

# Quadrangle Model: The CSR Design of Oil Palm Plantation Based-Food Agribusiness: A Case Study in PT. Astra Agro Lestari, Tbk., Borneo 1 Area

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**Abstract:** *The success of IGA in PT. AAL B1 increase the farmers' income, has threatened food agriculture land, because in order to achieve economical scale of palm oil plantations need a large area. The article aims to determine the involved stakeholders, the classification of stakeholders, and the design of formulation of CSR (Corporate Social Responsibility) PT.AAL B1 based food agribusiness. The article used qualitative methods which supported by quantitative data through a case study approach in PT. Astra Agro Lestari, Tbk., Borneo 1 Area (PT. AAL B1). The results showed that (1) the involved stakeholders in CSR PT. AAL B1 are the farmers, the company, government, and college; (2) the farmers are the main stakeholder, the company is the key stakeholder, government and college are the supporting stakeholder; (3) the involvement of stakeholders in CSR PT. AAL B1 was in an integrated manner and the form quadrangle, then called as the "Quadrangle Model of CSR of Palm Oil Plantation Based-Food Agribusiness".*

**Keywords:** Quadrangle model, CSR, food agribusiness

## 1. Introduction

### A. Background

Some experts gave the understanding of Corporate Social Responsibility (CSR) that is identical with the stakeholders, it means that CSR activities will always involve some interested parties in accordance with the function and the role (Jones, 1980; Matten and Crane, 2005). Dahlsrud (2006) gave a ratio of 88% that stakeholder of CSR dimension, the same score for the social dimension, while the economic dimension, volunteerism, and the environment only gave the ratio respectively 86%, 80% and 56%.

Corporate Social Responsibility (CSR) is not just a charity (Mardikanto, 2014; Popa and Salanta, 2014), and according to Sen, Bhattacharya, and Korschun (2006); Sankat and Clement (2002) in Rudito and Famiola (2007), CSR is the company's commitment to contribute the development, including for local communities in order to improve the quality of life. CSR is a form of business responsibility by involving and utilizing the potential of stakeholders, especially for the community around the company (Armstrong and Green, 2013; Mardikanto, 2014).

PT. Astra Agro Lestari Tbk Borneo 1 Area (PT. AAL B1) since 2003 has been implementing CSR in the form of palm oil plantation partnership with the surrounding community and named Income Generating Activity (IGA). IGA are able to increase the amount of raw materials for the processing factory and the income of farmers fantastically compared with the previous condition and other revenue sources. However, the IGA program in 2014 about 10,996 hectares, involving 2,557 family of farmers and 203 farmer groups in implementation found some issues, as follows:

1) IGA's program was not received significant support from the local government and other related sides. The local government involved in the construction of some street gardens and determining the selling price of TBS periodically.

- 2) IGA's program just enjoyed by community who have large land, thus make an unbalanced income happened in the community.
- 3) Community who have a narrow field (<0.5 ha) most of them are the farmers who have weak financial, less in knowledge and skill infarming, as well as limited in market access.
- 4) Most of the food needs of the company's workers came from the outside and even from Java, thus the price is relative expensive (Daud, et. al., 2016).

Lack of synchronization, synergy and coordination between government program and company in the potential development of the community, thus the government program and the company run in their own way, overlap, and even could make the opposite of program implementation happened. If there are a whole program that support each other and collaboration in one view, not impossible in community development program can be run more effectively and efficiently.

During food development just to be the duty and the responsibility of the government and the farmers, it can involve the company in its relation to CSR activity slowly and gradually, especially to empower farmers surrounding the company. Agricultural development involve all stakeholders at every stage of its activity to produce food products with the quantity, quality, and continuity of consumer demand, use agribusiness approach. Agribusiness approach will integrate the entire potential of the relevant sides in the food development from the upstream sector, production activity, until the downstream sector as a system (Cook and Bredahl, 1993). The improved agriculture involve many parties and importance (Innocent and Adefila, 2014).

### B. Problem

The problems stated as follows:

- 1) Which are stakeholders that involved in CSR PT. AAL B1 based food agribusiness?

- 2) How is the classification of stakeholders of CSR PT. AAL B1 based food agribusiness?
- 3) How is the design of formulation CSR PT. AAL B1 based food agribusiness?

**C. Objective**

The purposes of this article consists of:

- 1) Investigate the involved stakeholders in CSR PT. AAL B1 based food agribusiness.
- 2) Investigate the classification of stakeholders in CSR PT. AAL B1 based food agribusiness.
- 3) Formulate the design of CSR PT. AAL B1-based food agribusiness.

**D. Benefit**

Results are expected to be useful for:

- 1) Increasing the participation of stakeholders in CSR activity for the development and empowerment of food agricultural in rural area.
- 2) Increasing the participation and contribution of oil palm plantation in the economic development of the society through the development of local resources.

**2. Methods**

The article used qualitative method supported by quantitative data through a case study approach. The study was conducted in Central Kalimantan, a case study in PT. AAL B1 as the executor of the IGA. The data collection and processing the data in 2014, and the preparation of the research began in 2015.

The primary data sourced from informants consists of IGA’s participants, IGA’s company executor, government agency and other stakeholders. Secondary data sourced from relevant government agency and NGOs. Primary data collection used interview, observation and focus group discussion, and secondary data was collected by documentation.

The purpose of the article analyzed with interactive model of Miles and Huberman (1992), which the data analysis consists of data reduction, data presentation, and conclusion interactively, interconnected during and after the data collection. Analysis and its domain of article objective as shown in Table 1.

**Table 1:** Data Analysis Tool and Domain on Every Objective Article

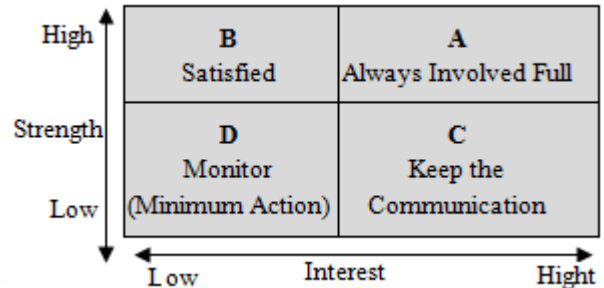
No.	Objective	Analysis Tool	Domain
1.	The involved stakeholders in CSR PT. AAL B1 based food agribusiness.	Event-structure analysis.	Stages of food agribusiness.
2.	The classification of stakeholders in CSR PT. AAL B1 based food agribusiness.	Diagram of stake-holders mapping	Strength and interest of stakeholders

According Varvasovszky and Brugha (2000), the analysis of stakeholder analysis has done through some stages, including:

- 1) Identify the key stakeholder from various groups and individuals that could potentially affect or be affected by the activity.

- 2) Assess the interests, the anxiety, importance and the impact of the activities of all stakeholders.

Follow-up of the stage of the identification of these stakeholders necessary were implemented the stakeholder mapping based diagram of power and interesting or interest of each identified stakeholder. According to Finn (1995); Jones and Wicks (1999) as shown in Figure 1.



**Figure 1:** Diagram of Stakeholder Mapping

The diagram illustrates the high or low levels of strength and interest of each stakeholder. According to Grimble and Wellar (1996) in Kennon, Howden and Hartley (2005), strength measures the influence from the stakeholders on the activity and the extent that they can help or hind the desired changing. Interest measures the extent to which stakeholders may be affected by the activity. Based on the result of stakeholder mapping, built the classification of stakeholders become the main stakeholder, the key stakeholder, and the supporting stakeholder for each criteria based on the degree of strength and interest in activities (Crosby, 1992).

**3. Results**

**3.1 The involved stakeholders in CSR PT. AAL B1 Based Food Agribusiness**

Main conclusion FGD of the function design and role of stakeholders in CSRPT. AAL B1 based food agribusiness as follows:

- 1) Regional food development is not only the responsibility of the farmers and the government, but can involve other sides such as private company, state enterprises and local enterprises.
- 2) Consistently, the palm oil plantation company support program and activity that will increase the income and welfare of the community, especially when supported by government policy.
- 3) The task of government agencies in the community empowerment faced with a lack of technical personnel field.
- 4) College facilitate the initial assessment before the project is implemented, monitoring the changing and taste of workers’ food consumption can be continued by the company.
- 5) The effectiveness of the implementation of agri-food-based CSR based food agribusiness involves the most competent stakeholders like farmers, companies, and governments, as well as independent agencies that have human resources related to agriculture, namely the college nearby.

Based on the results of FGD toward the stakeholder engagement are that the stakeholders involved in CSR PT. AAL B1 based food agribusiness consists of farmers, local government, company, and university nearby. Farmers serves as owner, employee, supplier, and the community, company serves as the shareholders, creditor, input supplier, and customer, while the government and college serves as a supporting.

**3.2 Stakeholders Classification**

**3.2.1 Strength of Stakeholders toward CSR PT. AAL B1 Based-Food Agribusiness**

Based on the results identifying the stakeholders strength on CSR PT. AAL B1 based food agribusiness gained strength in every resources of stakeholders in Table 2.

**Table 2:** The Strength Level Stakeholders on the draft implementing of CSR PT. AAL B1 Based-Food Agribusiness

No.	Resources	Stakeholders			
		Farmers	Company	Government	College
1.	Land Resource	High	Low	Low	Low
2.	Human resources	High	High	High	High
3.	Technology	Low	High	High	High
4.	Capital	Low	High	Low	Low
5.	Market Opportunities	High	High	High	Low
	Category	High	High	Low	Low

**3.2.2 Interest of Stakeholders toward CSR PT. AAL B1 Based-Food Agribusiness**

The interest of stakeholders is based on the wishes or needs of the stakeholders to the success of CSR program PT. AAL B1 based food agribusiness. Interest inventory results of stakeholders on CSR PT. AAL B1 based food agribusiness, as follows:

**1) The highest interest are in the farmers, for some reasons:**

- a) The land that inside and outside of the yard has not been utilized optimally because of the lack of knowledge, skills and financial capital.
- b) Each household have workers who have free time because of lack of work intensity.
- c) Almost all of the farmers' working do not secure the income and revenue that are able to meet the needs of the household.
- d) The presence of intensive food development efforts and can guarantee a consistent supply of food for the household.

**2) The high interest are in the government.** The high interest in the government towards CSR PT. AAL B1 based food agribusiness because the government hoped that the pattern of food development involving private companies can be carried out also by other companies. The presence of CSR for the food development could be considered policy of recruiting an adequate extension.

**3) Low interest was in company and college, for several reasons:**

- a) Company. The company does not like activities that are less related to the palm oil business directly. But if there is community desire followed by government policy,

then in principle the company would be willing to facilitate that according to their capabilities. If farmers are able to produce food in quality and quantity according to the needs of workers continually, will greatly assist the procurement of food for the workers of the company, and adds to the company's reputation in the community.

- b) College. For universities for the implementation of CSR activities based agribusiness is only considered for the application of the findings of science and technology is developing lately, and could contribute and participate in community empowerment according to the area.

**3.3 The design of formulation of CSR PT. AAL B1 Model Based Agribusiness Food**

By combining the strength and interest of stakeholders on the draft model of CSR. AAL B1 based food agribusiness, it can be determined that the main stakeholders are farmers, the key stakeholders is company, and support stakeholders are the government and university. According to Crosby (1992), the main stakeholders are those who receive positive impact or negative impact of the largest, the key stakeholders are those who influence strongly related to the problems, needs, and attention to the smooth activity and supporting stakeholders is the side who mediates in assist the achievement of the objectives of the activity.

Stakeholder mapping diagram CSR. AAL B1 based food agribusiness, could be summed up as follows:

- 1) Farmers are the main stakeholders who have the strength and the high interest, thus farmers must be given the full involvement and focus should be given maximum focus of attention.
- 2) Company are the key stakeholders who have high strength and low interest, thus the company should be given sufficient effort to keep them satisfied, but not too often involved in order not distracted and bored.
- 3) Government is supporting stakeholders who have a high interest but low strength, thus the government must be given adequate information and maintain sustainable communication, because the government can play a very helpful linked to detailed activities.
- 4) College is supporting stakeholders who have the strength and the low interest, thus that the university must still implementing the monitor, because there is likely to shift to a quadrant B or C, and do not make this sides bored because too much information about their acceptable events.

Jointly, the four stakeholders of CSR PT. AAL B1 based food agribusiness involved in CSR in accordance with its function and the role in an integrated manner described as a quadrangle, thus the model is called "Quadrangle Model of Oil Palm Plantation CSR Based Food Agribusiness".

Stakeholders classification of CSR PT. AAL B1 based food agribusiness could be illustrated in the strength diagram strength and interest or necessary based on the basic pattern diagram presented by Finn (1995); Jones and Wicks (1999), and named as quadrangle model, as shown in Figure 2.

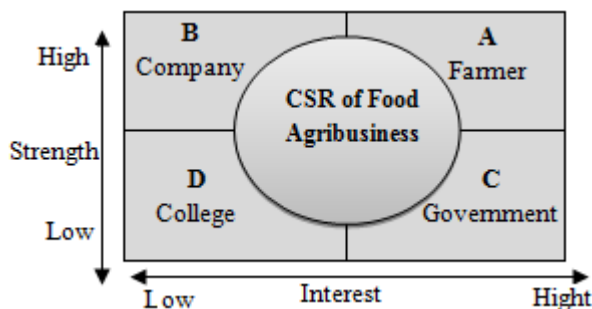


Figure 2: Quadrangle Model of CSR PT. AAL B1 Based-Food Agribusiness

## 4. Conclusion and Suggestion

### A. Conclusion

Based on the result, we could take some conclusions as follows:

- 1) The involved stakeholders in CSR PT. AAL B1 based food consists of the farmers, company, local government and the nearby competent college.
- 2) The classification of stakeholders on CSR PT. AAL B1 based food agribusiness, farmers are the main stakeholders, the company are the key stakeholders, and government and college are supporting stakeholders.
- 3) Jointly, the stakeholders in CSR PT. AAL B1 based food agribusiness involved in CSR in accordance with the functions and the role in an integrated manner, and is described as a quadrangle, thus the model is called "Quadrangle Model of Palm Oil Plantation CSR Based-Food Agribusiness".

### B. Suggestion

CSR programs of palm oil plantations that move in the the development of food agriculture, certainly faced with a high risk. The company's ability work in a professional manner that is based on concern for the villagers' life in the vicinity and in obedience with the applicable laws, thus the challenge which is facing will get the appreciation of the community and the local government. Companies should not hesitate to be creative in order to increase the dignity of the surrounding community.

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