CSR implementation of palm oil plantations through the integrated farming system program in empowering local farmer groups

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Abstract. The concept of corporate social responsibility (CSR) emerged in response to the development of sustainable corporations that prioritize sustainable development practices. The Sintang District Government's economic improvement program aims to boost community income by developing the UMKM sector (Micro, Small, Medium Enterprises). To integrate palm oil plantations with livestock, the local government initiated this effort. The research method used is a descriptive study with qualitative data types through data collection techniques conducted utilizing interviews, observations, and literature studies. The study found that the application of CSR in Indonesia does not fully align with the legal definition of CSR. The implementation of CSR is primarily focused on short-term aid provision to local communities. The integration of livestock farms has not been implemented by all plantation companies, and the ones that do exist are suboptimal. Even though Sintang Regency cannot meet the local beef needs, farmers are only capable of meeting 20-30\% of the annual demand. Consequently, to meet the demand, the government must purchase livestock from outside Sintang district and even from outside the province of West Kalimantan.

Keywords: Corporate social responsibility, palm oil plantations, livestock

1 Introduction

The rapid expansion of the palm oil sector in Indonesia has resulted in heightened competition among vegetable oils worldwide. The inclusion of palm oil has altered the vegetable oil market, particularly the four primary vegetable oils: Palm Oil, Soybean Oil, Rapeseed Oil, and Sunflower Oil. The high demand for vegetable oils and the vast amount of land necessary to meet production requirements have raised concerns. To meet the global demand for vegetable oil in 2025, it would require an additional 50.5 million hectares of land if rapeseed crops were used, 70.4 million hectares for sunflower oil, and only 12.6 hectares for palm oil. This demonstrates the greater efficiency of palm oil compared to rapeseed and sunflower oils. Moreover, palm oil is the sole potentially sustainable

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vegetable oil and significantly contributes to the welfare of small communities in palm oil-producing countries (Hidayah Tururohmah, 2022).

Palm oil plantations have the potential to breed livestock, such as cattle and sheep, in addition to their main production of oil. The integration of livestock and plantations has a positive impact on both the company and the surrounding community. In Sintang District, local farmers are only able to supply around 20-30% of the demand for beef, equating to approximately 6,700 cattle annually. Therefore, the government has to purchase beef from outside the district or the province of West Kalimantan to meet demand. Less than 10% of the plantation companies in Sintang are currently integrating oil palm with cattle.

2 Materials and methods

This study was conducted in two palm oil plantation companies located in Sintang Sub-district and Tebelian River Sub-district. The choice of study locations was based on the fact that one company provides assistance to local farmers while the other company has not yet implemented CSR funds in the livestock sector. Moreover, both companies are situated close to the district city center. This is significant as, during the interviews, the community displayed a relatively heterogeneous and pluralistic composition. Thus, it is assumed to accurately reflect the comprehension of applying CSR through cattle palm integration. The collected data encompasses primary and secondary sources, with primary data being gathered through in-depth interviews with a total of 150 respondents utilizing interview guidelines. Secondary data was collected from technical agencies responsible for CSR and animal husbandry, as well as relevant literature sources.

3 Results and Discussion

3.1 CSR implementation

According to the data, oil palm plantation companies primarily allocate their CSR funds towards enhancing infrastructure and supporting socio-cultural initiatives. However, the allocation towards developing the local economy or aiding local breeder groups is minimal. Over the years, there has been a substantial increase in the realization of CSR funds, which was triggered by the issuance of Minister of Agriculture Regulation Number. No. 38 from 2020 addresses the Implementation of Sustainable Certification for Palm Oil Plantations in Indonesia. Three criteria drive corporate social responsibility and community economic empowerment: community social responsibility, indigenous people's empowerment, and local business development. According to data from a plantation company in Sintang Regency, CSR funds are still predominantly devoted to social, religious, and spiritual aid. CSR funds are provided as social assistance only when a proposal is submitted by the village or community group.
If the CSR realization data reported by companies to the Sintang Regency Government is examined, an increase in the number of CSR realizations can be observed. This is demonstrated in Table 1 and Figure 2.

### Table 1. Realization CSR

<table>
<thead>
<tr>
<th>Year</th>
<th>Realization ( Rp)</th>
<th>Year</th>
<th>Realization ( Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>670,740,000</td>
<td>2018</td>
<td>6,000,000,000</td>
</tr>
<tr>
<td>2014</td>
<td>3,775,909,700</td>
<td>2019</td>
<td>7,736,720,632</td>
</tr>
<tr>
<td>2015</td>
<td>1,226,441,760</td>
<td>2020</td>
<td>18,340,015,826</td>
</tr>
<tr>
<td>2016</td>
<td>2,710,874,274</td>
<td>2021</td>
<td>21,062,865,425</td>
</tr>
<tr>
<td>2017</td>
<td>4,097,100,855</td>
<td>2022</td>
<td>33,903,414,774</td>
</tr>
</tbody>
</table>

**Fig. 1.** Realization of the use of CSR funds of PT. SAM

[Graph of CSR implementation in Sintang Regency](https://doi.org/10.1051/bioconf/20238100011)

Source: Regional Development Planning Agency Sintang Regency

The data illustrated in Figure 3 shows a noticeable uptick in CSR funds over an yearly basis, which is attributable to a rise in the count of companies engaged in CSR programs. The visualization further showcases the range of activities undertaken in CSR implementation.
CSR is typically implemented within the realm of religion and encompasses activities such as donations for religious holidays and the provision of facilities for religious institutions. The CSR program should reflect the company's commitment to fostering economic growth in the community surrounding the plantation company. The development of oil palm plantations has the potential to reduce income inequality among community groups, create economic multiplier effects, and enhance community welfare in the proximity of the company, thereby mitigating social conflicts between companies and communities.

Through interviews conducted, the community, in general, did not perceive any significant income changes after the implementation of oil palm plantations. Not all individuals receive direct benefits, such as employment on the plantation, as the community's livelihoods remain largely traditional farming, consistent with pre-existing conditions prior to the oil palm plantations. Figure 4 showcases the results of the interview.

![Fig. 3. Field of activity: CSR implementation
Source: Regional Development Planning Agency Sintang Regency](image)

![Fig. 4. Change in income after palm oil plantation](image)
The average respondent from the interview results never fully comprehends CSR due to their limited understanding of the concept and the lack of awareness that CSR is a corporate obligation. This results in companies spending their CSR funds only on social assistance when there is a proposal submitted by a group of people and on incidental activities, thus impacting their CSR activities. This aligns with the data gathered by Sintang Regency Bappeda, which indicates that company CSR funds are predominantly utilized for religious and social activities. This is evidenced by the interview findings displayed in Figure 5.

![Community understanding of CSR](image)

**Fig. 5.** Community understanding of CSR

Based on the available data, it can be concluded that the utilization of CSR funds in Sintang District has yet to back the livestock sector. Nevertheless, various companies are already offering guidance and aid to nearby farmer groups that are involved in raising livestock within the plantation area. The companies engage in providing cattle seeds, livestock medical personnel, and marketing livestock products. Cattle farming takes place within the oil palm plantation area, depicted in Figure 6.

![Cattle development in palm oil plantations](image)

**Fig. 6.** Cattle development in palm oil plantations.  
Source: Personal

**4 Conclusion**

1. To meet the local demand for meat in Sintang District, the local government should establish regulations governing the integration of cattle and palm oil using CSR funds.
2. Written cooperation between the local government and plantation companies in Sintang District is necessary to develop local breeder or farmer groups.

References


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