

**The Implementation of Corporate Social Responsibility and Its Effects  
Through Company Performance Using Content Analysis  
At PT. Pertamina (Persero) in Indonesia**

**Lili Wardani Harahap  
Universitas Negeri Medan  
Email : [liliwardani7808@gmail.com](mailto:liliwardani7808@gmail.com)**

**Abstract**

The purpose of this study is to identify the implementation of CSR and its Effects through company performance at PT. Pertamina (Persero) in Indonesia. The method of collecting data in this study use secondary data, namely data that obtained from the Annual Report and documentation at PT. Pertamina (Persero) in Indonesia. This study uses a Content analysis approach. The results of this study consist of : (1) CSR can provide added value to company by informing profits as the company performance in achieving sustainable business, (2) CSR can increase company value, where social aspects become one of the factors that used in arranging the company's business strategy, (3) CSR has a corporate voluntary program by showing the company's concern for social issues that occur and assist in solving community problems.

**Key words : CSR, Company Performance, Business Strategy**

**Abstract**

Tujuan penelitian ini adalah untuk mengidentifikasi implementasi CSR dan pengaruhnya terhadap kinerja perusahaan pada PT. Pertamina (Persero) di Indonesia. Metode pengumpulan data dalam penelitian ini menggunakan data sekunder yaitu data yang diperoleh dari Laporan Tahunan dan dokumentasi pada PT. Pertamina (Persero) di Indonesia. Penelitian ini menggunakan pendekatan analisis content. Hasil penelitian ini terdiri dari : (1) CSR dapat memberikan nilai tambah bagi perusahaan dengan menginformasikan laba sebagai kinerja perusahaan dalam mencapai bisnis yang berkelanjutan, (2) CSR dapat meningkatkan nilai perusahaan, dimana aspek sosial menjadi salah satu faktor yang digunakan dalam menyusun strategi bisnis perusahaan, (3) CSR memiliki program sukarela perusahaan dengan menunjukkan kepedulian perusahaan terhadap isu sosial yang terjadi dan membantu penyelesaian masalah masyarakat.

Kata kunci : CSR, Kinerja Perusahaan, Strategi Bisnis

## 1. Introduction

Corporate Social Responsibility (CSR) first appeared since Howard R. Bowen published his book titled *Social Responsibility of The Businessman* in 1953. The basic ideas of CSR was stated by Bowen refer to the obligations of businesses to carry out their business in line with the objectives to be achieved by the company. Basically, the company aims to obtain the maximum possible profit so that the company will grow and sustainable.

Indonesia has issued The Law of Perseroan Terbatas Number 40 in 2007 on Corporate Social Responsibility (CSR) or obligations to be done by the company to the public. Through this law, the company is obligated to implement it. In addition, the government has issued BUMN Law Number 19 of 2003, namely CSR can provide added value to company by informing profits as the company's performance in achieving sustainable business. This law can be used as a reference or guideline in implementing company obligations to the community in the CSR programs.

PT. Pertamina (Persero) is one of the largest state-owned company in Indonesia that produces oil and gas. In addition, Pertamina operates a new and renewable energy business in an integrated based on strong commercial principles. In PT. Pertamina (Persero) Marketing Operation Region (MOR) in CSR activities to do for the Partnership Program and Community Development through the support of education and training (24.4 %), medical aid societies (10.9 %), environmental (12.2%), empowerment (52.8%), trade (11.1%), fisheries (15.2%), animal husbandry (4.3%), agriculture (2.2%), plantation (58.9%), industry (5.8%), services (2.4%), the preservation of nature (4.9%), places of worship (19.1%), social alleviation of poverty (4.9%), general infrastructure (34.9%), natural disaster (4%), and Other Sectors (0.1%). The CSR, Partnership Program and Community Development have been implemented by Pertamina since 1993 (PT. Pertamina (Persero) Annual Report, 2018). Researchers used the program as a basis for identifying the implementation of CSR in

the Partnership Program and Community Development at PT Pertamina (Persero) in Indonesia. CSR can affect for company performance by using CSR Disclosure Index based on General Reporting Initiatives (GRI) G4, while company performance is proxied on profits.

Based on BUMN Ministerial Regulation No.4 of 2007, namely CSR fund is obtained from the company's profit of 4% after tax determined in the General Meeting of Stakeholders used for the Partnership Program of 2% and Community Development of 2%. BUMN Minister Regulation No.4 of 2007 is used as a reference or guideline in determining the allocation of CSR fund to realize the implementation of the Partnership Program of 2% and Community Development of 2%. To fund CSR managed through the Division of Community Development or Business Partnership Division. Accountability of these funds directly to the Ministry of BUMN with a separate report. The fund of the Partnership Program treatment such as revolving fund must be returned by the partners, while the Community Development treatment such as grants that do not need to be returned. To increase the value of CSR in Pertamina, the companies can innovate through the use of new technologies, operating methods, and management approaches, the results of which can increase production so can expand the company's market share. This research is different from previous studies. The research uses the Annual Report at PT. Pertamina (Persero) in Indonesia with research methods Content Analysis. The purpose of this study is to identify the implementation of CSR and its effects through company performance at PT. Pertamina (Persero) in Indonesia. In addition, this research contributes to develop model by using content analysis on the implementation of CSR and its effects can increase company performance at PT. Pertamina (Persero) in Indonesia .

According to Hasan Fauzi et.al (2009) whose research on "Corporate Social Performance of Indonesian State Owned and Private Companies" with finding, there is no significant difference between companies state-owned and private companies in Indonesia. In addition, the correlation test shows that there is no relationship between corporate social performance and good financial performance in SOCs and POCs.

According to Juhani Ukko et.al, (2019) whose research on "Sustainability strategy as a moderator in the relationship between digital business strategy and financial performance" with this type of research uses a structured survey questionnaire. The finding in this study is to find the relationship between digital business strategies, sustainable strategies and financial performance. According to Aliffianti et.al, (2019) whose research on " Board Diversity and financial performance firm on consumer goods industry in Indonesia" with the research method is quantitative and uses secondary data. The finding in this study is to show the results that the differences in the board of commissioners and the board of directors simultaneously have a good influence on the company's financial performance.

## **2. Literature Review**

According to Ingrid S. Spangler and Donnalyn Pompper (2011) analyzed "The Corporate Social Responsibility and Oil Industry : Theory and Perspective Fuel a Longitudinal Vision". The finding of this study have a deep understanding theoretically about CSR, which offer four main proposition for the development of the theory of CSR : (1) The management of CSR from inside to outside, (2) Getting the trust of the public and the media, (3 ) Giving feed back to community of citizens, and (4) The community is the partnership. This research has conducted interview with three Public Relationson managers of US oil companies in decision making and CSR practices for five decades (1966-2010) in North

American waters. The findings show that CSR theory provides a complex perspective on public relations in the literature.

According to Dan S. Dhaliwal, Oliver Zhen Li, Albert Tsang, and Yong George Yang (2011) analyzed Voluntary Nonfinancial Disclosures and Cost of Equity Capital : Initiation of Corporate Social Responsibility Reporting. This finding is to find that companies with a cost of capital in the previous year tend to carry out CSR activities for the current year and companies that have superior performance can reduce the cost of capital. In addition, the company can attract investors, especially in the field of analysts. Researchers have exploited the benefits of the cost of capital associated with CSR.

According to Hoje Jo, and Maretno A. Harjoto (2012) analyzed “ The Causal Effect of Corporate Governance on Corporate Social Responsibility“. The finding of this study is to test the empirical relationship between corporate governance (CG) and socially responsible corporate (CSR) to investigate the influence of causality. The researcher found that CSR’S lag did not affect the CG variable, and the lag of the CG variable was positive and of could influence CSR involvement that could control company characteristics. In addition, the researchers showed that CSR engagement positively affects The Corporate Financial Performance (CFP), and support the hypothesis of the resolution conflict that based on the theory of stakeholders. Furthermore, CSR involvement in the community, environment, diversity, and employees plays a significant positive role in increasing CFP.

According to Pek Karin Purnomo, and Luky Patricia Widianingsih (2012) analyzed The Influence of Environmental Performance on Financial Performance with Corporate Social Responsibility (CSR) Disclosure as a Moderating Variable : Evidence from Listed Companies in Indonesia. The findings of this study indicate that : (1) environmental performance has a positive effect on financial performance, (2) CSR disclosure is not able to

strengthen the effect of environmental performance on financial performance. This is because the market in Indonesia is still not efficient and market players do not use a comprehensive annual report. Environmental ratings accompanied by disclosures can be a negative signal for the market.

According to Christina Tri Setyorini and Zuaini Ishak (2012) analyzed Corporate Social and Environmental Disclosure : A Positive Accounting Theory View Point. The findings of this study are to provide an examination of the social and environmental disclosures of companies in Indonesia in the perspective of Positive Accounting Theory (PAT). Regression analysis shows that corporate social and environmental conditions in Indonesia are associated with : ROA, firm size, and firm earnings management. Thus, the results support the bonus plan hypothesis and the political cost hypothesis, whereas the debt/equity hypothesis cannot be supported.

According to Mariana Cristina, GANESCU (2012) analyzes Corporate Social Responsibility, a strategy to create and consolidate sustainable businesses. The findings of this study are to identify the role of strategy in the creation and strengthening of a sustainable business. In addition, using the Dunphy model as a starting point in developing a typology for CSR strategies that can support organizations in creating and strengthening sustainable businesses. The implementation of CSR strategy is important because it can achieve added value through the creation and strengthening of a sustainable business.

According to Henri Servaes, and Ane Tamayo (2013) analyzed The Impact of Corporate Social Responsibility on Firm Value : The Role of Customer Awareness. The findings of this study indicate that corporate social responsibility (CSR) and corporate value are positively related to companies with high customer awareness, as indicated by advertising spending. For companies with low customer awareness, the relationship is negative or insignificant. In addition, the researchers found that the effect of awareness on the value of CSR has an

inverse relationship in companies with a previous bad reputation as corporate citizens. This evidence is consistent with the view that CSR activities can add value to companies but only under certain conditions.

According to Michael Fontaine (2013) analyzing Corporate social responsibility and sustainability : The New Bottom Line ?. The findings of this study are to examine the relationship and effectiveness of CSR. The case is Royal Dutch Shell Plc, a global energy and petrochemical company. And, the researcher explores the convergence of Corporate Social Responsibility (CSR) and Corporate Sustainability (CS) by examining several Starbucks corporate practices.

According to Roberto Fernandez-Gago, Laura Cabeza-Garcia, Mariano Nieto (2014) analyze Corporate Social Responsibility, board of directors, and firm performance : an analysis of their relationships. The findings of this study are that the percentage of independent directors influences the company's CSR activities, and the effect is moderated by the resources available to the company (measured by return on assets). In addition, CSR has an intermediary role in the relationship between board of directors independence and firm value. These results were tested for other board characteristics (board size and women as directors).

According to Duygu Türker (2015) analyzing Contrasting Instrumental Views on Corporate Social Responsibility : Short-term versus Long-term Profit Orientation Approach. The finding of this study is to investigate whether the theoretical difference between short-term and long-term earnings orientation can affect CSR. Researchers conducted a survey with a sample of managers of business organizations in Turkey. The results show that short-term earnings have a negative impact on CSR involvement to employees, government, society, and ethical issues while CSR involvement with the environment has a positive impact. The long-

term profit approach has a positive impact on the involvement of CSR to employees, the environment, government, society, and ethical issues.

According to Hasan Fauzi (2016) analyzing CSR, Sustainability, Governance, And Accountability : The Current Position In The Body Of Knowledge And Their Research Directions. The findings of this study are for the contribution of each study to the body of knowledge so that it can be clearly demonstrated. And the multiplier effect of this stage can be contributed to teaching activities and industrial practice (downstream impact of research).

According to Simone R. Barakat Giuliana Isabella João Maurício Gama Boaventura José AfonsoMazzon (2016) analyzed the influence of Corporate Social Responsibility on employee satisfaction. The findings of this study are showing that CSR is positively related to job satisfaction, and the image of the organization as a mediator in this relationship. In addition, this study proves that CSR carried out by companies can lead to a better organizational image and employee satisfaction,

According to Zana Prutina (2016) analyzing The Effect of Corporate Social Responsibility on Organizational Commitment. The findings of this study are to identify two elements of organizational culture, namely CSR values and employee involvement in CSR which are treated as mediators of this relationship. Respondents from 196 survey participants confirmed the previous finding that employees' perceptions of CSR positively affect organizational commitment, but indicated that each of the mediators affected this relationship, and had a strong influence when both mediators were included in the model.

According to Motilewa Bolanle Deborah, Worlu Rowland EK, Moses Chinonye Love & Adeniji Chinyerem Grace (2017) analyzed “Corporate Social Responsibility as a Determinant of Sustainability of Small Medium Enterprises (SMEs)”. The finding of this study is the company will advance of the community in operating through Corporate Social Responsibility (CSR) activities. Although The House of Tara's Makeup has not developed



such as MAC, Maybelline, Dior, Mary Kay and others, but the market share is quite large in the industry in Nigeria, because some consumers buy their products by looking at the quality or price of these products. In addition, consumers are interested in the company's vision of CSR activities. This research recommends to SMEs because it is still lack of resources such as labor, technology, and capital, so that the potential must increase acompany's CSR investments.

According to Li-Chuan Chou, Ta-Cheng Chang, John Darcy & Yun - Chia Yan (2017) analyzed The Impact of Social Responsibility on Corporate Performance : Evidence from Taiwan. The findings of this study are that : (1) there is a positive and significant interaction between CSR and CFP, (2) has a high score on corporate CSR, and (3) the dimensions of CSR governance are more significant and positive with stock price returns when compared to other dimensions. (community, employees, and environment).

According to Kafigi Jeje (2017) analyzing An Overview of Corporate Social Responsibility. The findings of this study are that Corporate Social Responsibility has attracted attention in the business, social and economic literature. This has brought many benefits to business organizations and society and its implementation. This fact must have a combination of key aspects with corporate social responsibility which will be the guideline for knowledge development tools, corporate decisions and policy development. In addition, this study provides a variety of literature on the meaning, reasons, creation, forms, benefits, challenges, and solutions.

According to Rifat Kamasak, and Meltem Yavuz (2018) analyzed “Revisiting The Corporate Social Responsibility (CSR) And Performance Relationship Through A Dynamic Resource Management View”. The finding of this study show that CSR practices are significantly related to company performance, indicating that the larger amount of CSR can improve financial performance. In addition,

companies with higher Strategic Flexibility skill can obtain better economic performance from the company's CSR activities.

According to Abdulaziz Alhammadi (2018), he analyzed Corporate Social Responsibility : Concepts, Perspectives, and Links With Corporate Performance : Literature Review. The findings of this study are the company and management, it is important to know whether CSR activities can generate financial and non-financial benefits. This paper reviews the concept of CSR, the definition and relationship between the concept and company performance.

According to Riana Horn, Marna de Klerk, and Charl de Villiers (2018), they analyzed the association between corporate social responsibility reporting and firm value for South African firms. The findings of this study indicate that there is no significant relationship between CSR disclosure and firm value, but it has a significant negative relationship between CSR assurance and firm value in companies not listed in the CSR Investment index.

According to Juniati Gunawan, SeTin (2018) analyzed the Development of Corporate Social Responsibility in Accounting Research : Evidence From Indonesia. The findings of this study are that : (1) 75 percent of CSR research is in the areas of financial accounting, capital markets, tax accounting and corporate governance ; (2) The most widely used variables related to CSR are financial performance ; (3) More than 80 percent of CSR research uses annual reports as a data source and 19.23 percent uses sustainability reports ; (4) 65.38 percent is used for CSR disclosure on the Global Reporting Initiative (GRI) measurement.

According to Fusion Kuang-Hua Hu, Sin-Jin Lin, Jau-Yang Liu, Fu-Hsiang Chen and Shih-Han Chen (2018) analyzed the Multi-Dimensional Effect of CSR through a Characteristic Approach in Determining Firm Value. The findings of this study are that the literature study provides inconclusive results regarding the relationship between CSR and firm value because it ignores the multi-dimensional characteristics of CSR, namely using a

single indicator as a proxy to represent company performance. In addition, this study created an intelligence-based (AI) fusion model, based on the fusion learning theory that aims to complement the mistakes made by a single model, to examine the relationship between the multi-dimensional characteristics of CSR and firm value.

According to David Weitzner, and James Darroch (2019) analyzed “The Comprehensive Framework for Strategic CSR : Ethical Positioning and Strategic Activities”. The finding of this research develop the framework with a comprehensive approach to CSR’s strategy which as bridging the gap of field of strategic management based economy and business ethics. This framework base on normative and deskriptif.

According to Sehar Zulfiqar, Rabeea Sadaf, József Popp, Jolita Vveinhardt and Domicián Máté (2019) analyzed An Examination of Corporate Social Responsibility and Employee Behavior : The Case of Pakistan. The findings of this study are to provide contextual insight and empirical evidence on how CSR can influence employee behavior.

According to F. O. Uchehara (2019) analyzing Building a Corporate Competitiveness through Corporate Social Responsibility Drives. The findings of this study are for examine the role of Corporate Social Responsibility (CSR) in building competitiveness companies in the consumer goods sector in Nigeria using panel data obtained from 12 companies in the period 2015 to 2017. There are two models that represent namely Return on Investment and Return on Sales developed in the CSR investment variable. The results of this study use OLS regression analysis, namely revealing that CSR has a positive and significant effect on company's Return on Sales (ROS) and Return on Investment (ROI). In addition, CSR as a management strategy to improve the company's business competitiveness in Nigeria. This study recommends that companies should include CSR into the company's strategic plan.

### **3. The Method of Research**

#### **a. The Research of design**

This study applies qualitative research with a content analysis.

#### **b. The Research of object and Sample Selection**

The Research of object is the CSR Program through company performance at PT. Pertamina (Persero) in Indonesia . The sample selection in this study are CSR Managers and CSR implementers.

#### **c. The Method of Collecting Data**

The method of collecting data in this research is by using secondary data. The data Is obtained from the Annual Report and Documentation at PT. Pertamina (Persero) in Indonesia.

#### **d. The Data analysis**

The data analysis in this study use a content analysis approach. Content Analysis namely research that is indepth discussion of the content of written or printed information in the mass media. Content Analysis is usually used in qualitative research.



## 4. Results and Analysis

### 4.1. Company Performance

PT. Pertamina (Persero) is a world class national energy company in accordance with Pertamina's vision and was established in 1957. PT. Pertamina (Persero) operates in the field of State Oil and Gas Mining in Indonesia. Until now the Pertamina company is still operating well, because PT. Pertamina (Persero) has projected further business development capable of optimizing Indonesia's natural wealth by starting a study on the development of a Green Refinery in Indonesia. In addition, Pertamina strengthens its commitment to carry out business development in new and renewable energy and business diversification. Pertamina has values as the company's foundation to realize its vision and mission based on global standards and the implementation of corporate governance. Pertamina's values, known with 6C, consist of Clean, Competitive, Confident, Customer Focus, Commercial and Capable, must be known and become guidelines for all workers in their daily activities. Understanding and implementing the 6C Values will shape the behavior that becomes a culture, as Pertamina's characteristic among other companies. Each individual worker at Pertamina must ensure that humans behave in accordance with the 6C Values (PT. Pertamina (Persero) Annual Report, 2018).

Pertamina has 25 subsidiaries to improve the company performance with business fields, data on total assets, operating revenues and profits for the last 2 years until the end of 2018, are presented in the following table :

**Table.4.1.1. Subsidiary Performance**

No	Company Name	Business Fields	Total Assets 2018	Total Assets 2017	Operating Revenues 2018	Operating Revenues 2017	Profit 2018	Profit 2017
1.	PT.Pertamina EP	Eksplorasi & Produksi Minyak & Gas	7.499	7.622	3.161	2.770	756	615
2.	PT.Pertamina Hulu Energi	Eksplorasi & Produksi Minyak & Gas	4.532	4.781	2.528	1.999	474	249
3.	PT.Pertamina Geothermal Energy	Eksplorasi & Produksi Panas Bumi	2.556	2.405	661	622	107	96
4.	PT.Pertamina Drilling Services Indonesia	Jasa Pengeboran Minyak & Gas	560	574	237	235	21	18
5.	PT.Pertamina EP Cepu	Eksplorasi & Produksi Minyak & Gas	2.993	2.608	1.779	1.329	842	662
6.	PT.Pertamina EP Cepu ADK	Eksplorasi & Produksi Minyak & Gas	13	19	0	0	-11	-58

7.	PT.Pertamina Internasional Eksplorasi & Produksi	Eksplorasi & Produksi Minyak & Gas	5.839	5.803	1.192	1.162	-40	143
8.	PT.Pertamina Hulu Indonesia	Eksplorasi & Produksi Minyak Gas	1.510	305	2.210	0	780	-2.65
9.	PT. Elnusa Tbk	Jasa Survey Seismic, Logistic Base, Telekomunik	391	358	465	372	19	19
10.	PT.Pertamina Hulu Rokan	Eksplorasi & Produksi Minyak & Gas	785	-	-	-	-	-
11.	PT.Pertamina Power Indonesia	Produksi Tenaga listrik	115	101	0.04	0	-1.5	-1.7
12.	PT. Nusantara Regas	LNG regasification	241	277	683	569	54	49
13.	PT.Perusahaan Gas Negara Tbk	Perdagangan Minyak & Gas Bumi	7.939	8.183	3.870	3.571	305	197



14.	PT. Kilang Pertamina Internasional	Produksi, Minyak, Gas Bumi & Energi Baru	1.84	-	-	-	0.01	-
15.	PT.Pertamina Patra Niaga	Jasa Perdagangan & Industri	869	915	1.572	1.391	36	84
16.	PT.Pertamina Retail	Penyalur Bahan Bakar	203	151	903	892	14	11
17.	PT.Pertamina Trans Kontinental	Jasa Pelayaran & Maritim	308	287	144	133	20	14
18.	PT. Pertamina Lubricants	Pengolahan & Pemasaran Pelumas	417	501	778	719	125	134
19.	PT. Pertamina Internasional Shipping	Jasa Pelayaran Komoditi Minyak - Gas	296	209	405	100	53	15
20.	PT.Asuransi Tugu Pratama Indonesia Tbk	Jasa Asuransi	1.204	1.092	179	183	18	35
21.	PT. Pertamina Pedeve Indonesia	Penyertaan Modal	62	71	8	15	6	3

22.	PT.Patra Jasa	Jasa Pelayanan	241	236	98	76	9	9
23.	PT.Pelita Air Service	Jasa Transportasi Udara	60	66	49	57	- 0.6	3
24.	PT.Pertamina Bina Medika	Jasa layanan Kesehatan	106	111	91	99	0.6	4
25.	PT.Pertamina Training & Consulting	Jasa Konsultasi Manajemen & Pelatihan	40	41	112	106	3	2

Source : PT.Pertamina (Persero) Annual Report, 2018.

In 2018, Pertamina has carried out a company performance assessment based on the Superior Performance Assessment Criteria with criteria adopted from the "Malcolm Baldrige Criteria For Performance Excellence" conducted by the BUMN FEB Assessor.

The assessment process includes clarification, verification and site visit activities from 6 (six) main focuses of the Superior Performance Assessment Criteria, namely :

- a. Leadership
- b. Strategic Planning
- c. Customer Focus
- d. Workforce Focus
- e. Operation Focus
- f. Results

The Superior Performance Assessment Criteria BUMN is a tool that can be used to assess or measure all elements of the company's management system and the factors for improving processes as well as improving results as a consideration when conducting an assessment. Based on the results of the 2018 BUMN Superior Performance Assessment Criteria, Pertamina obtained a score of 755.75 in the "Industry Leader" category, an increase compared to the previous year (in 2017) which was 739.50.

Pertamina as a national energy company supports and is fully committed to the development of New and Renewable Energy. As regulated in Government Regulation Number 79 of 2014 concerning National Energy Policy, the government sets the target of the National Energy Mix in order to realize National Energy security, where the proportion of New and Renewable Energy will gradually increase, namely 5% in 2015, 23% in 2025, and 31% in 2050. Pertamina's New and Renewable Energy with the most significant development progress is geothermal energy which is managed by PT. Pertamina Geothermal Energy.

#### **4.2. The CSR Program**

BUMN Minister Regulation No.4 of 2007, namely CSR fund obtained from the company's profit of 4% after tax is determined in the General Meeting of Stakeholders (GMS). CSR fund is used for partnership programs of 2% and community development of 2%. The Partnership Programs are used to increase the economic activities of small businesses and social empowerment of the community so that they become strong and independent. The Partnership Programs are real embodiment of the synergy's results from empowerment and independence of community. In addition, Pertamina provides loans or revolving fund to Pertamina's partnership, namely individuals with a cluster system or group given capital for Small and Medium Enterprises (SMEs). The capital can be used for

many activities such as exhibition activities, training, workshops and the other activities. Pertamina has implemented the partnership programs since 1993.

**Table 4.2.1. The Realization of Partnership Programs Fund**

No	Type of business	The Realization of Partnership Programs Fund (% of total realization)
1	Industrial Sector	5.8
2	Trade Sector	11.1
3	Agriculture Sector	2.2
4	Animal Husbandry Sector	4,3
5	Plantation Sector	58.9
6	Fisheries Sector	15.2
7	Service Sector	2,4
8	Other Sectors	0.1
	Total	100.0

Source : PT.Pertamina (Persero) Annual Report, 2018.

Community Development is intended to provide logistical fund to community which affected by the earthquake that occurred on 5 August 2018 in Lombok ([www.pertamina.com](http://www.pertamina.com)). These natural disasters have a great impact on the surrounding community. One of Pertamina's programs in improving the quality of education for the younger generation is Sobat Bumi scholarships which is given to the student clever. In addition , Sobat Bumi scholarships are given to athletes, people with disabilities, children whose parents have had work accidents and recipients in Eastern Indonesia. One of Pertamina's health programs is Pertamina Sehati which includes the revitalization of posyandu that aimed for pregnant, breastfeeding, infants and toddlers. Pertamina Sehati has a target of 0.08 % to maternal mortality ratio in 2020. There are two (2) programs carried out by Pertamina in implementing nature conservation, namely the Mangrove and Biodiversity

Planting Program. The well Mangrove Planting Program can be used as a source of livelihood for citizen around the area and agro-tourism. Another program is Biodiversity which aims to preserve and increase natural wealth in the form of flora and fauna in Indonesia.

**Table 4.2.2. The Realization of Community Development Fund**

No	Type of Help	The Realization of Community Development Fund (% of total realization)
1	Natural Disaster	4.0
2	Education and Training	24.4
3	Community Health	10.9
4	Public Infrastructure	34.9
5	Place of Worship (Waqaf& ZIS)	19.1
6	Nature Conservation	1.9
7	Poverty Alleviation Social	4.9
	Total	100.0

Source : PT.Pertamina (Persero) Annual Report, 2018.

## **5. Conclusion :**

BUMN Ministerial Regulation No.4 of 2007 namely CSR fund obtained from the company's profit of 4% after tax is determined in the General Meeting Stakeholders (GMS) used for partnership programs of 2% and community development of 2 %. CSR can provide added value to company by informing profits as the company performance in achieving sustainable business. CSR can increase company value, where social aspects become one of the factors that used in arranging the company's business strategy. In addition, CSR has a corporate voluntary program by showing the company's concern for social issues that occur and assist in solving community problems.

The Limitation of Research is the limited time to research directly in the field because of the Covid Pandemic. The suggestions for conducting future research is cost or benefit analysis can be used as a strategic tool for optimizing company activities. The implementation of benefit analysis effectively, managers must consider the responsibility of the company as a different service and analyze the demand and supply. By analyzing the right condition of supply and demand, the manager can make decision strategically or economically. The cost analysis can be used for further research as a tool of decision making in the company's strategy.

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