

# IMPROVING POOR COMMUNITY WELFARE THROUGH CORPORATE SOCIAL RESPONSIBILITY (CSR)

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## ABSTRACT

*The objectives of this research are to study (1) The profile of the poor family around corporations; (2) The implementation of the Corporate Social Responsibility (CSR) by corporations; (3) The perception of corporations, community, and bureaucrats of the CSR; (4) Institutional supports on the CSR program; (5) The community's participation in the CSR program; (6) The partnership group dynamics of the CSR program; (7) The performance of the community empowerment; (8) the results and and benefits of the CSR program on the poverty eradication; and (9) to formulate a model for the community empowerment strategy through the CSR program. This research used the qualitative method with the case study strategy. The samples of the research were taken by using the purposive sampling technique. The data of the research were gathered through in-depth interview, observation, and documentation and were validated by using the data source and data gathering method triangulations. They were then analyzed by using the interactive technique of analysis.*

**Keywords:** Corporate Social Responsibility (CSR), Perception, Empowerment, The Poor Community Around the Corporations.

## INTRODUCTION

National development is a series of sustainable development efforts that encompass the entire life of the people, nation, and state to carry out the task of realizing the national goals contained in the Preamble of the 1945 Constitution, that shall protect the whole people and the entire homeland of Indonesia, promote public welfare, enlighten the lives of the nation, and participate in carrying out world order based on independence, eternal peace and social justice. The national goals as affirmed in the opening of 1945 Constitution as mentioned above are realized through the implementation of a sovereign and democratic state by prioritizing the unity and integrity of the nation based on Pancasila and the 1945 Constitution. The national development is carried out in all aspects of life of the nation.

National development is carried out in stages in the long term, medium term, and short term, by utilizing all national resources to realize national development goals. In the 2010-2014

National Medium-Term Development Plan (RPJMN) the Indonesian Vision of 2014 has been established "*the realization of a prosperous, democratic, and just Indonesia*". Efforts to realize the improvement of people's welfare will be done through economic development based on competitive excellence, wealth of natural resources, human resources, and national culture. These efforts require the support of mastery of science and technology which is increasing, one of which is through the process of empowerment. To realize a prosperous, democratic and just Indonesia, the strengthening of the triple track strategy plus (pro-growth, pro-job, pro-poverty, and pro environment) will be continued along with inclusive and equitable development (Mardikanto, 2010).

In connection with the abovesaid empowerment process, Mardikanto (2010) argues that the empowerment process is a process of change, a process of learning, a process of capacity building, a process of social change, a process of community development, and a process of developing community participation. Community empowerment as a translation of the term *empowerment* has always been a topic and a key word for development efforts in Indonesia. In 2001 the World Bank determined empowerment as the spearhead of the Trident strategy (three pronged strategy) to fight poverty, which consisted of: promoting opportunities, facilitating empowerment, and enhancing security.

In regard with national development, community empowerment and the achievement / improvement of community welfare also means poverty problem which has become a common problem in the world. Therefore, eradicating poverty was on the agenda at the Millennium Summit in New York, as a manifestation and concern for poverty, by declaring the Millennium Development Goals (MDGs), which had 8 goals and 18 targets that had to be achieved before 2015. These goals are: (1) eliminate extreme poverty and hunger, (2) achieve universal basic education, (3) promote gender equality and empower women, (4) reduce child mortality, (5) improve maternal health, (6) fight HIV / AIDS, malaria, and other diseases, (7) ensure the sustainability of environmental development, and (8) develop a global partnership for development.

Clark (2000) argue that, based on the results of several United Nations (UN) conferences, sustainable development is an effort to meet the needs of the current generation without having to sacrifice the ability of future generations to meet their needs that are environmentally sound and equitable as fair as possible. Wahyudi and Azheri's notion implies that fulfilling the economic, social, and environmental needs must be carried out in a balanced manner or in other words economic, social and environmental needs must be fulfilled in a balanced manner, so that the results are also enjoyed by future generations. If the environment is damaged and resources are used excessively, then the community will bear the impact and the economy will deteriorate, therefore social, economic, and environmental factors are interdependent and influence one another.

Heimann (2008) claims that the *Sustainable Development* (SD) concept in Indonesia faces 2 (two) biggest global challenges today, namely alleviating poverty and ending environmental degradation. These two challenges are very complex, interrelated, and inseparable. These two points are stipulated in the MGDs declaration that the international community has built a joint commitment to overcome them.

Poverty is a national problem that urgently requires systematic, integrated, and comprehensive handling and approaches in order to reduce the burden and fulfill the basic rights of citizens properly to realize Indonesian people's dignified life. To support the agenda, the government has issued Presidential Regulation Number 15 of 2010 concerning with Poverty Reduction Acceleration which is an improvement of Presidential Regulation Number 13 of 2009 concerning with Poverty Reduction Coordination. Referring to Article 1 point 3 of Presidential Regulation No. 15 of 2010 concerning with the Acceleration of Poverty Reduction, at the national level a National Team for the Acceleration of Poverty Reduction (TNP2K) has been formed, whose membership consists of government, community, business, and other stakeholders at the national level, whereas in the Provincial and Regency / City level Poverty Reduction Coordination Team (TKPK) was formed. Furthermore, in the context of efforts to accelerate the implementation of national development priorities, the President of the Republic of Indonesia issued INPRES Number 1 of 2010, which includes among others poverty alleviation programs (Republic of Indonesia Government Regulation No. 15, 2010).

Holme & Watts (2000) argues that lately along with the emergence of business ethics, people begin to realize the connection between the values of spirituality with the sustainability and development of a business. In the spiritual context of business, business is not only a matter of maximizing profits for the company owner but also the way of making the business provide benefits and blessings to all parties involved in it, so that in practice business is an attempt to make steps in harmony with all participants and the company's environment. Holme & Watts, notion indicates that in the operation of a company, it must carry out activities that also provide benefits to all parties (stakeholders) in this case including the poor who are in the vicinity of the company. Such activities are the implementation of the company's CSR program.

Holme & Watts (2000) further emphasizes that changes of public awareness lead to a new awareness in Indonesia about the importance of implementing the Corporate Social Responsibility (CSR), which is the company's commitment to account for the impact of its operations in an economic dimension, social and environment in the community and its environment. This commitment is reflected in the policies taken by the company regarding its business activities. This is because the development of the business world is inseparable from its external environment, especially the development of social dynamics related to globalization, free markets, regional economic cooperation, the reduced role of government, and the increasingly dominant role of the private sector in economic development. The social dynamics are the increasing awareness and demands of the community about human rights, justice, social equality, the environment, and community empowerment, as well as information and transparency on the activities of a company. All of these social dynamics are inseparable from the various negative impacts of a company's operations. Even the existence of a company in a certain region has caused various negative impacts and social and economic inequality and cultural degradation.

Mas'ood (1990) says that CSR is a moral and ethical concept with general characteristic, so that at a practical level it must be channeled into concrete programs. One form of CSR actualization is Community Development (CD). A company can implement the CD program based on the attitude and views that generally exist in the company itself, namely the attitude and

views of charity. Companies generally have this attitude which is based on two motives at once, namely altruism that is the nature of paying more attention and prioritizing the interests of others, and self-interest.

Mas'ood (1990) further states that companies can use the CD program as a medium to increase community commitment to be able to coexist symbolically with business entities (companies) and their operations. The position of "*community*" (community) in the concept of CD in the industrial environment is as part of stakeholders who are strategically expected to provide support for the existence of the company. So far, many companies have implemented CD programs with certain pragmatic goals and motives, for example in the framework of establishing conditions for a more harmonious relationship between the company and surrounding communities, or for establishing peaceful co-existence.

CSR in Indonesia has been regulated in several laws and regulations that bind state companies and private corporations such as Law Number: 19 of 2003 concerning SOEs, Law Number: 25 of 2007 Article 15 concerning Investment, and Law Number: 40 of 2007 Article 74 concerning Limited Liability Companies, which in essence are companies that carry out their activities in the territory of the Unitary State of the Republic of Indonesia (NKRI), have social obligations towards Indonesian people. However, some of these laws have not clearly stipulated the extent to which Corporate Social Responsibility or CSR must be carried out.

In the context of poverty alleviation programs, companies are expected to take part in the roles set out in the abovesaid legislation. Thus, Lampung Province as one of the provinces that has a high mortality rate in Indonesia will certainly be greatly helped if companies in the province take part in alleviating the poverty. With their CSR programs companies can carry out community sustainable economic empowerment activities because the companies have a host of excellence such as competence, management, technology, and human and financial resources. Based on these abilities and excellence, the CSR programs can be used for various community empowerment activities in economic, social, and environmental sectors. Therefore, company involvement is absolutely necessary, because the company's concern for the surrounding community has a strategic mission and function. The company's success in implementing CSR programs through community empowerment activities is expected to be able to play a role in development, and be able to answer the challenges and problems of the surrounding community itself, including the problem of poverty alleviation.

Lampung Province with a population of 7,813,622 people spread across 14 regencies / cities has 194 large and medium-sized companies, especially companies engaged in agriculture and agriculture-based industries (agro-industry). From the population of Lampung Province above there are 1,298,710 people or 16.93% of the population classified as poor. The poor are residents below the poverty line (GK) of Rp 234,073 per capita per month (**BPS, 2011**). This situation illustrates that the presence of companies in this area has not been able to optimally accelerate the regional development including reducing the poor population in the area concerned. Sumodiningrat (1999) even states that not all companies in Lampung Province carry out CSR programs that are an obligation for companies to care for the surrounding community.

One company in Lampung Province that has been quite active in implementing CSR programs is the company PTPN-7 (Persero). Since 2008 PTPN-7 has carried out various

activities related to the implementation of the company's CSR programs. These activities are stated in the Program CSR PTPN-7 Peduli (PTPN-7 Cares for CSR Program), which is a caring program in the seven fields of Partnership, Natural Disasters, Education, Health, Development, Religious and Environmental activities. However, to date there has been no assessment of the influence of the PTPN-7 CSR program on the reduction of the poor in the vicinity of the company. Therefore, this study seeks to determine the implementation of PTPN-7 CSR programs and their effects on the empowerment of the poor in the area around the company.

Based on the aforementioned description, it is necessary to examine the implementation of the company's CSR programs in empowering the surrounding community, the institutional support and community participation, and to what extent is its impact on the empowerment of the poor communities around the company. Based on the description above, the problems in this study are as follows:

1. What is the profile (characteristics and causes) of poor communities around the company?
2. How is the implementation of CSR programs that have been carried out by the company?
3. What is the perception of the company, community, and bureaucracy on CSR programs?

## RESEARCH METHODS

This research was conducted at PTPN-7 (Persero) company. The company has 25 business units spread across three provinces, namely Lampung Province, South Sumatra Province, and Bengkulu Province. The location of this research was chosen purposively, namely the PTPN-7 (Persero) CSR activity area in Lampung Province, with the consideration that: (1) in Lampung Province there are not many large and medium-sized companies implementing CSR programs, (2) Lampung Province has a relatively large number of poor people, namely 1,298,710 people (16.93 percent of the population of 7,813,622 people, in 2010), (3) changes in the percentage of poor people are not significant, namely in 2008 as many 1,246,600 people (20.98 percent of the population of 7,391,128 people) and 1,558,300 people (20.22 percent of the population of 7,491,943 people) in 2009, (4) in relation to the existence of CSR programs of PTPN-7 from 2008 to 2012, the company's contribution to poverty alleviation programs in general in Lampung Province has not been significant due to the addition of the poor caused by economic recession, and (5) Lampung Province is an agricultural area located on the outskirts (hinterland) but the agricultural output is not optimal and does not yet support the welfare of the community. The field research was conducted from October 2011 to April 2012.

Based on the problem, objectives and approach to the analysis, this research is categorized as qualitative research, and the research strategy used in this study is a case study. Case studies are empirical inquiry that investigates phenomena in real life contexts when the boundaries between phenomena and contexts do not appear explicitly, and utilize evidence from various sources (Untung, 2008).

The case study in this research is embedded case study research, whose focus is in the form of the main variables that will be studied based on the research objectives and the researcher's before going to the field of study. This research focuses on the PTPN-7 CSR

program in implementing the empowerment programs for poor communities around the company, by understanding the phenomena or cases of community poverty around the company and company policies in community empowerment activities through Corporate Social Responsibility programs (CSR).

## RESEARCH RESULTS AND DISCUSSION

### General Conditions of Research Setting

Lampung Province is one of 33 provinces in Indonesia located in the southernmost of Sumatra Island, with an area of 35,288.35 km<sup>2</sup>. Lampung Province is geographically located at 103°40' - 105°50' East Longitude and 6°45' - 3°45' South Latitude, with boundaries to the North with the Provinces of South Sumatra and Bengkulu, South to the Sunda Strait, East to the Java Sea, and to the North West is bordered by the Indonesian Ocean. Lampung Province consists of 14 Regencies / Cities with the Capital of Bandar Lampung. The width, number of regencies / cities, and sub-districts are presented in Table 1 below:

No.	Name of Regencies/Cities	Capital Name	Width (Km <sup>2</sup> )	Number of Sub-Districts
1	Lampung Barat	Liwa	4950.40	25
2	Tanggamus	Kota Agung	3356.61	20
3	Lampung Selatan	Kalianda	2007.01	17
4	Lampung Timur	Sukadana	4337.89	24
5	Lampung Tengah	Gunung Sugih	4789.82	28
6	Lampung Utara	Kotabumi	2725.63	23
7	Way Kanan	Blambangan Umpu	3921.63	14
8	Tulang Bawang	Menggala	7770.84	15
9	Pesawaran	Gedong Tataan	1173.77	7
10	Pringsewu	Pringsewu	625.00	8
11	Mesuji	Mesuji	2184.00	7
12	Tulang Bawang Barat	Panaragan Jaya	1201.00	8
13	Kota Bandarlampung	Bandarlampung	192.96	13
14	Kota Metro	Metro	61.79	5
<b>Total</b>			<b>35288.35</b>	<b>214</b>

**Source:** Central Statistics Agency (BPS) of Lampung Province, 2011

Lampung Province is an agrarian area indicated by the main livelihood of its population which is in the agricultural sector. Climatic conditions in Lampung Province are tropical climates with rainy and dry seasons changing throughout the year. The average rainfall is 181.75 mm per year, and average daytime temperature ranges from 31.5° C - 33.6° C, while the average

temperature at night ranges from 23.2 ° C - 24.8 ° C, and the humidity ranges between 72% - 83%.

Lampung Province is topographically according to BPS (2011) divided into five types of regions, namely:

1. Hilly and mountainous topographic areas. The slopes are steep with a slope of about 25% and an average altitude of 300 m above sea level. This area in the southern part of Lampung Province includes: Bukit Barisan with the peak of the ridges located on Mount Tanggamus, Mount Pesawaran, and Mount Rajabasa, and the northern part covering Bukit Pugung, Bukit Pesagi, Bukit Sekincau generally covered with primary or secondary forest vegetation.
2. Choppy and undulating topographic areas. This area is a narrow hill, with a slope of 8% to 15%, and with an altitude between 300 m to 500 m above sea level. This area borders the mountainous area with alluvial plains. The vegetation of this area comprises plantation crops such as: coffee, cloves, pepper, and agricultural crops such as rice, corn, and vegetables.
3. Alluvial plains. This area is very broad, covering Central Lampung Regency and approaching the east coast, which is a downstream part of large rivers such as Way Sekampung, Way Tulang Bawang, and Way Mesuji. The altitude in this area ranges from 25 to 75 m above sea level, with a slope of between 0% to 3%.
4. Tidal swamp plain area. This area is located along the east coast with a height of 0.5 to 1 meter above sea level, and is a water deposition area measured from the rising tides.
5. River Basin Area, which includes five main River Basins:
  1. Tulang Bawang River Basin, with an area of 10,150 Km<sup>2</sup> and a river of 371 Km in length, and 11 branches of tributaries.
  2. Seputih River Basin, with an area of 7,550 Km<sup>2</sup>, and a river of 581 Km in length, and 8 branches of tributaries.
  3. River Basin Sekampung, with an area of 5,675 Km<sup>2</sup>, and river of 672 Km in length, and 8 branches of tributaries.
  4. Semangka River Basin, with an area of 1,525 Km<sup>2</sup>, and a river of 390 Km in length, and 11 river branches.
  5. Mesuji River Basin, with an area of 800 Km<sup>2</sup>, and a river of 148 Km in length, and two river branches.

Population and employment including the number, composition and distribution are issues that need attention in the development process. A large population can be a potential, but it can also become a burden in the development process if it lacks quality in terms of skills. Based on the results of the 2010 population census, the population of Lampung Province is 7,608,405 people, and the average population density is 216 people per Km<sup>2</sup>. The distribution of population, width of area, and population density of each regency in Lampung Province can be seen in Table 2 below.

<b>Table 2</b>				
<b>POPULATION, WIDTH OF AREA, AND POPULATION DENSITY OF EACH REGENCY/CITY IN LAMPUNG PROVINCE IN 2010</b>				
No.	Regency / City Name	Total Population	Width (Km <sup>2</sup> )	Population Density (Inhabitant /Km <sup>2</sup> )

		(Inhabitant)		
1	Lampung Barat Regency	419,037	4950.40	85
2	Tanggamus Regency	536,613	3356.61	196
3	Lampung Selatan Regency	912,490	2007.01	455
4	Lampung Timur Regency	951,639	4337.89	219
5	Lampung Tengah Regency	1,170,717	4789.82	244
6	Lampung Utara Regency	584,277	2725.63	214
7	Way Kanan Regency	406,123	3921.63	104
8	Tulang Bawang Regency	397,906	7770.84	91
9	Pesawaran Regency	398,848	1173.77	340
10	Pringsewu Regency	365,369	625.00	585
11	Mesuji Regency	187,407	2184.00	86
12	Tulang Bawang Barat	50,707	1201.00	209
13	Bandarlampung City	881,801	192.96	4570
14	Metro City	145,471	61.79	2354

Source: BPS of Lampung Province, 2011.

Table 2 above displays that the population density in Lampung Province is still unequal or uneven among the districts / cities. Population density in cities is generally very high. The population density level of Bandarlampung City reaches 4,570 people per Km<sup>2</sup>, while the population density level in regencies in Lampung Province is below 500 people per Km<sup>2</sup>.

Furthermore, to see the labor force in Lampung Province, it can be seen from the distribution of population according to age group and gender as shown in Table 3 below.

<p align="center"><b>Table 3</b> <b>DISTRIBUTION OF POPULATION BY AGE GROUP AND GENDER IN LAMPUNG PROVINCE, IN 2010</b></p>						
Age Group	Male	%	Female	%	Total	%
0-4	380,129	4.99	358,405	4.71	738,534	9.70
5-9	377,446	4.96	355,030	4.67	732,476	9.63
10-14	394,683	5.19	373,443	4.91	768,126	10.10
15-19	356,065	4.68	328,230	4.31	684,295	8.99
20-24	333,701	4.38	322,147	4.23	655,848	8.62
25-29	348,385	4.58	333,024	4.38	681,409	8.96
30-34	338,120	4.44	319,860	4.20	657,980	8.65
35-39	301,113	3.96	284,246	3.74	585,359	7.70
40-44	263,094	3.46	247,634	3.25	510,728	6.71
45-49	223,940	2.94	216,554	2.85	440,494	5.79
50-54	185,312	2.44	163,367	2.15	348,679	4.59
55-59	138,632	1.82	115,032	1.51	253,664	3.33
60-64	89,969	1.18	87,870	1.15	177,839	2.33
65+	186,033	2.44	186,941	2.46	372,974	4.90
<b>Total</b>	<b>3,916,622</b>	<b>51.48</b>	<b>3,691,783</b>	<b>48.52</b>	<b>7,608,405</b>	<b>100.00</b>

Source: BPS of Lampung Province, 2011.



The employment sector is one of the important sectors for regional economic development, especially in the efforts of regional governments to reduce the number of poor people. Based on the working age determined by BPS, ranging from 15 to 64 years, then from Table 3. Above it can be said that Lampung Province has a high enough working age population which reaches 5,369,269 people or 70.57% spread across 14 districts / cities. Its total work age consists of 3,957,697 labor force and 1,866,673 non-workforces. The labor force consists of working and unemployed residents, while those not included in the labor force are those who are still in school, managing the household, and others.

The condition of the population according to the age group above illustrates the problem of unemployment which directly or indirectly impacts social life, economy, and poverty. The problem of unemployment is based on not only the increasingly narrow labor market, but also the low quality of available human resources (HR). Other issues that also affect unemployment are uncertain climate conditions and long dry seasons, causing the agricultural sector to be disrupted. The impact is that workers in this sector cannot manage their land properly so that they do not get adequate income to overcome the problem of unemployment.

To overcome unemployment and poverty above, employment opportunities need to be expanded to create business opportunities, so that it can absorb unemployed people who are directed towards optimizing the utilization of the potential of local resources. Job creation is directed through the implementation of empowerment programs that directly touch the community, with several empowerment alternatives that can be done as an effort to expand employment opportunities, such as:

- (1) Empowering Small-Medium and Micro Enterprises (UMKM) that lead to job creation, at least for them and in their development will certainly absorb new workers, with sufficient assistance to community business groups to be able to develop their businesses properly.
- (2) Changing the mindset and encouraging the community to be willing to work in the informal sector, through socialization activities, entrepreneurship training and intensive coaching to the community so that they can create their own jobs in accordance with their abilities, talents and interests for the development of entrepreneurial competencies.
- (3) Education with entrepreneurial material that directs the mental preparation and competence of students in creating their own employment after completing the education / training process. Models of education and training that are practically implementative, so that after graduating they do not have to wait for job opportunities that are not comparable to job seekers, but they can create and develop their own businesses that help them get their own jobs and income.

What needs to be done in this regard is empowering the community through labor-intensive activities by providing employment opportunities and increasing income for those who do not harvest through the types of business activities that are productive and sustainable. In addition, it is the availability and presence of assistants who are expected to increase employment in both the formal and informal sectors which lead to reducing unemployment and increasing people's income and supporting the economic development of the community.

The BPS data of Lampung Province demonstrate that the sector that absorbs the most labor is the agricultural sector. The data is directly proportional to the use of the area which

shows that most of the land area in the regencies / cities in Lampung Province is exploited for agricultural activities.

In 2011, the Central Statistics Agency (BPS) measured poverty levels based on the concept of fulfilling basic needs (basic needs approach). Based on this conceptual approach, poverty is seen as an inability from the economic side to meet basic food and non-food needs as measured by expenditure. The method used is to calculate the Poverty Line (GK) which consists of two components, namely the Food Poverty Line (FPL) and the Non-Food Poverty Line (NFPL). Under this approach, a resident is said to be poor if the population has an average expenditure per capita per month is below the Poverty Line (GK). Food Poverty Line (FPL) is the expenditure value of food-beverage needs which is equal to 2,100 kilocalories per capita per day, and Non-Food Poverty Line (NFPL) is the minimum need for housing, clothing, education, and health (Zaelani, 2009).

The Poverty Line (GK) of Lampung Province in 2010 was Rp. 234,073.00 per capita per month. The number of poor people in Lampung Province was 1,298,710 people (16.93%). The highest poverty rate occurred in Lampung Utara Regency (28.19%), the second highest in Lampung Timur Regency (21.06%), and the lowest was in Tulang Bawang Barat Regency (7.63%). Distribution of poor population per district / city in Lampung Province in 2010 as presented in Table 5.4 demonstrates that there are differences in the size of the Poverty Line for each regency / city. This difference occurs because the calculation of determining the Poverty Line is based on the Food Poverty Line (FPL) and Non-Food Poverty Line (NFPL) that has different amount in each district / city. FPL is based on the expenditure of minimum food requirements and is calculated by the average calorie value of 52 basic food commodities. The size of the FPL is determined by indicators: (1) the price of these commodities in their respective regency / city, (2) the average quantity of commodities consumed in their respective regency / city, and (3) location of urban or rural areas. The NFPL is calculated based on the sum of the minimum value needs of non-food commodities, which are determined by indicators: (1) non-food commodity expenditure value in each regency / city, (2) types of non-food commodities selected in the regency / city respectively, (3) the location of urban or rural areas. Thus, the difference in the size of the Poverty Line of each regency / city in Lampung Province is determined by the size of the FPL and NFPL of each regency / city, while the size of the FPL and NFPL is influenced by the values of the six indicators mentioned above.

**Table 4**  
**NUMBER OF POOR POPULATION BY REGENCY / CITY POVERTY LINE IN LAMPUNG PROVINCE, 2010**

No.	Regency/City	Poverty Line (Rp/Cap/Mo)	Number of Poor Population	Percentage of Poor Population
1	Lampung Barat	237,660	71,800	17.13
2	Tanggamus	222,504	98,000	18.30
3	Lampung Selatan	227,113	187,900	20.61

4	Lampung Timur	227,698	200,400	21.06
5	Lampung Tengah	239,228	197,700	16.88
6	Lampung Utara	241,789	164,700	28.19
7	Way Kanan	208,744	76,600	18.81
8	Tulang Bawang	223,181	43,000	10.80
9	Pesawaran	226,631	81,500	20.49
10	Pringsewu	237,868	45,400	12.45
11	Tulang Bawang Barat	226,563	19,100	7.63
12	Mesuji	229,027	16,200	8.65
13	Bandarlampung	318,458	128,600	14.58
14	Metro	221,565	20,100	13.77

Source: BPS of Lampung Province, 2011.

Table 4 above presents that the distribution of the number of poor people according to the Poverty Line is uneven; the lowest is in Mesuji Regency (16,200 inhabitants) and the highest is in Lampung Timur Regency (200,400 inhabitants). The uneven distribution of poor people in each regency / city in Lampung Province is caused by the high and low Poverty Lines in each of these different regions, because the higher the poverty line values in an area, the higher the chance of someone entering the poor category. On the other hand, there are differences in the value of the poverty line among regencies / cities; the highest value of the Poverty Line is in Bandarlampung City (Rp. 318,458 per capita per month) and the lowest is in Way Kanan Regency (Rp. 208,744 per capita per month). This difference in the poverty line value occurs because the calculation is based on the expenditure of food and non-food beverage needs, the amount of which is determined by the prices of different commodities in each region, differences in the commodities consumed, and is determined by the region's distance from the economic center.

Noting the phenomenon of uneven distribution of poor people between regencies / cities in Lampung Province, in launching community empowerment program activities it is necessary to increase and improve the welfare of poor families, based on the potential of local resources (natural or human resources), distance from the economic center, as well as transportation or communication facilities and infrastructure. Economic empowerment and family resources to increase the income of the poor include:

1. Changing the behavior or lifestyle of the poor, by increasing knowledge, attitudes, and skills about planning and processes to achieve a decent and simple standard of living,
2. Developing microfinance institutions, with conditions and procedures that can be met or in accordance with the capabilities of the local poor,
3. Practicing skills to increase family income,
4. Increasing the flow of labor and the allocation of women's time for productive activities,
5. Training the planning and utilization of income with consideration to expenditure priorities.

Realizing the above empowerment objectives must pay attention to differences in the potential of the region among regencies / cities. Regional potential is the main resource and as a basic capital for people's lives, which includes:

1. Potency of land and climate resources as a place of business activities (farming) to fulfill the needs of families and communities
2. Potency of human resources (HR) of the community around the company, customs, basic livelihoods, and their needs
3. Potency of socio-economic facilities and infrastructure (such as transportation networks, irrigation systems, markets, banks or cooperatives, education, health).

Poverty is a social phenomenon that will never disappear and has existed since the existence of human civilization. Unfortunately, the programs carried out to alleviate the poverty only reduce the increase in the number of poor people, while in fact this poverty can sometimes increase, because it really depends on internal and external conditions that affect poverty. An internal condition is something that exists in human individuals, and an external condition is something that is outside each individual. Both of these factors can be social factors, economic factors, and environmental factors.

The programs undertaken to anticipate the problem of poverty are, among others, the poverty alleviation activities successfully implemented by the government. The success is inseparable from the role of the company, because the company in its operations has both positive and negative influences on the environment or the surrounding community. As a form of accountability for the company's operations, the company must carry out a program called CSR. The concern of the company with its CSR program is important and is expected to contribute positively to overcoming poverty, especially for the poor living in the vicinity of the company's operational areas.

### **General Description of the Company**

PT Perkebunan Nusantara VII (Persero), hereinafter abbreviated as PTPN-7 (Persero), is one of the State-Owned Enterprises (BUMN) of the Indonesian plantation sector. The PTPN-7 company is headquartered in Bandar Lampung, Lampung Province, which was formed based on Government Regulation No. 12 of 1996 dated February 14, 1996 and Notary Deed of Harun Kamil, SH., Number 40 dated March 11, 1996 which was a merger of PT Perkebunan X (Persero) in Lampung, PT Perkebunan XXXI (Persero) in Palembang, PT Perkebunan XI (Persero) Development Project in Lahat Regency and PT Perkebunan XXIII (Persero) Development Project in Bengkulu Province. Thus, the operational area covers three provinces, namely Lampung Province, South Sumatra Province, and Bengkulu Province.

PTPN-7 (Persero) undertakes oil palm, rubber, tea, cocoa, sugar cane and horticulture commodities with a concession area of 76,740.11 hectares. Oil palm cultivation is cultivated on an area of 31,874 ha, rubber on 34,439 ha, tea on 1,500 ha, cocoa on 20 ha, sugar cane on 20,400 ha and horticulture on 50 ha. In addition to planting commodities in its own / core area, PTPN-7 (Persero) also manages the plasma area owned by farmers covering an area of 65,335 ha for oil

palm plants covering an area of 23,868 ha, and rubber on 31,467 ha, while the area of sugar cane is intensified by 5,502 ha.

PTPN-7 (Persero) was established to participate in implementing and supporting government policies and programs in the field of Economics and national development in general and the plantation subsector in particular, with the aim of fostering profits based on sound corporate principles and the principles of the Tri Dharma (Three Pillars of) Plantation, that is:

1. Maintaining and increasing contributions in the field of Plantation for national income through production and marketing efforts of various types of plantation commodities for the benefit of domestic consumption and non-oil and gas exports (foreign exchange).
2. Expanding employment opportunities to improve the welfare of the people in general and improve the lives of farmers and employees in particular.
3. Maintaining the preservation of natural resources and the environment, water, and soil fertility.

PTPN-7 (Persero) has an organizational structure consisting of the General Meeting of Stakeholders (GMS), the Editorial Board, and the Managing Director who is assisted by five Directors (Director of Production, Director of Human Resources and General, Director of Finance, and Director of Marketing and Development Planning). Each of the five Directors oversees Sections, which consist of 16 Sections. The management of CSR is in the Social and Environmental Responsibility Section (TJSL), under the Director of Human Resources and General Affairs. The TJSL section has two sub-sections, namely Small and Medium Enterprises, and Community and Administrative Affairs. Funds managed by this TJSL section are CSR funds set aside at 2% of the company's annual profit. In addition to the TJSL Section on PTPN-7 the Partnership established by this section is only committed to facilitating the financiers (Bank Mandiri) with farmers in the form of capital loans, while the partnership developed by the TJSL Section with CSR funds is by means of a "Revolving Fund" in Small-Micro and Medium Enterprises, accompanied by coaching or training.

PTPN-7 (Persero) has a Vision and Mission as a foundation in an effort to grow and develop the company as follows:

1. Company's Vision: making agribusiness and agro-industry companies tough and global in character
2. Company's Mission includes:
  1. Carrying out agribusiness plantations with rubber, oil palm, tea and sugar cane.
  2. Developing a core business which leads to vertical integration.
  3. Using cultivation technology and processes that are efficient and environmentally friendly to produce standardized products for both domestic and international markets.
  4. Paying attention to the interests of shareholders and stakeholders, especially workers and partners, suppliers and business partners, to jointly realize competitiveness in order to grow the company.

PTPN-7 (Persero) has the following company goals:

1. Carrying out the development and developing the agribusiness in the plantation sector in accordance with the principles of a healthy, strong and growing company on an economical business scale.

2. Being a company that is capable of profitability (profitable), prosperity (wealthy) and sustainability (sustainable), so that it can play a greater role in accelerating regional and national development.

PTPN-7 (Persero) has a value system known as the spirit of changes "*ProMOSI*" which is an acronym of 5 (five) basic values, namely: Productivity, Quality, Organization, Service and Innovation. The spirit of changes "*ProMOSI*" is set to be the value system of PTPN-7 (Persero) with Directors' Decree Number 7.6 / Kpts / 477/2008 dated December 19, 2008. This value is the foundation in building a corporate culture. These values are expected to animate every attitude and behavior of the company's people in their daily activities, both as workers and as individuals.

In The Spirit of Change "*ProMOSI*" it is necessary to establish a committee known as the Implementation Committee as a facilitator organization. The objectives of establishing the Implementation Committee (facilitator organization) for *The Spirit of Change "ProMOSI"* are as follows:

1. The socialization of the purpose and objectives of launching *The Spirit of Change "ProMOSI"* to all members of the Company.
2. The internalization of the values contained in *The Spirit of Change "ProMOSI"* in all members of the Company.
3. The establishment of an evaluation system to implement *The Spirit of Change "ProMOSI"*.
4. The awareness of all members of the Company to contribute to and optimize their potential to achieve the Company's objectives

The main tasks of the implementation committee of *The Spirit of Change "ProMOSI"* in the company are as follows:

1. Formulating The Spirit of Change "*ProMOSI*" guidelines.
2. Socializing The Spirit of Change "*ProMOSI*" through various forms of activities such as face-to-face socialization, the use of information technology networks, and other possible forms.
3. Disseminating and motivating workers to implement The Spirit of Change "*ProMOSI*" in the context of carrying out tasks.
4. Formulating an evaluation o implement The Spirit of Change "*ProMOSI*".
5. Reporting the progress of o implement The Spirit of Change "*ProMOSI*" program to the Board of Directors.

To realize the Company's Vision and Mission and achieve the company's goals with extraordinary results, a work spirit that is not merely "*mediocre*" is required. A strong and extraordinary spirit is needed that motivates and guides the employees of the company, namely the Motivation of Corporate Change (Spirit of Change). The spirit of change "*ProMOSI*" is expected to be able to be a driving force for every person in the company to change towards better conditions, so that the company can become a resilient and growing company by implementing the values of Productivity, Quality, Organization, Service and Innovation.

Productivity values are efforts to optimize the utilization of resources owned and managed by the company in a transparent, accountable, fair and responsible manner, to achieve optimal results of all the company's goals which are carried out Swiftly (Sigap), Advancingly (Maju), Enthusiastically (Antusias), Diligently (Rajin), and Skillfully (Terampil) (SMART).

Quality is understood as a physical and mental attitude to produce the best performance for stakeholders as a manifestation of self-glory. Quality is characterized by an attitude of keeping up the quality of work in an effort to seize market share and maintain the survival of the company. Quality products are not only good but also delivered on time, designed according to the tastes of consumers, sold at a cheaper price than others, so that the principle of quality is no longer comparativeness but competitiveness.

The organization processes the value of understanding the position, roles and responsibilities in an integrated dynamic system and upholds the work ethic and family values. The organization is considered as a container of people who are intact and superior, have creation, initiative and work. An organization has a harmony if each individual understands his position and responsibilities and knows to whom to take responsibility for his authority.

Service is defined as a call to serve the stakeholders as well as possible for the company's sustainable growth. If all individuals in the organization realize that they are working to serve their superiors, subordinates, coworkers, consumers and stakeholders, then it can be expected that the desired change will soon be realized.

Innovation is a creative act in making continuous improvement to develop work processes and products in order to create added value. Every individual in the organization must make innovations in order to keep up with the changes. Those who do not quickly follow the changes with their innovations will be lost oppressed by the changing times.

Such spirit of change is formulated by taking into account the dominant aspects according to the type, characteristics, environment and business processes, extracted from the values in the human culture of PTPN-7 (Persero) plantations.

PTPN-7 cultivates rubber, oil palm, sugar cane and tea which are all managed with modern technology, integrated management and supported by professional human resources. The Company's operational area in Lampung Province consists of 2 regencies (10 Business Units), Sumatra Selatan Province comprises 2 regencies (14 Business Units), and Bengkulu Province comprises 1 regency (3 Business Units) with a Nucleus Producing Plant (TM) area of 77,200 ha, Immature Plants (TBM) 12,701 ha, and New Plants / Reproduction / Conversion Plants (TB / TU / TK) 3,031 ha. The total area of nucleus gardens is 92,932 ha, outside the management of the plasma / sugar cane area of 54,438 ha.

PTPN-7 has 25 Plantation Business Units, and several Hail Processing Plants, which are spread in three provinces. The business units are: Business Units in the Region of Lampung Province, covering:

1. Kebun Kedaton in Selatan Regency;
2. Kebun Afdeling Trikora in Lampung Selatan Regency;
3. Kebun Bergen in Lampung Tengah Regency;
4. Kebun Afdeling Kalianda in Lampung Selatan Regency;
5. Kebun Way Berulu in Tanggamus Regency;
6. Kebun Way Lima in Pesawaran Regency;
7. Kebun Tangkit Serdang in Pringsewu Regency;
8. Kebun Rejo Sari in Lampung Selatan Regency;
9. Kebun Bekri in Lampung Tengah Regency;

10. Kebun Padang Batu in Lampung Tengah Regency;
11. Kebun Tulung Buyut in Lampung Utara Regency;
12. Kebun Bunga Mayang in Lampung Utara Regency;
13. Kebun Blambangan Umpu in Way Kanan Regency.

The Business Units in Sumatera Selatan Province, covering:

1. Kebun Musi Landas in Sumatera Selatan Province;
2. Kebun Tebenan in Sumatera Selatan Province;
3. Kebun Betung in Sumatera Selatan Province;
4. Kebun Cinta Manis in Sumatera Selatan Province;
5. Kebun Beringin in Sumatera Selatan Province;
6. Kebun Sungai Lengi in Sumatera Selatan Province;
7. Kebun Pagar Alam in Sumatera Selatan Province;
8. Kebun Senabing in Sumatera Selatan Province.

The Business Units in Bengkulu Province, covering:

1. Kebun Sungai Berau in Bengkulu Province;
2. Kebun Talo Pino in Bengkulu Province;
3. Kebun Padang Pelawi in Bengkulu Province;
4. Kebun Ketahun in Bengkulu Province.

The plantations are managed with a nucleus-plasma scheme, where the Company has a nucleus estate, while the community participates in owning and managing the plasma estate. The area of PTPN-7 nucleus estates and plasma estates based on types of crop cultivation is shown in Table 5 below.

<b>Cultivation</b>	<b>Nucleus (ha)</b>	<b>Plasma (ha)</b>	<b>Total (ha)</b>
Rubber	34,955	20,699	55,694
Oil Palm	38,571	23,868	62,439
Tea	1,580	-	1,580
Sugar Cane	17,826	9,871	27,697
Total (ha)	92,932	54,438	147,370

Source: Annual Report PTPN-7, 2012.

Table 5 above shows that 92,932 ha (63%) of the plantation business units are managed as nucleus estates and 54,438 ha (37%) are managed by the community as plasma. Nucleus Estate is a plantation that is developed by a company with complete processing facilities and is owned by the plantation company and is prepared to be the implementer of Perkebunan Inti Rakyat (People's Nucleus Estate). Plasma Estate is a plantation that is developed by a plantation company (Nucleus Estate) and planted with plantation crops. This smallholding plantation has



been maintained and managed since its planting until the production. After the plants start producing, the control and management are left to the smallholders. The farmers sell their products to the nucleus estate at a market price deducted to pay the installments on debt payments to the nucleus estate in the form of capital lent by the nucleus estate to manage the farmers' plasma estates. This pattern of nucleus plasma is another form of community empowerment process carried out by PTPN-7 in the form of partnerships with farmers, namely opening up plasma plantations as described above, which reached an area of 147,370 ha.

The cultivated products developed by the company are further processed to produce high-value processed products for domestic and international markets. The company has a palm oil processing factory, palm kernel, rubber, sugar cane and tea with a variety of products. PTPN-7 (Persero) products are shown in Table 6 below.

Commodities	Processed Products	Number of Factories	Capacity / day
Rubber: PPKR	SIR 3 CU.3C.3WF	7	130 Tons of KK
	SIR 10 dan SIR 20	4	115 Tons of KK
Sheet	RBB I, II, III CUTA	4	35 Tons of KK
Concentrated Latex	Hight Amonia dan Low Amonia		
Palm Oil : PPKB	Palm Oil	7	276 Tons of TBS/FFS
PP	10 Oil Cake	2	150 Tons
Tea	BOP, BOPF, PF BOHEA DUBT	1	40 Tons of Fresh Buds
Sugar Cane: Sugar	Sugar and Molasses	2	11,000 Tons of Sugar cane

Source: Annual Report of PTPN-7, 2012

In terms of marketing of PTPN-7 products, marketing is carried out in the form of: (1) rubber commodity products are mostly absorbed by foreign consumers (75%), and the rest (25%) for domestic needs, (2) sugar cane commodity products (sugar ) are almost entirely absorbed by the domestic market, (3) CPO commodity products (almost entirely are absorbed by the domestic market). (4) Fifty percent (50%) of the finished products of tea commodity are absorbed by domestic consumers, and the rest (50%) is exported. In general, the Company's production products are still in the form of raw materials for advanced processing (raw material) and have many competitors, both BUMN and private companies.

## **CSR Practices (Programs / Activities) that have been implemented by PTPN-7 companies in Lampung Province**

Corporate Social Responsibility (CSR) according to the definitions discussed in the literature review refers to the responsibilities of the business sector relating to all parties involved, in the sense of those who influence and are affected as a result of their business activities. The company's goal is profit, but it cannot be separated from the community, because: First; company owners, managers and employees are individuals as part of the community. Second; company profits will not be achieved without the community being a market for its products. Third; the company's activities certainly have an impact on the community and the community environment in which the company operates.

CSR formulation in ISO 26000 is a corporate responsibility for the impacts caused as a result of its inactivity decisions in society, the environment, through ethical and transparent behavior that contribute to sustainable development, including public health and welfare, taking into account stakeholder expectations, adhering to law and regulations. These apply and are consistent with international norms of behavior and are integrated in organizations and implemented in all organizational activities related to corporate organizations.

The conclusion is that CSR is a company's commitment to the interests of stakeholders in a broader sense rather than the mere importance of the company's interests, that is, the company seeks profits but is not justified in sacrificing the interests of other parties concerned. The company must be responsible for its actions and business activities that have a direct or indirect impact on stakeholders and the environment in the place where the company operates.

Based on the results of the research stated above, the Corporate Social Responsibility (CSR) Program is accommodated by PTPN-7 companies in the Directors' policy with Decree Number: 7.13 / Kpts / 001/2008 dated January 3, 2008 concerning Guidelines for the Partnership Program of Small Business Entity and Environmental Development Program (PK-BL) of PTPN-7 (Persero). So, the CSR program has been implemented since 2008 in the CSR of PTPN-7 Cares program which in the preparation of program planning has been adapted to the proposals from the community around the local company and in line with the formulation of CSR in ISO 26000 above. Thus, the CSR of PTPN-7 Cares program is corporate responsibility for the impacts caused as a result of its decisions and activities in the community, the environment, which are outlined in all organizational activities, with a focus on CSR of PTPN-7 Cares programs covering: economic, social, and environmental fields. PTPN-7 Cares encompasses care in seven areas, namely: (1) PTPN-7 Cares for Partnership, (2) PTPN-7 Cares for Natural Disasters, (3) PTPN-7 Cares for Education, (4) PTPN-7 Cares for Health, (5) PTPN-7 Cares for Development, (6) PTPN-7 Cares for Religion, and (7) PTPN-7 Cares for the Environment.

PTPN-7's company policy in the CSR Program is implemented through the PK-BL (Partnership and Community Development Program) program with the PTPN-7 Cares program, which is handled by a special division, namely the Social and Environmental Responsibility (TJSL) program. The CSR of PTPN-7 Cares Vision and Mission is aligned with the company's Vision and Mission. The vision of CSR of PTPN-7 Cares is being a part of PTPN-7 (Persero) that is able to create and support corporate sustainability through harmonizing company interests,

social relations, and the environment, while the mission of the CSR of PTPN-7 Cares is (1) Growing and developing the community's economy, especially Micro, Small and Medium Enterprises (UMKM), to be resilient and independent, (2) Empowering communities and regions based on their potential and community role and participation, (3) Helping the community to obtain proper and healthy social and public facilities in accordance with their needs (felt needs), (4) Maintaining and developing environmental functions and quality, and (5) Establishing ethical and professional entrepreneurial and community behavior. The objectives of CSR of PTPN-7 Cares are (1) Creation of people's economic growth by expanding business opportunities in micro, small and medium enterprises (UMKM), (2) Establishment of an independent community based on the potential human resources and natural resources, (3) Fulfillment of public facilities that are feasible, healthy, and in accordance with the needs of the community, (4) Preservation of nature and the environment, and (5) The realization of the community and fostered partners who have ethical and professional behavior.

The vision and mission, as well as the CSR objectives of PTPN-7 Cares are inseparable from the company's vision and mission, because it is a translation of the values contained therein. The TJSL-CSR of PTPN-7 Cares Division when making programs and activities must refer to the company's Vision and Mission. The CSR of PTPN-7 Cares is a sub-system that supports the achievement of the objectives of other corporate systems. The CSR of PTPN-7 Cares program created and implemented is not a reactive and incidental, but based on the planning and needs of the community around the company as stakeholders. The CSR of PTPN-7 Cares program has been designed with the stages of needs analysis, implementation, supervision, evaluation, and termination, so that CSR of PTPN-7 Cares programs run by PTPN-7 can be used as an indicator of success or failure of the company, because CSR has become a sub-system which supports the company's business sustainability. If we pay attention to the Vision and Mission, and the CSR goals of PTPN-7 Cares, all of them show the meaning of corporate social responsibility to all stakeholders aimed at independence and environmental sustainability.

In the aspect of corporate strategy, PTPN-7 seeks to improve the welfare of the community and other stakeholders by empowering, which includes the stages of: (a) evaluating proposals and planning together with the community, (b) building mutual understanding and support from all parties through consultation and dialogue, and (c) building partnerships in the form of Fostered Partners with the business world, government and related agencies to achieve common goals.

The empowerment activities of the poor through the CSR of PTPN-7 Cares Program are carried out on activities related to or not related to core business, with funding from a portion of the company's profits. The results of the study indicate that the CSR of PTPN-7 Cares Program has been designed based on the proposals of the surrounding community and the empowerment activities aimed at encouraging community participation to develop their potential so as to increase independence and prosperity. In the process of preparing the activity plan, as seen from the research result, there is involvement of beneficiary communities; the CSR of PTPN-7 Cares program has run a bottom-up pattern, even though not all community proposals are accommodated. This was done because not all community proposals could be

accommodated, adjusted to the interests of the company and prioritized matters that were urgent and in accordance with local conditions.

The company's commitment and empowerment strategies have been based on the company's Vision-Mission and CSR Vision-Mission of PTPN-7 Cares. This is a sign that the company has made the Vision and Mission as a reference which is then implemented into policies, and strategies, in the form of: Code of Conduct or code of ethics, which is the company's internal guidelines on value systems in business ethics, CSR Manual which guidelines for implementing CSR, and Budgeting which are guidelines for determining the budget, Administration, Staffing, namely personnel, and program implementation.

In the organizational structure of PTPN-7 (Persero) there is already a division or a special agency that handles CSR in the Social and Environmental Responsibility Section (TJSL), which consists of Micro, Small, and Medium Enterprises Affairs, and Business and Environmental Development Affairs, as seen in Appendix 1. The Organizational Structure of PTPN-7 Headquarters, and Figure 5.7: Institutional Structure of PTJ-7 CSR (CSR). From this Organizational Structure, the TJSL-CSR Section is a special division or department not part of other divisions that are independent in terms of program planning, budget planning, implementation, and evaluation. Structurally, the TJSL-CSR section is responsible to the Director of Human Resources and General Affairs. This structural pattern illustrates clear task differentiation, and the company's commitment to CSR is quite high, because it has its own budgetary authority, the legality of determining its own program, and a work team led by a TJSL-CSR manager.

Based on the method of applying CSR by companies proposed by Untung (2008), namely Cause branding and Venture Philanthropy, the implementation or application of CSR by PTPN-7 companies in the form of PTPN-7 Cares tends to be greater in Cause branding than in Venture Philanthropy, which means that planning and its implementation are carried out with a top-down approach. In this case the company determines what social and environmental issues need to be addressed. The company designs activity programs related to product or service branding, which aim to make the surrounding community closer and closer to the company so that the company's existence will be guaranteed. It is different from the case with venture philanthropy which uses a bottom-up approach, in which the company helps the non-profit community in accordance with what the community wants. Venture philanthropy emphasizes more empowerment (giving the ability to be independent); the community is encouraged or assisted to create their own new sources of livelihood based on local potential (local specifications), and not just to channel social or financial assistance to the poor surrounding the company.

### **Company's Perception of CSR**

In the implementation of CSR programs or corporate social responsibility at the corporate level there are still gaps in implementing the CSR activities. This fact is caused by the absence of a common understanding or the similarity of the views of various parties (in this case shareholders and stakeholders) about the understanding of social responsibility. This condition creates serious difficulty in assessing the effectiveness of corporate social responsibility

programs more objectively. As expressed by Wahyudi & Azheri (2008), the absence of a common view of impact on the implementation of corporate social responsibility programs or CSR in the field becomes very much determined by the understanding of each company.

In connection with perception, Wibisono (2007) explains that companies view CSR in three ways. The various ways the company views CSR are:

1. It is just lip service or compulsion. The company practices CSR because it is external driven (external factors), environmental driven (due to environmental problems) and reputation driven (because it wants to boost the company's image)
2. As an effort to fulfill obligations (compliance). CSR is done because there are regulations, laws, and rules that force companies to run it.
3. CSR is implemented because of a sincere push from within (internal driven). The company realizes that its responsibility is not just economic activities to create profits for the survival of its business, but also social and environmental responsibility.

The results of research in interviews with the management of CSR of PTPN-7 Cares programs show that the company's perception of implementing a CSR program is because of the Instruction and Regulation of the Minister of BUMN, as well as the Republic of Indonesia Law No. 40 of 2007 concerning Limited Liability Companies, and Government Regulation (PP) No. 47 of 2012 concerning TJSL Limited Liability Company. All these government regulations are understood and with the same view regarding corporate social responsibility or CSR that is a matter of opportunity to collect and manage company funds. In addition, it is conducted to overcome the possibility of the impact of the existence of businesses on the surrounding community as well as the impact on the environment. Thus, CSR is seen by PTPN-7 as a social activity carried out in a reasonable manner because it has utilized natural resources, where positive and negative impacts will occur.

From the results of the research that has been disclosed above, it can be said that the company's understanding of CSR is a form of company commitment to build a better quality of life with relevant stakeholders, especially the community around the company. The commitment concerns business activities with the aim of helping communities around the company according to their needs, so that their income increases, they are more prosperous and independent for productive business.

The results of this study indicate that the company's perception of CSR is that CSR is a good activity for business security and sustainability towards the social environment around the company, and the company's goal of implementing CSR in the form of the PTPN-7 Cares program is to overcome the impacts that may arise from all operations of all stakeholders and the environment, so companies can grow and be sustainable. Thus, CSR activities are not only due to government rules and regulations, but also because of changes in the community with the emergence of movements demanding companies to share welfare, because the community does not feel the positive impact of the company's existence.

The points above imply that PTPN-7's corporate perceptions of CSR programs are: (1) awareness and interest of PTPN-7 companies on the importance of implementing a Corporate Social Responsibility (CSR) program, which is determined as a commitment the company to

apply it as a responsibility for the impact of its operational activities in economic, social and environmental dimensions on the community and its environment; (2) CSR is seen and understood as caring for the surrounding community; community relations can be interpreted very broadly, but in short they can be understood as increasing participation and mutual benefit for the company and surrounding communities. (3) CSR is not just a charity activity, where CSR requires a company in its decision making so that it seriously takes into account the impact on all stakeholders of the company, including the environment, for the company's sustainability.

This commitment was applied by PTPN-7 (Persero) in the policies taken by the company regarding its business activities, namely policies on CSR programs implemented through the PTPN-7 Cares program and implemented in the form of TJSL (Social and Environmental Responsibility) activities, aimed at empowering the community around the company with a community-based approach or model, based on the needs of the community in the area around the company.

The company must know the needs of the community in the area around the company's operations, because the data must be in accordance with the needs of the company that wants to run its community development program. To carry out community development, companies need data to the micro level. Some of the information needed includes what vulnerable groups are there in the impact area. Who are the families and individuals who fall into the groups? What are the causes of their vulnerability? All of these are important questions that need to be answered before the company can decide on the form of intervention needed to bring them towards independence.

Creating profits is a fundamental dimension for companies to keep jobs and enlarge the scale of the company which means maximizing and mobilizing wealth, while social responsibility is the basic accountability of a company that focuses on fulfilling social needs. Therefore, CSR is also involved as part of the responsibility in the welfare of ethical stakeholders. Ethical and responsible means treating stakeholders in a civilized and acceptable manner. Stakeholders are inside and outside the company so that CSR has broader goals that are to continue creating a higher and better standard of living for the community inside and outside the company while maintaining company profitability (Joshi, 2008).

The company as a business institution is social in nature, because it is always done and must deal with other parties. Relationships with other parties are called social relations, so that a healthy company business must be built with mutual trust between shareholders and stakeholders. Good business has an interest, because prosperity means the ability to buy products produced by the company.

Based on the company's perception of CSR mentioned above, the CSR program has implications for the PTPN-7 company: (1) the TJSL of the company (CSR) is a program of activities that has a positive influence on company sustainability, because if the program is good in the perception of the surrounding communities, they undoubtedly will contribute to the company's presence in the region, (2) CSR is realized by the company as an effort to contribute to the achievement of Sustainable Development goals that can be achieved when CSR has become the company's highest commitment and is recognized as one of the strategic efforts for sustainability business, and (3) CSR is a form of corporate accountability to stakeholders or

stakeholders, which can be affected and / or can affect the achievement of company goals. Therefore, the company has a commitment and put it in the form of PTPN-7 Cares program. The forms of CSR program activities that have been carried out by the company have been packaged in the PTPN-7 Cares program in seven activity areas: (1) Cares for Partnership, (2) Cares for Natural Disaster, (3) Cares for Education, (4) Cares for Health, (5) Cares for Development, (6) Care for Religion, and (7) Care for the Environment. These seven fields are the scope of the activities of Business Development, Human Development, Environmental Development, and Institutional Development.

If the PTPN-7 CSR activities are compiled with CSR principles as expressed by Jhon Elkington, the CSR of PTPN-7 Cares activities cover three dimensions (Triple Bottom Lines), namely the economic dimension (Profit), the social dimension (People), and the environmental dimension (Planet). The economic dimension associated with business objectives generates profits for the company, also related to the economic development of society in general. The social dimension comes from the social aspects of business activities, which are related to improving the quality of life of workers and their families as well as the surrounding community and society in general. The environmental dimension concerns the maintenance of a healthy environment and the guarantee of environmental sustainability.

## CONCLUSION

The profile of the poor surrounding the company generally has a simple social structure and a low economic level, with the following characteristics: it has limited social assets, human assets, financial assets, physical assets, and natural assets, and cultural assets. Thus, the poverty profile of the communities surrounding the company is classified into three forms, namely: (1) structural poverty, namely poverty caused by the powerlessness of the poor surrounding the company to the social and economic system, so that they do not have access to develop and free themselves from poverty, and the low quality of education, and the lack of business capital; (2) natural poverty, namely community poverty caused by natural factors, such as limited land ownership, limited land and water (barren), limited transportation facilities, and other natural factors beyond human capability; (3) cultural poverty, i.e. community poverty caused by culture, apathy works with the capacity as it is, consumptive or wasteful patterns.

Company policies in CSR programs are implemented through the PK-BL program. PK-BL is part of CSR because one of the main characteristics of CSR is beyond compliance with law, while PK-BL is part of compliance to laws and regulations, with the slogan PTPN-7 Cares, managed by the Special Division, namely the Social and Environmental Responsibility (TJSL) section with 18 technical and administrative personnel. The program orientation is to improve the welfare of the community and the surrounding environment by setting aside a portion of the company's profits, which are translated from the Vision and Mission of CSR, as well as the CSR of PTPN-7 Cares Program Objectives. The program was designed based on suggestions from the community and adjusted to ISO 26000 guidelines on corporate social responsibility. The variety of program activities is packaged in a care program in seven activity areas, namely: Care for

Partnership, Care for Natural Disasters, Care for Education, Care for Health, Care for Development, Care for Religion, and Care for the Environment.

Company, community, and bureaucrats' perceptions of CSR programs are as follows: The perception of PTPN-17 (Persero) company of CSR programs is that: (a) CSR is understood as fairness and obligation to be carried out, because the exploitation of natural resources in the region has an impact (positive or negative) on the community around the company; (b) it is important to conduct CSR program to overcome the impact that can cause turmoil in the community around the company, because it will disrupt the company's operational sustainability. As a form of corporate responsibility commitment, the CSR program of PTPN-7 Cares includes the seven fields of activities that cover the economic, social and environmental dimensions of the community around the company. So, CSR is not solely carried out by PTPN-17 because of government regulations and legislation, but because of the company's need to improve the welfare of the community in the context of corporate sustainability.

The perception of the community around the company towards CSR is that the CSR program is understood to be limited to company assistance in the form of funds or development, or is still limited to donations and philanthropy, namely (1) constituting assistance to the poor surrounding the company, (2) capital assistance to small businesses, (3) social assistance in the fields of education, religion, and community health around the company, and (4) environmental preservation. Such public perception emerges because their level of knowledge and understanding of the word Corporate Social Responsibility is still low.

The perception of bureaucracy or the government especially Lampung Regional Government towards CSR is that: (1) CSR tends to be only narrowly defined and understood as a third party contribution fund for regional development activities; (2) CSR is understood as a provision that is no longer meant merely as a moral demand, but an obligation that must be carried out by the company; (3) because it is an obligation, then CSR is seen as a source of regional revenue that must be budgeted in the company's operating costs.

Institutional support provided by the Lampung Provincial Government is to initiate and facilitate the formation of a CSR Forum, which has the function and role of overseeing the activities of implementing community empowerment programs through corporate CSR programs, and mentoring support from agency offices related to CSR program activities, for example the Office of Cooperatives and Trade, Office of Manpower, Office of Agriculture, Agriculture and Forestry, Agricultural Coordination Agency for Fisheries and Forestry.

The scope of community participation around the company in CSR of PTPN-7 Cares activities are: (1) participating in program planning and decision making in the CSR of PTPN-7 Cares activities, (2) participating in the implementation of activities, in group meeting activities relating to planned activities, and other community activities, (3) monitoring and evaluating the activities of the uninvolved community, (4) community participation in the utilization of CSR of PTPN-7 Cares programs, and the participation in maintaining the results of program activities.

The dynamics of the group of the PTPN-7 CSR Cares economic joint venture (KUBE) program can be categorized as successful. In the economic dimension, the success of the CSR program can be seen from the KUBE activities that can increase income. This is supported by a high level of group dynamics because the group's goals are in line with the individual goals of



the members; the relationship between individual members and group administrators is according to their position in the group; and group activities are carried out by collaborating, coaching and mentoring / supervision by the company; the relations of KUBE members are compact, full of intimacy; and there is a sense of group pleasure.

PTPN-7's corporate community empowerment performance based on the assessment of the beneficiary community of PTPN-7 CSR Cares program is good, which is illustrated from: (a) in the economic sector, the process of conducting training and learning can be well received by the community, because the material presented is in accordance with existing problems and needs; (b) the Dissemination field, the dissemination of information regarding community empowerment activities around the company can be well received, because it is accompanied by further explanations, (c) the facilitation field is considered good because it can provide recommendations for business feasibility to obtain bank loans, provide facilities to obtain production facilities (fertilizer), and facilitate problem solving and decision making, (d) Supervisory Midwives, in the form of guidance, during the process of implementing community empowerment activities are considered good, and (e) Evaluation is good because it is used to determine and plan the next community empowerment program.

The results and benefits of PTPN-7 CSR Cares program are based on performance evaluation and program implementation effectiveness which is carried out with the standard model of the program based on the work plan, namely that: (1) empowerment program is in accordance with community needs, (2) there is an increase in the community capacity in creating new business opportunities according to environmental potential, (3) there is an increase in public awareness of environmental conservation and health. Based on the performance appraisal, the success of PTPN-7 CSR Cares program includes: the growth and development of productive community-based economic activities based on groups, which are characterized by: (1) the increase of the productivity of environmental-based social economic activities, (2) the growth of attitudes and behaviors of concerned people towards environmental sustainability.

Empowerment models and strategies according to the poverty profile of communities around PTPN-17 companies through CSR programs are:

The structural poverty profile aims at increasing capacity, encouraging the productivity and income of the poor, and advocating, through: (1) Developing human resources by motivating the community to move forward, increasing the ability to access to capital and market resources, (2) Improving health and levels of community education, (3) Involving the community in the processes of planning, implementation, supervision and evaluation, and decision making, (4) Increasing the ability to create work and business opportunities, (5) Increasing the ability to participate in socio-cultural and environmental activities, (6) Increasing the knowledge and use of environmental management technology, and (7) Developing people's economic institutions by forming joint economic business groups (KUBE) and the merger of the joint business groups.

The profile of natural poverty aimed at overcoming the limitations of the poor to natural factors (changes in natural resources), through activities: (1) Developing human resources by motivating the community to improve the ability to access to natural resources and technology, (2) Improving health and the level of public education, (3) Increasing the knowledge and skills in the use of appropriate technology in efforts to deal with changes in natural conditions, (4) Grow

a self-sufficiency and ability to own natural production factors (SDA), (5) Increasing the knowledge and skills about natural factors of production (land, water, climate, etc.) as well as the management of physical environmental preservation activities, and (6) Developing technological institutions by forming groups to deal with natural changes or natural disasters.

The cultural poverty profile aims at changing the culture and mentality of the poor that can push them forward, diligently working / working hard, having high creativity and aspirations, and being able to project themselves in a better future, through: (1 ) Changing behavior related to decent and prosperous lifestyles, (2) Improving the health and education level of the community, (3) Practicing household economic management, (4) Building awareness of the community around the company about mindset changes leading to economic independence, (5) Building public awareness about the preservation of cultural values and traditional wisdom related to the use of resources and the environment, (6) Developing microfinance institutions, (7) Developing traditional institutions that can foster cultural values of saving, productive, hard work, and continuous enthusiasm, and (8) Building institutions providing economic business input.

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