IMPLEMENTATION AND IMPACT
EXXON MOBIL CEPU CSR LIMITED
UNDERSTANDING OF EXPLORATION AREAS AROUND PEOPLE IN
THE DISTRICT BOJONEGORO EAST JAVA

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Abstract

The aim of this study is, (1) understand and describe the public's understanding of oil and gas exploration in the surrounding region on the implementation and impact of CSR Exxon Mobil Cepu. Ltd.(2) find the right program for the successful implementation of CSR programs Exxon Mobil Cepu Ltd. for communities around the area of exploration. This study used qualitative methods *(qualitative methods),* using a phenomenological approach aimed at uncovering and understanding the meaning *(noumena)* behind the phenomenon of individuals who take action on the basis of their own perception as well as aspects of the background action (Fatchan, 2009). Judging from the basic strategy analysis approach, phenomenology reveal about the understanding of the meaning or significance of reflection on the micro-level and is one of the field research with participatory observation strategy (Miles & Huberman, 2001). Implementation of research findings and the impact of CSR is increasing public revenue to be labor, formerly deserted, desolate, isolated now began to change, becoming crowded than that aspect of the road there is often a lot of improvements, many programs also perceived as health, education, afforestation and follow training and economic empowerment held company. CSR programs are appropriate and effective for the community is through a stakeholder approach, tailored to the needs of each village, suppose there is a physical CSR program relating to the improvement of infrastructure, non-physical CSR program improving the economy, and improving the welfare of the community by holding continuous trainings and involve the participation of local communities.

Keywords: corporate social responsibility, implementation, impact, participation, Bojonegoro

INTRODUCTION

The management of the mining exploration industry in various parts of the world more failures than successes reaped. For those countries that fail to take advantage of the wealth of blessings that they have called the curse of natural resources *(resource curse).* According Auty (1993), and Humpreys (2007) states that abundant natural resources such as oil and gas, economic development

performance and a system of governance *(good governance)* is often worse than countries that are less natural resources

According Tsalik (2004) of petroleum and mineral wealth is more detrimental to the welfare state rather than fix it. This phenomenon shows that the development of natural resources not only failed to boost economic growth but also often result in social and economic conditions worse than before the natural resources used. Many terms coined to describe the strange paradox surrounding the mineral and petroleum wealth, Shultz, 2005 declaring the "resource curse" that has three major negative effects.

In the mining and oil and gas industries, CSR is becoming an important issue today in line with the strong attention to the extractive industries, both for reasons of environmental protection or other reasons such as human rights (Human Rights) as well as the protection of the rights of local economic and political community (Sharma, Pablo, and Vredenburg 1999). The image of the mining industry is relatively poor in perception activists NGO (Non Government Office) in particular environments, an important consideration how the corporation is always trying to improve their image.

CSR is increasingly expected to help address many of the most important and urgent issues in the world, including climate change, poverty and HIV / AIDs. Raising expectations on CSR in the business world by looking at firms developed countries such as Exxon and Shell, as well as companies from emerging countries such as Brazil Petrobras and China's CNOOC, as CSR has the potential to address three important challenges in the business of public relations: the environment development and governance (Frynas, 2009).

At this time the multinational corporations in developing countries engaged in the oil and gas sector is rapidly CSR to start paying attention to environmental and social aspects in addition to the interests of production. The initial step of multinational oil perusahasaan build awareness of social and environmental problems which joined the UN *Global Compact* and *the Global Reporting Initiative,* with the aim of combating carbon dioxide and minimize the company's contribution to global warming. The attention of multinational oil companies have

grown in 2001 by participating with USAID and UNDP special program to give developing countries the change (www.csrindonesia.com/profile/php,2013).

One of which concern the activity of the company is CSR is a very important function in developing corporate social environment so that the development community will be in line with the development of the company. This phenomenon has become a big change agenda which can give hope a sense of justice and member opportunities to achieve sustainable prosperity*(sustainable development)* (Oktaviani 2011).

See the relationship between the corporation with its stakeholders, one of which can be seen from how the performance of corporate CSR program. High and low performance CSR program does not guarantee the absolute merits of corporate-stakeholder relations, but on this performance seen how the commitments, policies and corporate actions on their stakeholders, especially against the community or nearby (Carroll, 1999; Stone, 2001).

Growing phenomena of CSR program implementation showed that the program CSR and stakeholder management strategies in developing countries requires consideration of the specific needs of each region. According Frynas (2005) and Idemudia (2007), the reason is not successful CSR programs in developing countries is due to the failure to integrate CSR into the development needs of local communities. The purpose of this study were (1) to understand and describe the public understanding around the area of oil and gas exploration on the implementation and impact of CSR Exxon Mobil Cepu. Ltd. (2) Finding the right program for the successful implementation of CSR programs.

Urgency of this study is, first, national and international public attention focused on Bojonegoro with Cepu, while US-based oil company, Exxon Mobil did MOU *(Memorandum of Understand* ing) as operator manager in April 2005. Crude oil reserves of 600 million barrels and 1.7 trillion to 2 trillion cubic feet (TCF) of natural gas is estimated saved in Bojonegoro. The amount represents the largest discovery of oil reserves in Indonesia in the past three decades. Bojonegoro folk believe as abundant fortune and prosperity are pictured in front of the eyes, these expectations appear at the same time with anxiety that will come with the presence of multinational companies. The problem is: how much local revenue derived from

oil and gas sector? Is the abundant natural resource wealth will create prosperity for local communities through CSR fund companies are exploring for oil in the area? Second, many CSR programs implemented in the area of oil and gas exploration, but does not significantly contribute to poverty alleviation. The number of poor people remains high despite CSR program contained a very large fund. This happens because the CSR is done only based charity that would direct the community's dependency on grants CSR (Hudayana, 2011). CSR implementation process does not involve the community so that the determination of the program is not based on the needs of the community.

RESEARCH METHODS

Based on the problems and research objectives, this study used qualitative methods *(qualitative methods),* with the consideration that the development of theories in this paradigm is to generate descriptions, view and explanation of the events of the social problems caused by the activities of multinational oil and gas company, so the researchers were able to uncover interpretation and understanding (meaning) that exist in the social environment. Research in the field of CSR in particular to understand the implementation and impact in the local community perspective, it was felt appropriate to use qualitative interpretative method based on the theoretical principles of *post-positivism.*

Key informants are community leaders who represent the population and government representatives villagers who live in the object of research and are willing to become informants research can directly interpret research purposes.

1. T okoh community / religion in the village Begadon and Ringin Single
2. Youth leaders in the village Begadon and Ringin Single
3. Receiving communities CSR
4. Prominent women in the village Begadon and Ringin Single

Bringing the total number of key informants who agreed to be interviewed in this study were 8 (eight) key informants.

Location Research

The research location in the village and Ringin Single Begadon Subdistrict Bojonegoro Gayam which is geographically located at coordinates 112 009

111025'- 'east longitude and 6059'-7037' south latitude. Districts covering 230 706 hectares are part of the province of East Java within ± 110 km from the capital of East Java province. Bojonegoro is administratively divided into 27 districts. Administrative area Bojonegoro regency in the north Tuban, Lamongan in eastern Madison County, Nganjuk and Jombang in the south, as well as the Regency of Ngawi and Blora (Central Java) in the west.

Stages Research

1. Preparation Courses

   Before researchers entering the field of intensive study, the researchers first visited the village several times Begadon and Single Ringin village. Researchers followed my husband who worked as a businessman Arealan (irrigation) in the territory of these villages.

2. Field Research

   The process of data collection was conducted in March 2014 to January 2015. The informants comprised of community leaders, religious leaders, youth leaders, women leaders and village governments, amounting to 8 informants. Clarification phase is collected data disaggregated according to specifications or focus issues such as the purpose of research studies. Furthermore, each of these data increments informants clarified in line with the specifications of the case or the focus of each of the informant. This is done by in-depth interviews or intensive dialogue aimed at obtaining valid data. With these activities can be obtained feedback *(cross check)* the data results on the ground. Implementation is done by not formal houses, fields, huts, mosques, violated, stall, or even on the road (Fatchan, 2012).

3. Analysis and Reporting Research

   This study uses analysis techniques and interactive model as developed Miles and Huberman (1994).

   a. Data Collection

      Data collection is done by collecting the results of records, documents, participation observation and in-depth interview notes or clarification of data.

   b. Data Reduction

At this stage, researchers conducted activities focusing on data that has been collected.

c. Display Data

This stage presents data in the form of activities. ith focus and questions to the informant.

d. Withdrawal Conclusion

This stage is the final process in the form of conclusion datadalam analysis of the categories of themes which are data from informants answer.

An understanding of the findings of the data is done in two levels namely *primary* and *secondary interpretation* as suggested Alson and Skoldberg (2000). *Primary interpretation* or*first order understanding* is the understanding of the subject of the research presented in the form of exposure of the original data and research results. *Secondary interpretation or understanding of second order* an understanding by the researchers who conducted the study along the way to discuss the findings of the experts and or testing based on relevant theory. Analysis of the data on a cycle of qualitative research is shaped and not linear, as stated Miles and Huberman (1992).

Validity of Data

In order to maintain the validity of research data, examination techniques are required. Implementation of inspection techniques based on a number of criteria, namely: 1) The degree of confidence *(credibility);* 2) Keteralihan *(transferability);* 3) Dependence *(dependability); 4)* Certainty *(confirmability).*

Husserl (1901) suggests three kinds of data reduction, namely:

1. Phenomenological reduction, ie filter our experiences, with a view to that discovered the phenomenon in which, pure form.

2. Editis reduction, is screening the experience or placements in parentheses everything that bukana IDOS or essence and nature of the symptoms or phenomena, and the results of the assessment and reduction editis is the essence.

3. Transcendental reduction, the filtering existence and everything that there is no reciprocal relationship with pure consciousness, and the object so that eventually people arrive at what is on the subject itself (to the spiritual aspect).

DISCUSSION AND RESEARCH FINDINGS

First Goal

Corporate Social Responsibility according Petskoski and Twose (2003), as a business commitments role in supporting economic development, working with employees and their families, local communities, and society at large, to improve the quality of their lives in various ways that are beneficial for business and development. Social responsibility, or so-called Corporate Social Responsibility (CSR) is defined as a business commitment to act in the elite, operating legally and contribute to the sustainable economic development, working with employees of the company, the family of employees.

According to informants from community leaders element of CSR programs issued by the company has been able to assist in improving quality of life, as well as the following statement*"Although little, CSR company directly can help improve the quality of life. For example MCL program self-managed community development in the economic development of the community, the community in the program given the stock's ability to be able to develop the economic potential that exists "*.

The same opinion was delivered by the informant of the element of women who stated that *"the company's CSR program has helped begadon of increasing the quality of life of society, such as the empowerment program that can increase women's knowledge"*

Program-program as the company according to the informant has been brought benefits to improving the quality of life of rural communities and Ringin Single Begadon. Among the forms of benefits perceived by society is rising incomes to be labor. As an expression that similar statement delivered by the menyatkan that *"programs of the Company's CSR beneficial to society, if the first bad road is now well, to automatically improve agricultural output due to road transport has been properly and smoothly"*.

Likewise according to *the informant of female elements,* the company has brought benefits program for improving the quality of life masyaraat especially women. As revealed *"Regarding CSR has helped, for example, like the training that we are accompanied by MCL to be employment opportunities for women or mothers".*

It is slightly different from the elements submitted by infroman youth who stated that the programs that have been carried out in the village by the company is not yet clear whether the CSR program or support operations. But in terms of the benefits remain unclear because it is not yet clear pattern of facilitation. Following the statement

"I do not know it or not cuman CSR there are some programs are disbursed by the MCL as cadets entrepreneur, there are trainings like cooking and baking, until now only visible form of assistance that does not exist, as if only they give aid, the growing business that pioneered least is the responsibility of the recipient, Continues other forms of assistance that it is more directed into the form of physical assistance, but physical (construction) was a small part of the benchmarks public welfare ".

Thus 7 of 8 informants found CSR implementation and impact of the oil and gas company Exxon Mobil Cepu Ltd brings benefits to the people around the area of exploration.

Second goal

What programs are appropriate and effective for the local community

Stakeholders according to Reid (2006), divided into 2 (two), namely primary stakeholders and secondary stakeholders. Primary stakeholders include employees, volunteers, sponsors, suppliers, spectators, participants. While the secondary stakeholders is comprised of government, local communities, general business, media and associations. Poor relationship with one of these stakeholders can provide the problems and obstacles for companies to keep keberdaaan and business continuity in the long term.

According to the exposure of informants public figures' right program for rural communities Begadon should be discussed with the needs of the community, whether the repair of roads, improving the economy, or an increase in welfare, such as direct cash assistance (BLT) people asked him like that ".

Meanwhile, according to the informant of the female element, the right company program for the community especially among women is associated with an increased program capacity of women, along with the concept of assisting in the implementation of the resulting increase in capacity. As revealed

"If the right program especially for women is a training program towards improving human resource training, skills training and after training as a supporter given aid equipment, so that women who receive training can follow up in the form of entrepreneurship at home, so the company must create a complete program. If just training, it is often there, but problems sometimes constraints yangdihadapi after training is the difficulty of applying the results of the training because they do not have the tools, so that after the training is completed there is no follow up measures, because it needs an ongoing program and good communication with the company as a maker CSR program."

If according to the informant youth, the right program for the community is a program that deals with the creation of new entrepreneurs. As the following phrase

"The program is expected course based entrepreneurship, meaning not only the power but also prepare the system, for example if you want to make the chips factory in Mojodelik then in addition to labor and human resources should also be considered its market share, kemasanya like, and forms such facilitation What. Talk about capital could form a cooperative that handled / managed seriously so that it can become an alternative to capital for home indsutri who own a business then usanya given the label to see if they could get in the supermarket ".

Meanwhile, according to the informant of an element of public figures, *"the right program for the community is a program that can open up jobs for msyarakat. Whatever it is important to make people work and earn a living* ".

Regarding the right program for the community, informants from community leaders element (Tomas) states that

"the right program for rural communities Begadon is related to agriculture, because the base begadaon community are farmers but still very limited human resources. Because if told to try and given capital sometimes can not even run out of capital, in addition to agricultural programs may also like BLT program to improve the welfare of the community, so there are additions to make ends meet. In addition to BLT program to improve the economic and human resources also need to improve the existing training programs, but in addition there should also be trained mentoring after training. Then the participants of the training is better taken from the young, especially pelatian the skills sought, young people now must be provided skill because it seems our children are now unlikely want to be a farmer, also sidah upper secondary education so that older people who jungkung no rice (managing agricultural) ".

As with the nforman opinion of women, revealed that: *"The activities of parenting for parents, as long as there is no school for parents, how we educate our children how communication within the family it is very important, I berhaap no NGO that is devoted to women How did the village women to get an education or learning and mentoring.*

While the expectations of young people about the right program for the community are the programs that lead to the creation of new employment for the youth. Examples of entrepreneurial training and mentoring. As stated below,

"when asked what is the right program for youths yes of course the company should create a program that could menciptaan jobs for the younger generation in particular, such as entrepreneurial training program that will be creating new entrepreneurs in the village, so they can make young people have work later ".

Then, to the informant of women leaders stated that the right program for the community, revealed that *"As what I said earlier, that the company should create programs related to community empowerment, training can make a cake, training and mentoring for catering, a program relating to the agriculture and animal husbandry, I think it takes villagers.*

Stakeholder approach is a response to the challenges that occurred that is the rapid environmental change, amid such rapid changes how companies create opportunities, so it requires a new conceptual framework. The aim of the strategy approach *stakeholders* (stakeholders) is designing a method to manage the environmental impact on the ongoing relationship. The approach in this environment is the strength of *the stakeholder* strategies. According to informants from community leaders, youth / women and religious leaders, there is a program that is appropriate and effective CSR to the public is through the stakeholder approach, tailored to the needs of each village, suppose there is a physical CSR program relating to the improvement of infrastructure, non CSR program physical improvement of the economy, and improving the welfare of society by conducting trainings are continuous and involves the participation of local communities.

CONCLUSION

Results of the analysis has been done, it can be concluded and suggestions to the local community, and village governments related to the implementation of

CSR. Based on themes that unfold from informants, synthesis and meanings to the impact of the implementation of oil and gas companies' CSR Exxon Mobil Cepu Ltd, including discussions with the theories and concepts related to the phenomenon of research, it can be some of the conclusions are the findings in this study.

Implementation of the company's CSR program has been an impact, both positive and negative in society Ringin Single Begadon and villages around the area of oil exploration. Among the forms of benefits perceived by society is rising incomes to be labor, formerly deserted, desolate, isolated now began to change, becoming crowded than that aspect of the road there is often a lot of improvements, many programs also perceived as health, education, afforestation and empowerment economy. In addition to the positive impact, the implementation of CSR also has impact adverse implications also for the community around the company, namely the existence of the company, has more or less impact on the changing lifestyles of youth around the company, the majority of youth around the company is now starting hedonistic lifestyle and getting familiarizing themselves with the world at night. Propositions related to the implementation and the impact of CSR for local people, is as follows; rising incomes to be labor, formerly deserted, desolate, isolated now began to change, becoming crowded than that aspect of the road there is often a lot of improvements, many programs also perceived as health, education, reforestation and training and economic empowerment held company.

Implementation of CSR for companies is due to the obligations, interests and strategies to get the image and credibility, gaining the support of local communities despite the implementation of *CSR* has so far not fully involve the community in planning, implementation, and evaluation of the program, because there is no clear role of each each stakeholder *(stakeholders),* namely local governments, oil companies, and the public. According to informants from community leaders, youth / women and religious leaders, there is a program that is appropriate and effective CSR to the public is through the stakeholder approach, tailored to the needs of each village, suppose there is a physical CSR program relating to the improvement of infrastructure, non CSR program physical improvement of the economy, and improving the welfare of society by conducting

trainings are continuous and involves the participation of local communities. Proposition associated with CSR programs are appropriate and effective; CSR implementation of oil and gas company Exxon Cepu Ltd. is through a stakeholder approach, tailored to the needs of each village-based sustainable local community needs and involve the participation of the local community will have a positive impact for society CSR and corporate recipients.

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