

Research Article

## Community Development Model: The Case Study of Corporate Social Responsibility (Csr) Implementation at Pt Perkebunan Nusantara X Jember

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**Abstract:** Indonesia's state-owned enterprises (SOE; Badan Usaha Milik Negara–BUMN) are required to participate in the corporate social responsibility (CSR) activities through community development (CD) to the Partnership and Environmental Development Programs, such as in the regulation of SOE's Ministry No.Per-09/MBU/07/2015. The programs are implemented as corporate social responsibility to increase the wealthy of community through social economic and environmental developments. PTPN X Jember implemented the programs in Kertosari and SumberPakem villages. The purpose of this research is to describe the implementation of PKBL (Program KemitraandanBinaLingkungan) by PTPN X Jember in these villages even by promotor and obstacle factors in that implemented. The type of research is descriptif with qualitative approach. The location of this research used purposive area at PTPN X Jember. The subject of this research is head and staff of HRD PTPN X Jember, business partner, and community of Kertosari villages. Methods of data collection in this study were interviews, observation, and documentation. Methods of data analysis were data reduction, data providence, and conclusion. The data validity is tested by triangulation method. The method of community development is Participatory Rapid Appraisal. Based on the results of data analysis showed that PTPN X Jember already implemented of which partnership program give loan of capital to community whose micro business with administration expense 6% each years. The implementation of the partnership has been the right on the target and goals. It can be seen the progress of business partners, so that they can survive until today. However, one of the obstacle in this partnership program is some partners who has bad credit. Environmental development program consist of some sectors, like social religion activities, repaired of public facilities, and education funding. The program has been implementing targeted. However, the lack of socialization company to the public about that caused contribution of community was low.

**Keywords:** Apposite Model, mastery of concept, kinematic motion.

### I. INTRODUCTION

The company's efforts to increase the sensitivity and awareness of the environmental issues and ethics in order to defend itself against social pressure are realized through the development of a Corporate Social Responsibility (CSR) program. CSR which caused by the awareness of long-term company sustainability will be more important than profitability. CSR emphasizes that companies should develop ethical and sustainable business practices economically, socially, and environmentally (Kartini, 2013: 8).

According to The World Business Council for Sustainable Development (WBCSD) in Kartini (2013: 2),

Corporate Social Responsibility (CSR) is a business' commitment to continuously act ethical, legally operate and economically contribute, improved employees' and their families quality of life as well as improving the quality of local communities and the wider community. It also makes CSR a dimension to build a company's reputation on stakeholders and society in general. As stated by Du et al. (2010: 17), owing to the identity-revealing nature of CSR activities, by investing in social initiatives a company be able

not to generate favorable stakeholder attitudes and behaviors, but also over the long run to build corporate image.

The implementation of CSR is now beginning to vary according to the needs of the local community. The evolution of community development concept based on the values of empowerment, participation, and independence in the community cannot be separated from the real condition of the people in Indonesia. Community development is part of a specific CSR that addressed to community groups who are vulnerable to the negative impacts of company operations. Community development program aims to empower and improve society, so that the long-term impact could be felt by the community (Situmeang, 2016: 41).

For state-owned enterprises throughout Indonesia, CSR program through community empowerment implemented in the form of Partnership Program and Community Development. It is based on Indonesia's Limited Liability Company Law No. 40/2007 Article 74 Chapter V on Social and Environmental Responsibility, and listed in Regulation of the Minister of SOE Number Per-09 / MBU / 07/2015 on the

SOE's Partnership Program and Community Development (*Program Kemitraan dan Bina Lingkungan* - PKBL). Through this policy, SOEs are required to participate in improving the welfare of society and the surrounding environment.

Mardikanto (2012) states that community empowerment have four main efforts in empowerment, including human development, business development, environmental building and institutional building. As the implementation of PKBL by SOEs that include Partnership Program with MMSMEs as empowerment in business development and Community Development Program as an empowerment in environment development, Soleh (2014: 100) emphasizes empowerment with participatory methods that beneficiaries are expected to be more self-reliant. The method consists of Rapid Rural Appraisal, Participatory Rapid Appraisal, Focus Group Discussion, Participatory Learning and Action, Field School Methods and Participatory Training Methods.

PTPN X Jember as an SOE is obliged to implement PKBL as a form of awareness to the society around the company and to avoid socio-economic imbalance of society and companies related to the productivity of tobacco produced so no monopoly occurs. In addition, the program is an external corporate responsibility through a community development approach with the aim to prosper society in social and economic life.

Yulianti (2012: 410) states that PKBL is a real commitment of SOEs as one of the national economic players in addition to the union and private sector to increase prosperity through the development of community wealth and social environment. PKBL is implemented as a corporate social responsibility to the socioeconomic and environmental conditions of the community. According to Kartini (2013: 78), PKBL covers the majority Partnership Program with MMSME, and the Community Development program is divided into Natural Disaster Relief, Public Health, Community Education and Training, Religion, Development of Public Facilities and Nature Conservation.

Wijaya (2014) explains that the SOE Partnership Program is a program to increase the ability of small-scale enterprises to become more resilient and independent through the utilization of funds from the SOE's profit share. While the Community Development Program is a program of empowerment of social condition of the community by SOE through the utilization of funds from the share of profit of SOEs conducted in the region of the SOE business concerned.

Based on the description above, to identify the model of community empowerment through PKBL as implementation of CSR PTPN X Jember, in Kertosari Village and Sumber Pakem to be exact, with respect to socio-economic life of the community, further analysis is needed. Therefore, the researcher conducted a research entitled Community Development Model: The Case Study of Corporate Social Responsibility (CSR) Implementation at *PT Perkebunan Nusantara X Jember*.

## II. Methodology

The approach used in this research is a qualitative approach with descriptive research type. The location of this research is PT Perkebunan Nusantara X Jember in Kertosari Village and Sumber Pakem, Jember District. The subject of this research is the Human Resources Division of PTPN X Jember as the manager of the Partnership and Community Development Program, the villagers of Kertosari Village, and the community (the assisted partners) in Sumber Pakem village. While for data collecting, researcher used interview method, observation, and document. Data analysis used in this research consists of several stages, namely data reduction, data presentation, and conclusion.

The model of community empowerment as stated by Soleh (2014: 101) related to community participation has been detailed the implementation stages by Situmeang (2016: 48) as follows:



Fig. 1: Community Empowerment Model Participatory Rapid Appraisal

Community empowerment with the Participatory Rapid Appraisal model starts from the first stage of Assessment covering need assessment, problem identification, problem analysis, and resources assessment. The second stage of planning is an insight process in connecting problems with resources that can be utilized to solve problems. The third stage, the action is the implementation of activities that have been planned. The fourth stage of evaluation is an assessment of the implementation of activities as the basis for follow-up program empowerment.

## III. Result and Discussion

According to the research, the implementation of CSR through community empowerment with participatory rapid appraisal on Partnership Program and Community Development PTPN X Jember consists of several stages as follows:

### Partnership Program

Before the company conducted the assessment, the company conducted a socialization about the partnership program to MSMEs in Kertosari Village. After the socialization is implemented, MSMEs can submit a business proposal to become a partner of PTPN X Jember. In addition to the criteria of prospective partners determined by the applicable ministerial regulation of SOE, the business proposal is also the basis of the company's assessment of the acceptance of MSME as a partner, as well as field surveys of potential partners.

The Partnership and Community Development Program is funded from the allowance for net profit after tax stipulated in the General Meeting of Shareholders (GMS) / Minister of Approval on the State Owned Enterprise, maximum up to 4%

of the net profit of the previous fiscal year (PERMEN BUMN No. Per-09/MBU/07/2015). PKBL funds are from the Central Board of Directors of PTPN X whose amount is in accordance with the needs of regional business units (PTPN X Jember). The amount of funds that go down each year varies, ranging from IDR 50 billion up to IDR 100 billion. The discussion of implementation of PKBL by PTPN X Jember include:

#### *Target Partnership Program*

The Partnership Program implemented by PTPN X Jember is aimed at people with small and medium-sized productive enterprises who need capital loan assistance. The goal is to strengthen the power of MSMEs to become more resilient and independent. Partnership Program implemented by PT Perkebunan Nusantara X Jember is a partnership with MSME of Batik Tulis UD Pakemsari in Sumber Pakem village. PTPN X Jember has been developing MSME Batik Tulis "UD Pakemsari" in partnership program since 2004.

#### *Business Capital Loan*

The Partnership Program of PTPN X Jember manages the business capital loan and conducts partners' business coaching. The business capital loan is in the form of soft loan with moderate interest rate to the partner, which is 6% per annum. The Partnership Program is a 3-year term and can be renewed according to the agreement of each party.

In the process of applying for the loan, PTPN X Jember also requires a collateral that is guaranteed 3 times the amount of loan. This is as a Decision Letter of the Board of Directors of PTPN X. PK-22100/KOL/15.000-12/1/2015 on the Partnership Program Disbursement Procedure. The amount of capital loan given by PTPN X Jember to Batik Tulis MSME is quite big depending on the agreement of both. The amount of the loan is aimed to encourage the development of partners' business. As the information obtained by researchers from MSME entrepreneurs Batik Tulis that the amount of loans given ranges between IDR 25 million up to IDR 75 million according to the agreement between the company with MSME.

One of the conditions that must be considered by the assisted partners is the time of installment that has been determined. It is like the information submitted by entrepreneurs MSME Batik Tulis as a partner built PTPN X Jember that installment is done per month every 27th and given the due of 10 days from the 27th of that month. Installment is submitted according to principal loan added by interest on loan. The repayment period is based on the partnership period, which is 36 months. It is done so that there is a strong commitment between partners and companies.

#### *Partner Monitoring and Coaching*

In addition to providing loans, PTPN X Jember is also required to monitor and foster business the assisted partners. PTPN X Jember has been conducting regular partner business monitoring, which is once every 6 months. However, if there is a delay on partner's loan payment, it has to be done within 3

months. In addition to monitoring, the company is also required to provide coaching / training related to business management to the assisted partners. However, according to information obtained by researchers from Partnership Program, coaching that has been held centrally by PTPN X Directors in several cities for the last few years have never been held again, both incidentally and periodically.

#### *Partnership Model*

In this Partnership Program, PT Perkebunan Nusantara X with MSME Batik Tulis UD Pakemsari are two parties that have a vision and mission complementing each other. The complementary purpose indicates a mutually beneficial relationship. This shows that Partnership Program by PT. Perkebunan Nusantara X Jember to MSME Batik Tulis also refers to the partnership model of Mutualism Partnership or mutualistic partnership model.

#### *Pattern of Partnership*

Based on the explanation of the implementation of PTPN X Jember Partnership Program, the partnership pattern undertaken by the company with MSME Batik Tulis is a partnership pattern of plasma core. The Core Plasma partnership pattern is a partnership pattern that includes the company as the nucleus, and MSME as the Plasma. The PTPN X serves to coach and provide capital loans, while the MSME Batik Tulis performs the production function. In accordance with the pattern of Inti Plasma partnership, PTPN X Jember has the right to know its performance through field review of the partners assisted in the development of its business.

### **Community Development Program**

The first stage of the Community Development program is mapping the villages around the plant and the identification of problems occurring in the village. This is done as a consideration for the distribution of social assistance for Community Development Program. Assessment needs include various fields, good health, education, environmental conservation, public facilities, and the general needs of the village community. Then conducted a field survey by the company on the mapping that has been done.

Planning phase in environmental development program is done by company based on condition analysis or survey conducted. This plan connects people's needs with resources that can be used to solve problems through a series of activities.

#### *Target partnership program*

The Community Development Program by PTPN X Jember was conducted in the community at the nearest area within the PTPN X business unit based on the location of the village. Covering the priority scale I if the village is located 0.5 km from the company, priority scale 2 if the village located 5-10 km from the company, and priority scale 3 if the village located 10-20 km from the company. The village that became the reference activity of PTPN X Jember Community Development Program in this research is Kertosari village,

which is the administrative village of PTPN X Kebun Kertosari, Jember.

*Environmental development program activities*

The Community Development Program is divided into Natural Disaster Relief, Public Health, Community Education and Training, Religion, Development of Public Facilities and Nature Conservation. However, not all of these areas are implemented in the Community Development Program in the village community Kertosari. Here's the Community Development Program that has been implemented:

Table 1.1 Implementation of Community Development Program by PTPN X Jember 2016

No.	Environmental Building Department	Activities	Target
1.	Religious Activities	Orphanage donations	Orphans in Kertosari Village and nearest area
		Zakat distribution	People of Kertosari Village in need
		Mass Circumcision and Procession and Ceremony	Boys of age in Kertosari Village and nearest area
		Qurban (Islamic rites of cattle sacrifice) meat distribution	People of Kertosari Village in need
		Monetary aid to the poor	People of Kertosari Village in need
2.	Public Facilities Development	The establishment of Al Kautsar mosque with the people of Kertosari village	People of Kertosari Village
		The rehab of An Nuur mosque in the vicinity of Koramil Pakusari	Koramil (Military Rayon Command) of Pakusari Subdistrict
3.	Education	Allowance support to teachers of Qur'an Early Education Park Al Kautsar	Teachers in Qur'an Early Education Park (TPQ) AL Kautsar
		Procurement of learning facilities in 50 unit desks	TPQ Al Kautsar

(Source: Community Development Implementation Document PTPN X Jember, 2016)

PTPN X Jember conducts an evaluation on the implementation of the Community Development Program once a year. The PKBL management team assesses the process of implementing the program and its suitability to the actual needs or situation of the Kertosari villagers. Evaluate the process of distributing aid and forms of activities that have been implemented for the community. However, the company does not have guidance on monitoring and evaluation activities on PKBL implementation.

**RESEARCH DISCUSSION**

PT Perkebunan Nusantara X Jember as one of state-owned company has implemented corporate social responsibilities / CSR through community development in the form of PKBL implementation to villagers of Kertosari and Sumber Pakem. As Yulianti (2012: 410) stated that the implementation of PKBL becomes a real commitment of SOEs as one of the national economic players in addition to the union and private sector to increase prosperity through the development of community economy and the development of social environment.

**Implementation of Partnership Program**

The Target of Partnership Program PTPN X Jember is a community with small and medium-sized productive enterprises. PTPN X Jember has implemented partnership with several MSMEs, such as MSME Batik Tulis UD Pakemsari in Sumber Pakem Village, MSME Sangkar Burung in Sumber Pakem Village, and MSME Batu Piring in Jenggawah Village. As Wijaya (2014: 9) stated, small enterprises are small businesses that meet the net worth criteria or annual sales and ownership arranged in government regulations. While the term Building Partners (*Mitra Binaan*) is a small business that has obtained loan funds from the partnership program.

Partnership Program implemented by PTPN X Jember includes lending business capital and business development activities. The loan is a revolving capital loan with an administrative service charge of 6% per annum. Terms determined by PTPN X Jember to MSMEs who will register to be prospective partners assisted by the submission of proposals for productive business owned and the existence of collateral is guaranteed 3 times the amount of the loan.

The amount of capital loan ranges from IDR 25 million up to IDR 75 million. The repayment of the capital loan must be submitted by the partner once every month on the 27th and granted a payment period of 10 days from that date. PTPN X stipulates that the installment is in the form of principal installment and administrative service charge. The repayment period is 36 months, according to the partnership program period, which is 3 years.

Regarding the period of installment of capital, there are some partners who are not on time in repaying the loan. Bad loans in repayment become a vital constraint, so the company has a policy to review the place of business within a shorter span of time is 3 months. In addition, business progress reports are not required by the company to partners, but are merely limited to regular business reviews. The absence of provisions on the obligation of partners to make periodic business progress reports causes companies difficulties in evaluating the efforts of the assisted partners.

In addition to the assistance of soft loans, the Partnership Program also has partner monitoring and coaching. Partner monitoring has been conducted every 6 months, but if there are partners who experience delay in paying the installment of the company, partner will monitor every 3 months. In addition to monitoring, the company is also required to provide guidance to the assisted partners to improve skills with development guidance to achieve the expected objectives. However, as information from Partnership Program Officer PTPN X and entrepreneur MSME Batik Tulis stated that coaching has been conducted centrally by PTPN X Directors and is incidental, but currently never held again. This resulted in inconsistent partners in managing their business due to the lack of knowledge and skills in managing and developing the business.

Partnership Program that is interwoven with SMEs Batik Tulis, referred to the pattern of partnership Plasma Core. PTPN X Jember serves as a nucleus company that fosters and develops MSME Batik Tulis and MSME Batik Tulis plays a role as plasma, which is partner who conducting productive business. The two parties are synergic to achieve the same goals with the principle of mutual benefit, so the partnership also refers to the model of Mutualism Partnership (mutualistic partnership). As according to Sulistyani (2004: 192) mutualistic partnership is a cooperation between two or more parties who are equally aware of the important aspects of partnership to give each other benefits and get more benefits, so that will achieve the goal optimally.

Based on the findings of researchers based on the Regulation of the Minister of SOEs and the basic theory of partnership, it can be concluded that the implementation of partnership program PTPN X with SMEs of Batik Tulis runs in accordance with the goals and on target. This can be seen from the development of SMEs Batik Tulis UD Pakemsari experienced increased business productivity with the number of customers increasing, so it can survive until today.

#### **Implementation of Community Development Program**

The implementation of Community Development Program (*Bina Lingkungan*) PTPN X Jember in the form of assistance provided by the company to the village community Kertosari. The Community Development Program that has been implemented by PTPN X Jember includes the religious field, the development of public facilities, and the education field. Religious social activities consisting of mass circumcision, compensation orphans, compensation dhu'afa, division of zakat, and distribution of Qurbanmeat. The intended target is the village community Kertosari. The event was organized on the coordination of the company with takmir Al Kautsar mosque as a prominent religious figure who became the company's intermediary with the community. Assistance in the field of education that has been done by the company is giving teacher allowance to the Qur'an Early Education Park (TPQ) Al Kautsar every month and procurement of student learning facilities TPQ.

Based on the results of research related to the Community Development Program activities, PTPN X Jember has implemented Environment Development Program with good and right target. As the opinion of Kartini (2013: 78) that the Community Development program to the community is divided into areas of Natural Disaster Relief, Public Health, Community Education and Training, Religion, Development of Public Facilities and Nature Conservation. Religion in the field of religion, improvement of general advice, and education have been implemented. However, there are several other areas that have not been implemented, such as Environmental Development Program in the field of health, nature conservation, and natural disaster relief to the community.

#### **Achievement in Implementation of PKBL PTPN X Jember**

Implementation of PKBL by PTPN X Jember has yielded positive results, both for the assisted partners and the community of Kertosari who received the Community Development program. With Partnership Programs, partners can increase their turnover and increase variety of batik products. While the community Kertosari get social assistance in the field of social-kegamaan, rehabilitation of public facilities, and assistance in the field of informal education.

Some of the benefits of the implementation of the above PKBL are not only obtained by the target partners and target communities, but also obtained by the company. Implementation of the PKBL by PTPN X Jember has the meaning of carrying out social and environmental responsibility to the villagers of Kertosari and Sumber Pakem. Thus, the interaction between companies and society will be better. Companies with a harmonious relationship and a good image, will reap the rewards of the community by participating in maintaining the smooth operation of the company's operations and maintain the existence of the company.

#### **IV. Conclusion and recommendations**

Corporate Social Responsibility (CSR) of PTPN X Jember implemented through community development with participatory rapid appraisal on PKBL program. Implementation of PKBL PTPN X Jember includes Partnership Program in Sumber Pakem village, with partners of UMKM Batik Tulis UD Pakemsari. Meanwhile, PTPN X Jember Community Development Program was implemented in Kertosari village. The Partnership Program is in accordance with the partnership pattern of Inti Plasma with Mutualism Partnership model. In addition to providing ease in lending capital, coaching companies are also required to carry out coaching partners regularly. However, coaching or training for partners is poorly implemented.

The Community Development Program is realized with several areas of activity, including religious, public facilities, and education. Religious activities include orphans donations, the distribution of zakat, mass circumcision procession and ceremony, compensation and aid for the poor and those in need, and also distribution of Qurbanmeat. Public facilities development and upgrade include the establishment of Al Kautsar mosque and the rehabilitation of An-Nur mosque in Kertosari village. Meanwhile, the field of education includes assistance there for teacher allowance in TPQ Al Kautsar and procurement of student facilities TPQ. In addition, there is a channeling of financial aid to assist organizational activities in training and religious events.

Based on the results of research obtained in the field and discussion on the implementation of PKBL PTPN X Jember, the implementation of the program there are still some obstacles. The constraint is the company does not have its own unit of PKBL, the company also does not have guidance regarding the monitoring and evaluation of PKBL

impelmentation, the existence of partners who have bad credit, the lack of socialization to the community about PKBL and the existence of the less consistent partner in running their business.

### **Suggestion**

The suggestions that can be given in this study are based on the discussion and data obtained from the field. Suggestions that can be recommended by the researcher are: The company should increase the staff of division / part of PKBL in order to execute the task more effectively. The company should have guidance on monitoring and evaluation activities on the implementation of PKBL. The company needs to provide guidance to the partners in the management of MSMEs. The MSMEs need to be required to prepare partner accountability reports. Companies should add more resources and effort in socializing PKBL to the community. The company in implementing the Community Development Program in the religious field should further smooth out the aid to all religions.

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