance Analysis*) or Interest-Performance Analysis method. IPA is used to map the relationship between the level of interest and community satisfaction with the implementation of corporate social responsibility (Sumaedi and Napitupulu, 2010).

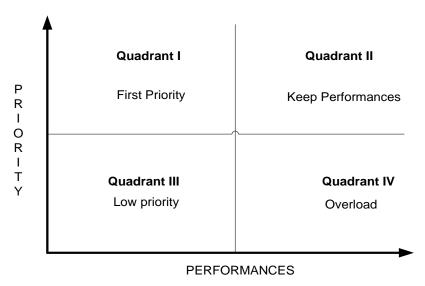


Figure 1. Performance-Interest Analysis (Source: Octaviani and Suryana, 2006)

IPA combines the measurement of the level of importance and the level of community satisfaction with CSR performance, displayed in a two-dimensional graph as shown in Figure 1. The explanation for each quadrant is as follows (Setiawan, 2005):

- a. Quadrant 1: "Maintain Performance" (high importance and high performance). This is an area that contains factors that are considered important by the beneficiary but in reality these factors are not as he expected (the reality obtained is still very low). The variables that fall into this quadrant must be improved in a way that the company continues to concentrate on this quadrant.
- b. Quadrant 2: "Improve Performance" (high importance and low performance). This is an area that contains factors that are considered important by the beneficiary and the factors that are considered by the beneficiary to be in accordance with their expectations. The variables included in this quadrant must be maintained, because these variables give the product an advantage in the eyes of the beneficiary.
- c. Quadrant 3: "Low Priority" (*low importance and low performance*). This is an area that contains factors that are considered less important by beneficiaries and are in fact ordinary or not very special. The variables included in this quadrant can be considered to be eliminated because their effect on the benefits felt by the beneficiaries is very small.
- d. Quadrant 4: "Tends to be excessive" (*low importance and high performance*). This is an area that contains factors that are considered less important by beneficiaries, but are in fact accepted or perceived to be excessive. The variables included in this quadrant can be considered to be reduced, so that the company can save costs.

Table 1. Likert Scale.

No.	Statement	Score
1	Strongly disagree/Strongly unimportant	1
2	Disagree/Not important	2
3	Neutral	3
4	Agree/Important	4
5	Strongly agree/Very important	5

In general, there are two kinds of methods for displaying *Importance Performance Analysis* (Setiawan, 2005), namely: (1) placing the quadrant intersection line on the average value on the importance level axis and the organizational performance level axis with the aim of knowing in general the distribution of the data is located in what quadrant; (2) placing the line of intersection of the quadrants on the average value of the observations on the axis of the level of importance and the axis of the level of organizational performance with the aim of knowing specifically which quadrant each factor lies in. To get quantitative data from the questionnaire that will be studied is to use a 5 Likert scale (Table 1.).

#### RESULTS AND DISCUSSION

#### **CSR Program in Teluk Bintuni Regency**

The CSR program is an important part of the company's program that provides high concern for environmental issues and the economic development of the people living around the company (Freeman 2015; Blok et al. 2015; Benites-Lazaro and Mello-Théry

2019). CSR in the Bintuni Bay area began with the establishment of Tangguh LNG and has been operationally started since 2006. This CSR is also related to the company's commitments as outlined in the AMDAL Document (Environmental Management Plan (RKL), and community social development documents, such as: Social Program Integrated (PST), the Community Investment Program (CIP), also referred to as the *Indigenous People Development Plan* (IPDP), the Community Investment Program or the second period of the PST, and the Tangguh Sustainable Development Program, TSDP (Tangguh Sustainable Development Program). TSDP is Tangguh LNG's approach in achieving the strategic objectives of social development, to become a catalyst in sustainable regional development in the Bintuni Bay and Berau areas in West Papua Province, Indonesia. TDSP is built on the achievements and lessons learned from the Integrated Social Program (ISP 2006-2010) and Community Investment Program (ISP or CIP, 2011-2015).

#### **Implemented CSR Program**

In the period 2006-2010, Tangguh LNG has carried out several social programs as a commitment to implementing the AMDAL, in addition there is full awareness for the economic development of the community around the company's area. All of these commitments are contained in the form of the Integrated Social Program (PST) (TIAP-BP 2012; BP-Berau 2011, 2006) which consists of 14 programs, namely: 1. Governance and revenue management, 2. Strengthening civil society, 3. Empowerment of business in the Bird's Head area, 4. Management of labor and industrial recruitment, 5. Mitigation of in-migration and its negative impacts, 6. Government and civil society in Teluk Bintuni Regency, 7. Integrated Community Based Security (ICBS), 8. Health, 9. Basic education, 10. Vocational training, 11. Empowerment of women, 12. Development of micro finance and micro enterprises, 13. Community development – Community Action Plan (CAP), and 14. Land Acquisition and Resettlement Action Plan.

For the period of 2011-2015, Tangguh LNG continues its operational support program in the form of community investment for five (5) years. Having similarities with the PST I program, the Community Investment Program as the second period of PST (PST-2) is streamlined, focused, and grouped into five (5) main programs: 1. Governance, 2. Communication and External Affairs, 3. Education and Training, 4. Public Health, and 5. Livelihoods.

#### Governance

The objective of the Governance program is to contribute to improving the governance of government and civil society in accordance with the principles of transparency, accountability and participation (Huda and Yunas 2016; Putri and Sukmana 2022; Listyaningsih et al. 2021; Yuliana 2021). The desired results include: improved planning and budgeting for development, improved public services in terms of health, education and public administration, improved participation of civil society in supervising the process of social and economic development.

#### **Communication & External Affairs**

The objective of the communications & external affairs program is to promote mutual respect and constructive relationships between Tangguh LNG and local stakeholders in Papua. The desired results include: increased communication and collaboration with local stakeholders, increased awareness of local stakeholders on the benefits of Tangguh LNG.

#### **Education and Training**

The purpose of education and training is to support the efforts of local governments and local communities to create educated and skilled local residents. Desired results: optimal implementation of the national education system by local governments, increased attendance of school-age children in available educational institutions, availability of skilled local people, increased awareness among children and parents about the benefits of education, increased skills of farmers, fishermen and existing business owners through livelihood-related skills training.

#### **Public Health**

The objective of the Health program is to support local governments and local communities to improve the quality of Health and access to Health services. Desired outcomes: reduced sufferers of malaria, diarrhea, HIV/AIDS and TB, improved quality of maternal and child health, improved quality and access to clean water and increased awareness and practice related to environmental sanitation, increased access and quality of primary care providers.

### Livelihoods

The objective of the livelihoods program is to increase the capacity of families in the local community to create diverse and sustainable sources of income. Desired outcomes: increased value added to existing livelihoods through improved production processes and product development, diversification of diverse family livelihoods for family members, increased access for local communities to economic resources (markets, etc.)

#### **CSR Program Progress and Achievements**

#### Governance

Previous governance program activities have developed the capacity for basic functions of government at the village level, such as: training and mentoring on governance administration, tasks and functions, budgeting, and development planning (Listyaningsih et al. 2021; Huda and Yunas 2016). Technically, the training and assistance carried out took the form of socializing the duties and functions of village officials in village administration, assisting in the preparation of village development strategic plans, assisting in the preparation of district development strategic plans, and assisting development and development planning deliberation activities.

In addition to activities at the village level, institutional and individual capacities are also provided. Several capacity building technical agencies/institutions at the district level (Antlov et al. 2010; Yoseph-paulus and Hindmarsh 2016; Fanany et al. 2009; Wekke and Hajar 2015), such as: Regional Development Planning and Control Agency, Health Office, Education and Sports Office, Agriculture and Plantation Service, and Marine and Fisheries Service and Regional House of Representatives. The materials presented by the resource persons included: 1) development of the implementation of the Regional Spatial Plan, 2) the development of the implementation of the Medium-Term Development Plan, 3) strengthening the institutional capacity of local governments, and 4) strengthening the legislative capacity.

In addition, Tangguh LNG, through its Governance Program, has encouraged the Government at both the provincial and district levels to immediately issue a Perdasus for the Oil and Gas Revenue Sharing Fund (DBH) (Mutiha 2018; Sading 2020; Listyaningsih et al. 2021; Hadna 2016; Wonda 2016; Budiratna and Qibthiyyah 2020). The steps that have been taken, such as: supporting the process of preparing academic manuscripts to conducting seminars to determine the Perdasus DBH Migas by involving all stakeholders. In implementing the LNG Governance program, Tangguh has partnered with a number of Civil Society Institutions (NGOs) such as: LP3BH – Manokwari, UGM PSKK, Partnership for Governance Reform Partnership (Partnership), UNIPA, and Uncen.

#### **Communication & External Affairs**

The Community Relations Program is run directly by Tangguh LNG through the CRP team and village representatives in the villages. From early 2011 to August 2013 several activities were part of the community relations, including regular meetings with government officials and community leaders, publishing the News Bulletin from the Gulf (Kadate), updating information boards in villages, facilitating visits by community leaders to LNG sites (TIAP-BP 2012). Tangguh, assistance in filling out complaint cards, as well as various cultural revitalization activities. Tangguh LNG also supports community activities related to national holidays and special events held by the community, and facilitates community participation and committee meetings to develop and implement CSR activities (BP-Berau 2006; TIAP-BP 2012; BP-Berau 2011).

#### **Education & Training**

To meet the target, several CSR activities have been carried out through the implementation of activities such as training for education officials, training for teachers, school principals, supervisors, school committees, mentoring in the formation of teacher performance assessment (Penilaian Kinerja Guru, PKG), elaboration of main tasks and Education Managemeni Information System (EMIS), education campaigns in schools, scholarship program, assistance with school infrastructure, and vocational training at the Aranday Job Training Center. The implementer of these educational programs are the PCR team in the education sector assisted by Tangguh LNG partners such as the British Council which runs training programs and strengthens the capacity of the education office apparatus; Putra Sampoerna Foundation which runs the model school development program in Tanah Merah Baru (TMB).

#### **Community Health**

Programs in the field of Health, by LNG Tangguh in collaboration with partners in the implementation of activities. Several partners such as YASP (Yayasan Anak Sehat, Healthy Children Foundation), MCC (Mediatama Cipta Citra Foundation) and YSA (Yayasan Santo Agustinus, Santo Agustinus Foundation) in the form of cadre training, health education, activity assistance, and handling of malaria. Handling Malaria, Tangguh LNG in collaboration with the Bintuni Bay District Health Office has made the program an Innovative program that has received awards at both the national and international levels. Several health indicators have shown improvement, for example the prevalence of malaria in 2010 was 1.2% and decreased in 2013 to 0.08%. The infant birth rate due to diarrhea decreased from 13.5% in 2006 to 2.7% in 2011.

#### **Livelihoods the Livelihoods**

Program is implemented by the CRP (community Relations Program) team. Livelihood program and BHBEP (Bird Head Business Empowerment Program) assisted by BSK (Bina Swadaya Consultant) as a working partner. Bina Swadaya Consultant (BSK) is working on three programs. First, agriculture, which includes farmer group meetings, assistance with farming tools and seeds, paraparameter assistance, sending KPTT participants (Taman Tani Agriculture Course), and making PETLAP (Field Instructions) books. Second, the production of fishery products (post harvest), which includes the processing of community business products from the

processing of fishery products and stocking points as a reservoir for agricultural and fishery products. Third, micro enterprise, which includes PERT (Management of the Household Economy), saving campaign, establishment of UBSP (Joint Savings and Loans Business), cooperative training, Outlet, and workshop business development. Meanwhile, the BHBEP team focused on training and mentoring local companies or contractors from the Bird's Head area in managing companies, including training in the tender process for obtaining projects. The welfare of the local community where the Tangguh LNG program is being implemented has shown improvement.

#### **CSR Sustainability Program**

Starting from 2015-2019, Tangguh LNG is committed to implementing the Tangguh Sustainable Development Program (PPBT). Activities are carried out to manage impacts and meet community needs and aspirations in conjunction with other local stakeholders. PPBT for the 2015-2019 period as a form of Tangguh LNG approach in achieving social development strategic goals. This has become a catalyst for sustainable regional development in the Bintuni Bay and Berau areas in West Papua Province, Indonesia. PPBT is built on the achievements and lessons learned from the Integrated Social Program (PST 2005-2010) and the Community Investment Program for the period 2011-2015.

The PPBT document also includes planning for the Tangguh LNG Development Project, which if successfully implemented in the future, will bring benefits to the local area, while also ensuring safe and reliable operations. Therefore, an important element is a shared commitment to strengthen dialogue and cooperation between Tangguh LNG and stakeholders from local communities and the Government. Through PPBT, Tangguh LNG focuses on nine (9) programs, including: Public Health, Education, Papuan Human Resources Development and Industrial Relations, Local Economic Development, Government Governance, Communication and External Relations, Integrated Community-Based Security, Tangguh Special Projects, and Environmental Conservation and Awareness.

#### **Results of CSR Performance Analysis**

The results of the cumulative gap analysis show that the achievement of the company's CSR program is still not optimal (Table 1), which is 67.86%. This is as a result of the performance of the program planning, implementation, monitoring, evaluation and involvement of the beneficiary community to provide feedback, each of which only reached 48.24%. Improvements in this program need to be made so that CSR activities become more beneficial for the economic and social development of the community. The community hopes that when designing CSR activities, they are involved from the beginning, so that CSR activities are in accordance with the capacity of the community's needs (Fanany et al. 2009; Usman and Daud 2015). Thus CSR activities, especially when planning activities are carried out at an early stage, where work is planned. That is, community development can solve economic, social and environmental problems.

Several CSR programs have shown a fairly good performance, for example the assistance program which is carried out in a friendly and courteous manner, implementing the assistance program with good communication, implementing the assistance program with good language (Hellsten et al. 2019). This program relates to community assistance programs and the capacity to deliver assistance which is carried out in a good, friendly and polite manner (Fanany et al. 2009; Antlov et al. 2010; Orthner et al. 2004; Booth et al. 2019). That is, from the aspect of managing the CSR program, it can be said to be very good.

Table 2. Results of Importance Performance Analysis (IPA) CSR performance.

No	Statement	Average		
110	Statement	Importance of	Performance	Gaps (%)
1	Assistance program provided to the community must be carried out to completion	4.98	3.93	78.89
2	Assistance program provided and implemented in a timely manner	4.98	3.93	78.89
3	Assistance program provided to the community with clear planning	4.98	2.40	48.24
4	Assistance program provided to the community must be with clear implementation	4.98	2.40	48.24
5	Assistance program provided to the community must be accompanied by clear monitoring	4.98	2.40	48.24
6	Assistance program provided to the community must be with clear evaluation	4.98	2.40	48.24
7	Assistance program using tools or media 78.89	4.98	3.93	78.89
8	program implemented in a friendly and courteous manner.	4	3.93	98.13

9	Implementing aid programs with good communication	4	3.93	98.13
10	Implementing aid programs in good language	4	3.93	98.13
11	Motivating/encouraging the community so that aid programs run well	5	3.93	78.50
12	Implementation of aid programs must be in accordance with the objectives/ community expectations	5	2.43	48.50
13	The program provides opportunities for the community to provide input on the assistance provided	5	2.43	48.50
14	The program must provide good satisfaction for the community.	5	2.53	50.50
	Average	4.77	3.18	67.86

Analysis of the interests and performance of the company's CSR programs in Bintuni Bay shows that most programs are located in Quadrant I. This shows that the program is very important for the community in the economic and social development of the community. However, in terms of performance, the program's achievements are still not optimal. This means that the program has not provided an adequate level of satisfaction for CSR beneficiaries. Programs plotted in Quadrant I need to get serious attention from CSR managers, and this can be a top priority for CSR programs in the future. The aspect of the program that needs attention is that the program must have clear planning and implementation, clear monitoring and evaluation, and community involvement starting from CSR program planning (Table 2).

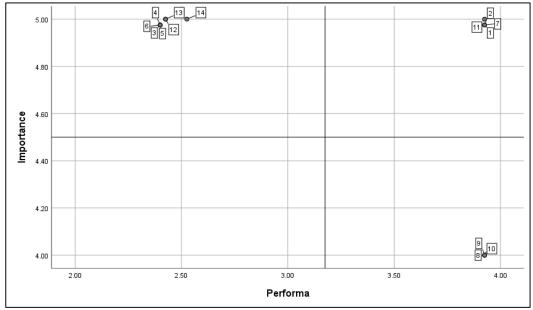


Figure 2. Analysis of the interests and performance of the company's CSR program in Bintuni Bay.

In Quadrant II, it shows interest and excellent performance, meaning that CSR programs can be maintained properly. These programs are felt to be very important and beneficial for the community, and have a very good performance because the CSR beneficiaries are very satisfied (Benites-Lazaro and Mello-Théry 2019; BP-Berau 2011; Holman 2008). This program includes programs that are carried out clearly and completely, on time, using the right media, and providing continuous motivation (Table 3).

Table 3. The main content of the company's CSR program in Bintuni Bay.

Quadrant	<b>Number of Statements</b>	Key of Content	Strategy
Ι	3,4,5,6,12,13,14	Clear Planning, Clear Implementation, Clear Monitoring, Clear Evaluation, Appropriate Objectives, community involvement in providing input, satisfying	High Priority
II	1, 2,7,11	programs Implemented to completion, on time, using the right media, providing continuous motivation	Maintain achievement
III	0		Low Priority
IV	8,9,10	Politeness, good communication, good language	Reduce Activities

The interesting thing from the analysis of the analysis of the interests and performance of the company's CSR programs in Bintuni Bay is that there are no programs in Quadrant III. This shows that the CSR program designed is not of low importance and performance. In this case it can be said to be very good. Quadrant IV shows the achievement of high CSR program performance, meaning that the CSR program is very satisfying to the community even though they do not feel interested in the existing program. This activity should be reviewed so that the CSR program in Quadrant III can shift to Quadrant II. Activities grouped in Quadrant III include the communication skills of CSR managers, such as politeness, good communication, and good language (Table 2).

#### CONCLUSION

Cumulatively, of the 14 programs implemented, the achievement of activities still needs to be improved by involving the community at the planning and monitoring stages of activities. Program performance needs to be improved to support community economic development. Programs that need to be improved are the assistance program provided to the community with clear planning, the assistance program provided to the community must be with clear implementation, the assistance program provided to the community must be evaluated.

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The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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