



Model of Community Empowerment Based on Local Wisdom through Corporate Social Responsibility in North Konawe District

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ABSTRACT

The purpose of this study is to develop the implementation model of CSR for nickel mining companies. This study uses interactive analysis from Milles and Huberman. The results of this study concluded that; first, to present empowerment based on local wisdom with principles: involvement of all stakeholders, ethical, village potential, sustainability. Second, intervention can be done in the form of programs; CSR program planning is carried out by stakeholders, increasing supervision, training and counseling related to CSR programs. Third, the implementation of interventions in the form of programs requires the synergy of stakeholders. This study provides solutions to mining companies and local governments to be a reference in formulating CSR programs that have a positive impact on the welfare.

Keywords: Community Empowerment, Corporate Social Responsibility, Local Wisdom

INTRODUCTION

North Konawe Regency has quite a lot of mining potential, this can be proven by the number of mining companies operating in Southeast Sulawesi Province. A total of 6 sub-districts out of 10 existing sub-districts in North Konawe Regency have mining companies. The mining and quarrying sector is the sector that gives the second largest contribution to the GRDP in North Konawe Regency after the agricultural sector (BPS Provinsi Sultra, 2018).

Unfortunately, the existence of mining companies has various negative impacts on the environment, such as; deforestation, air pollution, noise and environmental pollution including the impact on the economic activities of the communities surrounding the company that are disrupted. Fishermen are not able to undertake fishing properly due to negative impacts. They have difficulty in fishing, as the sea water around the coast turns red, the fish moves to the middle of the sea and make it difficult for fishermen to move and eventually their income decreases.

These conditions cause complaints and dissatisfaction of the community towards mining companies (Putera, *et all.*, 2015). It takes social responsibility from mining companies in the form of Corporate Social Responsibility (CSR) programs that empower the community so that the sustainability of mining companies is maintained (Putera, 2016). There is a reciprocal relationship between the community, the company and the local government so that there is harmonization between these



stakeholders, which is a necessity for the sake of company sustainability (Jiang and Gu, 2008).

Most mining companies have carried out various CSR programs in various forms, such as educational assistance, health assistance and construction of houses of worship and construction of other public facilities. However, all CSR programs have a short-term orientation and are not empowering the local community as people are always given "fish" not "hooks".

Research Focus and Purpose

This study raises the issue of how the implementation of CSR models of mining companies in Konawe Utara Regency empower the communities based on local wisdom. This research aims to formulate a CSR implementation model of mining companies in Konawe Utara Regency that empowers communities based on local wisdom.

Literature Review

There is a shift in the CSR paradigm, where before the year 2000 it was still seen as a certain obligation and responsibility to the community, whereas after the year 2000, CSR had become a strategy. CSR is considered as a voluntary company commitment that exceeds the explicit and implicit obligations imposed on the company (Jiang and Gu, 2008). The paradigm shift is known as the traditional approach (fulfilling obligations) towards a new strategic approach (supporting corporate goals). Companies that have a traditional paradigm will tend to do CSR or do good to look good, while companies that have a new strategic approach will do CSR well and do good.

Various benefits are obtained by companies doing CSR, such as; positive image and reputation (Suharto, 2012; Jalal, *et al.*, 2011), reduce negative risks, employee engagement and pride (Susanto, 2009), increase company's competitiveness (Porter and Kramer, 2000), support from stakeholders and community satisfaction (Putera, *et al.*, 2015; Carroll and Shabana 2010), attract, retain and motivate qualified employees (Linfei, *et al.*, 2009), helping the company in achieving strategic goals (Bhattacharyya, 2008).

The awareness of the company to do CSR is increasing but the CSR program is still "centered" on the company and is partial so that the impact has not had a significant effect on the economic life of the community. This condition is caused by an understanding about the forms and concepts of CSR in Indonesia that remains inaccessible (Rahardjo, 2012), besides that the motivation of companies in conducting CSR also contributes to the implementation of CSR which is still partial. Not a few companies do CSR on the basis of compassion and even "compulsion" or just simply fulfill the obligations required by regulations (Azheri, 2012).

CSR carried out by companies should not only affect the company but also the community, but in reality, there are still quite a lot of CSR programs that only have a short-term impact on the community so that they do not leave a "trace" on people's lives.

CSR practices will have a long-term impact on the community if done with the involvement of all stakeholders (mining companies, communities and local



government). The CSR practice model is very varied and develops in line with the development of the CSR concept itself and the practice model is influenced by the location and location of the company, the rules or regulations of a region or country, the condition of the local community, and the conditions and objectives of the company (Malovics, *et al*, 2006). Therefore, a CSR model that is appropriate to the characteristics of the community and the involvement of the local government and a high commitment from the company is needed so that the CSR program provided has a significant and long-term impact on the lives of the communities surrounding the company in particular.

The involvement of the community and local government in the practice of CSR is a necessity in order to have a significant impact. The involvement must start from planning to supervision. All stakeholders (mining companies, communities and local government) take part in CSR programs, so that the concept of CSR becomes the concept of community empowerment (Novita, 2018). The concept of community empowerment is always related to the approach of independence, participation and networking. Community empowerment not only develops the economic potential of the community, but also the dignity, self-confidence and self-esteem as well as the preservation of local values and culture. Empowerment as an implementative socio-cultural concept in people-centered development fosters not only economic added value, but also socio-cultural values (Qonaah, 2018; Cahyadi, 2017)

Community empowerment is an effort to increase the power or strength of the community (external reinforcement) by means such as; give encouragement, opportunity, opportunity, protection and give opportunity. While empowerment is an effort to increase the ability of individuals (elements of strength from within individuals) who are united in society to build economic capacity and resilience such as kinship, mutual cooperation and struggle. Hence, empowerment lies in the decision making process itself to develop adaptation choices to bring about changes in the social environment (Ali, 2007).

Community empowerment means increasing the ability of community independence, which involves a multidimensional social process that aims to help individuals or groups to gain control of their own lives (Bandjar, 2009).

RESEARCH METHOD

Research Location and Informants

This research was conducted in Langgikima Subdistrict, North Konawe Regency. Informants are selected by purposive sampling with the following criteria: 1). Communities living around mining companies. 2) Local government both at village, sub-district level. 3). Mining companies that have carried out CSR. The selected informants were 11 (eleven) people representing various stakeholders, namely; 1). The Company; SI (PT. SPR Public Relations), RH (PT KGU Summit), AL (PT. KS Public Relations). 2). The Government; AU (Former Head of Mining Service), TN (Mining Instructor), HR (Former District Head), MJ (Former Secretary), KW (Former Village Head). 3). Community Parties; HJ (Community Figure), TR (Community Figure) SY (Community Figure).



Data Collection and Analysis

Data collection techniques were carried out by way of direct interviews with respondents using questionnaires, in-depth discussions with respondents, field notes and documentation. Data analysis in this study uses interactive analysis from Milles and Huberman (Milles and Huberman, 2009). There are three stages; 1). Data reduction is the process of selecting, focusing attention on simplification, transformation of rough data arising from field records. 2). Presentation of data is the activity of presenting a collection of information in the form of narrative text, which is assisted with metrics, graphs, tables, and charts aimed at sharpening the understanding of researchers of the information obtained. 3). Conclusion is looking for meaning, explanatory patterns, possible configurations, causal flow and propositions, so that the existing data is tested for validity.

RESULTS AND DISCUSSION

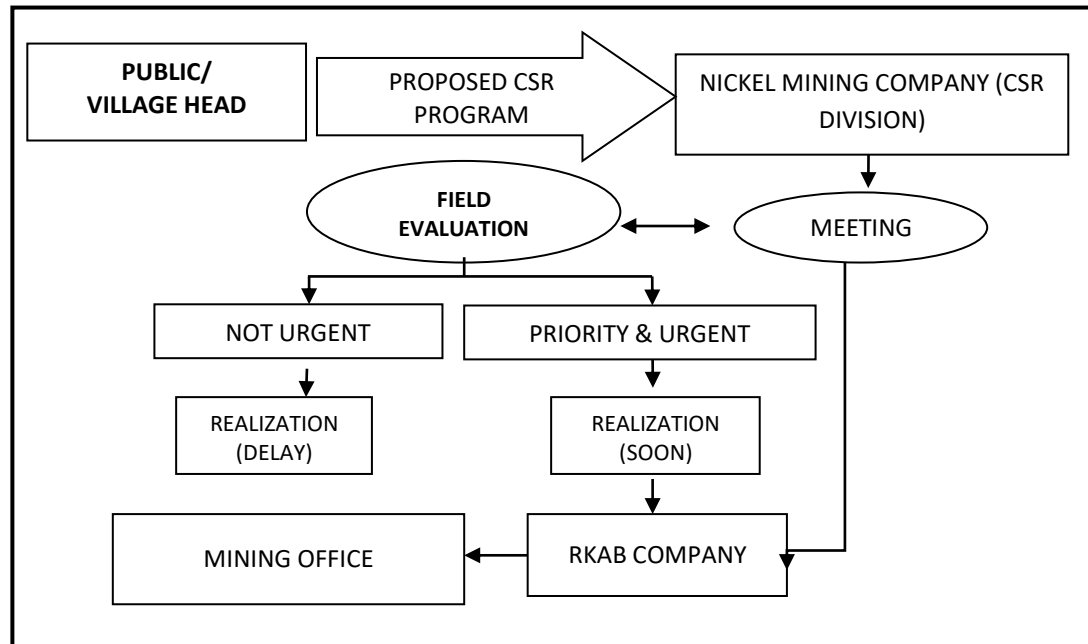
In general, nickel mining companies in Langgikima District have carried out CSR programs in various activities. The CSR activities are concentrated mainly on village infrastructure, health, education, sports and religion. The CSR program is focused on the mining area of each company.

The area around the mine is villages that have a mining concession area of the company. The process of proposing a CSR program is generally carried out by the community or the village head who submits a proposal to the company, then the company will conduct a meeting and field evaluation of the proposed CSR program

Generally CSR activities are initiatives from the community. CSR programs that are proposed by the community or the village head will be realized if they are considered an urgent need and priority of the community by the company. Following is a picture of the proposal process to the realization and report of the CSR program.

The CSR program conducted by the company will be reported to the Regional Government during the discussion of the RKAB (Work Plan and Budget) at the end of the Year. RKAB is an annual report which aims to provide an overview of the mining cost allocation plan used for the nickel mining process, starting from the preparation of the mine to the process of selling nickel ore including CSR activities (community empowerment).

Figure Proposed Process - Realization - Report of CSR Programs in Konawe Utara Regency



Form of Mining Company CSR Program

The following are the nickel mining company CSR activities in each field, namely:

- CSR program for village infrastructure in the form of repairing or improving the quality of roads, bridges and the assistance in lighting or electricity engines including the provision of fuel and lubricants as well as engine parts, clean water, drainage and making public cemeteries
- CSR programs in the field of education in the form of monthly honorarium payments to non-civil servant teachers of all schools (PAUD, Elementary School, Middle School and High School), assistance for PAUD and elementary school children in the form of school bags and clothes, tuition assistance (scholarship) for students.
- CSR programs in the field of sports such as sports equipment assistance and the provision of honorariums for self-defense trainers (karate), sports clothing assistance on the anniversary of the Republic of Indonesia.
- CSR programs in the religious sector such as construction / renovation of houses of worship (mosques, churches and temples), assistance on religious holidays, monthly salaries for village priests, groups.
- CSR programs for the health sector in the form of providing clinics for free medical treatment

CSR Model Based on Local Wisdom

To formulate a CSR model that empowers the local community and is based on local wisdom, a comprehensive understanding of current issues needs to be well expressed. Following are the results of the synthesis of themes related to the problem of implementing CSR programs conducted by mining companies in North Konawe Regency at the moment;



- 1) Companies doing CSR are responsive, merely waiting for proposals from the community so that CSR programs are not well planned.
- 2) CSR programs are not based on empowerment, so they do not lead to changes in people's lives and make it better.
- 3) The realization of the company's CSR programs is always behind time.
- 4) There is no CSR program in the environmental field, so the environment around the mining area is relatively quite damaged.

CSR Practices That Empower and Based on Local Potential

A. Principles of CSR Programs

1. Based on ethical values

CSR programs conducted by mining companies in North Konawe Regency are concentrated in several categories, namely; education, health, religion, infrastructure and sports. The forms of CSR are always carried out directly by the local community. Therefore, it can be concluded that mining companies in Konawe Utara Regency have implemented CSR with three dimensions, namely economic, legal and philanthropic. And missed on one dimension, the ethical dimension. Carrol, (1979,1991) suggested that CSR consists of 4 (four) dimensions which must be carried out simultaneously. The 4 dimensions are; economic dimensions, legal dimensions, ethical dimensions and philanthropy.

While carrying out their economic responsibilities, companies have not considered ethical values and in their pursuit of profits and have ignored the impact. The negative impacts that can arise from the activities of nickel mining companies must be minimized with the right strategy, this will be realized if ethical values are taken into consideration in carrying out activities of the company's economic dimension.

Implementation of CSR to fulfill obligations as mandated in the existing law, should not only "just" fulfill, but must be able to benefit the local community. CSR programs or activities must be able to make people's lives better than before, which can be realized if the implementation of CSR in fulfilling the mandate of the law is based on ethical values that apply in the community

The philanthropic dimension is also carried out without being based on ethical values, so programs or activities that have been given to local communities have not had a significant influence on the lives of local people. This was acknowledged by company informants that, the implementation of all CSR programs had not yet included the concept of empowerment, because the company only provided CSR components and after that it was considered complete. This is supported by how the implementation of CSR programs is more direct because the company, providing CSR directly is considered very easy by the company.

2. Based on Village Potential

CSR programs conducted by mining companies must pay attention to the potential or resources in each village around the mine, this is due to differences in the characteristics of the area and the community of each village. Companies in planning CSR programs should involve village leaders or government so that they can absorb needs in accordance with the potential of existing resources.



CSR programs based on available resources can encourage local communities to be more active and maximize their potential, such as: Molore and Lameruru villages located on the shoreline, have considerable potential for fisheries resources, besides that local communities have the skills to become fisherman. Therefore, the CSR program that is in line with the potential of the development of resources of the two villages is a program related to fisheries, so that initially the local community develops from traditional fishermen to modern fishermen.

3. Based on Stakeholder Engagement in Every Village

At the level of CSR program implementation it should involve local resources in every village around the mine so that the results can be maximized. Some informants revealed that the CSR program implementers should be carried out by contractors or entrepreneurs in the village concerned if the activity requires a contractor or entrepreneur, and if it must be carried out by NGOs, they must taken from the local villages and not from "far " or outside the village.

The use of contractors or entrepreneurs or NGOs from within the village can provide its own benefits, such as: the quality of work will be guaranteed because it will feel as "owned" itself, so that it will do the job as well as possible. Besides that, villagers will feel embarrassed when working carelessly (poor quality) because every day, they will be seen by family and friends in the village, and vice versa. If they are working well, they will always get "good stories" from all village communities, so that it will become a pride of its own. Meanwhile, when using contractors / entrepreneurs or NGOs from outside the issue of work quality can be ignored because the basis of work is the project. This means that when the work has been completed, then the responsibility has been completed on the job.

4. Based on Empowerment and Sustainability

CSR practices that have been carried out by mining companies have not yet led to empowerment and sustainability, this is acknowledged by company informants that the CSR programs that have been carried out are still responsive. The company only provides assistance or CSR programs in accordance with the requests of local communities, where the requests or proposals of local communities revolve around public needs or are consumer goods. By simply responding to the requests or proposals of the local community, it can be assumed that the CSR programs have not been well planned, so that their orientation remains short-term.

Lack of good planning of the CSR programs that have been carried out does not bring about community empowerment and sustainability. The dependence of local communities on companies is a reality caused by the absence of empowerment through CSR programs.

CSR programs that can empower will have an impact on the independence of local communities which will get better. Of course, good planning of CSR programs that are in accordance with the resources and work capabilities of local communities will have a good impact on the lives of local communities. Some villages around the mine have potential for development of fishery resources, that can be developed into more productive business units, which lead to the independence of the local community.

CSR programs should be directed at developing productive businesses in accordance with available resources, for businesses related to fisheries, such as: establishing



fishing cooperatives or fishing business groups that serve or coordinate for providing fishing equipments and marketing of the fish caught by the fisherman.

Some informants revealed that CSR programs would be better directed at developing local community businesses. Many local community businesses are in accordance with the potential or characteristics of the region, such as; beef cattle and laying chicken farms. This has a good potential where the number of employees are scattered in both nickel mining and plantations. As an example, the daily need for side dishes for employees spread across various companies is quite high which has been fulfilled or supplied from the provincial capital, so businesses such as; cut chicken, poultry, fish and vegetable gardening will be able to develop well.

B. CSR Program

Interventions to achieve participatory community empowerment can be carried out in the form of programs or policies, such as;

1) CSR program planning is carried out by stakeholders

The CSR program has been centered on the company from planning to implementation so that in the future it is necessary to involve all stakeholders so that the program presented will truly have an impact on the lives of local communities.

2) Increasing the role of local governments through supervision

The government needs to be intensively involved in monitoring various CSR programs so that progress and impact on local communities can be measured.

3) Training and counseling to the community related to CSR programs

CSR programs must be directed towards empowerment and long-term orientation, by which the community must receive counseling and capacity building related to the management of CSR programs that have a significant impact on the lives of communities around the mine.

C. Stakeholders in CSR Programs

For the implementation of interventions in the form of programs or policies, synergy is needed from several stakeholders, namely;

1) District, sub-district and village governments

The government needs to be directly involved in various CSR programs due to synchronizing CSR and government programs so that they do not overlap. For example a free treatment program conducted by the government, is no longer carried out by companies in the same place and they choose a different place. In addition, the government needs to supervise various CSR programs conducted by the company in order to ensure that the program is right on target and in accordance with planning.

2) Mining Companies

Mining companies must synergize with one another in planning CSR programs so that there is no overlapping program between companies. Coordination in planning CSR programs can provide more equitable implementation of programs for communities around the mine.

3) Higher Education

Higher Education needs to be involved in CSR programs, especially related to research and extension programs to provide understanding and skills to the community around the mine in managing various CSR programs so as to provide significant benefits for the life of the community around the mine.



4) Non-Governmental Organization / Local Contractors

The involvement of Local Contractors and Non-Governmental Organizations (NGOs) in the implementation of CSR programs can have a positive effect, especially for programs in physical form, such as; construction of roads, bridges or buildings. Local contractors or NGOs will try to do well because the work will always be seen at any time and is also a form of empowerment of local communities.

CONCLUSIONS

Some conclusions and suggestions that can be drawn, namely:

- 1) Problems that occur in the implementation of CSR programs in mining companies in North Konawe Regency, namely; CSR programs are responsive, not based on empowerment, the realization of corporate CSR programs is always behind time, there are no CSR programs in the environmental field.
- 2) CSR practices that can provide positive benefits to local communities must be based on ethical values, village potential, stakeholder involvement in each village, empowerment and sustainability.

Suggestions

- 1) For Companies : Implementation of CSR by companies must pay attention to ethical values, village potential, stakeholder involvement in each village, community empowerment and sustainability, as a result it can have a positive impact on the lives of local communities.
- 2) For Local Governments: They need to conduct intensive supervision of the implementation of CSR and formulate CSR programs that can be coordinated with the company.
- 3) For the Community: CSR programs provided by companies must be maintained and sustained, so that they can be used properly and for a long time.

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