

EVALUATION OF CSR IMPLEMENTATION AND IMPROVEMENT STRATEGY USING SWOT ANALYSIS AND BALANCED SCORECARD PERSPECTIVE (CASE STUDY ON UPSTREAM OIL AND GAS PRODUCTION OPERATIONS IN PERTAMINA EP JATIBARANG FIELD)

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ABSTRACT

This study aims to evaluate the implementation and provide an overview of strategies to improve social responsibility programs using the balanced scorecard method and SWOT analysis as part of the company's role in sustainable development and social empowerment. This research approach is qualitative. The research location is at PT Pertamina EP Jatibarang Field. Time of research in 2023. Primary data collection techniques through in-depth interviews and secondary data based on company internal data. The data analysis technique uses the balanced scorecard which is a performance management system that combines 4 main measurement categories, namely the public perspective, internal business perspective, financial perspective, and learning & growth perspective, and SWOT analysis. The results of the research show that PT Pertamina EP Jatibarang Field has carried out CSR activities for a long period of time, so it can take advantage of various long experiences in CSR to increase the effectiveness of subsequent CSR programs, then continue practical training programs that are useful for direct implementation by the community/community as a basis for empowerment. Pertamina EP needs to revamp the CSR budget management so that the allocation and supervision are more effective, and it needs to develop the partnerships that have been formed (Elpiji Gas Project for the Environment, Organic Agriculture).

Keywords: CSR, Pertamina EP Field Jatibarang's 4 flagship CSR programs, balanced scorecard, SWOT, social empowerment

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INTRODUCTION

Corporate social responsibility or Corporate Social Responsibility is a social responsibility program implemented by corporations to fulfill their obligations to stakeholders, including the surrounding community. Social responsibility has been regulated through laws and regulations. The upstream oil and gas industry implements Corporate Social Responsibility (CSR) based on Law No. 22 of 2001 concerning Oil and Gas. This responsibility includes the development of surrounding communities and the rights of indigenous peoples. In this rapidly changing era, companies are facing increasing challenges related to society's view of a business orientation that only focuses on profit. Communities perceive that the company's operations have many negative impacts on their environment (Kaplan & Norton, 2005).

Among the CSR issues are as follows: First, there was a case of road blocking by residents in Pusakaratu Village, Subang Regency, West Java, on access to the JAS oil and gas well cluster area owned by PT Pertamina EP Subang Field. Residents protested because the company's promises to provide electric lighting and road repairs had not been fulfilled. Another case example is the blocking of the access road to the JTB 01 oil and gas well owned by JOB Pertamina Talisman Ltd. in Lunggaian Village, Ogan Komering Ulu District, South Sumatra.

Residents feel that the company is not contributing anything to them, but only causing dust and noise (Waheed & Zhang, 2022).

These two case examples reflect how conflicts between companies and communities can hinder company operations and even lead to temporary suspension. This shows the company's insensitivity to the surrounding environment and community needs. Corporate Social Responsibility (CSR) programs, which should be a form of corporate concern for the environment and society, often only emerge after problems arise in the community. Therefore, there is a negative assessment that CSR is often only used by companies as a tool to relieve social tensions due to their presence (Lv et al., 2020).

The research was conducted in the Jatibarang Field Oil and Gas block area where currently the operator in control of production operations as a cooperation contract contractor (K3S) appointed by the State through SKK Migas is Pertamina EP. Geographically the Jatibarang Field is located in 3 West Java Regencies, namely: Cirebon, Majalengka, Indramayu. The main office is in Mundu Village, Karang Ampel District, Indramayu Regency.

The research focuses on two aspects, namely evaluating the implementation of CSR, and CSR improvement strategies, in Upstream Oil and Gas Production Operations at the Pertamina EP Jatibarang Field. Regarding the evaluation of CSR implementation, this research uses four perspectives within the Balanced Scorecard framework (Kagioglou et al., 2001). The four measurement categories are learning and growth dimensions, financial dimensions, internal business process dimensions, and customer dimensions (Kaplan & Norton, 2005). On the other hand, to analyze CSR implementation improvement strategies, a SWOT framework is used with the M.I.R method approach from Ferrell & Hartline (2014).

This study formulates problems regarding the evaluation of CSR implementation in Upstream Oil and Gas Production Operations at Pertamina EP Jatibarang Field using four balanced scorecard (BSC) perspectives, and issues of CSR improvement strategies in Upstream Oil and Gas Production Operations at Pertamina EP Jatibarang Field using the SWOT model Ferrel and Hartline (2014).

METHOD

This research uses a qualitative approach (Cooper & Schindler, 2014), especially case studies. Case studies are assumed to be able to answer "how" and "why" when studying contemporary phenomena in a real-life context as explained by (Chang et al., 2014). This research was conducted at PT Pertamina EP Field Jatibarang in Indramayu District and took place at one time of study (cross-sectional), namely in 2023.

In connection with the data collection technique of this research, primary data was conducted through in-depth interviews with 20 informants. The resource persons consist of internal Pertamina itself, and sources from external Pertamina, especially those related to the CSR program. The variables used in this study are the four perspectives of the balanced scorecard, namely the internal business process perspective, the customer perspective, the financial perspective, and the learning and growth perspective. Then add the four SWOT elements (strengths, weaknesses, opportunities, and threats).

This study uses data analysis techniques using a balanced scorecard (BSC) analysis which includes four dimensions. The next data analysis technique uses SWOT analysis in an effort to

develop a strategy to increase CSR in Upstream Oil and Gas Production Operations at Pertamina EP Jatibarang Field based on SWOT analysis.

RESULTS AND DISCUSSION

The evaluation of the implementation of Corporate Social Responsibility (CSR) in Upstream Oil and Gas Production Operations at the Pertamina EP Jatibarang Field reveals a company, Pertamina, with a grand vision of becoming a world-class player in the oil and gas exploration and production industry. This vision is not just an aspirational statement but a commitment that permeates every facet of the company's operations, driven by the desire to provide substantial value to its stakeholders. This value creation is achieved through a multifaceted approach that emphasizes health, safety, security, and environmental considerations (Kulshrestha et al., 2022).

From an internal business perspective, Pertamina's CSR initiatives are strategically aligned with their long-term goals. By focusing on superior and commercially oriented operations, they not only ensure sustainability but also contribute to their global reputation. Their dedication to health, safety, security, and environmental aspects underscores a commitment to responsible business practices. This not only safeguards their operations but also demonstrates Pertamina's commitment to the well-being of the communities they operate and the preservation of the environment (Khojastehpour & Shams, 2020).

However, CSR is not just about internal operations; it's about the impact on stakeholders, which extends beyond the traditional customer-supplier relationship. Pertamina's CSR initiatives are designed with a broader customer perspective in mind. Customers here are not just buyers of petroleum products; they encompass a diverse range of stakeholders. Firstly, Pertamina's commitment to education for employment is a testament to its dedication to human capital development (D'Amato et al., 2019). By investing in education, they contribute to the growth of a skilled workforce, not just for their own operations but for the broader industry, which benefits society as a whole. Secondly, entrepreneurship assistance showcases Pertamina's role in fostering economic growth in the regions where they operate. By supporting entrepreneurship, they create opportunities for local businesses to thrive, thereby improving the socio-economic landscape. Lastly, the focus on training for employing persons with disabilities reflects Pertamina's inclusivity. It is not just about profit but about being a responsible corporate citizen that considers the needs and potential of all individuals within its sphere of influence (Jenner, 2016).

The evaluation of CSR implementation at the Pertamina EP Jatibarang Field demonstrates a company that sees CSR as integral to its core business strategy. Beyond profits, Pertamina aims to create a positive impact on the environment, society, and its stakeholders. From an internal perspective, this approach aligns with their vision of global excellence, ensuring long-term sustainability (Kaul & Luo, 2018). From a customer perspective, it shows a commitment to education, entrepreneurship, and inclusivity, highlighting Pertamina's dedication to holistic value creation (Bosch-Badia et al., 2020). The results of the evaluation of the implementation of CSR in the Upstream Oil and Gas Production Operations at the Pertamina EP Jatibarang Field are viewed from the perspective of employee growth and learning. This employee growth and learning perspective concerns: (i) value creation capacity, (ii) financial value creation

arising from positive externalities. (iii) economic efficiency of CSR projects for stakeholders. (iv) financial sustainability for companies from CSR activities (Cristina & Diana, 2023).

The evaluation of Corporate Social Responsibility (CSR) implementation in Upstream Oil and Gas Production Operations at the Pertamina EP Jatibarang Field, from a financial perspective, provides valuable insights into the company's overall health and sustainability. This financial perspective encompasses three key aspects: company capacity, economic impact on stakeholders, and financial sustainability. Firstly, company capacity refers to Pertamina's ability to fund and support CSR initiatives effectively. The evaluation reveals that Pertamina's financial capacity allows for robust CSR investments without compromising its core operations (Isensee et al., 2020). By allocating resources to CSR, the company not only enhances its reputation but also secures its long-term financial stability. Secondly, the economic impact on stakeholders is a crucial metric. Pertamina's CSR initiatives positively influence the local economy by creating jobs, fostering entrepreneurship, and contributing to the economic well-being of communities. This economic empowerment, in turn, generates goodwill and strengthens the company's financial position by creating loyal stakeholders who benefit from its operations (Štreimikienė & Ahmed, 2021).

Financial sustainability is a paramount concern. Pertamina's commitment to CSR isn't just a short-term endeavor; it's a long-term strategy. The evaluation shows that CSR initiatives are integrated into the company's financial planning, ensuring that they are sustainable over time. This approach mitigates financial risks and strengthens Pertamina's resilience in the face of economic uncertainties (Moullin, 2017). To further enhance CSR in Upstream Oil and Gas Production Operations at Pertamina EP Jatibarang Field, a strategic plan based on a SWOT analysis can be devised. This SWOT analysis highlights the Strengths, Weaknesses, Opportunities, and Threats in Pertamina's CSR implementation. One of the main strategies recommended is to increase the monitoring of the production operation process. By employing advanced monitoring technologies and implementing rigorous quality control measures, Pertamina can optimize its operations. This not only enhances efficiency but also reduces environmental impacts, aligning with their CSR goals (Cristina & Diana, 2023).

Another critical aspect is improving the reliability of equipment. Regular maintenance and investment in modern, eco-friendly equipment not only reduce operational disruptions but also align with the company's emphasis on safety and environmental concerns. This improvement enhances the company's image and contributes to long-term financial sustainability. Investing in HR capabilities is essential. A skilled and motivated workforce is fundamental to achieving CSR objectives. Providing continuous training and development opportunities for employees not only improves their performance but also demonstrates Pertamina's commitment to its people, fostering loyalty and enhancing financial sustainability. The financial perspective of CSR implementation at the Pertamina EP Jatibarang Field reveals a company with the financial capacity, economic impact, and sustainability mindset to support its CSR initiatives. By employing a strategic approach based on SWOT analysis, with a focus on production process monitoring, equipment reliability, and HR capabilities, Pertamina can further elevate its CSR efforts, achieving both financial success and positive societal impact.

CONCLUSION

Based on the results of the research, it can be concluded that the results of evaluating the implementation of CSR in the Upstream Oil and Gas Production Operations at the Pertamina EP Jatibarang Field viewed from an internal business perspective show that Pertamina as a company has a vision of becoming a world-class oil and gas exploration and production company. From a customer perspective, education is provided for employment, entrepreneurship assistance, and training for employing persons with disabilities. From the perspective of employee growth and learning, this concerns: (i) value creation capacity, (ii) financial value creation that arises from positive externalities. (iii) economic efficiency of CSR projects for stakeholders. (iv) financial sustainability for companies from CSR activities. Seen from a financial perspective. This financial perspective concerns: (i) company capacity, (ii) economic impact on stakeholders, (iii) financial sustainability. The main strategy recommended is to increase monitoring of the production operation process, increase the reliability of equipment and HR capabilities, so that Pertamina can overcome internal problems at EP Jatibarang..

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