

Optimizing Corporate Social Responsibility Funds for Community Empowerment and Regional Planning in Urban Slums

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Abstract

All companies engaged in various fields do not escape the obligation to implement Corporate Social Responsibility (CSR). The implementation of CSR is also an effort by the company to maintain and improve the company's good image and a way to maintain good relations with the community. The problem of community (community) empowerment is one of many problems that can be helped by the presence of CSR programs. Another problem is the emergence of urban slum areas. The purpose of writing this scientific paper is to find out and analyze the optimization of CSR funds for community empowerment and regional planning in urban slum areas. This paper is a literature review by conducting a study of previous research related to the writing that is being done. The result of this paper is that the optimization of CSR funds for community empowerment can be applied to funding assistance programs, skills training and other similar programs by taking into account the existing empowerment principles, so that the funds disbursed are right on target and have optimal impact on the community as recipients as well as companies as givers. In the regional planning sector in urban slum areas, CSR funds can be optimized through collaboration with the government through programs aimed at developing slum areas.

Keywords: CSR, Community Empowerment, Regional Planning

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INTRODUCTION

The concept and implementation of Corporate Social Responsibility (CSR) in Indonesia is no longer a new thing. Starting from the concept of charity and humanity (charity), CSR or what is known as corporate social responsibility becomes an obligation that must be carried out for companies, both companies that are members of State-Owned Enterprises (BUMN) and other private companies. This is done as a form of corporate responsibility to stakeholders, the community and the environment around the company.

By definition, CSR is the commitment of the company or the business world to contribute to sustainable economic development by paying attention to corporate social responsibility and emphasizing the balance between attention to economic, social and environmental aspects.¹ Its implementation obligation has also been regulated in Law no. 40 concerning Limited Liability Companies, Article 74 and Government Regulation no. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies, in which the form of Corporate Social and Environmental Responsibility (TJSL) is its commitment (the Company) to participate in building a sustainable economy with the aim of improving the quality of life and the environment, both for individuals (the Company), the local community and society in general.

¹ Hendrik, B. U. (2008). *Corporate Social Responsibility*. In Jakarta: Sinar Grafika (2nd ed.). Jakarta: Sinar Grafika.

The stipulation of the above provisions makes all companies from various fields not exempt from the obligation to carry out CSR, and for those who do not do so there will be a number of sanctions that will be imposed on the company.² In addition to an obligation, the implementation of CSR is also an effort by the company to maintain and improve the company's good image and a way to maintain good relations with the community.

CSR programs are generally aimed at community empowerment activities. Community (society) empowerment according to the Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 7 of 2007 concerning Community Empowerment Cadres, is a strategy used in community development as an effort to realize ability and independence in the life of the community, nation and state (Article 1, paragraph (8)). So that this CSR program is expected not only to help materially but also to help foster a sense of independence and community capability.

Many companies have channeled their CSR funds for this community empowerment program. From the banking sector, such as Bank BNI, Central Jakarta, in a research conducted by Khilda Kholishoh entitled "Utilization of CSR (Corporate Social Responsibility) Funds at PT. Bank Negara Indonesia (Persero) Tbk through the Fostered Partner Program" stated that the CSR funds of Bank BNI Central Jakarta were allocated for the empowerment of street vendors in Central Jakarta, namely in the form of grants such as tents and complementing their eligibility to sell so that it could help improve their economic standard.³ Not only BNI Bank, SUMUT Bank also disbursed CSR funds for the empowerment of the people of North Sumatra, especially MSME actors with its funding assistance program.⁴

The problem of community (community) empowerment is one of many problems that can be helped by the presence of CSR programs. As a developing country, of course, the problems faced are also diverse, an example of another problem is the emergence of urban slum areas. According to Law No. 1 of 2011, slum settlements are settlements that are unfit for habitation due to irregularity of buildings, high levels of building density, and the quality of buildings and facilities and infrastructure that do not meet the requirements. Slum housing is housing that has decreased its functional quality as a place of residence.

Based on data from the Ministry of Public Works and Public Housing (PUPR) on the Kotaku.pu.go.id website, Medan City for the 2016-2020 period was recorded to have a slum area of 200,292 ha. This figure is certainly a problem that should be considered by both the government and companies that want to contribute. One solution is careful regional planning.

For this reason, the problem formulation of this research is how to optimize Corporate Social Responsibility funds for community empowerment and regional planning in urban slum areas?

² Saleh, A., & Basit, L. (2018). *Pengembangan Model Corporate Social Responsibility (Csr) Perusahaan Tambang Emas Agincourt Resources Dalam Pemberdayaan Masyarakat Miskin Tapanuli Selatan Sumatera Utara. Kumpulan Penelitian Dan Pengabdian Dosen, 1(1), 2.*

³ Kholishoh, K. (2010). *Pendayagunaan dana CSR (Corporate Social Responsibility) PT. Bank Negara Indonesia (Persero) Tbk Melalui Program Mitra Binaan. UIN Syarif Hidayatullah Jakarta: Fakultas Ilmu Dakwah dan Ilmu Komunikasi.*

⁴ Nasution, B. (2018). *Analisis Implementasi Corporate Social Responsibility PT. Bank Sumut Kantor Pusat dalam Pemberdayaan UMKM Kota Medan (Studi pada UMKM Binaan PT Bank Sumut). Universitas Sumatera Utara.*

RESEARCH PURPOSES

The purpose of writing this scientific paper is to find out and analyze the optimization of Corporate Social Responsibility (CSR) funds for community empowerment and regional planning in urban slum areas.

RESEARCH METHOD

This type of research is descriptive research and this research is a literature review. Arikunto defines qualitative research as research that aims to collect information about the status of a symptom that existed at the time the research was conducted. This study does not test certain hypotheses but describes the variables actually. This type explores and classifies a phenomenon by describing several variables related to the object under study.⁵ As for what is meant by a literature review is to conduct a study of previous studies related to the research being carried out. This is done with the aim of knowing whether the research has been done or not and to find and find out the differences between previous research and the current research. Related to the optimization of CSR funds, researchers found several literatures and similar studies that have been reviewed in previous studies. These studies will then be analyzed and used as study material and then associated with the two factors in this study, namely community empowerment and regional planning in urban slum areas.

RESEARCH RESULTS AND DISCUSSION

CSR Fund Optimization

The funds spent for CSR needs are not small funds. The company poured large funds into CSR programs with the aim of investing in the company's future. The concept of CSR is not only a mere social responsibility but also a way to build a good image and relationship with the company's public. Simply put, if a company conducts CSR activities whose targets are the community (community) or the environment, indirectly the public's perception of the company is also good. The emergence of public trust in the company is a guarantee for smooth business in the future. Such large funds will certainly be in vain if not managed properly and optimally. The management of CSR funds needs to be designed in such a way from the distribution of funds to supervision. The process of distributing CSR funds can be done in various ways, from being independent or directly involved, through foundations or corporate social organizations, partnering with other parties, to supporting or joining a consortium.⁶

In order for the funds to be distributed optimally, the company can choose which of the four methods is most suitable for the company. If the company is comfortable to carry out CSR activities independently, the distribution of funds will be directly executed by the company's CSR team. If not, the company can work with other parties to assist the distribution process. Muhamad Turmudi in his journal entitled "Utilization of Bank Syariah Mandiri Corporate Social Responsibility Funds Kendari Branch", revealed that the realization of the TJSL program of Bank Syariah Mandiri was in collaboration with the Amil Zakat Institution (LAZNAS) as a channeling institution for CSR funds to people in need. The funds are optimized for several programs such as the community partner program, the community education program, and socio-cultural programs.⁷

⁵ Zellatifanny, C. M., & Mudjiyanto, B. (2018). *Tipe penelitian deskripsi dalam ilmu komunikasi. Diakom: Jurnal Media Dan Komunikasi*, 1(2), 83–90.

⁶ Suhartono, E. (2007). *Pekerjaan Sosial Di Dunia Industri 'Memperkuat Tanggung Jawab Sosial Perusahaan (CSR)*.

⁷ Turmudi, M. (2018). *Pemanfaatan Dana Corporate Social Responsibility Bank Syariah Mandiri Cabang Kendari. Al-Izzah: Jurnal Hasil-Hasil Penelitian*, 13(1), 103–116.

In addition to the above institutions, there is also the Indonesian CSR Channeling Agency (LPCI) which functions as a motivator, generator, coordinator, investigator, and facilitator (CSR Match Maker) as well as managers and distributors of CSR funds for national and multinational private companies in Indonesia.⁸ With the help of the two institutions above, the CSR funds that will be distributed will be right on target so that the CSR program objectives, namely welfare distribution, can be achieved and funds are allocated optimally.

Another way to optimize the distribution of CSR funds is to directly collaborate with local community institutions such as Non-Governmental Organizations (NGOs), Youth Organizations, and Community Centers where they are a forum and can be a bridge between companies and the community. This is like what PT (PERSERO) Angkasa Pura II did, as Ika Fitrianti found when researching the distribution strategy of CSR funds of PT (PERSERO) Angkasa Pura II Main Branch in an effort to prosper the community around Soekarno-Hatta Airport.⁹

Optimization of CSR Funds for Community Empowerment

One of the expected outputs of CSR programs is to improve the welfare of the community. To achieve this, of course, programs and activities must be designed that have the concept of community development and development. The program is a community empowerment program. Corporate social responsibility (CSR) can be interpreted as the intention and legal obligation to carry out a program for the solemn transformation of the company's presence in the community through community empowerment programs and is optimally prepared and implemented.¹⁰ Bahari provides a definition of community empowerment as a community effort process in which there are ideas and awareness about dignity and self-esteem, the rights of the community to take decisions and actively involve themselves in dealing with change.¹¹ In this definition, the community is actively involved in the empowerment program so that later when they receive the CSR program, it will not cause dependence and the empowerment program is actually implemented to improve the quality of life of the community. CSR funds that are usually issued for community empowerment are usually in the form of assistance funds for MSME actors, skills training to HR development programs. Dahana and Bhatnagar put forward the principles that need to be considered in the empowerment process, namely:¹²

1. Solid cooperation and participation in the empowerment process
2. Use of appropriate methods, empowerment programs in accordance with the socio-economic conditions of the target community (community)
3. Democratic in the decision-making process that involves the community
4. The empowerment program is adjusted to the interests and needs of the target community so that the funds spent and the programs prepared are effective and not in vain

⁸ Hanafiah, P., Mardita, A. S., & Safitri, L. (2019). *Optimalisasi Dana Csr Untuk Pariwisata Halal Jawa Tengah: Studi Kasus Wisata Bledug Kuwu, Grobogan*. *Dinar: Jurnal Ekonomi Dan Keuangan Islam*, 6(2), 110–122.

⁹ Fitrianti, I. (2008). *Strategi Pendistribusian Dana CSR (Corporate Social Responsibility) PT.(Persero) Angkasa Pura II Kantor Cabang Utama dalam upaya mensejahterakan masyarakat sekitar Bandara Soekarno Hatta*. UIN Syarif Hidayatullah Jakarta: Fakultas Dakwah dan Komunikasi, 2008.

¹⁰ Siagian, M., & Suriadi, A. (2012). *CSR Perspektif Pekerja Sosial (3rd ed.)*. Medan: PT. Grasindo Monoratama.

¹¹ Ibid.,

¹² Haris, A. (2014). *Memahami Pendekatan Pemberdayaan Masyarakat Melalui Pemanfaatan Media*. *Jupiter*, 13(2).

5. The target of the program is good for the lower community groups who really need it so that equality can be achieved quickly
6. In order to be accepted equally, it is appropriate for an empowerment program to use the principle of cultural diversity
7. Focused and specialist, where the program is supervised by professionals in their fields
8. Implementing an empowerment program with the principle of learning while working so that program recipients receive theory or not, but also direct practice
9. Activities must pay attention to the principle of cultural change in the community to avoid potential conflicts
10. Leadership
11. Empowerment activities do not only involve individual communities but also involve families to work with each other so that the activity targets can be realized

Prinsip-prinsip di atas dapat menjadi tolak ukur perusahaan dalam mengoptimalkan dana CSR yang mereka salurkan.

Optimization of CSR Funds for Regional Planning in Urban Slums

In addition to optimizing CSR funds for community empowerment, CSR funds can also be used to reduce or overcome other problems, namely slum areas. Sepris Yolandi in his writings published on the website <http://kotaku.pu.go.id/> entitled "Slum Settlement and Efforts to Handle it" stated that slum settlements are a problem in big cities in Indonesia and other developing countries where population growth is a factor. main.

Slums based on Law No. 1 of 2011 are settlements that are unfit for habitation due to irregularity of buildings, high building density, and quality of buildings and facilities and infrastructure that do not meet the requirements.

Based on data from the Ministry of Public Works and People's Housing (PUPR) on the website <http://kotaku.pu.go.id/>, the city of Medan for the 2016-2020 period was recorded to have a SK slum area of 200.292 ha and 402.09 ha for verification slum area. Of the 24 sub-districts of Medan City, Belawan Sicanang Village holds the highest data for slum areas, namely 37.96 ha for the SK slum area and 67.22 ha for the verification slum area.

To examine slum settlements, Sepris Yolandi generally divides them into three aspects of study, namely based on their physical condition, socio-economic conditions of the community who live and the impact of these two conditions. Physically, slum areas can be seen from the condition of densely packed buildings with low construction quality, unclear and unpaved road patterns, general sanitation and non-functioning drainage and poor waste management. Judging from the socio-economic conditions of the communities living, slum areas are generally settled by people with low income levels, loose social norms, and a culture of poverty that can be seen from apathetic attitudes and behavior. While looking at the impact of both, slum areas result in poor health conditions, areas that are a source of pollution and the spread of disease and deviant behavior.

The government is still having trouble finding a way out of this problem, especially in terms of costs. This is where companies through CSR programs can play a role. As explained earlier, CSR funds are not only allocated for partnership programs but also for environmental development programs. Companies can optimize CSR funds for the environmental sector, especially this slum area.

From the description above, it can also be seen that careful planning and regional arrangement are needed to eliminate the problems surrounding this slum environment. Regional planning in question is not only changing the physical condition of an area, but also by carrying out various activities involving elements of the community in it.

The government through the Ministry of Public Works and Public Housing (PUPR) has developed a program to overcome this slum area phenomenon through the City Without Slums (KOTAKU) program and has been running even though the expected results have not been maximized. This KOTAKU program can be a place for optimizing CSR funds where companies can work together with the government to make planning and structuring areas in slum areas.

By synergizing with each other, the realization of slum area governance will slowly improve in terms of waste management, building and drainage management, access to clean water and so on. There have been many examples of slum area revitalization activities in several areas in Indonesia.

In Semarang, for example, the concept of structuring a slum village to transform into a thematic village or tourist village is a form of progress where changes occur not only in terms of aesthetics but also the basic infrastructure of a decent and healthy village.¹³ For this reason, it is necessary for CSR funds to be channeled optimally in this sector.

CONCLUSSION

Based on the description above, several conclusions can be drawn, namely, the way to optimize CSR funds is to plan for the distribution and supervision process after the funds are distributed. These funds can be channeled optimally with the help of other parties or carried out independently provided that the target recipients of the funds must be adjusted to the existing criteria and priorities. Optimization of CSR funds for community empowerment can be applied to funding assistance programs, skills training and other similar programs by taking into account the existing empowerment principles, so that the funds disbursed are right on target and have an optimal impact on the community as recipients as well as the company as the giver.

In the regional planning sector in urban slum areas, CSR funds can be optimized through collaboration with the government through programs that aim to build slum areas like the KOTAKU program. The program already has accurate data and the target is right so that the funds disbursed are more optimal.

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¹³ Prasetyanti, R. (2021). *Penataan Permukiman Kumuh Terintegrasi Di Kota Semarang*. *The Indonesian Journal of Public Administration (IJPA)*, 7(1), 55–75.

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