

How to Cite:

Purwanti, S., Abdoellah, O. S., Asdak, C., & Cahyandito, M. F. (2022). Effectiveness of corporate social responsibility performance in oil and gas companies in north Kalimantan. *International Journal of Health Sciences*, 6(S7), 5463-5473. <https://doi.org/10.53730/ijhs.v6nS7.13257>

Effectiveness of corporate social responsibility performance in oil and gas companies in north Kalimantan

Sri Purwanti

Padjadjaran University, Bandung, West Java, Indonesia

Email: wanties51@yahoo.co.id

Oekan S Abdoellah

Padjadjaran University, Bandung, West Java, Indonesia

Chay Asdak

Padjadjaran University, Bandung, West Java, Indonesia

M. Fani Cahyandito

Padjadjaran University, Bandung, West Java, Indonesia

Abstract---Development effort oil and gas experience enhancement enough fast, existence activity the Fulfill needs energy national. Indonesia is a developing country have backup oil and gas that became support growth economy and development however has the potential to cause impact to environment especially in area around industrial areas. PT. MEP is one of the company oil and gas operating in North Kalimantan in every the operation attempted create balance environment with draft give sustainable energy, however special CSR program performance field environment implemented life not yet measurable by certain because no there is guide special about Thing that . Focus study this is exploratory and descriptive. Researcher using engineering models data analysis with to do data collection, data reduction, past data presentation withdrawal conclusions (Miles and Huberman, 1992). Based on results research that has been conducted could concluded that environmental CSR performance already effective, implemented with good with implementing Governance Company sustainable

Keywords---Effectiveness, Performance, CSR, Management Environment.

Introduction

Along running time, development industry oil and gas from time to time

experience growth enough fast. Industry oil and gas have role important in growth economy specifically in Indonesia and have commodity strategic for Fulfill needs energy national, energy sector is at the heart of the country's economic (Dube and Jaiswal. 2015). Existence industry it is very much needed however potential to contaminate environment and needed role not quite enough answer corporate social responsibility (CSR) that can support management environment by planned and directed and in the business world role they have connection with dimensions social sustainability (Avesani, 2020). Corporate green practices have great potential to counter the issues pertaining to the natural environment (Abbas, 2019), p this is a draft that company strive use source power natural with wise without cause damage.

Indonesia is a developing country that is still to do activity development in everything sector. Development in context management environment is something must choice taken with meaning advance nation (Fadli, et al, 2016), choosing the right strategy such as CSR programs can be realize balance environment. Implementation of CSR in Indonesia started with existence development issue global environment and increasingly many companies that have implement in variety form as effort concern to the impact from activity effort that.

Wozniak and Jurczyk (2020) suggest that CSR has now days become a significantly important aspect of the functioning of large companies, CSR is form sensitivity and concern to condition social, economic and existence push continuity something company to care to the stakeholders interests and environment as well as could increase quality life Public around. The implementation of CSR in Indonesia has set in Regulation Government No. 47 of 2002 concerning Limited Liability Companies state that the Company that runs activity his business in the field and/or related with source power natural required doing Social and Environmental Responsibility, regulations this is derivative from Invite Law No.40 of 2007 concerning Limited Liability Companies. Next there is also a law Invitation No. 32 of 2009 concerning Protection and Management Environment Life state that quality environment more and more life decrease has threaten continuity life humans and creatures life other so that need conducted protection and management environment real life really and consistently by all holder interests , with existence Regulation law Invitation the so Becomes obligation company in push growth economy with consider factor environment live (Siregar, 2007), p this related with company as perpetrator industry must consistent in apply pattern work friendly environment and companies may decide by themselves which are the best practices and apply these practices according to company interest (Raufflet, Cruz and Bres, 2014) so that the company program appropriate target based on needs and who only can _ accept benefit it and will appear trust that environmental sustainability can increase the positive perceptions of the local community (Feito, Gonzales and Martin, 2021).

PT. MEP is one of the company oil and gas operating in North Kalimantan in every the operation attempted create balance environment with draft give sustainable energy, however special CSR program performance field environment implemented life not yet measurable by certain because no there is guide special

about Thing that and so far researcher know not yet there is studies that discuss it , this in line with Hubbard (2006) in Sebhatu (2009) that in fact measure performance organization difficult, especially when what to do be measured Keep going change and need existence action proactive company in integrate aspect related to CSR for reach performance positive (Feder and Weibenberger , 2021). Because of that researcher want to knowing effectiveness environmental CSR performance life by accurate so that could know and evaluate program achievements that have been implemented by PT. MEP which has an operating area in north Kalimantan. In 2011 the company get Duty from the Ministry of Energy and Resources Mineral Power for support the gas network program for Tarakan community and distribute natural gas for PT PLN Tarakan since 2002. Next _ company work same with government area in implement CSR, as for activities that have been conducted namely the empowerment program for Public like utilization rubbish house stairs, manufacture fertilizer organic and educational.

Literature Review

Effectiveness

Effectiveness is something achievements that can be measured through indicator sustainability and for knowing the success of the program so must notice purpose and existing, in addition to it can also give instruction how much far the target will be achieved (Sedarmayanti, 2009) and until to what extent is a group could reach the goal (Soekanto. 1984), p the in tune with the opinion of Sharma and Gupta (2009) that CSR is good have transparency in organization, efficiency effective and must consistent in accordance with business strategy (Le Ha Nhu, 2018) as well as could reach destination or set goals in skeleton Fulfill obligations set by the Government .

Sadler (1996) stated that the term effectiveness is often understood as referring to achievement of policy goals and measurements performance based on outcomes (Watson and Whitley, 2017) then benchmark measuring success that is from destination desired end achieved (Steers, 2008). Furthermore, Campbell in Steers (1989) suggests: that measure effectiveness covers a number of Thing that is understanding of the program, right target, right time, achieved goals and change real, different case with Duncan in Steers (1985) measurement effectiveness could conducted through achievement goals, integration and adaptation.

There is framework reference effectiveness consisting of from four element questions (Getty, et al. 2020):

1. Procedural effectiveness: have appropriate processes been followed that reflect institutional and professional standards and procedures?
2. Transactive effectiveness: To what extent, and by home, is the outcome of conducting the assessment considered to be worth the time and cost involved?
3. Substantive effectiveness: To what extent does the assessment lead to changes in process, actions, learning or outcomes?

4. Legitimacy: Was the assessment process perceived to be legitimate by a wide range of stakeholders?

Performance

Lanskosky (2000) defines performance environment refers to a level damage environment life caused by activities carried out by the company, in create good environment (Ikhsan, 2009) because issue environment have high complexity, diversity, and contingency (Yin et al. 2021) and factor other that is every company have characteristics and circumstances unique that will influence how company that looking at context operational and responsibilities answer social (Hohnen, 2007), because that need existence enhancement attention for report CSR performance in order to obtain legitimacy in operate business (Indrawan and Nahartyo, 2018).

Achievement implementation CSR activities require benchmark measuring measurement performance to know level the success that has set by the company. Mahsun (2013) suggests that element tree something measurement performance consist from:

1. Set organizational goals, objectives and strategies.
2. Formulate indicator and measure performance
3. Measure level achievement goals and objectives organization.
4. Evaluation performance.

Corporate Social Responsibility

Definition of CSR according to The *World Business Council for Sustainable Development* (WBCSD) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large, furthermore CSR moment this be marked with existence initiative standard by international in ISO 26000 form (Ranchman, et al. 2011). Based on ISO 26000 CSR is the responsibility of an organization or the impact of its decisions and activities on society and environment and in Thing this is CSR as form real business world concern to environment surroundings (Sambodo et al. 2012). Next according to *Prince of Wales International Business Forum*. There are five pillars in CSR activities, namely:

1. Building Human Capital

Internally, the company required for create source power reliable human then external, company required for committed to rights community, often through development society.

2. Strengthening Economies

Perpetrator effort requested no get rich yourself whereas people in their environment are poor and must strengthen economy surrounding.

3. Assessing Social Chesion

Perpetrator effort sued for guard harmony with Public around so as not cause conflict.

4. Encouraging Good Governance

In operate business, company must carry out governance good company.

5. Protecting the environment

Company always attempted for protect and preserve environment.

According to Commission Europe (2002) in Kooskora (2005) CSR is an integral part of from draft development harmonious sustainable with opinion Sumardjo, et al (2014) stated that that CSR an effort serious entity business for minimize impact negative and maximizing impact positive to whole holder interests, economy, social and environment for reach destination development sustainable , then there is consequence to operational company that is in the form of commitment company for could integrate concern social and environmental (Speziale and Klovienne, 2014) in take responsibility all form risks caused by activities operations, in order to realize balance with produce benefit from impact the good for company nor other .

Oil and gas companies face challenge in problem environmental and social so that need To do practice CSR development (Raufflet , Cruz, Brez . 2014), therefore it's very important company for manage not quite enough answer social (Speziale and Klovienne , 2014) and in To do activities capable work same with organization or party others (Kottler and Lee, 2005) so that programs can integrated , directed and measurable as well as created harmony between stakeholders.

Corporate Sustainability

The company must have an effective sustainable strategy especially in the company oil and gas (Deegan and Gordon, 1996) is one of them with the existence of a CSR policy program because success implementation of CSR and Corporate Sustainability important for industry (Duttagupta , et al . 2001) for sustainability operation business company . The concept of sustainable development on a corporate level is stated as a corporate sustainability which is based on three pillars economic, ecological, and social issues, therefore, the social dimension is named CSR (Ebner and Baumgartner, 2006).

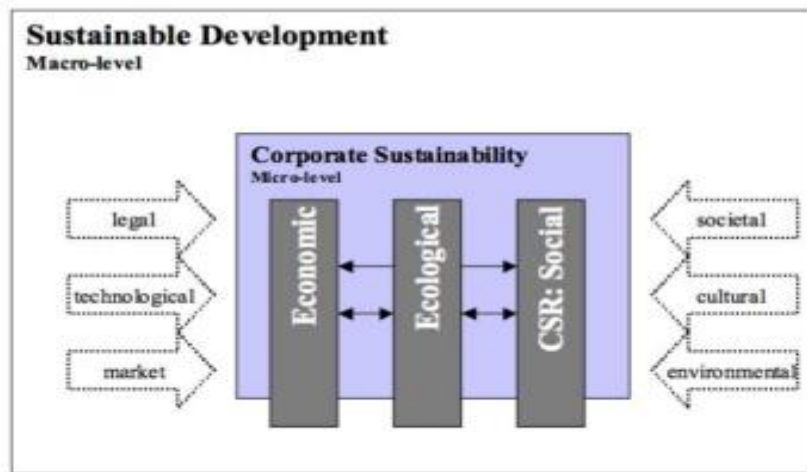


Figure 1. Relationship between SD, Corporate Sustainability and CSR
(Ebner and Baumgartner, 2006)

Research Methods

Approach research used is qualitative descriptive. Focus study this is exploratory and descriptive. Researcher using engineering models data analysis with To do data collection, data reduction, past data presentation withdrawal conclusion (Miles and Huberman, 1992) with To do documentation by systematic to the data that has been obtained from literature studies , documents , interviews and observations field so that results study more precise and objective . Study this conducted for knowing how effectiveness CSR performance in particular about management environment at PT. MEP located in North Kalimantan and in implementation researcher use technique observation participatory, then selected informants has Fulfill criteria subject study that is employees and related communities direct with corporate CSR activities.

Figure 2. Skeleton Conceptual CSR Performance Effectiveness



Discussion

CSR program run by the company is effort active doing _ by periodically in realize concern to activity Public character positive and give benefit for whole holder interests and give benefit in increase score positive in the eyes public . In general company apply activity sustainability is one with to do not quite enough answer social like increase role in guard sustainability environment, because that important existence measurement CSR performance for destination achievement of corporate strategy (Indrawan and Nahartyo. 2018). In Thing this data collection with use indicator measurement the effectiveness of environmental CSR programs at PT. MEP obtained results as following:

1. Destination

Implementation of responsibility program answer social field environment cooperate with Tarakan City Government such as utilization waste plastic Becomes ingredient burn oil purposeful alternative _ for reduce amount waste , and generate energy alternative . Then manufacture fertilizer organic liquid with microorganisms local have destination increase ability, knowledge and independence Public in entrepreneurship, next plant herbal medicine increase awareness Public through utilization drug experience as well as produce enhancement the economy in the village East Mambirdan. Agriculture plant organic and waste bank is activity empowerment group impactful community _ positive to eye livelihood and also support government in the program to reduce rubbish as effort build concern environment.

2. Integration

Corporate CSR integration addressed for equalize perception, view or synergy between government programs company areas and programs so that appropriate target and fit with needs Public especially concern environment, human resource and economic improvement. PT. MEPs work together with government Tarakan city through management program rubbish integrated in the market Tenguyun , then company with the Department of the Environment Tarakan's life does education sorting 3R waste and waste bank socialization, training and assistance agriculture organic and hydroponic .

3. Adaptation

The company has demands will importance a connection good with the community around the area of operation his business. PT. MEP adapt to the changes that occur in empower and support independence community Public the city of Tarakan, has commitment contribute to helpful program implementation achievement development sustainable. Planned program could realize based on needs Public local and precise marked target with acquisition achievements made by the group built company, then implementation empowerment Public more innovative and productive score enough economy significant.

Next determination measurement performance use approach Mahsun (2013) which states that element tree something measurement performance consist from:

1. Set organizational goals, objectives and strategies.

Company in destination operations and business state that leadership of and by workers, development social and environmental life, and empowerment Public local. Try achieve the target that has been set in framework CSR program sustainability by involve various holder interest

2. Formulate indicator and measure performance.

Company defines criteria for formulate indicator and measure priority with destination identify material issues, after that conducted evaluation plan sustainable CSR work in operational areas that have been agreed together based on applicable regulations.

3. Measure level achievement goals and objectives organization.

Measurement, monitoring, reporting progress performance of PT. MEP done with 2 stages that is plan period short and plan period medium Aiming length for reduce and overcome impact environment, reduce use energy and strengthen diversity programs live. Target policy environment on Performance Company is all holder influential interests to success business and CSR programs.

4. Evaluation performance.

Environmental CSR program policies need evaluation for disclose results from achievement, evaluation performance performed on all stages from program planning, implementation and impact. Owned sustainable governance Principles Company run in various activity like Strengthening Agribusiness based on Agriculture Organic, Agricultural Grade Organic for student, Sokola Activity Nature, support for religious, health, educational and cultural activities. Evaluation performance reviewed from the benefits that have been achieved from programs that have implemented.

Table 1. CSR Programs

Operations	2017	2018	2019	2020
	Strengthening of agribusiness based on organic through hydroponic vegetable training program	Strengthening of agribusiness based on organic farming program	Strengthening of agribusiness based on organic farming program	Village road rehabilitation

Tarakan	Renewable Energy Development Support	Health Program	Organic farming class for students	Walk-way construction
	Waste Management Program Support	Environment Program Support	Sokola Nature activities program	Public & social facilities rehabilitation
	Stakeholder Mapping		Mobile library activities program	Organic farming mentoring program
	Local Disaster Contribution		Health Program (Healthy Living Socialization & Sport Program)	Mobile library
			Education Program Support	Honey bee and durian montong cultivation
			Public Facilities Support	Culture program support
				Government green program support
				Market fire victims handling support
				Trash container support

Conclusion

Based on results research that has been conducted could concluded that the performance of the CSR program carried out by PT. MEP already effective. Company always to do monitoring goals and performance by periodically and carried out evaluation of CSR programs such as enhancement culture safety employees and the environment, reduction waste and emissions. Strategy and policy company in accordance with commitment policy environment and improve life Public around the operating area. Next company could measure and develop CSR program performance towards more good in skeleton protection environment related with continuity business period long and CSR must be consistent with a business strategy that maximizes efficiency source power nature.

References

- [1] Abbas, J. 2019. Impact of Total Quality Management on Corporate Green Performance Through the Mediating Role of Corporate Social Responsibility. *Journal of Cleaner Production*, <https://doi.org/10.1016/j.jclepro.2019.118458>
- [2] Avesani , M. 2020. Sustainability, Sustainable Development, and Business Sustainability. *Life Cycle Sustainability Assessment for Decision-Making*, Pages. 21–38. Elsevier. <https://doi.org/10.1016/B978-0-12-818355-7.00002-6>
- [3] Deegan, C., Gordon, B. 1996. A study of the environmental Disclosure Practices of Australian Corporations. *Accounting and Business Research*, 26(3), 187-199. Doi: 10.1080/00014788.1996.9729510
- [4] Del-Castillo- Feito , C., Blanco-González, A., & Díez -Martín, F. 2021. The effect of Implementing Environmental Policies and Employees Environmental Training in Multinational Companies Legitimacy [5]. *Level in Emerging Countries. Journal of Cleaner Production*, 312, 127817. Vol.132. <https://doi.org/10.1016/j.sbspro.2014.11.254> .
- [5] Dube, I., Jaiswal, N. Corporate Governance in the Energy Sector. *Jindal Global Law Review* 6, Pages. 143–178. 2015. <https://doi.org/10.1007/s41020-015-0018-z>
- [6] Ebner, D., Baumgartner, R. 2006. The relationship between sustainable development and corporate social responsibility. *Corporate Responsibility Research Conference (CRRC)*. https://www.researchgate.net/publication/228615047_The_relationship_between_sustainable_development_and_corporate_social_responsibility
- [7] Getty, R., Morrison-Saunders, A. 2020. Evaluating the Effectiveness of Integrating the
- [8] Environmental Impact Assessment and Mine Closure Planning Processes. *Environmental Impact Assessment Review*, Elsevier. <https://doi.org/10.1016/j.eiar.2020.106366>
- [9] Hohn , Paul. 2007. Corporate Social Responsibility: An Implementation Guide for Business. International Institute for Sustainable Development. ISBN 978-1-895536-97-3. http://www.iisd.org/pdf/2007/csr_guide.pdf
- [10] Ikhsan , Arfan . 2009. Accounting Management environment . Yogyakarta: Graha Knowledge
- [11] Indrawan , F., Naharthyo . E. 2018. Analysis Activity Performance Assessment Social Responsibility _ with Method Prism Performance Measurement in Global Reporting Initiative Perspective . <http://etd.repository.ugm.ac.id>
- [12] Kooskora , M. 2005. Perceptions of Corporate Social Responsibility Among Estonian Business Organizations . *EBS Review*. 2005. 74-87.
- [13] [13]. Kotler, Philip., Lee, Nancy. 2015. Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause. John Wiley & Sons Inc. Hoboken New Jersey. ISBN: 978-0-471-47611-5
- [14] Le Ha Nhu , Thao., Anh, Doan., Velencei , Jolan . 2018. Measuring Corporate Social Performance. *Serbian Journal of Management*. <https://doi.org/10.5937/sjm14-18009>.
- [15] Mahsun , Mohamad. 2013. Sector Performance Measurement Public . BPFE. Yogyakarta.

- [16] Miles and Huberman. 1992. *Qualitative Data Analysis* . Jakarta : University of Indonesia Press
- [17] Regulation Government No. 47 of 2002 concerning Limited Liability Companies
- [18] Rachman , NM, Efendi, A., Wicaksana , E. 2011. *Complete Guide CSR Planning* . Jakarta: Spreader Self-subsistent
- [19] Raufflet , E., Barin Cruz, L., Bres , L. 2014. An Assessment of Corporate Social Responsibility Practices in the Mining and Oil and Gas Industries. *Journal of Cleaner Production*, 84, Pages. 256–270. <https://doi.org/10.1016/j.jclepro.2014.01.077>
- [20] Sadler B. 1996. *Environmental Assessment in a Changing World: Evaluating practice to improve performance*. Final Report. International Study of the Effectiveness of Environmental Assessment. Canadian Environmental Assessment Agency. International Association for Impact Assessment
- [21] Sambodo , et al . 2012. *Hint Implementation of CSR Field environment* . Jakarta: Field Communication Environment and Community Empowerment
- [22] Sedarmayanti . 2009. *Source Power People and Productivity work* . Bandung: CV. Forward City
- [23] Sharma, N and Gupta, S. 2009. CSR-Business Opportunity. *Indian Journal of Industrial Relations*, Vol. 44, No. 3, Corporate Social Responsibility, Pages. 396-401. <http://www.jstor.org/stable/27768212>
- [24] Sebhathu, Samuel. 2009. *Sustainability Performance Measurement for Sustainable Organizations: Beyond Compliance and Reporting*. <https://www.researchgate.net/publication/228946028>
- [25] Review, *Procedia - Social and Behavioral Sciences*, Vol. 156, Pages 633-638. <https://doi.org/10.1016/j.sbspro.2014.11.254>
- [26] Speziale , MT, Klovienė , L. 2014. *The Relationship between Performance Measurement and Sustainability Reporting: A Literature*
- [27] Steers, MR 1985. *Effectiveness Organization* . Jakarta: Airlangga
- [28] Soekanto . S. 1984. *Sociology Theory Effectiveness* . PT. Graha Gresik. Depok
- [29] Sumardjo ., Firmansyah , A., Dharmawan , L., Wulandari , YP 2014. *Implementation of CSR through Development Programs community : Innovation Community Empowerment PT. Pertamina EP. Asset 3 Subang Field. Baranangsiang : Care IPB*
- [30] Invite Invite Republic of Indonesia Number 32 of 2009 concerning Protection and management environment life
- [31] Watson, K., & Whitley, T. 2017. Applying Social Return on Investment to The Built Environment. *Building Research & Information*, 46(8), Pages. 875-891
- [32] Thao, L, H, N., Doan, A., Jolán , V. 2018. Measuring corporate social performance. *Serbian Journal of Management*. 14. DOI: 10.5937/sjm14-18009. <https://www.researchgate.net/publication/328934066>
- [33] Wozniak, J., Jurczyk , W. 2019. Social end environmental activities in the polish mining region in the context of CSR. *Journal of Resource Policy*. <https://doi.org/10.1016/j.resourpol.2019.101554>
- [34] Yin, C., Ma, H., Gong, Y., Chen, Q., Zhang, Y. 2021. Environmental CSR and environmental citizenship behavior: The role of employees' environmental passion and empathy, *Journal of Cleaner Production*, Volume 320, 128751, ISSN 0959-6526. <https://doi.org/10.1016/j.jclepro.2021.128751>.