

## Effectiveness Corporate Social Responsibility Program in Distribution Assistance Funds

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### ABSTRACT

Received : August 29, 2025

Revised : September 29, 2025

Accepted : December 29, 2025

#### Keywords:

CSR, Effectiveness, Community Development, Companies, District II Berangir

PTPN IV (Perkebunan Nusantara IV) is one of the companies that implements a Corporate Social Responsibility (CSR) program through the Partnership and Community Development Program (PKBL). In this study, the researcher focuses on the community development program of PTPN IV, specifically District II Berangir, which faces several obstacles such as a lack of socialization about the program, a rather complex program submission process, and funds received that do not match the funding requested in the proposal. This research aims to explain in detail the extent of the programs carried out by the District II Berangir Office, in order to assess the effectiveness of these programs on the communities surrounding the area. Practically, this research aims to provide contributions to PTPN IV as consideration in the implementation of CSR. The assessment indicators used by the researchers are based on Sutrisno's (2007) perspective, namely (1) understanding of the program, (2) targeting accuracy, (3) achievement of objectives, and (4) real change. This research employs a qualitative method with a descriptive approach. The results indicate that PTPN IV District II Berangir has effectively implemented the CSR program, as the programs implemented are running properly and in accordance with the needs of the community. However, there are still several challenges in its implementation, such as the complex process of applying for assistance, limited budget allocation which prevents reaching all target groups, and the company's limitations in monitoring the programs.

## INTRODUCTION

Corporate Social Responsibility (CSR) according to the World Business Council for Sustainable Development is a continuous commitment made by the business world to contribute to the economic development of local communities and society at large, along with improving the living standards of the surrounding community (Kotler & Keller, 2015). In this regard, a business entity is not only required to generate substantial profits but must also show concern for environmental sustainability and the welfare of society (Harmoni & Andriyani, 2008).

Companies in Indonesia are one of the factors that drive growth in a region, especially those oriented towards economic development through the industrial sector. One of the main indicators used to measure the economic health of a country is economic growth (Sarif, 2023). As a form of corporate responsibility, it is explained in Law Number 40 of 2007 that every business entity, whether state-owned or private, that conducts its business activities and/or is related to natural resources is required to implement its social responsibility.

One of the triggering factors for growth in a region is by undertaking development focused on the economy, through the industrial sector. Economic development plays a very important role in increasing economic income, including improving the welfare of its society (Gaus & Meirinawati, 2021). Companies in conducting their business activities can have external impacts both on the environment and society (Suri, 2022). The process of industrialization has become one of the steps taken by Indonesia to address this issue, with the existence of State-Owned Enterprises (SOEs) which play a

role in economic activities, having responsibilities in the economic field, and social environmental responsibilities. However, ironically, some SOEs only carry out CSR activities after conflicts with local communities have occurred (Karlos, 2009).

The sustainable CSR program is expected to provide alternative solutions to empower communities in addressing various increasingly complex social and environmental issues. Bhatt (2006:2) outlines three reasons why companies should engage in CSR, namely : (1) The company must comply with the legal provisions, agreements, conventions, or applicable international standards regarding the company's obligation to carry out CSR. (2) Minimizing risks by being aware of the real and potential impacts socially, economically, politically, and environmentally. Based on this awareness, companies should implement policies to minimize the environmental damage caused by the company's production methods. (3) The formation of values through which companies can create positive social value by engaging the community within it, such as social investment innovation, consultations with stakeholders, policy dialogue, and building community intuition both independently and in collaboration with other companies.

Perkebunan Nusantara IV (PTPN IV) is a State-Owned Enterprise (BUMN) that in its operational processes has a direct impact on the surrounding environment. State-Owned Enterprises (BUMN) are business entities whose capital is fundamentally derived from the funds contributed by the state to the BUMN, and are a part of public finances that are separated in their management as a form of direct capital investment from the state (Sugiharto, 2021). The concern or social and environmental responsibility undertaken by PTPN

IV, according to the company's official website, is related to social responsibility towards the environment, employment, and social and community development. The business world refers to this effort as partnership, but for the scope of PTPN IV, the term Partnership and Community Development Program is used in accordance with the regulations applicable to SOEs. The management of PTPN IV invites the participation of several agencies, institutions, subsidiaries, and units within PTPN IV itself to collaborate with local offices around the company in implementing its programs. In this study, the researcher will focus on the community development program at PTPN IV District Office II Berangir, which is classified into 7 programs, namely : (1) Assistance for natural disaster victims. (2) Educational and/or training assistance. (3) Health improvement assistance. (4) Infrastructure and/or public facility development assistance. (5) Worship facility assistance. (6) Nature conservation assistance. (7) Social assistance to the public in the context of poverty alleviation.

District Office II Berangir is one of the divisions owned by PT Perkebunan Nusantara IV, responsible for several plantations. Each program implemented is funded through the company's budget, which is accounted for as operating expenses for the current fiscal year (TJSL District II Berangir, 2024). The implementation of CSR programs in the business world originates from the allocation of funds manifested through activities of providing basic food aid to underprivileged or low-income communities, widows, the needy, and people with disabilities, as well as providing financial assistance in the form of proposals submitted by the community to the company (Kharisma, 2018).

Based on the results of observations and interviews, the community development program run by PTPN IV District Office II Berangir has several issues, including: (1) A lack of socialization regarding the community development program at PTPN IV District Office II Berangir to the public, resulting in few individuals being aware of this program. (2) The process for submitting aid proposals is quite complex, whereby the community must submit proposals to the District Office II Berangir, which will subsequently be evaluated by the Head Office of PTPN IV located in Medan City. (3) The funds received do not match the amount requested in the loan proposal due to the company's limitations.

Every program related to social and environmental responsibility must be capable of liberating the surrounding community from social issues (Carloz, 2012). This opinion proves that a business entity should provide opportunities for the community to develop itself to be more independent and capable of meeting its own needs. Furthermore, to understand the study that will be researched, the researcher requires various references as a guideline to enrich the researcher's knowledge, enabling the provision of better research results to address the shortcomings of previous studies.

The first previous research was conducted by Lubis et al., (2017). The research concluded that PTPN IV Unit Sosa has implemented various community and environmental programs. However, the community still perceives that the funding is insufficient and does not correspond to the presence of the PTPN IV Sosa plantations, which impact the community. Furthermore, Zahro (2020) indicated that there are two main programs executed by Batik Faaro, namely the social program and the environmental program. It can be stated that both programs have successfully achieved effectiveness as observed from the activities in each program, which have been quite effective in improving community welfare. The sub-

sequent research was conducted by Pradipta, (2013). The results indicated that the implementation of the PKBL program was able to improve the welfare of the community, as evidenced by the increase in the average monthly income of the assisted partners, which helped them cover living expenses, increased productivity, and created job opportunities for the community. Lastly, a study conducted by Dewayani & Tondang (2022) examined the role of CSR in environmental development programs at PT Belfoods Indonesia to enhance community empowerment in Sukamaju Village, Bogor, West Java. PT Belfoods Indonesia carried out CSR activities in Sukamaju Village in the form of environmental development programs by providing production equipment assistance, as well as other social assistance tailored to the needs of the local community. The outcome was a positive impact on the communities of Sukamaju Village. In addition, job opportunities were also created, leading to an improvement in the standard of living for the local population.

## RESEARCH METHODS

This research uses descriptive qualitative methods. The qualitative approach according to Iskandar (2013) is a research approach that requires a deep and comprehensive understanding related to the object being studied in order to answer problems to obtain data that is then analyzed and concludes the research in certain situations and conditions. Descriptive qualitative research is aimed at systematically and accurately describing phenomena, facts, or events regarding the characteristics of a certain population or area (Zuriah, 2006:47). This research is located at the District II Office of PTPN IV Kebun Berangir, which is located on Jalan Lintas Sumatera, Simp. Merbau, Kec. Na IX-X, Kab. Labuhanbatu Utara, North Sumatra (21452). The data collection techniques used in this research are interviews, observations, documentation, and literature studies. Thus, both primary and secondary data are obtained. According to Sugiyono, (2018), primary data is the source of data that directly provides data to the data collector. In this study, primary data is obtained through interviews and observations. Meanwhile, secondary data is a collection of data that researchers acquire by referring to existing data that has been analyzed by others (Kothari, 2004). Secondary data in this research is obtained from documentation results and literature studies. In this research, the informant selection technique used is purposive sampling. According to Ibrahim (2018), purposive sampling is used to select informants who can provide important information and to select informants who are difficult to reach, as well as to identify specific informants through in-depth interviews. There are 3 informants in this study, namely key informants, primary informants, and additional informants. The key informant in this study is the Head of the District II Berangir Office Leadership. The primary informants consist of the Head of Human Resources and General Operations Division and Financial Staff. The additional informants include program recipients and the surrounding community who are not directly involved but observe the results of the programs related to PKBL fund distribution in PTPN IV District II Berangir. The data analysis technique used is Miles and Huberman's analysis, which includes data reduction, data presentation, and conclusion. The data validity technique uses method triangulation and source triangulation.

## RESULTS AND DISCUSSION

Corporate Social Responsibility (CSR) is mandated for every business entity in Indonesia and is directly supervised by the Indonesian government in its implementation. There are 17 companies classified as the best CSR in Indonesia, as evidenced by the awards given by ICSRA 2022, which was participated by 200 online participants and 100 face-to-face invitees.

**Table 1.** 17 Best Companies in Corporate Social Responsibility (CSR) for the Year 2022

No	Company Name
1	Pertamina FO
2	PT Chandra Asri Petrochemical, tbk
3	PT PAN BROTHERS, tbk
4	PT Bank OCBC NISP, tbk
5	Lembaga Penjamin Simpanan
6	PT Asmin Bara Bronang
7	PT Polytama Propindo
8	PT PJB
9	PT Indonesia Power
10	Perum Perhutani
11	PT Jasa Raharja
12	PT Len Industri (Persero)
13	PT Taspen (Persero)
14	PT Asabri (Persero)
15	PT BPD Bali
16	PT BPD Kalsel
17	PT BPR Sleman (Perseroda)

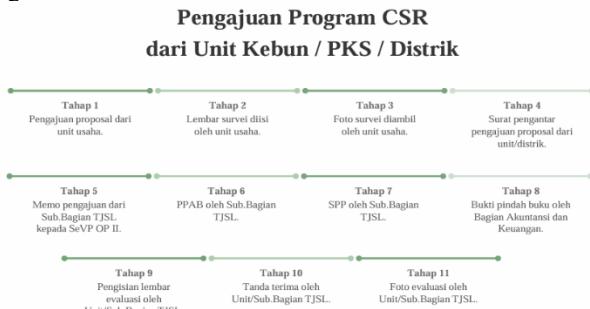
Source : *Ipol.id*, 2022

PTPN IV District Office II Berangir implements a Corporate Social Responsibility (CSR) program as part of their accountability towards the surrounding environment, through a community development program. Based on Government Regulation of North Sumatra Number 6 of 2012 Article 4 concerning Corporate Social Responsibility in North Sumatra Province, the general objective of the Corporate Social Responsibility program is to improve the quality of life and environmental sustainability that benefits the company itself, the local community, and society at large. The CSR-related programs at PTPN IV District II Berangir include Capacity Building, Charity, Infrastructure, and Empowerment.

The following is the result of an interview using the indicators from (Sutrisno, 2010).

### 1. Understanding the Program

This indicator is used to measure the extent to which the community is aware of the CSR programs provided by PTPN IV District II Berangir, so that they can be implemented correctly. The following is an image depicting the mechanism for submitting CSR programs at PTPN IV District Office II Bengir.



**Figure 1.** The mechanism for submitting CSR programs  
Source: *TJSI Document of PTPN IV*, 2024

This indicator has two sub-indicators: the community's knowledge of the program and the sources of information about the program.

#### a. Public Knowledge Regarding the Program

The results that can be derived from the interview indicate that the community needs to understand the programs provided by the company to avoid misunderstandings regarding the implementation of this company's CSR program. Understanding this program is key to its success because if the community comprehends the initiatives given, the program can be implemented smoothly and achieve success in its execution. An understanding of the program will motivate the community to seek further information about this CSR initiative. This aligns with the theory presented by Untung (2014) that Corporate Social Responsibility (CSR) is a sustainable commitment from the business world to act ethically and contribute to the economic development of local communities or society at large.

The explanation from the previous interview indicates that the community's understanding of this CSR program certainly has a significant impact on the community in enhancing sustainable commitment to support environmental, social, political, and economic aspects. This is the primary focus of the environmental development program presented by PTPN IV District II Berangir in empowering the communities around the company to receive continuous positive impacts from the company.

#### b. Source of Information About the Program

The researchers' findings through interviews concluded that not all members of the community can access this CSR program. PTPN IV must prioritize who should receive the CSR program. Therefore, the District Office II of Berangir has its way of providing information through social mapping. This is in accordance with the response from the World Business Council for Sustainable Development (WBCSD) (Yogia & Wedayanti, 2018), where CSR, or Corporate Social Responsibility, is defined as a business commitment to contribute to sustainable economic development through collaboration with employees and their representatives, their families, local communities, and the general public to improve the quality of life in ways that are beneficial for both the business itself and for development.

The previous theory aligns with the researchers' findings regarding the provision of CSR information to the community through competent and capable human resources. This is to ensure that every distribution of funds provided to the community as beneficiaries truly meets the established criteria. Therefore, a survey institution is necessary to conduct feasibility tests to determine whether the community is suitable for empowerment and investment in business development and economic growth through CSR programs from PTPN IV District II Berangir.

### 2. Targeted Precisely

Targeted action refers to actions taken in accordance with what is desired or aimed at and aligned with expectations. The accuracy of a program can be seen from the extent to which the expected objectives can be achieved or realized (Fatmi & Adil Mubarak, 2025). This indicator is used to measure whether the implemented program is in line with the community's needs or not. Within this targeted indicator, there are two sub-indicators: the accuracy of the beneficiaries and the

suitability of the program with the needs and expectations of the community.

#### a. Accuracy of Beneficiary

The results of the interview revealed that the categories of people eligible to receive the CSR program from PTPN IV District II Berangir are vulnerable communities, which include those in the lower-middle class, the underprivileged, the poor, people with disabilities, and widows who do not have stable employment. According to Johnson (1986), in the implementation of a program, certain factors must be considered to ensure its success, namely environmental variables, strategic variables, structural variables, and process variables. Based on this theoretical framework and its relation to existing findings, the selection of communities entitled to receive the CSR program from PTPN IV District II Berangir is viewed from an environmental aspect, specifically the communities located in Ring 1 of District II Berangir. Additionally, it is examined from the structural variable, in accordance with the conditions and circumstances of the community, and how the community is capable of managing the assistance from the environmental development program to be beneficial to themselves.

REALISASI PROGRAM CSR DI RING 1 TAHUN 2022 UNIT USAHA BERANGIR					
No.	Bidang	Jenis Kegiatan	Jumlah (Rp)	KET	Dokumentasi
1	Bantuan sembako setiap bulannya kepada masyarakat sekitar Kebun seperti kaum duafe, anak yatim, faik miskin dll	Bantuan Sembako	Beras, Minyak Goreng dan Gula Pasir	Terlaksana Setiap Bulan	
2	Pembangunan Peningkatan Jalan Rabat Beton Di Dusun V Tampak Lobang Desa Pasang Lela Kecamatan Na Ix-X Kabupaten Lubuk Alung Utara	Perbaikan Infrastruktur	187,243,680	Proses	
3	Bantuan Korban Bencana Kabakaran Dusun II Pasang Leis Kec. Na. IX-X, Kab. Lubuk Alung Utara	Bantuan Dana	10,000,000	Terlaksana 03 Januari 2022	
4	Bantuan Pembangunan Musholaah SDN 112325 Desa Sungai Raja Kampung Berangir	Bantuan Dana	10,000,000	Terlaksana 26 Oktober 2022	

Berangir, Oktober 2022  
Asisten Personalia Kebun

ADHIYAH NEHEMIA

**Figure 2.** Realization of the Implementation of the PTPN IV Environmental Development Program

Source: PTPN IV Office District II Berangir, 2024

#### b. The Suitability of the Program with the Needs and Expectations of the Community

The conclusion that can be drawn from the interviews is that PTPN IV District II Berangir has implemented programs in accordance with the needs and expectations of the community, and it is evident that the beneficiaries of the CSR programs have greatly benefited from the initiatives provided. However, limitations in authority and responsibilities pose challenges for PTPN IV District II Berangir in addressing community issues. According to the theory proposed by Mahmudi (2005) in the book "Public Sector Performance Management," effectiveness is defined as the relationship between output and objectives; the greater the output relative to the objectives, the greater the contribution to achieving those objectives, and thus the organization, program, or activity is considered more effective. Therefore, in terms of fulfilling the needs and expectations of the community, PTPN IV District II Berangir has performed satisfactorily, as assessed by the contributions made in selecting and providing the necessary facilities and infrastructure for the community.

#### 3. Achievement of Objectives

The achievement of the objectives of this environmental development program can be seen from the accomplishment of the goals or mission of CSR PTPN IV District II Berangir in empowering the communities surrounding the company area. The conclusion from the interviews indicates that in

fulfilling its obligations, PTPN IV District II Berangir has been responsible towards the communities in the company's vicinity, and has collaborated with the government to ensure the sustainability of the program, thereby realizing the goals of sustainable development. The beneficiaries of the program have also testified to the actions of PTPN IV District II Berangir in fulfilling its responsibilities as a company situated within their environment. This means that the company is already concerned about the community and the ongoing programs have also been quite effective, especially in the ring 1 area surrounding the District II Berangir Office. Furthermore, the results of the researchers' observations in the field indicate that with the implementation of the program, the company has successfully achieved its objectives in fulfilling its social responsibilities.

#### 4. Real Change

Real change refers to the transition of conditions or circumstances from a previous state to the current one. A program is said to be effective if it brings about significant changes that are directly experienced by the program's target audience (Fauziah et al., 2022). In the indicators pertaining to this real change, there are two sub-indicators: changes in the socio-economic conditions of the community and the benefits of programs for the community.

##### a) Changes in the Socioeconomic Conditions of Society

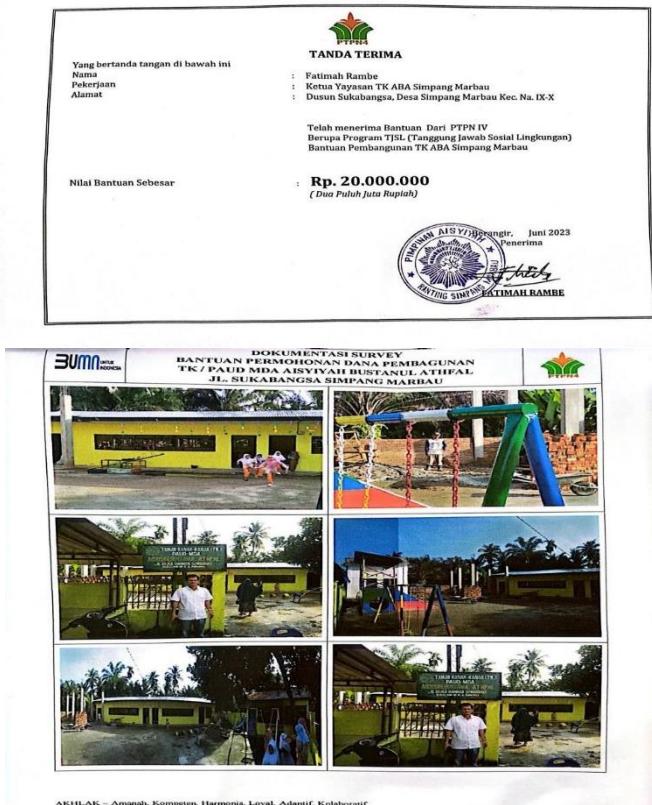
The conclusion that can be drawn from the interviews indicates that the changes in the social conditions of the communities receiving the CSR program have been deemed effective and have had a direct impact on those communities. However, in terms of economic aspects, the benefits have not yet been felt because the programs implemented are still of a temporary needs fulfillment nature. This aligns with Paul's opinion (1986:103-104) that in the implementation of programs, the factors that must be considered for success are environmental variables, strategic variables, structural variables, and process variables.

Environmental variables that are external factors influencing opportunities and constraints include aspects of political, economic, and social power within the country, as well as group characteristics. When related to the findings in the field, the implementation of this program has already met several aspects that must be fulfilled during its execution, starting from environmental variables, strategic variables in its implementation, as well as fulfilling social aspects. However, there still needs to be improvements and developments in order to address economic aspects.

##### b) The Benefits of the Program for the Community

The conclusion that can be drawn from the interview results indicates that all participants involved in implementing this CSR program, including stakeholders and companies providing the CSR program, must collaborate to deliver and execute Corporate Social Responsibility (CSR) initiatives, which are essential for the community. Furthermore, they should develop various forms of CSR activities in accordance with Law Number 40 of 2007 on Limited Liability Companies. Referring to the theory presented by Suhandari (Budi Untung, 2008:1), it is stated that Corporate Social Responsibility (CSR) is the commitment of a company or the business world to contribute to sustainable economic development while paying attention to corporate social responsibility and emphasizing balance across all relevant aspects.

The relevance of the findings in the research, when linked to the theory of Suhandari (Budi Untung, 2008:1), indicates that the implementation of the environmental development program at PTPN IV District II Berangir is one of the steps taken by the company to fulfill its social responsibility. This is reflected in the systematic execution of the program and the company's earnestness in carrying it out, which has led to a very enthusiastic response from the community that feels supported by the outcomes of the program, enabling them to derive benefits from it.



**Figure 3.** Realization of CSR Fund Distribution PTPN IV Caring for Education

Source: TJSI PTPN IV Documentation, 2023

## CONCLUSION

Nusantara IV Plantation District II Berangir Office can be said to have been responsible for the community surrounding the company, although there are still various obstacles in its implementation, one of which is the lack of monitoring on the development of the programs and transparency regarding the reports from the CSR programs being carried out. However, overall, this program is beneficial for the community in achieving the goals and hopes of the company within this CSR initiative. Furthermore, all parties involved in executing this environmental development program must also collaborate effectively in providing and implementing the Corporate Social Responsibility (CSR) program so that the community can positively embrace the existence of the program and the company.

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