

## Implementation of Coal Mining Company CSR Program towards Sustainable Livelihood

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### ABSTRACT

This study aims to determine the implementation of Corporate Social Responsibility (CSR) programs in coal mining companies and their impact on sustainable livelihood. This research uses a qualitative descriptive approach to produce reliable and valid data and information. Data collection techniques use interviews, observations and discussions. The source of the data is a key informant taken by snowball sampling method from the company, government and community. The data was analyzed using interactive methods. The results showed that the implementation of Corporate Social Responsibility (CSR) Programs has not been carried out optimally. There are still problems in economic development, land acquisition and the environment, resulting in conflicts between the community and companies, governments and communities.

### Keywords

*CSR, Sustainable Livelihood, Mining, Coal*

## INTRODUCTION

Article 74 of Law No. 40 of 2007 concerning Limited Liability Companies, a company is obliged to carry out Corporate Social Responsibility (CSR). The article states that "companies that carry out their activities/businesses in the field and/or related to Natural Resources must carry out their social and environmental responsibilities" (Rachman et al., 2011).

The article also states that companies that do not carry out their social and environmental responsibilities will be subject to sanctions in accordance with laws and regulations. With the issuance of the regulation, it simultaneously attracted controversy from the company. There are some companies that object to the decision, but on the contrary there are also some companies that do not really care or do not feel heavy about the article.

The company is required to have concern for the community by prioritizing long-term interests and sustainability rather than the interests of momentary interests through CSR programs. Corporate Social Responsibility (CSR) itself is a form of social responsibility that must be carried out by a company to the area and community around the company affected by company activities, either directly or indirectly. In the principle of responsibility, significant emphasis is given to the interests of the company's stakeholders. Here the company is required to pay attention to the interests of the company's stakeholders, create added value from products and services for the company's stakeholders, and maintain the continuity of the added value it creates. (Abidin & Mais, 2022) (Werdiningtyas et al., 2020)

(Demmallino et al., 2018) gives the view that companies that want to be sustainable must pay attention to the "3Ps", where in addition to pursuing profits companies must also pay attention to and be involved in fulfilling the welfare of the community (people) and actively contribute to preserving the environment (planet) (Naibaho et al., 2021).

Now awareness about the importance of practicing CSR has become a global trend along with the issuance of Article 74 of Law No. 40 of 2007 concerning Limited Liability Companies and also the increasing concern of the global community for environmentally friendly products and produced by taking into account social principles and human rights principles. For example, boycotts of Nike shoe products by citizens in Europe

and the United States occurred when Nike shoe manufacturing factories in Asia and Africa reportedly employed minors.

Corporate Social Responsibility (CSR) is no longer just a corporate obligation, but a strategy developed by the company. This is because so much effort, time, and funds are spent on activities such as community development. The provision of assistance funds to the community around the company, which is issued by the company in no small amount, which is often labeled with the name of the community development program is used as an indicator that the company has carried out its responsibilities Reciprocity for the company as a business institution should also exist. So, running a CSR program is not just running with full awareness but also the right calculations and strategies. Both the strategy for the community that is built and the strategy for the company itself.(Radyati, 2014).

Mining companies with consumer goods companies certainly face different situations. Mining companies will face the issue of environmental destruction around mining areas. Meanwhile, consumer goods companies deal with the consumer market. Social and environmental issues will have a greater degree of relevance to people around mining areas than to consumers in urban areas.(Temy Setiawan & Ak, 2022)

Community competence in various fields, quality of life, and improvement of community welfare are the benefits of CSR. The Company participates in environmental damage so that it is minimized by preserving the environment and reducing the impact of natural disasters. Meanwhile, the improvement of community welfare can be accelerated with CSR assistance from companies that are close to the location of the community. Therefore, with these activities, government programs in an effort to improve education and living standards as well as employment opportunities can be achieved(Sulistiyowati et al., n.d.) .

Based on previous research, the implementation of CSR carried out by mining companies has been studied from community empowerment to improve community welfare. According to him, one of the approach models used in the community and implementation in CSR development through community development is MSMEs. So this is the background in carrying out this research, namely because of the large number of existing mining companies and the increasing awareness of companies related to the necessity to be socially responsible in carrying out their activities, corporate social responsibility (CSR) becomes an inseparable part of the company's survival in the future. According to him, the social responsibility carried out by mining companies can provide positive benefits for the lives of the surrounding community as discussed in previous studies on CSR.(Suhadi et al., 2014)(Gea et al., 2022)(Oktarinasari et al., 2021)

The purpose of this study is to determine the implementation of Corporate Social Responsibility (CSR) programs in coal mining companies and their impact on sustainable livelihood.

## **METHODS**

This research uses a qualitative descriptive approach to produce reliable and valid data and information. Data collection techniques use interviews, observations and discussions. The source of the data is a key informant taken by snowball sampling method from the company, government and community. The data was analyzed using interactive methods.

## **RESULTS**

### **Implementation of CSR Community Empowerment Based on Local Wisdom in Coal Mining Companies**

Local wisdom when associated with the implementation of CSR is that the company continues to carry out its corporate activities while still allowing and developing the culture, customs and habits of the local community. As a form of local community, it is an effort to create meaningful social value for the community and the company in order to achieve the implementation of CSR. Through this interaction, mutual relationships can then be created that are mutually understanding and provide benefits for both. Many companies' CSR is done with the pattern of Community Development.(Subhan & Deviyanti, 2017)

Community development is a process by which people living in a particular location develop initiatives to carry out an action (with or without intervention) to change their economic, social, cultural and environmental situation according to the needs and problems of that community. CSR is a company activity to participate in overcoming social problems by improving the economy, improving the quality of life of the community and reducing various operational impacts on the environment, following applicable laws and regulations, in the long run has benefits for the company and community development.(Suyudi & Wulaningrum, 2019)(Gumanti et al., 2016)

CSR as a form of program implementation of community relations, if aimed at the right stakeholders and done appropriately, will be able to create a condition for the company. So that the company can carry out its activities better without any obstacles arising from the surrounding environment. The research aims to examine the implementation of CSR in coal mining companies with community empowerment based on sustainable livelihood.(Rahayu & Yetniwati, 2021)(Marthin; Salinding English, 2017)

### Impact of CSR Program Implementation on Coal Mining Companies

The existence of a company somewhere is often a problem for society and the environment. Based on the results of the interviews, the community obtained that the impact was divided into 4 categories, namely: (Susilo, 2023)

(1) Community conflict with the company. The results of interviews with communities around the mine can be a conclusion that often occurs

- (a) Land acquisition;
- (b) Recruitment of manpower;
- (c) Business opportunities (suppliers);
- (d) Company waste;

(2) Community conflicts with communities Conflicts that occur between fellow communities around mining land also often occur. Data that is perkedoleh

- (a) Overlapping land struggles;
- (b) Local communities and migrants;
- (c) Employment opportunities;
- (d) Business opportunities;
- (e) Social jealousy;
- (f) Uneven corporate assistance;

(3) Community conflict with village government

From the results of the study, it appears that there is a conflict that occurs between the community and the local village government. Some of the causes are:

- (a) Overlapping land certificates;
- (b) Alleged partiality of the Village Government to the company;
- (c) Granting permits for the use of public facilities such as roads;
- (d) Unfair distribution of aid implemented by village governments;

(4) The company's conflict with the environment. The existence of mining companies causes several environmental problems, namely:

- (a) noise;
- (b) Contaminated drinking, washing and bathing water;
- (c) creating large pits in some mine areas;
- (d) the number of roads damaged by heavy vehicles owned by the Company;
- (e) loss of flora and fauna in the mining area;
- (f) increased dust pollution and
- (g) flooding.

In carrying out its social responsibility, the company focuses its attention on three things, namely profit (profit), planet (environment) and people (society). By earning profits, companies can provide dividends for shareholders, allocate a portion of the profits earned to finance future growth and business development, and pay taxes to the government. By paying attention to the surrounding environment, companies can participate in environmental conservation efforts in order to maintain the quality of human life in the long term. The company also takes part in disaster management activities. Disaster management here is not only providing assistance to disaster victims, but also participating in efforts to prevent disasters and minimize the impact of disasters through environmental conservation efforts as preventive measures to minimize disasters. Attention to the community can be done by carrying out activities and making policies that can improve their competencies in various fields, such as providing scholarships for students around the company, establishing education and health facilities, and strengthening the local economy. (Pranoto & Yusuf, 2014)

In carrying out social responsibility, the company is expected not only to pursue short-term benefits, but also to contribute to improving the welfare and quality of life of the community and the surrounding environment in the long term. Consistent implementation of CSR in the long term will foster a sense of public acceptance of the company's presence. Such conditions can in turn provide economic-business benefits to the company concerned. CSR should not be viewed as a repressive demand from society, but rather as a business need. Economic Sustainability according to the World Business Council for Sustainable Development defines CSR as a business commitment to contribute to sustainable economic development by paying attention to employees and their families, the surrounding community and the public in general to improve their quality of life. One of PT XX's coal mining companies in Tanah Laut Regency, South Kalimantan Province, in this case, has carried out these activities judging from the programs they delivered. In terms of economic, environmental and socio-cultural, several activities have been carried out by the Coal Mining Company in South Kalimantan in accordance with the 2007 Law in Article 1 point 3 states that social and environmental responsibility is the company's commitment to participate in sustainable economic development in order to improve the quality of

life and the environment, which is beneficial for the Company itself, the local community, and society in general (Yusuf, 2023).

Every mining activity will have a conflict of interest because Social Sustainability is a collaboration between the company, government and the community either directly or indirectly. They interact with each other to ensure the existence and sustainability of the company, namely social responsibility and environment. However, in the implementation of CSR programs in several Coal Mining companies in the exploitation of coal mines in South Kalimantan, there are still conflicts of interest between the community and entrepreneurs, the community with the government and the community with the community. The emergence of conflicts of interest between citizens and the government and entrepreneurs in coal exploitation is caused by the non-accommodation of residents' interests in coal exploitation. The same case also occurred in Karanganyar Regency from the results of Winarti's (2011) research on the implementation of the general urban spatial plan policy, where there was a conflict of interest between the farming community and the developer (entrepreneur) and the government. Government parties (BPN, Bappeda, Camat), developers and farming communities have different interests. BPN is interested in regulating certain areas in accordance with land use, Bappeda is interested in developing regional potential, sub-district heads are interested in providing initial recommendations, developers are interested in business opportunities and farmers have a pragmatic attitude to sell their fields at high prices. There are two major interests in the implementation of the general plan of urban spatial plan policy, namely the enforcement of the regulation of the general plan of urban spatial planning and the interests that develop in the field, namely the interest to improve the welfare of the farming community and the business prospects of developers.

To anticipate the problem of conflicts of interest that arise, the government needs to intervene, namely through regulations made by the government as a form of preventive steps if there is a conflict of interest. Without intervention from the government in the form of regulations or legislation, conflicts that occur are difficult to control as happened in Budiman's (2013) research on spatial plan policies for city and district borders, where the government does not act in regulating agricultural land in urban and district border areas. The government only takes policies that are lettuous, where each interested party regulates itself in managing land in border areas so as to cause greater public problems, namely the emergence of environmental problems, loss of land catchment function, floods and social conflicts which include conflicts with community members and communities with developers.

### **Analysis of Research Findings of Social Mapping Variables and Sustainable Livelihood**

Researchers use terms of reference for social mapping and sustainable livelihoods by adapting according to UNDP (2017). The assets that become indicators include: (1) human capital (human), (2) social capital (social), (3) natural capital (natural), (4) physical capital (physical), (5) financial capital (financial). The use of the UNDP framework is considered to facilitate real project planning and program implementation. The series of activity programs are designed with integrated support to improve the sustainability of the livelihoods of the poor and vulnerable by strengthening the resilience of their adaptation strategies. UNDP specializes in technological development and social and economic investments that tend to seek areas to improve people's livelihoods.

The UNDP (2017) version of human capital consists of ability, experience, work skills, and good health, in other words seen in the quantity and quality of existing labor. Human capital is needed to utilize all other forms of capital, because it is not enough as a stand-alone resource to achieve sustainable livelihoods.

**Social Capital:** It refers to the networks, norms, and beliefs that facilitate cooperation and collaboration within society. These include indicators such as the level of social cohesion, political participation, and rule of law.

**Natural Capital:** It refers to the natural resources and ecosystems that provide essential goods and services to human society. It includes indicators such as forest cover, water quality, and biodiversity.

**Physical Capital:** It refers to the infrastructure and equipment that enables economic activity and improves living standards. It includes indicators such as access to electricity, transport systems, and communication technologies.

**Financial Capital:** It refers to the financial resources available for investment and economic growth. These include indicators such as access to credit, stability of financial institutions, and levels of foreign direct investment.

By assessing a country's progress in each of these asset categories, UNDP aims to provide a comprehensive picture of development that goes beyond economic growth alone.

Companies to be able to determine CSR programs can be done through 3 stages, namely conducting stakeholder analysis that will be asked for information, analyzing with a Sustainable Livelihood Approach framework approach, and conducting assessments based on needs and resources available or possible to be achieved.

## CONCLUSION

From the discussion above, it can be concluded that the implementation of CSR by coal mining companies has been carried out in accordance with the direction of the government and cooperates with Bappeda in the distribution process. The program consists of five aspects which include community relations, community empowerment, infrastructure development, natural and environmental disasters and operations. So that the community around the mining area can immediately feel the positive benefits of implementing the CSR program.

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