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The improvement of community economy as impact of corporate social responsibility program: A case study in Pengalengan, Bandung, West Java, Indonesia

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Abstract

This paper described a successful and innovative collaboration between private sector and community through a Corporate Social Responsibility program that integrated local culture and ideas in the implementation. Drawing from an assumption that promoting a change in a particular community should be driven by the community awareness itself and their indigenous knowledge to understand in order to realize its own potential. Using socio-cultural mapping approach, this study discuss how the program is implemented, evaluated the impact of the program to community economic development after the four years of program implementation

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1. Introduction

Culture is defined as a set of knowledge that belong to human as social creatures. It is used to produce needed actions to interpret the environment. Therefore, culture is a social construction describing the why of human adapt and confront with various phenomenon in environments both natural and social environment to sustain their life

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and community (Rudito & Famiola, 2008).

In practice, culture is used as behavioral guideline of people who live in a community. It creates a specific characteristic ways how people in a share environment life. Some part of it becomes a tradition that difficult to change. Suparlan (2004) revealed the resistance of change in a community is because the culture has embedded in the behavior and used as a guideline by members of the community.

Nevertheless, the cultural change is not an absurdity; both the nature and social environments always change in term of quality, quantity as well as in diversity over the time. It may demand the sifting in the way of people to interpret and adapt with the change. In other words, culture tend to change, even though in particular part of its traditional characteristic is static, but culture has a dynamic side in which it adapt in line with the change in environment.

Considering of this argumentation, this study use the cultural concept as a main approach in promoting a community economic development in Pangalengan founded by Start Energy Indonesia as part its Corporate Social Responsibility (CSR) program. Pangalengan is a sub-district where is located in Bandung district, West Java Province, Indonesia.

This paper presents the process of program planning and its implication to Pangalengan's economy after almost four years of the implementation. This paper is structured as following. First section talking introduction about culture and cultural change as the impact from environmental changing and social change. The next section will discuss the conceptual framework used for the program, followed by methodology. At the discussion section, this paper will present the short brief of Start Energy CSR program, the research findings and its implication to the local community development.

2. Conceptual framework of program

Among various ways of scholars define CSR, this study focuses on CSR as company's expression of its awareness to the local community through community development program. Since the CSR addresses to community development. This study assumes that linking the program with local culture will reduce the resistance from the targeted community and accelerate the process of adaptation between local community and the introduced programs (Kostova, 2000).

Drawing from above assumption, this study uses an anthropological approach of Value Orientation Method introduced by Kluckhohn and Strodtbeck in 1961 (see table 1).

This approach assumes that every group of people will connect to their life concerns (Life, work, time, relationship and the nature) and respond them differently. First, related to life, particular people may consider that life is hard, so they just need to accept it. This people believe that life has a given destiny so whatever they try to change, it will go back to its destiny. Some may consider life is easy. They just need follow and the universe will show them the ways. While others views life is hard and but it could change as long as they are willing to try.

Second, in term of work, the connection between individuals and their work is described by the extent they accepts innovations. Some considers their work is addressed to have a better life, some views "work" to gain a social status, while others consider work to attain success so they will be more responsive to the new innovation.

Third, related to the time concern, for some people, their life is in the line with the time being, so that, they consider focusing the best for the present is necessary whatever will be happened in tomorrow. In contrast, other societies consider that past life was heritage of the ancestors. Therefore, many of present change is regarded worse than the past. The problem is this view some time creates conflict among different generations such as between parent and children. Parents who have this belief for their children regard as old fashion. Furthermore, other societies consider that time being is a reality, the future life is very important. Thus, people have to work hard at present time in order to get a better future life.

Fourth, related to the relationship among human. Some society believes that everybody in a society may is regarded the same for creating harmonious. Some considers that to obtain a prosper life people have to follow their leader. This society believes that leader may bring them to better and how the life should be performed. On the other hand, some societies consider that the state of themselves are more important so that attempted independent will be more believed to bring the people to a prosperity rather than to work together.

Fifth, in term of the relationship between human and the nature; some society believes that they have to comply with the nature, since human life is part of the nature and human will never able to encounter the power of nature. While other societies consider living harmoniously with the nature is important, because the balance between life and nature will avoid people from catastrophe. Meanwhile, some other societies consider that nature has to be managed and controlled to maximize their impact to human life. The adjustment of the nature will encourage the creation of new technologies to a prosper life.

Table 1. Value Orientation Method (adopt from Kluckhohn & Strodtbeck, 1961 in Gallagher, T, 2001)

Concern	Value Orientation		
	Life is hard	Life is simple	Life is hard and have to change it
Human and life	Life is hard	Life is simple	Life is hard and have to change it
Human and work	Work is to be undertaken	Work is to achieve a better status	Work is to intensify another work
Human and time	The present is now	The past is basically better	Future is the major thing
Human and human	Life should be cooperating with other people (horizontally)	We have to follow the command if we want to do something (vertically)	Prioritize ourselves first if we can do it by ourselves
Human and nature	Our life is strongly depend on the nature	We have to be balance with the nature	Nature should be overcome

3. Methodology

This study is an ethnography study. It maps the social condition in the community studied to gain the proper perspective how the people behave and proposed a model of CSR program for a company (Start Energy) addressed to local community in which operate.

Generally, this model approach in three ways. First, social mapping through interview and participative observation was conducted around a month. The number of respondents of this study was more than 25 people included local authorities, local informal leaders and local people. Second, Social Networking Analysis through observation and interview was conducted around four to six months. This approach is to understand the model of connectivity and relationship among members in the community. Third, focus group discussion (FGD) approach is to confirm the social mapping finding and was conducted twice involving 12 participants.

4. Discussion

4.1. The brief of Start Energy CSR

Start Energy Geothermal Limited is an oil and gas company. One of its operational areas is located in Wayang Windu, Pangalengan, South of Bandung. The CSR programs of Start Energy's in Wayang windu focuses on a community development in agriculture sector. Some implemented actions was providing animal husbandry and fruit plantation. In this program Start Energy supported local farmers to expand their prime commodity from vegetables to silk worms for silk production that should benefit the farmers more in economic terms. We are also actively involved in 150 hectares of avocado and Arabica coffee plantation in the area.

On the past few years, Start Energy cooperates with School of Business Management ITB (SBM-ITB) to promote a social entrepreneur program for Pangalengan community. This program is initiated by doing social mapping to explore social-economic-cultural condition in Pangalengan. The result of mapping recommend Start Energy to invent in managerial and financial support to micro, small and medium business (UMKM) in Pangalengan. The implementation of the program than realize through three projects, namely the Entrepreneurship Training Center, Incubator, and Micro Credit through Nurkayana UMKM Cooperation.

The next section will discuss how the pre-research is conducted and its progress in almost four years implementation.

4.2. Social mapping findings and program recommendation

4.2.1. General local characteristics

- a. Majority of people in the society said they life is a fate. They are tend to have short-time orientation with minor consideration for future and sustainability.
- b. They are individualistic, have high prejudice with other people success but tend to be dominant. They also have negative perception related to cooperation. It is why a most collaborative work always failure develop in this areas, since the low trust of the member to the managements.
- c. The majority of the economic sector is from agriculture with main product: potatoes, pepper, cassava, corn and dairy farm (Cow milk producers). Nevertheless, majority of them just an agricultural works.
- d. Some local people work as *Tukangojek* (motorcycle taxi), car drivers, carpenters, and local good transportation providers, *pemalak* (civilian) and some work as part time workers for Star Energy.
- e. Another local potential is also found in entrepreneurship. In Pangalengan, some local people active works to pool potatoes, produce cassava chips, caramel, and crafts. Minor of the work as tea leave pickers for nearby tea plantations.

4.2.2. Economics condition

Most production activities in Pangalengan was still a conventional such as using hands for cultivation, manual milking, and tea leave picking. The usage of simple technology in the production process is found in the process of fertilization to protect plants and products from pests.

Although majority of farmer in this areas work for their own land, but most of them do not endeavor their own crops. They will rent the land to the investor (*tengkulak*) and work for them. Moreover, that main product of these areas such as potatoes was not endeavor by local people. Even though, the production of potatoes in Pangalengan is huge potential, but the farmers could not receive the appropriate income. Product prices, storage are handled by the *tengkulak* (investor). The *tengkulak* also arrange when and where the products have to market. Farmers just able to plant the lower cost crops such as squash.

For residents who had sold their land and enjoy work independently as *tukangojek*, or other service providers for agricultural products as well as sell daily local needs. Some of them work for a government owners tea plantations (PTPN) in the area as tea leave pickers.

Aligning with rapid growth of Bandung's economy, particularly in culinary, fashion and tourism industry, the awareness of government and investors interests to these areas is increase. Pangalengan may become one of potential areas to support the new Bandung business development. Pangalengan potential such as agricultural processing, livestock and dairy product, confectionary, and souvenir craftsmen may become an attractive sector to support of Bandung markets. Nevertheless, to gain the opportunities, intensification of technology in Pangalengan has to improve, particularly related to cutting and sewing, packaging, and drying machines.

This study recommended that this potential should take a serious attention of Start Energy in order to address an appropriate CSR program for the community. Investing in technology introduction and development to expand local market to meet Bandung demand may become a long time orientation solution for develop local economy.

4.2.3. The role of family in economic activities

Family plays essential role in economic activities of local community. Diffusion of labor in every family is a common practice in our society, including in economic activities. Role of member of family will also describe their status in the family. For example, in today community, all children are expected to receive adequate education in a formal school, while parent have obligation to fulfill the children needs through working. Nevertheless, in particular community, including in the community studied, some parent also involve their children to work with them in the plantation. Some parents some time have expectation that their children are also willing to continue

their tradition. For instant, parent who have work in agriculture sector for long time, expect their children can continue their study to get degree in agriculture.

Related with woman role, in this community is not just a mother or housewife, they also have to involve and help husband as breadwinner, for example, some of women has to work in plantation as tea leave pickers to fulfill their family needs, while the husbands work as drivers or *tukangojek*. This is for guarantee their children keep receives the education. Therefore, the possibility to get access to scholarship for the children will reduce the burden of family.

4.2.3. *The involvement of other groups in economic activities*

Economic activities consist with the process of production, distribution, and consumption. Almost economic activates in the Pangalengan involves other groups of people from outside of their nuclear family. It is not only in production areas as well as in distribution and consumption. Nevertheless, the involvement of people which family ties will be the main choice before deciding other people out of family members.

Their dependent on other groups of people in economic activities is also shown related to capital resources. Main resources of capital resources are from formal institution such as bank and *koperasi*. Sometime, if they do not receive the finding from the intuitions they usually come to *tengkulak*. The capital from *tengkulak* commonly by condition. Majority of the requirement related to benefit sharing and usually the *tengkulak* will receive more benefit than local farmers.

This study notices that the family tie is important. Therefore, most of people who trust in particular position may the person who have well recognized in their social networking.

4.2.4. *Cooperation and micro financial institutional*

In general, Pangalengan community familiar with the term of *koperasi* (a group economic activities that organized by the people for their together advantages). Since 1960s, they have established a *koperasi* for collect and sale their milk products.

The problem is, due to some corrupt management, Pangalengan community have a stereotype to the similar organization. This may one of the big challenges of Start Energy CSR whereas the program was also recommended a *koperasi* to encourage community economic development. The trust of local for outsider is low, therefore it is needed a consideration to involve of people in a “kinship” relationship to create a harmonious.

4.2.5. *Economical problem and entrepreneurial spirit.*

This study found that a un-synchronization between the communities needs with their want. For example, a small potato chip business in this areas stated that they needed a dryer to help maintain stable production of potatoes chips. In the first glance this may an appropriate solution to their problem. However, after walking several time, the drying machine was utilized due to the difficulty of the maintenance, particularly the low willingness of operator to learn how to do maintenance it, as the result, the machine was idle and the cost of production keep increase.

Therefore, this study also recommended a careful analysis of the spirit and mental entrepreneurship of the local people. The introduction of a particular technology may needs a serious and intensive work to ensure the operator or user ready to implement the technology.

4.3. *Social change and local economic development*

After almost four years established, the project show positive progress. First, related to the community cultural values and orientation. Our observation shows that local people are more open with the introduction of technology

and more optimists toward their future and next generation. They also more respect with cooperation and willing to try new a new collaboration to create a good result for improve their quality of life.

Second, related to local economic development, through Nurkayana UMKM Cooperative (Koperasi Nurkaya) established by Start Energy, at the end of 2010, Nurkayana UMKM Cooperative has been able to roll out savings and loan funding to 23 of its members that passed the 2 years selection with diverse business and production generated from each of the micro business.

5. Conclusion

This study has proved, using cultural approach as main method to propose a suitable CSR program through Community Development. The result indicate a positive change in the targeted community both intern of economic and also value orientation that bring the community to sustainability growth.

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