

ANALYSIS OF EXTERNAL AND INTERNAL FACTORS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IMPLEMENTATION IN IMPROVING COMMUNITY WELFARE

Septya Ari Wijaya^a

Mayroza Wiska^b

Yesi Gusteti^c

^{abc}Universitas Dharmas Indonesia

Email: septyaari0@gmail.com ; yesigusteti@undhari.ac.id^c

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***Correspondence:**

Name: Septya Ari Wijaya

E-mail:

septyaari0@gmail.com

ABSTRACT

Introduction: CSR is very active role in overcoming the impact of the production process, as well as the welfare of the community around the company. This study wants to analyze the external and internal factors of CSR implementation in improving the welfare of the community by taking research at PT PLN (Persero) South Sumatra Generation Main Unit, Ombilin Generation Implementing Unit in Sijantang, Talawi District, Sawahlunto City, West Sumatra Province.

Methods: This study uses quantitative methods with multiple linear regression analysis. A sample of 379 in this study was taken from three of the eleven villages in the Talawi sub-district of Sawahtulo city. The three villages are Salak Village, Sijantang Village, and Talawi Hili Village, due to the three villages received CSR funding from PLTU Ombilin. Data and questionnaires were distributed in April – June 2021.

Results: Internal factors (primary measures and effectiveness) and external factors affect welfare in the implementation of CSR in Salak village, Sijantang village and Talawi Hili village at PT PLN (Persero), the Southern Sumatra generation main unit, the ombilin generation implementing unit.

Conclusion and suggestion: A company in implementing its Corporate Social Responsibility (CSR) program must be serious about the interests of the community and the surrounding environment. In applying the concept of Corporate Social Responsibility (CSR), it can also be done jointly by inviting the government and community representatives to conceptualize the series of processes, start from program design or planning, program implementation, program monitoring, program evaluation up to reporting.

INTRODUCTION

Corporate Social Responsibility is a concept that organizations, especially companies, have a responsibility to consumers, employees, shareholders, communities and the environment in the operational aspects of the company. According to regulations per law, namely Article 1 point 3 of Law No. 40 of 2007 concerning about PT which reads "Corporate Social Responsibility is the company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment that is beneficial, both for companies and local communities or society in general.

CSR arises because of the community's demands on the impact of business activities carried out by the company. The community needs a social activity carried out by the company for the impact of the business activities carried out. So that people get guarantees for a safe, prosperous and decent life. This CSR will greatly help the community around the area of the company that conducts business activities, where the business has the potential to have a negative impact on the community. So that the community demands accountability by the company for the welfare of the people who are around the company's area. The prosecution carried out by the community is not only the implementation of CSR activities but the distribution must be evenly distributed, because the uneven distribution will cause social jealousy among the community which results in lowering the level of public trust in the company. As well as holding socialization about CSR knowledge, because many people do not know about CSR.

Research conducted by (Anwar, 2017) namely The Effect of CSR of PT Vale Indonesia Tbk on the Welfare of the Community Around Nuha Subdistrict, known that Corporate social responsibility at PT Vale Indonesia Tbk has a significant effect on the income level of community farmer groups around Nuha District (supported). This study showed that the independent variable CSR has a significant effect on the dependent variable of the agricultural sector.

Through the results of previous research (Anwar, 2017) it is known that CSR has a significant role in the areas affected by the company's activities for their progress, both infrastructure and the economy of the community. It can also be seen that with CSR the company will establish a good relationship with the surrounding community. The same case with PT PLN (Persero), the Southern Sumatra Generation Main Unit, the Ombilin Generation Implementing Unit which provides CSR to the surrounding areas affected by its industrial activities. CSR is a sign of responsibility for the impact of company activities which are considered disturbing the community. And as a responsibility to advance the region in terms of development, social assistance, and the economy of the community. It

is known that there is one policy that is very profitable for the region, namely employing local people. This makes their income and their economy stable.

PT PLN (Persero) Southern Sumatra Generation Main Unit, Ombilin Generation Implementing Unit, better known as PLTU Ombilin among the surrounding community. PLTU Ombilin provides CSR programs through 2 series. The first series, PLTU Ombilin provides assistance in the form of a direct CSR program which has been budgeted and determined by the company through the annual meeting. While the second series, PLTU Ombilin provides assistance through submissions from the community for what they need by submitting a proposal for CSR assistance to PLTU Ombilin. With the submission of a proposal, the community asks for a program or assistance to meet the needs of the community itself without any personal benefits for individuals.

The existence of CSR program from PLTU Ombilin really helps the community in infrastructure and the economy. PLTU Ombilin provides CSR not without reason, but PLTU Ombilin provides CSR for the welfare of the surrounding community and fulfill obligations that have been regulated by law. The CSR program is intended to provide a good bond to the surrounding community, as well as to make the company's image better in the eyes of the community. The CSR provided is in the form of assistance for agricultural programs, construction of traditional halls, compensation for orphans, and others. However, the CSR program is considered to be still uneven in the affected areas due to the Ombilin PLTU industrial process, and the effectiveness assessment is still considered to be lacking.

In essence, the community demands equality in the implementation of the CSR program implemented by PLTU Ombilin. Where an equitable program is considered effective for improving the welfare of the people affected by industrial processes. With an evenly distributed program, there will be no social inequality in society. Basically, CSR plays an active role in overcoming the impact of the production process, as well as for the welfare of the community around the company. With CSR, it will increase public trust, making the company's image even better. In accordance with the above explanation, namely the existence of demands from the community regarding uneven CSR and lack of knowledge and understanding of CSR, this study wants to analyze external and internal factors of CSR implementation in improving people welfare by taking research at PT PLN (Persero) Southern Sumatra Generation Main Unit, Ombilin Generation Implementing Unit in Sijantang, Talawi District, Sawahlunto City, West Sumatra Province.

LITERATURE REVIEW

Internal Factors according to Supada (2020)

a. Primary Size

- Minimize is minimizing disputes/conflicts/potential conflicts between the company and the community in the hope of realizing a harmonious and conducive relationship;
- Assets is the safekeeping and maintenance of company assets consisting of company owners/leaders, employees, factories and supporting facilities;
- Operational means that all company activities run safely and smoothly.

b. Effectiveness

One of the effectiveness levels of CSR program implementation is the formation of a corporate image. Where the emphasis is on the CSR program as a program that plays a role in maintaining positive social relations between the company and the community. CSR is a corporate ethic, where the company interacts, namely communicating with the surrounding community. This is what prompted CSR to emerge with the earliest and simplest program, namely charity or philanthropic assistance. CSR activities, which were originally philanthropic in nature, have turned into a community development concept which not only concerns the economic welfare of the community, but also social welfare. The community is the key to assessing whether or not the CSR program carried out by the company is good. The implementation of CSR programs is measurable, achievable, realistic to implement and has a clear timeline. Evaluation of CSR programs needs to be done to find out whether the program is successful or not. One of the measuring tools that can be used to assess the effectiveness of CSR programs is the formation of a corporate image

External Factors

- a. Economic indicators, namely the rate of increase in the quality of public facilities and infrastructure, the level of increasing economic independence of the community, the level of improving the quality of life for the community in a sustainable manner;
- b. Social indicators are the frequency of social unrest or conflict, the level of quality of social relations between the company and the community, and the level of community satisfaction.

Corporate Social Responsibility

CSR, according to the World Business Council for Sustainable Development (WBCSD) is an ongoing commitment from the business world to act ethically and contribute to economic development in the local community or the wider community, along with improving the living standard of employees and their entire families, (Sari, 2016). The definition of social responsibility in general is management support for the obligation to consider profit, customer satisfaction and equal community welfare in evaluating company performance (Hamdani S. M., 2016).

Changes in the level of public awareness regarding the development of the business world in Indonesia have created new awareness about the importance of implementing corporate social responsibility. CSR implies that the company has a moral duty to be honest, obey the law, uphold integrity, and not corrupt. CSR emphasizes that companies must develop ethical and sustainable business practices economically, socially and environmentally (Hamdani S. M., 2016).

Corporate Social Responsibility (CSR) is a concept or action taken by the company as a sense of corporate responsibility towards the social and surrounding environment where the company is located, such as carrying out an activity that can improve the welfare of the surrounding community and protect the environment, providing scholarships for underprivileged children in the area, funds for the maintenance of public facilities, donations to build village/community facilities that useful for the community at large, especially the people who live in the vicinity of the company. Corporate Social Responsibility (CSR) is a phenomenon and strategy used by companies to accommodate the needs and interests of its stakeholders. CSR is began in an era where awareness of the long-term sustainability of the company is more important than just the profitability of the company (Supija et al., 2017).

Based on research (Susanti, 2018), the purpose of CSR is to empower the community, not to deceive the community. Empowerment aims to create an independent society, when talking about CSR there are many definitions. The word social is often interpreted as generosity. Whereas CSR is related to Sustainability and Acceptability, meaning that it is accepted and sustainable to do business in a place and the company wants to have sustainability in the long term. CSR is a principle element in good community governance. It is not only aimed to provide added value for shareholders. The main this is CSR actors should not separate CSR activities from Good Corporate Governance, because both are a continuum, so CSR does not only cover what should be done, but also see what should be done.

RESEARCH METHODS

This study uses quantitative methods with multiple linear regression analysis. A sample of 379 in this study was taken from three of the eleven villages located in the Talawi sub-district of Sawahtulo city. The three villages are Salak Village, Sijantang Village, and Talawi Hili Village due to the three villages received CSR funding assistance from PLTU Ombilin. Data and questionnaires were distributed in April – June 2021. The dependent variable used in this study is Community Welfare. The independent variable is a variable that affects the dependent variable, both positively and negatively. In this study, the variables used are primary measures, effectiveness, and external factors.

RESULT AND ANALYSIS

Corporate Social Responsibility (CSR) is a company's responsibility to the environment, social and society. Where the provision of CSR can help the community and villages around the company to experience improvements in terms of economy, health and village infrastructure. The villages targeted for the CSR program are Salak Village, Sijantang Koto Village and Talawi Hili Village. The three villages become recipients of CSR because the company's location is between the three villages, precisely on Jl Prof. M. Yamin Sijantang, Sijantang Village Koto, District. Talawi, City of Sawahlunto. Meanwhile Salak Village and Talawi Hili Village directly adjacent to Sijantang Koto Village.

PLTU Ombilin provides CSR programs to the three villages, namely free inspections, construction of traditional halls, construction of multi-purpose buildings, provision of orphanages, scholarships for students and other assistance.

In this study, simple linear regression analysis is as follows:

Table 1. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	43.067	3.231		13.331	.000
X ₁	-1.976	.521	-.294	-3.796	.000
X ₂	1.806	.222	.945	8.139	.000
X ₃	-1.711	.549	-.265	-3.116	.002

Source: Processed data spss 20.0 (2021)

Table 2. Determinant Coefficient (R²)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.644 ^a	.496	.490	4.091

Source: Processed data spss 20.0 (2021)

The table above shows that the value of R Square is 0.496. So it can be concluded that the ability of all independent variables of primary measure (X1), effectiveness (X2), and external factors (X3) to explain variations in the dependent variable (Welfare) is 49.6% while the remaining 50.4% is influenced by other independent variables who are not included in this study such as the work environment, organizational culture and etc.

From the results that have been processed using the SPSS (Statistical Package for Social Science) application version 20, the discussion can be explained as follows:

1. The effect of the primary measure (conflict) on people welfare

T-count -3.796 and t-table 1.650 where the primary measure variable (X1) has a t-count value greater than t-table indicates that the primary measure variable (X1) has an influence on people welfare (Y). T-count has a negative value, this shows that there

is an inverse relationship to community welfare. The significant value of the primary measure (X1) is greater than alpha ($0.000 > 0.05$) so H1 is obtained that there is a significant effect of the primary measure (X1) on the welfare of society (Y).

The meaning that the greater the primary measure (conflict), the lower the welfare in the implementation of CSR. On the other hand, the lower the primary measure (conflict), the greater the welfare of the people of Salak village, Sijantang village, Talawi Hili village in the implementation of CSR PT PLN (Persero) Southern Sumatera generation main unit, the Ombilin generation implementing unit.

2. The impact of effectiveness on welfare

T-count 8139 and t-table 1.650 where the effectiveness variable (X2) has a t-count value greater than t-table, this shows that there is a positive influence on people welfare (Y). The significant value of effectiveness (X2) is greater than alpha ($0.000 > 0.05$) then H2 is obtained, there is a significant effect of effectiveness (X2) on people welfare (Y).

The meaning that the higher the effectiveness of the implementation of CSR, the higher the welfare of the people of Salak village, Sijantang village and Talawi Hili village at PT PLN (Persero) Southern Sumatera generation main unit, the Ombilin generation implementing unit. And conversely, the lower the effectiveness of CSR implementation, the lower the welfare of the people of Salak village, Sijantang village and Talawi Hili village at PT PLN (Persero) Southern Sumatera generation main unit, the Ombilin generation implementing unit.

3. The impact of external factors on welfare

T-count -3.116 and t-table 1.650 where the external factor variable (X3) has a t-count value greater than t-table shows that the external factor variable (X3) has an influence on people welfare (Y). T-count has a negative value, this shows that there is an inverse relationship to community welfare. The significant value of external factors (X3) is greater than alpha ($0.002 > 0.05$), then H3 is obtained, there is a significant influence of external factors (X3) on people welfare (Y).

The meaning that the wider the external factors, the lower the welfare of the villages of Salak, Sijantang and Talawi Hili villages in the implementation of CSR at PT PLN (Persero) Southern Sumatera generation main unit, the Ombilin generation implementing unit. And conversely, the lower the external factor, the higher the welfare of Salak village, Sijantang village and Talawi Hili village in the implementation of CSR at PT PLN (Persero) Southern Sumatera generation main unit, the Ombilin generation implementing unit.

CONCLUSION

The success of the Corporate Social Responsibility (CSR) program is measured by the benefits received by the company, such as increased sales, improved corporate image, and increased financial benefits. There is very little success of the Corporate Social Responsibility (CSR) program based on its benefits to society. So that this kind of thing does not happen, the Corporate Social Responsibility (CSR) program should be serious about the interests of the community and the surrounding environment.

In addition, in applying the concept of Corporate Social Responsibility (CSR), it can also be done together. This means that the company invites the government and community representatives to conceptualize the series of processes, start from program design or planning, program implementation, program monitoring, program evaluation up to reporting. Or in other words, do a PDCA (Plan, Do, Check, Action) cycle. It is hoped that the CSR programs that have been initiated together can run in a real, useful, effective, and long-term manner. And, so that the program that will be implemented does not stop in the middle of the road or experience futility (mubadzir).

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