

Dynamics of Participation by Olikan SMEs in the Implementation of PT. Pertamina's CSR: A Case of Fish Waste Management in Sidoarjo, Indonesia.

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Abstract

This research aims to describe and analyze the participation of Small and Medium-Sized Enterprises (SME) Olikan in the Corporate Social Responsibility (CSR) program of PT. Pertamina DPPU Juanda, particularly in the management of fish waste. Utilizing Keith Davis' engagement theory and a qualitative descriptive approach, the research results indicate that constraints such as member absenteeism, lack of facilities, and marketing obstacles affect the participation of SMEs Olikan in implementing the CSR program. According to the levels of community participation outlined by Arnstein, SME Olikan falls within the stages of placation, citizen control, and delegated power. Research recommendations involve task distribution within SMEs Olikan, provision of production facilities by PT. Pertamina DPPU Juanda, and coordination between SMEs Olikan and the Government of Kalanganyar Village to enhance participation and the sustainability of the CSR program.

Keywords: Participation; Corporate Social Responsibility program; Small and Medium-Sized Enterprises

1. Introduction

In the era of globalization and technological progress, corporations are not only expected to achieve financial success, but also to contribute to the sustainability and welfare of society (Hermundsdottir and Aspelund 2021; Zhang and Jin 2023). Corporate Social Responsibility (CSR) is one mechanism by which companies can play an active role in social and economic development (Akbar, Subianto, and Tamrin 2022; Wirba 2023). PT. Pertamina, as a leading energy company in Indonesia, has implemented a CSR program as an integral part of its responsibility to society. In this context, Kalanganyar Village is the focus of research, as the location for implementing the CSR program by PT. Pertamina.

The background to CSR (Corporate Social Responsibility) in Indonesia began in 2007, when the government implemented a corporate social responsibility program. The aim of this program is to develop the potential in each village with a focus on sustainable economic development and improving the quality of life and the environment. Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies and PP Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies regulate obligations in implementing CSR.

PT Pertamina (Persero) has become a role model in implementing innovative CSR programs, winning a number of awards at both national and international levels. In 2021, this company won the Best of the Best CSR of the Year award at the 2021 Nusantara CSR Awards, with CSR activities that support Sustainable Development Goals (SDGs), especially in providing jobs and economic growth. Pertamina Group also won the international award The 12th Global CSR Awards in 2020 for its innovative and sustainable CSR program which made a significant contribution to the surrounding community and environment. Pertamina's history, which began in 1957 until its legal status became PT Pertamina (Persero) in 2003, reflects the company's commitment to continuing to strive to be committed to social and environmental responsibility.

In the context of Kalanganyar Village, Sidoarjo Regency, the CSR program involves around 100 SMEs, the majority of which are engaged in processed milkfish, such as presto milkfish, thornless milkfish, otak-otak milkfish, shredded milkfish, and other products such as tiger prawns, crabs, and crackers. This program is expected to have a positive impact on society, the environment and economic growth in Indonesia.

Problems in implementing the Olikan SME CSR program in Kalanganyar Village include low member participation, postponement of activities due to the COVID-19 pandemic, inadequate waste utilization, and the environmental impact of waste disposal. The results of the interview with Mrs. Saadah showed that SME members, especially from RT 6, RT 16, RT 17, and RT 21, were rarely active in production, and there were no processed products visible in the production house. CSR activities were postponed in 2020 due to the pandemic, and the use of processed fish waste was not optimal, even though it had been used to make botok vegetables. Fish waste from the thorn plucking group which is thrown into the Sopo Nyono Final Disposal Site pollutes the environment. It is important to address the lack of member activity, evaluate CSR program strategies, and increase the efficiency of waste utilization so that this program can have a greater positive impact on Olikan SMEs and the surrounding environment.

In the context of the Olikan SME problem in Kalanganyar Village, the theory of community participation, as proposed by Arnstein (1969), emphasizes the importance of active involvement of members in the decision-making process and program implementation. The lack of member participation, as found in interviews with Mrs. Saadah, reflects an obstacle in achieving sustainability of CSR programs. From a CSR management perspective, the concept of program implementation and its positive impact on the environment and society, in line with the social management theory put forward by Carroll (1991)), is an important aspect that must be considered. The postponement of activities due to the COVID-19 pandemic reflects the need for adaptability and good planning in CSR management amidst unexpected situations.

In addition, the concept of sustainable development, which emphasizes the use of waste and environmental impacts that are managed in a sustainable manner, is in accordance with the principles of a circular economy (Ellen MacArthur Foundation 2013), become the basis for increasing the efficiency of utilizing Olikan SME waste. Solutions to increase member participation, handle activity delays, and increase waste utilization efficiency need to be developed by considering these theories and concepts, so that CSR implementation can provide maximum benefits for society and the environment (Carroll 1991; Ellen MacArthur Foundation 2013)

Several previous research results illustrate variations in the level of community participation in various development and CSR programs. Jamal et al., (2021) shows success in involving the community in PT's CSR program. Pertamina, along with participation theory. Sebaliknya, penelitian Julianto (Julianto 2020) highlighting the lack of participation in the implementation of BSPS in Koto Baru Village, sejalan dengan teori Coppen dan Uphoff (1977). Zhafira (2022) showed quite good involvement in the BUMDes program in Sidoarjo, even though they faced socialization obstacles according to Marschall's theory (2006) in Darin et al., (2015). Aminah & Prasetyo (2018) dan Sumiati & Lestari (2020) discuss participation in organizational development and the Population Administration Law, highlighting the stages, forms of participation, and inhibiting factors according to Keith Davis' theory in Aishwarya & Matheswaran (2018). These findings provide an overview of the complexity of community participation, and these differences can become the basis for this paper in developing more effective and measurable participatory strategies.

This research focuses on Olikan's efforts, which is a local approach that utilizes the potential of local resources and culture to increase the positive impact of CSR programs. Olikan refers not only to environmental sustainability, but also to the empowerment of local communities, ensuring that CSR programs not only provide secondary benefits, but also stimulate local economic development and long-term sustainability. This research is based on a number of theories that provide guidance in explaining the participation of Olikan SMEs in Corporate Social Responsibility (CSR) in Kalanganyar Village, Sedati District, Sidoarjo Regency. The concept of community participation in village development is considered essential, a joint responsibility between the government and the community. According to Tamrin et al., and Yang et al., (2022), community participation includes planning, implementation, monitoring, evaluation and utilization of results. Cohen and Uphoff (1977) highlight participation in decision making, implementation, utilizing results, and evaluation. Scott-Ladd & Marshall (2004) added forum elements, the ability to be involved in the process, and access to express opinions in decision making.

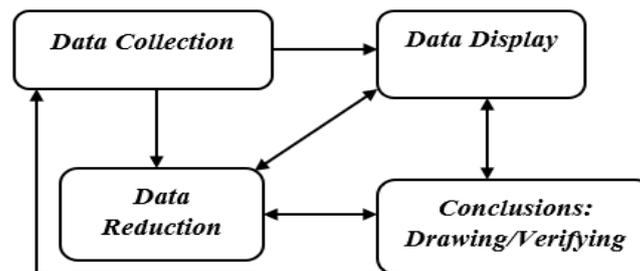
Keith Davis' theory (Aishwarya and Matheswaran 2018) emphasizes mental and emotional involvement, contribution motivation, and responsibility in community participation. To analyze the participation of Olikan SMEs, this research uses Keith Davis' theory of community participation. Arnstein (1969) offered a model of levels of participation, from manipulation to community oversight, with each level reflecting the degree of community involvement and influence in decision making. The participation theory matrix includes dimensions from the theories of, Cohen and Uphoff (1977), Scott-Ladd & Marshall (2004), and Keith Davis in (Aishwarya and Matheswaran 2018), strengthening the analytical framework. All of these theories form a rich conceptual basis for understanding community participation in CSR, especially in the processing of fish waste by SME Olikan.

2. Method

This research is qualitative research with a case study approach focused on the participation of Olikan SMEs in PT's CSR program. Pertamina DPPU Juanda in Kalanganyar Village, Sidoarjo Regency. The choice of qualitative method was chosen because of the connection of problems with human aspects and dependence on observation (Creswell and Creswell 2018). Researchers act as the main instrument, actively carrying out observation and interview activities in the field (Creswell and Creswell 2018). The research focus involves three aspects of community

participation according to Keith Davis, namely mental and emotional involvement, contribution motivation, and responsibility (Aishwarya and Matheswaran 2018). Apart from that, the research also analyzed the level of participation based on Arnstein's (1969) theory. The research location in Kalanganyar Village, Sidoarjo Regency, was chosen because the majority of the population works as pond fishermen. The research subjects were Olikan SMEs, and the information sources involved literature and field data (Patton 2002). Primary data collection was carried out through observations and interviews with four informants who had a deep understanding of the participation of Olikan SMEs in CSR programs (Miles, Huberman, and Saldana 2014).

Figure 1. Model Data Analysis Miles et, al (2014)



Source: Miles et al. (2014)

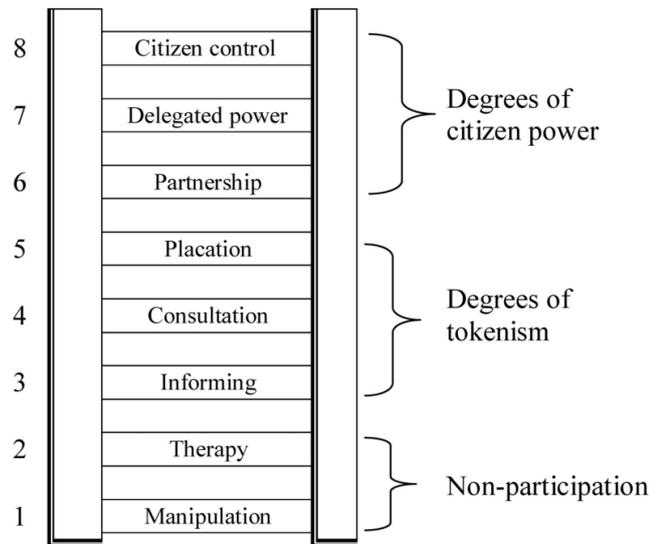
3. Results and Discussion

3.1. Mental and Emotional Involvement

In the context of participation, Keith Davis in (Aishwarya and Matheswaran 2018) argues that participation is not just physical presence, but also involves mental and emotional involvement. It includes psychological dimensions such as an individual's thoughts, feelings, and responses to situations or information. In CSR programs, this reflects the extent to which individuals are actively involved and attentive to the program being implemented (Adu-Gyamfi et al. 2021).

Olikan SME members in Kalanganyar Village responded positively to the CSR program which involved processing milkfish waste into economical products. Community awareness and enthusiasm, including support from the village government, are the keys to the success of this program. The positive response from Olikan SME members shows that CSR programs can provide significant economic and social benefits. In the aspect of mental and emotional involvement, the people of Kalanganyar Village, especially Olikan SMEs, are well involved in the CSR program. They not only join the program because of invitations from other people but also have an awareness of the social benefits that can be generated. Although some prospective members had information problems, generally they showed enthusiasm to participate.

Positive changes in the economic, social and environmental fields in Kalanganyar Village can be attributed to the community's active participation in CSR programs. Thus, the mental and emotional involvement of the community, as depicted in Arnstein's participation ladder figure 2, shows that they have reached the placement stage, where they have influence on government and company programs.

Figure 2. Arnstein's Participation Ladder

Source: Arnstein (1969)

The successful participation of Olikan SMEs in carrying out the CSR program also reflects the program's potential in empowering local communities economically and socially. With positive responses and increasingly strong influence from the community, CSR programs can continue to develop and be adjusted according to the needs and aspirations of local communities.

3.2. Contribution Motivation

The main idea of this section is the motivation to contribute to community participation, especially in the context of the Corporate Social Responsibility (CSR) program in Kalanganyar Village. Economic factors, opportunities to increase creativity and abilities, as well as joint efforts to achieve program goals are the main points in encouraging participation (Gundry, Ofstein, and Kickul 2014).

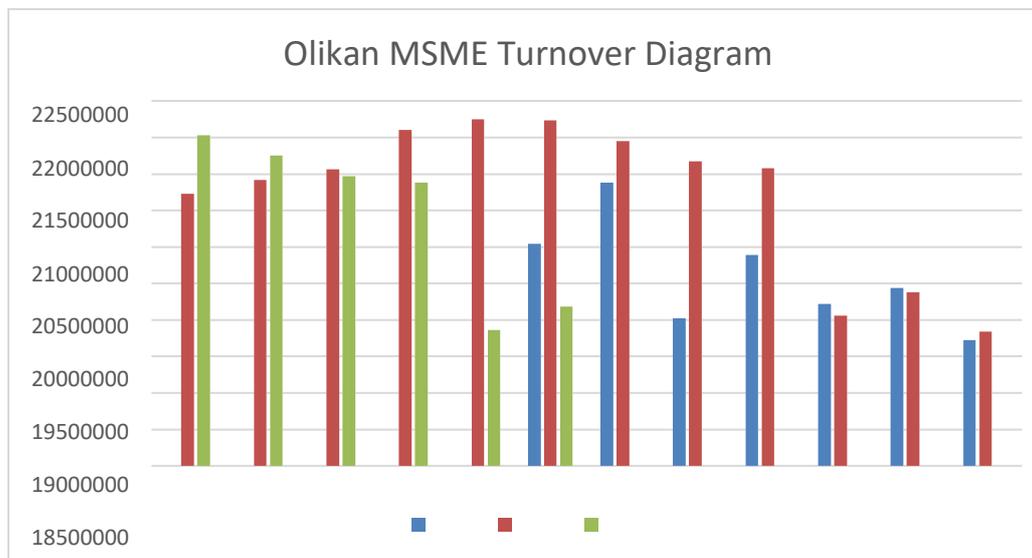
Olikan SME members, with support from PT. Pertamina, the Kalanganyar Village Government, and universities actively participate in CSR training for processing fish waste. Although they have an economic motivation to increase income, they also have a desire to contribute to development and achieve common goals. This CSR program, especially in processing fish waste into economical products such as crackers, requires support from facilities and incentives. University, PT. Pertamina and the Village Government provide assistance in the form of training, equipment, monetary incentives and product promotions. The welfare of Olikan SME members is the focus, and they strive to increase their income and the quality of their Human Resources (HR). Providing incentives and assistance from PT. Pertamina also motivates contributions for SME members.

In the context of effective participation, Keith Davis in (Aishwarya and Matheswaran 2018) emphasizes that freedom in groups must be maintained without any coercion or pressure that can cause tension. The welfare of Olikan SME members is influenced by various factors, including the efficiency and quality of their production activities. Increasing income is considered important to finance daily needs and increase family purchasing power.

The researcher's observations indicate that society tends to prioritize prestige over improving Human Resources (HR) quality, thus affecting the situation of Micro, Small, and Medium Enterprises (UMKM). The turnover diagram of UMKM Olikan shows variations in turnover depending on production activities, with a significant increase during the CSR program by PT. Pertamina.

Community participation in development, including CSR programs, is often considered a formality, with the community only being a tool to achieve company goals (Pfajfar et al. 2022). However, in the case of UMKM Olikan, it appears that there is motivation for contribution from PT. Pertamina, the Kalanganyar Village Government, and Olikan SMEs, are expected to contribute to each other in implementing the CSR program.

Figure 3. Olikan SME Turnover Diagram for The Period June 2021-June 2023



Source: Olikan SME bookkeeping (processed by researchers)

The importance of contribution in the motivational aspect leads to the Citizen control stage, where Olikan SMEs are not only beneficiaries, but also active partners in product management, decision making, and building their business.

Furthermore, community participation in Kalanganyar Village is not only as beneficiaries of the CSR program, but as active partners in making decisions related to their business. The Citizen Control concept shows that Olikan SMEs have high independence and can interact directly with outside parties without third party intermediaries.

In the context of the Corporate Social Responsibility (CSR) program in Kalanganyar Village, community participation, especially members of Olikan Micro, Small and Medium Enterprises (SMEs), can be described through the lens of Keith Davis' contribution of motivation theory (Davis 1973). Economic factors, as stated by the head of SME, Mrs. Saadah, are the main trigger for participation, with the decline in income during the COVID-19 pandemic encouraging them to be active in CSR programs. In Davis's theoretical framework, economic motivation is the entry point for participation, while participation itself is a step towards individual empowerment and achieving shared goals. Obstacles such as weather factors that affect the production of fish waste are a challenge, but enthusiasm to achieve common goals remains high. Thus, through the dialectic between contribution motivation,

limitations, and shared goals, the Kalanganyar Village community explains the complex participatory dynamics in achieving CSR program success (Davis 1973)

3.3. Responsibility

The third idea in the theory of responsibility according to Keith Davis (Davis 1973) emphasizes the importance of participation of Olikan SME members in CSR programs. PT. Pertamina DPPU Juanda provides support in the form of advice, infrastructure and mentoring to ensure the success of the program. Active involvement of Olikan SMEs and responsibility of PT. Pertamina DPPU Juanda was seen from the evaluation visit even though there were no production activities.

The importance of responsibility in the CSR context was emphasized by the Head of Kalanganyar Village, Irham Taufiq, who stated that Pertamina is socially and environmentally responsible. The involvement of Olikan SMEs as part of the local community is expected to support CSR programs and obtain multiple benefits. The interview results also revealed several factors that influence the limitations of Olikan SMEs in carrying out CSR responsibilities, such as the absence of members, lack of marketing activities, and production inactivity. The role of the SME chairman who has great responsibility in carrying out independent production is also in the spotlight.

In the context of CSR, Olikan SME responsibilities include product preparation, bookkeeping, completing tasks well and on time, and being brave enough to face risks. This responsibility is an important key in actively involving Olikan SME members in CSR programs, with the hope of achieving the goals of sustainable development and shared prosperity.

Responsibility theory according to Keith Davis in Aishwarya and Matheswaran (Aishwarya and Matheswaran 2018) provides a conceptual basis for understanding findings related to participation and responsibility in the Corporate Social Responsibility (CSR) program at Olikan SMEs. According to this theory, responsibility is an obligation to make decisions and act responsibly regarding the social and environmental impacts resulting from company activities. Field findings show that PT. Pertamina DPPU Juanda, as the main stakeholder, practices responsibility through active support for CSR programs, including evaluation visits to Kalanganyar Village.

The importance of this responsibility is also emphasized in the collaboration between PT. Pertamina DPPU Juanda and UMKM Olikan, where the active involvement of SMEs is expected to support sustainable development goals and improve community welfare. These findings are consistent with the concept of community participation, as described by Arnstein (Arnstein 1969), which places Olikan SMEs at the Delegated Power stage, where responsibility is given to beneficiaries to achieve the success of the CSR program. Overall, the field findings are congruent with responsibility theory, emphasizing the importance of active involvement and shared responsibility between companies and society in carrying out CSR programs to achieve positive and sustainable impacts.

4. Conclusion

In the context of Corporate Social Responsibility (CSR) in Kalanganyar Village, the active participation of members of the Olikan Micro, Small and Medium Enterprises (SMEs) is the

key to the success of the fish waste processing program. Keith Davis in Aishwarya and Matheswaran (2018) emphasizes mental and emotional involvement, which can be seen from positive responses and public awareness of social benefits. Contribution motivation, such as economic factors and support from PT. Pertamina, village governments and universities encourage Olikan SMEs to not only be beneficiaries, but also active partners in decision making regarding their business. The concept of responsibility, according to Davis' theory in Aishwarya and Matheswaran (2018), is reflected in the participation and involvement of Olikan SMEs, which have responsibility for product preparation, bookkeeping, and facing risks. In general, the results of field research support the idea of the concept of responsibility and emphasize the significance of active involvement and shared responsibility between companies and society. The aim is to achieve a positive and sustainable impact through the Corporate Social Responsibility (CSR) program.

To enhance the sustainability and positive impact of the Corporate Social Responsibility (CSR) program in Kalanganyar Village, it is recommended to strengthen communication strategies to deepen the mental and emotional engagement of the community. This can be achieved through diversifying motivational contributions with additional incentives and fostering creativity. Moreover, it is advisable to reinforce shared responsibility through active support from PT. Pertamina and more intensive mentoring. Implementing a robust monitoring and evaluation system is also crucial for measuring and improving the program's effectiveness sustainably. With this approach, it is anticipated that the CSR program can become more efficient, yield greater economic and social benefits, and strengthen the engagement and shared responsibility between the company and the local community.

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An acknowledgement section may be presented after the conclusion, if desired.

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