



In Morowali Regency, Central Sulawesi Province, A Strategy for Increasing Community Income Through Corporate Social Responsibility (CSR)

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ABSTRACT

Morowali Regency is well-known in Central Sulawesi as one of the regencies rich in natural resources, particularly mining minerals like as nickel, iron ore, oil, and gas. Each action carries with it a certain amount of social responsibility. The purpose of this research is to examine how the strategy of adopting corporate social responsibility (CSR) initiatives to boost people's income in Morowali Regency. The descriptive qualitative research approach was applied. Data was gathered by observation, literature review, questionnaires, and in-depth interviews. The findings revealed that, first and foremost, economic development in the Morowali Regency has exhibited tremendous increase. Furthermore, corporations in Morowali Regency's Corporate Program Strategy Social Responsibility (CSR) has indirectly impacted the community's economy. Finally, there is still widespread popular opposition to the CSR program.



INTRODUCTION

Morowali Regency is well-known in Central Sulawesi as one of the regencies rich in natural resources, particularly mining minerals like as nickel, iron ore, oil, and gas. Among these natural resources, nickel has the highest promise and is scattered throughout multiple sub-districts, including Petasia, Central Bungku, West Bungku, South Bungku, Bahodopi, and Soyo Jaya, and is the material most "hunted" by both domestic and international investors. The government responded to investors' interest in mining in Morowali by providing a Mining Business Permit (MBP). In only five years, 144 MBP covering an area of about 440,000 hectares had been awarded. Currently, an MBP holding company transports a ship with a capacity of 50,000 tons of material from the Morowali area, as well as at least 18 million tons of dirt containing mining materials carried out of Morowali, once a month. With the existence of the mining firm, there is tremendous optimism that it will be a blessing to the Morowali community, because the mining corporation has a large obligation, not only to the state, but also to the people of the region.

The execution of this type of mining business duty becomes required or an obligation set down in the investment legislation, which demands Corporate Social Responsibility (CSR) operations as part of the firm's duties. The community development company's duties in the mining region did not operate as intended and even generated several complications. Almost all mining companies face a situation in which they have spent a significant amount of money on various community development activities (Community Development) as well as in the form of CSR but have had no significant impact on increasing the welfare of the surrounding community. On the contrary, it frequently triggers conflicts between the company and the surrounding community, which takes the form of closing access and even expulsion of residents. This circumstance frequently emerges not as a result of the company's lack of commitment to the development of the surrounding neighborhood, but as a result of the developing social problems in our society. For example, the practice of obtaining monetary aid because it is motivated by consumerism reasons, resulting in no progress in their family's economy because it goes out in an instant. Faults in mapping the nature of the community, components of local wisdom, community ideas about space and time, and errors in creating action plans are also causes of CSR implementation failure. As a result, a regional government policy framework in the form of a Regent's Decree governing the CSR Program in Morowali Regency, Central Sulawesi Province, is required.

LITERATURE REVIEW

The existence of enterprises in the mining industry, from upstream to downstream, carries a significant amount of responsibility, not only to the state, but also to the community surrounding the project or its operational region. Corporate Social Duty (CSR) is the application of this type of corporate responsibility as part of the company's duties to the community in its environment. According to Wibisono (2007), CSR is a type of moral obligation of a corporate organization toward its stakeholder groups that are affected by the company's operations, either directly or indirectly.

In Indonesia, there is no uniform definition of CSR. CSR may be defined as corporate or social responsibility. CSR is defined as a company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment that benefits the company, the local community, and society as a whole (see Article 1 Point 3 of Law No. 40 of 2007 concerning Limited Liability Companies). The notion of corporate social responsibility (CSR) arose as a result of public distrust in the firm. According to Wibisono (2007), the business world is becoming increasingly aware that companies are no longer faced with responsibilities based solely on a single bottom line, namely the value of the company as reflected in financial conditions, but must also consider social and environmental factors. Tjipta Laksanto believes that CSR will be an intrinsic business strategy inside the organization to preserve or grow competitiveness through reputation, product brand loyalty, or corporate image. Both of these are competitive advantages that competitors find difficult to replicate.

According to Wibisono (2007), the firm's viewpoint on CSR is the responsibility to enhance the community around the enterprise, particularly through CSR implementation. CSR is now an important consideration in all



forms of oil and gas investment, both upstream and downstream. In fact, almost all companies operating in the oil and gas sector face a situation in which they have spent a significant amount of money on various community development activities as well as CSR but have not had a significant impact on increasing the welfare of the surrounding community; on the contrary, demonstrations frequently sharpen the relationship between the company and the surrounding community, as well as the annihilation of company facilities.

This circumstance frequently emerges not as a result of the company's lack of commitment to the development of the surrounding neighborhood, but as a result of the developing social problems in our society. For example, the practice of obtaining monetary aid because it is motivated by consumerism reasons, resulting in no progress in their family's economy because it goes out in an instant. Other reasons for CSR implementation failure include faults in mapping the nature of the community, features of local wisdom, community perspectives on space and time, and flaws in identifying the correct program. As a result, social mapping becomes a must in every CSR implementation strategy, even if it also includes a mapping of social risk factors. Social mapping is defined as a systematic community portrayal procedure that include gathering data and information about the community, including its profile and social concerns. According to Netting, Kettner, and McMurtry (1993), social mapping is also known as social profiling or "creating a community profile."

This contradicts the findings of Repetto's (1989) Green Accounting Calculations, which demonstrated that the rapid economic growth of the 1980s was not proportional to the degradation of overexploited natural resources and the environment. The creation of varied meanings and uses of natural and environmental resources that are primarily concerned with the goal of high economic growth not only causes ecological harm but also has socio-cultural consequences by displacing indigenous people from their own hometowns. This research is significant because the presence of local culture now poses unique problems, particularly in this age of globalization. Given the importance of indigenous peoples indicated above, it is reasonable for businesses to pay attention to each of their CSR initiatives. As a result, the scope of this study is limited to the cultural dimension of Indigenous peoples in order to foster more harmonious communication and connections between enterprises and indigenous peoples through a CSR system.

METHOD

This study employs a qualitative descriptive technique in order to provide a comprehensive picture of the findings. The fundamental qualitative approach is the researcher's attempt to understand facts or ideas through an explanation process, such as in-depth interview procedures (Bogdan & Biklen, 1992). Surveys, in-depth interviews, and Focus Group Discussions were used to collect data (FGD). During the research, the informants included the Person in Charge of Community Development at PT. Indonesia Morowali Industrial Park (IMIP), the Village Government surrounding the mine in the Sub-district of Bahodopi, Community Leaders, and the community in general.

RESULTS AND DISCUSSION

Companies in the Morowali Regency have been doing CSR since their inception. CSR, as embodied in the Community Development (ComDev) program, takes numerous forms ranging from incidental to intentional, such as community empowerment to financial aid as a stimulus for economic activity. However, the achievement of CSR cannot be divorced from community concerns. The issues may vary from unhappiness to disappointed community expectations. One of the contributing issues might be the lack of a standard practical handbook for each program and activity's execution. PT. IMIP is a corporation that is very important in the growth of Morowali. This corporation manages industrial regions in the Bahodopi District, including mining and processing enterprises, as well as the administration of local support facilities. The intricacy of these roles has an impact on efforts to improve company collaboration. As a result, PT. IMIP is still having problems deciding the amount to be allocated to each company's area of duty.

One of the major sources of difficulty is the lack of standards in CSR management. For example, the quantity of money that the corporation needs issue in order to construct people's lives. When social responsibility



initiatives are implemented without defined criteria, there will be significant inequities. As a result, people's contentment will be disregarded, and corporate envy will be unavoidable. This lack of direction will result in more difficult management challenges. In any case, the document becomes the linchpin in determining the impact of CSR budget realization. A program will never be possible to assess its level of success unless the subsequent impact is known. As a result, PT. IMIP will never be able to intervene in line with the demands of the community as long as the situation is not fully handled. Despite the fact that PT. IMIP has previously executed many CSR projects in the field of Community Development.

CSR implementation is likewise in a bind. As the original pattern of executing this program, which has had a long-term impact on the community. When the ministry's legislation on mineral and mining management had not yet been released, the corporation elected to reduce ore transportation funds directly by 2% each time the operation was performed. As a result, this type of pattern promotes indifference in society. People are getting used to this form of money transmission. Long-term initiatives are preferred over short-term programs because they give direct financing. Activities with empowering patterns are regarded uninteresting and time-consuming. As a result, the interest rate is extremely low. The development program or upgrading of community infrastructure is one of the solutions made by the firm to achieve its social duty. For example, in 2018, the village administration and the firm allocated up to 20% of the money, or around Rp. 721 million, for rehabilitating religious facilities in Dampala, primarily mosques and Hindu temples, using CSR funding. This program was developed in response to the religious dynamics in an increasingly varied industrial area, as a result of the rising number of individuals of religions other than Islam entering from various places.



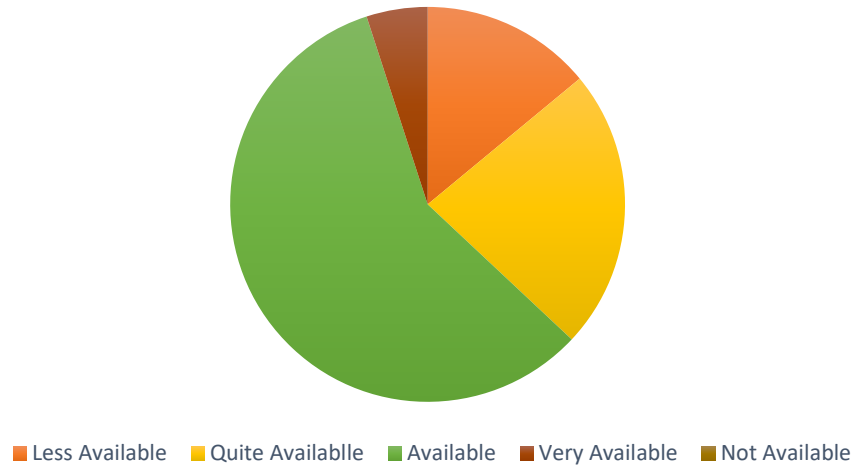
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Image of Cement aid for public service development (Source: COmDev Publications PT. IMIP)

In addition to worship facilities, health facilities are a priority for CSR activities in Morowali's industrial region. The provision of health care services is unquestionably critical for the local population. Aside from being a fundamental requirement, health is a duty that the state owes to its citizens. PT. IMIP is well aware that the government has a limited budget for implementing suitable and proper facilities, thus aid for this sector is always allocated yearly.



Diagram of The Availability of Health Infrastructure



Source: Primary Data

In a poll of community satisfaction with health services in the Industrial area of PT. IMIP, for example, 5% of respondents replied extremely available, 58 percent answered available, 23% answered very available, 14% answered less accessible, and no one answered not available or 0%. The majority of respondents rated the availability of health services and infrastructure in the Bahodopi District favorably. However, since its start till now, PT. IMIP, formerly known as PT. Bintang Eight Mineral, has invested much in the local community. Every year, at least 7.5 billion dollars are allocated to communities through two processes in the ComDev budget management report. First, aid is targeted for village lighting requirements, with at least 2.5 billion earmarked for power subsidies for the purchase of diesel and generators. The initiative is meant to help the region overcome its high level of power use. Second, the initiative is geared toward village development. In this segment, 5 billion rupiah is awarded, with each village receiving an average of 450-500 million rupiah. The funds are then utilized for a variety of activities at the village level, where locals can submit suggestions to the management committee, which includes representatives from ComDev, sub-district, and village administrations.

This fund distribution scheme, in general, is still confined to short-term operations. The majority of the funding is devoted to the physical sector and short-term operations where the influence would not be noticed for a long period. As a result, businesses must continue to consider CSR programs that can bring long-term and lasting benefits in society. PT. Indonesian Vale, in addition to PT. IMIP, is a firm that regularly recognizes social responsibility. Through Decree Number: 522/Menhut-II/2014, this corporation got a permission from the Ministry of Environment and Forestry in 2014 for exploratory activities in the Bahodopi Block, Morowali Regency. It includes a borrow-to-use area permission for nickel ore exploration activities in a protected forest area, a restricted production forest area, and a convertible production forest area in the Bahodopi Block, Morowali Regency, totaling 14,101.11 hectares. As part of its commitment to social development, PT. Vale established the Integrated Community Empowerment Program (ICEP). ICEP is intended to be a 5-year manifestation of the company's CSR money, beginning in 2013 and continuing in 2018-2022.



Table 1. Budget Allocations for the Integrated Community Empowerment Program (ICEP) of PT. Vale Indonesia in the Bahodopi Block, Morowali.

Year	Fund CSR (ICEP)
2013*	n/a
2014*	n/a
2015	Rp 3,280,000,000.00
2016	Rp 3,000,000,000.00
2017	Rp 1,500,000,000.00

Source: Processed from the Annual Report of PT. Indonesian Vale

During the ICEP's first implementation, a number of monies were continuously distributed to the health, education, and community economic sectors. In 2015, for example, a budget of 3.2 billion was expressly earmarked for the Bahodopi and Bungku Timur Block districts. The nominal funds continued to decline during the following two years.

Table 2. Realization of Social Programs through PTPM PT. Vale Indonesia in Morowali Regency

Region	Activity
East Bungku District	Village drainage, village road maintenance, village dams, water reservoirs, and multifunctional building fences are all being built.
Bahodopi District	Construction of school facilities and infrastructure, village facilities, river normalization and market facility repair, road and drainage repairs, sports facilities

Source: Processed from the Annual Report of PT. Indonesian Vale

The table above shows that the majority of the activities are geared toward physical development. Beginning with the building and on to the development of services and infrastructure in the target hamlet. Activities have not concentrated on enhancing resource quality, therefore the final orientation is just temporary. Although it is difficult to discern a direct influence on the contribution of CSR to the growth of economic value in the community, evaluating the proportion of employment to poverty reduction, of course, the existence of corporate programs to the community has a direct or indirect impact on these numbers. According to statistics from the workforce in Morowali Regency, for example, 39 percent of the population work as laborers to workers, while 25 percent work in the business sector. This means that, indirectly, the majority of people in Morowali Regency benefit from solid economic growth.

CONCLUSIONS

Based on the early findings of the study, it is possible to infer that: First, in general, economic development in the Morowali Regency has demonstrated remarkable increase. This may be demonstrated in a variety of ways, including the continued drop in the percentage of unemployed people. This indicates that the vast majority of individuals are employed. As a result of the company's operations in numerous parts in Morowali Regency, the community's income has grown. Furthermore, the Company's Corporate Social Responsibility (CSR) Program in Morowali Regency has been functioning normally. This is evident from the many types of activities funded by the company's CSR budget, which range from physical activities such as public facility building to non-physical activities such as community empowerment through agricultural programs, livestock, and so on. Finally, there is still widespread popular opposition to the CSR program. Most are the result of misaligned attitudes between members of the community and program management.



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