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## MEASURING THE IMPACT OF PT.KPC'S CORPORATE SOCIAL RESPONSIBILITY IMPLEMENTATION IN THE SAHABAT TANGGUH PROGRAM WITH SOCIAL RETURN ON INVESTMENT APPROACH

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### ABSTRACT

The Sahabat Tangguh program is one of PT. Kaltim Prima Coal's CSR programs. This program is a community empowerment program around the mining location, especially for micro, small and medium enterprises (MSMEs). The Program participants who achieve the set profit targets will receive rewards in the form of assistance with business equipment and supplies. The objectives of this research are (1) to analyze the value of the benefits of the Sahabat Tangguh program using the social return on investment (SROI) approach, (2) to determine the level of community satisfaction with the Sahabat Tangguh program as part of evaluating program implementation. The data analysis method used is the SROI value approach and measuring the community satisfaction index value. The numbers of respondents in this research were partner MSMEs who had joined the programs who were willing to take part in mentoring for planned activities. The results of the research show that the SROI value for the Sahabat Tangguh program is 20.83, which means that every rupiah of investment given by the company to this program is able to provide added value reaching 20.83 times. The community satisfaction index value for program is based on the element assessment. planning, funding, assistance, implementation, evaluation, and sustainability aspects, got an Satisfaction index of 3.31 on a scale of 4 with a very good assessment category, or if converted to a scale of 100 with a score of 82.77, which means that the beneficiary felt very satisfied with the implementation of Sahabat Tangguh Program.

**KEYWORDS:** - CSR, Social Investment, SROI.

## 1. INTRODUCTION

Corporate social responsibility (CSR) is a company obligation, especially in the extractive sector, which ideally is a form of corporate social investment, so that it can be measured and profitable (Santoso et al., 2018). CSR programs must be planned well to obtain maximum benefits for the affected communities and environment (Wicaksono et al., 2021). Through a CSR program that is oriented towards sustainable development, the company's existence will be maintained and at the same time it will also preserve the environment (Sunaryo, 2013). Through corporate social responsibility, each company carries out its contribution in the form of developing the community and environment around the company (Dharmacahya et al., 2022).

The method that can be used to measure the social impact of CSR programs is social return on investment (SROI). By using SROI, companies know the value of the positive impact of CSR programs, especially for society, and the effectiveness of the social investments that have been made by the company. According to Santoso et al., (2018) the value of achievements in social reporting (social reports) obtained by companies as a form of disclosing this information will help companies understand and manage programs better, more effectively and efficiently in the future.

SROI analysis is used to measure social impact as a parameter for the effectiveness of community development under corporate social responsibility programs. The SROI method is the most practical and effective method for measuring the social impact of community development in CSR programs (Ainuddin et al., 2021). SROI as a framework for measuring and accounting for change and a much broader concept of value, and for building a social impact measurement system so that impact can be measured and use data to inform planning and decision making (Jolob, 2020). Meanwhile, according to Gupta, (2019) SROI is a method for measuring values that are not traditionally reflected in financial reports, including social, economic and environmental factors. Anam et al., (2022) explained that SROI will support sustainable development because its effectiveness will be measured for each program, referring to the impact it has after the program runs.

PT Kaltim Prima Coal (PT.KPC) through local business development, as a regional development catalyst, has contributed to helping the government provide solutions to MSME problems, especially in efforts to raise the class of ultra-micro and micro-level entrepreneurs in its operational areas. Through a program called "Sahabat Tangguh", PT. KPC carries out mentoring programs and provides business stimulants for ultra-micro, micro & small businesses with structured program stages, good mentoring mechanisms with mentoring monitoring and evaluation tools.

In recent years, The Sahabat Tangguh Program has provided both social and economic benefits for the program's beneficiaries. Quantitatively, the success of a CSR program can be measured by comparing the costs incurred by the company with the value of the benefits produced. The method that can be used to measure the social impact of a CSR program is Social Return On Investment (SROI). Measuring CSR programs can help companies understand how to manage the social, environmental and economic value they produce. Thus, the aim of this research is to calculate the value of the benefits of the Sahabat Tangguh program using the social return on investment (SROI) approach and to determine the level of community satisfaction as part of the evaluation of program implementation.

## 2. METHODS

This research was carried out in the nearest operational area of PT. KPC is North Sangatta, South Sangatta, Rantau Pulung and Bengalon Districts in East Kutai Regency. This area is the location of

MSME businesses as partners in the program. The population in this study was all partner MSMEs as beneficiaries, totaling 40 participants who were then used as the research sample

The data analysis method used to answer the objectives of this research is SROI analysis and community satisfaction index (IKM). SROI as an analytical tool allows various parties, especially companies as program owners, to not only measure social impacts, but also identify intangible impacts (Parikesit et al., 2022). Meanwhile, according to Marsha & Matoati, (2021) SROI is a process of measuring the value of social returns produced by an organization based on cost-effectiveness analysis, social accounting and social audit.

According to Silalahi et al., (2018) and Ainuddin et al., (2021) explain the principles of the SROI approach are 1) Stakeholder involvement, 2) Understanding of change, 3) Appreciating important things, 4) Focus on materiality impact. 5) Avoid excessive claims, 6) Transparency, 7) Verify results.

The formula used in SROI analysis is

$$SROI = \frac{\text{Net Present Value of Benefit}}{\text{Net Present Value of Investment}}$$

Apart from that, an important part of the SROI analysis is calculating the impact value. After obtaining the outcome, the next step needs to be considered in determining the benefit figures from a social program. If outcome is a result that is immediately felt, then impact is an impact that is felt further away. In determining the impact, the analyst only needs to calculate the quantification of the results minus four assessments that are inseparable from an item's value. The four assessments include deadweight, attribution, displacement and drop off.

Evaluation of the program is also carried out by measuring the level of satisfaction of program participants. Satisfaction is measured using an index value. In this case, the participant satisfaction index for the program that has been implemented is measured through 6 (six) elements, namely planning, funding, mentoring, implementation, evaluation, success and sustainability of the program. The satisfaction index value is calculated using the weighted average value of each service element/indicator. Measuring the level of satisfaction uses 4 (four) scales which aim to facilitate interpretation of the SME assessment, namely between 25-100, so the results of the assessment above are converted to a base value of 25, with the following formula: Satisfaction Index = Average Value of Satisfaction Interval x 25

**Tabel 1.** Satisfaction Index Measurement Scale

Interval		Conversion Value		Service Quality	Service Performance		
1,00	s.d	1,75	25,00	s.d	43,75	D	Not Good / Not Satisfied
1,76	s.d	2,50	44,00	s.d	62,50	C	Low / Less satisfied
2,51	s.d	3,25	62,75	s.d	81,25	B	Good / Satisfied
3,26	s.d	4,00	81,50	s.d	100	A	Very Good / Very Satisfied

### 3. RESULTS AND DISCUSSION

#### 3.1 Analysis of Social Return on Investment

The Sahabat Tangguh program is a follow-up program provided by PT KPC to empower communities around mining sites, especially small and medium enterprises who have participated in the UKM Tangguh program in the previous period (UKM Tangguh 1 and 2). The Participants

program who successfully achieve the profit target will receive this business stimulant twice, namely in the 6th month and 12th month of the 1year mentoring period.

The profit target that must be achieved in 1 year of mentoring is adjusted to each participant's business class, whether ultra micro/micro/small. The requirements to become a Sahabat Tangguh participant are: (1) have been an alumni of the UKM Tangguh program, (2) have registered to become a member of the UKM Tangguh alumni cooperative (KoperasiInsan Tangguh Sejahtera). It is said that capital programs like this have not been widely implemented, providing a combination of stimulant support as a reward and intensive mentoring.

There are several activities/activities in the program based on the results of observations in the field, including:

1. Socialization of the Program to potential participants
2. Assistance for SMEs (Strengthening Motivation and program visitation)
3. Training and assistance in the use of financial management applications (Qasir)
4. Providing business capital to participants

In implementing the Program, there are several stakeholders involved, both from regional and community officials, some of which can be seen in the following table.

**Table 2.** Stakeholders of the Sahabat Tangguh Program

No	Stakeholder	category	Role
1	Department of Cooperatives and MSMEs	Government	Licensing, Guidance and supervision
2	District government	Government	Information
3	Village government	Government	Information
4	TDA (Tangan Di Atas)	Non Governmental Organization	Trainer of Program

Source: Data Processed, 2023

**Table 3.** Program Activities

Output	Benefit recipients	Number of Beneficiaries
Participants understand the form and objectives of program	Participants of Program	40
obtain increased motivation and facilitators to consult regarding business obstacles	Participants of Program	40
Business Profits understand the importance of technology in financial reporting and be able to operationalize applications	Participants of Program	25
obtain business equipment support (Phase 1 and Phase 2)	Participants of Program	12
obtain business equipment support (Phase 3 and Phase 4)	Participants of Program	20

Source: Data Processed, 2023

**Table 4.** Outcome of Program

Benefit	Number of Beneficiaries	Unit
<b>Social Impact</b>		
understand the form and objectives of the tough friend program - increase business motivation again	40	Man
get a place to consult regarding business problems	12	Month
understand the importance of technology in financial reporting and be able to operationalize applications	25	Man
<b>Economic Impact</b>		
business profits	1	Year
obtain business equipment support (Phase 1 and 2)	12	Man
obtain business equipment support (Phase 3 and 4)	20	Man
Increase in the number of workers	12	Man
<b>Environmental Impact</b>		
able to reduce paper usage	25	Man

Source: Data Processed, 2023

**Table 5.** Verification of Outcome Values with Rupiah Values

Proxy	Number of Beneficiaries	Benefit Value	Benefit Valuation
<i>1</i>	<i>2</i>	<i>3</i>	<i>4=2x3</i>
Cost of Training 1	40	250,000	10,000,000
Mentoring honorarium	12	6,000,000	72,000,000
Cost Training 2	25	100,000	2,500,000
Business Profits	1	1,702,104,760	1,702,104,760
business equipment support (P1 and P2)	12	7,057,083	84,685,000
business equipment support (P3 and P4)	20	13,761,200	275,224,000
employee salary	12	40,272,000	483,264,000
Average Value of Savings on Paper Use	25	78,947	1,973,675

Source: Data Processed, 2023

The benefits as shown in table 5 are then assessed quantitatively, taking into account several factors as value deductions, namely deadweight (changes that would have occurred without you carrying out an intervention/activity or not), attribution (changes obtained from the intervention of other parties), displacement (the benefits obtained turn out to be at the expense of other people outside the program), and drop off (the influence of the activity will decrease over time). The percentage of the value reduction factor above varies from each activity/benefit provided, and before analyzing the final value each year, the influence of the time value of money based on the 2023 Bank Indonesia Rate (BI rate) is 6.0%.

The SROI value is calculated over a period of 5 years. Based on the calculation of the net present value in 3 years, which has been reduced by several factors, namely deadweight, attribution displacement and drop off, the results of the SROI value calculation are known in the following formula.

$$SROI = \frac{8,588,357,600}{412,406,125}$$

$$SROI = 20.83$$

The results of the analysis as above show that the company's investment amounted to Rp. 412,406,125 in the Sahabat Tangguh Program, within a 5 year period providing a net value (NPV) of Rp. 8,588,357,600 so that an SROI value of 20.83 is obtained. An SROI value of more than 1 indicates that this program is feasible to run, meaning that every rupiah of investment spent can have a positive impact of 20.83 times.

### 3.2 Analysis Of Satisfaction With The Program

The satisfaction value of program participants is a measure of the performance of CSR programs that have been implemented. In this research, a survey was conducted on 6 elements of CSR implementation assessment which were then reduced to 20 indicators. Below are presented the results of participant satisfaction with the implementation of Program.

**Table 6.**Satisfaction Index of Program

Element	No	Indicator	Average value per indicator	Service Performance	Average value per element	Service Performance
Planning	1.1	Suitability of the program to the characteristics and potential of the community	3.71	Very Good	3.30	Very Good
	1.2	Community/Government Involvement	2.64	Good		
	1.3	Conformity to needs	3.50	Very Good		
	1.4	ease of Program Prerequisites	3.36	Very Good		
Fund/ Supporting	2.1	Ease of Procedure	3.21	Good	3.36	Very Good
	2.2	Conformity of supporting to Needs	3.43	Very Good		
	2.3	Distribution Accuracy	3.43	Very Good		
Mentoring	3.1	Facilitator Responsiveness Level	3.50	Very Good	3.60	Very Good
	3.2	Facilitator's ability to solve problems	3.57	Very Good		
	3.3	Level of Politeness and behavior	3.71	Very Good		
Implementating	4.1	Quality Level of Program Achievements	3.36	Very Good	3.01	Good
	4.2	Timeliness of program implementation	3.14	Good		
	4.3	Amount of beneficiary coverage	3.07	Good		
	4.4	level of participant involvement	3.21	Good		
	4.5	level of government involvement	2.29	Kurang Good		

Evaluating	5.1	Program Evaluation Level	3.29	Very Good	3.25	Good
	5.2	Level of Follow-up on Evaluation	3.21	Good		
Contuinity	6.1	Increasing the Skills and Knowledge of Participants	3.71	Very Good	3.52	Very Good
	6.2	Improved participant welfare	3.57	Very Good		
	6.3	Level of Independence in continuing the program	3.29	Very Good		
Satisfaction index of Program	Scale 4		3.31	Very Good		
	Scale 100		82.77	Very Good		

The planning phase of the program scored 3.30, showing strong suitability to community characteristics and needs, though community/government involvement needs improvement. Fund/supporting activities received a 3.36, with particularly high marks for conformity and distribution accuracy. Mentoring was a standout with an impressive average of 3.60, reflecting excellent facilitator responsiveness, problem-solving abilities, and politeness. The implementation phase, averaging 3.01, highlighted good program achievements and participant involvement but revealed a need for greater government participation. The evaluation process was solid with a score of 3.25, while continuity aspects, like skill improvement and participant welfare, excelled at 3.52. Overall, The service performance evaluation reveals that the program overall is rated as very good, with an average satisfaction index of 3.31 on a scale of 4, or 82.77 on a scale of 100. The program demonstrates strong performance, especially in mentoring and continuity, though some areas in implementation and planning require further attention to optimize outcomes.

#### 4. CONCLUSION

The Sahabat Tangguh program is an embodiment of PT.KPC's mission in providing a learning environment to achieve excellence and improve welfare for the community as well as a form of effort to optimize value for all stakeholders. The spirit of partnership with community institutions and organizations, the government and involving the community through collaboration to encourage the development of renewable resources for the growth of renewal agents and local business units in the context of creating jobs in the PT.KPC Community Empowerment Program Mission is also reflected in the program.

The results of the analysis of the Sahabat Tangguh Program show an SROI value of 20,83, which means that every rupiah of investment given by the company to this program is able to provide added value of up to 20.83 times, thus the program is very feasible to run and continue.

The impact of the investment provided by PT. KPC in the form of assistance and financial assistance or business equipment has provided benefits for increasing income and business development for MSMEs in the Operation Area

Based on 6 (six) elements of the program assessment starting from planning, funding, mentoring, implementation, evaluation, to sustainability aspects, The Sahabat Tangguh Program received an satisfaction index of 82.77 with a very good assessment category, which means that the beneficiaries felt very satisfied with the implementation of program.

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