

Optimization of CSR Programs for Education Development in Central Kalimantan

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Abstract - The government requires companies to care for the environment around the location of their business activities through a social responsibility program or what is called Corporate Social Responsibility (CSR). The potential of CSR as an alternative funding support for education development in Central Kalimantan is quite large, but its contribution is not optimal. Communication and collaboration between the Government, Entrepreneurs and the Community in planning, implementing and evaluating CSR activities need to be improved. Support for regulation and regulation of CSR activities that are integrated with regional development plans is expected to be able to provide an optimal contribution to education development in Central Kalimantan.

Keywords: *CSR, Educational Development, Central Kalimantan*

1. Introduction

Central Kalimantan Province has a very large administrative area, which is 153,564.5 km², with the total population recorded in 2017 amounting to 2,605,274 inhabitants. This geographical and demographic condition certainly has its own development problems. The extent of the territory, the spread of far-flung settlements and the lack of infrastructure support is a particular problem in the financing of development. Central Kalimantan's development policy which emphasizes on improving quality and even distribution of basic services such as education, health, social and environment requires a large cost.

Education Development in Central Kalimantan, related to the management and implementation of quality and equitable education for all of its people, is not as easy as imagined. Population density of only 16 people per km², spread over 1,569 villages, the average population per village is 1,520 people, geographical and demographic phenomena that have characteristics like this are a separate problem. Regional governments have difficulty financing all educational development activities optimally in limited economic conditions. Private sector participation in regional development is a necessity to be a rational choice alternative.

The Central Kalimantan Provincial Government has difficulty financing all development activities with limited economic conditions. Private sector participation to support regional development is a rational choice alternative. Efforts to optimize non-APBD and non-APBN funding sources are potential solutions to ease regional development burdens. Increased government and private sector cooperation that is more systematic and sustainable needs to be developed and optimized, one of which is through the scheme of utilizing corporate social responsibility programs or better known as Corporate Social Responsibility (hereinafter written CSR).

The obligation of the company to implement CSR is regulated by the Government of the Republic of Indonesia through UU No. 40 of 2007 concerning Perseroan Terbatas, states that companies that carry out their business activities in the field and / or related to natural resources, are obliged to carry out social and environmental responsibility (TJSL). TJSL is the Company's obligation, in its implementation it is budgeted and calculated as the Company's costs by paying attention to the principles of propriety and fairness. Another rule that regulates CSR obligations is Law No. 25 of 2007 concerning Investment and Government Regulation No. 47 of 2012 concerning Social and Environmental Responsibility (TJSL) which regulates technical obligations in the distribution and management of CSR in Indonesia

The potential for development funding support through CSR schemes in Central Kalimantan is quite large, given the large number of investors who invest in mining, timber and plantations. Among them, there were 15 companies working on Coal Mining Concession Agreements (PKP2B), 5 Gold Mining Contract Work companies, 341 Palm Oil Plantation units which were explored by large plantations with an area of 4,068,022 ha (Source: Indonesian Development Forum, 2017).

In reality, the fundamental challenge faced by the Government is that the investment still has not contributed significantly to the development and improvement of the welfare of the people in Central Kalimantan, especially in the field of Education. Natural resources are abundant on vast expanses of forest along with mineral wealth, existing flora and fauna have not been able to bring prosperity to the local community.

How the implementation of CSR programs by companies in Central Kalimantan and the policy of the Central Kalimantan Provincial Government to encourage the optimization of the benefits of CSR programs for the development of Education in Central Kalimantan are interesting things to study more deeply. The policy model that is taken will determine the optimization of CSR implementation so that it can provide maximum benefit for the development and welfare of the people of Central Kalimantan.

2. Research Questions and Objectives

2.1. Research question

This research question is How to optimize the utilization of CSR in the development of the education sector in Central Kalimantan Province?

2.2. Research purposes

The purpose of this study is to find out and analyze the optimization of the utilization of CSR in the development of the education sector in Central Kalimantan Province.

3. Literature Review

3.1. Definition of Corporate Social Responsibility (CSR)

The terminology of CSR has many different interpretations. There is no standard definition that can be considered as a basic reference, both at global and

local levels. In simple terms CSR is a term that refers to how a company manages the social impact of its business practices.

The classic definition that is widely quoted is from Friedman (1970) who describes CSR as a social obligation of a business as an effort to increase profits based on the rules of the game.

The understanding of relevant CSR according to experts includes:

- a) O'Riordan, et al (2006), said that the European Commission defines CSR as a concept that shows how companies voluntarily contribute to the formation of a better society and a cleaner environment. Companies integrate social and environmental attention in their business operations and in their interactions with stakeholders based on voluntary principles.
- b) Porter and Kramer (2002) argue that one of the institutional actors of the company has social functions both internally and externally in supporting the welfare of the community. So he gave an understanding of CSR as a concern for companies that set aside some of their profits (profits) for the benefit of sustainable human (people) and environment (planet) development.

Article 15 letter b Law Number 25 Year 2007 concerning Investment states: "Every investor is obliged to carry out corporate social responsibility", in the explanation of the article mentioned "What is meant by" corporate social responsibility "is the inherent responsibility of each investment companies to continue to create harmonious, balanced and in accordance with the environment, values, norms and culture of the local community".

Researchers conclude that CSR is a concept or action taken by the company (according to ability) as a form of their responsibility to the social and environment in which the company operates. The form of responsibility varies, and based on the definition described above the researcher takes the characteristics of CSR for the basic research references as follows: 1. a company activity; 2. based on ethical values; 3. relating to the improvement of economic and social welfare; 4. programs for the community and the environment; 5. has benefits for the community and company.

3.2. Pattern of CSR Implementation in Indonesia

Indonesia has a regulatory climate that allows companies to implement CSR. Moon and Vogel (2009) provide examples of how developing countries such as Indonesia already have mechanisms and standards related to CSR, as well as Britain, Australia to Japan. In these countries the government has set up a regulatory framework to guide business activities, develop information systems and best practices as company guidelines (Moon & Vogel, 2009).

Astri (2014) ... The UUPT is a legal umbrella that binds industry or corporations with the obligation to implement CSR, Corporations can use a partnership pattern in collaboration with the government, play a role in encouraging healthy sustainable economic growth while taking into account environmental conservation factors.

The results of the study by Tania (2012: 81) illustrate that from several companies in Indonesia, the oil and gas industry and mining sector are the most active sectors implementing CSR.

Prajarto and Radityo's research (2012: 265) concludes that the pattern of CSR implementation that has been implemented in Indonesian companies, namely:

First, participating in the development of human resources (HR) in the form of providing assistance in the field of education (scholarships, sponsorship, improvement of facilities school infrastructure), training of educators, and strengthening of sports.

Second, community empowerment in the area of strengthening the local economy through providing initial capital, managerial training, enhancing business insights, and improving soft skills and fostering a business climate with the community.

Third, improving community welfare which is reflected in the improvement of social and economic community. Some examples of such efforts are poverty alleviation, improvement of clean water infrastructure, providing free medical treatment and facilities, to providing transportation infrastructure facilities.

Fourth, the provision of assistance is responsive to people affected by natural disasters. Several large companies in Indonesia continue to provide assistance with community assistance for economic recovery, and try to make a decent temporary place to live.

Fifth, contribute to environmental conservation by replanting (reforestation) in a number of areas prone to floods, landslides and drought.

Other CSR activities are carried out by building sustainable waste management infrastructure and preventing environmental pollution.

- a) Based on the five patterns of CSR implementation, it is seen that CSR in Indonesia is not yet widely designed for the sustainability of aspects of community life.
- b) Saidi and Abidin (2004: 85) reveal several patterns that are widely applied in Indonesia today, including:
 - i. Direct involvement, the company runs CSR programs directly by organizing its own social activities or submitting donations directly to the community without intermediaries.
 - ii. Through a company foundation or social organization. The company establishes its own foundation under its company or group.
 - iii. Partnership with other parties. The company carries out CSR activities through collaboration with social institutions / non-governmental organizations (NGOs), government agencies, universities or mass media, both in managing funds and in carrying out their social activities.
 - iv. Support or join a consortium. The company co-founded, became a member and actively supported a social institution established for certain social purposes.

3.3. Role of Government in CSR Policy

The role of government is very strategic in the context of CSR dynamics. According to the World Business Council and Sustainable Development (WBCSD, 2008) concludes that the role of government in CSR is very complex. WBCSD considers that CSR issues have not been fully the agenda of the government. The

role of the government in stimulating the private sector to improve corporate social responsibility is still lacking.

Steurer's (2009) study results provide a conclusion in the form of reasons why the government has an interest in the context of CSR. First, CSR is intertwined with the concept of Sustainable Development, as a reference for development agreed upon by the global. Second, the implementation of CSR is still limited to the voluntary basis so that the government needs to emphasize that the implementation of CSR is more focused on the attention of the company. Third, the implementation of CSR uses the concept of partnership programs so that it will open the potential for community participation in sustainable development.

According to Fox (2004) the World Bank classified four roles of the public sector in CSR: mandating, facilitating, partnering, endorsing.

- a) The government carries out the role of "mandating" by way of government bodies formulating minimum standards of business performance contained in the legal framework. For example, setting the rules for emission limit values for certain industrial installations, or setting requirements so that certain factors become a consideration in making decisions taken by the company director.
- b) Carrying out the role of "facilitating", government agencies foster conditions, facilitate, or provide incentives for companies to implement CSR agendas or participate in social and environmental improvement programs. The role of government here is as catalytic or supporting role, for example by providing funds for research, information dissemination, training or awareness campaigns.
- c) The role of "partnership" is an important role in the CSR agenda. Strategic partnerships are a means of sharing skills and inputs from the public, private and civil society sectors in overcoming complex social and environmental problems. In this case, the government can carry out the role as a participant, conference organizer (convenor), or facilitator.
- d) The fourth role is the role of giving political support and endorsing or legitimacy to CSR. Ratification roles can take various forms, can be through policy documents, public sector management practices, appreciation for companies that run CSR, for example holding CSR Award events.

Description of the role of government in CSR as reported by the World Bank illustrates that at the level of practice cannot be clearly separated between the role of the business sector in profit-oriented economic activities and the public sector in socio-political activities oriented to the public interest. The government plays an important role in creating conditions conducive to healthy business activities and in facilitating corporate social responsibility (CSR). The role of his ideal state is to provide a supportive climate for the implementation of CSR, not as a party that gives command or control through pressure regulation.

4. Research Methods

The research conducted in 2018 is located in Central Kalimantan Province. The research method used in this research is descriptive type qualitative research method.

The source of data in this study uses primary and secondary data related to the condition of education and implementation of CSR in Central Kalimantan.

Researchers conducted interviews with several informants who came from elements of the Local Government, Companies and Communities, conducted observations on the condition of education and the implementation of CSR programs that have been running and reviewed several documents in the form of plans and implementation of the Company's CSR programs, as well as policy products related to CSR program settings.

Data analysis was carried out with qualitative data analysis techniques in the form of data collection, data reduction, data interpretation, data verification and conclusions.

5. Results and Discussion

5.1. Conditions for the Development of the Education Sector in Central Kalimantan

Central Kalimantan Provincial Regulation No. 10 of 2012 concerning Implementation of Education (Kalteng Harati), has statistically demonstrated significant achievements, but substantially towards the achievement of evenly attained educational goals has not been fully achieved.

Quality and accessible education equity is a major problem of education development in Central Kalimantan. The geographical conditions are very wide, population settlements that spread in many villages and hamlets require the government to issue a large amount of education funds.

The need for large education financing, with the availability of a limited budget in an effort to quality education that can be achieved if managed efficiently and effectively and accountable and transparent by involving stakeholders in the participation of educational development.

5.2. CSR implementation by companies in Central Kalimantan Province.

The implementation of CSR in Central Kalimantan tends to still be at the stage of profit sharing that is used to answer the environmental turmoil. CSR activities are carried out sporadically and not systematically, impressed only as 'extinguishers' while from the turmoil of people who feel the impact of the company's presence. The implementation of the CSR program carried out so far has been carried out based on the understanding of the company, impartial and tends to run independently.

Some companies in Central Kalimantan stated that they had carried out the program's obligations, but the problem was that the programs implemented were not effective and not right on target, and the impact had not yet significantly shaped the independence of the community. This could be because the CSR approach used is still trapped in charity and charity patterns, once it helps, after it is finished. Programs like this will not be sustainable and instead create a mentality to ask the target community of the program.

5.3. The form of CSR support in the development of the education sector by companies in Central Kalimantan Province.

Facts on the ground show the company's involvement in the development of the education sector through CSR programs. Several companies in the Palm Oil and Timber Plantation establish and manage their own primary and junior secondary

schools in their respective areas. Another model of CSR activities of companies that provide support in the education sector is in the form of providing regular allowances to teachers, scholarship assistance and the cost of maintaining school infrastructure.

5.4. Optimization of CSR programs in the development of the education sector in Central Kalimantan Province.

The implementation of the company's CSR obligations in Central Kalimantan has been carried out correctly according to the applicable law. The CSR program is a form of corporate "social responsibility" in its environment which is manifested in the form of part of the company's annual work plan. In accordance with the substance as "social responsibility", it is in practice that the company determines the size of the budget and the form of the program.

This kind of phenomenon results in the contribution of CSR programs not playing an optimal role for the improvement and strengthening of the socio-economic community in Central Kalimantan, including support for the education sector. Sporadic, non-systematic and inaccurate programs are the main causes.

Based on the results of research and relying on applicable regulations, researchers recommend optimizing CSR programs on the development of the education sector in Central Kalimantan Province, as follows:

- 1) The Central Kalimantan Provincial Government and the District Governments in Central Kalimantan work together to revitalize CSR forums that involve corporate elements, bureaucrats, academics and community leaders.
- 2) Incorporate CSR obligations as one of the requirements for managing business licenses in the form of planning, implementing and evaluating documents.
- 3) Establish regional level regulations that require companies to integrate their CSR plans with development plans in their respective regions, and give priority to the education sector.

6. Conclusion

CSR as a corporate social obligation in its environment is one of the alternatives to support development financing in Central Kalimantan. The potential of CSR funds is quite large in line with the large number of investors who have invested their capital in recent years.

The existence of good communication and cooperation between the Government, Entrepreneurs and the Community in planning, implementing and evaluating CSR activities needs to be improved. Support for regulation and regulation of CSR activities that are integrated with regional development plans is expected to be able to provide an optimal contribution to education development in Central Kalimantan.

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