

Conference Paper

Public Trust in the Implementation of the Corporate Social Responsibility Program in the Border Areas of Nunukan Regency

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Abstract.

Public trust refers to a community's understanding of the company's commitment to minimizing negative impacts and increasing positive benefits to the company's mining activities. This study aims to analyze public trust in the implementation of the mining corporate social responsibility program in the North Kalimantan province. The research method applied was qualitative analysis by conducting in-depth interviews and a documentation study related to the mining corporate social responsibility program in North Kalimantan province. The results showed that public trust in the implementation of CSR programs in North Kalimantan province did not run as expected. This can be observed through the implementation of programs that are not transparent in the management of IUPs and information disclosure, which are still very limited. Similarly, accountability for program implementation is not good because of the non-detailed form of the activity budget report. Meanwhile, the government's responsiveness still needs to be improved, both in terms of implementing the program and solving problems effectively. The government is also expected to be more assertive, have a mechanism for sanctions against companies that do not carry out the CSR program, and provide intensive guidance regarding the form of program implementation and budgeting.

Keywords: public trust, corporate social responsibility

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1. Introduction

The North Kalimantan Province, located on the Indonesian island of Borneo, is known for its abundant natural resources, including an important mining sector. The mining industry in this province, such as coal, gold, and other minerals, has the potential to make a large economic contribution. However, mining activities can have significant negative impacts on local communities and the environment.

To overcome these negative impacts, mining companies must ensure that mining activities provide sustainable benefits to society through Corporate Social Responsibility (CSR) programs or as a form of responsibility. Companies are increasingly paying attention to their business operations. This refers to business practices that aim to

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positively contribute to society and the surrounding environment. In the mining sector, where natural resource extraction activities have significant impacts on society and the environment, it is important to implement effective CSR programs. Roberts [1] explained that improvement efforts by the government are absolute solutions to address complex problems.

One of the solutions intended to improve social and environmental aspects is to increase community empowerment and development by utilizing the active role of third parties or the private sector or by partnering with forums or civil society through the role of corporate governance, namely Corporate Social Responsibility (CSR). Building public trust is very important in the context of implementing the mining CSR program in North Kalimantan Province. Local communities must feel confident that mining companies really care about their needs, minimize negative impacts, and increase positive benefits from mining activities.

Public trust in the government refers to the expectations of citizens (citizens), implementation of governance, government interactions with citizens, and political behavior of leaders, civil servants, and citizens themselves [2]. Beshi and Kaur [3] revealed that seeing public trust requires transparency, accountability and responsiveness in the process of administering government. Transparency relies more broadly on the idea that the more transparent a country is in implementing its governance, the more the public will trust the state [4].

The performance of the Corporate Social Responsibility (CSR) program in the border areas of North Kalimantan Province, especially in the Nunukan Regency. The research findings show that there are various problems regarding public trust, where the community believes that the CSR program is not in accordance with the expectations and desires of the community. Even though the community hopes that

The CSR program can improve economic development, health, education, and infrastructure as desired by the community. This explains the urgency of the importance of this study.

2. Methods

Qualitative research methods were used in this study. Creswell [5] defined qualitative research as a type of research that explores and understands the meaning of a number of individuals or groups of people stemming from social or humanitarian issues. This study uses primary and secondary data, where secondary data are obtained through

CSR program document reports and primary data are obtained through in-depth interviews with several key stakeholders who are directly involved in the implementation of the Corporate Social Responsibility program. This study used an interactive model from Miles and Huberman [6] as a data analysis technique. The data analysis process was carried out in four stages: data condensation, data display, and conclusion drawing/verification. The research was conducted in North Kalimantan Province, one of the provinces with a large number of mining companies

3. Results and Discussion

The Corporate Social Responsibility (CSR) program for mining in North Kalimantan province is regulated in Law Number 40 of 2017 concerning limited liability companies and in Law Number 47 of 2012 concerning Social and Environmental Responsibility. Law No. 40 of 2007 concerning Limited Liability Companies (UU PT) does not specifically address Corporate Social Responsibility (CSR) programs. Company Law focuses more on the legal aspects of establishing and managing a limited liability company in Indonesia. However, in the context of CSR program implementation, several provisions can be used as a basis for companies to implement their social responsibility. Although the Company Law does not specifically regulate CSR programs, the Indonesian government has issued various policies and regulations related to CSR, such as Government Regulation Number 47 of 2012, concerning the Social and Environmental Responsibility of Limited Liability Companies. This regulation provides more detailed guidelines for the implementation of CSR programs, including the planning, implementation, and reporting of CSR activities.

In the implementation of a CSR program, the government has a position or authority in CSR management to ensure that the CSR budget is channeled without any intervention from parties other than those participating in the cooperation program, which directs its distribution and management. Thus, the position and authority that must be owned by the government, including the Regional Government, is a regulator. This means that the government is obliged to guarantee the realization and distribution of CSR programs and to impose sanctions if mining companies do not budget for CSR programs, both in the form of administrative sanctions such as fines, disincentives, delays in extensions, and revocation of business operating permits.

Regarding the technical regulation and management of CSR, there are no specific regulations on how the government should play a role. However, in general, the pattern of cooperation between several local governments (provinces and districts/cities)

involves participating in socializing the CSR program and bridging communication, as well as conducting company monitoring and evaluation of the community.

In CSR management, several companies can form a collaboration called the CSR Forum. The CSR Forum is a forum for companies as strategic partners of the government in development to communicate with the government/local government in implementing CSR to ensure that CSR is distributed according to the social needs of the community.

3.1. Transparency

The implementation of the CSR (Corporate Social Responsibility (CSR) program in North Kalimantan Province has not been going well so far, which can be seen through the management of the central IUP () which is not transparent. Transparency in the management of IUP is one of the factors that the CSR program can run well, because there are clear regulations as stated in Permen no. 1 824 K/30/M EM /2018, Blue Provincial CSR Print, and Supervision of the RKAB (Work Budget Budget) aspect which must be approved by the Energy and Mineral Resources (ESDM) Office of North Kalimantan Province.

In the implementation of the program, CSR development requires good coordination in regional, district and provincial development planning systems. Coordination between CSR in North Kalimantan Province is less integrated with the government and seems to run on its own. This can be proven by the many complaints from the public. Considering that there is no regional regulation regarding CSR in North Kalimantan Province, it is different from the regional regulation in Nunukan District, which already has a special regional regulation that regulates CSR.

Transparency can also be observed through information disclosure, while information regarding the management of mining CSR funds in North Kalimantan Province is still very limited. This can be proven by the many complaints from the public who question the role and contribution of companies operating in Kaltara. The disclosure of information regarding the implementation of CSR implementation programs differs in each region depending on the supervision of the ministry. The tighter the supervision of ministries in one area, the more open is the information provided. Budgeted costs are sometimes not in accordance with the implemented budget, which indicates a lack of transparency in the implementation of the mining CSR program in North Kalimantan.

3.2. Accountability

Government accountability plays an important role in creating public trust in the government [7] [2] [8]. Accountability can be seen in administrations that have a regular reporting system for program achievements and results that conflict with their goals.

The process of reporting on CSR program activities cannot be considered accountable. This is because neither the government nor the company reported the process of activities in detail regarding the budget issued. This is because there is no firm action from the government or sanction mechanism when companies do not carry out CSR programs, even though these obligations have been regulated in legislation. The CSR implementation process has not yet been fully pursued. However, not all mining companies that do not comply with the rules and regulations are given a warning or punishment in the form of a revocation of their business permits.

3.3. Responsiveness

Responsiveness looks at how sensitive the government is towards public opinion and its responsiveness in responding to public requests and solving public problems. The government's responsiveness to suggestions from the community regarding CSR programs in North Kalimantan Province has been well carried out. However, not all of these problems can be completely resolved. The government is considered to lack understanding of the regulations related to mining CSR. The government should conduct intensive coaching and complete company data along with the budget that must be spent by each mining company for the procurement of the CSR program. Regarding the technical regulation and management of CSR, there are no specific regulations on how the government should play a role. However, in general, the pattern of cooperation between several regional governments (provincial and district/city), is to participate in socializing the CSR program and bridging communication, as well as conducting company monitoring and evaluation with the community.

4. Conclusion

The results show that public trust in the implementation of CSR programs in North Kalimantan Province has not run as expected. This can be observed through the implementation of programs that are not transparent in the management of IUPs and

information disclosure, which is still very limited. Accountability for program implementation is also not good because of the non-detailed form of the activity budget report. Meanwhile, the government's responsiveness still needs to be improved, both in terms of implementing the program and solving problems completely. The government is also expected to be more assertive, have a mechanism for sanctions against companies that do not carry out the CSR program, and provide intensive guidance regarding the form of implementation and budgeting program.

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