



# Sustainable Development: Analysis of Corporate Social Responsibility (CSR) Program (Case Study of Juai Village in the Regency of Balangan)

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## ABSTRACT

This article discusses a CSR program held in the mining company at Juai village of Balangan Regency, South Kalimantan, Indonesia, and analyze the corporate social responsibility program from Sustainable report, which aims to achieve the 17 sustainable development goals (SDGs). The impacts of the program on community empowerment to encourage community empowerment and to improve inclusive economic development. The CSR program carried out by the company is only a contribution according to the needs of the community. The contribution is only for the development of schools and bridges/small bridges. The company does not give impacts on inclusive development as well as formulating strategies on how the inclusive development can be realized. Development can be realized when community empowerment can take place sustainably. This is a step to reduce the poverty in the community. PT Adaro Energy Indonesia Tbk has implemented a sustainable corporate social responsibility program with the aim of achieving sustainable development goals (SDGs).

**Keywords:** *Corporate Social Responsibility (CSR) program, Community Empowerment, Poverty Reduction, Inclusive Economic Development, Sustainable development goals*

## 1. INTRODUCTION

Mining companies have big roles in the economic, social and environmental growth. The CSR program of mining companies is one of the steps to realize the mining's role to the community and environment. CSR can be defined as a concept where the company integrates its social and environmental problems into its operational activities, supported by Idemudia [1]. From the government's point of view, CSR relates to the relationship between company and civil community, where its purpose is to encourage practical responsibility and sustainable development, supported by Albareda et al[2]. Up to a certain point, the practice of the CSR program in the mining company is in the form of contributions or charity to the community.

Through the CSR program, it is supposed to be able to have a long term socio-economic effect, such as poverty reduction and the creation of employment, supported by Abdelhalim et al [3]. Poverty reduction is conducted by empowering the community, especially women empowerment, as a means to encourage entrepreneurship activities and to control population in an area, supported by Mirsha et al [4].

People empowerment is an effort for development, independence, self-sufficiency, and strengthening the life quality of a bottom-level community. The process of social change which enables marginal societies to be marginalized and helpless to give a bigger influence on the economic, social and political aspect locally or nationally is something that can encourage people empowerment, supported by Arifin et al [5]. One of the aspects to encourage inclusive economic development is when people empowerment is achieved.

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Currently, the government of Indonesia has an effort to change the pattern of economic growth that still depends merely on natural resources to become a more inclusive economic growth pattern, supported by Negara et al [6]. Inclusive economic development is an economic development that creates access and broad opportunity for all stages of people fairly, improves welfare, and reduces the gap between groups and areas, supported by Bappenas 2018 [7]. Inclusive growth will provide opportunities to all stages of people to be able to have contribution and benefits from the economic growth and development based on equality, apart from their different socioeconomic background, supported by Hill et al [8]. The following is the graphic of Inclusive Economic Development Index (IPEI) in South Kalimantan in 2020, supported by Bappenas 2020 [9]:

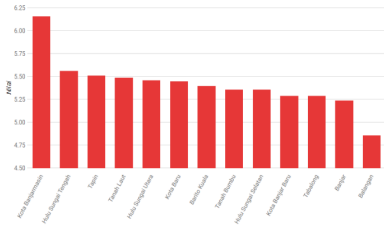


Figure 1 Balangan Regency

According to the above graphic, Balangan Regency sits on the last rank of Inclusive Economic Development Index (IPEI) of all regencies/ cities in the province of South Kalimantan. This means that the inclusive economic development in Balangan Regency has not been able to be thoroughly implemented. Consequently, the role of several parties, including mining companies operated in the Regency of Balangan, is required to be able to improve IPEI by creating a CSR program in the purpose to reduce poverty and to realize community empowerment in the Regency of Balangan.

The main contribution in this study is to analyze the CSR program of PT Adaro Indonesia in empowering the community and reducing poverty in the purpose of realizing inclusive economic development and sustainable development goals (SDGs). The study is focusing on Juai Village of Juai Subdistrict in the Regency of Balangan, South Kalimantan. The reason for choosing Juai village as the focus of the study is because Juai village is a village which has different characteristics from other villages. Before 2014, Juai village was the ring 1 village of PT Adaro Indonesia, after 2014 up to the moment, Juai village has been in the ring 2 of PT Adaro Indonesia.

*Sustainable Development* is development that meets the needs of the present without compromising the ability of future generations to meet their needs (United Nations Brundtland Report 1987). SDGs are a development of *the Millennium Development Goals* (MDGs) because the focus on MDGs is still limited. The SDGs are set to address problems in depth, consisting of 17 goals and 169 targets that focus on achieving sustainable development in three dimensions, namely economic, social and environmental. The success of implementing *sustainable development goals* depends on government, business and civil society, especially companies that play an important role, Mishra [4].

## 2. LITERATURE REVIEW

### Theory of Legitimation

The company is operating. Therefore, when an action is conducted and is successful to improve legitimation in an area, the same action will probably not be successful if implemented in different areas.

There is a direct correlation between perception about the company's integrity and CSR program that has been conducted by the company, supported by Frecea et al [10]. This shows that CSR activity can become an important element in strengthening the relationship between the company and the stakeholders who are interested in the CSR or the company's sustainability, supported by Vitiea et al [11].

### Corporate Social Responsibility (CSR)

In the last few decades, the needs for the companies, investors and the government to invest in Corporate Social Responsibility (CSR) activity emerged to help analyze the crisis in the community, supported by Singh et al [12]. Corporate social responsibility is a complex concept and its design integrates economic, social, and issues related to the environment, supported by Frecea et al [10]. Dahlsrud [13] found five dimensions in CSR; dimensions of environment, social, economic, stakeholder, and voluntary.

From the government's point of view, CSR has a correlation between private companies and civil society whose purpose is to encourage responsibility practice and sustainable development, supported by Albareda et al [2]. CSR can also be interpreted as a government instrument in policy regulation to shape the behavior of private companies and to promote the practice of business, social, and environment, supported by Fox et al [14]. Government has an important role in making regulations concerning CSR, which has a purpose to improve inclusive economic development index in the Regency of Balangan.

When the company invests in CSR activities, they get appreciation and recognition from the community and national and international business forum, because this investment directly contributes to the economic growth, supported by Sharma et al [15]. Empirical results have shown that CSR is more successfully implemented in the developed countries, rather than in the developing countries or in the less developing countries, supported by Blackman et al [16]; Blackman [17].

#### **The government's policy concerning CSR**

The government needs to facilitate the creation of value by making regulations that encourage innovation and collaboration among the stakeholders, such as environmental management with the private company, supported by Vitiea et al [11]. In Indonesia, there are several regulations that regulate CSR. Law number 40 of 2007 concerning Limited Liability Companies (UUPT) regulates environmental and social responsibility, where the companies which run business activity in the field and/or related to natural resources are obliged to implement the environmental and social responsibility.

Minister of Energy and Mineral Resources Regulation number 41 of 2016 articles 1 and 2 stated that mining business, where mineral and coal companies implement community empowerment and development, is an effort to improve economy, education, sociocultural, health, and the living environment of the community around the mines. The Minister of Energy and Mineral Resources decree number 1824 K/30/MEM/ 2018 contains the Guidelines of Community Empowerment and Development Implementation. The role of the government in supporting development is not only by making the law, but it can also enforce tax, subsidy, and fines.

The Regency of Balangan has issued Regional Regulation number 19 of 2014 Article 1 containing Corporate Social Responsibility (CSR) program, which is a program to develop community, partnership and environmental building programs, village community empowerment and its kind. They are programs that aim to improve people's standard of living around the company's surroundings, to create employment, and to reduce the social gap of the community environment around the company's surroundings, where in its turn it can give a conducive climate for the company stated that the government role in implementing CSR is not merely as a party who supports its implementation, but it also has a role as a party who leads by issuing a more strict ethical standard.

#### **The roles of CSR**

According to Mishra et al (2013), the following CSR roles are the roles from the CSR program:

##### ***CSR as a way to get convenience from the government.***

CSR is a way to reach comfort from the government, such as tax deduction. In some countries, companies that can show the proof of its effective CSR programs can be awarded with tax or rebate credit, supported by Mirsha et al [4].

##### ***CSR as a part of marketing strategy***

Researchers have proven that organizations that practice CSR will automatically gain the following benefits: improvement of selling and market share; strengthening the brand position; improving the image and influence of the company; improving motivation and maintaining the employees; reduction in operational cost; improvement of attraction to the investors. However, by only doing CSR also cannot improve the brand image, they must own high quality products, supported by Grover et al [18].

##### ***CSR is more than a way to comply with the law.***

CSR is generally understood as "do more than required by the law", which is outside the compliance law Buhmann [21]. 80% companies, out of a number of interviewed companies in India, stated that CSR is not implemented because of complying to the law, but because it is a part of business ethics, supported by Grover et al [18].

##### ***CSR as a way to support inclusive growth***

Inclusive economic development is an economic development that creates access and excessive opportunity for all levels of community fairly, improves welfare, and reduces the gap between groups and areas. The correlation between CSR and development has recently become the focus of researchers who care about the correlation between business

and society, supported by Buhmann et al [19] . CSR is an instrument that can be considered as a mechanism towards sustainable inclusive growth, supported by Mirsha et al [4].

**CSR program can be implemented for inclusive development:**

***Poverty reduction***

By systematically including sustainable development into CSR practice of national-scaled companies, CSR can have long term socioeconomic impacts on poverty reduction and create employment, supported by Abdelhalim et al. [3] Poverty reduction is implemented by empowering women, encouraging entrepreneurship activities, and controlling population in an area.

***Maintaining environmental sustainability***

It is by implementing green concepts, good waste handling, conserving natural resources, energy conservation to minimize calamity and disaster because of environmental damage, supported by Mirsha et al [4].

***Building or implementing school repairs***

It is by building preschools, elementary schools, junior high schools, and senior high schools, besides that, the company can contribute to repair damaged school infrastructures.

***Establishing sustainable CSR policy***

The establishment of CSR must be adjusted with the company's strategies and characteristics. One of the domains that continues to attract the top executive's attention is taking strategic decisions on Corporate Social Responsibility (CSR). A clear understanding on CSR roles on the company's strategies remains a challenge for the executives Morgan et al. [23]

***Training and mentorship***

It is important that an organization is focusing on the development of employee's leadership, team, and individual coaching. Educated employees can contribute to a higher social responsibility behavior where they can integrate their individual behavior with the purpose of the organization's CSR.

***Providing health service and improving agricultural products***

Organization as a part of CSR can be started to build primary medical facilities, to enhance medical infrastructures and sanitation facilities. This initiative is supported by health education for the community to improve their basic health and sanitation. Agriculture is improved by encouraging a more organized farming and providing irrigation facilities.

***Infrastructure provision***

Infrastructure provision is useful for the ease of the community's daily activities, where it can be implemented by building roads, bridges, developing irrigation facilities, power plants facilities, and technology development, establishing the center for community, hospitals, and schools.

**Sustainable Development Goals (SDGs)**

Sustainable Development Goals (SDGs) is a universal call by world leaders to overcome the environmental, social and economic challenges faced by various countries around the world with measurable and achievable targets called the 2030 sustainable agenda. The Sustainable Development Goals replace the Millennium Development Goals, approved by the UN. The millennium development goals focus heavily on poverty, hunger, universal primary education, and overcoming deadly diseases worldwide, while the sustainable development goals further broaden the scope to include environmental and social issues facing the world today.

**3. RESEARCH DESIGN**

**Research Approach**

This study collected primary data. Primary data is directly collected on the source of the data according to the object of the study, supported by Sekaran et al [22], which is Juai village of Juai Subdistrict in the Regency of Balangan of the province of South Kalimantan. Data collection was conducted by the Field Studies through Focus Group Discussion (FGD). Focus Group Discussion (FGD) is a group discussion on a certain topic held for the purpose of the study. This discussion is guided, monitored, and recorded by a researcher (sometimes he is called moderator or facilitator), supported by Morgan et al [23]. FGD was carried out by two stages, early FGD on the purpose to gain information related to the general image and the social condition in a village, where it also became the purpose to

conduct an interview. Afterwards, the second stage of Focus Group Discussion (FGD) was carried out as a confirmatory or confirmation related to information gained on the early FGD. Moreover, field observation was conducted by the researcher by exploring the area of Juai village to gain the social and environmental condition of the people in Juai village.

#### **Research Method**

This study is a qualitative approach study, where data in this approach is in the form of sentences in the written form or in the oral form, phenomenon, behavior, or knowledge. Qualitative approach emphasizes on the research perception in considering a legitimation confirming that a company must always ensure that operational activities which they carry out are still inside the framework and the social norm, supported by Deegan et al [24]. This is implemented in order that the company gains a legitimation from the community. Legitimation is a relative concept depending on the social system in a certain phenomenon, supported by Aspers et al [25]. Consequently, the form from the research finding using this approach can be in the form of a theory, an idea, or a knowledge in an applicative manner. The analysis was carried out to determine the corporate social responsibility programs that have been carried out by PT Adaro Energy Indonesia at Juai Village and to analyze the corporate social responsibility program which aims to achieve 17 sustainable development goals (SDGs).

#### **4. RESULT AND DISCUSSION**

The next discussion is about several dimensions of CSR and their roles in CSR programs for inclusive development carried out by the company at Juai village in the Regency of Balangan.

##### **Environmental Dimension**

Surkhe [26] opined that at the low-level development, quantity and intensity of environmental degradation is limited at the impacts of economic activities related to waste. According to the finding, it shows the result of mining activities performed by the mining company that causes forest area loss where its function is changing into a mining area, resulting in there being no more infiltration area for rain water reserve. Water infiltration loss will cause the increase of flood intensity. The result of the interview with the head of the village and the village staff stated that floods appeared in the middle of January, February, and March.

The consequences of environmental change were severe, and the most acute problem is at the poor farming community, where the production system relies so much on the natural cycle and the lack of infrastructures to ensure calamities, supported by Zelazna et al [27]. The floods influenced agriculture and farming activities. People could not plant chillies anymore, because the chili plants would die since they were soaked in the flood before the harvest time, and the result of rubber tapping that was still inside the "Amplung", a cup used as a place to collect the latex sap, was washed away by the flood. Besides disturbing the mobility and activities of the community, floods also cause financial loss for the village people whose livelihood is as farmers. The needs for agriculture and farming funds are undertaken by the community through private funds. The limited funds and the unavailability of the private party or regional government's aid caused the community to be unable to use fertilizers with the best quality, in consequence, the rubber products were not optimal and the local middlemen bought them at a low price.

Mining companies do not contribute to maintaining environmental sustainability through their CSR programs. On the other hand, the operational activities of the company cause environmental degradation. It is inversely proportional with the CSR programs carried out at the companies in Lublin, Poland, which had a good contribution to minimize the negative effects on the environment, supported by Jenkins et al [28]. In the case of Juai village PT Adaro does not support

##### **Dimension of Economy, Poverty Reduction, and Inclusive Development**

In the economic dimension, companies have a responsibility to unite business activities and to contribute to CSR, in addition to fulfilling the needs of the stakeholders. The community admitted that they wanted to be able to work at the company, as drivers, security guards, or others, for instance, considering that there are communities at the working age, who are unemployed or only struggling with the activities in the farm or plantation. However, the company does not involve the community in its business activities and also does not empower the local communities. According to Muruviwa [29], the company can have a role in poverty reduction by creating employment. The mining companies in Zimbabwe recruited the local communities around the mining sites as their workers according to their qualifications. Most of the miners at those companies come from several different villages around the mining site, supported by Fordham et al [30].

The interview results stated that there has been no real action yet from PT Adaro Indonesia to improve the living quality and poverty reduction in their environment. According to BPS data from Balangan Regency in 2020, the poverty rate in Balangan Regency has been increasing since 2012. The people of Juai village admitted that there has been insignificant change between before and after PT Adaro Indonesia was established. The majority jobs of the people in Juai village are still at the plantation and farm, and only 5% of Juai village communities managed it into the university. Even the absorption for workers at PT Adaro Indonesia who belong to the Juai village community is still limited. Similar thing occurred in another developing country, India. According to Bihari [31] the company's CSR program did not affect the growth rate of the country's economy.

#### **Dimensions of Social, Voluntary, and Stakeholders**

According to Horisch [32], corporate social responsibility covers the community's expectations in several aspects of dimension; economy, law, ethics, and policy (philanthropy), supported by Arko et al [33]. The people in Juai village have a less good view on the ethics of the company towards the community.

During its operation around 2000, the people experienced the attention of the mining company around Juai village, such as physical aid like bridges that connect the small bridges at Farm Business Streets (JUT) as people's access to do their economic activities, education aid, and aids in the form of rubber seeds and social fund aids. Aids given by the company are only in the forms of donation. CSR should be basically accountable for various stakeholders and not only as donations, supported by Idemudia et al [34].

Many researchers assume that CSR implemented by a company automatically influences the perception of the stakeholders, supported by Ite et al [35] The stakeholders in Ghana's companies affect CSR activities implemented by the company, supported by Renouard et al [36]. However, there are also many other researchers who disagree that CSR implemented by companies affects the perception of the stakeholders, supported by Medina-Munoz et al [37]. The perception of the stakeholders is also affected by how the company interacts with the community. Botha [38] The little interaction between the company and the community can be seen through companies that do not accommodate the community's expectation to be able to be empowered at the company's operational activities.

#### **Corporate Social Responsibility (CSR) program carried out by PT Adaro Energy Indonesia Tbk in 2021 – 2022 to the Sustainable Development Goals (SDGs):**

**SDGs 1 No Poverty** - Poverty is seen as a situation where a person cannot/is unable to fulfill the minimum basic needs required for a decent and dignified life. To support the government in eradicating poverty, PT Adaro makes the following efforts: a) Payments to the Government, as a form of company contribution to the country's economic development through taxes and royalties. PT Adaro has made tax and royalty payments in 2020 and 2022 as a form of the company's commitment to advancing national energy security and contributing to the nation through royalties, taxes, labor, corporate social responsibility and other means; b) Developing the potential of local communities, the Adaro Group, the community and village heads in Balida Village are making efforts to overcome the problems that occur by utilizing community resources and potential to develop activities of sustainable economic value. Mamanda Village created a tourist attraction called Racah Mulang Cultural Market which is able to create 10 types of job categories, employing 90 workers from the village which includes 29 vulnerable people among the elderly, poor households (RTM) and orphans.

**SDGs Goal 2 Zero Hunger** - To support the government in overcoming hunger, PT Adaro is making the following efforts: a) Basic food assistance, in 2022, PT Adaro will provide 30,000 basic food packages for underprivileged communities. This was motivated by the increase in basic food prices which was triggered by rising fuel prices. This distribution of basic necessities was given to several regions, namely DKI Jakarta, South Kalimantan, Central Kalimantan, North Kalimantan, Riau, Central Java and East Java. In distributing these basic food packages, PT Adaro is collaborating with Rumah Zakat, Pundi Amal Peduli Kasih Foundation, and Metro TV.

**SDGs Goal 3 Healthy and Prosperous Life** - To support the government in realizing a healthy and prosperous life, PT Adaro is making the following efforts: a) Assistance for the Covid-19 pandemic, PT Adaro Energi Tbk in terms of handling the Covid-19 pandemic is providing assistance in the form of distribution oxygen concentrators and vitamins to various health facilities in Adaro's operational areas of South and Central Kalimantan; b) Health assistance, the Adaro foundation collaborates with the regional government and the Balangan Population and Family Planning Agency in order to accelerate the reduction of stunting; c) Occupational health and safety, every activity in the operational management of companies within the Adaro Group must have work operating procedures. PT Adaro has a standard K3 management system (Adaro SMK3 Standard) which must be implemented by every business unit. The K3 Management System covers all company employees and contractors/work partners involved in mining activities in the managed area.

**SDGs Goal 4 Quality Education** - To support the government in realizing quality education, PT Adaro makes the following efforts: a) Providing scholarships, PT Adaro provides 292 scholarships in South and Central Kalimantan Province. Scholarship recipients are students from underprivileged families from around and/or outside the operational area of the Adaro Group whose fields of expertise are really needed by the Adaro Group; b) Providing guidance, the Adaro Group collaborates with local PAUD programs through the Character PAUD program to form PAUD students with good character through the Character-Based Holistic Education (PHBK) approach; c) Providing training to employees, the Adaro Group has carried out various human resource development programs to strengthen employee competency and leadership through various training programs related to *hard skills* and *soft skills*, *fire tests* (evaluation of employees by assessing their ability to handle and complete tasks more complex ones), rotating employees, mentoring, and so on.

**SDGs Goal 5 Gender Equality** - Diversity is an important element in human resources because companies believe that each individual employee has uniqueness and different potential. To support the government in achieving gender equality, PT Adaro makes the following efforts: a) Using female employees, the Adaro Group in the employee recruitment process adheres strictly to the principle of equal rights without any gender influence. The company employs female employees at various levels of positions with a percentage of 5% in 2021 ; b) Equality in providing remuneration, the company is committed to providing competitive remuneration which is reviewed periodically in accordance with applicable government regulations. The remuneration components of the Adaro Group consist of basic salary, benefits and allowances which are adjusted to the level or rank and position of each employee.

**SDGs Goal 6 Clean Water and Adequate Sanitation** - To support the government in achieving the availability of clean water and adequate sanitation, PT Adaro is making the following efforts: a) Water efficiency, in order to achieve water efficiency, PT Adaro is carrying out a program to reduce the frequency of watering coal transportation roads by how to repair roads using the *selective maintenance method*. Apart from that, the company also processes wastewater into clean water at the *Water Treatment Plant (WTP)* to reduce water consumption from surface water and groundwater; b) Clean water and sanitation assistance, PT Adaro revitalized the Liyu Village traditional hall by building toilets and bathrooms. This is done not only to achieve adequate access to sanitation, but also as a form of company support in efforts to develop the village's potential into an ecotourism area.

**SDGs Goal 7 Clean and Affordable Energy** - To support the government in achieving clean and affordable energy, PT Adaro is making the following efforts: a) Energy Efficiency, Adaro Energy Indonesia is implementing energy efficiency by installing LED lighting, optimizing mining operations, and implementing an energy management system. AEI establishes an Energy Management System (EnMS) and Energy Performance Indicators (EnPI) to optimize energy use; b) Use of renewable energy, Adaro uses renewable energy to fuel steam power plants using pellets made from domestic waste biomass. Apart from that, the company has also installed Solar PV which is expected to replace biodiesel and avoid emissions.

**SDGs Goal 8 Decent Work and Economic Growth** - To support the government in realizing decent work and economic growth, PT Adaro is making the following efforts: a) Village and MSME Development, in 2021, the Adaro Group will provide guidance to two MSMEs, namely the Skills Institute and Training (LKP) Friends and Sasirangan Bunda Maburai which is carried out with a continuous improvement approach. In 2022, PT Adaro will also hold a traditional village development program in Dayak Deah Liyu Village. This program is a mentoring program in Liyu, a village close to PT Adaro Indonesia's operational location. Tourism Area Development; b) PT Adaro together with the South Kalimantan BKSDA continues to develop the Bakut Island Nature Tourism Park. It is hoped that the development of this tourist park can provide a *multiplier effect* to the people around the area, especially in improving their welfare. Apart from that, the Adaro Group also involves the local community, precisely the Dayak Deah, in a mentoring program to support villages to become ecotourism sites and it is hoped that through this program potential products from the village can be sold so that they can become a source of income.

**SDGs Goal 9 Industry, Innovation and Infrastructure** - PT Adaro has carried out several innovations, namely developing biodiesel fuel to reduce greenhouse gas (GHG) emissions, using used tires to make *bundwalls* for coal transportation routes which function as safety boundaries or embankments in roadside coal transportation to reduce used tire waste, and MTS (*monitoring and treatment*) innovation to ensure longer hydraulic oil life. In terms of infrastructure, PT Adaro has made several efforts, namely by providing assistance with public facilities in Liyu Village, consisting of toilets, bathrooms, gates, gazebos, as well as adding communication and security facilities.

**SDGs Goal 10 Reducing Inequality** - To support the government in realizing reduced inequality, PT Adaro has made various efforts such as providing guidance to several MSMEs so that they can survive amidst difficult conditions so that the businesses they run can be sustainable, encouraging and providing guidance to several villages so that they can develop become a tourist or ecotourism village so that local people can buy and sell their potential products or show the potential of their village. Apart from that, the company also continues to develop tourism and is expected to have an impact on the community around the tourist area.

**SDGs Goal 11 Sustainable Cities and Communities** - To support the government in realizing sustainable cities and communities, PT Adaro is making efforts to convert and manage domestic waste in Tabalong Regency into pellets. This management process is carried out at the Temporary Disposal Site (TPS) 3R Tanjung Selatan Bersinar. Biomass pellets are used as co-firing material for MSW steam power plants.

**SDGs Goal 12 Responsible Consumption and Production** - To realize responsible consumption and production, PT Adaro makes the following efforts: a) Post-Mining Program, PT Adaro implements a sustainable integrated post-mining program (Integrated *Sustainable Post Mine Program*), which integrates all programs on land and waters (*void/pit lake*) are in accordance with the planning in the Post-Mining Plan (RPT) document and are carried out progressively from the production operations stage without waiting for post-mining time; b) Effluent and Waste Efficiency, the company is building a domestic wastewater treatment plant to manage domestic wastewater and monitor its parameters based on Minister of Environment and Forestry Regulation No. 68 of 2016 to ensure quality standards before being released into water bodies. The Adaro Group manages B3 waste in accordance with applicable regulations and stores B3 waste in licensed B3 waste storage sites before being transported by licensed third parties. In order to reduce the burden of waste water pollution, the company has undertaken initiatives to utilize run-off water for watering haul roads, utilize water from IPAL processing as a source of raw material for clean water processing at WTP T300, recycle water for water needs in workshop activities, spray nozzles for utilize run-off water to maintain air quality, *automation & upgrade water treatment plan* (WTP T300).

**SDGs Goal 13 Handling Climate Change** - To support the government in suppressing climate change, PT Adaro is making the following efforts: a) Emission control, PT Adaro is making efforts to use Biodese (B30) as fuel for mining operational activities, *Coal Transport Monitoring System Hauling Tracking* (HTS) & *Maximum Payload*, increasing *Fleet Productivity (Loader & Hauler)* at *SIS ADMO*, installing *rooftop and floating PV*, and conducting *co-firing* trials with biomass to substitute coal burning at PLTU MSW. Apart from that, to reduce other gas emissions, the company has increased the efficiency of using generators and electrification for electricity needs in workshops, as well as rooftop and floating solar PV installations; b) Carbon absorption, PT Adaro applies *Nature-based Solutions* (NbS). The project is divided into two areas, namely the Barito Lestari Forest Restoration Project (BFRP) with a concession area of ±19,520 Ha and the Barito Lestari Peatland Project (BLPP) with a concession area of ±25,804 Ha.

**SDGs Goal 14 Ocean Ecosystems And SDGs Goal 15 Terrestrial Ecosystems** - In 2021 and 2022, PT Adaro has not made any efforts to preserve and improve marine ecosystems. To support the government in preserving terrestrial ecosystems, PT Adaro is making efforts to: a) Conservation of biodiversity, PT Adaro is making conservation efforts for 15 species on the IUCN red list with a level of extinction risk within 113 ha, one of which is the proboscis monkey. The aim of this program is to protect the habitat and existence of protected animals as part of a model biodiversity zone for the reclamation area with the key species selected being proboscis monkeys and various other bird species; b) River Basin Rehabilitation, carried out by PT Adaro to improve the ecosystem and improve environmental functions, especially forest functions. In 2021, the Adaro Group handed over the results of watershed rehabilitation planting covering an area of 440.43 Ha to the Ministry of Environment and Forestry as a form of their commitment.

**SDGs Goal 16 Peace, Justice and Resilient Institutions** - To support the government in realizing peace, justice and resilient institutions, PT Adaro has made the following efforts: a) Compliance with regulations, PT Adaro has ensured its compliance with Financial Accounting Standards and Guidelines Presentation and Disclosure of Financial Reports as determined by the OJK. In environmental management efforts, PT Adaro has also complied with *Beyond Compliance* stipulated by the Ministry of Environment and Forestry; b) Ensuring the implementation of human rights, the Adaro Group is strongly committed to building friendly, enthusiastic and balanced workplace relations. This is done by providing moral support and encouraging trade union activities within the subsidiary. The Adaro Group ensures that there is no child labor and forced labor in accordance with AEI regulations. Apart from that, AEI also adheres to the principles of equal rights, no discrimination and gender neutrality. Companies carry out employee recruitment, work assessment, remuneration and career development without distinguishing between race, ethnicity, religion, class, gender and physical condition; c) Risk management, AEI adopts a *three lines model approach* in risk management, so that the role of internal auditors as a *third line of defense* is important to ensure the effectiveness of risk management.

**SDGs Goal 17 Partnership to Achieve Goals** - To achieve the goals it wants to achieve, PT Adaro is making efforts to establish partnerships: In 2022, PT Adaro will develop the 70 MW Tanah Laut PLTB Project with a 10 MW/MWh Battery Energy Storage System (BESS) in Kalimantan The South shows commitment to developing various new and renewable energy sources. The presence of the Tanah Laut PLTB is expected to reduce CO<sub>2</sub> emissions by an average of 237,160 tons per year (based on the annual energy contract and GHG emission factors in ESDM Regulation No.163.K/HK.02/MEM.S/2021). In addition, through its subsidiary, it has a 50% stake in PT Kayan Hydropower Nusantara (KHN) will develop the Mentarang Main Hydroelectric Power Plant (PLTA) (1,373 GW) which is an environmentally friendly energy source for the North Kalimantan Industrial Area which is being developed by AEI



## CONCLUSION

The result of the study is that the Corporate Social Responsibility (CSR) programs of PT Adaro Indonesia have been incapable yet to reduce poverty in Juai Village. This was proven by the unbalanced distribution of rubber seed donation given to the farmers. The company only focused on the implementation of the program, however, it did not pay attention to the development and the sustainability of the rubber seed donation program. The position of Juai Village area is in the ring 2, consequently, the rubber seed donation was stopped because the policy of the company's Corporate Social Responsibility (CSR) program was allocated only on the area of ring 1. The change from ring 1 to ring 2 brought an impact to the community of Juai village, the donation and contribution were not only for Juai Village, even though it became one of the parties that was in need for the donation.

PT Adaro Energi Indonesia as a company is expected to contribute to the realization of the 17 goals of the *Sustainable Development Goals* (SDGs). Based on the results of *content analysis* in the *sustainable report*, in 2021 PT Adaro Energi Indonesia has implemented *Corporate Social Responsibility* by implementing 13 SDGs goals, while in 2022 PT Adaro Energi Indonesia has implemented *Corporate Social Responsibility* by implementing 16 SDGs goals. It can be seen that there has been an increase in *corporate social responsibility programs* with the implementation of SDGs from 2021 and 2022.

Idemudia [34], Ite [35], Medina-Munoz [37] analyzed the contribution of companies that are engaged in the mining sectors in reducing poverty in Niger Delta, Nigeria. The resulting conclusion is in accordance with the research of Medina-Munoz [37] where the increase of CSR cost by the company is not directly proportional with the poverty reduction. The same thing occurred in another developing country, India. According to Sharma [15] the company's CSR program did not affect inclusive economic growth rate.

The company's contribution in reducing poverty is not only able to be implemented through investments on people's development program, supported by Idemudia [34], but the company must ensure that the availability and the quality of supporting resources of people's development and its activities are in a good condition and is not disrupted by the company's operational activities (such as farming and fish farming), supported by Medina-Munoz et al [37].

The CSR program is in the form of skills, in order that community empowerment and independence to increase their income can be realized, supported by Mirsha et al [4]. The type of program that was given to the women was skills training, such as sewing, cake making, and chips making, which were adapted with the potential of the village. It was because entrepreneurship is the most important solution to reduce unemployment, poverty, and it can improve economic growth, supported by Botha et al [38]. However, the training for skills must be supported by facilities and infrastructures so that the program can be sustainable. The sustainability of the program is determined by four aspects, which are the aspects of production, marketing, distribution, and financial.

Training is for the people to have qualification to work at the mining company of PT Adaro Indonesia. One of the company's contributions in reducing poverty is through the creation of employment, supported by Bihari et al [31]. This is the voice of the community's heart to be able to work in the mining company. It is because most of the people in Juai village are productive and at the working age. The community is hoping that with the existence of the mining company, they can increase their standard of living and the quality of their life, consequently, a win-win solution between the community and the mining company can be achieved.

Through education, someone will be able to fulfill a certain qualification required in the working environment, so he can increase his welfare through the access towards the particular job, supported by Saito [39]. Scholarships can be awarded to the community around the mines. It can be coordinately implemented by one of the parties in the village, because the community has limited access to scholarship via online. The existence of the coordinating party is making the information and the distribution of scholarship more on point and spread evenly so the program will bring more benefits and a big contribution to the increase of people's standard of living, besides, the cost released by the company will not become in vain.

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