Sustainable Eco Coastal Development Through Corporate Social Responsibility (CSR) Program

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Abstract. Besides technical problems the company’s operational constraints that may effect high deficiency for the company is the company – community conflicts. Company – community conflict can also arise depends on the geographic conditions and characteristics of the community itself. Some studies has show that coastal community have higher level of social risk when compared to non-coastal community. Also, the coastal community ussually only rely on what sea provides as their main livelihood. Because of the level of education still contemtible the community couldn’t optimize the potential of their own area. Corporate Social Responsibility (CSR) has emerged as an important approach for addressing the social and environmental impact of company activities. Through CSR program, PT Pertamina EP Asset 3 Tambun Field (PEP) try to form value integration by utilizing resources from the community and the company by making sustainable eco – coastal living in Desa Tambaksari, Karawang, one of PEP working area. Using sustainable livelihood approach begin with compiling data by doing social mapping PEP has initiate the area to becoming Fish Processing Industry Centre. By implementing PDCA in every steps of the program, PEP has multiplied some other programs such as Organic Fish Feed Processing, Seaweed Farming and Waste Bank for Green Coastal Village. These program is PEP’s effort to create a sustainability environment by enhancing the community’s potentials as well as resolving social problems around Tambaksari. The most important result besides getting our license to operate from the community, is the community itself can grow into an eco coastal sustainable system.

Keywords: corporate social responsibility, oil and gas industry, community program, sustainable environment, social problems.

1. Introduction

Multinational Corporations (MNCs) play an important role in global business, and the nature of the oil industry requires it to be proactive, and socially responsible alongside operating in an ethical and environmentally friendly manner [1]. Therefore, unsurprisingly when an oil and gas company operating in fields which usually located in remote area there will be a lot of expectations from community around to the company to get a direct share from company as the compensation of impact during the operational.

As for PEP, social problem that cause from company – community conflicts may generate the same broad effects as those caused by technical problems. Blockade, demonstration, damage to property, injuries or fatality, or the project delayed were common obstacle in upstream industries.
These may not only effects to operational and financial perform but also to the reputation of the company itself.

The fall of crude oil prices since mid-2014 has undermined oil & gas industry all over the world. Upstream sector suddenly sluggish due crude oil sales are no longer profitable. Inversely with the condition, the expectation from community still high about company contribution to environment and community surround.

![Trend of Complaints during Operational in Tambun Field 2013 - 2016](image)

**Figure 1.** Trend of Complaints during Operational in Tambun Field 2013 - 2016

As we can see in Figure 1, in 2014 the level of dissatisfaction from external stakeholders refers to amount of complain was increasing while the oil crisis hit. Although, the trends show declining number of complain for the last two years when CSR program massively implemented. Corporate social responsibility (CSR) program can become a source of tremendous social progress, as the business applies its considerable resources, expertise and insights to activities that benefit society [2].

CSR also includes the responsibilities that are inherent on both side of these relationships. CSR defines society in its widest sense and on many levels, to include all stakeholders and constituent groups that maintain an ongoing interest in the organization’s operation" [3]. CSR is not something that is required by the law for business to follow and implement. Companies who want to practice who want to practice business more responsibly and contribute for the better of society often choose to implement CSR strategies [4].

This paper will describe the initiatives taken by PT Pertamina EP (PEP) Asset 3 Tambun Field in coping with social issues through their strategic community development programs. Known as LARI (Laut Lestari), this strategic plan technically covers series of smaller programs to form value integration by utilizing resources based on local potential in the form of marine products and environment preservation.

2. **Methodology**

The term "corporate social responsibility" refers to the kinds of things companies do in their efforts to navigate these swirling currents of changing expectations, expectations that have never loomed larger in the daily lives of companies, including oil and gas companies [5]. The oil and gas sector has been among the leading industries in championing CSR. Especially in upstream which has directly and highly visible negative effects of day-to-day operations such as oil spills and the resulting protests by civil society groups and indigenous people.

For this project, PEP used social mapping and needs assessments methodology to address the problem of Desa Tambaksari’s and compile the data to arrange strategies. By using these methods PEP will get more comprehensive data to be used as inputs in the formulation of policies, strategies
and re-design of community development program to be better planned, focused and targeted in accordance with the principles of Community Development so that the implementation can make a better result for the society itself.

PEP use multi-information approach in social mapping which consist of:

2.1 *Focus Group Discussion (FGD)*

The data information obtained directly from the public in a forum, where opinions with each other reinforce each other so as to be composed of a social network mapping. This forum also provides the information about ground village map, economical society map, village potential resources map and the Venn diagram that illustrates the role and contribution of the existence of institutions, both formal and informal. The FGD followed by Tirtajaya’s Sub-district Head, Tambaksari’s Village, Village’s Secretary, Village’s Organization (BPD, RT, RW, PKK, Karang Taruna, Local NGO, KUD), opinion leader, District Representative (BAPPEDA, UPTD Pendidikan, UPTD Perikanan, Peternakan dan Kelautan, PERHUTANI).

2.2 *In-depth Interview*

After getting raw data from FGD, PEP start to collect data about cause – effect, analyze condition, influence and local tradition by doing some in-depth interview to local opinion leader in Desa Tambaksari.

2.3 *Survey*

PEP used this method to get the validity of the prime data, the one from FGD and in-depth interview, to the real condition.

![Social Mapping Method](image)

**Figure 2. Social Mapping Method**

Corporate Social Responsibility (CSR) is increasingly developing beyond a philanthropic activity into a cardinal business function directly linked to corporations maintaining their social license to operate. This, entails integrating social, environmental and economic concerns into a company’s values and culture, and reflecting these in the company’s policies, operations, strategies and decision making. Thus, CSR has got the potential to contribute positively towards the needs of disadvantaged communities in developing countries not just economically or in social and environmental terms but a combination of all these needs [6].

 Practically, PEP also implemented the combinations between social condition, our mission and potential of the communities. Will be explained on the scheme below:
As the result of social mapping and needs assessment PEP will get the recommendation program which we use as groundwork of our CSR program in Desa Tambaksari. During 2016, PEP has developing some programs which integrate also with The Global Goals for Sustainable Development (SDGs) from ILO.

**Table 1. CSR Programs on PT Pertamina EP Asset 3 Tambun Field**

| No | SDGs Goals  | Pertamina CSR program in partnership with Karawang Government |
|----|-------------|---------------------------------------------------------------|
| 1  | No Poverty  | Collaboration with West Java’s P2WKSS in Rumah Tidak Layak Huni (RUTILAHU) program. Donation for orphans and aged people. |
| 2  | No Hunger   | Processing food made from Milkfish and Seaweed Program, Family Food Security Program. |
| 3  | Good Health | "Gerakan Makan Ikan" Program, Suplementary Feeding for Children Malnutrition. |

**Figure 3. Social Mapping Research Design [7]**
4. Quality Education
Green School SD Negeri 1 Tambaksari with Waste Bank Program

5. Gender Quality
Home industry for women in Desa Tambaksari through Processing food made from Milkfish and Seaweed Program, Waste Bank

6. Clean Water and sanitation
Zero waste processing in food processing industry

7. Clean energy
Using windmill as the substitute solar energy to fishponds water circulation

8. Economic growth
1. Processing food made from Bandeng Program
2. Processing food made from Seaweed Program
3. Seaweed Cultivation
4. Mangrove Nursery
5. Waste Bank
6. Organic Fish Feed Manufacture Program
All of this program is funded by Koperasi Mina Agar Makmur

9. Innovation and Infrastructure
1. Waste processing building for Waste Bank Group
2. Milkfish’s Café for Processing Food Group
3. Development of Koperasi Mina Agar Makmur

10. Protect the planet
Mangrove nursery and trees plantation (casuarina equisetifolia, cocos nucifera, terminalia catappa)to prevent sea abration

11. Life below water
Mangrove plantation to preserve sea ecosystem

3. SUSTAINABLE ECO COASTAL DEVELOPMENT; KAMPUNG LAUT LESTARI (LARI)
The community empowerment and innovation program developing by PT Pertamina EP Asset 3 Tambun Field refers to the third principle of CSR (people, profit, and planet) embodied in “Laut Lestari (LARI)” strategy.

Figure 4. Grand Design LARI (Laut Lestari) Strategy [8]
By combining the three bottom lines of CSR itself, PEP is trying to create sustainable program simultaneously in Desa Tambaksari, Karawa in 2016.

3.1 Organic Fish Feed Manufacture Program
The purpose of this program is to help fishermen ponds to reduce their operational cost for Milkfish Cultivation which known as the greatest local potential of Desa Tambaksari. Lower cost production, bigger income for the community. By helping the fishermen to manufacture their own organic fish feed, PEP has applied cost- efficiency system in community activities. The fishermen also create an Eco ‐ friendly cultivation and reduced use of chemical substances.

| Using Mill’s Feed Product | Using Organic Feed Product |
|---------------------------|-----------------------------|
| Milkfish Sales            | IDR 20.250,000,-            |
| Operational Cost          | IDR 13.800,000,-            |
| Profit                    | IDR 6.450.000,-             |
| Milkfish Sales            | IDR 20.250,000,-            |
| Operational Cost          | IDR 8.922.500,-             |
| Profit                    | IDR 11.327.500,-            |

Figure 5. Group’s Profit Comparison [9]

3.2 Milkfish Food Processing Program
In line with SDG’s goals about gender equality this program is addressed to unemployed women group in Desa Tambaksari. C73 is a social enterprise that provides alternative employment held by Mak Emat (local hero) in food processing program. By opening the chance for them to support their domestic financial, PEP also initiate the community to elevate the economical value of Milkfish itself. The innovation of this program is a Zero Waste Food Processing concept as explained on the picture below.

Figure 6. Zero Waste Food Processing Program [10]

3.3 Seaweed Cultivation
There are some advantages by improving seaweed cultivation. The high demand in seaweed production provides plentiful opportunities and work for the local community. The technology is simple so that production cost relatively low. Seaweed has short production cycle and also environmentally friendly. The established program has already in corporation with PT. Agarindo, one of the biggest seaweed factory in Indonesia.
3.4 Waste Bank for Green Coastal Village

This program is conducted by Green Agent which involves elementary school students in Desa Tambaksari. The Green-Agent will persuade the communities to collect, sell and recycle household waste. Our goal is that by showing communities how employment and profit can be generated from this waste, less of it will be dismissed, thereby Desa Tambaksari will become a Green Coastal Village.

3.5 Strengthening Micro-economy Funding Program

This program was established as a source of financial services among other program. Besides the funding, Koperasi Mina Agar Makmur is expected as a place for communities to sharing knowledge and market information.

4. Result and Discussion

The oil and gas sector has been among the leading industries in championing CSR. This is at least partly due to the highly visible negative effects of day-to-day operations such as oil spills and the resulting protests by civil society groups and indigenous people [11]. The implementation of this strategy gave another opportunity for the community to develop and preserve their local potential for living. On the other hand, for PEP, the most important result is reducing the discrepancy of company–community conflicts and to achieve social stability around the operations area in Desa Tambaksari (see again Figure 1 to see the decreasing number of conflicts during program implementation).

PEP is also trying to re-connecting all the potential of social–economic network to create a sustainable eco-coastal living in Desa Tambaksari. The networking result of PEP CSR program can be explained on the picture below.

Figure 7. The Networking Result of Eco–Village LARI (Laut Lestari) [12]
5. Conclusion

In this paper, we conduct study and strategy that we implemented in our CSR program. This study uses social mapping with FGD, in-depth interview and survey as our reduction data. Then we combine the social data from social mapping with theoretical analysis to form the strategy. We try to elaborate the program we create with the program that society needs to improve their living. The synergy between company–community through CSR program somehow create social establishment and reduce negative impact from resistant group.

By providing some budget for CSR program, management realize that PEP can elude the negative impact from community while having uncertainty on social conflicts that can possibly occur at any time and also may need bigger amount of social cost (e.g. compensation etc). Often companies do decide to incorporate CSR into their business strategies because it will eventually help improve financial performance and improve the company image [13].

As for the community and natural environment, the results are:
1. CO₂ emission reduction for 3.2% from 826 tons of yam for using organic feed product
2. Reducing 15% of Methane from Green House Effect for using organic feed product
3. Increasing number of women empowerment in home industry activities
4. 88% income increase for the member of Milkfish Food Processing Program (C73)
5. Help to prevent Karawang’s Coast from abrasion for Mangrove Cultivation Program
6. Increasing number of student activity as Green Agent.
7. Product innovation for local souvenirs from Seaweed Cultivation Program.

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