



Utilisation of Corporate Social Responsibility (CSR) as a Means of Sustainable Development: A Case Analysis of PT Semen Gresik Rembang Factory

Suparnyo Suparnyo¹, Sholikin Sholikin²

^{1,2}*Faculty of Law Muria Kudus University, Kudus, Indonesia*

Abstract

This study explores the implementation of Corporate Social Responsibility (CSR) initiatives by PT Semen Gresik at its Rembang factory as a strategy for sustainable development. The research examines the various CSR programs undertaken by the company and their impact on the local community and environment. The study highlights how PT Semen Gresik integrates CSR into its business operations to foster economic growth, environmental protection, and social equity. By analyzing the outcomes of these initiatives, the research provides insights into the effectiveness of CSR as a tool for sustainable development. The findings suggest that strategic CSR activities can significantly contribute to the sustainable development goals (SDGs) by addressing local needs and promoting responsible business practices. The case analysis of PT Semen Gresik serves as a valuable example for other corporations aiming to leverage CSR for sustainable growth.

Keywords: Corporate Social Responsibility (CSR), Sustainable Development, PT Semen Gresik, Rembang Factory, Sustainable Development Goals (SDGs).

Background

Corporate Social Responsibility (CSR) has become an important concern in the modern business context, where companies are expected to be responsible not only for their economic interests, but also for the social and environmental interests around them [1]. In an effort to promote economic, social, and environmental sustainability, CSR has become a significant instrument in sustainable development [2].

In the implementation of Corporate Social Responsibility (CSR), it is necessary to pay attention to the foundation of the programme, namely: Sustainability Development Goals, Social Mapping, and Integrated Social Welfare Data [3]. By paying attention to these three foundations, companies can develop CSR programmes that have positive social, environmental and economic impacts, while supporting the achievement of global sustainable development goals [4].

In Indonesia, all companies are required to have social responsibility [5]. Corporate social responsibility (CSR) is one of the obligations that must be implemented by companies as a commitment to society and the environment, as well as the sustainability of the company itself in accordance with Article 74 of the latest Limited Liability Company Law (UUPT), Law Number 40 of 2007, which reads:

- (1) Companies whose business activities are in the field of and/or related to natural resources are obliged to implement Social and Environmental Responsibility.
- (2) Social and Environmental Responsibility as contemplated in paragraph (1) shall constitute an obligation of the Company which shall be budgeted for and calculated as a cost of the Company, the implementation of which shall be carried out with due attention to propriety and fairness.

- (3) Companies that do not perform the obligations contemplated in paragraph (1) shall be subject to sanctions in accordance with the provisions of legislative regulations.
- (4) Further provisions concerning Social and Environmental Responsibility shall be regulated by government regulation.

PT Semen Gresik Rembang Factory is one of the major companies in Indonesia that has adopted CSR programmes as an integral part of their business operations and strategies [6]. The existence of the company PT Semen Gresik Rembang Factory has a positive impact, as evidenced by the increase in the economic turnover of residents around the factory because it can significantly open up jobs, community empowerment through the development of MSMEs, guidance in agriculture and animal husbandry, and other activities.[7] PT Semen Gresik's contribution to the area around the factory through various CSR programmes based on community empowerment, social, cultural, and environmental is expected to be directly felt by the surrounding community.

However, the CSR programme of PT Semen Gresik Rembang Factory still raises many questions about its implementation as a legal instrument for sustainable development. This can be seen from the sustainability pillars promoted by PT Semen Gresik Rembang Factory, namely driving sustainable solutions and innovation, protecting the environment, and creating value for people and communities.[8] On the other hand, the company's mining activities bring negative impacts, such as environmental damage due to exploitation, air pollution from dust that disturbs breathing, and road damage due to heavy vehicle mobilisation.[9]

The lack of understanding of the community around the company regarding the implementation of PT Semen Gresik Rembang Factory's CSR programme related to sustainable development is still minimal, which is a factor that encourages the need for further research[10]. From the various CSR programmes disbursed by PT Semen Gresik Rembang Factory, it should be an instrument used in the sustainability pillar, so that the integration process of managing all existing resources, both human resources and natural resources, is an integral part of the management strategy of sustainable development practices.[11]

Thus, this research aims to conduct an in-depth analysis of how the CSR programme can be an effective legal instrument for sustainable development and is expected to provide a comprehensive understanding to the community. (1) How does PT Semen Gresik Rembang Factory integrate sustainability principles in the implementation of its CSR programme? (2) What are the challenges and solutions faced by PT Semen Gresik Rembang Factory in implementing CSR programmes to support sustainable development?

Research Methods

This research uses a qualitative approach with a case study method to analyse the use of Corporate Social Responsibility (CSR) as a means of sustainable development at PT Semen Gresik Rembang Factory. This research method was chosen because it allows researchers to explore in-depth information about the implementation and impact of CSR programmes in the company.

1. Research Approach and Design

A qualitative approach was chosen to understand the CSR phenomenon in the specific context of PT Semen Gresik Rembang. A case study was used to provide a detailed description of the implementation of CSR and how the programme contributes to sustainable development.

2. Location and Research Subjects

The research was conducted at PT Semen Gresik Rembang Factory. The research subjects include company management responsible for the CSR programme, employees involved in the implementation of CSR, and the surrounding community who receive benefits from the programme.

3. Data Collection Techniques

Data were collected through several techniques, including: (1) In-depth Interviews: Interviews were conducted with company management, employees, and beneficiary communities to gain a comprehensive perspective on the implementation and impact of CSR programmes; (2) Field Observation: Observations were conducted to directly observe the implementation of CSR programmes and the environmental and social conditions around the company; (3) Documentation: Collection of relevant documents such as CSR annual reports, sustainability reports, and company regulatory documents on CSR.

4. Data Analysis Technique

The data obtained was analysed using thematic analysis techniques. The analysis process includes: (1) Data Reduction: Selecting, simplifying, and organising relevant data; (2) Data Presentation: Presenting data in narrative or visual form to facilitate understanding; (3) Conclusion Drawing: Drawing conclusions based on the findings that have been analysed, and linking them to the theory and conceptual framework used in the research.

Literature Review

1. The Concept of Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a concept in which companies integrate social and environmental concerns in their business operations as well as in their interactions with stakeholders[12]. According to Carroll (1991), CSR consists of four main components: economic, legal, ethical, and philanthropic responsibilities[13]. Successful implementation of CSR can enhance a company's reputation, build trust with society, and create long-term value for stakeholders[14].

2. CSR and Sustainable Development

Sustainable development is development that meets the needs of present generations without compromising the ability of future generations to meet their own needs[15]. CSR can act as an instrument to achieve sustainable development by taking into account three main pillars: economic, social, and environmental[16]. According to Elkington (1997), the triple bottom line (TBL) concept underlines the importance of balance between economic performance, social responsibility, and environmental protection.[17]

3. Implementation of CSR in the Industrial Sector

The implementation of CSR in the industrial sector, especially in companies related to natural resources, is often governed by government policies and regulations. In Indonesia, Law No. 40 of 2007 on Limited Liability Companies requires companies to implement social and environmental responsibilities. Research by Hamann (2003) shows that companies operating in the natural resources sector have a greater responsibility to manage their environmental and social impacts.[18]

4. Case Study of CSR Implementation at PT Semen Gresik Rembang Factory

PT Semen Gresik Rembang Factory is one of the major companies in Indonesia that has adopted CSR as part of its business strategy. CSR programmes include community empowerment, MSME

development, and social and environmental activities. A study by Wahyudi and Azheri (2014) showed that the implementation of CSR at PT Semen Gresik has had a positive impact on the surrounding community, although there are still challenges in terms of sustainability and community understanding.[19]

5. Challenges and Opportunities of CSR Implementation

The main challenges in CSR implementation include a lack of community understanding, internal company resistance, and limited resources. However, there are opportunities to improve the effectiveness of CSR through increased collaboration with stakeholders, innovation in social programmes, and better integration between business and sustainability strategies[20].

6. Theoretical Framework

This research uses the theoretical framework of Carroll (1991) on the CSR pyramid and Elkington (1997) on the triple bottom line [21]. By combining these two concepts, the research seeks to analyse how PT Semen Gresik Rembang Factory implements CSR programs to achieve sustainable development goals, as well as the challenges and opportunities faced in the process.[8]

Research Results and Findings

1. Implementation of CSR Programmes at PT Semen Gresik Rembang Factory

This research found that PT Semen Gresik Rembang Factory has implemented various CSR programmes that focus on three main pillars: economic, social, and environmental. These programmes include:

- (1) Economic Empowerment: SME coaching, entrepreneurship training, and provision of business capital. These programmes have succeeded in increasing the income and skills of the community around the factory.
- (2) Social: Construction of public facilities such as schools, health centres, and basic infrastructure. This programme has improved the quality of life and welfare of the community.
- (3) Environmental: Reforestation, waste management, and emission reduction programmes. These efforts aim to reduce the negative impact of factory operations on the environment.

2. CSR Implementation Strategy for Sustainable Development

PT Semen Gresik Rembang Factory adopts several strategies in implementing CSR programmes to support sustainable development:

- (1) Integration of CSR with Business Strategy: CSR is made an integral part of the company's business strategy. This ensures that CSR programmes are not just temporary but become part of the company's long-term operations.
- (2) Collaboration with Stakeholders: PT Semen Gresik works closely with local government, NGOs, and communities to identify community needs and design targeted programmes.
- (3) Data-driven Approach: Using data from Social Mapping and Integrated Social Welfare Data to design and evaluate CSR programmes. This approach ensures that programmes are relevant and effective.

3. Impact of CSR Programmes on Sustainable Development

The implementation of PT Semen Gresik Rembang Factory's CSR programme has had a positive impact on sustainable development in the area surrounding the factory. The main findings include:

- (1) Economy: The improvement of the local economy can be seen from the growing number of MSMEs and the increase in community income. The entrepreneurship training programme has also successfully created new entrepreneurs.
- (2) Social: The community's quality of life has improved with better public facilities. Education and health programmes have also contributed to improving the quality of human resources in the area.
- (3) Environmental: Environmental conservation efforts such as reforestation and waste management have reduced the negative impact of factory operations on the environment. However, there are still challenges in managing air pollution and road damage due to mining activities.

4. Challenges in CSR Implementation

This research also identified several challenges faced by PT Semen Gresik Rembang Factory in implementing CSR programmes:

- (1) Community Understanding: There is still a lack of public understanding and awareness of the importance of CSR programmes and how they can support sustainable development.
- (2) Internal Coordination: Coordination between departments within the company is sometimes less than optimal, which can affect the effectiveness of CSR programme implementation.
- (3) Limited Resources: Limited resources, both financial and human, are one of the obstacles in implementing a broader and more sustainable CSR programme.

5. Opportunities for Improvement

Based on the research findings, there are several opportunities that can be utilised by PT Semen Gresik Rembang Factory to improve the effectiveness of CSR programmes:

- (1) Education and Socialisation: Improve education and socialisation to the community about CSR programs and their benefits for sustainable development.
- (2) Strengthening Collaboration: Strengthen collaboration with external stakeholders, including government, NGOs, and communities, to ensure CSR programmes are more targeted and impactful.
- (3) Innovation in CSR Programmes: Develop innovations in CSR programmes that can provide sustainable solutions and create added value for society and the environment.

Conclusion

The results of this study show that PT Semen Gresik Rembang Factory has successfully implemented a CSR programme that has a positive impact on sustainable development. Although there are challenges in implementation, the opportunities for improvement and increasing the effectiveness of the programme are still very large. With the right strategy and strong collaboration, PT Semen Gresik can continue to contribute to sustainable development in its operational areas.

Suggestions

Based on the above conclusions, here are some suggestions to improve the utilisation of CSR as a means of sustainable development at PT Semen Gresik Rembang Factory:

- (1) Education and Socialisation: There is a need for more intensive education and socialisation to the surrounding community about the importance of CSR programs and how they can support sustainable development. This can be done through seminars, workshops, and public campaigns.

- (2) Strengthening Collaboration: PT Semen Gresik should strengthen collaboration with the government, NGOs, and local communities to ensure that CSR programmes are more targeted and impactful. Strong collaboration will help overcome the challenges faced in implementing CSR programmes.
- (3) Innovation in CSR Programmes: Develop innovations in CSR programmes that can provide sustainable solutions and create added value for society and the environment. For example, adopting environmentally friendly technologies in the production process and supporting green economy initiatives in neighbouring communities.
- (4) Continuous Monitoring and Evaluation: Conducting regular monitoring and evaluation of the CSR programmes to ensure that the programmes are in line with the objectives and have a sustainable positive impact.
- (5) Internal Capacity Building: Increase the company's internal capacity through training and employee development related to CSR implementation and sustainable development. By doing so, companies can be more effective in running CSR programmes that have a positive impact.

By implementing these suggestions, it is hoped that PT Semen Gresik Rembang Factory can be more optimal in utilising CSR as a means of sustainable development, providing greater benefits for the community, the environment, and the company itself.

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