

Corporate Social Responsibility as a Behavioral Commitment of Factory in response to Environmental Issues around Purwodadi Sugar Factory in Magetan

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Abstract: The existence of factories has a significant potential to transform community, whether to being more of negativity or of positivity. The factories, thus, are supposed to inhibit the negative effects upon the community as they could generate serious conflicts within the community; which, further, is said to distract factorial and social activities. One of the negative effects refers to any environmental tragedies as result of lack of responsibility from the factories for maintaining and personifying their commitment in an ethical business world. Lots of demands, therefore, are burdened to the factories, requiring them to soon complete their responsibilities upon the community. This current research aimed at investigating role of CSR as a behavioral commitment of factory in response to environmental issues around Purwodadi Sugar Factory. Based on the result of the research, it had been shown that CSR had succeeded to overcome the environmental issues as it could suppress and minimize the occurrence of social conflicts around the factory; which was demonstrated by less complaints from the community upon the factory. Even so, there were still some complaints uttered by some people who still felt unsatisfied with environmental management performed by Purwodadi Sugar Factory

Keywords: CSR, Commitment, Factory, Environment

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I. Introduction

Environmental issues that occur as results of industrial activities in some areas strongly demand factories to take a responsibility for a solution. The similar condition also happens to Purwodadi Sugar Factory, which have been running its operation since 1832, to deal with an environmental change around its location. Many years ago, there were still few of residences found around the factory, while currently, the factory could not contest the fact that many residences are mushrooming, and the residents demand a proper social welfare and well-managed environment.

It is evident that the environmental management performed by Purwodadi Sugar Factory is still far from perfection due to limited equipment and budget. As a consequence, waste emerges and is not well-maintained, to be specific air waste. People who live around the factory get affected by the waste, too. Ash from combustion process with boiler fuel go forth from the chimney, which raises an issue for the community. All efforts for environmental management, by means of technological and process engineering, have been all performed by the factory, but still, there are always complaints from the community. Generally speaking, community service embodies principles of continual socio-economic development ^[1]. As a mean of responsibility upon the community, the factory releases some programs in respect to rising the social welfare of the community, which are all defined as *Bina Lingkungan* (Environmental Empowerment) program. The program covered renovating Mosques, conducting social charity, refining road accesses, and so forth, which in current term is known as CSR, Corporate Social Responsibility.

CSR performed by Purwodadi Sugar Factory Program is said to have yet to overcome the issues happening within the community, but have successful enough to lessen number of complaints from the community.

Also, a technical refinement is annually conducted by Purwodadi Sugar Factory, along with the program of clean production and *Bina Lingkungan* program. The complaints are normally prosecuted because of air waste, in form of ash, during a period of production, which normally takes five months long (estimated as 150 days) in a year. There is shown a constant trend of deflation upon the number of complaints since 2006. And currently, only seven people are still active in complaining.

II. Material and Methods

Time and Location of the Research

This current research was conducted on September 2017 in Purwodadi Sugar Factory, located at 7° 34' 13,71" Southern Latitude, 111° 25' 20,87 Western Longitude, Magetan, East Java.

Instrument

The key instruments used for this current research were questionnaire and observation.

Design of the Research

This research was said as qualitative one, with data analysis on the secondary data by means of inductive method through qualitative approach in respect to all answers gained in the research.

III. Results

The roles of CSR as a behavioral commitment of factory in response to environmental issues in Purwodadi Sugar Factory were demonstrated in the following diagrams based on the observational and questionnaire results attained from the community around the location of Purwodadi Sugar Factory:

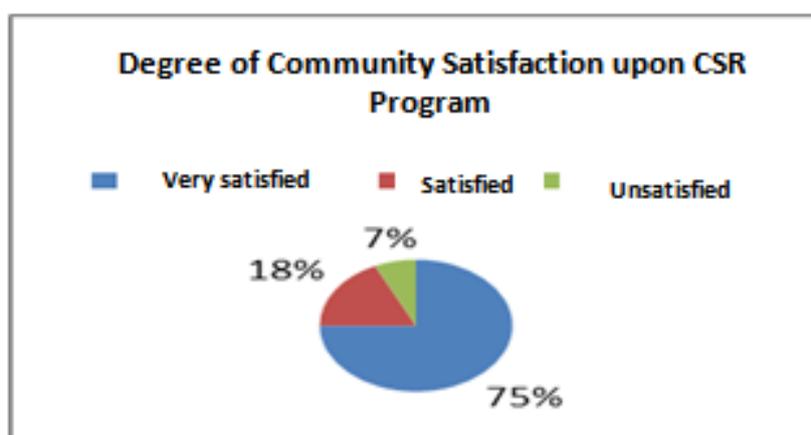


Figure 1. Diagram of Degree of Community Satisfaction upon CSR Program of Purwodadi Sugar Factory

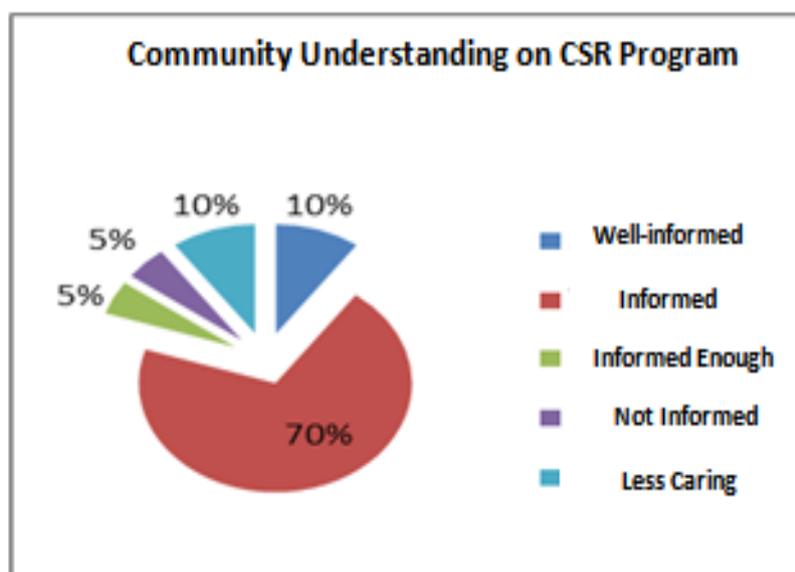


Figure 2. Diagram of Community Understanding on CSR Program of Purwodadi Sugar Factory

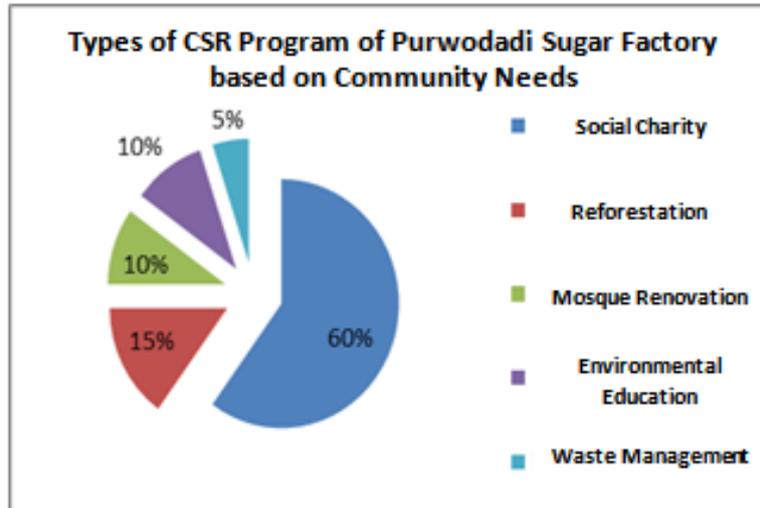


Figure 3. Diagram of Types of CSR Program of Purwodadi Sugar Factory based on the Community Needs

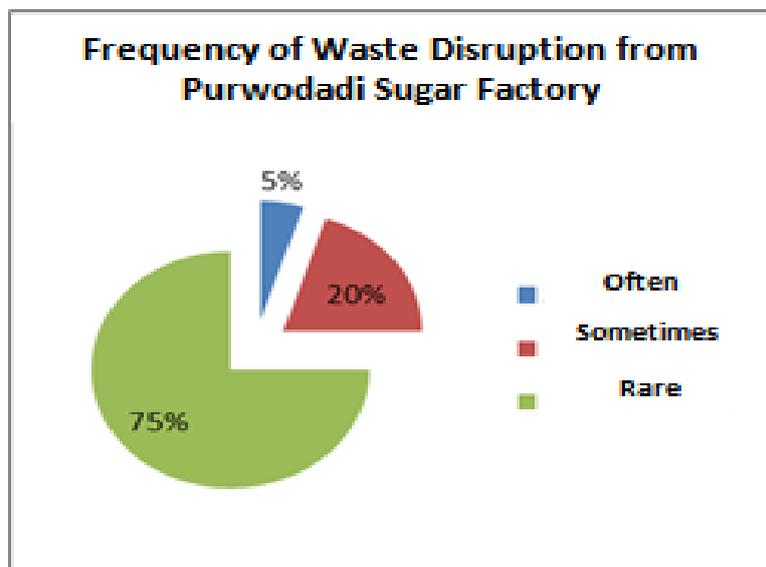


Figure 4. Diagram of Frequency of Waste Disruption from Purwodadi Sugar Factory

IV. Discussions

3.1 CSR Program performed by Purwodadi Sugar Factory

Through CSR, Purwodadi Sugar Factory had shown that the factory did not solely focus on gaining factorial profit, but also cared about social and environmental issues happening around the factory (to apply an ethical business).^[2] In its implementation, CSR program was appended as annual agenda with its promoted program, *Bina Lingkungan* (with its jargon Sugar Clean and Sugar Green), declaring that the factory had actively involved at actualizing a highly safe, comfortable social and environment condition (by Assessing Social Cohesion) and at taking care of environmental sustainability (by Protecting the Environment) around the factory.^[2]

The actualization of CSR Program could not be separated from the personnel commitment as the internal members of the factory. This fitted to the main factorial purpose, which was to implement Act of CSR in effort of portraying a conducive ambience within social environment, especially upon the government as well as community.^[2]

By taking care of environmental preservation through CSR and waste management, the factory could create a preferable condition as expected by both the parties (Moral Argument). Meanwhile, the commitment referred to a response of the head of management upon any social and environmental issues (KLH, 2011).^[2]

In accordance with Guidebook of Environmental CSR Implementation (KLH, 2011), CSR program of Purwodadi Sugar Factory had already stipulated concepts of 3R (meaning Reuse, Reduce, and Recycle) for composter program.

Besides, composter program, provision of rubbish cans, reforestation in Poncol Magetan, and provision for schools with rubbish cans in order to actualize *Adiwiyata* School program (preserving the school environment to always look clean and green) were some of exemplifications of environmental education program as it was said to activate the community to actively involved at environmental preservation. Meanwhile, reforestation program in Poncol signified an alternative form of CSR on natural resource conservation. All in all, Sugar Care had already implemented core principle of CSR, which was to manage the effects generated from the factorial activities. In addition to minimizing the effects, it was also intended to stay keeping in a good touch with the community around the factory, especially to consummate a conducive situation in running the business.

3.2 CSR Program as a Behavioral Commitment of the Factory

On verse 1 point 1 in Act No. 32 2009, the term environment was defined as:

“... the entity of space along with its complements, resource, situation, and creatures, to include humankind and their behaviors that give impacts to the space, life continuity, their own social welfare, and other living things.” Simply, referring to such a definition, it was claimable that responsibility performed for the environment constituted responsibility intended for human behaviors in preserving the entity of the space along with its complements, inside. It was obvious that what was postulated in the Act manifested a regulation and exemplified an essential concept of CSR, which was solely on responsibility for the environment. Therefore, a matter of responsibility was actually an embodiment of the concept of CSR, and had been officially stipulated in the Act in respect with environmental protection and preservation.^[4]

The stipulation of CSR, not only, could be found on the Verse 1 in the Act No. 32 2009, but was also written in the Verse 67 in the Act No. 32 2009. It postulated that “each of individuals is strongly responsible for environmental preservation as well as for waste management and or environmental damage.”^[5]

One of the determinant factors of CSR program implementation for environment referred to the commitment from the head of management. The factories under the leadership of those with lack of responsibility upon social and environmental issues would be less caring about the issues. In addition, the victorious and well-managed ones would show a great potential to contribute to community development due to abundance of financial support.^[3]

3.3 CSR Program in Response to Environmental Issues

Factory was no longer about single person, but referred to an entity of collective thoughts with a requirement of making an adaptation to cultural and social environment. CSR program was an answer for community challenges and demands on ethical business practices under the basis of social and environmental friendliness.^[3]

Alluding to the flow of CSR program, the implementation of CSR program alone was based on essence of continuity. Referring to monitoring and evaluation, CSR program would reach the expected target only if the head of management internalized the value of consistency and strong commitment, especially from the financial aspect. Nonetheless, it was considered of urgency to raise the personnel awareness and educative improvement for new vendors.^[3]

3.4 The Community Satisfaction upon the CSR program of Purwodadi Sugar Factory

The CSR program performed by Purwodadi Sugar Factory had resulted in significant outcomes for the community. This was demonstrated from Figure 1, explicating that as many as 75% of the community were very satisfied, 18% satisfied, and 7% unsatisfied with the CSR Program of Purwodadi Sugar Factory. It clarified that the CSR program of Purwodadi Sugar Factory had significantly contributed to the community. There were a lot of exemplifications to learn from a set of activities conducted, such as raising the community awareness of the importance of environmental preservation and giving opportunities to local entrepreneurs and societies to expand their businesses.^[3]

3.5 The Community Understanding upon the CSR Program of Purwodadi Sugar Factory

In accordance with the results of the research served in Figure 2, it had been shown that the ratio of community understanding upon the CSR program signified that 10% of whom were well-informed, 70% informed, 5% informed enough, 5% not informed, and 10% less caring. This articulated that as many as 80% of the community had been informed about the CSR program of Purwodadi Sugar Factory.

3.6 The Types of the CSR Program of Purwodadi Sugar Factory based on the Community Needs

There were numerous types of the CSR program performed by Purwodadi Sugar Factory. Figure 3 had portrayed some programs needed by the community, which denoted that as many as 60% of the community supposed to have social charities (such as donations for orphans and people in poverty, road access refinement, and house renovation), 15% for reforestation, 10% for consecutively shrine refinement and environmental education (donation for *Adiwiyata* actualization – green and clean school environments, and inserting curriculum for environmental education for Purwodadi Sugar Factory Kindergarten), and 5% for waste management (trash bank).

The success of the collaborative working with such partnerships as Local Government of Magetan District, Government Plantation Service, Government Environmental and Forestry Services, Government Industrial Service, and schools, was embodied in CSR sub-programs. ^[3]

3.7 The Frequency of Waste Disruption of Purwodadi Sugar Factory

Environmental issue occurring at around Purwodadi Sugar Factory was solely caused by inadequacy of management upon the environment from factorial waste, to, eventually, trigger complaints from the community. However, the frequency of the issue was exhibited in Figure 4, referring to the questionnaire and observational results. It showed that as many as 75% of the community claimed that they rarely found any problems due to waste disruption of Purwodadi Sugar Factory, 20% claimed that they sometimes found, and the rest 5% claimed that they often found. It would mean that the community had been well understanding that the frequency of the waste disruption was still considered normal for 5-month operation.

Alluding to the result of the research, it could be summed up that CSR, as a means in response to the environmental issues, had been of success, considering its capability of overcoming any issues occurring within the community, which was indicated by lack of complaints jolted to the factories. Even so, there were still a few of complaints from some people who felt unsatisfied, still, with the environmental management of Purwodadi Sugar Factory.

V. Conclusions

The CSR (Corporate Social Responsibility) program performed by Purwodadi Sugar Factory, with its major sub-programs, to name *Bina Lingkungan*, social charity, and clean production, helped the factory deal with the environmental issues occurring around Purwodadi Sugar Factory. Further, the CSR program was deemed as manifestation of factorial commitment to the community and environment. Henceforth, the value of responsibility for performing an ethical business through environmental preservation had been engraved and fossilized, in effort of staking out the sustainability of forthcoming development.

[1].

Donny Jati Setiawan. " Corporate Social Responsibility as a Behavioral Commitment of Factory in response to Environmental Issues around Purwodadi Sugar Factory in Magetan." IOSR Journal of Environmental Science, Toxicology and Food Technology (IOSR-JESTFT) 12.11 (2018): 61-65.