

Implementation of Corporate Social Responsibility Framework in Mining Companies

Neni Yulianita, Nurrahmawati Nurrahmawati, Tresna Wiwitan

Communication Faculty
Universitas Islam Bandung
Bandung, Indonesia
neni.yulianita@unisba.ac.id.com

Abstract—The research objective is to find out, analyze, and discuss the CSR model implemented in the three mining companies. Research uses qualitative methods with a case study approach. The results showed that the three mining companies studied generally had similarities in implementing the framework of CSR, namely: Charity and Philanthropies, in the form of health, physical development facilities (roads and places of worship), education and sports. While partnerships and community development have not been carried out. Funds for CSR activities are generally still limited. The CSR implementation procedure is generally not complicated; the problem is the problem of labor recruitment. On the one hand, the company wants to accommodate the workforce of the local community, but the available resources do not meet the requirements.

Keywords—framework corporate social responsibility; local community; mining companies

I. INTRODUCTION

Corporate Social Responsibility (CSR) is an activity to improve the quality of life of the surrounding community. CSR activities are humane organizational capabilities to respond to the social conditions of the surrounding community. Social responsibility can be positively or negatively affected, related to the company's CSR framework, which includes: profit, planet, people, and procedures. Yong and Gan stated that corporate social responsibility is based on enterprise economic responsibility, gradually improving enterprise's ethical responsibility to the society. At present, enterprises pay more attention to the maintenance of the living environment, market is the foundation of enterprise development and dependency conditions. Corporate social responsibility extends from the internal to external companies, the implementation of internal responsibility to fulfill in good faith to the impact of enterprise external responsibility. Enterprise perform economic responsibility of shareholders and employees, thus contributing to the shareholders and employees assume ethical and moral responsibility for their products, and ultimately assume ethical and moral responsibility to the community [1].

Elkington in Suharto, at the Triple Bottom Line at 21st Century Business packs CSR into three focuses: 3P (profit, planet, and human). A good company not only hunts for economic profit (profit) but also carries concern for the

environment (planet) and community welfare (people). Next, there is a line, which is a procedure that can be interpreted as a process that is carried out correctly, precisely and professionally in its field [2]. At the beginning of the most common CSR development was the provision of assistance to local organizations and the poor in developing countries. But today, many companies are implementing community development approaches that are applied to the concept of empowerment and sustainable development. The principles of good corporate governance, such as: fairness, transparency, accountability, and responsibility then become the basis for measuring the success of CSR programs. Dashwood stated that Corporate social responsibility (CSR) and development have had a rocky history in the mining industry. At the international level, since the 1992 United Nations Conference on Environment and Development In Rio, the mining industry has moved to reorient itself through a series of global initiatives which elaborate ways mining can and does contribute to sustainable development [3].

Current CSR activities have begun to vary, tailored to the needs of local communities based on needs assessment, ranging from the construction of education and health facilities, provision of capital loans to SMEs, social forestry, scholarships, education and health issues, and others. CSR at this level is not just do good and to look good, but also to make good, create good or improve people's welfare. Li Peilin state that corporate social responsibility is an important variable to influence corporate sustainable development; and it is closely related to the survival and development of companies, and not only will help to create a favorable external environment, but also will help to enhance the companies' social image and reputation and promote corporate sustainable development [4].

Regarding the CSR concept, Fontaine et.al stated about the Theory of Corporate Social Responsibility, that is the way businesses involve the shareholders, employees, customers, suppliers, governments, non-governmental organizations, international organizations, and other stakeholders is usually a key feature of the Corporate Social Responsibility (CSR) concept [5].

The statement clearly shows that triggering CSR theory is a way of business that involves various stakeholders such as shareholders, employees, customers, suppliers, governments, non-governmental organizations, international organizations,

and other stakeholders is usually a key feature of the concept of Corporate Social Responsibility. From the perspective of public relations, CSR theory is a concept of fostering relationships with stakeholders in the form of corporate managers' efforts to carry out social concerns and prioritize the hopes of stakeholders as well as determinants that have an impact on the success of the company. Garriga and Mele's (2004) analysis maps CSR into four types of territories. They are: 1) Instrumental theories, 2) Political theories, 3) Integrative theories, and 4) Ethical theories. Table 2 describes the theories and the relevant approaches. There is no doubt that some similarities do exist in both conceptualizations of CSR and the discussion will be based on emphases and approaches [6].

TABLE I. CORPORATE SOCIAL RESPONSIBILITIES THEORIES AND RELATED APPROACHES [6].

Types of theory	Approaches	Short description
Instrumental theories (Focusing on achieving economic objectives through social activities)	Maximization of shareholder value Strategies for competitive advantage Cause-related marketing	Long term value of maximization • Social investment in a competitive context • Firm's view on natural resources and its dynamic capabilities Altruistic activities socially recognized as marketing tool
Political theories (focusing on a responsible use of business power in the political arena)	Corporate constitutionalism Integrative social contract Corporate citizenship	Social responsibilities of businesses arise from the social power the firms have Assumes that a social contract between business and society exists The firm is understood as being like a citizen with certain involvement in the community
Integrative theories	Management issues Public responsibility Stakeholder management Corporate social performance	Corporate response to social and political issues Law and the existing public policy process are taken as a reference for social performance Balances the interests of firms' stakeholders Searches for social legitimacy and processes to give appropriate responses to social issues
Ethical theories (Focusing on the right thing to achieve a good society)	Stakeholder normative theory Universal rights Sustainable development The common good	Considers fiduciary duties towards stakeholders of the firm. This requires some moral theories Based on human rights, labor rights and respect for environment Aimed at achieving human development considering present and future generations Oriented towards the common good of society

The theory shows the existence of a CSR concept, where companies integrate social and environmental concerns in the implementation of their business and in their interactions (company) with their stakeholders on a voluntary basis. Deegan, C., Rankin, M. and Voght, P. state that Stakeholders'

theories of organizational accountability far outweigh simple financial or economic performance. This theory states that organizations will freely choose information about environmental, social and intellectual performance, and exceed mandatory demands, to meet the right expectations or agreed by stakeholders. Stakeholder theory has an ethical (moral) and managerial field. The field of ethics argues that all stakeholders have the right to be funded by organizations and stakeholders [7].

Analytical Approach of stakeholder theory Instrumental stakeholder theory; as part of the instrumental version, the stakeholders are discussed as factors enabling the company to achieve its objectives and enable leaders to meet their fiduciary obligations towards shareholders. Jones indicates that firm's contracts with their stakeholders on the basis of cooperation and mutual trust grant a competitive advantage over those that do not. The rationale of instrumental stakeholder theory based on the effect of stakeholder consideration on firm's bottom line, and thus the stakeholders can be grouped into labor; customers; shareholders. These groups function as organizational units in which members share common meaning, influence over, and expectations of the firm, Coombs stated this idea was inspired from the paper of Freeman, which provides that the firm's survival is linked in part to relationships with these groups [8].

Corporate concern is the company's concern for CSR issues, will be closely related to the response and attitudes of the surrounding community. For this reason, it is necessary to study, and analyze in depth about "How to Implement Corporate Social Responsibility Framework in three Mining Companies in the Southeast Sulawesi Region".

The research objective is to find out, analyze, and discuss the implementation of CSR Framework in the three mining companies. The uniqueness of the cases that occurred in the three mining companies are: 1) CSR is very strong with mining companies. 2) Generally mining companies in the Southeast Sulawesi region do not optimally implement CSR activities and do not even carry out CSR activities 3) Many mining companies are rogue in the Southeast Sulawesi region, but three companies consisting of PT. Macika Mada Madana, PT. Ifishdeco, and PT. Wijaya Inti Nusantara conducts CSR activities.

II. METHOD

This study uses a qualitative method with a case study approach with a single case (holistic) design [9]. Data collection techniques used in this study are: questionnaires, interviews, observation, and literature studies (books, journals, documents, and the internet).

All data that has been collected and relevant to the case to be studied is structured in such a way that it can find a Corporate Social Responsibility model implemented in three mining companies. This research was carried out at mining company carrying out a CSR program in Southeast Sulawesi, consisting of PT Macika Mada Madana, PT Ifishdeco, and PT Wijaya Inti Nusantara.

III. RESULTS AND DISCUSSION

CSR activities are humane organizational capabilities to respond to the social conditions of the surrounding community. Corporate social responsibility can influence positive or negative attitudes, related to the company's CSR framework, which includes: profit, planet, people, and procedures:

A. CSR Framework in the Context of 'Profits'

Based on the profit factors carried out in the three mining companies, it can be described that, mining companies have given great attention to moving the economy of the community by providing adequate funds / budget for Community development programs in the economic field (agriculture, plantation, fisheries, livestock, funding process/goods assistance starting from the application until the distribution does not take long, the company distributes funds or in the form of appropriate goods assistance (such as for agriculture, plantations, fisheries, livestock, etc.). Mining companies are generally fair in providing funds/goods assistance to the community and the community feels a positive benefit by increasing income from funds / goods assistance for agriculture, plantations, fisheries, livestock, etc. with the provision of funds / goods assistance in Community development activities, adequate efforts are made for the Community development program of the mining company. the mining company has given good attention in granting funds to the community and strives to be fair/give equal attention in the provision of Community development funds to the community, even the community feels tangible benefits obtained from the Community development funders. Generally, the community is satisfied with the Community development program carried out by the three companies.

From the description of the results of the study based on the distribution of questionnaires given to respondents consisting of around 144 people scattered in the three regions of the mining company, it is clear that in general as many as 94 people (65.27%) gave a positive assessment related to the mining company give great attention to drive the economy of the community by providing adequate funds / budget for the Community development program in the economic field (agriculture, plantations, fisheries, livestock, etc.). Furthermore, related to the problem of mining companies' concern in providing funds to the public, 92 people (63.89%) stated that this was done by the company and the community responded positively. Regarding the issue of justice in the case of mining companies in providing funds / goods assistance to the community, as many as 92 people (63.89%) said that they had been done fairly and this had been responded positively by the community. This condition is consistent with the view of Fontaine et.al stated that: the way businesses involve the shareholders, employees, customer's suppliers, governments, non-governmental organizations, international organizations, and other stakeholders is usually a key feature of the Corporate Social Responsibility (CSR) concept [5]. This means that it is a business way that involves various stakeholders such as shareholders, employees, customers, suppliers, government, non-governmental organizations, international organizations, and other stakeholders, usually a key feature of the concept of Corporate Social Responsibility. The statement clearly shows

that triggering CSR theory is a way of business that involves various stakeholders such as shareholders, employees, customers, suppliers, governments, non-governmental organizations, international organizations, and other stakeholders is usually a key feature of the concept of Corporate Social Responsibility. Yeny Widya Prihatiningtias and Nadia Dayanti stated that although the perspective socially responsible firm may be associated with a set of economic benefits [10].

B. CSR Framework in the Context of 'Planet'

Based on the 'planetary' factors carried out by the company, it can be described that, mining companies have carried out CSR programs related to environmental design (developing eco-efficient products). The three mining companies studied have alternative energy development programs, water resources, energy efficiency programs, etc., programs that are environmentally sound, conduct counseling on emissions management (waste of air, soil, water and conduct management training / recycling of waste (air, soil, water, and garbage), also conducts counseling on toxic / hazardous waste management. All three mining companies have CSR programs that have a positive impact on the environment, conduct greening programs, activities carried out by mining companies always consider environmental aspects, carry out activities that affect the pollution of the surrounding environment, activities carried out by mining companies result in damage to the surrounding environment. This is in accordance with the opinion of Michael Fontaine stated that is the goal of CSR is to embrace responsibility for the company 's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders, and all other members of the public sphere [11].

From the description of the results of the study based on the distribution of questionnaires given to respondents consisting of around 144 people scattered in the three areas of the mining company, it is clear that the mining company problem carries out CSR programs relating to environmental design (developing eco-efficient products) has been carried out and responded positively by the community as many as 109 people (75.70%). Next related to the problem of mining companies having alternative energy development programs, as many as 104 people (72.23%) have been carried out and responded positively by the community. Problems Mining companies have water, energy, etc. efficiency programs, as many as 103 people (71.53%) said they had been done and responded positively by the community. However, there are also people who state that the activities carried out by mining companies have caused damage to the environment which is around 65 people (45.14%). Clearly, the program implemented by the three mining companies is in accordance with Elkington statement that conceptually, corporate social responsibility is based on three basic principles known as the triple bottom line, namely 3P. Each company applies this concept to balance social, economic and environmental aspects. Thus the three companies have taken concrete actions towards the environment (planet), namely to create sustainable development [2].

C. CSR Framework in the Context of 'People'

Based on the 'profit' factor carried out in the three mining companies, it can be described that, mining companies already have a scholarship / fostering program for high achieving and underprivileged students, providing educational facilities for the surrounding community (community), providing library facilities and facilities for schools, carrying out general treatment for underprivileged communities, conducting mass circumcision for underprivileged people, providing sports facilities and facilities, conducting sports competition programs for the surrounding community (the community provides trainings entrepreneurship for the local community, building and repairing for public facilities (roads, meeting halls, places of worship), providing assistance on commemoration of holidays and religious activities, having special programs for children, pregnant women and the elderly, employing local workers from circle bro around, use or buy products from the surrounding community (community), have a community empowerment program (community), always involve the local community for its activities, have programs to respond to emergencies / natural disasters, have training programs for employees, has an incentive program for employees, has an assistance program for employees (occupational health and safety). Employees are involved in decision making, conduct open communication channels between employees and mining company management. There is social jealousy from the surrounding community (community) of mining company employees. There is conflict between the surrounding community (community) and the mining company. The mining company has an arts program (culture) for the local community, the mining company has an entrepreneurship program (business field) that involves the community.

From the description of the results of the study based on the distribution of questionnaires given to respondents consisting of around 144 people scattered in three areas of the mining company. The mining company employing local workers from the surrounding environment has been carried out and responded positively by the community as much as 121 people (84.03%). Related to the mining company doing construction and repairs for public facilities (roads, meeting halls, places of worship), as many as 112 people (77.78%) said that they had been carried out by the company and this was responded positively by the community. Related The mining company has an assistance program for employees (occupational health and safety), as many as 107 people (74.31%) stated that the company had done it and this was responded positively by the community, as well as related matters The mining company has a program training for employees, as many as 107 people (74.31%) stated the same thing. However, related to the conflict between the surrounding community (community) and the mining company, as many as 49 people (34.03%) stated that there was a conflict. The CSR program must involve local communities such as the local government, the community around the company, the company, and all stakeholders involved. The three companies studied have involved related communities, so their activities are generally supported positively by various groups of people. This condition is in accordance with the results of the research put forward by Marnelly, T. Romi stated that CSR programs can be done through the empowerment of local communities based on their

real needs of the dialogue communicate with communities, governments, businesses, communities and academia [12].

Suhadi, et.al state that the CSR program on community development, as the result of agreement among mining company, local people and related agency has to be based on the approval local administrative. The best alternative model CSR is the collaborative model among corporation, local government, and local people [13].

D. CSR Framework in the Context of 'Procedure'

Based on the profit factors carried out in the three mining companies, from the data collection that was successfully processed, it can be described that, the three mining companies have provided information/socialization to the community regarding the existence of the Community development program and coordinated with local government officials in the planning of Community development programs, coordinating with community in planning Community development programs. The conditions for obtaining funds/assistance for Community development procedures are also easy, the process of obtaining funds/assistance is not complicated/easy and in collaboration with Non-Governmental Organizations /Universities/other third parties, in collaboration with NGOs/Universities/third parties others in the implementation/mentoring of Community development programs, in collaboration with NGOs/ Universities/other third parties in the evaluation and monitoring of Community development programs, providing access/opportunity to the community to provide criticism/input. Procedures or steps taken include: 1) situation analysis, 2) choosing targets, 3) determining the type of change, 4) identifying barriers and motivation, 5) choosing CSR activities, 6) establishing funds, 7) developing communication plans, and 8) develop an evaluation plan [14].

From the description of the results of the study based on the distribution of questionnaires given to respondents consisting of around 144 people scattered in the three areas of the mining company, it is clear that in relation to mining companies coordinate with local government officials in the planning of Community development programs, in general as many as 114 people (80.56%) stated that the company had done so and the community responded positively. Furthermore, related to the mining company providing information / socialization to the public regarding the Community Dev program, as many as 112 people (77.78%) stated that the company had done it and this was responded positively. Problems Mining companies coordinate with the community in the planning of the Community development program, as many as 104 people (72.22%) responded positively. However, there were 62 people (43.06%) of the community related to the mining company in collaboration with NGOs/universities/other third parties in the implementation/assistance of the Community development program, which stated a poor response.

IV. CONCLUSION

The results showed that the implementation of the CSR Framework in three mining companies in Southeast Sulawesi, which included: profit, planet, people, and procedures, was

summarized as follows: 1) Profit. In general, the funds to carry out CSR activities are still very limited, in the sense that only for the needs of Charity and Philanthropies, but with little funds, companies as objects of research generally make maximum efforts in carrying out CSR activities in the field, 2) Planet. The community is also involved in environmental programs, such as health, physical development facilities (roads and places of worship), education and sports. All activities carried out were responded positively and provided benefits to the community around the company. However, there are also people who claim that the activities carried out result in damage to the environment, 3) People. All activities have been carried out in three companies and responded positively by the community. However, there are still conflicts between the surrounding community (community) and the mining company. Generally, CSR is carried out involving the CSR sector in the three companies, employees, village elites, and the surrounding community, as well as the local government, such as the mining service, local government, and others, 4) Procedure. CSR implementation is generally not complicated, constraints on the problem of recruitment of workers. On the one hand, the company wants to accommodate the local community workforce, but the available resources do not meet the requirements. This action will push as much as possible for all components of the resources needed.

ACKNOWLEDGMENT

Thank you to: Directorate of Higher Education, Rector of Bandung Islamic University, Chair of the Institute for Research and Community Service, Dean of the Faculty of Communication Sciences, and Institution of Indonesian Southeast Sulawesi Mining.

REFERENCES

- [1] L. Yong, and S.D. Gan, "Thinking about the problem of institutional investors "social responsibility," 2nd International Conference on Education Technology and Information System (ICETIS 2014), Published by Atlantis Press: pp. 76-82, 2014.
- [2] E. Suharto, CSR dan Comdev, Investasi Kreatif Perusahaan di Era Globalisasi. Bandung: Alfabeta, 2010.
- [3] H.S. Dashwood, The Rise of Global Corporate Social Responsibility. Cambridge: Cambridge University Press, 2012.
- [4] L. Peilin, "Study on corporate social responsibility and corporate sustainable development," Modern Finance and Economics-Journal Of Tianjin University Of Finance And Economics, no. 10, pp. 11-15, 2006.
- [5] C. Fontaine, A. Haarman, and S. Schmid, "Stakeholder Theory," 2006, [online]. Retrieved from <http://edalys.fr/documents/Stakeholders%20theory.pdf>
- [6] E. Garriga, and D. Mele, "Corporate social responsibility theories: Mapping and territory," Journal of Business Ethics, vol. 53, pp. 51-74, 2004.
- [7] C. Deegan, M. Rankin, and P. Voght, "Firms' Disclosure Reactions to Social Incidents: Australian Evidence," Accounting Forum, vol. 24, no. 1, pp. 120, 2000.
- [8] A. Ahmadi, and B. Abdelfettah "International Academic," Journal of Accounting and Financial Management, vol. 3, no. 3, pp. 40-53, 2016.
- [9] R.K. Yin, Studi Kasus; desain & metode. Jakarta: RajaGrafindo Persada, 2013.
- [10] Y.W. Prihatiningtias and N. Dayanti, "Corporate Social Responsibility Disclosure And Firm Financial Performance In Mining And Natural Resources Industry," The International Journal of Accounting and Business Society, vol. 22, no. 1, 2014.
- [11] M. Fontaine, "Corporate Social Responsibility and Sustainability: The New Bottom Line?," International Journal of Business and Social Science, vol. 4, no. 4, pp. 110-119, 2013.
- [12] T. R. Marnelly, "Corporate Social Responsibility (CSR): Tinjauan Teori dan Praktek di Indonesia," Jurnal Aplikasi Bisnis, vol. 2, no. 2, pp. 9-59, 2012.
- [13] A. Suhadi, A.R. Febrian, and S. Turatmiyah, "Model Corporate Social Responsibility (CSR) Perusahaan Tambang Batubara di Kabupaten Lahat terhadap Pemberdayaan Masyarakat Berbasis Kearifan Lokal," Jurnal Dinamika Hukum, vol. 14, no. 1, pp. 72-82, 2014.
- [14] R. Suswita, "Perencanaan Implementasi dan Evaluasi Program CSR," Online-Jurnal Mankeu, vol.3, no. 1, pp. 374-463, 2014.