

THE INSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) BASED ON COAL MINING COMPANIES STAKEHOLDER

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Abstract: *In Indonesia, stakeholders have not been significantly used as the basis for CSR institutional development, especially in coal mining companies which mostly related to environmental problems and felt by the surrounding communities. This study aims to formulate the form of CSR institutions based on stakeholders of coal mining companies. Formulation refers to the results of the analysis: stakeholder views on CSR, and concerning normative, cultural-cognitive, regulations, and CSR organizations. The research were data collection in 2016 and 2018 through interviews and observations with a triangulation validation test. The data sources are key CSR forum members and six of stakeholder groups. The analysis results for the CSR institutions consist of the normative pillar, there are CSR partnerships, state compliance, and CSR as community rights as well as the cultural cognitive pillars, there are the reputation and glory of CSR. On the regulative pillar, there are regional regulations concerning CSR. The formulation of CSR institutions includes CSR partnerships, as normative pillars; the reputation and glory of CSR as a cultural cognitive pillar; and regulators, supervision, awards, and sanctions as a CSR regulative pillar. The pillars are the basic principles of CSR, the vision of CSR, CSR organizations in the form of CSR Research and Development Organizations.*

Key words: *CSR; Institutional; Companies; Mining; Stakeholder.*

Introduction

Indonesia has one of the largest natural resources, namely coal mining, which must be utilized for the people's welfare (Prasetyo, 2016:24; Rinaldi, 2017:12). However, on the one hand, the management of natural resources has not been full for the people's welfare. On the other hand, there have been gaps between interests, profits of mining companies with the need to improve the welfare of local communities, environmental damage, damage to water and forest resources (Eko, 2013:257; Kitula, 2006:407; Abood, et al., 2015:59; Pandey et al., 2016:372). Companies, therefore, as part of society and the environment must realize that the success achieved is influenced by the community and the environment around the company. Companies are required to carry out an action that cares more about the community and the environment in the form of Corporate Social Responsibility (Subhan, 2017:49; Nelly, 2001:15).

CSR in the last decade has increasingly increased as a priority and the development of CSR is needed according to the weaknesses found (Manjula, et al., 2014:3; Visser, 2010:107). On one side the CSR institutions of developing countries still have weaknesses institutional (Mohan, 2010:132; Welker, 2009:151). On the other side, in the case of Indonesia stakeholders have not significantly used as the basis for the development of CSR institutions, especially coal mining companies that are mostly related to environmental issues (Yang, 2009:159). The company must maintain its relationship with stakeholders by accommodating the desires and needs of its stakeholders, especially stakeholders who have power over the availability of resources used for the company's operational activities (Arenas, et al., 2009:178).

Based on the above arguments, this research explores the stakeholder views of coal mining companies regarding CSR institutions. Coal mining is mainly related to environmental impacts. The final goal of this research is to form of corporate CSR institutions based on stakeholders of coal mining companies in Tapin Regency, as one of the districts in Indonesia that has great potential for coal mining as the main mining commodity. Tapin Regency has a production capacity in 2017 of 518,210,075. m3, which has been mined by 29 coal mining companies spread across 6 sub-district locations.

1. Literature Review

1.1. Institutional CSR

Institutions according to Scott (2014:56) and Djelic (2005:26) have various dimensions ranging from restraining social structures, symbolic elements, social activities, resources, social stability lands, and makers of various social meanings. All dimensions are in the circle of normative, cognitive-cultural, and regulative movements as the institutional core that guides social behavior interactions.

According to Scott (2014:57), definition normative is a basic adherence to individuals and groups in carrying out social obligations as well as a basis for binding social stability, and cognitive cultural understanding is the meaning that is mutually understood between individuals or groups in an institution that runs by imitating each other's meaning so that the existence of trust together that makes sense in an action. While the understanding of regulative is a basic adherence by individuals and groups to obtain social benefits and benefits derived from the existence of regulations and at the same time as a basis for social order (Jackson, 2010:65).

In this study, CSR is the existence of corporate resource use activities based on legal, economic, ethical, and philanthropic aspects above that have relationships with stakeholders to contribute to the welfare of the community and are oriented to environmental sustainability.(Dahlsrud, 2008; Caroll, 1991:2009; Muhle, 2010; Brown, 2012). Therefore, the CSR institution is the whole existence of CSR normative, CSR regulations and cognitive-cultural CSR related to the form of organizing CSR.

1.2. Stakeholder

Basically, stakeholders are those who receive impact and or impacted by an organization's decisions and actions. Therefore, the impact of the decision allows for stakeholders to be engaged, which consequently impacts the success and failure of the organization (Jones, 2010:72). The stakeholders, besides primary, also secondary such as some communities, NGOs, and regulators that grant legitimacy to corporate activity (Crilly, 2011:523). Diego et al., (2012:197) introduced stakeholders in mining companies consisting of categories, namely: Government, civil society groups, the mining industry, international financial organizations, and the headquarters of mining companies in developing countries.

In this study, we will explore the relationship of CSR organizations as decision makers and activities with CSR stakeholders as receiving impacts and/or can influence CSR organizations. According to several studies that, stakeholder CSR relationships, in accordance with their respective roles, can be as suppressors of interests, giving moral and regulatory legitimacy as well as scientific justification (Basu, 2008:127; Yang, 2009:156; Bakanauskiene, et al.,2016; Hirschland, 2006:6)

2. Method

This descriptive qualitative study has used a type of case study that has not controlled the object of research and focused on explaining the current situation by digging data and analyzing it that is relevant to the formulation of research problems (Hancock, 2017:16).

This research was conducted in three stages, namely: three months of preliminary research in 2015 forwarded actual research in June 2018 and January 2019 in Tapin Regency, South Kalimantan province. Primary data at the initial stage using a questionnaire were obtained from informants. The second stage through observation and in-depth interviews were obtained from four community groups, three from local government officials, three from the Regional People's Representative Council (DPRD), one of the mass media, two from academics, two from NGO and two managers of CSR forum representing six of coal mining companies. Reliability and data validation is done by the source and data triangulation method (Miles, 2009:241).

3. Finding and Result

3.1. Realization and Views of Stakeholders on the CSR Program

The CSR programs must be directed at efforts to resolve the problems and needs of the surrounding community for the long-term interest (Brammer, et al. 2012:61). The CSR forum for coal mining companies consists of CSR managers as five of representing coal mining companies. The main tasks of the CSR forum are: (a) Addressing the problems of the relationship between each company and the

community and making a CSR program agreement; (b) Respond to the policies of the Tapin District Government as well as proposed activities from the community related to CSR. (c) Creating and implementing joint activities for improving CSR management.

The following are data on the implementation of the profile of CSR programs for coal mining companies in Tapin Regency which cover five fields of education, health, socioeconomic, religious and environmental fields as in table 1.

Table 1: The profile of CSR programs in 2017

Fields (Objectives of Strategies)	Programs
Education (Providing assistance to increase resources to the community)	Scholarship assistance for outstanding students and poor students
Education (Improve the positive image of the Company)	Provide opportunities for students to practice work at coal mining companies.
Social economy (maintenance activities, a large number of non-skilled workers are needed that cannot be met internally).	Organizing short education for graduates of High School Skills regarding operation & maintenance of manufacture.
Religious (improve the company's positive image aimed at the religious community)	Provide (a) finance of hajj to religious leaders; (b) financial assistance and/or material for the construction of places of worship.
Environment Conservation (to overcome impacts arising from mining operations so as not to damage the environment)	Selection and installation of environmentally friendly waste processing equipment.
Environment conservation (Greening around the company's area)	Providing assistance to horticultural plant seeds for the community
Health (improve the quality of life of people around the company's area)	Clean water program in the location of Pulau Pinang Village with the Water Treatment Process program for the needs of 195 households

Understanding the vision of CSR is an important part of knowing CSR orientation. The perspective of the Regional Government and DPRD that, the vision of CSR carries out the obligation of the company to provide funds that can be used by regional development programs according to the policies of the Regional Government.

The perspective of non-local government stakeholders (community groups, NGOs, mass media, and academics) views the vision of CSR, the company's obligation to empower the use of company resources to overcome the problems of communities around coal mining locations through community empowerment. The data shows, the disparity of stakeholders in the CSR vision.

3.2. Institutional Reality of CSR

3.2.1. The Normative pillar

The views of the corporate CSR forum are based on partnership norms that contain the value of togetherness by empowering corporate resources for community welfare and environmental conservation. Local Government stakeholder views that CSR is a state norm that places the community as recipients of CSR programs. The non-governmental stakeholder view that CSR is a community rights norm.

3.2.2. The Cultural-cognitive pillar

According to the government stakeholders that cultural-cognitive CSR is the belief in the glory of CSR with rationality that carrying out state orders as obedience will get recognition from the state. For non-government stakeholders that cultural-cognitive CSR is also the glory of CSR. However, by the rationality that the company fulfills the rights of the people will gain the legitimacy of the good of the community. The CSR Forum believes that the company will gain a reputation from the state and society.

3.2.3. The Regulative pillar

Regulative of the Tapin District Government on CSR that contains the organization of Tapin Regency's Corporate Social Responsibility Work Team (CSR Team) in accordance with the Tapin Regent Decree Number: 188.45 / 009 / KUM / 2018 concerning the CSR Team with the main tasks: assisting the Regent of Tapin in organizing CSR in Tapin Regency; (b) to identify the needs of development programs and public services to be synchronized with CSR programs in Tapin Regency; (c) accommodating business initiatives about the proposed CSR program in Tapin Regency and (d) carrying out monitoring and evaluation of the implementation of the CSR Program in Tapin regency. In practice, the CSR work team has not been effective in carrying out their duties. This is because there are no organizational sub-units to carry out the main tasks of the CSR Work Team. Another reason is that the CSR Work Team has difficulty coordinating with the company. The difficulty is caused by the management viewpoint of the CSR forum that, the CSR Team's policy on CSR programs has different targets for CSR areas and target community groups, so the targets are also different in achieving community harmony with coal mining companies.

3.3. The form of formulating CSR institutions based on stakeholders

Formulation of the form of CSR institutions is based on stakeholder studies of coal mining companies and the CSR forum of coal mining companies in Tapin Regency can be described as follows:

1. Stakeholders can become the institutional basis of CSR through pillars: (a) CSR norms: The good value of CSR partnerships; (b) Cultural-cognitive CSR: Rational

belief, a reputation, and glory of CSR; (c) Regulative CSR includes Regional Governments as regulators, supervisors, awards, and sanctions on CSR.

2. Management of CSR with institutional forms, namely: CSR Research and Development Agency with a description as follows:

1) Name of institution: "Research and Development Agency for CSR (Badan Penelitian & Pengembangan CSR – BPP CSR).

2) CSR principle

The principle of CSR institutions in Tapin Regency namely: Legal certainty; Public benefits; Togetherness; Openness; Partnership; Balance; Harmony; Integrity; Justice; Agreement; Sustainability; and Environmental insight.

3) CSR Vision

The CSR vision framework is: "Ignition of Community Empowerment, Environmental Conservation, and Reputation of CSR in Tapin Regency".

4) CSR mission

Achieving the vision will be pursued with a mission framework, namely: (a) Establishing harmonious relationships between CSR stakeholders; (b) Coordinating participation and synergizing government programs and corporate CSR programs; (c) Monitoring and evaluating the implementation of CSR programs; (d) Conduct research and development of CSR programs.

5) The main tasks of the BPP CSR are: (a) Provide input to the Regional Head of Tapin Regency (Regent) for CSR program policies and strategies; (b) Conduct mapping of target beneficiary areas in CSR programs and socializing to stakeholders; (c) Communication and consultation, coordination between stakeholders and companies related to planning, implementing and monitoring evaluation of CSR activities. (d) Monitor and evaluate the implementation of the company's CSR program; (e) Conducting research and development of CSR programs on an ongoing basis; (f) Provide recommendations to the Regional Head of Tapin Regency (Regent) regarding reputation and sanction awards according to the latest results of monitoring and evaluation.

6) The scope of the BPP CSR program: Health; Education; Social religion; Social Economy; and Environment.

7) The organizational structure of the BPP CSR.

The organizational structure consists of units: (a) Steering Committee and responsible person (Chair and Deputy Chairperson); (b) Executive Committee (Chairperson, Deputy Chairperson and Secretary); (c) Divisions: program planning; monitoring and supervision; research & development of CSR programs; operational.

8) The BPP CSR Board: (a) Steering Committee and Responsible Agency: Head of Regional Government of Tapin Regency; (b) Executive Committee: The leaders of the Regional Government Unit, Head of companies, Elements of

Higher Education, NGO elements; elements of social religious organizations, elements of company workers, and elements of the mass media; (c) Part of supporting organs:

Based on the description of formulating the institutional CSR based on coal mining stakeholder, it can be described as shown in figure 1.

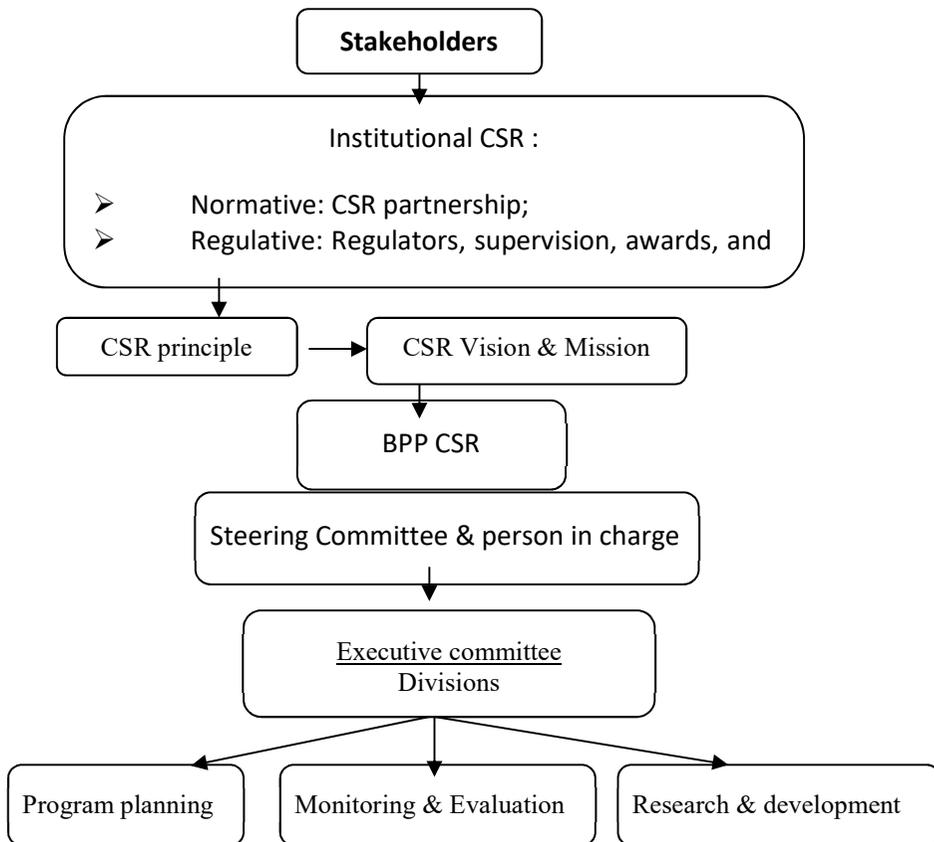


Fig. 1. The form of the institution of CSR based on coal mining companies stakeholder

Conclusion

Based on the description of the analysis above, it can be concluded that the existence of stakeholders view of coal mining companies in the Tapin Regency region towards the vision of CSR experiences a disparity of orientation between the perspective of CSR as a source of regional development funds and CSR as the company's obligation for community welfare. Likewise, on the pillars of CSR institutions that the pillars of CSR norms, on the one hand as partnership norms and the other side as state norms and as community rights norms. In the cultural-cognitive pillar that there are a reputation and glory of CSR with recognition of the

good that comes from the state and society. On the regulative pillar, there are regional regulations on CSR. All data findings have provided a basis for formulating of form CSR institutions based on coal mining companies stakeholder. The form of CSR institutions in Tapin Regency is (a) CSR partnership as a normative pillar; (b) The reputation and glory of CSR as a cultural-cognitive pillar and (c) regulators, supervision and awards and sanctions for CSR as the regulative pillar. All these pillars can form the principle, vision and mission of CSR and organizations CSR in the form of CSR Research and Development Agency.

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