INTERPRETIVE ANALYSIS OF CSR IMPLEMENTATION AND COMMUNITY EMPOWERMENT AT PT KRAKATAU STEEL (PERSERO)

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Abstract- PT Krakatau Steel (Persero) Tbk or PTKS is one of the State-Owned Enterprises (BUMN) located in the city of Cilegon, Banten Province. As a strategic industry, This company is engaged in manufacturing the steel industry. PTKS conducts corporate social responsibility (CSR) aimed at empowering the surrounding community through the Partnership and Community Development Program (PKBL). By using the Stakeholder Theory and Relationship Management Theory, it shows that stakeholders must be considered by the company. Assuming that the company deals with many groups that affect the company's goals. It is emphasized the nature of a relationship in the process, and the output for the company and its stakeholders. Relational management theory is useful to explain how CSR and public relations can balance the interests of the organization with the public, so as to create a harmonious relationship between the company and the surrounding community. The research used qualitative approaches and interpretative analysis. The implementation of CSR and empowerment of the community carried out by PTKS through PKBL is relatively running in accordance with the provisions contained in the Decree of the Minister of SOEs No.236 of 2003. CSR activities continue to be carried out mainly in the micro and small business sector. Both soft loans (Partnership) and Community Development run by PKBL PT Krakatau Steel (Persero) Tbk has significant impact for growing their business.

Keywords: CSR, Empowerment, Stakeholder, implementation; PTKS

INTRODUCTION

Every company will try to always maintain its existence and at the same time, they have to deal with the acceptance of the local community. Many ways are carried out by the company to show concern for the community the company or even those who are geographically far from it. Most company in Indonesia conducts various planned activities to maintain its existence and maintain good business by implementing corporate social responsibility. The study based on assumption that Corporate Social Responsibility is relative low in Asian countries (including Indonesia) compare to western countries (Chambers, et al, 2003). Therefore, This study focuses on how the company conduct corporate social responsibility in Indonesia in a particular small city.

Corporate social responsibility or CSR is a way for the company to become part of the environment where the company is located and benefiting society around them. The existence of the company is expected not only benefit the company, but also to be socially accountable for its stakeholders and the public. These include both the physical environment and the people living around the company. CSR also basically shows that corporate relations with society are not only viewed in the context of economic relations, but also in the form of social relations. In other words, companies need to build relationships with the community through activities aimed to the surrounding community in which the activities become a corporate act (the act of Companies). It is should be done on an ongoing basis, not just temporarily. It is important for the company to pay attention to this matter, given the public support for the existence of the company is needed. Social communicative approach through CSR becomes an added value for the company's efforts to build a good image. This image not only in society but also is reflected more broadly. And this will be very profitable for the company itself. According Sutojo (2001: 4), good and strong will build "personality" of the company. Therefore, it is
not easy to be copied by other companies. In addition, the approach to the surrounding community through various positive activities that are part of the company's CSR, can enhance a high positive emotional relationship. The impact will easily get support from the community. CSR programs run by the company have certain objectives for the continuity of the company's operational path. Implementation of CSR programs can provide maximum effectiveness. However, the effectiveness depend on how the company present the program to the stakeholders.

The implementation of CSR in Indonesia is increasing, both in quantity and quality. There are many variations of activities and management and the greater financial contribution. All of this indicate that CSR will provide the opportunity for the community to more efficiently in filling business opportunities. CSR activities in Indonesia have been regulated in legislation and Ministerial Decrees, namely Law No. 25 of 2007 concerning LN Investment No 67 TLN No 4274; Law No. 40 of 2007 concerning Limited Liability Companies, and the Decree of the Minister of BUMN (State-Owned Enterprises) with the Partnership Program and Community Development (PKBL). In this case the Government requires companies to carry out CSR activities as an effort to balance economic growth and economic equity. In implementing CSR, companies generally involve community participation, both as objects and as subjects. In this case, the community is one of the influential parties to help maintain the existence of the company in its environment. In addition, the community is a party affected by the company's operational impact, both negative and positive. it could have an impact not only for the environment but also social and political aspects.

Corporate social responsibility is related to how to empower the community. Community development aims to improve the living conditions of the community, and empower people to be able to direct themselves to be more efficient. Community empowerment should not always be in the form of charity, which is giving assistance without the obligation to return, or the provision that is "used up". But the efforts or activities carried out to lure the community to be more effective in the long term, for example by providing training in sewing, welding, agriculture, etc. which are provided free of charge. Thus when the training is completed, the community is able to open a business in accordance with the field taken. In this case, PT Krakatau Steel (Persero) Tbk, is one of the State-Owned Enterprises (BUMN) companies that contribute to the surrounding community and the environment through the Partnership and Community Development Program (PKBL). Until now the program is still being carried out by the company to empower the surrounding community. An obvious research question would be the role of Corporate Social Responsibility of PTKS and its relations to the surrounding community as their stakeholders. And also, it is interesting to explore what factors determine the success of implementations of the CSR Program, in this case, PTKS. The importance of this research is its contribution to a growing body of literature on Corporate Social Responsibility, as well as Public Relations area of discipline. This study also adds to the past research on Corporate Social Responsibility and Public Relations in Indonesia.

THEORITICAL FRAMEWORK

Discussion about CSR of companies on society can not be separated from the discussion on as well as business ethics. These three points are interrelated. CSR is a form of corporate attention to the community and the surrounding environment, which is also a form of ethical attitude in business. Forms of CSR activities can provide opportunities for people who live in economic limitations, can be empowered through corporate CSR activities. The definition of CSR is put forward by several experts which essentially have the same meaning. According to Kotler and Lee (2005: 3), Corporate social responsibility is a commitment to improve community practice and contribution of corporate resources. Meanwhile The World Business Council for Sustainable in Kotler and Lee (2005: 3) suggest that CSR as a business commitment to contribute to sustainable economic development, working with employees, their families, the local community, and the society at large to improve their quality of life. Thus CSR can be said to be an important program of the company to show its concern for the environment, especially the surrounding community. It means that the company always have responsibility for the community where they located (Cutlip in Friadi & Rusfian, 2017). The challenge is how to define the public interest and how to accommodate stakeholders needs.

This needs to be understood by business people that the running of the company is not just for profit, but also has the intention to help the community and the environment through the activities
programmed by the company. These activities should be carried out on an ongoing or long-term basis, due to related efforts to improve the quality of life. This is in line with the principles of social responsibility expressed by Crowther David (2008) in Noorhadi (2011) quoted by Zubair (2016), which suggests that social responsibility should be sustainable, accountable, and transparent. Doorley and Garcia (2007) also added that the principles of CSR should be accurate and credible. In the sense that the activities carried out by the company should be carried out continuously, it can be known how many times the activities are carried out in providing assistance to the community, and of course it requires openness to the community. Openness can provide added value to the company in the effort of the existence of companies in the business world so that the company is increasingly known. CSR is the commitment of the company or the business world to contribute to the sustainable economic development by taking into account the responsibility of the company. It is also focused on the balance between giving the attention to economic, social, and the environment aspect.

The community and its environment are the external public company or company stakeholders. Jones, Thomas and Andrew (1999) suggested the stakeholder theory with the assumption that the company relates to many groups that influence the company's objectives. The theory also emphasizes the nature of a relationship in the process and output for the company and its stakeholders. The importance of all stakeholders' legitimacy has intrinsic value, and does not form interests that are dominated by one another. This approach also focuses on managerial decision-making (Ardianto, 2011). In addition to stakeholder theory, Relational management theory developed by John Ledingham and Steven Bruning, can be attributed to discussions about CSR. In this theory it is said, that public relations (public relations) can balance the interests of the organization with the public, which can be achieved through managing the relationship between the organization and the public (Ardianto, 2011).

In other words, a harmonious relationship needs to be established between the company and the environment or the surrounding community, so that the community does not hesitate to provide support to the company. In the end, Corporate social responsibility program carried out by the company should create mutual understanding, mutual respect and appreciation, and also, mutual trust.

**METHOD**

In this study, researchers try to explore the issues related to CSR activities in more detail, rather than trying to get into a general picture. To conduct this type of research, we use a qualitative approach with interpretive analysis method. Primary data sources are carried out through observation and interviews with resource persons in the field, and secondary data sources through literature studies that are relevant to this research. Data collection techniques in the form of depth interview and observations. These methods allow us to get rich and detail data. Researchers are conducting interviews with informants who are considered credible to the research. One of the key informants is Mr. Eko Dumadi as the Manager of Corporate Communication PTKS. The study also using purposive sampling technique. The reason behind this is because researchers assume that the informants are the people who manage and responsible for the CSR programs at PTKS, They are considered to have knowledge of the activities carried out by PTKS. The next research technique is by observing directly to the research location and doing site visit to the Corporate Communication Division. To support primary data, researchers also conducting literature studies from various relevant sources such as newspaper, research publications, company reports and other documents.

The nature of qualitative research implied that data collection and data analysis is generally proceed together. Data collected is rich and in depth which is very important in this research. The data is analysed and presented in a systematic and logically way. However, the findings and discussion is presented narrative in the form of storyline.

**RESULT AND DISCUSSION**

PT Krakatau Steel (Persero) Tbk is a state-owned company that is included in the strategic industry in manufacturing that processes steel. Until now PT Krakatau Steel (Persero) Tbk (hereinafter abbreviated as PTKS) continues to run CSR through the Partnership and Community Development Program (PKBL). Actually programs providing assistance to the people of the long PTKS have been done long before the decree of the Minister of SOEs dropped, namely by providing aid in the form of
grants. This assistance is given voluntarily, in the sense of being a form of philanthropy. But after the Decree (SK) of the Minister of SOE was dropped in 2003, then the program that had been implemented was called the Partnership and Community Development Program (PKBL). The objectives of this program are those that run businesses on a small scale or commonly called "Small Businesses" (UK). While the Community Development program (BL) itself is already no stranger to PTKS, ie including by providing assistance in donations form, so its grants. In its implementation, the funds channeled to PKBL come from several sources, namely u as follows: For partnership programs, funds come from the allowance for company profits after tax (1%-3%); Results of loan interest, interest on deposits and or demand deposits from Partnership Program funds after deducting operating expenses; and Delegation of Partnership Program funds from other SOEs, if any. As for the Community Development Program, funds come from the provision of profit after tax, a maximum of one percent (1%) (SOE Ministerial Decree No.236 / MBU / 2003).

When viewed from the percent value, the amount of funds disbursed depends on the size of the company's profits each year. If the company achieves high profit, then the amount that can be channeled will also be high. If the company does not get high profits, then the funds channeled to PKBL will also be low. However the existence of these rules, as the stem to make sure that the CSR program continues to run all the rules have not changed. The following discussion on the implementation of CSR and PTKS Empowerment is linked to CSR principles. Basically the decision contained the importance of the participation of State-Owned Enterprises (BUMN) to show their concern for the community, especially in the effort to empower and develop economic, social and environmental conditions through the Partnership program for small businesses and the Community Development program. This decision binds and affirms the importance of corporate responsibility to society. Basically, there is or without a decision, a company should pay attention to the surrounding community, because it is geographically located in the surrounding community.

Based on interviews with Manager Corporate Communication PTKS, that the company must pay attention to the surrounding environment, because the existence of the company must get support from the community. That why various activities in the form of community development (community development / CD) have been carried out since PTKS was established. CD activities are directed at various aspects of people's lives, such as education, health, economy, infrastructure, religion, environment. For this purpose donations are given selectively. Selected based on the level of importance and level of community needs. The following is a table of PTKS PKBL activities.

<table>
<thead>
<tr>
<th>Partnership Program</th>
<th>Community Development Program</th>
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<tbody>
<tr>
<td>Loan for Working Capital &amp; Investment</td>
<td>Providing educational assistance</td>
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<tr>
<td>Special loan</td>
<td>Improving the quality of public health</td>
</tr>
<tr>
<td>Grants for education, training, apprenticeship,</td>
<td>Infrastructure development and public facilities.</td>
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<td>marketing and other things to increase the productivity</td>
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<td>of small business partners.</td>
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<td>-</td>
<td>Aid for worship facilities</td>
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<td>-</td>
<td>Relief for victims of natural disasters.</td>
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The CSR program carried out by PTKS CSR is under principles as bellows:
1. Transparency in the delivery of CSR programs.
   Since PTKS turned into a public company (since going public), the delivery of CSR programs are very concerned factor transparency. Especially for programs that run in contact with the use of funds that are not small. Between 2% -5% of the funds disbursed from the proceeds of the corporation (determined at the annual GMS) are very significant and need to be aware of the shareholders from the elements of employees (MESOP Program and MESOP). Communication done by PTKS Corporate Communication on this matter when the GMS / EGMS becomes an integral part of the CSR program. Whether in the form of annual reports, CSR publications on internal media (magazines, SSOs and newsletters) or publications initiated by BUMN / BUMNIS magazines, are also included in the national mass media.
2. Openness in the provision of CSR assistance
Openness is an important matter related to the implementation of CSR PTKS. Proposals from the public or community leaders and government officials can be conveyed through open letters through the media. This proposal is a meaningful input for the company. Moreover, PTKS always communicates and coordinates with the Lurah Forum / Village Heads throughout Cilegon City which are carried out periodically. Submission of information regarding the area that needs to be given open support CSR done on the basis of priorities and based on input from Cilegon City Government through and Ba Regional Planning.

3. Honest in implementing PTKS CSR program
Basically factors honest is the main thing in managing a program. Moreover, involving many parties and with a large source of funds, has a broad and beneficial impact on the community. Honest being the key word in action to strive for many benefits for the community and for program managers. The implementation of the PTKS CSR program is endeavored to always hold this principle, especially for employees who directly manage CSR programs. It is expected that they will be honest in conveying and reporting on corporate activities, especially CSR programs to all stakeholders of the company, both inside and outside through the mass media, which must be submitted based on data and facts. Honestly also related to the mandate in maintaining public trust in carrying out CSR programs in line with the principles of GCGood Corporate Governance.

4. Accuracy in the CSR program of PTKS
Accurate factors in carrying out CSR programs cannot be separated from transparency and honesty managing CSR programs. Accuracy and accuracy in planning and implementing programs is important, and cannot be separated in goaling the program until it works. Correct data, having high accuracy with careful planning and processes in accordance with SOP (Standard Operational Procedures), Work Instruction (WI) and other rules will add good accuracy to the success of PTKS CSR programs.

5. Credible in carrying out PTKS CSR programs
One of the successes of CSR programs is the high credibility of the PTKS Community Development Unit. The community strongly believes in the company's CSR program because of its existence and great benefits for the people of Cilegon City. For that PTKS Community Development Unit always maintains its credibility, both in the eyes of stakeholders, Cilegon City Government, Cilegon City DPRD, and the Central Government, especially the Ministry of BUMN. Community development or CSR PTKS is considered a role model in the SOE environment in Banten. In fact, it is often used as a place of study or comparative study of CSR programs for SOEs in the country. This shows high credibility, which is inherent in the CSR program of PTKS.

6. Ethics in implementing PTKS CSR program
Program CSR PTKS executed by referring to the Business and Work Ethics Guide Krakatau Steel. In interacting with the community, the company has a commitment to develop and maintain good relationships. Thus the company is ethically responsible, which means that the company is obliged to practice things that are good and right in accordance with the guidelines of the company's ethical values.

7. Consistency of PTKS in running CSR programs
Since 2003, there has been a change of leadership, however, PTKS has remained consistent in carrying out its corporate programs including this CSR program. This cannot be separated from the existence of PTKS as a state-owned steel industry that plays a role in the upstream industry at the national level. Since it was still called PUKK (Small Business and Cooperative Development), then it was replaced by PIK (Small Industry Development), which eventually became Community Development (Comdev). PTKS remained consistent in carrying out CSR programs. In this case the Corporate Communication Division (Cor Com Division) acts as a corporate communicator, consistently striving to build public trust by backing up corporate programs including CSR programs by publicizing CSR activities carried out by the company through internal media. Both Krakatau Steel Group (KSG) and other internal media.

8. Walk The Talk in the PTKS CSR program
Walk The talk is a term used in the field of management, meaning "do action", "do what you say", "do what you promise". When linked to this problem, PTKS management has carried out according to the plan implemented in the PTKS CSR program which is based on the Decree of the
Minister of BUMN No. PER-08 / MBU / 2013 concerning PKBL. Included in running the CSR program through the PKBL Unit, in accordance with the regulation of the Minister of State Enterprises No. PER-05 / MBU / 2007, that each BUMN must form a separate unit specifically to implement PKBL. This is an integral part of the company's overall organization.

The analysis of implementations of CSR at PTKS shows that there is consistent in carrying out its CSR programs in accordance with the regulations and laws that apply to BUMN companies. PTKS CSR program consists of two fields, namely the Partnership and Community Development (BL) fields. CSR in the Partnership field is an effort made by PTKS by providing soft loans in accordance with the ability of business owners to return. But before being given a loan, an initial analysis is carried out to ensure that the business carried out can routinely return the loan. However, the implementation of the partnership program has stalled, namely stakeholders who get loan assistance from the company cannot return their loans to PTKS, resulting in a return bottleneck. While for the Bina Lingkungan field, various activities are carried out to empower and develop the community depending on the needs of the community.

Several activities carried out as a form of corporate CSR, namely the provision of scholarships for students living around the company. Assistance is given starting from the elementary school level, junior high school, senior high school, and tertiary education institutions specifically located in Banten Province. This scholarship is given every month directly to the school, then the school determines which students deserve education assistance.

Other activities include the provision of sponsorship assistance for community activities, such as "mass circumcision", working together with the Krakatau Medika Hospital (a subsidiary of PTKS) and the Cilegon City Health Office. It also did not involve Village Heads whose children in the village participated in circumcision. Thus this activity is highly integrated during its implementation. The company is not only facilitate from the implementation side but also give gifts to children circumcised in the form of a set of clothes for prayer, complete with a cap, and also some money. In addition to mass circumcision activities, for the health sector, the company also provides a "Health Check" program. This program is held every three months, with different locations, or rolling out locations. Community members can check their health for free, including giving free medicines. Especially for this program, villages located in Ring I (the closest location to the company) received major attention. Assuming that the village is the village closest to the location of the company and most affected by the impact of the plant, both pollution, waste and noise from factory activities. The activities included in other CSR field is a thousand trees green movement, both in the form of trees are still small or a lam form of seeds. This is done in the hope of creating a beautiful and green area even though it is close to a steel factory. Especially for this program, PTKS collaborates with the Cilegon City Government, specifically the Environmental Service and also NGOs (Non-Governmental Organizations). The greening program is included in the long-term program which continues to be monitored by PTKS so that progress continues to be known.

The construction of infrastructure and facilities is also a concern for PTKS, some of which are providing land and building public spaces, where the people of Cilegon city can use these facilities as a place to play and entertain, especially for children. Providing land grants for mosque construction, as well as providing donations in the form of mild steel aid for the construction of several mosques in the city of Cilegon. So, assistance for natural disasters, such as floods and earthquakes in Lebak, Banten; Flood disaster in Ciujung - Bantenarea. Collaboration with the Indonesian Red Cross (PMI) in blood donor activities by PTKS employees and the public who want to donate their blood. PTKS CSR is related to other education fields, namely providing skills training - specific skills in industry to newly graduated high school students working together with chemical industry companies in Cilegon and Anyer (for example: PT Candra Asri, PT Lautan Otsuka Chemical), so that students who have graduated have provisions when they later work in factories. In addition, education programs carried out by PTKS management are carried out, in this case the Directors program Teach. All directors, each got a teaching schedule in several schools around the city of Cilegon, Serang, Pandeglang. While Direkur Marketing teaches in high schools in Jakarta. This activity benefits not only for school students but also for the students. In this way the directors can see first-hand how the situation and situation of learning in the regions are, so that decision-making can be done quickly when there are things that need to be helped.

PTKS also collaborated with the University of Indonesia, building a bridge called "Te Bridge - KS-S as". Textas stands for Engineering-KS-Sastra, which is a bridge that connects between the Faculty of Engineering and the Faculty of Literature (Humanities and Culture). The manufacture of this bridge
is the raw material for iron ore from the country, so it is also called red and white steel. PTKS is a holding company with other 10 (ten) companies. Each of which has a field of different businesses. Like for example 1) Krakatau Bandar Samudra, which is engaged in port services, helps in providing basic necessities to the people affected by natural disasters. 2) Krakatau Electric Power in the field of electricity procurement services. 3) Krakatau Medika in the field of health, mass circumcision activities, cleft lip surgery, cataract surgery. 4) Krakatau Tirta Industri in the field of water supply, which can be used not only for industry but also for housing and society. Providing funds or incentives to people who do not cut trees. Also planting mangrove around the company 5) Krakatau Wajatama in the area of concrete-section steel and bar manufacturing. Providing scholarships to the community around the company. 6) KHI Pipe Industry in the field of pipe manufacturing, 7) Krakatau Information Technology (KIT) in the field of information technology services (computerization, data processing), 8) Krakatau Engineering (KE) in industrial engineering, 9) Krakatau Industrial Estate (KIEC) fields management of industrial estates. Providing entrepreneurial skills, such as sewing. 10) LATINUSA (PelatTimah Nusantara) in the tin industry. Provide welded training for newly graduated students.

Activities undertaken jointly -Same KS Disasters such as earthquake, for example d i Lombok and other areas.Gov k units that deal with CSR / Community Development e ten subsidiaries k is working with PTKS as the holding company, is the right forum for effectivity PR CSR to be more synergistic. With this synergy, it has more power in terms of funds / budget in an effort to empower the community and build the efficiency principle of community empowerment goals. For example, each providing funds for CSR programs together, then an accumulated fund of relatively greater than if only by a single company. In this case the PTKS as the holding company becomes the coordinator of the subsidiaries in carrying out community empowerment activities, so that all activities are known by PTKS, which is then published in the internal magazine of KSG (Krakatau Steel Group). This magazine is a joint magazine of ten subsidiaries, with members of Editorial Board taken from each subsidiary.

The study also found there is obstacles found in carrying out CSR. The responsibility of the State Owned Enterprises (BUMN), namely the Partnership and Community Development Program (PKBL), refer to Law No. 19/2003 concerning BUMN and Minister of SOE Decree No. 236 / MBU / 2003 dated June 17, 2003 concerning partnership and environmental development patterns. For private companies, initially this was still voluntary program, in contrast to PKBL funding, for a company this program became a coercion because every BUMN must set aside 1-3% of the company's net profit. But with the existence of Law No. 40 of 2007 concerning Limited Liability Companies, namely Article 74, the implication is that CSR programs are only seen as an obligation. Large funds to be channeled as a form of heavy corporate responsibility matters for PTKS who are currently not making big profits. Any partners who in turn cannot repay the loan or "stagnant". Some people who do not get assistance from the PKBL consider this to be a futile activity. Another obstacle to a reduction in the amount of assistance provided by PKLS to the public, because of "dumping" by negara kompetitor steel world, such as China and Korea State. This results in a decrease in the number of consumers who buy steel to PTKS, so that automatic entry is reduced. Things that need to be considered are low understanding of CSR that is less than employees, incomplete understanding of top management levels, that CSR is only intended for external stakeholders. Whereas the company attention to employees will also have an impact on employees to help empower the surrounding community.

CONCLUSION

The study concludes that due to the uncertainty of the company budget directly affects the number of programs that are followed up. In other words, if the company makes a lot of profits, they can contribute more to CSR programs and can be given assistance in the context of empowering the community. Also, the company should making the most of collaboration in the form of partnership synergy to support the programs. There must systems developed for intersectoral partnership. In this case, PTKS and related agencies such as the City Government, and with other BUMNs and BUMDs, and the private sector. It is necessary to map the regions or regions about the condition of the people who need to be empowered, which is coordinated with the City Government of Cilegon. The City Government should have accurate data about the situation of the people in their territory. Again, a partnership is the key to the success of the CSR implementation.
REFERENCES


