

CSR'S Performance of Gold Proper Corporates in Indonesia

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Abstract. In Indonesia, corporate social responsibility (CSR) is mandatory to be implemented by corporates conducting their activities on and related to natural resources. One form of CSR is community development (comdev) required for corporates pursuing gold rank of proper (business performance rating). This study examines the role of CSR in contributing socio-economic condition of local people by observing 3 out of 12 industries gained gold rank proper in 2015. The scope of this study includes the corporate policy on CSR, type of CSR projects initiated by industry corporate and the social and economic impacts of CSR project to surrounding community. The study found that comdev projects could help villagers having an additional job, which in turn, can contribute to a family income. In addition, the comdev projects also improve villagers' capability in organizing the project group. The comdev projects also help reduce environmental impacts by practicing 3 R (reduce, reuse and recycle). The successful comdev project is always guided by local pioneers and has been replicated at other villages. The good CSR requires a roadmap showing steps followed to lead to self-reliant community.

Keywords: CSR, gold proper corporates, poverty, environmental sustainability.

INTRODUCTION

As a business entity, an industry cannot operate in an isolated situation. Business is influenced by the environment including the surrounding community. Industry creates job opportunities and informal sectors such as food stall, groceries, homestay and other services. But, industrial activities also cause negative impacts such as environmental pollution and degradation, which in turn, adversely affect social amenity, community health and social cohesion. In a modern business, corporate responsibility is not only addressed to shareholders but also to stakeholder including the surrounding community. As an effort to create a good relationship with community

and a good image, industry implements corporate social responsibility (CSR).

Corporate social responsibility, according to the World Business Council for Sustainable Development (WBCSD, 1999 in Castka *et al.*, 2004), is a continual business commitment to ethically behave and to contribute to social economic development, and to improve quality of life of workers and their family and community as a whole.

Iamandi *et al.* (2010) state that CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

Kahreh *et al.*, (2014) define CSR as company's obligation to contribute to the well-being of society. In short, CSR is an integration of economic, social, and environment aspects to fulfill the need of the company, the community, and the environment, which is also called as a triple bottom line in the sustainable development (Brundtland, 1987; Savitz & Weber, 2006). It can be concluded that CSR is the integration of economic, social and environment aspects to fulfill the need of the company and community.

Indonesian government has promulgated Act number 40 of 2007 pertaining Limited Corporation. Article 47 of this Act stipulates that Limited Corporation conducting its activities on and related to natural resources is compulsory to implement social and environmental responsibility. Social and environmental responsibility is a compulsory for corporation budgeted and accounted as corporation's cost practiced with proper and fair attention. Corporate which does not practice the compulsory mentioned above will be penalized with sanction as regulations stipulated. Based on this Act, the Ministry of State Owned Enterprise promulgated Ministerial Decree 9 of 2015 stipulating that all corporations under State Owned Enterprise is obliged to allocate the maximum of 4% from the net profit gained for CSR. India also has set CSR as corporate obligation following Indonesia, Malaysia and Singapore as the benchmark of CSR practice in Asia (Khandelwal & Bakshi, 2014). However, in European and African countries, such as Romania and Ghana, CSR is voluntary (Andrews, 2016; lamandi *et al.*, 2010).

As quoted from Press Release of Ministry for Environment and Forestry (Ministry of Environment and Forestry, 2015), business performance rating (Proper) is an excellent program as incentive and disincentive, and control approaches. The result of evaluation for participating industries are classified as black (violate the law), red (fulfill the minimum requirement), blue (comply with regulation or fulfill the requirement), green and gold (*beyond compliance*). Those categorized as Green and Gold, in addition to fulfilling the requirement mentioned, they adopt Environmental Management System (EMS), practice reduce, reuse and recycle (3R) principles, create innovation of production process through cleaner production, and also implement community development funded through CSR. The evaluation of Gold ranking candidates then is focused on implementing a community development.

In a document entitled Agenda 21 of mining sector (Wiriosudarmo, 2000), it mandates that mining company related to mining must not only focus on having *return of investment (ROI)* but also maintaining *return of asset (ROA)*. When natural resources are running out, local people are still expected to survive and could utilize water, air and soil for making a living. In addition, industry/company must be able to create self-sufficient of

community through its CSR programs. Based on the above condition, it is necessary to study whether CSR practiced is able to improve socio-economic of people living at surrounding industry/ company.

Research Problem

In 2016, there were 1930 corporates consisting of 111 types of industry participating at business performance rating (*Proper*). From that number, only 12 corporates achieved Gold ranking. In 2015, 12 corporates gained Gold ranking out of 2137 corporates. In 2014, 9 corporates with Gold rank out of 1991 participating corporates and in 2013, 10 corporates achieved gold rank out of 1892 corporates. The minimum number of Gold rank corporates showed the low awareness of corporates in implementing good CSR. At the same time, people living at surrounding industry really expected the contribution of corporate to improve their wellbeing. Hence, this research is aimed to explore the driving factors of industry to implement community development financed by CSR allocation, the forms of community development, and the socio-economic impacts of CSR initiated by the industry.

LITERATURE REVIEW

CSR is one of the most conservative yet widely accepted concepts (Carroll & Shabana, 2010). The CSR embryo has emerged since the 1950s, initiated by Howard R. Bowen, and is called the "philanthropic era" (Bowen, 1953), in which companies need to donate to society. This concept grew stronger in the 1970s along with the increasing awareness of urban decay and pollution. Starting in the 1990s to date, CSR has become an important and strategic issue (Leite *et al.*, 2011). Referring to the stakeholder theory, CSR is a value for the company in doing business (Freeman *et al.*, 2004).

According to Velasquez (2014), business ethic includes environmental concern as the environment, both as resources and space, will determine the sustainability of business. If the environment is being degraded, it will cause a high cost, which in turn will make burden to the corporate. In addition, it will cause a negative impact to the community, which in turn, will threaten the good relation between the corporate and the community. Savitz & Weber (2006) emphasize that corporate must meet the principle of three bottom lines namely profit, people and planet in which the corporation must synergize between profit, fulfilling community need and environmental sustainability.

It can be concluded that CSR is a manifestation of business ethics covering responsibility to corporate

employees, consumer, supplier and society at large. Aggraval (2014) argued about the importance of CSR by stating that it is compulsory for the corporate to take some actions for the improvement of the society, beyond the interests of the firm. The corporate must not only address the financial obligations to shareholders, but also the development of the stakeholders. CSR can create positive image in the society not only by producing healthy and environmentally friendly products but also by successfully creating the welfare of the people. Aggraval (2014) reiterates that CSR has become an integral part of the business and if it is properly managed it will give long term benefits.

Most companies are still concerned on achieving profit. They assume that they are responsible solely to shareholders and not to stakeholders. The existence of company could have synergy with community. The company requires employees and other services related to company activities. On the other hand, community expects job opportunity and business opportunity. Company and community are supposed to be living in harmony. In many cases, community is adversely affected by company activities in the form of noise, odor, dust, traffic jammed, water and air pollution causing complaint and protest which threaten the sustainability of the company activities. Impacted community is righteously prioritized as targeted group of CSR program. CSR is also an instrument to create good relation between company and community.

Corporate Social Responsibility could truly be competitive excellent and not the burden of company. If a company is able to manage the environment well and to build good relation with the community, they will live in a harmony and could nurture good image of the company. If its image is good, the product will be preferred by consumer and in turn it will improve the profit. CSR is important not only to comply with the regulation but also it is really the need of the company.

There are three types of CSR: (1) community service: try to fulfill community need such as providing clean water, building infrastructure, providing electricity, providing basic consumption need etc. Based on *Proper* classifications, this is categorized as charity and infrastructure; (2) community relation: is an effort to build a good relation with community by setting up a unit dealing with complaint from the community and establishing complaint booth at each sub-village and or to recruit community leader as mediator between the company and the community; (3) community empowerment is an effort to create self-reliance community. The third type of CSR requires community involvement at the earliest stage of planning. On *Proper*, there is also another type of CSR, called capacity building which is a way to provide training for community to have skill such as automotive, sewing skill, beauty salon, seaweed culture, making cracker, and other home industrial

skills. *Proper* data of 2016 showed that the composition of CSR funding of participating corporates consisted of charity (14%), infrastructure (37%), capacity building (17%) and community empowerment (32%).

Community empowerment is a strategy to help people to identify the problems and to find their own solutions. Community empowerment is a paradigm of development in which the involvement of people is a must and started at the earliest stage of planning. This is not conventional development in which the planning come from the above (the government or the corporate).

From the theory of planning, community empowerment is classified by Hudson *et al.*, (2007) as transactive planning in which there is a dialog between facilitator or planner and community (target group) on program and activities planned to deal with the problems identified. According to Friedmann (1987), community empowerment is called as social learning. Friedmann (1987) noted that planning is a political process in which people are actively involved since the stage of problem identification.

Jenkins (2005) on his article entitled Globalization, CSR and Poverty stated that CSR has become a major focus of interest not only for corporate managers but also for development practitioners, both with NGO community and with multilateral and bilateral development agencies.

Jenkins (2009) observed 24 detailed case studies of Small Medium Sized Enterprises and summarized that CSR is categorized as non-traditional area in which business can do innovation through variable activities related to environmental and social sustainability. CSR can create Corporate Social Opportunity (CSO) through innovation in product and services serving unserved market and building new business models. According to (Lockett *et al.*, 2006) on the literature study, the most popular issues of investigations have been on environment and ethics.

Aggarwal (2016) stated that Corporate Social Responsibility plays important role in organizations. Corporate organization has realized that the ultimate goal is not profit making. Beside this, trust building is viable and assertable with societal relationship. The compulsion of CSR has emerged in last two decades when Indian organization realizes the importance of sustaining in this cutthroat competition era. Ma'rquez & Fombrun (2005) add that there has been a growing demand for rating of CSR causing an increase in the number of group supplying CSR rating to investors and customers. They examined the importance and the variety of these groups, the trend in CSR and the added value of these ratings for business credibility with investors and customers

On Savevska's perspective (2014), CSR is seen as a suitable way of dealing with the problems of negative externalities. She noted that within the EU policy framework CSR is aimed at creating a social market

economy that is inclusive and sustainable. Saveska (2014) further explained that CSR does not embed the economy, but only impairs the functioning of the self-regulating market. CSR relies on the market and uses the commodity form for its expression. CSR depends on the staging of a special type of exchange relation, whereby reputation is being quantified, measured and sold as a commodity. CSR might be creating a responsible capitalism with human face, but the worst master is that who is good with his slaves.

Iamandi *et al.* (2010) studied the form of CSR that has been shifted from philanthropic activities and simply cash donations to more strategically coordinated CSR actions, related with the core corporate business activities. This trend is the one that should be emphasized and developed in the future, in order for both the companies and the society to gain significant advantages.

Morsing and Schultz (2006) examined CSR communication where they conclude that it is required more sophisticated CSR communication strategies due to various responses of CSR done by corporates. Andrews (2016) reviewed the policy and implementation of CSR in a country in which the regulation of CSR is weak. Andrews concluded that domestic regulation and governance can play a role in ensuring sustainable corporate practices and initiatives, leading to positive impact on the lives of people. Khandelwal and Bakshi (2014) studied about the new CSR regulation in India which is now compulsory and expected to be a benchmark in practicing CSR in Asia. More companies need to integrate CSR strategies to create their operations more profitable and sustainable. Wanvik (2016) studied about the social, cultural and environmental impacts of extractive industry activities in Alberta, Canada and summarized that government plays important role in CSR practice towards stakeholder management. Balaba *et al.* (2012) studied about the relation between corporate social responsibility and sustainable development and the role of NGO in practicing CSR. Kahreh *et al.*, (2014) investigated about the role of gender differences between male and female in the CSR. The result of research shows that there were not significant and meaningful differences between male and female in the CSR. Afifah and Asnan (2015) studied the impact of CSR to customer loyalty and concluded that it has no effect on customer satisfaction and customer loyalty.

From the above review, there is no study on CSR which explicitly and specifically deals with its contribution to socio-economic of local people.

RESEARCH METHOD

The type of this research is analytical descriptive which is to describe the policy and implementation of CSR at

corporates gaining Gold rank of *Proper* and its influence to alleviate the poverty. The scope of research includes: (a) corporate policy on CSR; (b) the forms of *comdev* through corporate's CSR; and (c) the contribution of *comdev* in improving socio-economic of local people. This research utilized the case study of corporates gaining Gold rank which are 12 corporates. From that number, it will be taken 3 corporates of *Pertamina* (state owned oil company) consisting of 2 corporates located at outer island, which is in Rantau, Aceh and in Bontang, East Kalimantan, and another one is in Balongan, West Java. Data gathered consists of secondary and primary data. Secondary data include corporate policy on *proper* and *comdev* through CSR. The primary data is comprised of information on motivation of corporates participating *proper* and implement *comdev*. Secondary data are obtained from *proper* Secretariat, Directorate General for Environmental Pollution and Degradation the Ministry for Environment and Forestry and from Industries observed. Primary data are directly gathered through interview with CEO of industries studied, coordinator of *comdev* project, and people involved in *comdev* projects. Data collection techniques include document review, interview and observation. Data gathered are analyzed qualitatively and quantitatively. Qualitative analysis is in the form of narrative description and quantitative analysis in the form of frequency tables. Data gathered are the ones submitted by *Proper* participants to Ministry of Environment and Forestry (self-assessment) on *proper* and *Comdev*. These data have been analyzed by Technical Team of *Proper* from Gadjah Mada University and are being verified in the fields during the visit by Advisory Council of *Proper*.

Result and Discussion

Corporate's Policy on CSR

The driving factors for implementing community development are as follows. Firstly, the policy from *Pertamina* headquarter that all corporates under *Pertamina* consisting of up-stream (exploration and production or EP), refinery unit (RU) and distribution must reach the best *proper* (green and gold). By having such rankings, through innovation of production process: cleaner production, 3 R, energy efficiency, create efficiency. According to Djoko Susanto, Vice President of HSSE (Health Safety Security and Environment), on his speech on Workshop on *Proper* Evaluation of *Pertamina* 2015, in Jakarta dated February 1st 2016, said that through *proper*, *Pertamina* could save IDR 4 Trillion while the total profit reached was IDR 21 trillion. Secondly, achieving excellent *proper* (green and gold) creates good image on the eye of shareholders and stakeholders including

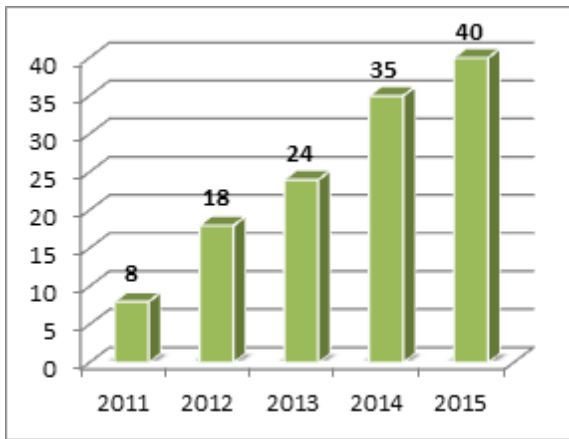


Figure 1. Improvement of cat-fish cultivation's member

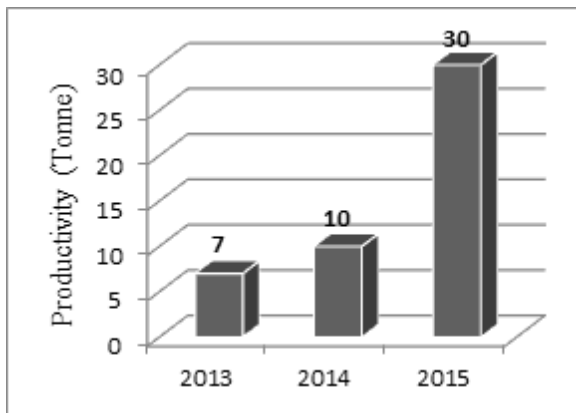


Figure 2. Productivity of cat-fish

surrounding community. Thirdly, excellent *proper* is the requirement imposed by financial institutions such as OJK (Financial Service Authority) and Banks for credit application. Fourthly, implementing innovation on production process creates good work environment, which in turn, ensures health and safety for the workers. When workers feel secured and comfortable at their work environment, it helps improve their productivity, which in turn, increases corporate's profit.

The description of the form of CSR and the contribution of *comdev* in contributing socio-economic of local people of each company is described as follows.

P.T Pertamina Exploration and Production (EP) Field Rantau, Aceh Tamiang, the Province of Aceh

The forms of CSR initiated by *Pertamina* E.P Field Rantau consists of cat-fish cultivation, home industry and animal feed, mushroom cultivation, animal husbandry, cassava

crispy, composting and tree's energy. The most developed CSR programs are cat-fish cultivation, home industry and animal feed.

Cat-fish cultivation in Tanah Berongga Village started in 2011. This village is located adjacent to pumping oil station of *Pertamina*. The project was chosen due to the fact that each villager has wide area of land, abundant golden snail (cat-fish feed), the clay type of soil, and the capability in cultivating the cat-fish owned by some persons. The number of household in this village is 388 households and 81 households are categorized as poor (24%).

The center of home industry and animal feed is located at *Payabedi* Village. The number of poor families in this Village is 66 households out of 566 households.

Pertamina Field Rantau also has Centre for Community Development of *Pertamina* located at its office area, Rantau. This is for learning centre for all projects initiated by *Pertamina*. This center is opened for the public. Many school students from across the province visit to learn about the practice of variety *comdev*.

When cat-fish cultivation project was started in 2011 the member was still 8 persons. In 2012, the number of member became 18 persons, in 2013, 24 persons, in 2014, 35 persons and in 2015, 40 persons. The number of fish pond is also developed as many as the number of persons involved, meaning that each person has his own fish pond as illustrated in Figure 1.

The productivity of cat-fish is described as follows. In 2013 was 7 ton per harvesting, in 2014 was 10 ton and in 2015, 30 tons as shown in Figure 2.

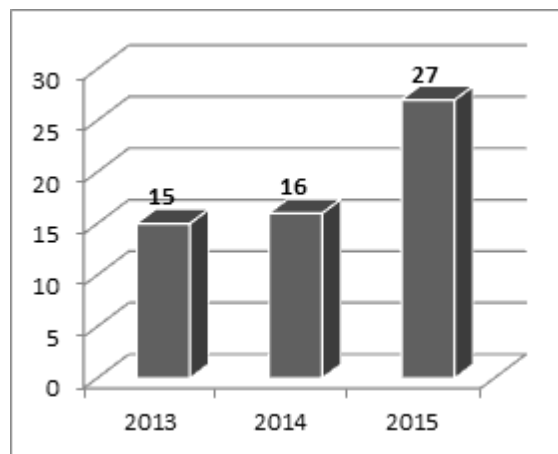
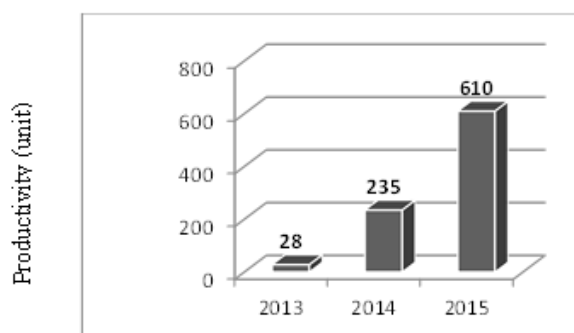
In terms of group income, in 2011 it was still IDR 7 million per year and was developed to be IDR 49 million per year in 2012, IDR 98 million in 2013, IDR129 500,000, in 2014 and IDR 1 627 500.000,- in 2015. If this income is divided equally by the member (40 persons), each member earns IDR 40, 687, 500 per person per year, equal to IDR 3,390, 625 per month. The development of group income is described in Table 1.

The member of cat-fish cultivation group has also created innovations. They produce organic herbal for cat-fish to make cat-fish healthier and taste more delicious. They also re-utilize the waste water from fish-pond by screening it called aqua-ponic. Cat-fish project has a good prospect because there is high demand for food-stall in Kuala Simpang, the capital of Aceh Tamiang Regency. This project has been replicated at ten villages in Rantau sub-district.

Home industry and animal feed project in Payabedi has been potentially developed project. Villagers utilize palm oil waste for producing home industry such as flower vast, fruit banquet, tepas (palm-made wall) and processing palm leaf for animal feed. There are 916 palm waste ton per year. This helps to reduce palm waste in which each year produced 126 tons. The project also reduces palm waste

Table 1. Group income, per year

Years	Income (IDR)
2011	7,000,000
2012	49,000,000
2013	98,000,000
2014	129,500,000
2015	1,627,500,000

**Figure 3.** Improvement of group's member home industry and animal's feed**Figure 4.** Group productivity home industry and animal's feed, Payabedi Village

created innovations. They produce organic herbal for cat-fish to make cat-fish healthier and taste more delicious. from burning, in which each year reaches 2.97 ton of CO₂. The number of members when the project started in 2013 was 15 persons and it became 16 persons in 2014 and 27 persons in 2015 as shown in Figure 3.

The productivity of product in 2013 was 28 pcs, 235 pcs in 2014 and 610 pcs in 2015 as shown in Figure 4. The contribution to the household income has not been

significant, but the project is able to strengthen community cohesion and to reduce palm oil waste.

PT Pertamina RU (Refinery Unit) Balongan, West Java

The CSR developed includes mangrove cultivation and self-reliant for former worker. Mangrove cultivation was started in 2008, intended to deal with the coastal abrasion in Karangsong village. In 2007, coastal degradation in Krangsong, regency of Indramayu reached 2,407.07 hectare. In 2008, it was planted 8000 mangroves, in 2009 was 30,800 mangroves, in 2010 was 5000 mangroves and in 2012 was 10,000 mangroves. When mangrove has been growing well, in 2014, *PT Pertamina* facilitates to develop it to be eco-tourism by planting other trees such coastal pine, a trees locally called *widara laut* and *ketapang* and building other infrastructures such as jogging track. This is not only to be a local tourist destination but also to be educational park. By having many visitors, it creates job opportunity such as parking service and also informal sectors such as food stall and boat service. Figure 5 shows the development of mangrove cultivation.

There was incredible number of visitors coming to Karangsong village. In July 2014 was 16,023 visitors, in August 13,307 visitors and in September 12,808 visitors as indicated in Figure 6.

There are two groups of mangrove farmers at Karangsong village called *Pantai Lestari* Group and *Jaka Kencana*. The group income of *Pantai Lestari* increased from IDR 22,470,000 in May 2015, to IDR 75,435,000 in June, IDR 240,345,000 in July, IDR 199,605,000 in August and IDR 192,000,000 in September. The member of *Pantai Lestari* Group has 12 persons and *Jaka Kencana* has 30 members. *Pantai Lestari* Group of Mangrove is able to extend mangrove area for conservation for 39 hectares. In addition to cultivating mangrove, *Jaka Kencana* Group also utilize mangrove for producing variety of products such as herbal, soy sauce, soap and any kinds of cosmetics. They also produce fruit mangrove for syrup, cake and chocolate; mangrove leave for tea, vegetable, crackers, mangrove seed for soy sauce, propagules mangrove for cosmetics and fish feed. Income generation ranges from IDR 5,000,000 in January to IDR 120,000,000 in September 2015. The development of income is not significant but these activities are considered the additional job and create social cohesion among members. The significant contribution is for coastal conservation. *P.T Pertamina* has a road map until 2017 in which they will practice processing technology, develop market, develop an economic new institution and build a capacity of community. Table 2 illustrates the development of group income.

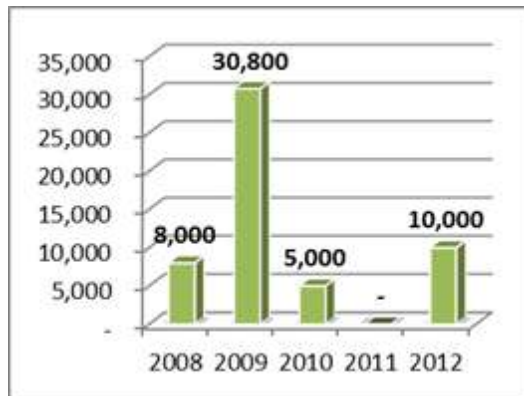


Figure 5. Mangrove cultivation, Karangsong village

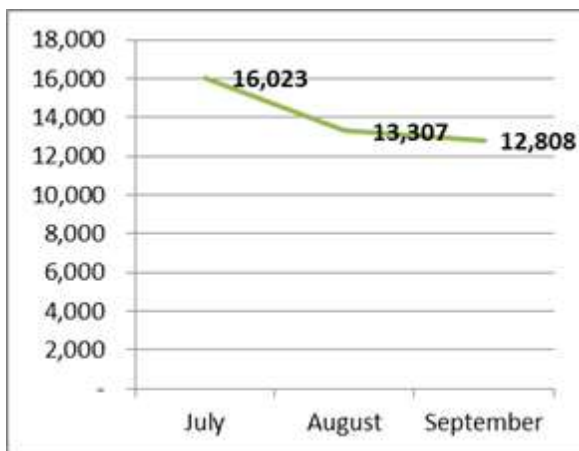


Figure 6. Number of visitor at Karangsong village, 2014

Table 2. Group’s Income, Pantai Lestari, 2015

Months	Income
May	22,470,000
June	75,435,000
July	240,345,000
August	199,605,000
September	192,000,000

Developing self-reliant for former women workers

Many female workers who used to work abroad as TKI (Indonesian Female Workers) in middle-east countries and Malaysia do not have any skill to make a living. They decided not to work abroad again due to family reason and other problems frequently occurred. *PT Pertamina*

provides training to process local commodities like locally called *Gedong Gincu* mango and milk fish. Fresh mango is processed as mango syrup and fresh mango. In addition, they also produce salty egg and variety of crackers. There are three groups called *Batari Muda Samudra* with 5 members, *Cengkir* with 9 members and *Patra Pamula* with 8 members. *Batari Muda Samudra* produces smoke milk-fish (smoked milk fish without bones), shredded milk-fish bones, milk-fish packaging, and on line marketing of cooked milk fish. *Cengkir* group produces snack and shrimp paste, crackers, cake and salted egg. *Patra Pamula* produces fried garlic, wet cake, mango juice, fresh mango and banana crispy.

The income of *Batar Muda Samudra* group improves after making innovation by processing milk-fish bones to be processed as shredded. In September 2015, the income of main product of milk fish without bones was IDR 7,000,000 and the income earned from shredded milk fish bones was IDR 6,000,000. From that income, they take IDR 20,000 each member for health insurance.

P.T Badak LNG

P.T Badak LNG (Liquefied Natural Gas) is a corporation under *P.T Pertamina*, located at Bontang, East Kalimantan whose task is to process natural gas and to export it to Japan and South Korea. There are five excellent CSR programs done by *PT Badak LNG* namely used plastic chopping, mangrove cultivation, clothing creative cooperative, cattle, cat-fish cultivation and mangrove eco-tourism. The comdev program of *Badak* Corporation facilitates 34 counterparts, 664 beneficiaries whose 53% are poor households. The comdev programs cover 10% of 3600 poor households in seven villages. There are two comdev projects considered as a self-reliance group which are used plastic chopping and clothing creative cooperative.

Used Plastic Chopping

Used plastic chopping is an activity initiated at Bontang Lestari landfill to utilize used plastic to be chopped and sold to corporates in Surabaya, East Java. *PT Badak LNG* provided training for plastic waste chopping starting from selecting, cleaning and packing, and also provided chopping machine and workshop room. The rationale behind this program was that the amount of waste disposed at Bontang landfill reached 70 tons per day consisting of waste produced by households and two big companies: *PT Badak LNG* and *PT Pupuk Kalimantan Timur* (Fertilizer Company). This project was started in 2010 and now has 44 members of group. The output of

production is plastic chip which its capacity reach to 20 tons per month. This program is able to reduce 30 tons of plastic waste per month. In addition, this group also produces energy from plastic waste with the capacity of 25 liters. The current capacity is now improved to be 60 liters which utilized for energy for plastic chopping machine, waste carrier motor cycle and fishing boat. The asset of group is now IDR 970,000,000 with the turnover is IDR 423,000,000 per year. The member income is IDR 2,800,000 per person per month.

Clothing Creative Cooperative

This cooperative established in 2011. The number of members is now 40 people. *P.T Badak LNG* provided training of sewing skill and 20 sewing machines. The activity was initiated to utilize waste fabric to be processed as mat and has been developed to process regular fabrics for variety of clothing. The activity currently consists of providing service for sewing cloth, selling sewing instruments, producing variety of products made from used fabric and training of sewing cloth. The asset of cooperative is now IDR 700,000,000 and the turnover reaches to IDR 200,000,000 per month and the income of each member group is IDR 2,000,000 per month.

Mangrove conservation

Mangrove conservation was set up in 2010 with the name *Lestari Indah* (beautifully sustained) located at *Tanjung Laut* Village. Until 2015, the number of mangroves that has been planted is 290 155 spreading out at the area of 28,9 hectares. The activity was started by setting up nursery ground for nurturing mangrove seeds and then becoming mangrove supplier not only for *PT Badak LNG* but also for the city government of Bontang. The number of members is now 145 people and ten groups have been formed. The activities are now comprised of mangrove seeding, diversification of mangrove products such as mangrove syrup, mangrove cake (dodol) and mangrove eco-tourism. The asset of group reaches to IDR 950,000,000 and the turnover is IDR 550,000,000 per year and the income earned by each member is IDR 3,500,000 per month

CONCLUSIONS

CSR allocated by industries with gold ranking of *Proper* for community development projects has an important role in improving socio-economic condition for surrounding community. The *comdev* projects could help villagers having an additional job, which in turn, contribute to a

family income. In addition, the *comdev* project also improve villagers' capability in organizing the project group and help strengthen the community cohesion. The *comdev* projects also help to reduce environmental impacts by utilizing plantation waste and other products waste such as milk-fish bone, used plastic, organic waste, used fabric and by producing energy from waste (bio-gas). The successful *comdev* project is always guided by local pioneers, members of villagers. The best practice has been replicated at other villages. Several *comdev* projects have created self-sufficient community. It is recommended that *comdev* requires a road map showing the steps to lead to self-reliant community.

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