A Study of Corporate Social Responsibility Policy Implemented by Private Companies and Its Impact to Surrounding Community: A Case Study of Indonesian Port Company

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Abstract  
This study focuses on Corporate Social Responsibility policy implemented by private companies in the Indonesian Port Company Area (PELINDO) and its impact on the surrounding community. The purpose is to assess companies' environmental impact and implement CSR programs and analyze CSR implementation on the community. CSR considers the impact of company activities on the environment and community, including their responsibility to the community. The study is based on the concept of corporate citizenship by Gilmour and Caplan. The theory of policy implementation by George Edward, with indicators of communication, bureaucratic structures, resources and dispositions. This study conducted in Dumai, Riau. Based on explanatory qualitative research trace and describes facts and makes a comprehensive view and tries to create a complex picture of a problem and issue under study. The study found that implementation of policy on CSR and Environment is immensely top-down bases. The government was also un-perform in implementing the policy while the regulation in 2012. Both vertically and horizontally, local governments' communication is ineffective due to bureaucratic structures' weaknesses in implementing CSR. Also, the
attitude showed that the implementation of CSR policies also seems less responsible. As a result, the community still affected environmentally by the company's operations. Ideally, the government must be able to be a facilitator between communities and companies. The companies must have consciousness on the urgency of the CSR program in reducing the operational risk.

**Keywords**
Corporate social responsibility, environment, private companies, policy implementation, business activities, Indonesia port company

### 1. Introduction

Realizing Corporate Social Responsibility (CSR) consistently to the communities in industrial and trade companies' operational areas is crucial due to environmental and surrounding impact. Companies were started to switch to using public spatial planning. For the people around the port of Dumai, they utilize the area as a place for their socio-economic activities and a place for people's livelihoods. Thus, the spatial condition has turned into a closed "business" area with no companies' contribution to the surrounding community. So the community is marginalized and become victims. As time went by, the people were silent and relented. The business management operations of the companies continued as if there were no complications around them. Several decades ago, the Dumai port area was bustling with social and economic activities. However, now it has turned into a closed area. The industrial area is located adjacent to the Central Business District (CBD) where the companies run without interacting with the surrounding community. The industrial area is fortified with a high wall along Jalan Datuk Laksamana, Dumai City, where this area has been known as a natural port area and international port.

In its activities, negative impacts occurred on the surrounding environment and people. Among other things, smoke and air pollution, pungent odors, and noise pollution from palm oil mills located near residential areas. Second, the impact of coastal reclamation when building up the industrial and business areas. Also, activity to blocking ditches and creek to the sea, so that floods often occur in Dumai City. It sparked a public demonstration. However, the companies ignored it. Third, the loss of clean water sources, such as rainwater, is damaged, dirty, and polluted due to houses' roofs. It makes clean water hard to get. Fourth, if the water does not flow into the sea, the sewers in this city will not run smoothly; the stagnant water creates an unpleasant smell and disturbs the small traders along the city's roads. The activities of industries have damaged urban planning, and at the same time, it spoils the beautiful scenery due to ongoing factory activities.

Ideally, these negative impacts caused by various factors should be resolved or minimized by the business management action process. The role of public administration in regulation and discipline can create harmony between stakeholders, where companies at ports are managed wisely and create balance through the concept of Planet-People and Profit. Besides, wisdom in managing regional spatial planning that is distributed, benefited, maintained, and guarded. In the process of seizing opportunities and seeking profit, companies should not harm the environment and the surrounding community. Harmonization can be realized by implementing Corporate Social Responsibility (CSR) in a planned and consistent. At least there are efforts to minimize management risk from the various effects of business operations caused by physical and non-physical effects. Sukandarumidi, (2012) straightforwardly made a CSR concept, namely "Whoever pollutes himself must clean up. Whoever harms the community must organize and implement CSR. The community must receive compensation as "compensation for losses that do not appear real" such as the result of environmental changes and pollution. Mohan (2019) defined CSR Strategy Model is a strategy for progress in corporate social responsibility initiatives. It's a strategy planning aid. The model is meant to be implemented through individual, corporate, community, governmental, and non-governmental organisations. CSR is seen from the ground up, from ideas to implementation (See Figure 1).
The Indonesian Government's CSR policy based on Provincial Regulation No. 6/2012 on CSR and the environment prioritizes companies that exploit natural resources. Among them are the vital mission, namely improving the welfare of the community around the company. In particular, society's socio-economic aspects and without ignoring environmental factors that are engaged to natural resources. The Riau Provincial Government is taking this matter seriously because it has potential natural resources such as mining, minerals, forests, land, and marine resources. In general, these natural resources must be protected and preserved for future generations' benefit in a sustainable and prosperous manner.

Riau province's CSR policy has environmental implications. If we see from its history, the people's social anthropology is very close to their ecosystem, cultivated through local wisdom as a coastal community. It is suspected that the impact of company activities through CSR is a mediation process in a mutually beneficial between the business world and the surrounding community. CSR realization will create a climate of harmony and a sense of mutual understanding between the two parties. If this is done programmatically and continuously, it must realize the sustainable development goals (SDGs). Hence, CSR also must pay attention to SDGs 1, namely no poverty. Especially in pandemic conditions, the company's attention is expected to foster a partnership climate. Dumai port's position as a natural port and an international port has contributed significantly as a supplier of goods and potential natural resources for Riau and Sumatra. Dumai Port was initially known as a supplier and export port for petroleum, Riau as the second largest mining and mineral producing province in Indonesia. Recently the function of Dumai port has improved if palm oil has become Riau's favorite commodity. Oil palm plantations in Riau have exceeded three million hectares so that from the port of Dumai in 2020, 4.49 million tonnes of palm oil has been supplied. Dumai Port is projected to become the largest CPO export port in Indonesia (Erinsyah, Antara News, February 5, 2021).

In terms of business and the Environment, Ezra Mishan in (Andre Gorz. 2003) states: "if the damage caused by growth is included in the calculation, then" growth "indicates a decline and not a development." The costs incurred are higher than the benefits it provides. Natural resource exploration, especially forest clearing in Indonesia, causes environmental effects and local communities' social conflicts. As Hai (2013) noted that while concern over deforestation was the initial focus. The impact of deforestation on the lost biodiversity, land, and social conflict. These intense and significant activities have had the impact mentioned before. However, industrial activities continue without taking the impacts of their production activities seriously. The people living in the vicinity and small traders who trade close to in port feel the impact. Dumai Provincial Government should consistently implement development programs through its CSR, which can reduce the burden on the affected parties. For almost a decade, the Riau Provincial Government has established regional policies through Regional Regulation no. 6/2012 concerning CSR and the environment, essentially realizing CSR and its management efforts. However, the extent to which the Dumai Government has implemented CSR policies and the extent to which the Dumai port area's implications concern sustainable development goals.

1.1 Research Objectives
Despite the pollution and inconvenience of the surrounding environment, business activities are still running as if there are no problems. The rise of business activities in Dumai City has forgotten the historical, sociological, anthropological, and local wisdom aspects. The process of change and control of public spatial here reflects that there
has been a unilateral and centralized policy setting without regard to the impact on the environment, especially for the people living along with the port of Dumai City. Of course, the big question arises whether the lousy face of disharmonious business activities will remain sustainable without considering sustainable development. The conference and Rio de Janeiro's declaration based on principle 1 state; Humans are the centers of attention for sustainable development. They have the right to a healthy and productive life in harmony with nature.

Meanwhile, the administration is a process of "human cooperation efforts and humanitarian processes. The magnitude of this incident occurred in the last two decades, to be precise, in the era of regional autonomy and reformation. The quality of democracy should be improved, and human rights and justice have become more evident. However, this is a challenge for public administration in this modernization process to demonstrate its capability and maturity. Local governments are here to protect and protect individual rights and contribute to the welfare of the nation. On the whole (Freman 1968) Haferkamp and Smelser put it, the new social movements champion "cultural creativity and autonomy and the capacity to act on all aspects of the human experience." The study objectives, namely, first, to determine the implementation of the Riau Province environmental CSR policy at companies in the port of Dumai. Second, to find out the environmental and CSR implications for the community around the port of Dumai. Meanwhile, the problem statement is whether the provincial CSR policy has been implemented, following the community's needs around the port of Dumai, and whether the environmental impact of business operations here is a critical consideration of implementing CSR in the environment.

2. Literature Review

Corporate Social Responsibility is the company's responsibility to continue to create harmonious, balanced, and harmonious relationships with the community's environment, values, norms, and culture. CSR and the environment's existence, also minimizing the risk of industrial production, must also display its integrity in an environmentally sustainable manner. Further, according to the World Bank, sustainable development is defined as of opportunity for the future generation. The framework of the rule that good governance plays in the genuine commitment to advancing the sustainable agenda. (World Bank Development Report 1994: 1-8). Corporate social responsibility (CSR) for short and also called corporate conscience, citizenship, social performance, or sustainable, responsible business (Fontaine: 2013). In the business practice experience of companies in Dumai port from an administrative approach, should create a human being process, not the other way around ego and self-isolation, and not reflect an attitude of justice and humanity. According to Frederickson (1989), the new public administration prioritizes the principles of justice and social equality for public welfare. So it seems that the government in the process of government administration displays the character of wisdom where the authority can regulate and enforce justice with the authority it has. The current reforms must be followed by a responsive and consistent attitude and capable of effective facilitators. Where the government can realize the process of fostering a climate of harmony between the private and the public as a governance administrator (Tarmizi Yusa, 2018)

In managing a transitional society, the government should be consistent in presenting a governance model because regulating and enforcing laws has been realized. Public administration should have realized three legs of governance. Government administration, governance politics, and economic governance in harmony and balance. The current public administration character is government serving people and implies sustainable development (Rondinelli, 2007). Local governments should also harmonize the 3P (Planet, People, and Profit) concepts properly, fairly, and harmoniously to not appear to be exploitation of people by business activities without being adequately controlled. Through the sizeable administrative domain managing the public sector, good government governance should have been realized through a good public policy process through the hands of professional power. Consistently applying democratic philosophy can raise the welfare and dignity of society fairly and equally.

Public policy is a picture of the government's achievement, whether in doing something or not. Public policy is also a means of government organizing the government process, solving public problems, and enhancing their dignity. However, in the wisdom process, sometimes some ways are not usually done. Even though it is philosophically carried out in the public interest, hidden political content is also unavoidable. Ideally, improving state performance creates new problems for society. Therefore, Tammosoli (2007:78) says that public policy is a unique approach for a country in a weak state to recover from the great conflict; therefore, public policy can make social tensions worse or better. So in this context, both the role of the public administration "government" and the public policy process in companies' business management process are in question. ISO 26000 on CSR emphasizes several essential aspects of corporate social responsibility, including 'organizations worldwide and their stakeholders, who are becoming increasingly aware of the need for and benefits of socially responsible behavior. An organization's performance about the society in which it operates, and its impacts on the environment has become a critical part of measuring its overall performance and its ability to continue operating effectively. The objective of social responsibility is to contribute to sustainable
development. According to Bertucci and Allan Rosenbaum (2007) the achievement of any set of policy goals, and wildly any as ambitious as the Millennium Development Goals, requires more than just good public policy.

According to Heclo in Candace (2013), the relationship between policy and administration is vital. According to Anderson, "Public policies are those policies developed by government bodies and officials," public policies are policies developed by government agencies and their apparatus. Policy implementation is an essential step in the policy process; without proper implementation, a policy is just a meaningless document in people's lives. "Policy implementation is the translation of a policy statement to action" (Cooper, 1998). In principle, the implementation of public policy is a way for a policy to achieve its goals, nothing more or less (Nugroho, 2009: 618). Grindle (in Thoha, 2008) said that implementation is a general administrative action process that can be researched at a specific program level. Van Meter and Van Horn in Winarno (2007: 155), noted "that the consensus factor between the parties involved in the policy implementation process will determine the policy's impact.

Even though a policy is considered good, it will fail to achieve the stated goals if its implementation is incorrect (Edward III, 1980: 1). Edward in (Hesel Nogi, 2003; Widodo, 2012) that four aspects can be used parameters that can influence a policy's implementation, namely: (1). Communication; communication is delivering policy information from policymakers to policy implementers (2). Resources; resources are positioned as inputs in the organization and as a system with economic and technological implications (3). Disposition; the disposition is the willingness, desire, and tendency of the policy implementers to seriously carry out the policy and (4)—structure of the bureaucracy. The bureaucracy is one of the most frequent and even overall institutions that implement activities. Edwards developed another Top-Down model. In this model, four of the reasons that influence policy implementation are identified. Gholipour (et al.) 2012 1) communication, 2) resources, 3) enforcement trends, 4) bureaucratic structure.

3. Methods
This study applies qualitative and exploratory methods. Creswell (2013) explored the hidden factors in the form of direct observations in the field. Then trace it with in-depth interviews with affected communities and other relevant informants such as community leaders who live near the industry. It aims to compare the conditions and realities they experienced before and after the emergence of industrial and trade activities around the port of Dumai. Furthermore, it is added with documents, reference material, and journals.

4. Results
The results of the research found that bureaucratic structure factor is not influential in implementing CSR and environmental policies. They have not been able to build a good team with the local community. Amir Atan, General Secretary of the Riau Malay Customary Institution, Dumai City, regrets the local government's uncooperative attitude to build good communication and join together to think about local community problems and provide CSR programs according to community needs. Community reactions related to the impact of company operations have not been taken into account. The bureaucratic structure also has not developed intense communication with the provincial government, including the regional regulations on CSR and the environment that are not socialized. As a result, the company does not pay attention to this bureaucratic behavior reflects a lack of responsibility for top-down CSR policies.

Meanwhile, the Dumai city bureaucracy itself has not provided what programs should be suitable for the affected community. So far, the local government has asked for charity from companies in the port to build green open space "RTH" on Jalan Datuk Laksaman, but it is not practical; the plants are arid and dead. Researchers found that RTH from Bank Riau Kepri, which was not related to environmental damage, was successfully carried out on Jenderal Sudirman Street. Second, the communication factor carried out by the local government is also ineffective, starting from the CSR mission that is not socialized to companies and local communities. Communication in the auction process for coordination, synchronization, and integration is also done well. Among them, the provincial government's mission in CSR and the environment should be known by the company and the community around the company. The city government also failed to become a mediator between the community and the company. It should be with good communication links to administer properly, just like building a sense of mutual understanding. The local government's role can also be a facilitator for many interests, especially in realizing sustainable development. In details, there are four elements of CSR (see Figure 2).
Third, the resource factor: the resource factor is not an obstacle because the absence of work is already supported by financial, technology, power, regulation, and official authority. It is just that the existing resources have not been optimized by factors that have not worked wholeheartedly. In this day and age, mechanisms have been supported by materials and technology to build teamwork and practical work, such as building communication between parties or holding administrative communications. However, because the program to be implemented is not yet available, the resources cannot be used and empowered. Fourth, the behavioral factor is crucial and essential in the bureaucracy's work mechanism, especially for transition countries, which tend to be ambiguous and inconsistent. Finally, no matter how good the policies are formulated and defined, the products will be useless if they are not carried out thoughtfully and thoroughly responsibly. After fourteen years, the Limited Liability Company Law emphasizes CSR on natural resource exploration companies. It has been nine years since regional regulations as regional government policies were enacted at the provincial level. Yet, the implementation has not yet appeared in the community.

Suppose the negative impact felt by the community is not a concern of the local government. In that case, it means that their sense of sensitivity and responsiveness is minimal, so that the issue of environmental and socio-economic impacts seems to be neglected. When companies are looking for profit, it does not seem that they have problems with their surrounding. Mrs. Ariana, a Ketenga oil trader in Pinggir, was looking for an alternative after her rice shop went bankrupt. The reason was that buyers did not want to come to her shop because of the pungent smell of fabric pollution, dust on the road, and pungent ditches. According to him, there has been no effort to facilitate the community with the company, according to interviews with Ibuk Ariana and Pak Irwan. They live and try to be right at the former Seismic Port entrance at the Sudirman-Laksamana intersection.

In the context of sustainable development related to the 5 P's, companies during their economic activities use natural and public "planet" spatial planning to get "profit", seemingly ignoring the impact of their business on the environment, be it physical, aesthetic, social, economic or cultural. Meanwhile, the negative impacts are related to poverty (poverty), such as community businesses' death both by environmental conditions and area closure. The disharmony of communication between the company and the public (people) shows that the company's partnership (partnership) towards the community is not tangible. In this case, there is no permanent program and practice to consciously towards the community. The effort to restore and rehabilitate environmental conditions that are arid or mitigating the environment does not occur. It means that the practice of sustainable development has not become a significant concern; what is sustainable is their business efforts that ignore the "surrounding environment" with business management that seems closed and exclusive. Comprehensively, the relationship between Sustainable Development and Corporate Social Responsibility can be seen in Figure 3 below:
Research findings are politically and economically controversial. Policies to implement environmental protection and preservation through environmental laws, on the other hand, are issued policies to increase state revenue through industrialization and trade processes that ignore environmental effects. Politically, the government also made a policy to determine ports' location as industrial trade areas unilaterally; this should be done through compromise by building consensus with local communities and respecting the climate of regional autonomy, which should increase the values of democratization. However, research shows that port corporations carry out centralized central regulations that are not quite adaptable with the surrounding community and are too chasing profit. So the impression is that there is something controversial between investment policies with environmental policies and CSR policies that are not integrated. It seems that efforts to achieve sustainable development goals have not become a priority and have not been implemented consistently.

5. Conclusion
The bureaucratic structure of the Dumai city government has not been effective in implementing CSR and environmental policies. It includes not socializing CSR policies, whether in national "top-down" policies or "bottom down" provinces. In contrast, the communities around the port need economic recovery programs, health care and sanitation, and restoration of environmental conditions due to pollution besides clean water assistance and vocational programs in the form of training to provide skills to the community or attract them to participate the work process. The government does not seem to have studied the implications of the environmental effects associated with CSR. The port of Dumai plays a crucial role in channeling palm oil from the upstream to downstream industries as an "export" supply port. In using urban and public spatial planning, the reality of environmental conditions and the city's beauty seems less to be considered by the government, especially the consequences of carrying out communication.

Finally, it was concluded that the Provincial TJSP local regulation had not been successfully implemented "unsuccessful to implementation. It is not yet severe and has not been followed by a race of responsibility. There needs to be active on the second level of CSR implementation; namely, the company minimizes its negative impact of their operational activities based on existing regulations (legality). Nevertheless, it is necessary to pay attention to fulfilling the social rights of the politically and economically appropriate community. Regional Regulation No. 6/2012 on CSR has not been implemented by the bureaucratic structure either in Riau Province or in the City of Dumai at companies in Dumai port. Likewise, the spirit of "philanthropy" and "volunteering" among entrepreneurs and the City Government of Dumai has not yet been developed. Specifically did not prepare the programs needed by the affected community. In addition to mitigating environmental and community problems, it should help build a real commitment to environmental protection and conservation in realizing the goals of sustainable development.

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