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RESEARCH PAPER

# Evaluation of corporate social responsibility programs for local communities around mining companies in Kalimantan, Indonesia: environmental, economic, and social perspectives

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**Abstract.** The purpose of this study is to evaluate corporate social responsibility (CSR) programs for local communities around mining companies in Kalimantan, Indonesia, based on environmental, economic, and social perspectives. We created evaluation criteria consisting of; six on the environmental perspective, three on the economic perspective, and two on the social perspective. CSR reports are collected from the company websites. Each company was given a score based on whether these evaluation criteria were present (1) or absent (0). The evaluation scores of the CSR mining companies programs in Kalimantan, Indonesia are high in considering cleaner production, waste reduction, material flow management, recycling, the commitment to manage energy and water, developing infrastructures surrounding mining companies, having good corporate ethics, and encouraging employees to volunteer for social causes and providing incentives for these activities; medium in following all applicable laws and policies concerning environmental standards and policies, the commitment to conserving biodiversity and managing sound and vibration from mining activities as well as protecting the air quality around the mining area, and enhancing self-employment options for local communities; low in taking long-term factors into account, such as global climate change and other environmental threats, and providing jobs opportunities for local communities. From the evaluations above, access to information, public participation, and transparency in discussing areas of corporate-community issues are all things that mining companies must improve. If there is a lack of congruence between aim, activity, and effect, civil society organizations should frequently criticize mining companies' CSR operations.

**Keywords:** CSR; mining company; environmental; economic; social

## 1. Introduction

Corporate social responsibility (CSR) is a post-World War II phenomenon. Since the transformations in social consciousness that peaked in the 1960s, particularly in the civil rights, consumer, women's, and environmental movements, CSR has risen in prominence and popularity.

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As a result of the confluence of thinking and practice, CSR has grown into a global concept. CSR is an internationally recognised language and mindset that has increased relevance as stakeholders have communicated that modern firms must do more than make money and follow the law (Carroll, 2015). Furthermore, since the Earth Summit in 1992, the number of CSR in the world has increased, placing pressure on corporations and sectors to be socially responsible and to actively contribute to creating a sustainable future. This is due to the increasing public pressure for any companies to innovate in facing the challenges of sustainability of their operations (Mutti et al., 2012). CSR is a management concept that has gained extraordinary acceptance in the business sector worldwide over the last few decades. CSR reports, managers, departments, or at the very least CSR projects are now found in almost every large company, and even some smaller ones and the subject is increasingly marketed along with marketing, accounting, and finance; this is an important aspect of management (Crane et al., 2013). The growth of the CSR concept and how it affects organisational behaviour has a long history. It is vital to appreciate CSR's history to comprehend its impact on organisational behaviour (Moura-Leite & Padgett, 2011).

Mining may be a crucial driver of economic development in many underdeveloped countries. However, there is growing consensus that mining must be managed to attain full social and economic advantages (Rachmawati & Zamroni, 2020). Mining companies operate in a variety of institutional settings, including both developed and developing countries. Businesses must follow many national, international, and industry regulations, ranging from pollution to community-related issues. They have developed CSR practices in response to these problems (Raufflet et al., 2014).

Indigenous people, environmental, and human rights movements have arisen in reaction to concerns about the social and environmental repercussions of mining activities, particularly in developing countries, and are exerting significant pressure on the industry. Industrial accidents, environmental degradation, health and safety difficulties, and effects on local communities' livelihoods are examples of negative social and environmental repercussions in the mining industry and violations of environmental laws. Mining businesses have been aggressively innovating in CSR to handle the many sustainability concerns of their operations more proactively due to rising societal demands. Companies in the extractive industry, for example, were among the first to publish stand-alone environmental reports and create voluntary environmental management standards (Mutti et al., 2012).

Mining, oil, and gas enterprises (including geothermal energy) must have a more comprehensive "social obligation" to local communities, particularly in Indonesia, because these corporations exploit natural resources in the vicinity of these populations. Because "... the state controls the earth, water, and everything contained therein..." as stated in the 1945 Constitution of Indonesia, landowners do not possess minerals or other mined objects; the state does not recognise private ownership of minerals. As a result, mining activities have more harmful than good consequences, resulting in rejection and frequent clashes between corporations and local communities. To address these issues, mining, oil, and gas corporations should increase their socio-political efforts to restore the feeling of justice and equity of local communities affected by mining, oil, and gas extraction, one of which is through CSR to local communities (Prayogo, 2013). On the other hand, people in the surrounding area continued to feel the detrimental effects of excessive mining and natural resource consumption. For example, according to the Ministry of Environment and Forestry, eleven mining companies were found guilty of harming the environment in 2017-2018 and were sentenced to various sanctions (Nuswantara & Pramesti, 2020).

The environmental dimension is a crucial component of community's well-being; it offers water, air, soil, flora, and wildlife, among other things (Rela et al., 2020). One of the primary reasons for the difficulty in defining CSR is that it encompasses the highly complex realms of nature, society, and economy. In other words, a company must strike a balance between its

economic, social, and environmental responsibilities. Furthermore, CSR reporting typically deals with intangible and difficult-to-quantify long-term prospects, such as employee relations or consumer goodwill (Lu et al., 2020). The purpose of this study is to evaluate CSR programs for local communities around mining companies in Kalimantan, Indonesia based on environmental, economic, and social perspectives.

## **2. Literature review**

### **2.1. The roles of CSR**

CSR is a notion that has spawned a slew of definitions since its inception at the turn of the century. Prior to the 1960s, a company's social duty ensured profits to its investors while also creating jobs for society (Oliveira et al., 2019). CSR is a program that demonstrates a company's duty and concern for its surroundings. The value of the corporation becomes a dependent variable since it is a critical signal for investors to determine how well a firm has achieved its objectives. A change in managerial responsibilities from a single bottom line to a multi-bottom line, in which a company's value is solely determined by its financial condition, to triple bottom lines, in which a company's value is determined by its environmental, economic, and social conditions, has made CSR an inseparable part of its operations (Purbawangsa et al., 2020). To achieve sustainable development goals, CSR is a serious attempt by a business entity to reduce negative consequences and increase the positive benefits of the company's operations on all environmental, economic, and social stakeholders (Aldila & Santiago, 2018). As a result, CSR functions as a mediator between independent variables that may influence company value. Companies build strategic plans in order to grow their corporate value and compete in the marketplace. In the international company sector, CSR has become the current trend. The purpose of CSR is to help a company increase its value and prepare for competition in a free market. The free market, which permitted the formation of various international organisations such as ASEAN Free Trade Area (AFTA) and Asia-Pacific Economic Cooperation (APEC), encourages businesses worldwide to begin focusing on the community and environment rather than merely expanding their economic operations. CSR refers to a company's commitment to better the community in which it operates by adopting sound business procedures and donating part of its assets (Purbawangsa et al., 2020).

The economic, legal, ethical, and discretionary (philanthropic) expectations that society has on organizations at any particular time were originally expressed in Carroll's four-part definition of CSR. This set of four obligations serves as a basis or infrastructure for framing, defining, and characterizing the nature of a company's responsibilities to the society in which it operates (Carroll, 2016). Carroll illustrated these four responsibilities in a pyramid that ranks business responsibilities from most vital to least important, with economic responsibilities ranked first, followed by legal, ethical, and philanthropic responsibilities. Despite multiple re-imaginings of the CSR concept by Carroll and others, Carroll's CSR pyramid remains the most well-known model of CSR, appearing in practically all CSR-related student textbooks and being one of the most mentioned models in the CSR literature (Baden, 2016). Economic accountability is the basic social obligation of businesses because they are the basic units of society's production of commodities and services. Legal duty refers to a company's obligation to carry out economic tasks in accordance with the law. Ethical responsibility, which has received a lot of attention recently, means that businesses are expected to act in ways that go beyond what is required by law. While discretionary duty, often known as philanthropic responsibility, is the social expectation of businesses to fulfill social tasks in exchange for earlier commitments (Lee et al., 2019). A company's legal responsibilities, as a legal entity, are the requirements imposed by the law. The most crucial task, after ensuring that a firm is profitable, is to ensure that it follows all regulations. Securities rules, labor law, environmental law, and even criminal law are all examples of legal responsibilities (Sahu & Sahu, 2017). Furthermore, the legal obligations dimension underlines that a business process should carry out the economy's goal and mission in accordance with legal

standards. These tasks are crucial because they must be carried out in accordance with the government's and law's expectations. As a result, businesses must produce goods and services that meet the bare minimum of regulatory requirements (Gholami, 2011).

Companies in Indonesia are currently confronting issues in applying ethical standards in CSR. Part of the reason for these difficulties is that CSR is no longer only useful to external stakeholders, and the firms that adopt it. CSR has traditionally been thought of as a risk-mitigation strategy, but it has also participated in maximising opportunities. Simply put, CSR disclosure is a company's attempt to meet the interests of its stakeholders while also ensuring its long-term existence. CSR is thought to validate a company's brand differentiation, which entails getting operating permits from both the government and society and a risk management strategy (Hapsoro & Fadhilla, 2017). Increased economic activity in Indonesia has had far-reaching consequences. The detrimental impact of industrial activity in Indonesia has prompted the government, community, and company leaders to enact legislation governing CSR implementation and disclosure. CSR refers to a corporation's commitment to enhancing society's well-being by contributing company resources and engaging in appropriate commercial operations. CSR encompasses environmental, economic, and social initiatives. Environmental enhancement, employee quality improvement, and community improvement through scholarship awards and contributions to strengthening the infrastructure of the surrounding area are examples of forms of responsibility (Nuswantara & Pramesti, 2020).

There are three key complementary sources of CSR activities, each leading to different forms of CSR practices. The first source is the government, which may impose broad, explicit, formal policies, and specific commercial restrictions on a given subject. Because CSR programs are perceived as coercive when government policies push businesses, they become the same in various organizations. The second component comes from "the infrastructure for CSR" which promotes non-government-led, volunteer CSR programs and responses. Industry groups, activists, responsible fund managers, and other stakeholders may negotiate CSR frameworks and invite corporations to adopt them in the absence of government policy. International financial institutions such as the World Bank and the International Finance Corporation have developed CSR frameworks for developing countries. Third, companies can decide which practices are best and employ them according to their interests in the absence of government or industry group policies. In the last two cases, when firms seek to turn risks into opportunities by gaining a competitive edge through socially and environmentally responsible projects, CSR projects are typically the result of strategic thinking (Mutti et al., 2012).

## **2.2. CSR of mining companies in Indonesia**

Mining is one of the various types of production activities in Indonesia. Mining activities have two sides: economic prosperity, energy, and mineral fulfillment for the community, as well as environmental and social consequences. Long ago, the practice of CSR was created out of a desire to hold corporations accountable for their industrial operations (Dulkiah et al., 2019). Because many organisations regard CSR as a cost centre, CSR activities have not grown mainstream in Indonesia. However, in this age of information and technology and the urgency of globalisation, the need to manage larger CSR is becoming more pressing.

Furthermore, CSR is a component of good corporate governance (GCG), which comprises justice, openness, accountability, and responsibility, including duty for the physical and social environment, which economic actors' ethical behaviour should foster. As a result, CSR implementation is always adjusted to the company's capabilities and community requirements in practice. To reign supreme, the company should understand the consequences of its operations on all of its stakeholders and all relevant government requirements as minimal performance limitations, and work hard to pass them based on ethical values (Aldila & Santiago, 2018).

The liberalisation of mining policies and regulations in developing nations has facilitated access to new areas for mineral exploration, resulting in unprecedented access to new areas for mineral exploration. However, it may also increase the risk of conflict with various stakeholders (Handayati et al., 2018). CSR was once solely required of Indonesian state-owned enterprises (SOEs), but it was subsequently expanded to include foreign direct investment, including mining corporations. CSR initiatives have become mandatory for all companies doing business in Indonesia since the Company Act was enacted in 2007. The necessity to execute CSR activities for companies listed on the Indonesian Stock Exchange (IDX) is ratified in Law No. 25/2007 on Capital Investment. By issuing government regulation No. 47/2012 in 2012, the Indonesian government demonstrated its commitment to including the commercial sector in CSR implementation. Those laws also mentioned that companies that do not follow those regulations and do not engage in CSR activities would be sanctioned according to the law in the jurisdiction where the infringement occurred (Agus, 2020).

### **2.3. Evaluation of CSR programs**

Enhanced reputation, cost savings, competitive advantage, chief executive officer/board commitment, industry trends, and consumer demand are the key reasons for firms becoming more socially responsible (Virakul et al., 2009). In the context of efficiency, CSR should be implemented, managed, reported on, and evaluated using a defined reference model, which also acts as a tool for evaluation (Szczanowicz & Saniuk, 2016).

Environmental CSR can be thought of as a strategy for managing the environment, primarily through the mitigation and conservation of healthy ecosystems. The current trend in environmental business practices is the shift from environmental management to corporate environmental strategy (Rela et al., 2020). Some evaluation criteria of environmental CSR include: 1) The company considers cleaner production, waste reduction, material flow management, and recycling, 2) The company takes long-term factors into account, such as global climate change and other environmental threats (Baughn et al., 2007), 3) The company is committed to following all applicable laws and policies concerning environmental standards and policies, 4) The company is committed to conserving biodiversity, 5) The company is committed to managing energy and water, and 6) The company is committed to managing sound and vibration from mining activities as well as protecting the air quality around the mining area (Rela et al., 2020).

Heavy reliance on mining is also linked to a slew of major socioeconomic issues, including high levels of poverty, a lack of education, and poor health care. Mining is the most important export sector for over half of the world's poorest countries (Jenkins & Obara, 2008). As a result, mining companies should support the economic, social, and institutional development of the communities in which they operate, and they should engage their stakeholders in effective and transparent communication, interaction, and independently verifiable reporting (Andrews, 2016). Some evaluation criteria of economic CSR include: 1) Developing infrastructures surrounding mining companies, 2) Providing jobs opportunities for local communities, and 3) Enhancing self-employment options for local communities (Kao et al., 2016).

Finally, the goals of CSR can be achieved by striking a balance between maintaining the corporation's profitability and sacrificing revenues for the social and environmental aspects of the activities. Some authors claimed that CSR was a set of strategies to reduce externalised costs and avoid distributional conflicts (Lu et al., 2020). As a result, some social CSR evaluation criteria are as follows: 1) The company has good corporate ethics (ethical behaviour when dealing with government officials, lawmakers, and other businesses), 2) The company encourages employees to volunteer for social causes and provides incentives for these activities (Baughn et al., 2007).

### 3. Methodology

Figure 1 shows the methodology flowchart of this study. This study was conducted by making evaluation criteria and collecting data in CSR reports from mining companies in Kalimantan. Following that, the evaluation was carried out by locating the important elements in the CSR report using the evaluation criteria. Each company was given a score based on whether these evaluation criteria were present (1) or absent (0) (Raufflet et al., 2014).

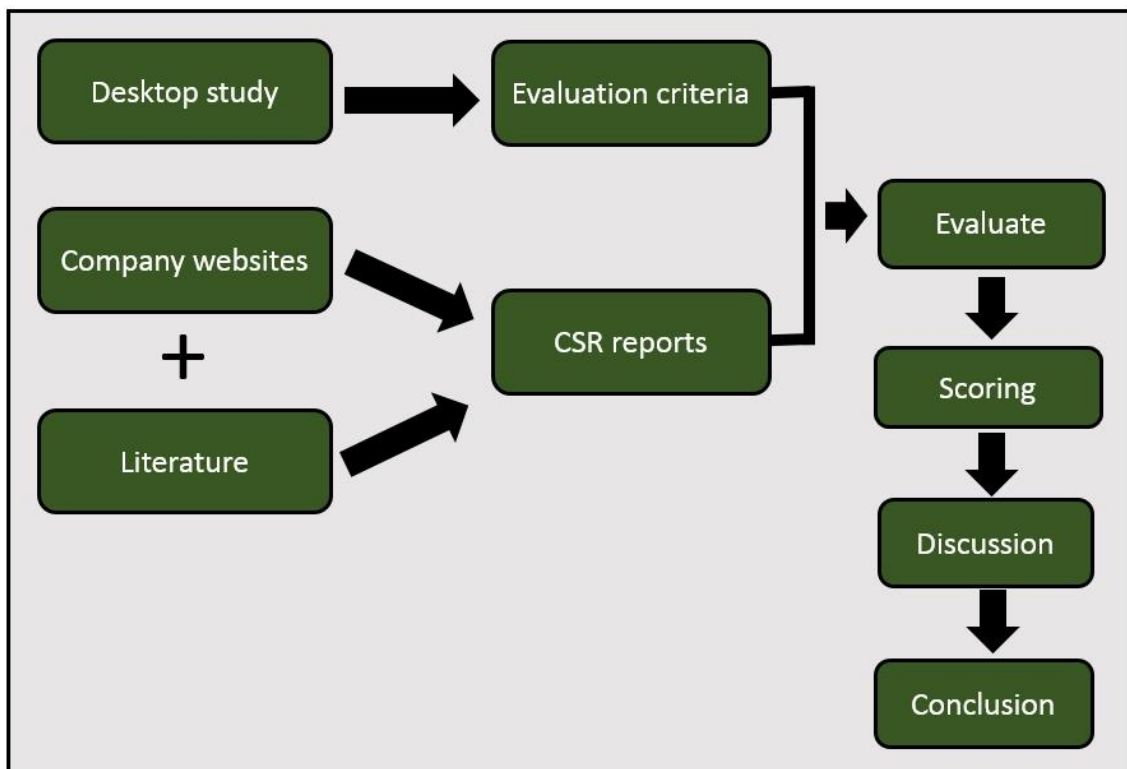


Figure 1. The methodology flowchart

#### 3.1. Evaluation criteria

A desktop study was done to develop evaluation criteria. In addition, a desktop study was conducted to review available data and literature sources about corporate social responsibility programs (Lubee, 2017). Literature retrieval is done in the data collection process using company websites and associated literature, particularly Google Scholar. Google Scholar has been the subject of dozens of studies comparing its accuracy and coverage to other databases, particularly Scopus and Web of Science (WOS), as a free service for scholarly literature retrieval (Halevi et al., 2017). Reviewing previous studies is necessary for a thorough comprehension of this case study (Zamroni et al., 2020). The selection of references (articles) was completed by reading abstracts to grasp the primary idea of preceding studies. Reading the entire text becomes necessary for clarification and in-depth understanding (Suprpto et al., 2017).

According to the purpose of this study, we create evaluation criteria based on environmental, economic, and social perspectives that have been summarised in the literature review (Table 1).

#### 3.2. CSR reports

CSR reports were collected from the companies' websites. We only focus on CSR works displayed on these websites; if several CSR works related to evaluation criteria may have been

carried out but not reported on the website, we assumed absence with a score of 0. We took ten samples of CSR randomly from several mining companies in Kalimantan. These companies include:

**Table 1.** Evaluation criteria based on environmental, economic, and social perspectives

Perspectives	Evaluation criteria	Code
Environmental	The company considers cleaner production, waste reduction, material flow management, and recycling.	ENV-01
	The company takes long-term factors into account, such as global climate change and other environmental threats.	ENV-02
	The company is committed to following all applicable laws and policies concerning environmental standards and policies.	ENV-03
	The company is committed to conserving biodiversity.	ENV-04
	The company is committed to managing energy and water.	ENV-05
	The company is committed to managing sound and vibration from mining activities as well as protecting the air quality around the mining area.	ENV-06
Economic	Developing infrastructures surrounding mining companies.	ECO-01
	Providing jobs opportunities for local communities.	ECO-02
	Enhancing self-employment options for local communities.	ECO-03
Social	The company has good corporate ethics (ethical behaviour when dealing with government officials, lawmakers, and other businesses).	SOC-01
	The company encourages employees to volunteer for social causes and provides incentives for these activities.	SOC-02

a. *Adaro Indonesia (ADA)*

The origins of Adaro can be traced back to the global oil shocks of the 1970s. They prompted the Indonesian government to change its energy policy, which had previously concentrated solely on oil and gas, to incorporate coal as a domestic fuel source. In 1976, the Mines Department separated East and South Kalimantan into eight coal blocks and invited tenders for these blocks, reflecting the increased focus on coal (Adaro, 2014).

b. *Baramulti Suksessarana (BSSR)*

PT Baramulti Suksessarana Tbk began as a coal trading company in 1990 and has since progressed to become a coal mining company. In BSSR, there are two coal concessions: PT Antang Gunung Meratus (AGM) in South Kalimantan, and PT Baramulti Suksessarana (BSSR) in East Kalimantan (Baramulti Suksessarana, 2012).

c. *Arutmin Indonesia (AI)*

Arutmin is a coal mining contractor hired by the Indonesian government. Arutmin's mining business spans three districts in South Kalimantan: Tanah Laut, Tanah Bumbu, and Kotabaru, with five operational sites and one coal port (Arutmin Indonesia, 2020).

d. *Berau Coal (BC)*

PT Berau Coal holds a 118,400-hectare mining concession in the Berau Regency, some 300 kilometres north of Samarinda, the capital of East Kalimantan province. The concession area is defined by a letter from the Ministry of Energy and Mineral Resources, No.

178.K/40.00/DJG/205, dated 7 April 2005, and is valid until 2025, with two 10-year extensions conceivable (Berau Coal, 2021).

e. *Bayan Group (BG)*

The Bayan Group's involvement in Indonesia began in 1973 with the formation of PT. Jaya Sumpiles Indonesia (JSI) as an earthwork, civil works, and maritime construction contractor by the president director and founder of the Bayan Group. JSI started contract coal mining in 1988 and remained a top mining contractor until 1998 when the Bayan Group's president director and founder purchased PT. Gunung Bayan Pratamacoal (GBP) and PT. Dermaga Perkasapratama (DPP). GBP had not started mining at the time, and the Balikpapan Coal Terminal (under DPP) has a capacity of 2.5 million tonnes per year (Bayan, 2019).

f. *Kaltim Prima Coal (KPC)*

PT Kaltim Prima Coal is a corporation that mines and markets coal for industrial customers in domestic and international markets. Sangatta, a city in East Kalimantan, Indonesia is home to KPC. KPC is in charge of an 84,938-hectare mining concession. KPC has a capacity of 70 million tons of coal per year (Kaltim Prima Coal, 2021).

g. *Kideco (KD)*

Kideco, a resource development firm founded in 1982, owns and operates Indonesia's third-largest single coal mine. The Kideco mine lies about 200 kilometres southeast of Balikpapan, in the Paser Regency of East Kalimantan, Indonesia. Kideco has massive coal deposits in a 47,500-hectare mining region, with total resources of 1,625 million tons and mineable reserves of 569 million tons as of the end of 2017. The statistics are projected to rise as the exploratory process continues (Kideco, 2019).

h. *Multi Harapan Utama (MHU)*

The Government of the Republic of Indonesia has appointed PT Multi Harapan Utama to carry out coal mining activities (exploration and production operations). MHU's operations regions are in East Kalimantan Province's Kutai Kartanegara Regency and Samarinda City. MHU began its initial investigation in 1987, and their production began in 1992 (Utama, 2019).

i. *Pesona Khatulistiwa Nusantara (PKN)*

PT Pesona Khatulistiwa Nusantara is a coal mining firm operating since February 15, 2009, and has a good permit until February 14, 2039. The 21,875-hectare operational area is divided into two blocks: the north block and the south block. The Kelubir and Ardimulyo areas in the northern block are separated into two areas, while the Sekayan and Rangau regions in the southern block are divided into two areas (Khatulistiwa, 2019).

j. *Adimitra Baratama Nusantara (ABN)*

PT Adimitra Baratama Nusantara was founded in 2004 and currently runs a 2,990 hectare mining concession in Kampung Jawa Village in Sanga-Sanga District, and Muara Kembang Village in Muara Jawa District, both located in Kutai Kartanegara Regency, East Kalimantan. The concession site is located around 30 kilometres southeast of Samarinda City and provides excellent access to the Mahakam River. In addition to the road, a motorboat can take people from Samarinda to the concession location. In 2007, ABN commenced exploration and infrastructure construction, and their commercial production began in 2008. ABN had 156 million tons of coal resources and 117 million tons of reserves as of December 31, 2011 (Adimitra Baratama Nusantara, 2021).



#### 4. Results and discussion

According to Table 2, the evaluation scores of the CSR mining companies programs in Kalimantan, Indonesia are high in terms of cleaner production, waste reduction, material flow management, and recycling, as well as being committed to managing energy and water, developing infrastructures surrounding mining companies, having good corporate ethics (ethical behaviour when dealing with government officials, lawmakers, and other businesses), and encouraging employees to volunteer for social causes and provides incentives for these activities. The scores are between 80 to 90 percent. Almost all mining companies in Kalimantan conducted good mining practices; they strive to minimise the environmental impacts of their mining activities, which are pursued consistently through environmental management and observation. In the water management field, they constructed a domestic wastewater treatment facility to manage domestic wastewater. In addition, to save more energy, they have initiated to reduce the energy consumption in mining operations. They also care for local communities by developing infrastructures such as building a bridge, installing an information board, installing paving blocks, building school and health facilities, and installing water treatment plants. Almost all mining companies in Kalimantan have good social programs because they have cooperated with the local government to socialise their programs. They have social fundings to local communities such as giving scholarships for the children around mining companies and conducting charity activities.

**Table 2.** Shows the evaluation scores of the CSR mining companies programs in Kalimantan, Indonesia

Evaluation criteria	ADA	BSSR	AI	BC	BG	KPC	KD	MHU	PKN	ABN	Total scores (%)
ENV-01	1	1	1	1	1	1	1	1	1	0	90
ENV-02	1	0	0	0	0	0	0	0	0	0	10
ENV-03	1	1	1	0	1	1	0	1	0	0	60
ENV-04	1	1	1	1	0	1	0	0	0	0	50
ENV-05	1	1	1	1	1	1	1	0	0	1	80
ENV-06	1	0	1	0	1	1	0	0	0	0	40
ECO-01	1	1	1	1	1	1	1	0	0	1	80
ECO-02	1	0	0	0	0	0	0	0	0	1	20
ECO-03	1	1	0	1	1	1	0	0	0	1	60
SOC-01	1	1	1	1	1	1	0	1	1	1	90
SOC-02	1	1	0	1	1	1	1	0	1	1	80

The evaluation scores of the CSR mining companies programs in Kalimantan, Indonesia, are medium in their commitment to following all applicable laws and policies concerning environmental standards and policies, commitment to conserving biodiversity, commitment to managing sound and vibration from mining activities as well as protecting the air quality around the mining area, and enhancement of self-employment options for local communities. The scores are between 40 to 60 percent. Several CSR reports of mining companies in Kalimantan do not show environmental management standards that refer to legal rules such as Law Number 4 of 2009 concerning Mineral and Coal Mining, ISO 9001 Quality Management System, and ISO 14001 Environmental Management System. Some of them do not commit to conserving biodiversity, even though clearing mining land will potentially damage the forest, which means that there is a risk of threatening the loss of biodiversity. Some do not commit to protecting air quality, sound, and vibration protection, whereas air quality, sound, and vibration can interfere with human health around the mine areas. In addition, some of them do not enhance self-employment opportunities for local communities, whereas CSR should improve the welfare and increase their independence.

The evaluation scores of the CSR mining companies programs in Kalimantan, Indonesia are low in terms of taking long-term factors into account, such as global climate change and other

environmental threats, and providing jobs opportunities for local communities. The scores are between 10 to 20 percent. Most of the mining companies in Kalimantan do not consider long-term factors such as global climate change and other environmental risks, even though mining activities impact the global climate. In addition, they do not give employment opportunities for local communities either, whereas CSR should improve the welfare of the local communities.

From the evaluations above, access to information, public participation, and transparency in discussing areas of corporate-community issues are the aspects that mining companies must improve. Communities are the most active observers of mining corporations' corporate social performance. The term "corporate social performance" refers to an assessment of not only the effectiveness of CSR (outputs and their impact) but also the efficiency of CSR processes and the company's status as an ethical actor. If there is a lack of congruence between aim, activity, and effect, civil society organizations should frequently criticize mining companies' CSR operations (Mutti et al., 2012). In addition, the Indonesian government should improve legal regulations related to the contribution of CSR to local communities, especially in the environmental and economic fields. The Indonesian government must impose legal sanctions on companies that do not comply with the rule of law. Sanctions against corporations who do not practice CSR are still merely a threat. In the face of business corporations, legal mechanisms are still too weak. In Indonesia, the adoption of CSR in limited corporations is mandated by Law No. 40 of 2007 Article 74 regarding Limited Liability Company. This article requires companies that engage in natural resource management operations to practice CSR. This was the beginning point for Indonesia's mandatory CSR programs. The issue is that there are no punishments for breaking the rule. If there are no legal consequences, the existence of the legal substance of CSR will fail. The law and government rules on CSR do not include any punishments for companies that fail to meet their CSR obligations. When there are no regulations requiring CSR, many businesses will neglect it (Mantovani & Wiwoho, 2019). In addition, mining companies must obey the rules of ISO 9001 Quality Management System and ISO 14001 Environmental Management System to achieve sustainable mining business. Stakeholder perceptions are likely to significantly impact interactions between the firm, people who have an interest in it, and those who are affected by it for any commercial organization, large or small. As a result, the views of stakeholders should be a major managerial concern. Because many stakeholder groups who are affected by and attempt to influence the industry regard their interests as a fundamental human rights, the nature of their relationships and communications with stakeholders is especially important for companies that regularly face informed, critical, and active stakeholder attention (O'Riordan & Fairbrass, 2008). According to findings from both academic research and market polls, some stakeholders such as employees, consumers, and investors are more willing to take action to reward good corporate businesses and punish bad ones (Du et al., 2010).

## **5. Conclusion**

The evaluation scores of the CSR mining companies programs in Kalimantan, Indonesia are high in terms of considering cleaner production, waste reduction, material flow management, and recycling, commitment to managing energy and water, developing infrastructures surrounding mining companies, having good corporate ethics (ethical behaviour when dealing with government officials, lawmakers, and other businesses), and encouraging employees to volunteer for social causes and provides incentives for these activities. The evaluation scores of the CSR mining companies programs in Kalimantan, Indonesia are medium in terms of commitment to following all applicable laws and policies concerning environmental standards and policies, commitment to conserving biodiversity, commitment to managing sound and vibration from mining activities as well as protecting the air quality around the mining area, and enhancement self-employment opportunities for local communities. The evaluation scores of the CSR mining companies programs in Kalimantan, Indonesia are low in taking long-term factors into account, such as global climate change and other environmental threats, and providing jobs opportunities

for local communities. Mining businesses must increase access to information, public involvement, and openness in discussing corporate-community concerns. If there is a lack of congruence between aim, activity, and effect, civil society organizations should frequently criticize mining companies' CSR operations. The Indonesian government should improve legal regulations related to the contribution of CSR to local communities, especially in the environmental and economic fields. The Indonesian government must impose legal sanctions on companies that do not comply with the rule of law.

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