

Model for Utilizing Corporate Social Responsibility in Improving the Welfare of the Community of Industrial Area in West Java

Sitti Faoziyah

Institut Agama Islam Negeri (IAIN) Syekh Nurjati Cirebon, Indonesia

Email: sittifaoziyah@gmail.com

Abstract

The purpose of this study was to analyze the role of corporate social responsibility (CSR) in improving people's welfare. The approach used in this research is a combination of quantitative and qualitative. The research location is PT. Pertamina (Persero) RU VI in Balongan Indramayu, West Java. Data collection techniques were carried out by survey methods, participatory observations, and in-depth interviews. The survey method was carried out by distributing questionnaires to the corporate social responsibility (CSR) recipient communities, and observation and interviews were conducted to find out the experiences, understandings, and in-depth meanings of the participants' actions. The focus of the research topic is corporate social responsibility (CSR) and community welfare. The findings reveal two main topics. First, quantitatively corporate social responsibility (CSR) has a very large influence on improving the welfare of the community receiving CSR funds, so it is necessary to increase the increase in corporate social responsibility (CSR) provided to the community, as well as the need to expand the scope of the location of the recipient community. Second, qualitatively, corporate social responsibility (CSR) which is currently being implemented has a positive impact on people's welfare. However, it is necessary to improve other principles of business ethics, namely the principles of honesty, fairness, autonomy in order to create effective business ethics in a common framework. The government needs to support and provide strict supervision of the implementation of corporate social responsibility (CSR) programs in order to be able to have a positive impact on improving people's welfare.

Keywords: *Corporate Social Responsibility, Community Welfare, Business Ethics.*



A. INTRODUCTION

The majority of the literature states that the provision of corporate social responsibility (CSR) funds to the community in the company environment affected by the company's development has great benefits for improving people's welfare, health, and safety of their lives. When companies ignore the provision of corporate social responsibility (CSR), there will be various upheavals carried out by the community, non-government organizations (NGOs), local governments, and various parties concerned with the affected communities for the establishment of the company (Watts, Fernie, & Dainty, 2019).

In the last few decades, the practice of corporate social responsibility has received serious attention from a number of developed countries, especially because of its positive impact not only on companies but also on the welfare of the people who are directly affected by the existence of the company and the people who are not directly affected (Marnelly, 2012).

The study states that companies are increasingly aware of the importance of channeling investment costs in the form of corporate social responsibility (CSR) because it is able to produce strong relationships with the community, NGOs, stakeholders, and various parties who are labor associations (Franco et al., 2020). Another study shows a different conclusion, corporate social responsibility (CSR) is only a formality to cover the turmoil, without being able to provide benefits to the people affected directly and indirectly. The majority of companies do not provide corporate social responsibility (CSR) funds in sufficient quantities so that they are not able to penetrate the initial goal of providing corporate social responsibility (CSR) (Barnett, Henriques, & Husted, 2020).

A recent study found that the provision of corporate social responsibility (CSR) actually found a serious problem, especially in terms of the number, target audience of recipients, and the intensity of distribution. Corporate social responsibility (CSR) is only given when in the community there have been growing protests, resistance, and riots. As long as people are silent, CSR will never exist (Azis & Kartika (2019)

Previous researchers have also identified several obstacles, namely the problem of the company's competence in managing CSR funds so that they are on time, on target, on the right amount, and on other principles. The distribution of costs is only to those who make demands, the target of CSR is only the people who are directly affected, the programs carried out do not directly touch the basic needs of the community, there are field elements who take advantage by defeating the community (Watts, Fernie, & Dainty, 2019).

CSR programs in Indonesia are also very acute and have always received world attention, especially regarding environmental issues, low levels of awareness, very minimal funds, mafia in the field, unstructured programs, low physical quality, indefinite period of time, high frequency not sure. There are even some companies that reject CSR practices because they do not budget for it. Worse yet, many companies consider CSR programs to be detrimental to their finances, and they reject CSR programs because they have paid taxes which the government can use directly in helping the communities around the company (Franco et al., 2020).

Embarrassing cases involving government-owned companies such as PT. Freeport Indonesia (1969-present), which does not provide CSR in sufficient quantities and in accordance with the needs of local communities. The new CRS dripped in a very limited amount, and even then it was given after a wave of protests that claimed human lives (Marnelly, 2012).

All state-owned enterprises (BUMN) should set a good example for private companies in CSR programs. In reality, the sampling action has not yet occurred. True, in Indonesia there has been a law that regulates CSR programs in the form of the Company Law or Limited Liability Company (UU PT). The spirit of the formation of the law is so that CSR practices can run effectively and efficiently.

PT Pertamina in Indramayu, West Java, although it has distributed large amounts of CSR funds, has not been able to meet the needs of the community

affected by the company which is very dangerous for the health and safety of local journalists, in the event of leakage, fire, or other radiation impacts.

It's true, PT. Pertamina has received the 2021 Green Award in the field of CSR, because it has succeeded in developing Biodiversity and Categories, as well as developing an integrated waste management program (Pertamina, 2021). Unfortunately, the local community has not felt the direct impact as they expected. The ability of PT Pertamina to meet expectations has not matched the expectations of the local community for PT Pertamina which has very large profits (Julianto & Megawati, 2020).

CSR can actually be used for various social activities such as anti-drug and drug abuse campaigns, scholarships, free cataract eye surgery, provision of various facilities for the elderly, disabled, and free medical treatment for life.

In accordance with the mandate of the law, CSR program funds must be audited, both in terms of size, use, accuracy, and consistency. With a strict external audit, obeying the principles, and emphasizing the interests of the community, it is hoped that the company will comply with the CSR program, not making various rejections for any reason. Especially during a pandemic like today, many companies reject the CSR program on the grounds that supply chains are still disrupted, there are many layoffs, and low profits, as well as dismal corporate sustainability problems (Bian et al., 2021).

Most of the literature states that the right SCFR program and provides a good image for the company, will be able to increase stock prices on the stock exchange (Julianto & Megawati, 2020). People who believe and believe in the company's obedience in distributing CSR program funds will receive full support from investors, this is what causes their share prices to increase.

CSR programs that have been able to raise stock prices will have a direct impact on the company's sustainability (Bian et al., 2021). The amount of CSR program funds was paid more by investors in the form of trust in investing in the company. Even companies with big risks, when able to provide sufficient CSR for local communities and the general public, will receive support from investors, and will receive multiple benefits, because of the ever-increasing share value.

Azis & Kartika (2019) confirmed that the CSR program run by PT Pertamina Indramayu has complied with the mandate of Law Number 40 of 2007 concerning Limited Liability Companies. Unfortunately, PT Pertamina's CSR has not been able to significantly reduce local community unemployment. This means that local people are mostly motorcycle taxi drivers, scavengers, informal workers around the company, and are only able to witness the glitter of the company and its elegant employees who invite social jealousy. The majority of people are accepted as low-level workers, such as security guards, cleaning workers, gardeners, and various other outsourced jobs. Meanwhile, foreigners and newcomers become well-paid managers. People feel they are rough coolies on the land of their predecessors (Simatupang & Swara, 2019).

Previous studies on CSR practices at Pertamina, located in Indramayu, West Java, have not studied the impact of CSR practices in depth on the welfare of the community. This study examines this phenomenon through quantitative (survey) and qualitative methods by checking, checking, and cross-checking data in the field either through participation observations, as well as in-depth interviews with local communities by snowballing, as well as prolonging in the field to obtain maximum data on the impact of CSR programs. PT Pertamina towards the welfare of the community.

Thus, the researcher formulates two questions as follows: (1) how is PT Pertamina's compliance in implementing the CSR fund distribution program to local communities, and (2) what is the role of CSR in improving the welfare of local communities?

B. LITERATURE REVIEW

1. CSR and Unemployment Reduction

Theoretically, the existence of CSR is expected to reduce unemployment. CSR which is intended to provide job skills training will be able to reduce the number of workers who are fully and underemployed, including real unemployment and disguised unemployment. With skills training, especially for youth and adults, it can be used as a provision to apply for jobs according to the type of skills possessed, and can also be used to open their own business (Rudito & Melia, 2013).

Theoretically, CSR should be able to contribute to the improvement of the community's economy, especially in improving the quality of human resources, because the majority of companies are not able to absorb too many local workers from around the company, due to the limited competence they have. It was explained that the CSR program is a form of the company's seriousness in improving the impact of decreasing the carrying capacity of the social environment for the existence of companies that are not fully environmentally friendly and socially friendly (Rudito & Melia, 2013).

The study states that the CSR program is very much needed by the community as a form of corporate social responsibility for soil, water and air pollution, so that the community is able to get a little compensation even though it cannot fully cover the losses suffered by the community (Rangan, Chase, & Karim, 2017). With the CSR program, it is hoped that the community can use it optimally in improving skills, which can increase people's income (Simatupang & Swara, 2019). CSR practices have a significant positive effect on reducing community unemployment, as long as the CSR program is allocated to increase community competence, not for socialization, seminars, discussions, formation of social institutions, and others (Lee & Shin, 2010).

Hypothesis I: CSR programs can reduce unemployment for the community

2. CSR and Community Income

When CSR is allocated for productive things, CSR will be able to have a positive impact on people's income. community income does not have to be direct, but can also have implications for other programs.

When CSR is sufficient and able to increase community satisfaction, a positive image will be created for the company, and vice versa, when the level of community satisfaction with CSR is low, a negative image will be built for the company (Taysir & Pazarck, 2013).

CSR that is able to create new economic sources for the community will be able to increase people's income (Imran, 2020). CSR that is used to build a waste bank center, paid tourist park, food court center, appropriate skills, business capital, and other productive activities can increase people's income (Hidayat, Maulana, & Andriani, 2021).

When CSR is only used to build a company's image without starting with good planning, CSR will usually be misdirected, because it is not able to directly increase people's income (Zuraidah, 2019); CSR is given because there are several reasons that it will not be able to prosper the community. Good CSR is one that can provide hooks that can be used for fishing that can bring economic results (Simatupang & Yoga Swara, 2019).

SCR which is used to provide business capital loans that are managed by the community then as revolving capital, to be channeled back to the untouched community, it will be able to increase people's income (Tamvada, 2020). CSR that can be directly beneficial to the income level of the community is much more meaningful than just building public facilities (Drucker & Because, 1981).

The magnitude of CSR, which is only like water droplets, will become an ocean when it is channeled into productive fields that can increase people's income (Bian et al. 2021). CSR funds given to the community in the form of shares will also be able to increase people's income (Franco et al., 2020). Reading all of the above theories, CSR will be able to increase people's income when CSR can be channeled to build economic centers, build community skills, provide revolving capital to the community, buy business equipment, build tourism centers, build people's markets permanently will be able to increase community income. on the other hand, when CSR funds are only used to build an image, socialize a program, entertain the public, and build unproductive public facilities, it will only give temporary meaning to the community but will not increase people's income.

Hypothesis 2: CSR programs can increase people's income

3. CSR and Improving Community Welfare

Community Welfare Theory studies a condition where basic needs are met, including clothing, food, education and health so that they can maximize their utility at the level of budget limits and certain conditions. This concept of welfare must be understood culturally, sociologically and historically which involves material and

immaterial needs. Welfare includes economic, social, cultural, science and technology dimensions, to the range of services.

A country with a prosperous society is a country that is able to ensure access to benefits and services as well as happiness for its people (Greve, 2019). One of the main factors that affect people's welfare is the Gross Regional Domestic Product (GRDP) (Mulia & Saputra, 2020). The literature states that community welfare efforts are carried out by strengthening the noble values of local culture, utilizing natural resources and organizing people's lives in an orderly, safe, and harmonious manner. A state can be judged to be prosperous if it meets four criteria, namely the state's commitment to creating jobs, social security, quality education guarantees, and social policy as a wealth retribution (LeBar, 1999). All these efforts can also be pursued by companies that allocate their profits for CSR programs.

CSR is what the community can rely on as a form of the company's commitment to creating jobs, providing social and health insurance, guaranteeing high quality education, and providing fresh funds for working capital, and various productive sources that can increase people's income (LeBar, 1999).

The function of social welfare is to improve living conditions progressively through the development of human resources, provision of institutional structures, and development oriented to the dynamics of life. according to Jannah & Syahnur (2016), government-owned companies, namely the oil and gas and non-oil and gas sectors have a positive and significant impact on the welfare of the community. When CSR from State-Owned Enterprises and private companies can be used entirely to build community sources of income, it will improve their welfare.

Companies that are not aware of the benefits of CSR, are not aware of the application of economic morals, and have no basis for the negative impacts that have been caused by the existence of the company will add to the burden on society (Drucker & Because, 19D81). The theory of utilitarianism (theological theory) in the process of providing CSR will be able to improve the welfare of the community. Deontology, namely the good or bad of a CSR, really depends on the benefits that can be received by the community. The theory of community rights concerns several rights that can be accepted by the affected community upon the establishment of a company, therefore according to this theory, the company is obliged to provide CSR so that the level of community welfare increases.

Virtue theory views the importance of welfare in CSR programs. The new CSR is highly beneficial when it is able to provide significant welfare for the community (Jones, Parker, & Ten Boss, 2005). Business ethics that are enforced in the CSR program will give a much better meaning in an effort to improve the welfare of the community in a sustainable manner (Sadjim, Muhadjir, & Sudarsono, 2016). Truth or honesty in CSR programs in accordance with the proportion of profits obtained by the company will provide significant meaning for improving people's welfare. if the SCR is given without starting from an honesty, then the welfare of the community will be neglected (Quinn et al., 1997). CSR as a management strategy and form of corporate responsibility must provide added value for increasing income

which in the end is expected to be able to improve the welfare of the community (Tayşir & Pazarck, 2013).

Hypothesis 3: CSR programs can improve people's welfare

C. METHODS

1. Approach

This research is a research that uses a mixture of quantitative and qualitative research methods. The research focuses on the CSR programs of PT. Pertamina (Persero) located in Balongan Indramayu, West Java, local community, economic impact, and level of community welfare.

A quantitative approach in the form of a survey was developed with reference to the direct data collection process through the provision of questionnaires to affected communities to explore various CSR programs that have been received or felt, direct and indirect benefits, level of satisfaction with the CSR program, and various aspects related to meeting the basic needs of society.

A qualitative approach through phenomenological studies seeks to study the structure of experience, meaning, and community understanding of the various CSR programs that have been carried out by PT Pertamina, as well as trying to capture various phenomena that occur in the community and reveal the meaning contained in them.

As explained in the introduction, this study aims to analyze the role of CSR programs in improving the welfare of local communities which are closely related to the existence of PT Pertamina which has reduced the quality of the environment, social, and other psychological aspects such as the security of property, objects and lives of the local community.

2. Data Collection Technique

Data collection techniques were carried out through survey methods, participatory observations, in-depth semi-structured interviews, and documentation studies of company CSR data and data that have been published online in the PT Pertamina portal, data that has been published by previous researchers, as well as data that has been published. published by the mass media that can be believed to be true.

The survey was conducted by developing a questionnaire with dimensions and indicators developed by researchers based on theory, relevant previous research results (table 2)

Table 1. Research Instruments Grid

Variable	Dimension	Indicator	No item
CSR Program	Punctuality	Disbursement time	CSR1
		Timeliness of use	CSR2
	Quantity accuracy	Comparable to company revenue	CSR3
		In accordance with the number of community needs	CSR4
	Target accuracy	According to the priority scale of	CSR5

		community needs	
		According to the basic needs of the community	CSR6
Decreasing unemployment (unemployment)	Number of existing unemployed before the CSR program	Full unemployment amount before CSR	UE1
		Number of underemployed before CSR	UE2
	Number of unemployed after CSR program	Full unemployment rate after CSR	UE3
		Underemployment after CSR	UE4
Increased revenue (Increased revenue)	Amount of existing income before CSR program	Average income of household heads before CSR	IR1
		Average amount of family income before CSR	IR2
	Total income after CSR program	Average income of household heads after CSR	IR3
		Average total family income after CSR	IR4
Welfare level	Prosperity is born	Increased purchasing power	WL1
		Ability to fulfill basic needs	WL2
	Inner well-being	The community's level of happiness	WL3
		Gratitude acceptance rate	WL4

3. Informants, Population and Sample

The research population is the entire community of Balongan, Indramayu who are affected by the existence of PT Pertamina, totaling around 15,434 people who are in a radius of 1,000 meters from the company's outer boundary. The research sample is people who have lived in the affected location for at least 2 years who have received CSR programs either directly or indirectly. The sampling technique used proportional random sampling method in people who live less than 100 meters, between 100-500 meters, and more than 500 meters. All communities with the category of residence are represented proportionally (see table 1).

Table 2. Population and Research Sample

Distance from Residence to PT Pertamina Boundary	Total Population	Sample
1 – 500 m	1998	24
101-500 m	5,984	72
501-1,000 m	7,452	89
Amount	15,434	185

Research informants are divided into two, namely key informants and supporting informants. Key informants are the parties most directly involved in the CSR program, NGO leaders, government elements, and community leaders. while the supporting informants are the people who directly receive the benefits of the CSR program, either directly or indirectly, who have lived in the affected location for at least 2 years. The participants consisted of 2 Pertamina employees from the Unit Manager Communication, Relations and CSR, 2 government elements, two NGOs, 10 community leaders from the community living closest to the company.

4. Data Validity

The validity of quantitative data is done by checking the completeness of the data from the results of filling out the instrument. The results of filling out the complete instrument are continued with tabulation and verification. To increase the validity of quantitative data before it is used to test the research hypothesis, validity and reliability tests are carried out first.

Table 3. Validity Test

	CSR	Income Rate	Unemployment	Welfare Level
CSR1	0.838			
CSR2	0.827			
CSR3	0.826			
CSR4	0.729			
CSR5	0.813			
CSR6	0.759			
IR1		0.794		
IR2		0.799		
IR3		0.768		
IR4		0.826		
UE1			0.913	
UE2			0.968	
UE3			0.909	
UE4			0.894	
WL1				0.894
WL2				0.757
WL3				0.799
WL4				0.844

From the results of the loading factor above, it can be seen that all questionnaire items have a value of more than 0.7 which means that all indicators are valid

Table 4. Reliability Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
CSR	0.887	0.897	0.914	0.640
Income Rate	0.809	0.812	0.874	0.635
Unemployment	0.940	0.942	0.957	0.849
Welfare Level	0.843	0.845	0.895	0.681

Based on the table above, Cronbach's alpha coefficient is more than 0.7 so that all of them are reliable. The AVE coefficient is also entirely greater than 0.5 so that it can be confidently said that the instrument for all variables, dimensions and indicators is consistent. All data from all variables have a high consistency value so that the instrument that is prepared is suitable to be used for extracting research data.

The validity of the quantitative data at the time of hypothesis testing was also carried out by testing for normality, homogeneity, and linearity. This is done in a

series of assumptions of inferential statistical tests that require all research data to meet all required assumptions.

The validity of qualitative data is carried out by checking, checking, and cross-checking methods. In addition, to increase the validity of the data, more in-depth research was carried out by being in the field longer. An increase in the accuracy of qualitative data was also carried out during interviews, namely by using the snowballing technique, thus the longer the research was carried out, the more the number of informants who provided valid data.

5. Data Analysis

Quantitative data were analyzed using the Smart PLS 3.0 application and analyzed the path coefficient, t test, and the significance of the effect by first looking at the validity and reliability of the data.

Qualitative data analysis using theory Miles, Huberman, & Saldaña (1994) which consists of four steps, namely data collection, data presentation, data reduction, and drawing research conclusions. The research framework is used to facilitate the way of thinking to investigate the phenomena that occur and answer research questions.

D. RESULTS AND DISCUSSION

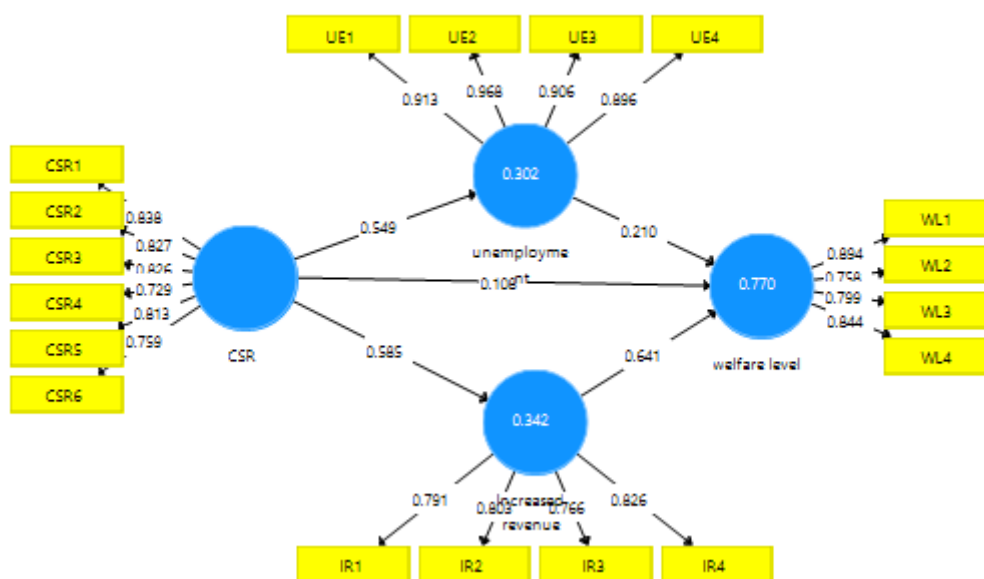


Figure 1. Structural Model Test (Hypothesis)

Analysis of Variant (R^2) or Determination Test

Analysis of Variant (R^2) or Determination Test, which is to determine the effect of exogenous variables on endogen variables. The value of the coefficient of determination can be shown:

Table 5. Determination Test

	R Square	R Square Adjusted
Income Rate	0.587	0.582
Unemployment	0.301	0.297
Welfare Level	0.769	0.765

Based on the table above, it can be seen that the R Square value for the decrease in Unemployment is 0.301. This means that the ability of the CSR variable (X) as an exogenous variable to explain the decrease in the unemployment rate (Y1) by 30.1%, while the remaining value (69.9%) is explained by other factors outside the study.

The value of R Square for increasing people's income is 0.587. This means that the ability to influence the CSR variable (X) as an exogenous variable in explaining the endogenous variable of increasing income (Y2) is 58.7%, while the remaining value (41.3%) is explained by other factors outside the study.

The value of R Square for the endogenous variable of community welfare is 0.769. This means that the ability of the influence of the CSR variable (X) as an exogenous variable in explaining the increase in income (Y2) is 76.9%, while the other remaining values (0.23.1%) explained by other factors outside the study.

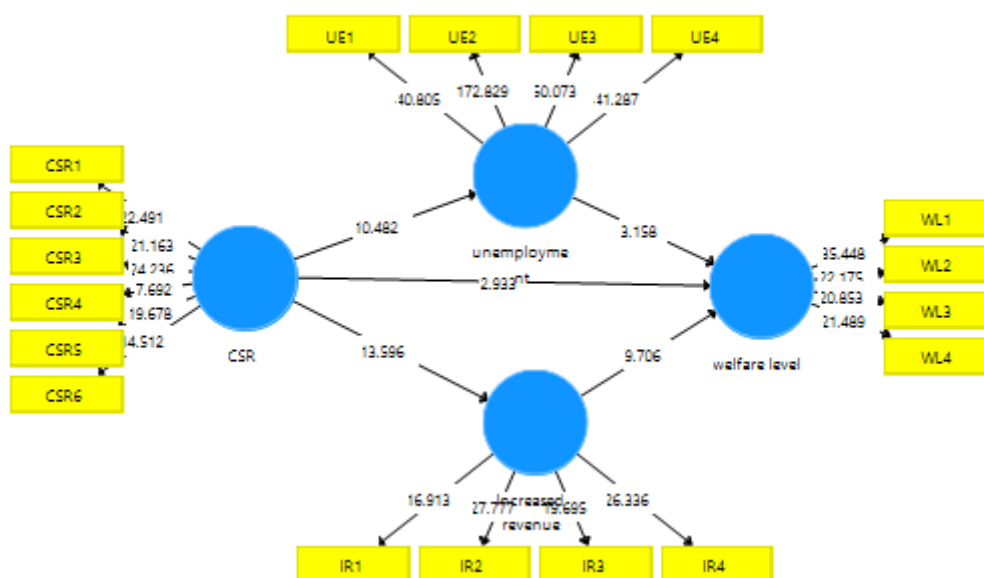


Diagram 2. Model Significance Test

Hypothesis testing is carried out based on the results of the Inner Model (structural model) test which includes r-square output, parameter coefficients and t-statistics. To see whether a hypothesis can be accepted or rejected, among others, by paying attention to the significance value between constructs, t-statistics, and p-values. The hypothesis testing of this research was carried out with the help of SmartPLS (Partial Least Square) 3.0 software. These values can be seen from the bootstrapping results. The rule of thumb used in this study is t-statistic > 1.96 with a significance level of p-value 0.05 (5%) and a positive beta coefficient. The value of testing the hypothesis of this research can be shown in the table and the results of

this research model can be described as shown in Fig

Hypothesis testing is carried out on all samples that have been obtained from the questionnaire. Hypothesis testing is done using SmartPLS 3.0 software and the results are as follows.

Table 6. Path, T, and Sign Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
CSR_ -> unemployment	0.549	0.552	0.052	10,482	0.000
CSR_ -> Increased revenue	0.585	0.591	0.043	13,596	0.000
CSR_ -> welfare level	0.108	0.108	0.037	2,933	0.004
unemployment -> welfare level	0.210	0.207	0.066	3,158	0.002
Increased revenue -> welfare level	0.641	0.645	0.066	9.706	0.000

Hypothesis Test I (H1): CSR Program on Reducing Unemployment

The first hypothesis examines whether there is a direct effect of CSR on the decrease in the number of unemployed. From the results of hypothesis testing, the coefficient R2 is 0.549 with a t-statistic of 10.482 > 1.96 with a p-value of 0.000 < 0.05, so Ho1 is rejected and Ha1 is accepted. there is a significant direct effect of CSR on the decrease in the number of unemployed. CSR is able to explain 54.9% of the decrease in the unemployment rate while the remaining 45.1% is influenced by other variables outside the model.

Hypothesis II Test (H2): CSR Program to Increase Community Income

The second hypothesis examines whether there is a direct effect of CSR on people's income levels. The test results show R2 of 0.585 with a t-statistic of 13.598 > 1.96 with a p-value of 0.000 < 0.05, so Ho2 is rejected and Ha2 is accepted. there is a significant direct effect between CSR on increasing people's income. CSR is able to explain 58.5% of the increase in income while the remaining 41.5% is influenced by other variables outside the model.

Hypothesis Test III (H3): CSR Program to Improve Community Welfare

The second hypothesis examines whether there is a direct influence between CSR on the level of community welfare. The test results show R2 of 0.108 with a t-statistic of 2.933 > 1.96 with a p-value of 0.004 < 0.05, so Ho3 is rejected and Ha2 is accepted. there is a significant direct effect between CSR on improving people's welfare. CSR is able to explain 10.8% of the increase in community welfare, while the remaining 41.5% is influenced by other variables outside the model.

This study also found two follow-up test results, namely the effect of decreasing the level of budgeting on the welfare of the community and the effect of increasing the level of income on the welfare of the community. The test results show R2 of 0.210 with a t-statistic of 3.158 > 1.96 with a p-value of 0.002 < 0.05. There is a significant direct effect between the decrease in the unemployment rate and the increase in people's welfare. The decrease in the unemployment rate was able to

explain 21.0% of the increase in people's welfare, while the remaining 78.0% was influenced by other variables outside the model.

The test results show R² of 0.641 with a t-statistic of 9.706 > 1.96 with a p-value of 0.000 < 0.05. There is a significant direct effect between an increase in income and an increase in people's welfare. The increase in income is able to explain 64.1% of the increase in people's welfare, while the remaining 35.9% is influenced by other variables outside the model.

Table 7. Indirect Effect Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
CSR_ -> unemployment -> welfare level	0.115	0.115	0.041	2,802	0.005
CSR_ -> Increased revenue -> welfare level	0.375	0.381	0.044	8,475	0.000

The indirect effect of CSR on people's welfare through a decrease in the unemployment rate can be explained as follows. The results of the analysis show the R² coefficient of 0.115 with a t-statistic coefficient of 2.802. From these results, it is stated that the t-statistic is significant because it is > 1.96 with a p-value of 0.005 < 0.05. CSR has a significant indirect effect on people's welfare through a decrease in the unemployment rate.

The indirect effect of CSR on people's welfare through an increase in income levels can be explained as follows. The results of the analysis show that the R² coefficient is 0.375 with a t-statistic coefficient of 8.475. From these results, it is stated that the t-statistic is significant because it is >1.96 with a p-value of 0.000 < 0.05. CSR has a significant indirect effect on people's welfare through an increase in income.

The Role of CSR in Improving Community Welfare

This discussion process will involve the results of the quantitative data analysis described above, as well as qualitative data obtained through participation observation methods, in-depth semi-structured interviews, documentation, and literature studies on the findings of previous researchers.

Business ethics is the basic foundation of CSR implementation. The philosophy of CSR is a form of corporate responsibility for the impacts caused by the company's existence, both social, health and environmental impacts. First, the social impact occurred because the ancient people had lost their agricultural land so that their livelihood patterns were disrupted so that there were many unemployed because the majority of the people had low education, did not have skills that matched the needs of PT Pertamina, many outsiders came and gave negative social impacts, and various other indirect social impacts.

Second, health impacts arise from the declining quality of air, water, and land occupied by local communities. This is what causes the level of public health to decline, coupled with the increase in direct and indirect radiation in the presence of very large amounts of chemical substances.

Another environmental impact, namely the number of slum dwellings that exceed the proper capacity, due to the large number of migrants who need a place to live and various other needs, which ecologically cannot be adequately met.

This is where the need for CSR programs for local communities who are directly or indirectly affected. Referring to the theory of business ethics that when the company has contributed a negative effect, then there is an obligation for the company to cover the loss in the form of CSR. When CSR is sufficient and able to increase community satisfaction, a positive image will be created for the company, and vice versa, if the level of community satisfaction with CSR is low, a negative image will be built for the company. A positive image will increase the value of the stock and a negative image will decrease the value of the stock (Tayşir & Pazarck, 2013).

CSR that is timely, in the right amount, and on target can increase public acceptance of the company's existence (Imran, 2020). Unfortunately, studies show that CSR practices in Indonesia are very minimal (Hidayat, Maulana, & Andriani, 2021); CSR is only a cover for the wave of protests, and is only distributed when the company no longer has the opportunity to evade (Zuraidah, 2019; CSR is given due to several reasons such as permit extension, policy relief, and various aspects that are outside the purpose of CSR distribution (Simatupang & Yoga Swara, 2019).

Theoretically, CSR is a form of corporate reward that morally must provide compensation for the decline in various aspects related to people's lives and their environment. In the profits obtained by the company there are rights of affected communities that must be distributed (Tamvada, 2020). Business is said to be ethical when these obligations are realized consciously without any coercion from NGOs, the people, or the government (Drucker & Because, 1981).

CSR costs must be proportional to revenue, not like condensed water droplets (Bian et al., 2021). In reality, the amount of CSR program funds is not more than 0.01% of the company's income. If it spreads throughout the company, it will be the community who will receive the impact of not implementing the program.

Many companies are sanctioned against the efficacy of CSR for increasing the company's income in the long term (Franco et al., 2020). In the short term, CSR does not have an impact on the company's financial performance because it will reduce profits, but in the long term CSR will be able to improve financial performance through increasing stock prices and public trust.

One of the reasons is the queuing movement for certain products, one of which is because the company failed to build public image and trust in the CSR program organized by the company. The negative stock price, and the downward movement occurred because the company had been boycotted by pro-people investors who did not receive anything from the company through its CSR program (Bian et al. 2021).

It is common belief that good CSR practices are in line with the principles of effective business ethics which emphasize the importance of paying attention to poverty, underdevelopment, and the degradation of public health. The entire

decrease in the level of environmental feasibility for the local community around the company must be felt by the company. Thus arises a sense of moral obligation to the need to help them reduce the negative impact of environmental degradation.

In addition, adherence to CSR programs as a form of legal compliance (Simatupang & Yoga Swara, 2019). Compliance with the law coupled with compliance with the fulfillment of correct business ethics will encourage the success of CSR programs in the welfare of the community. The community has long suffered the negative impacts and various environmental degradations, until the CSR program funds are distributed to the community, then that's when the company's moral obligations are slightly closed, and the rights of the affected communities are slightly fulfilled, although not optimally (Quinn et al., 1997).

The damaged social order along with the destruction of the environment has made the community experience a decline in everything, especially the economy. Therefore, if the CSR program can be carried out in accordance with ethical principles, principles of humanity, honesty, health, it will have a positive impact on improving the welfare of the community (Jones, Parker, & Ten Boss, 2005).

Companies that are able to implement CSR programs in a timely, accurate, and targeted manner will be able to increase their credibility. The company is not involved in legal cases, employees are calm, the community is treated, the government is represented, and business ethics are well maintained (Drucker & Because, 1981).

Thus, this research has found its own novelty through the belief that, the right CSR program, will be able to improve the welfare of the community, which is preceded by an increase in public acceptance, a decrease in the level of environmental degradation, a decrease in unemployment, an increase in the rate of income.

The support of NGOs, the government, and the wider community, including campuses, means a lot to the affected local communities. The hard work of the parties involved is able to force companies to channel their CSR program funds more, more-timely, and on target, which in turn increases the level of community welfare.

PT Pertamina's Compliance in the CSR Program

This study has investigated the compliance of PT Pertamina in implementing CSR practices. The results of the qualitative and quantitative analysis, which have been clearly described, conclude that PT Pertamina has basically led to the fulfillment of the mandate of Law Number 40 of 2007 concerning Limited Liability Companies Article 74.

This supports previous studies which concluded that the CSR program run by PT Pertamina Indramayu West Java has fulfilled various principles outlined in the law, although it has not been fully able to significantly improve the socio-economic welfare of the community (Azis & Kartika, 2019).

The positive impact has been felt by the community receiving the CSR allocation funds, although it is not always in the form of cash. Likewise, various environmental improvement programs, health insurance improvements, local community safety, and others have not provided maximum economic benefits for the community. (Consider data 1).

- (1) "Pertamina has provided various CSR programs to the community, unfortunately only in the form of empowerment programs, which even though they cost a lot of money but cannot be seen physically. In the future, there is a need for real programs that can directly provide additional income for the community, reduce unemployment, and increase people's welfare."

Indeed, Pertamina has implemented various SCR programs which are appreciated by the government, but in fact they are more of a formality, with extraordinary publications, but actually the local community does not directly receive the maximum positive impact (Consider data 1).

- (2) The CSR programs carried out by Pertamina are very varied and sometimes do not directly dive into the fundamental needs of the community such as food, clothing, housing, health, and other real physical needs. Free health insurance programs, free medical treatment, free schools, employment opportunities for affected communities, job training, entrepreneurship skills training, and additional business capital are urgently needed by affected communities.

Various Pertamina programs at the environmental level such as the Kehati Park Development Program, Coastal Eco based Tourism (CET) Development on Tirta Ayu Beach, Mangoes Center and the Wiralodra Program, the establishment of the Indramayu Safety Communication Forum (FOKSI) is actually more of a formality because it does not have a direct impact on welfare. public. The various forums that were formed were aimed at being a fortress that would protect the company from public resistance. People need more free schooling to college tuition fees for free, free medical fees, free hospital fees, free delivery, free surgery for various serious diseases, free electricity, free clean drinking water, free gas for cooking purposes,

It is true that Pertamina has developed the Mangoes Center program, and the Wiralodra Program in order to increase public green awareness of environmental sustainability by managing organic and inorganic waste, but this can only be felt by the community in the long term. Unlike the case with SMAW 3G Welder Training, the community can actually feel it, but the people who are trained are again not provided with welding equipment after the training. Eventually they become unemployed. It's different if after intensive training, they are hired into the company, or given capital or equipment so they can open a workshop independently. If this can be realized in the future, then the CSR program will be able to give more meaning to the affected local communities (Consider data 2).

- (3) Indramayu youths receive certified welder training. They are very grateful for having the opportunity to gain knowledge and acquire adequate skills.

Although there are also many young people who did not pass the selection and did not have the opportunity because the quota was indeed limited.”

The welder training did produce certified graduates, who could be used to apply for work in other people's places, not to work in his own workshop because Pertamina did not provide welding equipment for free to alumni, or soft capital to alumni. The certificated capital has not been directly and effectively able to overcome unemployment, because the training alumni still have to look for jobs that are not provided by Pertamina (Consider data 3)

In fact, by investing in skilled human resources in the welding sector, Pertamina can get skilled workers through the CSR program, but again this is not done, instead looking for human resources in this field through new recruitment which requires more expensive costs, because they have to train those who are qualified. don't know the company well (Wulandari et al., 2021).

The formation of FOKSI which was basically to reduce unemployment actually created the image of many unemployed people joining the organization. Those who are busy at work no longer have time to participate in various activities at FOKSI. With this organization, it is expected to be able to provide occupational safety training, and various other skills training. Unfortunately, this goal has not been achieved due to the lack of CSR funds channeled to the organization (Simatupang & Yoga Swara, 2019).

To improve the welfare of the community, Pertamina has developed a group of MSMEs by organizing various bazaars for MSMEs. (Consider data 4).

- (4) “Pertamina has built the Mulia Asri Garbage Bank and held a Bazaar at the Sports Center, Indramayu, West Java for Pertamina's CSR-assisted MSMEs. Unfortunately, the program is also used to showcase the CSR program that has been given by Pertamina to the public. whereas the community actually already knows various forms of CSR programs that are beneficial directly and indirectly, without having to be exhibited like that.”

This study is in line with previous studies conducted (Imran, 2020) that CSR is more for building a positive image not for the welfare of the community. The company has not been able to be honest with all its heart to improve the welfare of the community, but the company has other intentions in the CSR program (Zuraidah, 2019). The community has suffered the various impacts of the fire hazard, and the incident (disaster) did happen. The community bears more of the loss than the amount of CSR provided by Pertamina to the community. (data consideration 5)

- (5) The fires that have occurred have caused public panic. Public health has been disrupted due to air, water, and soil pollution. The CSR provided by Pertamina is only for people who are victims of these unexpected events.” A good CSR program will provide total protection to the wider community. The implementation of ISO Management which is used as a reference for the company has failed to increase public safety confidence.

The results of previous research (Franco et al., 2020) explain that the company must be fully responsible for all risks that occur during the company's operations.

Internal risks can have an impact on external parties because the scale of the risks that occur can all be overcome by the allocation of sufficient CSR funds (Bian et al., 2021).

- (6) "The fire disaster which has swallowed the program of souls and the large number of people who have fled has caused the economic wheels of the community to be disrupted. The amount of compensation is certainly not proportional to the economic losses borne by the community. All costs are again the responsibility of the community independently, because it is impossible for all of them to rely on the company's CSR. There were 3,074 houses affected by the explosion of the burning oil refinery, which caused a lot of material losses, this must be anticipated properly through the consistent and abiding application of ISO standards."

Referring to the data above (Consider data 6), it is understood that the community has suffered huge losses. Companies in providing CSR are not proportional to the loss of society. The apology seems to have been accepted by the community, and the community does not really demand more, this is actually not in line with the principle of implementing CSR which must provide more benefits to the community's losses.

Previous studies have corroborated through this research, that Pertamina's CSR practices are basically able to support and improve the community's economy, but it is not significant because the opportunity for disasters still threatens the community in large numbers (Nuriyatman, 2018).

The literature states that the government factor is very large in encouraging companies to carry out CSR programs, because there is no full awareness of them unless there is coercion, encouragement and legal sanctions (Suarta, Dananjaya, & Utami, 2021).

In the future, in order to improve good corporate governance (GCG), Pertamina will still have to cooperate with the government, NGOs, the community, and local youth groups in order to reduce the unemployment rate and social welfare (Simatupang & Swara, 2019).

CSR practices that require a large amount of money should not be carried out as is, without good planning, honest implementation, and a thorough evaluation of the program. CSR programs that are less meaningful must be shifted to programs that touch the basic needs of the community, namely, food, drink, clothing, housing, and health. When this can be realized through CSR programs, the level of community welfare will increase significantly.

E. CONCLUSION

Novelty's research provides a conclusion that is much different from previous research, that the CSR program organized by PT Pertamina in Indramayu has been packaged well as if it has taken sides with the community in the form of various CSR programs, but in fact the program has not been able to touch the basic needs of the community such as eating, drinking, clothing, education, health, and housing for

the affected local communities who bear various great risks of environmental degradation of air, water and land. This degradation has not been paid off optimally from the CSR program provided by Pertamina to the wider community.

The various CSR programs provided by Pertamina are more aimed at building the image and image of the company, not honestly to improve the welfare of the community. Pertamina was forced to spend large amounts of CSR funds because of the fire accident, not because of its willingness to pay for environmental degradation costs that arise as a result of the negative impact on the company's existence.

In the future, it is necessary to increase the Company's awareness of the importance of CSR program funds without being pushed by the Government, NGOs, the community, and other stakeholders. The company's honesty in managing CSR funds is a shared responsibility to be monitored, starting from planning, implementing, enjoying results, and evaluating. Personnel in the field at the time of distribution of operational funds in the form of training, community empowerment, or cash should be suppressed in such a way that the CSR program funds can be directly felt by the community.

The expected implication is that companies carry out CSR programs in a timely, accurate, and targeted manner in order to gain high trust from investors so that the value of the company's shares increases.

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