Research Paper

The Increasing Strategy of Communities Palm Oils Productivity through Corporate Social Responsibility Program at PT. Austindo Nusantara Jaya Agri

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ABSTRACT

The productivity of the communities palm oils in Kecamatan Simangambat is lower compared to the palm oil productivity by PT Austindo Nusantara Jaya Agri. In line with the development of Company's Corporate Social Responbility (CSR) program and the effort district government Padang Lawas Utara to develop communities by increasing the economical income, therefore the good cooperation between related government office and company is needed, as well as the support from community to solve the problem. Eight individuals were selected for the Focus Group Discussion (FGD) to decide three criteria, seven sub-criteria and four alternative strategies in order to improve the productivity of palm oils. The financial criteria consists of two sub-criteria namely the charges and costs. Operational criteria consist of high quality seeds, land management and planting technology, plant cultivation and harvesting. Next, risk criteria of social and criminal risk. Moreover, the four alternative strategies consists of institutional strengthening of farmers groups, production facilities support, education of cultivation technique and rejuvenation of palm oils. Based on the questionnaire and data analysis using the Analytical Hierarchy Process (AHP), therefore the main priority is to increase the communities palm oils production by rejuvenating palm oils. It can be achieved by coorperating between company and district government (DISBUN). This can be concluded by the surveys and the discusssion with the people of Kecamatan Simangambat, Padang Lawas Utara district. The result is confirmed through interviews and discussion with the communities group in subdistrict of Simangambat, District Padang Lawas Utara.

Keywords: Productivity Palm oils, Corporate Social Responsibility, Focus Group Discussion, Analytical Hierarchy Process, Rejuvenation of Palm oils.

INTRODUCTION

The development of palm oil plantations in Indonesia tends to increase. If in 1980 the total area of Indonesian palm oil plantations was 294 thousand hectares, then in 2017 it would reach 12.31 million hectares. The average growth during the period was 10.84% per year. Based on the status of the concession, palm oil plantations are divided into People's Plantation (PR), State Large Plantation (PBN) and Private Large Plantation (PBS). Of these three concessions, PBS controls 51.25% of Indonesia's palm oil area, followed by PR at 37.40% and PBN at 11.16% (Palm Oil Outlook, 2017).
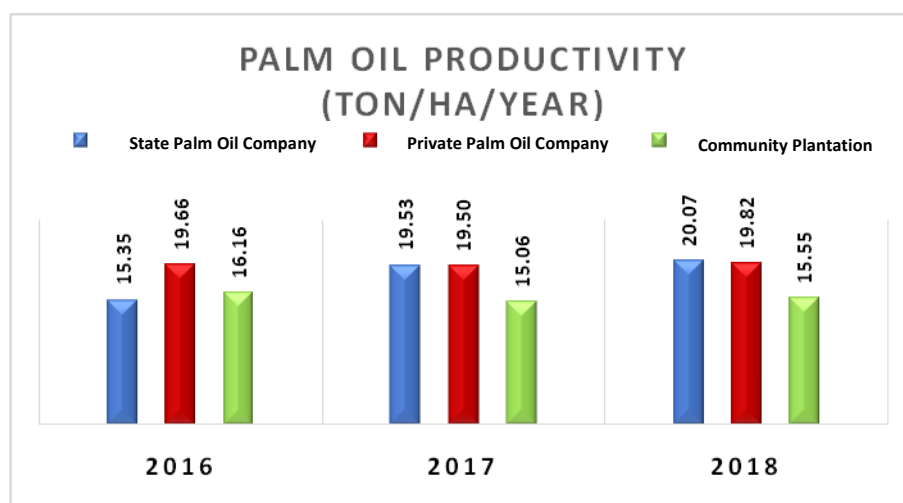
Figure 1. Productivity of Palm Oil Plants
Source: 2017 Dirjenbun, Indonesian Plantation Statistics 2016-2018

In terms of productivity, referring to the statistics of palm oil in the last three years released by the Central Statistics Agency, the productivity generated from smallholder plantations tends to be low when compared to the productivity of large private estates. The low productivity of palm oil plants in the surrounding communities, is caused by many factors that influence it. The main factor that must be considered for increasing the productivity of community palm oil plants is to review the cultivation process carried out as well as the use of seedlings and the age of the palm oil plantations. Based on data from the North Sumatra Province Plantation Service in 2015 to 2017, the productivity of community palm oil plants in Simangambat District is still very low and far from the production potential that can be produced. This shows the need for special attention and handling, so that the potential for production can be increased.

The Corporate Social Responsibility (CSR) program that has been carried out by the company, both in the fields of infrastructure, education, religion and community economic improvement, has not yet fully touched on the target of increasing the production of community palm oil plants. This can be seen from the management that they did not fully carry out the empowerment program that was delivered by the company. Therefore the management of CSR remains the target to be very important to raise awareness and knowledge as well as public access to information, especially in relation to increasing the production of their palm oil plants. With an increase in production of palm oil plants, the community will certainly have an impact on increasing income and welfare of the community.

Based on the research gap above, this research will analyze the factors causing the low productivity of community palm oil plants and the influence of CSR programs to increase the productivity of community palm oil plants, especially in community palm oil plantations in the Simangambat District, Padang Lawas Utara Regency, which borders directly with PT Austindo Nusantara Jaya Agri.

Strategy

To achieve this goal, it is necessary to develop a perfect strategy. Strategy is the initial foundation for an organization and the elements in it to arrange steps or actions by taking into account internal and external factors in order to achieve predetermined goals. Strategy management consists of three stages, namely: strategy formulation, strategy implementation, and strategy evaluation (Fred, 2011).

Corporate Social Responsibility (CSR)

Susanto (2007) who defines CSR as "A business act in a socially responsible manner when it makes decisions and balances for and balances diverse stakeholder stakeholders". This definition emphasizes the need to give orders in a balanced manner to the interests of various diverse stakeholders in every decision and action taken by business people through responsible social behavior. Jamali and Mirshak (2007) cite the definition of CSR from The World Business Council for Sustainable Development (WBSCD) as a business commitment to contribute to sustainable economic development, in collaboration with workers, their families and local communities.

In 2009, ISO 26000 on Social Responsibility was launched, so that the demands of the business community will become clearer about the importance of CSR programs carried out by companies if they want sustainability of the company. CSR will become an inherent business strategy in a company to maintain or enhance competitiveness through product brand loyalty and loyalty (company loyalty). Both of these will be a competitive advantage for companies that are difficult for competitors to emulate.

Research conducted by the Center for Palm Oil Research (Akmal, 2015) written under the title Palm Program for the People (Prowitra) as an Effort to Increase Productivity, Empowerment, Sustainability, and Prosperity of Smallholder Palm Oil Planters. Mentioning the development of palm oil in Indonesia has grown so rapidly in recent years. However, this development was not followed by an increase in productivity. The results showed that there were four main problems in smallholder plantations, namely the use of fake seeds, lack of implementation of Best Management Practice (BMP), weak institutional arrangements for smallholder plantations, and inhibition of Replanting.

Kospa (2016) conducted a community sustainable garden development study through a plasma partnership partnership scheme. The conclusion resulting from the research is that sustainable palm oil plantation development can be reached by solving problems that occur in economic, socio-political and environmental aspects. It was concluded that the concept of partnership agribusiness in the management of palm oil plantations can be implemented in a sustainable manner, if it meets three aspects of sustainable management.

Conceptual framework

Based on previous studies and theories that have been put forward before, the authors compile a conceptual model of the Analytical Hierarchy Process (AHP). AHP used is to compare several alternative main choices that are interrelated and at the end of the process it is expected that the best possible alternative can be implemented in the field. The process of arranging elements in a hierarchical manner involves grouping elements in homogeneous components and arranging these components in the appropriate level of hierarchy.

Analytical Hierarchy Process (AHP)

AHP method can be used to choose the priority of CSR program implementation to increase the productivity of palm oil plants of the communities around PT Austindo Nusantara Jaya Agri which is done by determining the criteria, sub criteria, and alternative ways of increasing the production of palm oil plants that will be carried out. The steps of the AHP method are carried out as follows:

1. Creating a hierarchical structure that starts from the formulation of the problem and determining the objectives to be achieved, then determining the criteria and sub-criteria used to achieve the goals and alternatives that are made as priority choices.
2. Creating a pairwise comparison matrix between two variables at the same level, such as between criteria, sub criteria, and alternatives.

3. Perform synthesis to produce one single number to show each variable. The final goal of synthesizing is to obtain priority from all decision alternatives after all data in the comparison matrix is done.
4. Testing consistency is something that must be done in the AHP. If the consistency ratio value is ≤10%, then it is considered consistent, but if the value of the consistency ratio> 10%, then it is considered to be inconsistent so that the data collection of respondents will be repeated by doing the eigenvector calculation and consistency test again.
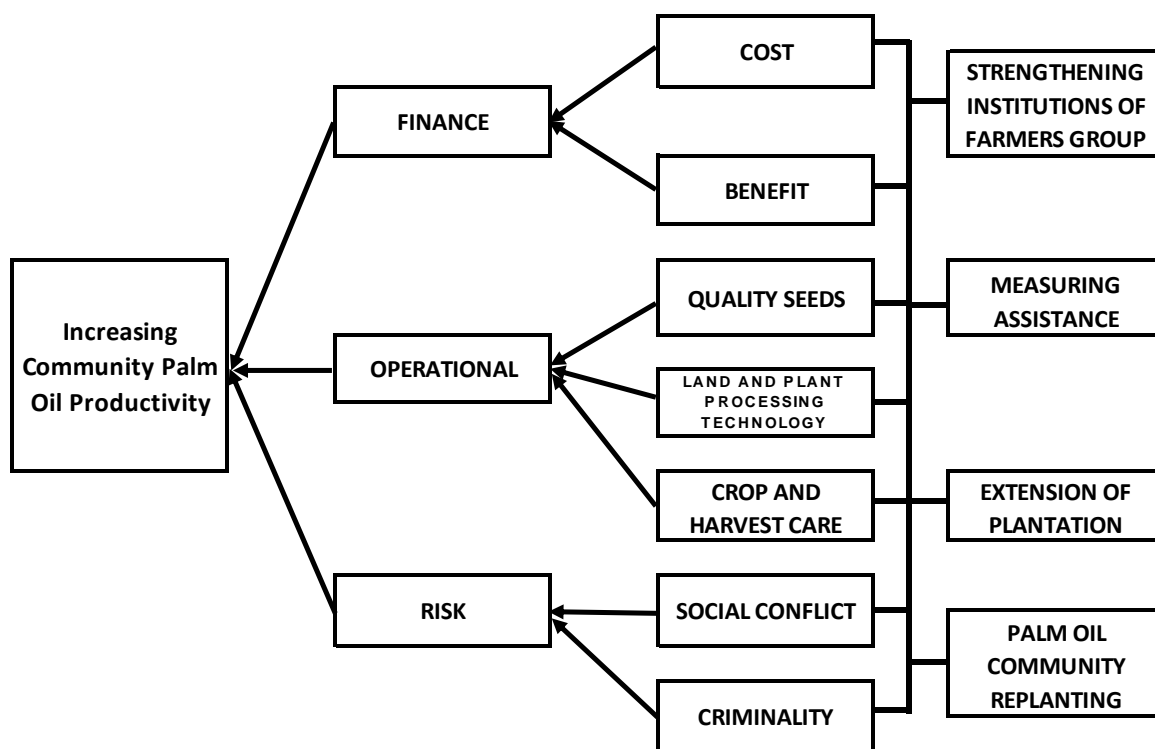

Figure 2. Conceptual Framework

Analytical Hierarchy Process **(AHP)**

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This study compares the weighting variables to several alternative CSR programs that can be carried out, which

consist of strengthening farmer group institutions, access to capital, increasing cultivation knowledge and rejuvenating palm oil with superior seeds, which are then adjusted to operational conditions, company risk and company finances in increasing the productivity of community palm oil plants.

RESEARCH METHOD

This research was divided into 2 (two) designs, namely exploratory and descriptive. Explorative design is carried out at the priority determination stage on how to increase the productivity of community palm oil plants based on the weighting criteria used. The weighting results determine the priority of how to increase the productivity of palm oil plants that is most suitable to be implemented for palm oil farmers. Descriptive design that is arranging and explaining how to increase the productivity of community palm oil plants that are effective for the communities around PT Austindo Nusantara Jaya Agri's palm oil plantations, namely cost analysis of economic value, making business models, and the constraints faced in running them sustainably.

This study uses 2 (two) types of data, namely primary and secondary data. Primary data were obtained by carrying out Focus Group Discussions (FGD) and questionnaires distributed to selected respondents, interviews with experts (experts), planters, and community leaders. Secondary data was obtained by observing, literature study, data from BPS, productivity data of the company's palm oil plants, and other relevant data. After that, an FGD was conducted to establish the criteria and sub-criteria used in determining the priority of decision selection using the Analytical Hierarchy Process (AHP) method. Sampling to obtain data using non-probability sampling with the type of purposive sampling / judgment sampling. The sample chosen was 8 company staff who had experience, expertise, and knowledge as well as the involvement / relevance of their work to the problems faced by the community, especially the low production of their palm oil plants. The staff referred to are External Affairs Manager, Estate Manager, Senior Estate Manager, Central Workshop & Transport Manager, Quality Assurance Manager, Human Resources Manager, Assistant Manager and Assistant Division. Questionnaire data obtained from company staff as respondents were then processed using the Analytical Hierarchy Process (AHP) method using Microsoft Excel.

RESULT & DISCUSSION

Based on the Analytical Hierarchy Process (AHP) method, the following hierarchy of results is obtained:
1. Rejuvenation of community palm oil plants; one of the causes of the low productivity of community palm oil plants is the use of seeds that are not good. For this reason, it is necessary to rejuvenate palm oil plants that are no longer productive, so that future land productivity will be better.
2. Provision of production facilities assistance; access to capital and assistance to facilities for smallholders.
3. Strengthening community farmer group institutions through a good regulation and governance of community plantations, so that it is expected to be able to provide solutions to any problems that arise.
4. Extension of palm oil plantation cultivation techniques through training programs and discussion forums with farmers.

Focus Group Discussion (FGD) results in a common perception of the understanding and understanding of criteria, sub-criteria, and alternative problem solving related to increasing the productivity of community palm oil plants. Then it is carried out by carrying out filling out the questionnaire to determine the priority of each criterion, sub criteria, and alternatives as well as their combination or combination using the AHP method.

Results of Calculation of Criteria, Sub Criteria, and Alternatives with AHP

Based on the results of filling out the questionnaire submitted to eight respondents, we obtained a calculation of the criteria, sub criteria and alternative weights.

Table 1. Comparison Matrix Results for Criteria Levels

No	Criteria	Eigenvector	Priority Order
1	Finance	34.41%	2
2	Operational	56.10%	1
3	Risk	9.49%	3

Table 1 shows that the highest priority is the operational criteria of 56.10%, the second priority is the financial criteria with a value of 34.41%, and the last priority falls on the risk criteria of 9.49%. These results indicate that the operational criteria are the most important choices and are preferred in determining the choice of ways to increase the productivity of the palm oil plantations of the communities around the company.

The data shows, that the determination of alternative ways of increasing the productivity of community palm oil plants is strongly influenced by the company's operational factors, then the risks posed, and finally, the company's finances. The greater the influence of the company's operational criteria on how to increase the productivity of community palm oil plants, the method chosen as an alternative priority for increasing the productivity of community palm oil plants. The smaller the impact it has, the smaller the effect on alternative priorities for ways to increase the productivity of the community's palm oil plants used. The financial criteria factor is the second most important criterion of the criteria established. Financial aspects in increasing the productivity of palm oil plants are needed, this is because the farming community around the company is generally still a small farmer which needs to be supported by more business capital to help increase the yield of palm oil plants. Likewise, from the company side, as part of the CSR program, it is also necessary to allocate a budget for aid funds, which in its realization can be in the form of assistance from advisors / extension workers, assistance in procurement of superior seeds, assistance in production facilities such as procurement of fertilizers, herbicides and insecticides, as well as land and plant processing technology. The risk criterion factor becomes the third most important after financial because this factor is the impact or the consequences if the policy is not right. These criteria include sub-criteria for social conflicts if they are not immediately handled properly and carefully, then the potential for criminality in the community that can have an impact on the loss of other communities or companies.

Table 2 Comparison Matrix Results for Criteria and Sub Criteria Levels

No	criteria (Eigen Vector)		sub-criteria (Eigen Vector)		Global	Priority Order
1	Finance	34.41%	Cost	74.74%	25.72%	2
			Benefit	25.26%	8.69%	4
2	Operational	56.10%	Quality seeds	72.71%	40.79%	1
			Land and plant Processing Technology	17.95%	10.07%	3
			Crop and Harvest Care	9.34%	5.24%	6
3	Risk	9.49%	Social Conflict	85.71%	8.13%	5
			Criminality	14.29%	1.36%	7

The results of the comparison matrix at the level of local sub-criteria in Table 3 shows that the most important financial criteria are the sub-criteria of costs by 74.74% and then the benefits sub-criteria by 25.26%; the most important operational criteria are the sub-criteria of superior seeds by 72.71%, then the sub-criteria of land and

planting technology by 17.95%, and followed by the sub-criteria of crop care and harvest by 9.34%; and in the most important risk criteria is the social conflict sub-criteria by 85.71% and then the criminality sub-criteria by 14.29%.

In addition, the results of the combined comparison matrix of criteria and sub-criteria (global eigenvector) in Table 3 show that the most important sub-criteria in determining the selection of ways to increase the productivity of community palm oil plants is the sub-criteria of superior seeds by 40.79% in the operational criteria while the second position in the cost sub-criteria included in the financial criteria was 25.72%. The priority order of the third, fourth, fifth, and sixth importance level respectively in the land management and planting technology sub criteria of 10.07% (operational criteria part), benefit sub criteria of 8.69% (the financial criteria part), sub criteria social conflict by 8.13% (part of the risk criteria), crop maintenance and harvest sub-criteria by 5.24% (part of the operational criteria), and the last place in the crime sub-criteria which is part of the risk criteria of 1.36%.

These results indicate that the most important priority level lies in the sub criteria of superior seeds. This is very closely related to the important key to increase the productivity of palm oil plants, that only by using superior seeds will be guaranteed the achievement of expected production. As is known, one of the main problems that occur in the community is the low awareness of the use of officially certified superior seeds, where there is still a perception of the difficulty of obtaining access to purchase superior seeds and the lack of capital to obtain superior seeds.

Table 3 Comparison Matrix Results for Criteria, Sub Criteria and Alternative Levels

No	Criteria	Sub-criteria	Alternative		Global Eigenvector (End Priority)	Priority Order
1	Finance 34.41%	Cost 74.74%	Farmers Group	18.87%	4.85%	7
			Facility Support	16.26%	4.18%	8
			Cultivation Counseling	34.95%	8.99%	4
			Palm Oil Replanting	29.92%	7.70%	5
		Benefit 25.26%	Farmers Group	17.85%	1.55%	
			Facility Support	22.03%	1.91%	
			Cultivation Counseling	25.68%	2.23%	
			Palm Oil Replanting	34.43%	2.99%	
2	Operational 56.10%	Quality Seeds 72.71%	Farmers Group	22.55%	9.20%	3
			Facility Support	22.13%	11.47%	2
			Cultivation Counseling	11.99%	89.00%	6
			Palm Oil Replanting	37.33%	15.23%	1
		Land and plant Processing Tech 17.95%	Farmers Group	26.28%	2.65%	
			Facility Support	25.95%	2.61%	
			Cultivation Counseling	12.88%	1.30%	
			Palm Oil Replanting	34.89%	3.51%	
		Crop and Harvest Care 9.34%	Farmers Group	24.02%	1.26%	10
			Facility Support	35.17%	1.84%	
			Cultivation Counseling	16.47%	0.86%	
			Palm Oil Replanting	24.34%	1.27%	
3	Risk 9.49%	Social Conflict 87.71%	Farmers Group	50.17%	8.00%	
			Facility Support	20.24%	1.65%	9
			Cultivation Counseling	11.28%	0.92%	
			Palm Oil Replanting	18.30%	1.49%	
		Criminality 14.29%	Farmers Group	47.29%	0.64%	
			Facility Support	23.32%	0.32%	
			Cultivation Counseling	13.15%	0.18%	
			Palm Oil Replanting	16.24%	0.22%	

The results of the calculation of the comparison matrix at the local alternative level shows that alternative institutional strengthening of farmer groups is the highest priority level of local alternatives of all alternative ways of increasing the productivity of community palm oil plants. Developing farmer group institutions is expected to be a vehicle for driving the roles and responsibilities of farmers in the context of increasing the productivity of palm oil

plants and developing other business diversifications. Institutional strengthening of farmer groups is directed at the ability of farmer groups to plan activities, the ability to cultivate capital and rational use of income, the ability to apply technology, utilize information and the solidity of group collaboration.

Table 4 Matrix Results on Alternative Options

No	criteria		sub-criteria (Eigen Vector)		Alternative		Global Eigen Vector	Priority Order
1	Finance	34.41%	Cost	74.74%	Cultivation Counseling	34.95%	8.99%	4
2	Operational	56.10%	Quality seeds	72.71%	Farmers Group	22.55%	9.20%	3
					Facility Support	28.13%	11.47%	2
					Palm Oil Replanting	37.33%	15.23%	1

The calculation results of the comparison matrix at the final / global alternative level show that the first priority of alternative ways to increase the productivity of community palm oil plants is by rejuvenation of palm oil plants by 15.23%. The second global priority is alternative aid for production facilities by 11.47%. The third global priority is alternative farmer groups by 9.2%. The fourth priority is alternative cultivation counseling of 8.99%. Thus, it shows that the results of determining the highest priority of ways to increase the productivity of community palm oil plants fall on the way of rejuvenation of palm oil plants, second with the help of production facilities, third by means of institutional strengthening of farmer groups and fourth by extension of cultivation techniques.

CONCLUTION
1. Based on the research analysis, that the low productivity of community palm oil plants is caused by the use of fake seeds, lack of implementation of Best Practice Management (BMP), weak institutional community plantations and impeded rejuvenation of palm oil plants.
2. The results of the research analysis of the low productivity of community palm oil plants, there are three criteria for problem solving, namely financial, operational and risk, where there are four alternative solutions, namely strengthening farmer group institutions, assistance in production facilities,

extension techniques for palm oil cultivation and rejuvenation of community palm oil plantations. .
3. Based on the results of the respondent's questionnaire, it can be concluded that the increase in productivity of community palm oil plants can be achieved by rejuvenating community palm oil plants.
4. The results of this study indicate that the first priority of alternative ways to increase the productivity of community palm oil plants is by rejuvenation of palm oil plants in the amount of 15.23% (included in the sub-criteria of procurement of superior seeds and operational criteria), then followed by the provision of assistance in production facilities, institutional strengthening of farmer groups and, lastly, technical counseling on palm oil cultivation.
5. Rejuvenation of palm oil plants through the company's CSR program in collaboration with the government will greatly help community obstacles, especially access to capital.

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