

Analysis of the Benefit Value of PT.KPC's CSR Activities in the UKM Tangguh Program with Social Return on Investment Approach

Muhamad Yazid Bustomi¹; Agung Enggal Nugroho²; Sugeng Raharjo³
Faizal⁴; Naufal Fadhil⁵; Wawan Setiawan⁶; Ricky Santana⁷
¹Politeknik Pertanian Negeri Samarinda, Samarinda, Indonesia
^{2,3}Universitas Mulawarman, Samarinda, Indonesia
^{4,5,6,7}PT.Kaltim Prima Coal, Sangatta, Indonesia

Abstract:- UKM Tangguh is a collaborative entrepreneurship education program. The program consists of required entrepreneurship material and is adapted to current developments for entrepreneurs in various business fields as participants. Economically, the UKM Tangguh program has contributed to the number of MSMEs upgrading, as seen from changes in the composition of the business scale. Socially, the UKM Tangguh program has helped change the mindset of participants from being a trader to being business person. The objectives of this research are (1) to determine the impact of the program through the social return on investment (SROI) approach and (2) to analyze the level of community satisfaction with the program. The data analysis method uses a comparison of SROI values and the community satisfaction index. Respondents in this study were all participants who were members of the UKM Tangguh program and were willing to take part in each activity session provided. The research results show that the SROI value of the UKM Tangguh program is 21.49, which means that every rupiah of investment given by the company to this program can provide added value, reaching 21.49 times. The assessment of the UKM Tangguh program from the beneficiaries received a very good rating with a score of 3.28 on a scale of 4, if converted to a scale of 100 with a score of 82.04 in the very satisfied category. The high level of beneficiary satisfaction shows the success of implementing the program.

Keywords:- Corporate Social Responsibility, Social Return On Investment, Satisfaction Index.

I. INTRODUCTION

Corporate Social Responsibility (CSR) is a company's commitment to participate in achieving economic performance with social and environmental performance that can have an impact on community welfare. (Noviyanto & Simammora, 2023). Meanwhile Zainal, (2019) CSR is a form of social responsibility for businesses to also care about the conditions of the surrounding social environment. CSR programs have become an integral part of the company's sustainable development strategy (Muawanah & Hayati, 2019). CSR is a form of self-regulation of a company that is

integrated into the business model (Novita & Iriani, 2018). CSR activities are a form of strategy that can be used to shape a positive image of the company in the eyes of stakeholders (Nurjanah et al., 2013).

Commitment to implementing CSR is an important point in whether a program is successful or not, where one of the goals of a CSR program is to have a positive impact on society (Fakhrudin & Susetyo, 2021). The empowerment program implemented by PT KPC is an investment, it is important for investors to know the results of this investment. (Aryanto et al., 2022). One of the empowerment activities carried out by PT KPC's community development officer (CDO) is community empowerment by means of outreach and education to partner MSMEs about the importance of using digital applications to facilitate the business administration process being carried out (Bustomi et al., 2021). The community empowerment program through the development of MSMEs that is being implemented must continue even though they no longer receive direct assistance. (Dharmacahya et al., 2022).

The success of a CSR program can of course be measured by knowing the benefits of a program in society. Measuring CSR programs can help companies understand how to manage the social, environmental, and economic value they produce. According to Anam et al., (2022), SROI measures the value of benefits relative to the investment made to achieve these benefits. The resulting ratio compares the net present value of the benefits and the net present value of the investment required to achieve those benefits. Meanwhile, Ainuddin et al., (2021) stated that the SROI method has many advantages that can be optimized and weaknesses that must be corrected to analyze the social impact of community development in CSR programs more effectively. SROI analysis is the most feasible and effective method for measuring the social impact of community development in CSR programs. Wijaya et al., (2021) The SROI method will help obtain the financial achievement value of the program being implemented for direct and indirect beneficiaries.

Through local business development, PT Kaltim Prima Coal (KPC), as a catalyst for regional development, wants to contribute to helping the government provide solutions to

MSME problems, especially in efforts to raise the class of ultra-micro and micro-level entrepreneurs in ring 1. PT. Kaltim Prima Coal, through a collaborative entrepreneurship education program for Ultra micro, micro & small businesses with structured program stages, and good mentoring mechanisms are called UKM Tangguh. The Program is a collaborative entrepreneurship education program for local East Kutai entrepreneurs on the ultra-micro, Micro & Small scale who have been running businesses for at least 2 years in the fields of processed food, crafts, services and non-mining businesses to become more empowered, tough and independent. This program answers the needs and problems experienced by local SMEs who generally: (1) feel that their business is running in place and after participating in the program they feel an increase in turnover/profit/employment of business actors. (2) incorrectly determining the price and then understanding how to determine the price after following the HPP (cost of production) material and gaining enlightenment on other materials. (3) feel that it is complicated to record finances or feel that it is not important, now they have implemented digital applications and feel the importance of having neat and fast presentation of financial reports.

Based on the description above, the objectives of this research are (1) to determine the impact of the UKM Tangguh program through the social return on investment (SROI) approach, (2) to analyze the level of community satisfaction with the UKM Tangguh program.

II. METHODS

The research locations were several sub-districts in East Kutai Regency, which are included in the ring 1 area of PT KPC operations. The respondents in this research were MSME partners who were members of the UKM Tangguh program, with 40 MSMEs.

The data analysis method used is through the social return on investment (SROI) approach. According to Aditya & Widhagda, (2020) There are four principal pillars in SROI analysis, namely:

➤ *Participative*

Analysis activities involve all stakeholders, from partners to beneficiaries. What underlies this important principle is the assumption that the factors that cause changes to occur can come from many parties.

➤ *Important*

Changes that have important value in people's lives are affected by social intervention, not by entering changes haphazardly but by paying attention to the level of importance of the changes. The analyst's role in sorting important value changes is dominant here.

➤ *Don't over-claim*

It is not permitted to overstate the changes that have occurred. Over-claim here also includes excessive recognition of the change indicators used or the value of quantifying these changes.

➤ *Verify*

Data and information obtained from the calculation process can be verified validly and transparently. Analysts must also ensure that the results displayed are verified and their independence is guaranteed.

The formula used in SROI analysis is

$$SROI = \frac{Net\ Present\ Value\ of\ Benefit}{Net\ Present\ Value\ of\ Investment}$$

An important part of SROI analysis is calculating the impact value. The outcome is a result that is immediately felt, then the impact is an impact that is felt further away. In determining the impact, the analyst only needs to calculate the quantification of the results minus four inseparable assessments, namely the deadweight value (changes that will occur without you carrying out an intervention/activity or not), attribution (changes obtained from the intervention of other parties), displacement (the benefits obtained turn out to be at the expense of other people outside the program), and drop off (the influence of the activity will decrease over time)

Apart from using SROI, program evaluation also measures community satisfaction. Satisfaction Analysis is used as a way to measure the success and performance of a program or service implementation. In this case, the satisfaction index with the program is measured by 6 main elements: planning, funding, mentoring, implementation, evaluation, and continuity. The Satisfaction Index is calculated using the weighted average value of each element. Measuring the level of community satisfaction uses 4 (four) assessment scales that aim to facilitate interpretation of the satisfaction assessment, namely between 25-100, so the results of the assessment above are converted to a base value of 25, with the following formula:

Table 1. Satisfaction Index

Interval			Conversion Value			Service Quality	Service Performance
1,00	to	1,75	25,00	to	43,75	D	Not Good / Not Satisfied
1,76	to	2,50	44,00	to	62,50	C	Low / Less satisfied
2,51	to	3,25	62,75	to	81,25	B	Good / Satisfied
3,26	to	4,00	81,50	to	100	A	Very Good / Veri Satisfied

III. RESULT AND DISCUSSION

A. Impact of Program

The UKM Tangguh Program is a collaborative entrepreneurship education program where PT KPC collaborates with the Tangan Diatas (TDA) business community, which, in implementing the program, is supported by the East Kutai Regency cooperative and UKM service. This program is intended for entrepreneurs who have been in business for at least two years, regardless of the business field they are involved in. There are 5 class materials containing required entrepreneurship material and adapted to current developments for entrepreneurs in various business fields as participants. The UKM Tangguh Program is one of the superior programs run by PT KPC to encourage the development of SMEs around its coal mines, namely in the East Kutai Regency area. The UKM Tangguh 3 program has also updated several requirements to be able to participate in this program, one of which is considering age and ability to use multimedia. There are around 40 MSMEs who meet the requirements to take part in this program, although some of them cannot graduate due to various obstacles such as discipline, and commitment, including other personal problems they encounter.

Economically, the program has contributed to the number of MSMEs upgrading, as seen from changes in the composition of the business scale (ultra micro/micro/small) of participants after participating in the program. Socially, the program has helped: (1) change the mindset of participants from being a trader to being a business person. (2) opening up job opportunities by increasing the number of workers in

each business, (3) producing competent local entrepreneurial mentors with the mission of "entrepreneurs inspiring entrepreneurs", (4) giving birth to producer cooperatives with a number of members that have the potential to increase every year and has a mission of "entrepreneurs helping entrepreneurs" & to be a forum for friendship and collaboration between member entrepreneurs. Environmentally, the UKM Tangguh has contributed to reducing paper use through the implementation of digital financial recording (POS) applications.

B. Social Return On Investment

There are several activities/activities in the UKM Tangguh program, including:

- Providing Pre-Session Classes in the form of Program Socialization, Data Verification and POS Application Education
- Providing TOT Training for Facilitators and Mentors
- Provide Mindset and Goal Setting Training
- Provide training in calculating the cost of production and determining selling prices
- Provide Training on Transaction Records and Financial Reports
- Provide Customer Segment and USP Training
- Provide Budgeting and Business Plan Training
- Provide Marketing Management Training
- Provide mentoring for 6 months

In the implementation of the UKM Tangguh Program, there are several stakeholders involved both from regional and community apparatus elements, some of which can be seen in the following table.

Table 2. Stakeholder of UKM Tangguh Program

No	Stakeholder	Category	Role
1	Department of Cooperatives and MSMEs	Government	Licensing, Guidance, and supervision for Koperasi Insan Tangguh Sejahtera (KITS)
2	TDA Pusat	Non-Governmental Organization	Mentor TOT
3	TDA Sangatta	Non Governmental Organization	Mentor
4	TDA Provinsi	Non-Governmental Organization	Mentor
5	CUSTOMS	Government	Facilitate strengthening distribution/marketing of export goods
6	General Section of the District Secretariat	Government	Facilities for launching the Program

Source: Processed Data, 2023

The above activity then gives the following output:

Table 3. Activities of UKM Tangguh Program

Output	Beneficiaries	Number of Beneficiaries
Pre-session training has been carried out in the context of Program Socialization, Data Verification, and POS Application Education	MSME actors in the East Kutai district	40
TOT Training has been carried out for Facilitators and Mentors	Alumni of UKM Tangguh 1 & 2; and the Regional TDA Community and Sangatta TDA	14

Training Module is available	Alumni of UKM Tangguh 1 & 2; and the Regional TDA Community and Sangatta TDA	14
Training has been carried out in the context of Sharpening Mindsets and Business Goals	MSME actors in the East Kutai district	38
Training has been carried out on calculating the cost of production	MSME actors in the East Kutai district	35
Training on Preparing Simple Financial Reports has been carried out	MSME actors in the East Kutai district	32
Have Marketing Management Training 1 (Market Segmentation and Unique Product Value)	MSME actors in the East Kutai district	32
Business Proposal Preparation Training has been carried out	MSME actors in the East Kutai district	32
Marketing Management Training has been implemented	MSME actors in the East Kutai district	27
Assistance and mentoring has been provided for 6 months for participants	MSME actors in the East Kutai district	27

Source: Processed Data, 2023

Then the outcome of the above activities is as follows:

Table 4. Outcome of the UKM Tangguh Program

Description of Benefits	Benefit Amount (in a year)	Unit
Social Impact		
MSME players understand the objectives of the program as well as evaluate the condition of business data and the importance of using technology	40	Man
Availability of local facilitators and mentors to continue the program	14	Man
Availability of learning modules for trainers	14	Man
MSME players understand the business goals they undertake and want to achieve	38	Man
MSME players understand the calculation of COGS and can evaluate the appropriateness of the selling price of their products	35	Man
MSME players understand the importance of business records and financial reports	32	Man
MSME players understand the importance of market segmentation and product uniqueness	32	Man
MSME players can make business plans and budget	32	Man
MSME players understand how to manage marketing effectively	27	Man
Availability of learning modules for MSME players	27	Man
MSME players have mentors who accompany them to ensure they stay on track in carrying out the program	6	Month
Economic Impact		
Job opportunities are created from increased sales	4	Man
The profits of MSMEs participating in the program increased	1	Year
Environmental Impact		
MSMEs can reduce paper use	32	Man

Source: Processed Data, 2023

The program offers various benefits across social, economic, and environmental aspects. Socially, 40 MSME players understand the program's objectives and the importance of technology, 14 local facilitators and mentors are available, 14 learning modules for trainers are available, and many MSME players understand various business aspects, including COGS calculation, financial records,

market segmentation, business planning, and effective marketing, with numbers ranging from 27 to 38 people. Economically, the program creates 4 job opportunities from increased sales and increases the profits of MSMEs over one year. Environmentally, 32 MSME players can reduce paper use.

The benefits as the outcomes above are then valued quantitatively, taking into account several factors as value deductions, namely Deadweight, Attribution, Displacement, and Drop-off. The percentage of the value reduction factor above varies based on the expert adjustment assessment of

each activity/benefit provided, and before analyzing the final value each year, the influence of the time value of Money based on the 2023 Bank Indonesia Rate is 6.00%. The results of the quantification of the benefit value of each outcome are presented below.

Table 5. Verification of Outcome Value

Proxy	Number of Benefits	Benefit Value	Benefit Valuation
1. Market Price/Revealed Preference 2. Willingness to Pay/Contingent Valuation 3 Travel Cost/Time Value Method	The number of changes that occurred (in one year)	Change value (in one year)	Number of Benefits x Benefit Value
Cost of Pre session training	40	500,000	20,000,000
Training of trainer cost	14	2,000,000	28,000,000
Trainer Module Price	14	100,000	1,400,000
Sharpening Mindsets and Business Goals Training Cost	38	1,000,000	38,000,000
Cost of goods sold Training	35	1,000,000	35,000,000
Cost of Financial Training	32	1,000,000	32,000,000
Cost of Marketing Management Training	32	1,000,000	32,000,000
Cost of business proposal training	32	1,000,000	32,000,000
Cost of Marketing Management Training	27	1,000,000	27,000,000
Complete Training Book Price	27	250,000	6,750,000
Mentor Honorarium based on Time Allocation	6	6,000,000	36,000,000
Profit Increase	1	2,133,882,255	2,133,882,255
Salary Per Year	4	40,272,000	161,088,000
Average Value of Savings on Paper Use	27	78,947	2,131,569

Source: Data Proceed, 2023

The SROI value of the UKM Tangguh program is calculated over a period of 5 years. Based on the calculation of the net present value in 5 years, which has been reduced by several factors, namely deadweight, attribution displacement, and drop off, the results of the SROI value calculation are known in the following formula.

$$SROI = \frac{8.802.847.984}{409.551.000}$$

$$SROI = 21,49$$

The results of the analysis above show that the investment issued by KPC amounted to Rp. 409,551,000,- in the UKM Tangguh Program, over a period of 5 years, providing a net value (NPV) of Rp. 8,802,847,984,- so that an SROI value of 21.49 is obtained. An SROI value of more than 1 indicates that this program is feasible to run/continue, meaning that every rupiah of investment spent can have a positive impact of 21.49 times as much. According to Ananda & Nofadila, (2023), A positive SROI value of more than one indicates that this program has a positive impact and produces a benefit value greater than the program costs so that it is declared socially feasible.

C. Satisfaction Index of Program

Table 6. Satisfaction Index of Program.

Element	No	Indicator	Average value per indicator	Service Performance	Average value per element	Service Performance
Planning	1.1	Suitability of the program to the characteristics and potential of the community	3,31	Very Good	3,23	Very Good
	1.2	Community/Government Involvement	3,06	Good		
	1.3	Conformity to needs	3,38	Very Good		
	1.4	ease of Program Prerequisites	3,19	Good		
Fund/ Supporting	2.1	Ease of Procedure	3,19	Good	3,21	Very Good
	2.2	Conformity of supporting to Needs	3,13	Good		
	2.3	Distribution Accuracy	3,31	Very Good		
Mentoring	3.1	Facilitator Responsiveness Level	3,69	Very Good	3,63	Very Good
	3.2	Facilitator's ability to solve problems	3,44	Very Good		
	3.3	Level of Politeness and behavior	3,75	Very Good		
Implement ation	4.1	Quality Level of Program Achievements	3,63	Very Good	3,09	Good
	4.2	Timeliness of program implementation	2,88	Good		
	4.3	Amount of beneficiary coverage	3,00	Good		
	4.4	level of participant involvement	3,00	Good		
	4.5	level of government involvement	2,94	Good		
Evaluating	5.1	Program Evaluation Level	3,25	Good	3,25	Good
	5.2	Level of Follow-up on Evaluation	3,25	Good		
Continuity	6.1	Increasing the Skills and Knowledge of Participants	3,50	Very Good	3,42	Very Good
	6.2	Improved participant welfare	3,38	Very Good		
	6.3	Level of Independence in continuing the program	3,38	Very Good		
Satisfaction Index of Program	Scale 4		3,28	Very Good		
	Scale 100		82,04	Very Good		

The service performance evaluation of the program indicates high effectiveness and satisfaction across various elements, with an overall Satisfaction Index of 3.28 out of 4 and 82.04 out of 100, both rated as Very Good. The Planning element scored 3.23, reflecting very good suitability to community characteristics and needs, and good community/government involvement. Fund/Supporting was rated 3.21, with very good distribution accuracy and good ease of procedures. Mentoring excelled with a score of 3.63, highlighting very good facilitator responsiveness and problem-solving abilities. Implementation had a mixed rating of 3.09, achieving very good program quality but only good in timeliness and government involvement. Evaluating and Continuity were rated 3.25 and 3.42, respectively, showing good evaluation and follow-up, and very good improvements in participant skills, welfare, and independence. Overall, the Satisfaction Index of the Program scored 3.28 on a scale of 4 (Very Good) and 82.04 on a scale of 100 (Very Good), indicating a high level of satisfaction and perceived effectiveness among participants.

IV. CONCLUSION

The UKM Tangguh Program, which is a collaborative effort of PT KPC and the Hands Above (TDA) business world supported by the East Kutai Regency Cooperative and SME Service, has had a significant impact on the entrepreneurial landscape around the PT KPC coal mine in East Kutai Regency. Socially and economically, this program has changed participants' mindsets, created jobs, developed local mentors, and fostered collaborative networks. From an environmental perspective, this company has contributed to sustainability by reducing paper use through digital solutions.

The benefit value of the UKM Tangguh program is based on the SROI value of 21.49, which means that every rupiah of investment given by the company to this program can provide an added value of up to 21.49 times. Thus, the program is very feasible to run and continue. The program also received a very satisfied rating from the beneficiaries, with an Index Satisfaction score of 82.04. The high level of beneficiary satisfaction shows the successful implementation of the program.

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