



Fight Against the Curse of Natural Resources: Batik Cepu in Improving Community Welfare through Pertamina CSR Funds

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Abstract. This study explains the existence and benefits of Pertamina's Corporate Social Responsibility (CSR) funds in Cepu by establishing the Krajan Batik House. Several oil mining companies conduct mining activities in Cepu, however until 2012 the Cepu community has not been able to increase revenue through Pertamina's CSR funds because few Cepu people are qualified to work at Pertamina or private oil companies. However, Pertamina had CSR funds that can be used to conduct business other than mining activities. The establishment of the Krajan Batik House is one of the breakthroughs in using CSR funds, and the product can compete with batik ones from other cities in Central Java. This study uses literature and oral sources to gather information about the utilization of CSR funds by the founders of the Krajan Batik House. Field research in the Cepu area and a visit to the Krajan Batik House proved that the batik house could absorb laborers consisting of housewives. The Krajan Batik House proves that the icon of a region already known to the public and depicted in batik cloth makes it easy for the batik product to be known to the public and become a pride for the citizens of Cepu.

Keywords: Pertamina · Batik · CSR · Cepu · Krajan

1 Introduction

Cepu has a long history as a place that is often referred to as the trajectory of Indonesia's national history, mainly if it is associated with the existence of an oil mine. Until now, there is nothing that can be used as a reference precisely since when the area was called Cepu. Generally, people refer to past stories that are mythical or legendary. The first version tells us that the name Cepu originated from a story of a battle between two dukes, namely Tedjo Bendoro from Tuban and Djati Koesoemo from Bojonegoro. The defeat suffered by Djati Koesoemo made him have to surrender all of his wealth, including his sons. One of her daughters named, Retno Sari, broke her promise and ran away. Duke Tedjo Bendoro was furious and was forced to release an arrow-like weapon toward the princess and hit her thigh. At this point, there are three opinions about the origin of the word Cepu. First, the word may come from the Javanese word pupu, which means thigh. At the same time, another opinion explained that the word Cepu came from the word

Cempulungi. Cempulungi itself is the name of the Adipati Tedjo Bendoro weapon that hit Princess Retno Sari's thighs. The third opinion explains that the word Cepu comes from the Java word *nancep* because the weapon is stuck in the princess's thigh. The name Cepu is also widely mentioned in the Babad of the Land of Java, although the truth is still questionable.

When Indonesia's history entered the Dutch colonial period, Cepu, which had turned into a small town, became more well-known for the history of oil mining. Because of oil as well, the Dutch colonial government established various transportation facilities such as the railway that connects Central and East Java through Cepu, in addition to the aircraft fields found in Ngloram. Until now, numerous relics of the Dutch colonial period can still be seen, Loji Klunthung, SOS Sasono Suko Meeting Building, and the grave of the Dutch in Wonorejo Village, Cepu Village.

During the physical revolution between 1945–1949, Cepu was also a hideout for several figures from the Indonesian Communist Party who fled after the failed PKI Madiun Rebellion. TNI forces subsequently crushed those who were still trying to assemble communist forces in Cepu from the Ronggolawe Division under the leadership of GPH Dipokusumo. Both Ronggolawe and Dipokusumo have now become attached to several names of places and monuments in Cepu, such as Ronggolawe Field, Ronggolawe College of Technology, and Ronggolawe Monument in the form of prancing horses. While the name Dipokusumo was made the name of a monument near the Sasono Suko SOS Building.

Administratively, Cepu is the name of a sub-district in Blora Regency. Today, Cepu, which is only a sub-district city, is more crowded with various economic activities that continue to increase compared to Blora Regency. The city's hospitality and development cannot be separated from the natural resources owned by the area around Cepu in the form of petroleum. Petroleum exploration in the Cepu region and its surroundings has been carried out since the Dutch colonial government, and until now, oil has also made the city an attraction for local governments, private entrepreneurs, and students, as well as migrants who want to make a fortune.

The central face of Cepu is dominated by economic activities, education, private sector businesses, and offices. At the same time, agricultural and plantation activities are in the suburbs. Economic activity can be seen in the crowded markets in Cepu from morning to night. In addition, there are also informal sector businesses such as the souvenir sales center typical of Cepu and traders selling traditional food from the city. Although it does not yet have a higher education institution such as a university, Cepu is also a destination for students to study because there are Oil and Gas Colleges. The existence of this high school is inseparable from the development of efforts to develop oil and gas exploration around the City of Cepu. The abundance of exploration and the discovery of new oil and gas sources around the city of Cepu made many people want to be involved in mining projects. There are at least three parties that, up to now, have access to take advantage of the existence of oil in Cepu, namely the government (including central and regional governments), national and foreign companies, and local communities.

Until now, the National Oil Mine Company (Pertamina) is a national company that plays a vital role in oil mining exploitation and exploration activities in Cepu, but whether

the presence of Pertamina can improve the welfare of the Cepu community while avoiding the Cepu community from the curse of natural resources? Do the Cepu people benefit from mining activities in their area, and are they involved in the oil mining activities?

2 Theoretical Perspectives

In many cases, people living in areas rich in natural resources do not enjoy their wealth. Conversely, people live in poverty which has declined from generation to generation. Low and unchanging education levels have not succeeded in lifting the family economy to create a socially and economically better generation than their parents. In Cepu, this fact has been going on since the Dutch oil company began oil mining activities in the area, which is now part of the Cepu Block.

In several countries, failure to achieve population economic growth is closely related to the weak development of democracy, rampant corruption, and the rise of civil war [1]. According to Moore, several developing countries that are rich in natural resources do not have little dependence on tax revenues but rely more on income from external sources [2]. This condition is believed to hamper the country's growth because when the natural resource reserves run out, they will be very dependent on the products of other countries. Before that happens, countries that have a wealth of natural resources should have begun to create reliable products to be exported with capital obtained from the export of their natural resource commodities. If applied to the case in Cepu, the oil boom that occurred in the mid-1970s made Indonesia rely more on oil exports to get more state revenue, according to Moore's opinion. However, developing oil mining activities in Cepu involving various parties, including the government and foreign companies, opens opportunities for corrupt practices among government bureaucracies. This situation makes the people living around the mining area in Cepu increasingly benefit from the existence of oil mines in their area. Several community mines involving residents around the mining area generally only work as laborers to dig up points that are thought to contain oil. At this point, has Pertamina succeeded in avoiding the Cepu community from the curse of natural resources through community empowerment that can improve their economy?

3 The Existence of Pertamina in Cepu

The existence of oil fields in Central Java and East Java originated from the findings of residents of black soil seepage, which was easily flammable from the ground in 1880. This was the first oil discovery in the area, later named the Cepu Block. Residents themselves called the black liquid Latung. News of the discovery of the seepage of the land reached the Netherlands, and in 1887 they had drilled oil in Kuti and Kruka, south of Surabaya. The discovery of oil in the East Java region was initially discovered by Adriaan Stoop, a mining scholar who graduated from Delft Technical High School, the Netherlands, in 1893 in Bojonegoro Regency, which later became the starting point for oil mining in the Java region. Furthermore, Adriaan Stoop founded a company to take care of oil extraction in the Blora region, which became a milestone for the first colonial company engaged in oil mining in the Dutch East Indies region. The company

was named *Dordtsche Petroleum Maatschappij* or DPM, whose name was taken from its birthplace in the Netherlands [2].

Before World War II, the Oil Field in the Cepu region controlled by the *Bataafsche Petroleum Maatschappij* (BPM) developed around 24 oil fields. Exploration was carried out mainly using surface geological mapping, test wells, and shallow drilling, followed by more extensive and profound scale drilling. This continued until World War II's outbreak when Japan occupied the Dutch East Indies. On October 5, 1945, based on the Declaration of the Minister of Prosperity Number 5, the petroleum area of Cepu officially became a State Oil Mining Company (PTMN).

PTMN Cepu is one company that can help the government with fuel oil, especially the military, which then carried out the war of independence with the Dutch colonial army. At the beginning of the Independence era, PTMRI in North Sumatra, Permiri in South Sumatra, and Jambi, or PTMN in Cepu, were both suppliers of fuel and weapons for the community and the Armed Forces. This benefit was later acknowledged by the delegates of the Republic of Indonesia in negotiating with the colonial state. In 1951, the Indonesian military transferred the Cepu block, which later gave birth to the Republic of Indonesia Oil Mining Company (PTMRI). In 1961 the company changed its name to PN Permigas, tasked with managing the Cepu field. Furthermore, from 1973 to 1974, various seismic surveys were carried out and continued until Pertamina Unit III took over the Cepu Block in 1980.

On the other hand, Cepu was later used as an Education and Training Center (*Pusdiklat*) for petroleum workers in 1960. Later in 1984, the education and training center changed its name to the Center for Oil and Gas Development or Oil and Gas PPT, which then shifted to with now under the name of the Oil and Gas Academy (*AKAMIGAS*). This change is based on the depletion of oil reserves in the Cepu oil field. With the lack of an oilfield, the cost of production is greater than the profits obtained. Therefore, heavy equipment used to carry out oil exploration began to be used as a teaching aid in the Oil and Gas Academy [3]. It was only later in 1990 - 1998 when large quantities of oil and gas were found in old locations, but deeper, around 1700–2000 m from the previous area. It is estimated that the new oil potential located in the Cepu Block reaches 2.2 billion barrels, in Blora Regency with around 0.7 billion barrels, and in Bojonegoro Regency with approximately 1.5 billion barrels, which makes the atmosphere of oil exploration in the Cepu area become rampant and bounce back. However, residents of Cepu still have not been heavily involved in mining activities carried out by large companies such as Pertamina and Exxon Mobil, which generally employ skilled workers from outside Cepu.

Until 2018 mining activities in Cepu can be said to have not been able to return as in the 1970s even though these opportunities existed. Based on field research, the recognition of some residents shows that mining activities in Cepu still have potential if there is a good relationship with large companies operating in Cepu. There were two people we finally met and interviewed at a food stall in Cepu first Aan, who was a vendor entrepreneur, and the second was Sutiyono, who was a driver from a vendor company. Both Aan and Sutiyono related that the relationship with Pertamina had been running smoothly and comfortably all this time. Sutiyono also claimed to want to remain a driver in a vendor who worked with Pertamina if his contract continued to be extended.

Workers must fulfill several procedures in the vendor, including ideal body weight and health. Being overweight will be rest. Cholesterol, gout, and sugar are all routinely checked at Pertamina Lab. According to Sutiyono, the procedure was actually for the driver's safety. For example, if he were dizzy, it would be dangerous when driving a car. Aan himself is one of the Cepu people who has businesses in the local vendor sector in the transportation sector. He is the manager or managing the drivers. But now, he has begun to explore or expand the vendor's business wing to the field of oil and gas waste management. That's all he can do to fulfill the certification standards he has obtained. In dealing with Pertamina, he told me that as a local vendor, he benefited greatly from being a company priority.

From the vendor's side, according to Aan, they also applied the same system to prioritize local people, especially those close to the drilling or processing area. According to Aan, local people usually only fill in the labor force. Their skills are limited. The majority of them are drivers and OB. That also makes them empowered because they have jobs. Working as an official vendor under Pertamina's collaboration was more convenient for residents than when they worked in old wells as traditional miners.

People's mines stretched in the Cepu Block around 2012, and many complained about their fortune from drilling for oil. Many investors arrived, primarily from outside Blora and Bojonegoro, on average from Jakarta. But the people's mine, according to Aan is very damaging to the environment because it does not care about waste. Even for work safety, matters are ignored. That is very different from big companies like Pertamina, which already have waste management. That problem still occurs. However, when there is a problem of waste that disturbs the community or community farmland, Pertamina will usually provide specific compensation depending on the losses suffered. There will be an officer or team that will calculate the failure of the residents.

Related to the socioeconomic impact of the presence of oil and gas in Cepu, they considered it to be very influential both directly and indirectly. The Cepu community cannot be separated from the oil. When production and oil prices are sluggish, food stalls are quiet. On the contrary, when there are projects and oil writhing, food stalls are immediately crowded. The presence of people's mines is not significant in terms of socioeconomic. In Ledok and Wonocolo, besides being able only to be enjoyed by local villagers, the income from their income did not significantly bring profit.

Although Cepu is no longer an oil exploration area, for Aan and Sutiyono, the socioeconomic impact remains. It cannot be denied. Pertamina still has programs for local communities, such as free training and certification. They also still carry out a corporate responsibility program to the community through CSR. As for the presence of traditional or community oil mines in old wells, Aan explained many problems in the illegal business. According to him, the conflict is vulnerable.

Regarding fraud about oil investment, Aan has his own interesting experience. He was once a consultant to a PT or a businessman from the Philippines who operated in Cepu. The company plays in stocks to attract investors or stock buyers. The company made an effort as if opening a new exploration for oil drilling, from which many people saw it operating in the Cepu Block. The effect is extraordinary according to Aan, the company's shares immediately jumped up.

In terms of socioeconomic aspects, another influence that can be felt is that food prices in Cepu are high compared to the surrounding regions or districts. Even as Aan knew, it was more expensive than Semarang, which in fact was the provincial capital. The consumptive power of Cepu residents is also high, every food seller must sell well at Cepu. For example, a typical Cepu coffee shop, namely Kothok Coffee is in every corner of Cepu and is crowded with visitors.

Girls in Cepu generally want to get STEM student partners or people working in oil. It was considered a guarantee for their bright future. But unfortunately, according to Sutiyono, most of the men from Cepu were drivers. He even joked that all adult men from Cepu would be able to drive a car. When there were job openings, almost all signed up for the driver section.

Thus, mining activities in Cepu broadly impact the community in various aspects of their lives, primarily economic and social. But there is one opportunity that has not been maximally utilized by Cepu residents, namely the existence of CSR funds. The community can use these funds through established procedures for business activities that can improve skills and income. Among them is the business of making Cepu batik carried out by Rumah Batik Cepu.

4 Karangboyo School and Batik Cepu

The existence of oil mining companies in Cepu, especially Pertamina, is indisputable making this small town on the border of Central Java and East Java increasingly known not only in Indonesia but also in the world. As one of the largest oil-producing regions in Indonesia since the colonial era, people living in this region should have a positive influence, especially on the economic side of the existence and activities of oil mining companies, especially Pertamina.

Based on field research conducted since 2010, various information was obtained regarding the impact of Pertamina's existence and activities in the Cepu and Bojonegoro regions. Based on the results of interviews with a number of people from different social levels, the Cepu community in general held that Pertamina's presence in their area had a positive and negative influence on people's lives. In the economic sector, Pertamina's presence made the Cepu community's economic wheel join in, which was marked by the increasing number of migrants who worked in the company and those who studied at education centers affiliated with Pertamina.

The existence and sustainability of Pertamina's activities in Cepu is inseparable from the good relations that Pertamina can build with surrounding communities, especially because the existence of oil resources in Cepu provides benefits to companies and the state. To maintain good relations with the surrounding community while at the same time demonstrating Pertamina's concern for the needs of the local community, a number of Corporate Social and Responsibility (CSR) funds are channeled to educational institutions and small industries in Cepu. One of the recipients of Pertamina's Exploration and Production CSR funds (EP) Asset 4 Field Cepu is Karangboyo 3 Elementary School. The school proposed Pertamina assistance to obtain funds that could be used to improve school facilities and infrastructure. School facilities that are minimal with the condition of the school building which are very concerning make the interest of parents who want to send their children to SDN 3 Karangboyo very little.

Before submitting a proposal to improve school facilities to Pertamina, the Principal of Karangboyo Elementary School 3 3 had said about the condition of the school to the Blora District Education Office. The school then received a visit from the head of the department. The Blora District Education Office then inventoried data on schools that would receive assistance. However, assistance from the Blora District Education Office is only enough for school operational activities, including paying teachers and extracurricular activities. While for school events obtained from committee self-help funds and members of the school committee. The Elementary School actually received assistance from the House of Representatives Aspiration Fund to rehabilitate the building, but in reality, the assistance did not come.

To be able to repair damaged school buildings, SDN 3 Karangboyo submitted a proposal for a request for assistance to Pertamina. Based on the proposal, Pertamina included Karangboyo SDN 3 in their CSR priority list. School renovation activities have been carried out since 2014 in stages. Gradually the condition of the school is getting better. The improved school conditions were accompanied by the construction of four new classrooms and a school library. By using CSR funds, Pertamina also built roads and fences surrounding the school area. Karangboyo Elementary School 3 also gets a computer, and the STEM (Energy and Mineral College) program teaches in the elementary school.

After the physical building was successfully repaired, the principal and the teachers of SDN 3 Karangboyo began to focus on extracurricular activities and character development education and skills education that were included in the teaching system in schools. One of the students' extracurricular activities is the art of batik. A number of works made by batik students of SDN 3 Karangboyo that were successfully completed were even used by the school itself such as tablecloths.

The teacher batik the students in the school is a batik craftsman who is also a member of the Small and Medium Enterprises which is fostered by Pertamina Pertamina Asset 4. Batik Cepu located at RT.05 / RW.01 is located in Ngelo Sub-District, Cepu District and located right behind Pertamina Asset 4 The owner of the Cepu batik business is 43-year-old Panca Suni Puspitasari. He started the business from participating in the batik training held by Pertamina CSR starting on November 5, 2012. The training held at the Ngelo Village Office was occupied by Panca Suni Puspitasari even though the other training participants were no longer present. Together with five other participants Panca Suni Puspitasari continued to take part in the batik training held by Pertamina CSR. According to him batik is a fun activity as well as a vehicle for expressing things in the form of pictures or sketches. The batik activities carried out by Panca received support from her husband who also enjoyed designing and drawing.

Thanks to her batik knowledge and pleasure in making designs and drawings, Panca Suni Puspitasari subsequently established a batik house that employs friends who had participated in batik training through Pertamina CSR. Slowly the batik house he developed with his husband and friends began to show results with the increasing number of visitors and buyers who came. One of the factors that makes batik cloth designs preferred by buyers is because of the uniqueness of the batik cloth motif. Almost all the designs of batik cloth produced by the batik house were made by her husband. The design of the batik cloth is generally an image that is an icon of the city of Cepu along with the

oil industry, which is the pride of the community, including the picture of a pump, oil refinery and even the symbol of Pertamina, which is an icon of the city of Cepu. A bobbin pump is a pump used to lift oil from the ground and is often found in mining areas owned by national and foreign companies and community mining in Cepu and its surroundings. In addition to the bobbin pump, another icon of the city of Cepu which is used as a picture or sketch of batik home batik managed by Panca Suni Puspitasari is a tree and teak leaves that are widely grown in Cepu and its surroundings. Cepu itself has in the past become a producer of teak wood thanks to the presence of teak forests in Cepu and its surroundings.

The batik group working at the Panca Suni Puspitasari batik house is then named as Batik Pratiwi. This batik house runs and survives with self-help capital for two years since 2012. In 2014 Batik Pratiwi received additional capital from Pertamina. Along with that the name of the batik group changed to Batik Pratiwi Krajan. Since then, the batik group has grown along with the increasing demand both from the Cepu region and outside the city, especially from cities in Central Java. Thus, the capital assistance from Pertamina became a turning point for the development of this Batik House in addition to the persistence of the members of this batik house in developing their business. At this point the question arises how Pratiwi Krajan Batik House obtained the capital from Pertamina.

Based on information obtained from interviews with Panca Suni Puspitasari, efforts to obtain additional capital began with the submission of business assistance proposals to Pertamina. Shortly after the proposal was submitted, Pertamina's Public Relations Team visited Rumah Batik Pratiwi to ascertain whether the batik house was suitable for capital assistance. Pertamina's Public Relations Team then interviewed Panca Suni Puspitasari or Ms. Nunu who explained the business prospects of Rumah Batik Pratiwi to Pertamina. According to Panca, obtaining capital assistance from Pertamina was very smooth and not complicated. Until 2018 this batik group is still getting help and assistance with Pertamina's CSR. The business development of Pratiwi Krajan Batik House was accompanied by the addition of the number of workers working in the batik house. In 2012 the number of workers at Pratiwi Krajan Batik House was only five people but by 2018 this batik house had employed 16 people. The addition of the number of workers is related to the increasing demand because Pratiwi Krajan Batik House is now also serving online purchases. In this way the sale of Pratiwi Krajan Batik is able to penetrate the market to other big cities outside Central Java.

Until 2018 the motives of the Pratiwi Krajan Batik House products were dominated by motifs related to the world of oil and gas. According to Panca, these motives can increase the branding of the name Krajan Batik. Panca also refers to the packaging box of Batik Krajan that uses the Pertamina logo. According to him, the logo enhances the positive image of marketing batik products. This is because Pertamina as a national oil mining company symbolizes state companies that contribute to building the home industry. The presence of Pertamina, which has been operating in the Cepu area for decades, made the company logo very familiar with the local community. The packaging bearing the Pertamina logo is one of the assistance packages obtained from Pertamina's CSR assistance program. The assistance program from Pertamina that has been carried out for approximately four years until 2018 provides many benefits for the development

of the Pratiwi Krajan Batik House. The assistance program includes business capital assistance, giving batik business tools and business management training. This assistance is given every year.

In addition to helping through the mentoring program, Panca acknowledged that Pertamina also helped a lot in promoting the products of Pratiwi Krajan Batik House. Pertamina often includes Pratiwi Krajan's Batik House in various Pertamina activities. Pratiwi Krajan's Batik products are often used as souvenirs for Pertamina's guests. These products are also often used as souvenirs for those who are active in the Cepu Light Oil and Gas Education Center. Thus, the Pratiwi Krajan Batik House product is known to people until out of the city of Cepu.

For Panca, the presence and presence of Pertamina and the oil company's CSR program provide many positive sides for the development of the economic life of his family and the families of other batik artisans. This is because the artisans generally are housewives who have time after completing tasks at home. They assume that the existence of the Krajan Batik house is an opportunity for them to develop skills while helping the family economy. Pertamina is also quite accommodative as long as the target groups communicate well. To Panca's knowledge, not only his batik group received assistance. In an environment close to Pertamina, they often get help for the inventory of RTs and Posyandu, such as chairs.

5 Conclusion

The existence of the Krajan Batik House is one of the efforts to utilize Pertamina Cepu's CSR funds. Cepu people who cannot get jobs from mining activities in Cepu can increase creativity by producing products that sell well in the market. The existence of the Krajan Batik House is a breakthrough in the successful use of CSR funds. The idea of establishing a batik house combines the desire to raise the name Cepu and efforts to increase people's income. So far, Cepu is better known as an oil-producing region so it seems that there are no other products that the Cepu community can produce. This also makes the impression that the Cepu community is not creative in utilizing natural resources to create product variants.

Krajan Batik House is one solution that dismisses the notion that the Cepu community is not creative in producing a product that can lift the good name of their area. First, this batik house can take advantage of CSR funds that have not been used to produce a product so far. The creativity of the founders of the Krajan Batik House in taking advantage of the opportunity to synergize between oil mining symbols which is a Cepu icon is a brilliant idea. By using a number of Cepu icons such as bobbin pumps, trees, and teak leaves, Batik Cepu is created, which turns out to be salable and accepted by the market. Secondly, the owner of Krajan Batik House has also used technology in selling batik products so that Batik Cepu is known and sought after by people outside the City of Cepu. The existence of Cepu Batik House should be an example of an effort to utilize CSR funds in other fields so that the Cepu community starts thinking about business alternatives and does not only rely on diminishing oil mining activities.

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