



Coastal Community Empowerment through Joint Venture (Study of PT Badak NGL)

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Abstract

The government is currently trying to realize Sustainable Development Goals/ SDGs. SDGs are not merely dreams that cannot be realized. The noble goal of SDG is to realize sustainable development for the better future that is in line with the concepts of CSR (Corporate Social Responsibility). One of the companies that participated in the realization of SDGs is PT Badak NGL. This study used descriptive analysis to provide clear descriptions or overviews of the object of the study. The study also used a case study of a MSME under the guidance of PT Badak NGL, namely Saputra Snack. Thus, the common goals between CSR, and SDGs is the spirit to realize sustainable development in terms of business strategies by implementing CSR programs. If all elements are committed to realize 17 SDG, so we can provide better future for our children - with low poverty, environment and earth sustainability, low levels of inequality in the economic, social and legal education sectors. Based on the observation and analysis, one of the keys of success to Saputra Snack was its high commitment. The high commitment did not only come from Saputra Snack itself, but also from PT Badak NGL Community Development party.

INTRODUCTION

The government is currently trying to realize Sustainable Development Goals/ SGDs. This program is an agreement on the world class meeting conducted by United Nation (PBB) in September 2015 as a basis for Sustainable Development in 2030. There were several principles in this agreement, namely universal, integrated, and inclusive. These were aimed at making sure that "there is no one left behind". The SGD consists of 17 targets, while there are 169 targets which are required to continue efforts and goals of Millennium Development Goals (MDGs) that ended in 2015.

SGDs are not merely dreams that cannot be realized. These dreams can be realized if there is a collaboration between all relevant stakeholders. One of which can be done in the field of business world. Companies can take part in realizing SGDs through CSR program (Corporate Social Responsibility). The relationship between Sustainable Development and CSR is not only realized at theoretical level, but also at the practical level in which both of them show that companies hold a big role in sustainable development that is in line with 2030 SDG (Goals of Sustainable Development) through their business strategies.

The noble goal of SDG is to realize sustainable development for the better future that is in line with the concepts of CSR (Corporate Social Responsibility). The World Business Council for Sustainable Development (WBCSD), an international institution founded in 1955 and consists of 120 multinational companies from 30 countries in the world, in its publication entitled "Making Good Business Sense" defines Corporate Social Responsibility as: "sustainable commitment by business to ethically behave and contribute to economic development, while improve the quality of labors' lives and their family as well as local communities in particular and society in general." The above definition shows that CSR is a form of action executed from ethical considerations by companies that is focused on economy improvement, the improvement of life

quality for their employees and families, as well as widely improving life quality for the surrounding community, and society.

ISO 26000 states that "The aim of social responsibility is to contribute to sustainable development." Meanwhile, sustainable development has understanding as "development that meets the future needs without reducing the ability of future generations to meet their own needs" (UN General Assembly, 1987, p. 43). Thus, CSR in ISO 26000 has a real goal for sustainable development, and is in line with SDGs 2030. One of the companies that participated in the realization of SDGs is PT Badak NGL. This non-profit company engages in natural gas management through its CSR program, and seeks to empower MSMEs.

Table 1. The Inter-Province GRDP on Borneo Island in 2014 (Constant Prices) in billion rupiahs

No.	Provinces	GRDP	GRDP per capita
1.	West Borneo	107,092.03	107,092.03
2.	Central Borneo	73,734.87	30,220.97
3.	South Borneo	106,820.72	27,230.80
4.	East Borneo	444,494.31	132,628.18
5.	North Borneo	47,683.30	77,131.48

Source : Central Bureau of Statistics, 2013

Micro, Small and Medium Enterprises (MSME) sector is one of the pillars of the Indonesian national economy. MSME is one of the prominent sectors / engines of the Indonesian national economy. This is reflected in the large amount of labor absorption by MSMEs. Based on the 2012 data of Central Bureau of Statistics (BPS) in (Abidin, 2015), there were 107.6 million labors or 97 percent of the total Indonesia labors absorbed into MSME sector. That is why it has significant role, and it is inevitable that Indonesia government gives attention to MSME sector, such as the provision of People's Business Credit Program (KUR) in 2015 which focused on helping MSME capital.

East Borneo is the largest province in Borneo Island. With its status as the largest province, East Borneo's GDP is the largest among other provinces in Borneo Island. (Sunaryo, 2016) The data above show that East Borneo is the largest producer of GDP in Borneo Island. It has accounted for more than fifty percent of Borneo Island's total GDP. East Borneo has abundant natural resource potentials

where most of them have not been utilized optimally. The natural resources and their products are mostly exported abroad, so this Province is the main foreign exchange earner for the country, especially from the Mining, Forestry and other yield sectors. (Bappeda or Agency for Regional Development of East Borneo Province, 2017)

Table 3. The Growth Rate of Bontang City GRDP based on 2010 Constant Prices by Business Field, 2011-2017

Business Fields	[2010 Series] The Growth Rate of GRDP based on 2010 Constant Price by Business Fields						
	2011	2012	2013	2014	2015	2016	2017
A. agriculture, forestry and fisheries	12.18	15.67	17.91	20.28	5.87	-7	5.69
B. Mining and excavation	-	47.95	-	-	-6.64	-	11.69
	19.09		30.78	30.96		36.45	
C. Processing industry	-8.44	-	-6.39	-3.83	4.76	-1.10	-0.01
		12.09					
D. Electricity and gas procurement	13.14	14.69	7.95	18.21	34.74	6.56	5.45
E. water supply, waste management, waste and recycling	8.64	6.15	0.84	3.21	4.14	6.10	11.68
F. Construction	2.66	2.71	2.01	2.07	1.91	-1.43	6.48
G. wholesale and retail trade; car and motorcycle repair	5.45	4.17	3.93	3.98	2.31	-1.54	0.78
H. transportation and warehousing	2.91	3.67	4.79	3.95	2.40	3.77	3.72
I. Accommodation and food and beverages supply	3.28	4.44	4.02	3.10	2.82	-0.02	8.71
J. Information and communication	7.77	7.14	7.10	8.75	5.39	5.99	-0.05

Source: Central Bureau of Statistics, 2017

The potentials of coastal and marine resources (fisheries) is one of the largest sectors of business providers in East Borneo. If utilized optimally, they can prosper the community, especially coastal communities. Coastal communities, especially traditional fishermen in fact belong to the poor and disadvantaged compared to communities in urban areas.

The inequality of income between urban and rural populations is still one of the economic problems in East Borneo. Based on the following BPS data, the number of poor people in East Borneo in March 2018 were 218.90 thousand (6.03 percent). In September 2017 there were

218.67 thousand (6.08 percent), meaning the number of poor people in percentage decreased by 0.05 percentage points, but in absolute terms there were 0.23 thousand people increased. The number of poor people in urban areas experienced decrease, while rural areas experienced increase. (BPS, 2018).

If the potentials of coastal and marine resources are used optimally, they would be able to prosper the community, especially the coastal communities. Coastal communities, particularly traditional fishermen, in fact belong to poor people and left behind among other community groups.

Table 4. The Number and Percentage of Poor Population in East Borneo by Blood, September 2017 - March 2018

Years	Number of Poor Population (Thousand)			Poor people percentages		
	Urban	Rural	Urban + Rural	Urban	Rural	Urban+rural
September 2017	102.39	116.28	218.67	4.27	9.74	6.08
March 2018	100.45	118.44	218.90	4.14	9.84	6.03

Source: Central Bureau of Statistics, 2018

RESEARCH METHODS

This study used descriptive analysis to provide clear descriptions or overviews of the object of the study. The study also used a case study of a MSME under the guidance of PT Badak NGL, namely Saputra Snack.

Saputra snack was chosen as the object of the study since this business group have managed to exit the Community Development Program of PT Badak NGL, and joined SGDs by empowering fishermen’s wives from initially unemployed to employed, and helping family economy.

This study was conducted in Bontang City, East Borneo, and started from January to May 2019. For more, the data collection techniques used were Focus Discussion Group (FGD), and refined using depth interview. Meanwhile, the method of data analysis used was explorative analysis. It was used to obtain information related to the study formulations which then would be presented in form of image visualization.

RESULTS AND DISCUSSION

Saputra Snack is a business group of MSMEs in Bontang, East Borneo that was under the guidance of PT Badak NGL though Community Development program. This program has made Saputra Snack produce various snacks from the sea. They are such as

bawis chips, milk fish scales chips, anchovy chips, seaweed sticks, and amplang (traditional savoury fish cracker snack). The idea of the business came from the great number of

unutilized bawis fish. Rather than discarding the fishes, a business group made it into a snack. The processed products were unexpectedly a very promising business opportunity. It is not difficult for Saputra Snack to collect the raw materials since the fishermen or fish collectors are ready to provide. Finally, Saputra Snack business group received business development support from PT Badak NGL in form of equipment for production, and packaging as well as production sites renovation. Besides, PT Badak NGL also gave group assistance so that the running business can grow more.

Saputra Snack was founded in 1999 where the founder was only one person. In the beginning, Saputra Snack was still a small business group since it only had minimum production equipment and lacked of marketing. As a result, their products were not quite well known by wider communities. However, the chips they produce have been being sold as Bontang typical souvenir prior to PT Badak NGL support, but it was not too big, and the products were still in a small number. As time goes by, Saputra Snack had 5 members. The way Saputra Snack work until it develops and progresses until now is by having each of its member own a business group (Kube) or joint venture, and each Kube must have its own products. In addition, the Kube quality checking is done by the owner of Saputra Snack. On the one hand, the assistance provided by PT Badak NGL used inti-plasma pattern, namely the assistance is given to the inti of Saputra Snack, and then proceed to plasma. Until now, Saputra Snack business group whose members are 6 has been able to produce a lot of products. Also, with help of

equipment such as printer, this business group can print its own sticker and do better packaging. The abundant production and good packaging make Saputra Snack able to compete in the economy market, and be the producer of Bontang typical souvenir that is highly sought by consumers.

Saputra Snack business group is currently able to absorb dozens of workers from the surrounding environment. The dominant workers absorbed were poor fishermen wives. They who initially were unemployed, now become the fish supplier to Saputra Snack as well as being the laborers there. These wives help cleaning fishes, and earn Rp 2000 per kilogram of bawis fish. For a month, they generally earn one million rupiah, Therefore, these fishermen's wives can help the family economy.

According to Sugandy (2007), one of the effectiveness of Community Development is the high commitment from PT Badak NGL company to make the business groups they assist independent (exit) within four years. There needs high commitment and a series of mentoring programs, and routine assistance as well as many supports to achieve targets. What so called as independence in this case it that when MSMEs or business groups have been able to run the business fully with no monitoring and be released by the Community Development program organized by PT Badak NGL. It was proved after four years, the Saputra Snack business group had indeed become an independent business group. They have been able to free from the monitoring of PT Badak NGL and after being freed, Saputra Snack can still survive even more developed than before.

Saputra Snack independence is proved by its development that succeeded in making ice cream product made from crab ingredients. Also, in 2018 Saputra Snack won a national competition held by Citi Indonesia in the category of fishery in Citi Microentrepreneurship Awards event. The program carried out to achieve the first level was the provision of material support, such as providing production supporting equipment to Saputra Snack, and renovating the business site. In this step, Saputra

Snack also received assistance in form of printer to print its own stickers as a complement in packaging, and chips machine to make the production faster and gained more number. Then, cooking equipment was also provided. The following are the stages of development carried out by PT Badak NGL:

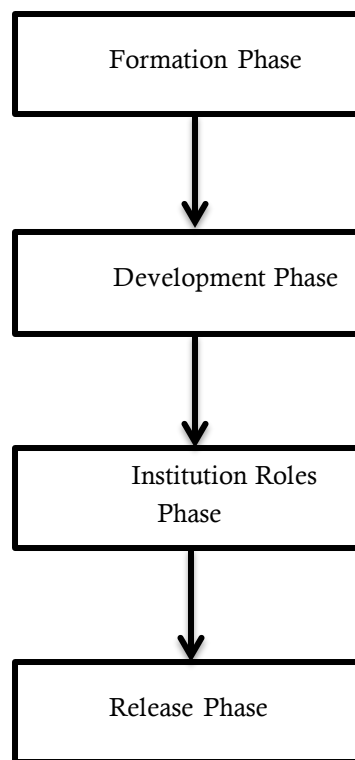


Figure 1. PT Badak NGL Community Development Map

These initial capitals should be thoroughly calculated to minimize the misuse of the assistance. In addition, the procurement of equipment was provided through a monitoring mechanism by involving the Community Development party which has been appointed by PT Badak NGL. This assistance should be started by a detailed discussion between the representative of Community Development and Saputra Snak members, so the supplies are truly efficient and effective as well as based on the business needs. The handover mechanism from Community Development party does not only stop in the discussion and supply procurement, but also continues to monitoring and evaluation

the running program. The Community Development from PT Badak NGL holds a central role in providing training and monitoring in operating the equipment for production processes until a business group becomes independent in operating its equipment and production. Even, there is a need to do monthly evaluation to check the condition of equipment, and make sure the equipment is in good condition and effective.

Not only does it stop at providing assistance, monitoring and evaluation of the use of equipment, Community Development also helps Saputra Snack in non-production development. It is such as the administration and marketing process. These aspects have three concerned things that become the weaknesses of Indonesia MSMEs, namely production, administration and marketing process. Once training and supervision in production and business administration is done, the next thing is concerned about effective marketing for the products. The training provided should be based on the needs and started with a specific approach to make the training programs effective. This must be done given most of Saputra Snack business group are housewives and its empowerment is given to the poor fishermen's wives whose educational background is mostly low.

For the production sector, the training provided was bawis fish chips processing. In this program, all members received skills training in processing bawis fish into chips, and its packaging. The aim of this training was to provide better production processing skills for the members so that the production quality would be better. Besides, another program conducted was business diversification in the field of food. Saputra Snack business group was trained to not only produce bawis fish chips, but also be able to do experiment with other raw materials, and produce other kinds of food than chips. This diversification training was expected to give more skills, and add the selling value of other raw materials. As a result, the business group could produce more processed food, and increase their income. Evidently, even though Saputra Snack

has been released by PT Badak NGL, it has been able to produced ice cream product made from crabs, and black forest cake made from seaweed.

The administration training held for Saputra Snack was financial management training. This training was considered important since initially the members of Saputra Snack did not know how to manage their finance. One mistake usually made by MSMEs is mixing their business finance with personal finance. Apparently, this habit was also done by Saputra Snack members. Thus, their financial management was chaotic and ambiguous. In this way, the training provided by Community Development was aimed at enabling them to manage their finance independently and more thorough.

In conducting monitoring and training mechanism, PT Badak NGL collaborated with the Department of Cooperatives and MSMEs of Bontang. Through partnership mode, PT Badak NGL Community Development conducted a training on marketing and product packaging. These agencies were asked to actively participate by providing places and opportunities for Saputra Snack Business Group whenever there is MSMEs products exhibition. The exhibition held by the government to introduce MSMEs products were considered effective to promote Saputra Snack to wider society. In its monitoring mechanism, PT Badak NGL applies fairly high and consistent standards. It can be seen from the ability of Saputra Snack to be independent after approximately four years under the guidance of PT Badak NGL for its development. The development was not only provided in term of activities, and monitoring, but also regular discussion with members.

One of the standards applied by PT Badak NGL is that it does not hesitate to give targets that must be met by Saputra Snack. These targets were expected to give stimulation so that Saputra Snack would be more independent, and advanced than before. The independence means Saputra Snack is expected to no longer need regular assistance and monitoring from Community Development. In this case, Saputra Snack is no longer a business group that is

monitored, but a group that becomes the business partner of PT Badak NGL. The existence of procurement, training, and targets was proved to be effective in making Saputra Snack more independent. With strict requirements, PT Badak NGL truly created an independent business group within four years.

Based on the observation and analysis, one of the keys of success to Saputra Snack was its high commitment. The high commitment did not only come from Saputra Snack itself, but also from PT Badak NGL Community Development party. The initial commitment given to Saputra Snack was the procurement of equipment, regular and periodic trainings, monitoring from the representative of Community Development, and assistance in marketing Saputra Snack products.

Another commitment was given by Bontang government, in this case was from the Department of Industry, Department of Trade, and Department of Cooperatives and MSMEs. The commitment was realized in form of periodic trainings for all Saputra Snack members. Besides training, the government also routinely gives business motivation so that the members of Saputra Snack are always inspired to move forward, never give up on its targets during monitoring period, and finally would be an independent business group. The government also showed its high commitment by providing land or place for Saputra Snack members in every events or exhibition related to MSMEs in Bontang, and assistance whenever there is an exhibition outside Bontang. This synergy is a part of efforts to develop MSMEs in Bontang.

What makes Saputra Snack is able to survive in the middle of competition, and even more advanced is because it is able to run an important element of MSMEs, namely product marketing ability. Common obstacles faced by MSMEs are marketing issues, and difficulty in competing with business rivals. One strategy applied by Saputra Snack was creating superior products that cannot be produced by other MSMEs. For more, in the beginning of its development, Saputra Snack products were focused on quality. Good quality products make

Saputra Snack have loyal customers who will not easy to switch to other products. Other competitors may give cheaper prices, but their quality is not maintained. It is different from Saputra Snack which always offer well-maintained good quality products in every product processing although their prices might be much higher. Saputra Snack does not only market its products in the local area because they have begun to use online systems and utilize various kinds of buying and selling platforms that have been created. This is what makes Saputra Snack processed products well known even to Java Island.

Java Island MSME products usually offer lower prices because generally the raw materials available are cheaper and there is a mass production process. However, this does not make the Saputra Snack business group aggressively face competition from Java Island. It is because the superior products produced by Saputra Snack cannot be produced by other business actors. Even if it is successfully made by other business actors, the taste and quality will be guaranteed to be different because the main point of the production of the Saputra Snack business group is to offer their maintained quality. Saputra Snack is an example of several business groups that are monitored through PT Badak NGL Community Development. Success in achieving the independent stage is expected to provide inspiration and lessons for other business groups to be able to follow in the footsteps of this business group. Some aspects as explained above are the keys to success to reach the independent stage. These aspects are high commitment shown from various parties involved as well as skills in marketing production.

Based on the journal of *Peran CSR dalam Mencapai Pembangunan Berkelanjutan – Pendekatan Teoritis* * CSR and SDG concepts separately developed for a long time, and do not explicitly reveal their actual relationship. Once there was a review on the development process of Sustainable Development, it can be concluded that CSR is a business model that promotes business contribution for sustainable development by creating a balance between

economic interests, environmental needs, and social expectations through the integration of Sustainable Development strategies in business.

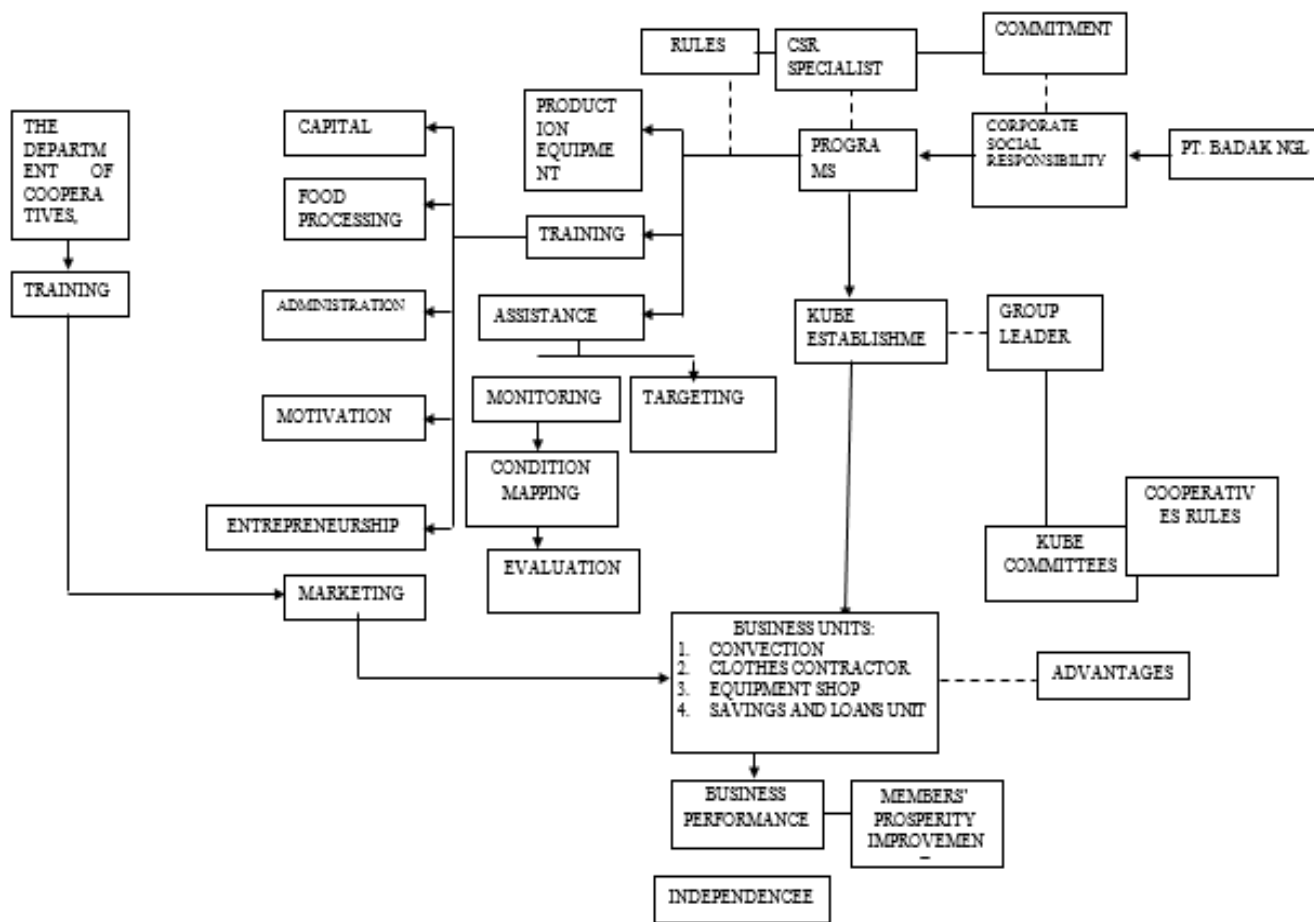


Figure 2. Business Group Assistance Model toward Independence

Source : Primary Data, Processed

The interaction between CSR and sustainable development concepts has strengthened in the recent years. CSR is considered as an integral part of sustainable development (World Business Council for Sustainable Development, 2000). Company sustainability is the version of sustainable development, while CSR is a voluntary managerial approach for the sustainable development (Steurer, Langer, Konrad, & Martinuzzi , 2005). In addition, company responsibility and its sustainability can be used as a synonym (United Nations Global Compact, 2013). Government, international organizations, business sectors, and other non - government

institutions must contribute to changes in unsustainable consumption and production patterns into sustainable consumption and production. Private business activities surely play an important role in solving sustainable development challenges by its creativity, investment, and innovation. Thus, the common goals between CSR, and SDGs is the spirit to realize sustainable development in terms of business strategies by implementing CSR programs. If all elements are committed to realize 17 SDG, so we can provide better future for our children - with low poverty, environment and earth sustainability, low levels of inequality in the economic, social and legal education sectors.

CONCLUSION

SGDs are not merely dreams that cannot be realized. These dreams can be realized if there is a collaboration between all relevant stakeholders. One of which can be done in the field of business world. If the potentials of coastal and marine resources are used optimally, they would be able to prosper the community, especially the coastal communities. East Borneo is the largest province in Borneo Island. With its status as the largest province, East Borneo's GDP is the largest among other provinces in Borneo Island. Based on the observation and analysis, one of the keys of success to Saputra Snack was its high commitment. The high commitment did not only come from Saputra Snack itself, but also from PT Badak NGL Community Development party.

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