

The Influence of Corporate Social Responsibility
towards the Development of the Rural Communities:
Case Studies in North Sumatera, Republic of Indonesia

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Abstract

Corporate Social Responsibility (CSR) has strategic goals to maintain a harmonious relationship and contribute to socio-economic impacts on the surrounding communities. Therefore, CSR could be seen as a part of planning and development program in the particular area. This study focuses on oil palm plantation companies. This study aims to (1) analyze and assess the effect of CSR program in the development of rural areas around the estate by using indicators of socio-economic impact; (2) Analyze and assess the effect of intervening variables Integrated CSR Implementation to the socio-economic impact on local communities; (3) Analyze and assess the effect of CSR on the social impact of surrounding communities; (4) Analyze and assess the effect of CSR on the economic impact of surrounding communities; (5) Based on point 1 to 4, it could be shaped the Strategic Model of Integrated CSR Program. This research conducted in PTPN IV Pabatu Estate, District of Serdang Bedagai, North Sumatera, Indonesia. The selection method uses multistage random sampling technique. Total sample is 367 respondents, by using analytical methods Structural Equation Modeling (SEM).

There is a Causal Relationship between the Input of CSR and an Integrated CSR Implementation, this is indicated by CSR Input (X) is significant and has positive impacts on the implementation of Integrated CSR (Y). The direct effect of the application of CSR (X) on the Implementation of Integrated CSR (Y) is 0.988. It means whenever there is an increase in the performance of the application of CSR (X) it will improve the implementation of Integrated CSR (Y) which is equal to 0.988 units. The results show that the model-based of Intervening Integrated CSR provides a significant and positive effect on socio-economic aspects thus The Strategic Program of Integrated CSR Model is very appropriate to be applied in the realization of an integrated and sustainable palm oil industry.

Keyword: Corporate social responsibility, Palm oil plantation, Regional development

1. Introduction

The Development of plantation sector is to encourage the economic growth and improve people's welfare. On the other hand, the utilization of natural resources which are not well managed will influence the social, economic and environmental impact. Awareness of the limited of natural resources requires efficiency and sustainable utilization (Rustiadi et al, 2009).

Externalities plantation with the surrounding communities typically is caused by boundary issues, land conflicts, joint utilization of resources and social gap. To build a sustainable harmonious relationship, companies are required to carry out social responsibility or corporate social responsibility (CSR).

Practically, implementation of CSR does not run smoothly because of constraints from the planning, implementation and monitoring. A research conducted by Darman (2012) at PT Freeport discovered, the existence of obstacles to implementation of CSR due to cultural differences, geographical conditions, security problems and the availability of human resources. An integrated approach is required to ensure the success of CSR programs.

1.1 Objectives and Benefits Research

Objective: (1). Analyze and assess the effect of CSR program in the development of rural areas around the Pabatu Estate, using indicators of socio-economic impact; (2). Analyze and study the effect of intervening variables Integrated CSR Implementation to the socio-economic impact on local communities; (3). Analyze and assess the effect of CSR on the social impact of surrounding communities; (4). Analyze and assess the effect of CSR on the economic impact of surrounding communities; and (5). Based on point 1 to 4, it could be shaped the Strategic Model of Integrated CSR Program.

Research benefits: (1). This study is useful for academic who wants to contribute for the development of CSR concept, in order to advance the local region.; and (2). It becomes a recommendation for policy makers in Government and the company to compose the Strategic Model of Integrated CSR Program, in accordance with the people's needs and in-line with the vision and mission of the company and the creation of a harmonious relationship between the company and communities.

2. Literature Review

2.1 Theoretical and Practical CSR Platform

Throughout the history of mankind, business activities never escape from the scrutiny of ethics. Ethics refers to the system of values that becomes a common view and collective agreements, the linkage between rights and obligations, principles of decency, and so on. Charges of ethical values can be universal, domestic, or refer to local wisdom, which is influenced by the dimensions of space and time. The Plantation development model that is in-line with the development of the region and the environment is translated as a concept that balances the three pillars; profit, people and planet.

The discourse on CSR started to emerge when Milton Friedman in 1970 expressed the view that the purpose of generating profits in the corridors should not violate public morality and the law (Suharto, 2010). Historical development of CSR by Hadi (2014) is divided into three periods, namely: the initial stage of CSR's 1950-1960; 1970-1980's period and the period of 1990-present. In the early development of CSR, the action derives as a response of ethical awareness in the business arising from the entrepreneurs themselves and it is a charitable that is essentially in the form of goodwill financiers. In the period 1970-1980's it emerged the awareness that CSR is oriented towards the perspective of stakeholders. CSR in this period is characterized by activities that are oriented to community development and environmental sustainability.

In the period from the 1990s until the present, the new concept of sustainable development comes to the surface. The dimensional perspective of future and the needs of future generations have to be included in the comprehension of CSR. It was initiated with the emergence of the concept of the Triple Bottom Line in 1988 that was introduced by John Elkington.

2.2 Formulation of CSR

The Purpose of community development program is to empower communities actively and sustainably based on the principles of fairness, participation, cooperation and equality (Suharto, 201). The failure of community development occurs due to the low quality of the assistance.

Initiatives of CSR distribution program could be from the request of the community, local government proposals or ideas from internal corporation. In line with the research of Darman (2012) at PT Freeport discovered factors that may become obstacles in the implementation of CSR which are cultural differences, geographical conditions, security and availability of human resources issues. To support the success of CSR required an integrated strategy involving the government, communities and companies with coverage areas include socio-cultural, economic and environmental.

2.3 Framework

The CSR program is a form of private sector involvement in the development of the region. Its presence can be seen as a corporate awareness and regulation of government runs public policy involving the private sector in the development of the region.

The existence of the company and CSR programs will have an impact on socio-economic development of the region. The direct economic impact is to employees, shareholders, government, suppliers, creditors and surrounding communities. Indirect effect occurs through infrastructure investment companies and public services. Social impacts including job creation, access to health and education facilities. Environmental pollution could become a negative environmental impact, yet positively the emergence of public awareness to the need for environmental preservation is increasing. Another impact is the establishment of business partnerships with surrounding communities (Kartini, 201). Research framework can be seen in the image below.

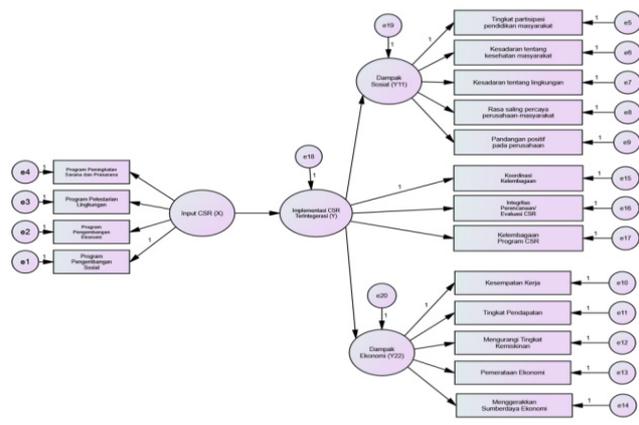


Figure 1, Macro effect of csr scheme for the community

2.4 The Conceptual Framework

To measure the gradation of social and economic impacts on CSR surrounding communities, construct variables and its indicators consist of variables formed by The Input of CSR (X), Social Impact (Y₁₁), Economic Impact (Y₂₂) and Regional Development (Y₃₃) the Input Variables of CSR (X) has four variable programs, which are: Environmental Conservation Program (X₁), Social Development Program (X₂), Economic Development Program (X₃), Infrastructure Development Program (X₄). The Implementation of Integrated CSR (Y) as an intervening variable consists of: Institutional Coordination/Cross-Sector (Y₁), Integration Planning to Evaluation (Y₂) and Institutional Implementation Program (Y₃). CSR Social Impact variable (Y₁₁) has five elements, which are: Community Education Participation Rate (Y₁₁₁), Community Health Awareness (Y₁₁₂), Environmental Awareness (Y₁₁₃), Mutual Trust Company with Community (Y₁₁₄) and Positive Perceptions to the Company (Y₁₁₅). Economic Impact of CSR variables (Y₂₂) has five elements, which are Employment (Y₂₂₁), Education Level (Y₂₂₂), Reducing Poverty (Y₂₂₃), Equity in Income (Y₂₂₄), and Mobilizing the Economics Resources (Y₂₂₅).

The conceptual framework is developed to explain variables which are located as exogenous variables, intervening variables and endogenous variables. With prepositions that based on theoretical and empirical studies, it will be known how many hypotheses to be drawn up, what variables contained in each hypothesis, and how the relationship between variables influence. The Conceptual Framework can be seen in Figure 2.

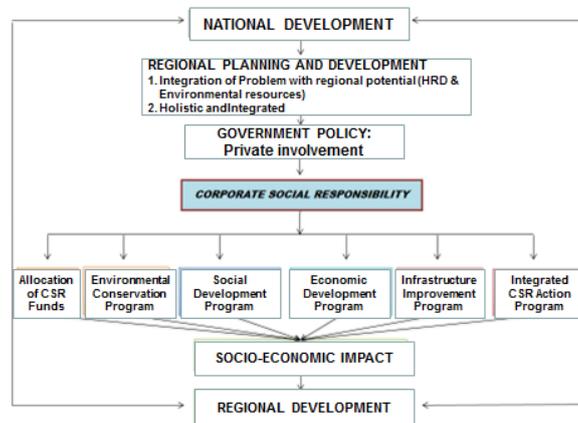


Figure 2. Conceptual framework

3. Research Hypothesis

a. CSR Input program, include: Environmental Conservation program; Social Development program; Economic Development program; and Infrastructure Development program, has a real contribution to the development of rural areas around the Pabatu Estate, seen from the socio-economic indicators.

- b. Implementation of Integrated CSR intervening variable, include: Institutional Implementation Program, Cross-Sector Coordination and The alignment of planning to evaluation gives a significant effect (positive) to the CSR program
- c. There are real influences of social impact with their CSR programs on indicator: education participation rate; Health Awareness; Public awareness about environmental protection; the growth of mutual trust between the company and communities; and communities' positive perceptions toward the plantation.
- d. The real effect of CSR program conducted by Pabatu Estate could be seen with indicators: the availability of employment opportunities; Income levels; Poverty reduction; equitable distribution of income; and Mobilization of economic resources surrounding communities.

4. Data Collection Location and Methods

The experiment was conducted in 14 villages around the Pabatu Estate from October 2014 to March 2015. Population data are as follows: The area of 11.716 hectares, population 8,472 men and 7.871 women who gathered in 4.228 families (BPS Sergei, 2013)

Sampling was conducted using gradual withdrawal techniques (multistage sampling). Sampling was conducted with a random pattern of systematic (Systematic Random Sampling) with a total sample of 367 households.

This exploratory study seeks ideas and relationships between the variables. Primary and secondary data collected by means of cross section.

5. Research Result

5.1 CSR Variabel Input (X)

CSR Input variables (X) are formed by four indicators, namely: Social Development Program (X₁), Economic Development Program (X₂), Environmental Conservation Program (X₃) and Infrastructure Development Program (X₄).

Table 1, Respondents rate indicator input CSR (X)

The Scale of Answers	Item Inquiry CSR Input Variables (X)							
	X ₁		X ₂		X ₃		X ₄	
	n	%	n	%	n	%	n	%
Strongly Agree	191	52.04	69	18.80	79	21.53	122	33.24
Agree	172	46.87	225	61.31	267	72.75	242	65.94
Neutral	2	0.54	23	6.27	8	2.18	2	0.54
Disagree	1	0.27	50	13.62	13	3.54	1	0.27
Strongly Disagree	1	0.27	0	0.00	0	0.00	0	0.00
Total	367	100.00	367	100.00	367	100.00	367	100.00

Source: Primary data processed, 2014.

5.2 Variables of Implementation of Integrated CSR (Y)

The implementation of Integrated CSR (Y) is formed by three indicators consist of Institutional Coordination (Cross-Sector) (Y₁), Integration Planning/CSR Evaluation Program (Y₂) and CSR Institutional Program (Y₃).

Table 2. Respondents assessment of implementation aspects of integrated CSR (Y₁)

The Scale of Answers	Item Inquiry Implementation of Integrated CSR (Y ₁)					
	Y ₁		Y ₂		Y ₃	
	n	%	n	%	n	%
Strongly Agree	42	11.44	74	20.16	46	12.53
Agree	267	72.75	243	66.21	156	42.51
Neutral	19	5.18	33	8.99	38	10.35
Disagree	39	10.63	17	4.63	122	33.24
Strongly Disagree	0	0.00	0	0.00	5	1.36
Total	367	100.00	367	100.00	367	100.00

Source: Primary data processed, 2014.

5.3 Social aspect (Y₁₁)

Social aspects (Y₁₁) is formed by five indicators consist of Community Education Participation Rate (Y₁₁₁), Awareness of Public Health (Y₁₁₂), Environmental Awareness (Y₁₁₃), Mutual trust the Company - Societies (Y₁₁₄) and Perception/Positive attitude of the Company (Y₁₁₅)

Table 3. Respondents assessment indicators of the social aspects (Y₁₁)

The Scale of Answers	Item Inquiry Social Impact (Y ₁₁)									
	Y ₁₁₁		Y ₁₁₂		Y ₁₁₃		Y ₁₁₄		Y ₁₁₅	
	n	%	n	%	n	%	n	%	n	%
Strongly Agree	213	58.04	75	20.44	57	15.53	80	21.80	87	23.71
Agree	151	41.14	281	76.57	293	79.84	278	75.75	272	74.11
Neutral	1	0.27	6	1.63	13	3.54	3	0.82	5	1.36
Disagree	2	0.54	5	1.36	4	1.09	6	1.63	3	0.82
Strongly Disagree	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	367	100.00	367	100.00	367	100.00	367	100.00	367	100.00

Source: Primary data processed, 2014.

5.4 Economic aspect (Y₂₂)

Economic aspects (Y₂₂) are formed by five indicators: Increasing Employment Opportunities (Y₂₂₁), Education Level (Y₂₂₂), Reducing Poverty (Y₂₂₃), Equity in Income (Reducing Gaps) (Y₂₂₄) and Mobilizing Resources Economics (Y₂₂₅).

Table 4. Respondent's assessment indicators of the Economic Aspects (Y₂₂)

The Scale of Answers	Item Inquiry Economic Impact (Y ₂₂)									
	Y ₂₂₁		Y ₂₂₂		Y ₂₂₃		Y ₂₂₄		Y ₂₂₅	
	n	%	n	%	n	%	n	%	n	%
Strongly Agree	108	29.43	162	44.14	118	32.15	74	20.16	43	11.72
Agree	238	64.85	199	54.22	226	61.58	260	70.84	250	68.12
Neutral	17	4.63	5	1.36	20	5.45	27	7.36	37	10.08
Disagree	4	1.09	1	0.27	3	0.82	6	1.63	35	9.54
Strongly Disagree	0	0.0	0	0.0	0	0.0	0	0.0	2	0.54
Total	367	100.00	367	100.00	367	100.00	367	100.00	367	100.00

Source: Primary data processed, 2014.

The examination of validity and the reliability of instruments are necessary to ensure that the data collected is valid and reliable. The research is conducted to the first 30 respondents in the beginning to check the validity and reliability of instruments.

Table 5, Suitability indeks SEM after modification model

Criteria	Cut-off values at n = 367 ; df = 85; alpha = 0,05	AMOS Result
Degree of freedom (fd)	>0	83
Chi – Square	< 107.522	104,665
P-value	P value ≥ 0.05	0,064
CMIN/DF	≤ 2,00	1,261
Root Mean Square Error of Approximation (RMSEA)	< 0.08	,027
Goodness of Fit Index (GFI)	≥ 0.90	0,968
Adjusted Goodness of Fit Index (AGFI)	≥ 0.90	0,941
Tucker Lewis Index (TLI)	≥ 0.95	0,977
Comparative Fit Index (CFI)	≥ 0.95	0,986

n = number of sample ; df = degree of freedom.

Data Table 5 shows almost all of the value of the criteria used to qualify interpreted assess models in research. Model is modified by referring to the modification indices, by adjusting the model of the relationship (covariance) between errors and did not modify the effect track with the result of the SEM test gives the goodness of fit model better, as Table 6.

Table 6. Test results effect of input CSR for implementation of integrated CSR

Variabel	Model	Esti- mate	CR	Prob (p)	Infor- mation
Input of Integrated CSR (X) → Implementation of Integrated CSR (Y)	Regression	2,003	6,555	< 0.001	Signi- fikan
	Standardized Regression	0,988			

Source: Primary data processed, 2014.

5.5 Effect of Inter Research Variable

Direct relationship occurs between exogenous latent variables CSR Input (X) with endogenous latent variables Integrated CSR Implementation (Y). Table 7 presents the results of testing the direct influence of exogenous and endogenous latent variables.

Table 7. Direct effect of variable research

Influence <i>Unobserved Variables</i>	between	The	Direct Effect
Y ← X			0,988
Y11	← Y		5,860
Y22 ← Y			0,810
Y1 ← Y			0,660
Y2 ← Y			0.500
Y3 ← Y			0.450
Y11 ← X			-5.020

Source: Primary data processed, 2014.

From Table 7 can be explained the (direct effects) CSR Input (X) on the Implementation of Integrated CSR (Y) is 0,988. The implementation of Integrated CSR variable (Y) is formed by two aspects, where the contribution of Implementation of integrated CSR Aspects (Y) amounted to 0,988, or 98,8 %, meanwhile the social variable aspects (Y₁₁) has 5.860 (586 %) contribution to the Implementation of Integrated CSR (Y) and economic variable aspects (Y₂₂)

contributed 0.81 to the Implementation of Integrated CSR (Y). The results of testing structural equation modeling with AMOS program 21 in the final stage which is the stage after the modified model gives the goodness of fit model better.

6. Discussion

6.1 Causal Relationship Input with the Implementation of Integrated CSR

Based on the analysis results of the influence of CSR implementation to the Integrated CSR implementation, it is revealed that the value of the calculation result standardized path coefficient regression weight (AMOS 21.0) is 0.988. It shows that CSR Input (X) has significant and positive impact on the implementation of the Integrated CSR (intervening variable, Y). It means that whenever there is an increase in performance CSR Input (X) will increase the implementation of CSR Integrated (Y) that equal to 0.988 units. In another sense, input CSR program indirectly (indirect effect) significantly influenced the socio-economic impact on surrounding communities if implemented in an integrated manner.

The coefficient of relationship between CSR input (X) and integrated CSR Implementation (Y) is 0.988 ($Y = 0.988 X + 0.011$). The coefficient of relationship between the input of CSR with the social impact (Y_{11}) through the implementation of Integrated CSR variable (Y) is 5.860 ($Y_{11} = 5.860 Y + 0.045$). It shows that there is an indirect influence between the input of CSR and the social impacts of surrounding communities. Indirect effect also occurs between the CSR input and the economic impact (Y_{22}) of surrounding communities through the variable of Integrated CSR Implementation (Y) of 0.810 ($Y_{22} = 0.810 Y + 0.003$).

However, if the implementation of the CSR program input is not through the intervening variable integrated CSR implementation (direct effect), then the input CSR does not significantly affect the socio-economic impact on surrounding communities. It appears from the coefficient of relationship between CSR input (X) with a social impact (Y_{11}) is - 5.860 ($Y_{11} = - 5.860 X$); and the coefficient of relationship between CSR input (X) with economic impact (Y_{22}) is - 0.585 ($Y_{22} = - 0.585 X$).

6.2 Input CSR Indicators

Based on factor analysis (CFA) on CSR Input variables (X), The CSR can be said to constitute an integrated concept if it meets the following indicators: Infrastructure Development Program ($L_4 = 0.68$); Economic Development Program ($L_2 = 0.65$); Environmental Conservation Program ($L_3 = 0.63$); and Social Development Program ($L_1 = 0.58$). All four of these indicators are indicators that proved valid and reliable in measuring good or bad a company's CSR policy implementation in the study area. From SEM analysis shows that there is a real relationship between the variables Input CSR program that successively from the largest, namely: Environmental Conservation Program ($X_4 = 0.749 X + 0.029$); Infrastructure Development Program ($X_3 = 0.700 X + 0.23$); Economic Development Program ($X_2 = 0.693 X + 0.032$); and Social Development Program ($X_1 = 0.449 X + 0.013$).

First Indicators is the infrastructure development program. The surrounding Pabatu Estate access to public transportation is very dependent on the plantation road infrastructure.

Company policy opens the way for public access is a manifestation of social responsibility to the community around.

Second Indicators is economic development. From the survey data shows that out of 367 respondents, 265 or 72.21% households earning less than Rp 1,500,000 /month (below USD 1/person/days; average family size of 3.9 people/ household, 1 USD = Rp 13.000). There are 102 SMEs in the villages studied. Economic development programs CSR Pabatu Estate also be given in the form of the Partnership Program, namely the provision of soft loans to SMEs at very low interest, namely 6% per year loan term of 36 months and a grace period of 3 months. The realization of the loan in years 2009-2013 in Serdang Bedagai District, 370 000 USD, and around Pabatu Estate 25.000 USD.

Third Indicators is the preservation of the environment. Waste that pollutes the environment can lead to socio-economic impacts on communities residing around the plant. Liquid waste from the plant must be processed to meet quality standards before being discharged into the river. Pabatu Estate helps reforestation tree planting in critical areas. The practice in Germany also showed the same thing, that the commitment to incorporate social and environmental problems in the practice of corporate social responsibility becomes the motive of CSR practices (Hohfeld, 2008)

Fourth Indicators is social development. This includes the provision of scholarships, educational facilities, natural disasters management, fostering the arts, sports and religion. Pabatu Estate in the period 2009-2013 Pabatu social assistance channeled 44.000 USD. Based on BPS data known, schools with elementary students ratio is 1:273, the figure above the maximum limit of 240 students from grade 1 to 6 (40 students/class).

Field survey data related to the question of a positive image of the company, there are 97, 82% of respondents gave a good assessment of the company's image. The purpose of providing guidance to the poor and underprivileged families not only in terms of corporate social responsibility but it has a strategic implication as a social safety net for the sustainability of the plantation business. The problem of poverty has a potential to cause social unrest. Theft of fresh fruit bunches (FFB) occur in areas adjacent to residential communities. Poverty can be the driving element of the increasing theft of FFB in plantations.

There are only one health center units and six unit's sub-health center facilities around the Pabatu Estate. Only one doctor and 17 nurses available at the moment. Therefore, as a elaboration of corporate social responsibility function in a broad sense, Hospital in Pabatu Estate also serves the surrounding communities, managing the integrated services health office (Posyandu) for employees and the surrounding communities.

Internalize the value of CSR into the company policies listed in PTPN IV's vision is "*To be a center of excellence management of oil palm agro-industry companies with good corporate governance and environmentally perspective*". The organizational structure of the company also has a section in charge of Partnership (the Partnership Program and Community Development).

6.3 Model Sustainable Integrated CSR and Strategic Management

From the perspective of the sustainability of the company shows that the impact of CSR not only affects the company but also influence external to internal companies. Hindle et al. (2009) stated that the CSR based on competency and partnerships with NGOs will increase employee retention. Other researchers are Wolff and Barth (2005) found that the practice of CSR can be a device to support business continuity and resolve uncertainty resulting from external influences. Research in India also showed that CSR positive impact on the development of rural communities and deploying enterprise (Ranjan and Pradhan, 2009)

6.4 Vision, Mission and Objectives of The Company

From research Derwell (2007) found that the perspective of investors and companies in the implementation of CSR is not merely for reasons of expense philanthropic concept of "bottom line", but rather is based on the understanding that CSR can affect the performance and value of companies.

6.5 Environmental Analysis

The purpose of the environmental analysis is to identify the strategic factors that will determine the future of the company. The implementation of CSR shall have a shape that is integrated. A company is said to have implemented CSR integrated, starting with the phasing compiled as follows:

- a. **Identification and choose CSR issues**, the most relevant to the interests of the public, companies, governments and have an impact (multiplier) and in accordance with its financing capabilities. The information obtained is the basis of input selection policy determines appropriate CSR program and produce a positive impact on social, economic and environmental.
- b. **Socio-economic mapping/secanning**. Include, among others, levels of education, welfare, social structure and capacity as well as a history of conflict with company. In-line with the research Tilakasiri (2012) in Sri Lanka found that the differences in culture, management perspective, geographical, and environmental, so the approach of CSR in developed countries can not necessarily be applied in developing countries.
- c. **An inventory of resources**, to ensure adequate financial resources to finance the activities of CSR. Sources of funding can be derived entirely from the company or partly of society and local governments. In addition to the human resources of funding that implement CSR activities need to be considered. Society should be involved directly in carrying out CSR activities.

1. Formulation of Integrated CSR

Based on the strategic environmental analysis and in-line CSR mission vision operational work plan can be prepared, among others, includes the structure and processes, sources of funding and the schedule of activities in an integrated manner. CSR practice in Scandinavian countries based on research conducted by Schemeltz (2012) found that in the preparation of the

company's CSR program combines the company's interests and perceptions of consumers so that it can function as a mediator company's interests with the aspirations of the consumer.

2. Implementation Program

CSR programs are implemented by institutions designated by engaging and coordinating with stakeholders. It takes a cross-sectoral coordination, including local governments, communities, NGOs, community leaders and other institutions.

3. Monitoring, Evaluation and Reporting

Supervision of implementation as well as evaluation of programs is intended to enhance the objective conditions in the field. Referring to the research Adam (2011) in Australia found that reporting of CSR activities is a reflection of corporate responsibility. Through evaluation activities can also be referred to perform repair system for the implementation of CSR in the future.

From the study of theory and discussion of the results mentioned above, it is produced in realizing the Strategic Model Integrated CSR can be seen in Figure 3.

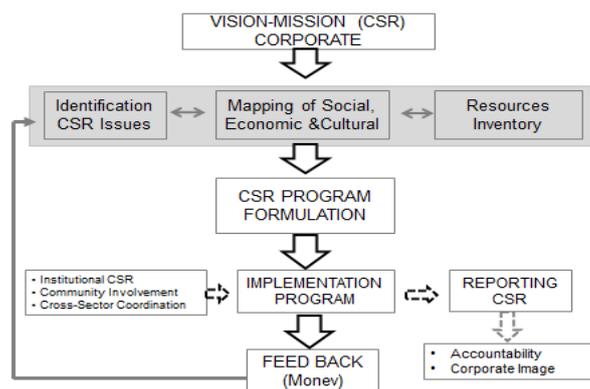


Figure 3. Strategic Implementation of CSR Integrated Model

7. Conclusions and Suggestions

7.1 Conclusions

- a. CSR Input programs significantly influence on socio-economic aspects of society if through Variable (Intevening) the implementation of an integrated CSR and no real effect if it is not through the implementation of an integrated CSR.
- b. Socio-economic impacts are significantly affected the Input of CSR program, with the largest sequence of the program: Environmental Conservation; Infrastructure development; Economic Development; and Social Development.
- c. Sequence indicator variable Integrated CSR Implementation: Institutional; Cross-sector coordination; and Alignment Planning to Evaluation.

d. The real effect of the CSR programs of social impact on surrounding communities with the largest order of: Awareness about environmental conservation; Positive perceptions of the plantation; the growth of mutual trust between the companies with the surrounding communities; Awareness about health and education participation rate.

7.2 Suggestions

a. To prepare the Strategic Model Integrated CSR Program, which can improve social and economic welfare of society and the creation of a harmonious relationship between the company and the surrounding communities should be built based on the identification of issues, mapping the social, economic and cultural as well as inventory and resource mobilization and public companies.

b. To ensure the effectiveness of CSR, which can improve social and economic welfare of society and the creation of a harmonious relationship between the company and the surrounding communities, then it must be implemented an integrated CSR program that pays attention to aspects of the Institutional Implementation Program, Cross-Sector Coordination and the alignment from the Planning until the Evaluation processes.

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