

Implementation of Innovation-Based Corporate Social Responsibility Program at PT Pertamina Refinery Unit II Sei Pakning in Fostering the Entrepreneurial Spirit of Micro, Small, and Medium Enterprises

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Abstract

The purpose of this study is to see the extent to which implementation of innovation-based corporate social responsibility program at PT Pertamina Refinery Unit II Sei Pakning in fostering the entrepreneurial spirit of micro, small, and medium enterprises. This type of research uses a mixed method. The selection of informants is carried out using a purposive technique consisting of the Camat, Village Head, Manager of PT Pertamina Refinery Unit II Sei Pakning, Corporate Social Responsibility Team, Head of Farmer Groups and Community Actors of Micro, Small, and Medium Enterprises. Methods of data collection is done by means of observation, interviews, questionnaires and documentation. In quantitative data analysis technique is to use statistical analysis. The results show that product innovation, process innovation, method innovation, strategy innovation, and system innovation have a significant effect on entrepreneurial spirit. The suggestion from this research is that it is better for PT Pertamina Refinery Unit II Sei Pakning made improvements to the innovations of the corporate social responsibility program that they had carried out, especially in the innovation of the system that was carried out in order to continue to involve the district and village governments, so that there was support from both parties for the progress of the assisted the entrepreneurial spirit of micro, small, and medium enterprises.

Keywords

implementation; innovation;
corporate social responsibility



I. Introduction

Currently, the understanding of corporate social responsibility is mostly defined as charity, philanthropy, and community development. Companies that use the charity model only rely on spending the budget and ignoring the needs of the community. The charity model has been criticized because the model only becomes an addiction for the community and makes people dependent and helpless (Nurdizal et al., 2011).

Companies that run corporate social responsibility programs must be able to innovate on the programs to be run. Innovation is the ability to implement creative ideas on existing problems and opportunities to improve and enrich life. Because with innovation, the problems that hinder the achievement of the goals of a program will be easily achieved. There are several types of innovation that can be carried out by an organization, namely product service innovation, process innovation, innovation in service methods, innovation in strategy or policy, and system innovation (Muluk, 2008).

Entrepreneurship or business independence for small business actors but requires the involvement of the government and stakeholders in empowering. Sukirman (2017) also mentions that increasing the entrepreneurial spirit can increase the formation of business independence which also requires empowerment from the government and stakeholders in product development and legal protection. Organization must have a goal to be achieved by the organizational members (Niati et al., 2021). The success of leadership is partly determined by the ability of leaders to develop their organizational culture. (Arif, 2019).

So it can be seen that the independence of micro, small, and medium enterprises will be formed if there is an entrepreneurial spirit that is supported by the empowerment carried out. One of the corporate social responsibility programs as previously explained is the empowerment of local communities where community empowerment in the corporate social responsibility program is adjusted to the circumstances and conditions of the community in the company's environment. Entrepreneurship is an ability to manage something that exists within to be utilized and improved to be more optimal (good) so that it can improve the standard of living in the future (Hendro, 2011). The essence of entrepreneurship is the ability to create something new and different through creative thinking and innovative actions to create opportunities. Entrepreneurship or entrepreneurship is a creative and innovative ability that is used as the basis, tips and resources to find opportunities for success (Suryana, 2003).

Research conducted by Basuki (2007) shows that the entrepreneurial spirit has a positive and significant effect on business independence. Furthermore, the results of Hendrawan's research (2018) state that a high entrepreneurial spirit is needed in creating One of the companies that have implemented corporate social responsibility programs is PT Pertamina Refinery Unit II Sei Pakning whose business is related to energy and natural resources.

There are three themes of the corporate social responsibility program run by PT Pertamina Refinery Unit II Sei Pakning. For Kampung Gambut Berdikari and Pas Mantap have been going on since 2017, while for Permata Hijau it has been going on since 2018. These three programs contain entrepreneurial activities that are given to each sector in order to achieve community welfare. This entrepreneurial activity is realized by the establishment of farmer groups and micro, small, and medium enterprises, the number of which is currently quite large.

Empowerment of micro, small, and medium enterprises in the corporate social responsibility program of PT Pertamina Refinery Unit II Sei Pakning has produced considerable results for people's income. The existence of this program also shows that PT Pertamina Refinery Unit II Sei Pakning has made innovations in implementing corporate social responsibility programs. The corporate social responsibility program is no longer just a manager of the company's image and reputation. The corporate social responsibility program does not only provide direct assistance without any empowerment, but how the corporate social responsibility program carried out by the company can contribute to the welfare and independence of the community in a sustainable manner.

The purpose of this study is to see the extent to which implementation of innovation-based corporate social responsibility program at PT Pertamina Refinery Unit II Sei Pakning in fostering the entrepreneurial spirit of micro, small, and medium enterprises.

II. Research Method

This type of research uses a mixed method, namely a research method that combines two research methods as well as qualitative and quantitative in a study in order to obtain comprehensive, valid, reliable, and objective data (Octiva et al., 2018; Pandiangan, 2018).

In qualitative research, the sample is referred to as the informant (Asyraini et al., 2022; Octiva, 2018; Pandiangan, 2015). The selection of informants is carried out using a purposive technique consisting of the Camat, Village Head, Manager of PT Pertamina Refinery Unit II Sei Pakning, Corporate Social Responsibility Team, Head of Farmer Groups and Community Actors of Micro, Small, and Medium Enterprises. Furthermore, for quantitative research, the respondents in this study are the community of Micro, Small, and Medium Enterprises actors who received entrepreneurial assistance in peat pineapple farming, peat honey cultivation, one heart integrated service post, and mangrove aquaculture.

Methods of data collection is done by means of observation, interviews, questionnaires and documentation. In line with the mixed methods research that the author uses in this study, the research data analysis technique consists of two techniques, namely qualitative analysis techniques and quantitative data analysis techniques. In qualitative data analysis techniques, data analysis is carried out during data collection and after completion of data collection within a certain period (Jibril et al., 2022; Pandiangan et al., 2018; Pandiangan, 2022). At the time of the interview, the researcher had analyzed the answers of the interviewees and if the answers of the interviewees after being analyzed felt unsatisfactory, then the researcher would continue the questions again, until a certain stage, data that was considered credible was obtained. Activities in data analysis in this qualitative research are data reduction, data presentation, and verification. Furthermore, testing the validity of the data. The method used is a data credibility test which is carried out by extending observations, increasing persistence, triangulation, negative case analysis, using reference materials, and membercheck (Octiva et al., 2021; Pandiangan et al., 2021; Pandia et al., 2018).

In quantitative data analysis technique is to use statistical analysis. Statistical analysis is an activity of analyzing the measurement data obtained repeatedly to determine the level of uncertainty of the final test results of a measurement. The more data collected, the closer the measurement results to the true value (Pandiangan et al., 2022; Tobing et al., 2018)

III. Result and Discussion

3.1 Informants and Respondents

Informants in this study consisted of the government, program implementers, and the target community of the corporate social responsibility program.

From the data it can be explained that the informants from the government consist of the Camat and the Village Head, the informant from the program implementer in this case is Pertamina is the Manager and the Corporate Social Responsibility Team of PT Pertamina Refinery Unit II Sei Pakning and the informant from the target community is the chairman. groups and communities of Micro, Small, and Medium Enterprises Fostered by PT Pertamina Refinery Unit II Sei Pakning.

Characteristics of the sample in this study which came from Micro, Small, and Medium Enterprises Fostered by PT Pertamina Refinery Unit II Sei Pakning.

Based on the data, it shows that for the female gender, there are more than 69% or 35 respondents, while the male respondents are 31% or 16 respondents are male. This condition shows that in the community who are active in micro, small, and medium enterprises under the guidance of PT Pertamina Refinery Unit II Sei Pakning, there are more women than men. This is because Micro, Small, and Medium Enterprises Fostered by PT Pertamina Refinery Unit II Sei Pakning are mostly members of Family Welfare Empowerment.

Based on the data, it can be seen that the age of respondents who are Micro, Small, and Medium Enterprises Fostered by PT Pertamina Refinery Unit II Sei Pakning through its corporate social responsibility program are mostly in the age range of 27-31 years, namely 18 respondents (25.50%) and the least are respondents with an age range of 17-21 years, as many as 5 respondents or 14.70%. From the data above, it is also found that micro, small, and medium business actors are still classified as productive age.

3.2 Implementation of Innovation-Based Corporate Social Responsibility Program at PT Pertamina Refinery Unit II Sei Pakning

The innovation-based corporate social responsibility program at PT Pertamina Refinery Unit II Sei Pakning is seen from product innovation, process innovation, method innovation, strategy innovation, and system innovation in fostering the entrepreneurial spirit of micro, small, and medium enterprises. The results of qualitative research can be explained as follows:

1. Product innovation in the corporate social responsibility program will be seen in the services provided to the community which will differentiate the previous service products from the product services provided at this time. PT Pertamina Refinery Unit II Sei Pakning corporate social responsibility has now reduced programs in the form of charity. The products of corporate social responsibility in the form of programs are more in community empowerment with the existence of Micro, Small, and Medium Enterprises Fostered by PT Pertamina Refinery Unit II Sei Pakning.
2. Process innovation in the corporate social responsibility program refers to the existence of continuous quality renewal and the combination of changes, procedures, policies, and organization required by organizations to innovate. In the current process, the corporate social responsibility program run by PT Pertamina Refinery Unit II Sei Pakning has gone through a long process. It's different when the company only provides assistance in the form of charity. The implementation of the current corporate social responsibility program departs from social mapping carried out with third parties, in this case, existing universities which in order to obtain certification for the feasibility of a program can be run. Then proceed with making the roadmap. After that, a focus group discussion will be held with the target groups of the corporate social responsibility program. This is all done because all corporate social responsibility programs that will be implemented are already connected to the Center and are very much needed in budget submissions. Because the proposed budget can be obtained after there is a study, the group, its potential and what recommendations from the program to be implemented. In addition, the group must also convey their needs in the form of a proposal to the company.

3. Method innovation of service of the corporate social responsibility program is seen by the new changes in the interaction aspect carried out by the implementer with the target community. The corporate social responsibility program run by PT Pertamina Refinery Unit II Sei Pakning in the last 5 years has focused on coaching or mentoring their fostered partners. The existence of a corporate social responsibility team that is created is one of the efforts so that the expected goals of the programs carried out are achieved. The corporate social responsibility team consists of people from various disciplines, where the programs that are their responsibility are adjusted to their educational background. It is very different from the previous corporate social responsibility program which was in the form of charity.
4. Strategy innovation or policy innovation in the corporate social responsibility program can be seen in the goals and new strategies needed by looking at the reality on the ground. Therefore, the corporate social responsibility program run by PT Pertamina Refinery Unit II Sei Pakning made a total change in implementing the corporate social responsibility program. Not only did they come to provide assistance, but PT Pertamina Refinery Unit II Sei Pakning gave full support to the Fostered Micro, Small, and Medium Enterprises by implementing programs from upstream to downstream, so that the Fostered Micro, Small, and Medium Enterprises could exist and be independent. In addition, the vision and mission of the corporate social responsibility program are adjusted to the needs and potentials of the Fostered Micro, Small, and Medium Enterprises.
5. System innovation in the corporate social responsibility Program is a novelty in the context of interactions or relationships carried out with other actors in the context of a change in organizational management. In this case the corporate social responsibility program run by PT Pertamina Refinery Unit II Sei Pakning has not been realized properly. Especially the company's relationship with the District and Village Governments. This is because in the corporate social responsibility Program that is currently being run by PT Pertamina Refinery Unit II Sei Pakning does not involve the District and Village Governments, but the company directly intervenes through the corporate social responsibility Team that has been formed in its implementation. This causes the village program to be inconsistent with the corporate social responsibility program that has been formed, so that PT Pertamina Refinery Unit II Sei Pakning of Micro, Small, and Medium Enterprises are not getting support from the District and Village Governments.

3.3 Entrepreneurial Spirit

The results qualitatively indicate that the level of independence of MSMEs fostered by Pertamina RU II Sei Pakning has not yet been achieved through its CSR program. MSMEs still need assistance in doing business, especially in marketing the results of the products they produce. Not only that, innovations that sometimes emerge from the MSME group, in practice they still need assistance from Pertamina, especially assistance in the form of funds or tools or others. This can also be seen in one of the MSMEs which is considered to have succeeded in pineapple farming with several processed derivatives,

until now it also still needs assistance and other assistance even though the amount of assistance provided has decreased from previous years. This all proves that the entrepreneurial spirit of MSME actors has not yet developed with their lack of independence after being given assistance and guidance and assistance for 4 to 5 years.

3.4 Direct Effect Hypothesis Testing Results

Testing the direct effect hypothesis is used to test whether there is a direct effect of exogenous variables on endogenous variables. The test criteria state that if the p-value level of significance ($\alpha=5\%$) then it is stated that there is a significant effect of exogenous variables on endogenous variables. The results of hypothesis testing can be seen through the following table:

Table 1. Direct Effect Hypothesis Testing Results

Exogenous	Endogenous	Path Coefficient	SE	P Value	Information
Product Innovation	Entrepreneurial Spirit	0.572	0.085	< 0.001	Significant
Process Innovation	Entrepreneurial Spirit	0.267	0.090	< 0.001	Significant
Method Innovation	Entrepreneurial Spirit	0.299	0.085	< 0.001	Significant
Strategy Innovation	Entrepreneurial Spirit	0.383	0.088	< 0.001	Significant
System Innovation	Entrepreneurial Spirit	0.271	0.082	< 0.001	Significant

Source: Processed Research Results (2022)

The results show that product innovation, process innovation, method innovation, strategy innovation, and system innovation have a significant effect on entrepreneurial spirit.

IV. Conclusion

The results show that product innovation, process innovation, method innovation, strategy innovation, and system innovation have a significant effect on entrepreneurial spirit.

The suggestion from this research is that it is better for PT Pertamina Refinery Unit II Sei Pakning made improvements to the innovations of the corporate social responsibility program that they had carried out, especially in the innovation of the system that was carried out in order to continue to involve the district and village governments, so that there was support from both parties for the progress of the assisted the entrepreneurial spirit of micro, small, and medium enterprises.

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