Implementation of cooperation agreement on partnership and community development program at PT. Perkebunan Nusantara III

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Abstract. PT. Perkebunan Nusantara III (Persero) is a Government-Owned Enterprise Palm Oil and rubber plantation. It specially engaged in plantations, which is obliged to implement the Corporate Social Responsibility (CSR) programs, as regulated in the 2007 Constitution Number 40 concerning Limited Liability Companies and Government Regulation, as well as GOE Minister Regulation PER09/MBU/07/2015 concerning Community Development Programs (PCDP). It has developed social programs to improve the welfare of the locals living in the range of the plantations. This study was backgrounded to factors inhibiting PTPN III in implementing PCDP. This legal research uses a normative juridical approach. The results show that internal constraints, such as not having specialized staff assigned as surveyors to guarantee collateral has caused staff to concurrently act as a credit administration maker or partner assistance distributor which inhibit PCDP implementation. There are also a number of external constraints such as the public ignorance on PCDP. In conclusion, a synergy between the PCDP and partners as regulated by the 2003 Constitution Number 19 Article 88 Section (1) concerning GOEs is required. Simply, the research findings will make PCDP be able to prosper partners and locals.

1. Introduction

The Government-owned enterprise (GOE) in addition to having the main function of seeking profits also have the task of paying attention to social issues. The 2003 Constitution Article 88 section (1) Number 19 concerning Government-owned enterprise states says that GOEs can set aside part of their net income for the purposes of developing small businesses or cooperatives as well as community development around GOEs. The embodiment of Article 88 of the GOE Law is implemented through the Community Development Programs where the latest provisions are stipulated in GOE regulation Per02/MBU/2017 regarding the Secondary amendment to GOE regulation Per09/MBU/07/2015 about the GOE’s community development program. The regulation states that the aims and objectives of GOE establishment are not only to pursue profits but actively supporting community around companies run like economic development.

But on the other hand, GOE is a form of Limited Liability Company that also has corporate and environmental social responsibility or often referred to as Corporate Social Responsibility (CSR). Where it is specifically regulated in the 2007 Constitution Number 40 concerning Limited Liability Companies. Article 74 section 1 states that a company which carries on business in the field and or related to natural resources, is obliged to carry out corporate social and environmental responsibility...
activities. This CSR is a way to providing an sustainability on community development. The goal of this regulation to increasing economic development. From the two regulations above, GOEs have the obligation to implement CSR while also implementing GOE development program, which practically both have the same application program for social care. There is even an opinion stating that Article 88 section (1) of the GOE Regulation can be said to be CSR because the activities referred to in the Article are activities that are not much different from CSR.

Community Development Programs (PCDP) activities are a type of social care program and efforts to help small entrepreneurs carried out by GOEs. PCDP by GOEs are implemented by social assistance for community development. The implementation of the PCDP regulated in Article 88 of the GOE Regulation comes from part of the company profits. The PCDP reporting mechanism must be detailed in the financial statements and must be examined by an independent auditor [1].

PT Perkebunan Nusantara III (Persero) is one of the Indonesian Government-owned enterprise (GOEs) which is engaged in oil palm and rubber plantations. The company is headquartered in Medan City. As a state-owned company, PTPN III is required to implement and implement the Community Development Programs Activities in the form of a cooperation agreement. Through the PCDP, the company feels called to participate in empowering the surrounding community by encouraging productive activities and expanding business opportunities so that joint progress can be obtained.

The forms of guidance that have been given by the Partnership Program to the fostered partners are: training, counseling, and also marketing. The training expenses are in the form of grants and a maximum of 20% of the Partnership Program funds are channeled in the current year. Before the existence of the Partnership Program they ran only small-scale businesses. This is due to the limited capital they have, after the existence of this Partnership Program, now their business has grown. It means, from what they used to have was a small business, now with a loan from the Partnership Program, their business has grown. Since the existence of the Partnership Program, the people of Medan Region have felt the benefits, because with the existence of the Program, it has greatly helped them to run the business they are running into more developed. Especially it can improve the business that has been run while improving their socio-economic conditions [2].

The Community Development Programs has 2 (two) programs, namely: partnership program, and the community development program. Partnership program is a program with small businesses with the aim of increasing the ability of small businesses to become resilient and independent through the utilization of funds from the profits of GOEs, while CDP is a empowering program to social through profits from GOE. The maximum amount of allowance for program funded is 2% net income for partnership and maximum is 2% net income for environmental development.

This study aim to look factors are causing the low understanding of small and medium businesses in preparing financial statements

2. Methods
The method used in this study is empirical juridical. It is done by looking at the implementation of the Community Development Programs in PT Perkebunan Nusantara III (Persero). Then in this study also uses the normative juridical method by reviewing the laws and regulations such as the 2007 Constitution Number 40 concerning Limited Liability Companies, Regulation of the Minister of Government-owned enterprise Number PER09/MBU/07/2015 dated July 3rd, 2015 concerning partnership programs and the environmental development program of the Government-owned enterprise, which has been amended by Ministrial regulation on GOE Number PER03/MBU/12/2016, Circular Letter of the Minister of Government-owned enterprise of Republic of Indonesia Number SE-433/BU/2003 dated September 16th, 2003 concerning the instructions for implementing the GOE Partnership Program with small businesses and environmental development programs and GOE regulation Per02/MBU/2017 regarding the Secondary amendment to GOE regulation Per09/MBU/07/2015 about the GOE’s community development program.
3. Results and discussion

3.1. Implementation of the Community Development Programs at PT Perkebunan Nusantara III (Persero)

The GOE partner in SME as the Partnership Program, is a program to improve the ability of small businesses to become resilient and independent through the utilization of funds from the GOEs profit share. Whereas the Community Development Program is a program to form prospective new Development Partners and the empowerment of the social conditions of the community by GOEs through the utilization of funds from GOEs profits. This Community Development Program is in the form of assistance such as victims of natural disasters, educational and/or training assistance, assistance in improving health, assistance for fostering sports achievements, assistance in developing facilities and/or infrastructure and religious facilities assistance [3].

In implementing the Community Development Program they are required to fulfill the provisions stipulated in the Minister of GOE Regulation. The objectives of the Community Development Programs are as follows:

a. Partnership Program, is a program that aims to improve the ability of small businesses to become resilient and independent.

b. Community Development Program is a program that aims to empower the social conditions of the community by GOEs.

The Community Development Partnership funding source is the utilization of funds from GOEs profit share. The maximum amount of allowance for program funding is 2% (two percent) of net income for the Partnership Program and a maximum of 2% (two percent) of net income for the Community Development Program. The role of the program has a broader scope than CSR practices carried out by private companies because PCDP of GOE is also expected to be able to realize the 3 main pillars of development (triple tracks) that have been declared by the government and is a political promise to the community, namely reduction in unemployment (pro-job); reducing the number of poor people (pro-poor), and increasing economic growth (pro-growth) [4].

Implementation to partnership program was conducted by PT Perkebunan Nusantara III (Persero) as a GOE is basically aimed at increasing the ability of SMEs so that they can develop and have good competitiveness and are expected to be able to switch to medium businesses for small businesses, large businesses for medium businesses. Basically, the implementation of the partnership program is not only focused on lending, but is also accompanied by fostering small medium of enterpprise (SME). In addition, the implementation of partnership programs should be carried out evenly by looking at considerations such as opportunities for SME themselves to advance, without looking at other factors that are individual.

The Community Development Partnership Unit of PT Perkebunan Nusantara III (Persero), hereinafter referred to as PCBP, was established based on Regulation of the Minister of Government-owned enterprise Number PER09/MBU/07/2015 dated July 3rd, 2015 concerning partnership programs and the environmental development program of the Government-owned enterprise, which has been amended by Ministrial regulation on GOE Number PER03/MBU/12/2016, Circular Letter of the Minister of Government-owned enterprise of Republic of Indonesia Number SE-433/BU/2003 dated September 16th, 2003 concerning the instructions for implementing the GOE Partnership Program with small businesses and environmental development programs and GOE regulation Per02/MBU/2017 regarding the Secondary amendment to GOE regulation Per09/MBU/07/2015 about the GOE’s community development program based on a Decree of the Minister of Government-owned enterprise (ministerial regulation) Number: PER09 / MBU/07/2015 dated July 3rd, 2015 concerning the Partnership Program and the Environmental Development Program of Government-owned enterprise, Number: PER03/MBU/12/2016 dated 16 December 2016 concerning Amendment to the Regulation of the Minister of Government-owned enterprise Number: PER09/MBU/07/2015 concerning the Partnership Program and Environmental Development Program of Government-owned enterprise and Number: PER02/MBU/7/2017 dated July 20th 2017 concerning Amendments to the Regulations of the
Minister of Government-owned enterprise Number: PER09/MBU/07/2015 concerning the Partnership Program and the Community-Owned Community Development Program. PT Perkebunan Nusantara III (Persero) has been implementing a partnership program (PK) with Small Businesses and Cooperatives since 1992 and implementing the Community Development Program since 2000, with a concept of integrated and continuous development in its implementation in collaboration with related institutions / agencies that are competent in their fields.

In its implementation, PT Perkebunan Nusantara III (Persero) set aside a maximum of 4% of the net profit of the Partnership Program, which is a program to increase the ability of small businesses to become creditworthy and independent, and for the Community Development Program, which is a program to empower the social conditions of the community by GOEs in the GOE Business Area through the utilization of funds from the GOE profit share. For the effectiveness of Community Development Programs management, the Directors of PT Perkebunan Nusantara III (Persero) through Decree Number III, 12/KPTS/03/2007 dated April 3rd, 2007 concerning Organizational Structure, Organizational Targets and PT Perkebunan Nusantara III (Persero) has formed a special section to manage the development activities, namely the Community Development Programs Section which is currently under the SEVP and the Public [5].

Requirements to be a fostered partner in PT Perkebunan Nusantara III (Persero) Medan, which has a net worth of at most 500,000,000 IDR excluding land and buildings for business, or having annual sales of at most 2,500,000,000; IDR owned by Indonesian citizens; is not an independent subsidiary or branch of a company owned, controlled, or affiliated directly or indirectly with a medium or large business; in the form of an individual business, a business entity that is not a legal entity, or a business entity with a legal body, including business micro and cooperative; have the potential and business prospects.

Potential fostered partners submit an application by completing the working capital loan application form (AP2MK) by loading the data, namely the name and address of the business unit, the name and address of the owner or management of the business unit, proof of identity of the owner/management, business field, business permit or letter business statement from the authorities, business development or data showing the financial condition and results of operations, business plans and funding requirements, business photos, collateral or guarantees, bank savings accounts, statement letters not being a fostered partner of other guiding GOEs.

The channeling strategy of the Partnership Program so that it is right on target requires an active role from the district or unit in selectively establishing potential partners in each region according to applicable regulations. The responsibility is to accept and identify the suitability of proposals from the community or stakeholders, the district complements proposals by taking into account the complementary documents and sending them to the office of the Board of Directors, the District and the Community Development Programs section together to carry out field surveys, the Community Development Programs section conducts the distribution process through bank transfers to account of fostered partners, districts with part of Community Development Programs jointly collect fostered partner loan installments [6].

The obligation of the fostered partner to carry out business in accordance with the plan approved by the company, repay the loan in a timely manner in accordance to the agreement that has been agreed by depositing or transferring to an account in the name of PTPN-III, direct deposit to the Community Development Programs section of PTPN III on Sei Batang Hari Street Number 2, Medan, or collected directly by officers of the Partnership and Community Development Section, partners are also required to submit periodic business development reports to the company, and are required to keep books or records of business activities in an orderly manner.

Based on the explanation above, the authors conclude the mechanism for channeling revolving funds from PT Perkebunan Nusantara III to the Fostered Partners are as follows:

a. PT Perkebunan Nusantara III (Persero) Medan;
b. Community Development Programs;
c. Prospective Partners;
d. Nearest estate or unit - PTPN III Board of Directors office - District manager's office;

e. Analyzed or researched;

f. Accepted or rejected

3.2. Factors causing small and medium enterprises has low understanding on the compilation of financial statements

Fostered Partners at PT. Perkebunan Nusantara III (Persero) received training and training, in this case the fostered partners are required to make financial reporting so that the company or the Community Development Partnership Program can see the extent of their business development before and after receiving a loan from company. In this case, the fostered partners can be said to be unproductive in making their business financial statements. Which can be seen from the bookkeeping or reporting that they do not be as detailed as what has been recommended by company. Company needs reports one of which is the recording of operating profit or loss such as sales, purchases, assets that increase or decrease. In the field, fostered partners have problems in making financial reporting, one of them is also due to the lack of accounting knowledge that they can because they do not apply it properly and correctly what has been given by Company or the condition of low desire to empower and less supportive educational factors.

Business actors who have many limitations such as the limitations of Human Resources, and most importantly awareness in empowering financial statements are lacking. By empowering business financial reporting properly and correctly and focusing on making it in a period, it provides a great benefit for the continuity of their business, because it is clear that the business gets profit or loss, because most business actors do not empower it consistently.

Businesses or partners assume that the application of the partnership program that they got from PT Perkebunan Nusantara III in the form of guidance and training is quite good, but for training such as the preparation of financial reports required by PT Perkebunan Nusantara III cannot be realized by businesses consistently due to limited human resources, as well as understanding in reporting that are difficult to understand. The training or coaching was conducted by company is provide knowledge about marketing and financial reporting.

Fostered partners who get loan funds and become fostered partners of PT Perkebunan Nusantara must use these funds for business capital, not to buy assets such as land, vehicles, therefore reporting is required because PT Perkebunan Nusantara does not want these funds to be misused by partners. Because the purpose of PT Perkebunan Nusantara III providing funds is to make Small and Medium Enterprises (SME) can develop their businesses.

One of the ways to achieve a good business development is by storing business records, financial management, credit management both payment and billing of financial statements. Problem that frequently occurs is that many Small and Medium Enterprises record the amount of money received or issued, the amount of goods sold, not following the guidelines in preparing the actual financial statements. This will result in difficulty for them and the Community Development Partnership program to collect. Furthermore, this will result in difficulty for whether measuring and proving the development of the business they live after receiving funding from PT Perkebunan Nusantara III good or not.

The order in which the financial statements are prepared must begin with profit statement of profit and lost and also preparation of a statement of cash flows. With this simple approach, every SME that has limitations in human and financial resources will be able to easily compile its financial reports periodically. Financial reports can not only be empowered to large companies with abundant resources, but can also be empowered to SME which generally have limited resources. Financial reporting, as one of the fields of accounting, can be used as a very useful tool for decisions for establishment an SME as well as for the preparation of a manual pattern as a guide to the activities of daily financial data of everything that occurs in the business of SMEs [7].
4. Conclusions
The implementation of the GOE Partnership Program with Small Businesses and Community Development by GOE, PTPN III (Persero) Medan is carried out through 3 (three) Programs, namely the Partnership to fostering community development. The Partnership will channeling loans to the fostered partners. In general, the fostered partners who get loans from the partnership program must be small businesses that still need guidance in the form of business capital and management guidance. The Fostering Program is a program of fostering and entrepreneurship training for fostered business partners from The Partnership Program, while the Community Development Program are divided into 2 (two), namely the GOE Environmental Care Program and the GOE Environmental Development Program. In this case, Empowerment carried out by the Community Development Partnership Program for SME by coaching, training, and counseling, one of the way training is how make financial reporting. Financial reporting is something that is required by the partnership program, the obligation is stated in the memorandum of understanding (MoU) that is previously has been legalized by a notary. The reporting of the business statement makes it easier for Community Development Programs to see aspects of the business development of the Partner, and it is easier to collect credits (accounts receivable) from the Fostered Partner.

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Acknowledgements
This research has supported by our advisor and the students of doctoral program of law in Universitas Sumatera Utara.