COMMUNITY EMPOWERMENT THROUGH CORPORATE SOCIAL RESPONSIBILITY IN HOLCIM

Pramono Hadi

hadi_pram@yahoo.co.id

ABSTRACT

The objectives of this research are: (1) to explain the concept of Corporate Social Responsibility (CSR) developed by the Limited Liability Company of PT. Holcim Indonesia Tbk Cilacap Plant; (2) to explain the activities of the community empowerment conducted by the Limited Liability Company of PT. Holcim Indonesia Tbk Cilacap Plant; (3) to explain the perception and participation of the community on the activities of the community empowerment conducted by the Limited Liability Company of PT. Holcim Indonesia Tbk Cilacap Plant. This research used the explanatory and correlation study. The data and information of the research are explored in depth. The samples of the research are taken by using group random sampling with many phases. The population of the research consists of 612, and the respondents of the research are 250. The data of the research are analyzed by using path analysis. The research showed that: (1) the concept of CSR of the Limited Liability Company of PT. Holcim Indonesia Tbk Cilacap Plant has shown the high commitment toward the implementation of CSR; (2) the results of the community empowerment activities that cover education, health, economy, and environment in adequate budget allocations; (3) the perception and participation of the community toward the community empowerment activities are high and are strengthened by the results and benefits of CSR.

Keywords: Community Empowerment, and Corporate Social Responsibility (CSR)

INTRODUCTION

One of the mandates for businesses that is not only pursuit to get benefit but also it has ethical to local communities and the environmental impact of the company's operations. Among the activities of corporate ethics now is development community by giving a donation. According to a study is conducted by Jung (1994) corporate social responsibility in generally is influenced by three important factors, they are 1) the size and maturity of the company on the scale of funding, 2) the regulation and taxation system in the country, and 3) the nature of ownership and management company.

The difference models of corporate social responsibility mostly give donation in the form of funds or financial that has impact on the community perceptions and behavior around the company (Zaidi, 2008). These conditions can create the difference perception of the people and the community as well (Mardikanto, 2009).

Moral and ethical aspects of the CSR are very important. At this time, there is an argument that CSR is not seen as a barrier company's business activities, but must be seen as something which brings the benefits and profits in both short and long term (Branco, 2007).
In Indonesia, there are increasing corporate donations in community empowerment. A survey of corporate philanthropy in Indonesia conducted by PIRAC a non-profit organization that provides services in the form of research, training, advocacy, and information dissemination in philanthropy section, at the end of the year 2001 show the fact that more than Rp 115 billion fund donations is provided by 180 companies to 279 charities published in the mass media. One activity usually get donations Rp 413 million (Saidi and Abidin, 2003). The form of great donation is contradicted to the basic concepts of community empowerment. The basic concept of empowerment community is helpful to improve the ability to uncover and minimize the difficulties faced by people without causing dependency patterns (Mardikanto, 2008). Generally, the implementation of CSR does not involve the community around the company as a target program in planning activity, so the success of the program is not optimal.

The difference understanding of CSR is caused from the desire of the people, corporate and government that look in different perspective (Sahid, 2009). Community participation in community development activities through corporate social responsibility is still low. Company’s implementation on CSR generally donates funds and materials for a moment interest (Mardikanto, 2010). Variety beneficiary community empowerment through CSR is also linked to a variety of community empowerment. The pattern of the activities is directly proportional to the pattern of various beneficiaries (Zaidi, 2008). Perception of CSR performance perceived by the community around the companies that organized community empowerment through corporate social responsibility is not a lot of diverse activities (Mardikanto, 2009).

Meanwhile, according to the Ministry of Environment (2010), internal factors of community through corporate social responsibility play an important role in the process of empowerment. Those factors such as employees, investors, and management will hold a major key in the success rate in empowerment (Zaidi, 2008). Where as the external factors on the empowerment of communities through corporate social responsibility is also expected to spur and accelerate the process of community empowerment. External factors such as customers, environmentalists, corporate accounting or social associations, NGOs and the mass media play a role in suppressing and encourage the process of empowerment by the company objectively. The character group and organizational culture in a group can have a direct impact on the level of success of the CSR (Sumaryo, 2009).

The assessment of the results and benefits of community through corporate social responsibility by the community is very different while self-interest is more prominent than the interests of groups in society (Mardikanto, 2008). So, from the problems mentioned aforementioned, this research focuses on how the company's activities in community empowerment through corporate social responsibility done by PT. Holcim runs well and received proper appreciation of the Ministry of Environment in 2011 with more top-down approach but has the perceptions and participation in community empowerment through corporate social responsibility with the bottom-up approach worked well?

Objectives of the Research
The research was conducted to analyze the concept of CSR in PT Holcim. It also analyzed the results of community empowerment through PT Holcim Indonesia Tbk. Cilacap Plant’s CSR. It moved further to describe the perception and community participation around the company about community empowerment in PT Holcim.

The research attempts to answer the following questions.
1. How is the concept of CSR in PT Holcim Indonesia?
2. How are the results of community empowerment through CSR of PT Holcim Indonesia?
3. How is the perception and participation of local community on PT Holcim Indonesia community empowerment?

Literature Review
Community Empowerment
This research used the theory of Community Development (CD) or called
community development as a fundamental theory in which the foundation framework and provides direction or color and breathing research (Ife, 1995). The principles of community development by Ife are broken down into twenty-two principles, they are: 1) integrated development, 2) Confronting structural disadvantages, 3) human rights; 4) sustainability, 5) empowerment; 6) the personal and the political; 7) community ownership; 8) self-reliance; 9) independent from the state; 10) immediate goals and ultimate vision; 11) organic development; 12) the pace of development; 13) external expertise; 14) community building; 15) process and outcome; 16) the integrity of process; 17) non-violence; 18) inclusiveness; 19) consensus; 20) co-operation; 21) participation, and 22) defining needs.

Corporate Social Responsibility

Elkington (1970) explained that the concept of CSR falls into three domains; (triple bottom line) Profit, Planet and People or (3P), it synergizes of three keys of the concept of sustainable development. Good companies do not only pursue the economic benefits per se (profit) but also concern on environmental sustainability (planet) and social welfare (people). Corporate Social Responsibility/CSR based on World Bank version is the commitment of business to contribute onto sustainable economic development in cooperation with labor and organizational representation, with the local community and the community in a wider scope, to improve quality of good life both for businesses and community development around the company and in a large society (Sripambudi, 2005). Environics International showed the research finding that most of the people in twenty-three countries give a pretty high attention to corporate social behavior (Gupta, 2003).

Public Perception

According to Soemadi (1986), perception is a psychological function through sensory tools that enable somebody to receive the data, information both physical stimulus and social stimulus from the environment and process data/information and then provide interpretation, and finally changes. Asngari (1984) stated about the perception; it is as the individual interpretation of the meaning of something for individuals in relation to "the world", Asngari further said that: "man is very complex organism. His actions are influenced by many things ... His actions are strongly influenced by what perceived as his role in each situation, always tending toward the behavior expected of him and subject to influence of others within the particular situation (Ittelson and Cantril, 1954). Crider (1983) defined that perception is the thinking process to select, to organize, and to interpret stimulus received by the individual. In this case, the perception is the process of questioning conditions and situation, about what can be done individually (Newcomb, 1956).

Community participation

Participation is an activity of community involvement dealing with physical action (Sastropoetro, 1995). To Hoofsteede (1971), participation is taking part in one or more phases of the process. In line with expert statements aforementioned, Keith Davis (1967) declared that participation is mental and emotional involvement of persons in a group situation roommates that encourages him to contribute for group goals and to share responsibility to them.

Methodology

The research is focused on plants of PT Holcim Tbk Cilacap, which has the largest range that concentrate on community empowerment which consists of five districts in nineteen guidance villages directly related to the cement company Holcim. The research was conducted in September 2011 until May 2012. Quantitatif deskriptif analysis.

Results, Conclusion and Recommendation

General Condition of Research Areas

Cilacap District is the largest district in Central Java which located in south Indonesia Ocean, north of Banyumas regency, Brebes regency and Kuningan regency of West Java Province. The east area is Kebumen regency and the west area is Ciamis regency and Banjar city of West Java Province.

Corporate General Abstract

Based on the history, PT Holcim Indonesia Tbk Cilacap plant is derived from Nusantara cement corporate which established in 1977. The changing began in 1993 where there was an acquisition by PT Semen Cibinong Tbk (persero)
and then since 2001 there was an acquisition again by PT Holcim, PT Semen Nusantara Tbk, Cilacap corporate 1 (product unit Cp 1). It started to be built from January 1975 to April 1977. From December, 18th 1974 to June 14th 1993, the ownership status of PT. Semen Nusantara divided into 3, they are 1.) PT. Gunung Ngadek Jaya, 2.) Ononda cement Co. Ltd. and 3.) Mitsui Co. Ltd.

Community perception and participation about PT Holcim’s community empowerment activity.

According to Herry Darwanto (2010), community empowerment refers to further understanding about freedom of choice and action. For those who get a little for earn living, freedom is restricted because they are voiceless and powerless related to the government and market. Poverty is multi-dimension, in individual phase, poor people need its individual ability, such as health, education and settlement while in the collected phase is in the working in a team to solve the problem. Developed and underdeveloped community empowerment acclaimed to an attempt to erase the cause of their poverty to improve their quality of life.

The elements of community empowerment possess the following criteria: 1) Inclusion and participation, 2) Information access, 3) local organization capacity, and 4) empower professionalism. These four elements are interrelated and supported each other. Inclusion focused on the question of who empowers, while participation focused on how he or she empowers and what character they will play after they become part of the empowered group. Space for community’s participation is adequate, particularly for miserable community to participate in country’s development. The form of space is by giving them authority and control on their decision of the countries resources. Miserable community’s participation to fix on the development priority both in national or regional level is needed to guarantee that development limited resources (financial, instrument, expert) nationally and regionally appropriate to the need and priority of that miserable people.

The false participation is involving the community’s voice in the nation building without giving them chances to participate. Taking part in participative decision is not always harmonious since there plenty of priorities, the government has to arranged the resolution mechanism dealing with conflict of interest to prevent disagreement. There are many kind of participations such as 1. Directly, 2. Delegation (by choosing representative from community group) 3. Politic, by choosing people to be a candidate for representation of the majority. 4. Information based, by processing data and reporting to decision maker. 5. Market mechanism based on competitive. (Mardikanto, 2004).

Conclusion And Recommendation

Conclusion

The concept of CSR PT Holcim Indonesia Tbk. Cilacap Plant has demonstrated a strong commitment to the implementation of CSR. The result of community empowerment activities include in health, education, economy, and environment. The community perceptions and participation on empowerment by PT. Holcim together with a high commitment is described by PT. Holcim Indonesia Tbk. Cilacap Plant. It has strengthened by the results of the evaluation of perception and community that the average stated quite well to the results and benefits of CSR, its support for regional development, even the benefits for the company.

Recommendations

Recommendations consist of practical and theoretical implication. The better implementation of corporate social responsibility is based on the basic needs of society that should not ignore corporate internal factors, external factors, information about CSR and perceptions about the various beneficials for further optimize community participation in empowerment through CSR. Socialization about empowerment activities through CSR activities needs active participation start from planning, implementation, monitoring to evaluation activities.

BIBLIOGRAPHY


