

## **Implementation of Corporate Social Responsibility Program PT. Allegrindo and Their Benefits for The Social Economic Life of The Community Around Nagori Urung Panei, Purba District, Simalungun Regency**

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### **ABSTRACT**

*Corporate Social Responsibility is an activity carried out by a company as a form of concern and responsibility for the surrounding community. The purpose of this study was to determine the form of PT Allegrindo's CSR program and its benefits for the socio-economic life of the surrounding community. This type of research is a qualitative research using descriptive methods. The data collection technique was carried out by means of observation, in-depth interviews, and literature study. The results showed that PT Allegrindo's CSR program is still in the form of a caricative (Charity). This program is a form of the company's response to responding to demands from the surrounding community. The program is contained in the fields of education, agriculture, and socio-religion. It is undeniable that the company's CSR program can provide benefits for the current socio-economic life of the surrounding community. However, PT Allegrindo's CSR program has not been able to provide long-term benefits for the socio-economic life of the surrounding community. Companies in general, and PT Allegrindo in particular are expected to be able to implement community empowerment-based CSR programs so that they can provide benefits to the surrounding community in the long term.*

**Keywords:** *Coporate Social Responsibility, Company, Local community*

### **ABSTRAK**

*Corporate Social Responsibility adalah suatu kegiatan yang dilakukan oleh perusahaan sebagai wujud kepedulian dan tanggung jawab kepada masyarakat sekitar. Tujuan dari penelitian ini adalah untuk mengetahui bentuk program CSR PT. Allegrindo dan manfaatnya bagi kehidupan sosial ekonomi masyarakat sekitar. Jenis penelitian yang dilakukan adalah penelitian kualitatif dengan menggunakan metode deskriptif. Teknik pengumpulan data dilakukan dengan cara observasi, wawancara mendalam, dan studi kepustakaan. Hasil penelitian menunjukkan bahwa program CSR PT. Allegrindo masih berbentuk karikatif (Charity). Program tersebut merupakan bentuk dari respon perusahaan untuk menjawab tuntutan-tuntutan dari masyarakat sekitar. Program tersebut tertuang dalam bidang pendidikan, pertanian, dan sosial keagamaan. Tidak dapat dipungkiri, program CSR yang dilakukan perusahaan tersebut dapat memberikan manfaat bagi kehidupan sosial ekonomi masyarakat sekitar pada saat ini. Akan tetapi, program CSR PT. Allegrindo belum bisa memberikan manfaat jangka panjang bagi kehidupan sosial ekonomi masyarakat sekitar. Perusahaan-perusahaan pada umumnya, dan PT. Allegrindo pada khususnya diharapkan agar dapat melaksanakan program CSR berbasis pemberdayaan masyarakat agar dapat memberikan manfaat kepada masyarakat sekitar dalam jangka waktu yang panjang.*

**Kata Kunci :** *Coporate Social Responsibility, perusahaan, masyarakat sekitar*

## A. INTRODUCTION

Basically, the presence of a company or corporation in an area has a significant impact on the social, economic and cultural life of the surrounding community. Companies and industries play an important role in promoting healthy economic growth by taking social and environmental factors into account. But it cannot be denied, the presence of the company is also like a double-edged sword. The presence of companies or corporations often creates problems that are very detrimental to the community, both social problems and environmental problems. The presence of a company in a place often does not run smoothly, some even end in conflict.

Some examples of cases in Indonesia include various diseases felt by the Buyat Bay community in Sulawesi due to PT Newmon's waste, floods in timber exploitation areas in Kalimantan, floods in the capital city of Jakarta, the Bojong Waste case in West Java, victims of Lapindo Brantas in Sidoarjo, East Java and a number of cases. other environmental impacts that must be suffered by the community due to the presence of companies and industrialization (Hadi, 2014).

The examples of cases that occurred above should be a valuable lesson for companies in Indonesia, in order to further increase their sense of care and social responsibility towards the surrounding community. A company must be responsible for production activities carried out by considering various aspects, not just looking for profit. At a minimum, carry out business operations responsibly related to environmental management, and it would be even better if the company took part in improving the welfare of the surrounding community, as well as being involved in solving social problems, especially in the community around business operations. One of the reasons why companies must pay attention to the welfare of the surrounding community is because they feel the direct effects of the presence of the company's activities, both positive and negative impacts. Another reason why companies must pay attention to the environment and welfare is because the community is an inseparable part of the company. The community is one element that has roles and interests or stakeholders in company activities, both as employees, as consumers, or just as observers of company activities (Susanto, 2009).

The business world's concern for social life and the environment can be implemented through a program concept known as Corporate Social Responsibility or CSR for short, where CSR is not a concept that has just surfaced, but already existed in the mid-1950. The

concept of CSR in Indonesia has actually developed from time to time (evolutionary). Since the fall of the New Order regime, people have become more courageous to aspire and express demands against the government and the business world. Society is increasingly critical and increasingly able to exercise social control over the business world. Society demands companies to be more responsible in carrying out their business activities. Not only paying attention to the welfare of employees and the surrounding community, companies are also required to pay attention to environmental problems.

PT. Allegrindo is a privately owned company engaged in the breeding of pigs. PT. Allegrindo is located right at the foot of Mount Simarjarunjung, Urung Panei village, Purba District, Simalungun Regency, North Sumatra. PT. Allegrindo is the second largest livestock company in Southeast Asia. In the early 1980s, this farm belonged to the Simalungun district government, but at that time it was still in a small state and had little capital. Due to lack of management, this government-owned company suffered heavy losses. Finally on April 20, 1989, the farm was taken over and managed by the private sector and the Domba Mas Group.

This farm has an area of 46 hectares and a stable of 12 hectares. This farm in addition to fattening process, also produces livestock every day at least 300 heads with a weight of 90 Kg/head. After undergoing a fattening process for 6 months, the cattle are then supplied to local markets, namely Pematang Siantar, Medan, Batam, and Jakarta. For the livestock area of 46 hectares, the livestock capacity permitted by the government is in the range of 25,000-30,000 heads. However, due to increasing market demand, companies can produce up to 50,000 head of livestock (Simanihuruk, 2009:33). The village (nagori) of Urung Panei and is one of the villages located in Purba District, Simalungun Regency, North Sumatra, and is located right at the foot of Mount Simarjarunjung. In addition there is also the village (nagori) Salbe, which is also adjacent to PT. Allegrindo. Salbe Village is located just below the farm area and is right on the shores of Lake Toba.

PT. Allegrindo has been operating for about 30 years in Nagori Urung Panei. This condition attracted the attention of the author to find out more about PT. Allegrindo's concern for the socio-economic life of the surrounding community, through CSR programs carried out for the community around the company.

## B. LITERATURE STUDY

### **Implementation Concept**

According to Nurdiana in Sony (2016), that implementation is the implementation of activity programs that have been made and planned as a form of corporate social responsibility towards the environment and the surrounding community. So implementation can be concluded as an activity related to the use of facilities (tools) to obtain results. If it is associated with CSR, then CSR implementation can be defined as the activity of completing or implementing policy programs carried out by a particular institution or agency as a form of social responsibility towards the environment and society.

### *Corporate Social Responsibility*

There are many definitions of Corporate Social Responsibility (CSR), but clearly the word Corporate Social Responsibility can be defined as the social responsibility that a company has to the community where the company stands or runs its business. Edi Suharto in Sony (2016) defines CSR as a business operation that is committed not only to increasing financial profits, but to the socio-economic development of the region in a holistic, institutionalized and sustainable manner.

The World Business Council for Sustainable Development which was founded in 1995 and consists of more than 120 multinational companies from more than 30 countries in its mandate entitled Making Good Business Sense defines corporate social responsibility as a company's commitment to continuously act ethically, operating based on legal and useful in an effort to improve the economy along with improving the quality of life of the local community and the wider community (Siagian & Suriadi, 2012: 8).

According to the World Bank in Matis and Agus (2012:10-11), that the definition of corporate social responsibility is as an agreement or commitment of companies to benefit sustainable economic development, working with representatives, local communities and the wider community, to improve the quality of life, thus the existence of the company will be good for the company itself and also good for development. CSR is closely related to sustainable development, where there is an argument that the company's existence can be maintained if in carrying out its activities it is not only profit-oriented, but must also consider the current social and environmental consequences, as well as for the long term. long.

### ***Triple Bottom Line***

At first the company or industry was only based on a single bottom line, namely the economic aspect, where the purpose of the existence of the company or industry was nothing more than to seek maximum profit by utilizing capital, human resources, and abundant natural resources. However, along with the development of human thought, it turns out that the concept of a single bottom line is no longer appropriate to be applied in the industrial world. The development of the concept of sustainable development is the beginning that has a big impact on the industrial world. Sustainable development is a development concept that pays attention to environmental factors, so that the development process can be sustainable until it reaches future generations. Development is not limited to the exploitation of nature, but more than that, companies and industries must pay attention to the sustainability and availability of natural resources, so that development can continue.

The term triple bottom line emerged, and was developed by John Elkington in 1997 through his book "Cannibals With Forks, the Triple Bottom Line of Twentieth Century Business" (Nela, 2013:37). Elkington gives the view that companies that want to be sustainable must pay attention to the 3Ps (profit, people, and planet). To overcome all operating costs the company must achieve profit (profit), but besides that the company must also pay attention to the community around the company (people), and preserve nature (planet) by exploiting natural resources wisely. These three things are things that every company must pay attention to in order to survive in a sustainable manner.

### **Forms and Motives of the Company's CSR implementation**

The forms of CSR programs implemented in Indonesia are still diverse, according to the motives and objectives of the company concerned to carry out the program. According to Gunawan in Nela (2013), CSR programs in Indonesia have three forms, namely:

#### **1. Caricative-Based CSR (*Charity*).**

Caricature programs (*Charity*) are usually the starting point for a company to carry out CSR programs. The charity program is realized by providing the assistance desired by the community. Caricative programs are generally in the form of social grants which are implemented for short-term purposes and to solve temporary problems. This program is managed by a small committee and focuses on poor people. The motivation of the caricative program revolves around religion, tradition and customs. For government programs that are categorized as charity (*Charity*) is the distribution of Direct Cash Assistance (BLT).

This caricature program is usually called the firefighting program. When people are angry, hold demonstrations, and close access to the company's roads, the company panics and immediately provides free basic necessities, builds infrastructure, and provides scholarships without careful consideration and the right methodology.

## **2. Generosity-Based CSR (*Philanthropy*)**

This form of CSR is based on ethical norms and universal law on the need for equitable distribution of social welfare and redistribution of wealth. Usually this program is well planned and included in the company's activities. This is evidenced by the company's initiative to form an independent foundation that focuses on running CSR programs.

There are many companies in the world that have carried out this activity. Bill Gates, former CEO of Microsoft Corp. and his wife have founded Bill & Melinda Gates, a charity-based charity. In Indonesia, there are also companies that have formed independent foundations to implement CSR, including the Tanotto Foundation, Sampoerna Foundation, Unilever Foundation and others. They do noble things by spreading love and giving some of their wealth to help others.

## **3. CSR in the form of community empowerment (*Comunity Development*).**

The concept of empowerment is a conscious effort made to improve the quality of life of a person or group of people, by placing them as the main actors and integrating with local culture. Community empowerment is a commitment to empower lower-class communities so that they have real choices regarding their future. The lower strata of society usually consist of weak, powerless, and poor people because they do not have the resources or ability to own the means of production (Zubaedi, 2013).

Community development is a deliberate effort to direct the community to achieve better social, economic and cultural conditions of life. CSR in the form of community empowerment is a form where the community is placed as the main actor. This form of corporate social responsibility is ideally applied in the context of the business world.



### C. RESEARCH METHOD

The research method used in this research is qualitative research using descriptive method. Data collection techniques were carried out by means of observation, in-depth interviews, and literature study. This research was conducted at PT. Allegrindo is located in the village of Urung Panei, Purba District, Simalungun Regency, North Sumatra. The unit of analysis or object of study in this research is PT. Allegrindo and the people who work and those who don't work at PT. Allegrindo. In addition, village heads and traditional leaders can also be interviewed as informants, so that more in-depth information can be obtained about the benefits of CSR for socio-economic life.

### D. DISCUSSION

The implementation of CSR has been regulated by law, so like it or not, every company must be involved in improving the welfare of the surrounding community as a form of corporate social responsibility. PT. Allegrindo has been operating for approximately 30 years in Nagori Urung Panei, and it is natural for the company to pay attention to the surrounding community regarding improving the welfare of the community.

From the results of observations and interviews in the field, it was found that the CSR program carried out by PT. Allegrindo was implemented in 3 areas. The form of CSR carried out by PT. Allegrindo, among others:

#### 1. CSR Program in Education

One form of concern for PT. Allegrindo towards the surrounding community is to improve the quality of education for the surrounding community. The form of concern for PT. Allegrindo towards the education of the surrounding community, among others, are as follows:

##### 1. Giving Gifts for Elementary School Students.

At the end of each semester, elementary school students in Urung Panei village and Salbe hamlet are always given gifts in the form of school supplies such as notebooks, pens, pencils, pencil cases, and school bags. It's not just the students who excel who get prizes, but all students even though they don't win. This activity has been going on since 2006 and is still running until now.

## 2. CSR Program in Agriculture

Data from the village head's office on livelihoods shows that the total population of Urung Panei village who work as farmers is 1,056 people, with a percentage of 85.3%. It can be concluded that the majority of the community around the company are farmers, and almost every resident owns agricultural land. Thus most of the people live from agricultural products. The company's role in increasing agricultural output is to provide free manure (animal manure).

Every day there are 4 trucks of manure given to the community. The manure is distributed by stacking it in a predetermined place, close to the community's agricultural land. Furthermore, farmers who need fertilizer take and pass the manure into their respective fields. However, this method is still not right on target, because there is no clear regulation. Farmers whose fields are close to the fertilizer pile will be very easy to transport their fields, but what about farmers whose fields are very far from the location of the fertilizer pile. They will think twice about taking the fertilizer. The problem is that there are farmers who get a lot of fertilizer, while other farmers get none at all.

## 3. CSR Program in Social and Religious Sector

From the data obtained in the field, it shows that the number of people who are Catholic Christians and Protestant Christians are more than other religions, with the percentages being 37.2% and 60.9%, respectively. In addition, according to community leaders in the Urung Panei village, the people around the Urung Panei nagori are the majority of the Batak tribe, especially the Simalungun Batak. Because from its history, Urung Panei village comes from the descendants of Partuanon Tuan Dolog whose surname is Purba Sidadolog which is one of the clans in the Simalungun tribe.

In the Batak tribal community, almost every social activity or traditional event requires pigs as traditional food, both at weddings, vegetable matua (dead of old age) events, and other traditional events. In traditional Batak ceremonies, the term jambar is known which means a piece of meat destined for a person or group of people who shows their position in the event. Usually jambar is only for certain people. In the Batak community, a traditional event will not be valid, if the jambar is not provided by the host or the owner of the event. Thus the role of jambar or pigs is very important in traditional events or events for the Batak people.





Seeing these conditions, the company pays attention to providing discounted prices for the surrounding community who buy pigs at PT. Allegrindo. The discounted price given is 20% for the people around the Purba District and 15% for the people around the Dolok Pardamean District. The company also donates livestock to the church on religious days, such as Christmas, New Years, and other church parties. In addition to providing livestock assistance, the company also provides financial assistance for the construction of houses of worship. Based on field observations, the GKPS church building in Urung Panei village was built at a cost of around 1 billion, and some of the funds were a grant from the company.

### **E. CONCLUSION**

The presence of PT. Allegrindo in Urung Panei village has a significant impact on the socio-economic life of the surrounding community, especially Urung Panei village and Salbe village. PT. Allegrindo already has awareness and concern for the surrounding environment, by implementing CSR programs in the fields of education, agriculture, and religious social. The form of the CSR program carried out by PT. Allegrindo is still Charity and seems to have a goal to be accepted by the community and reduce potential conflicts.



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