Exploring Creating Shared Value In Corporate Social Responsibility Initiatives: A Case Study Of PT Nusa Halmahera Minerals

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ABSTRACT
This study aims to look at the governance of the implementation of the Community Development and Empowerment Program from the point of view of Creating Shared Value. This qualitative research involves PT Nusa Halmahera Mineral and the community around the mine. Data collection techniques, namely observation, interviews, and document review. The results showed that PT NHM's Community Empowerment Program had 8 programs, and only 5 were realized. After being analyzed, PT NHM's Community Development and Empowerment Program (PPM) has carried out the practice of Creating Shared Value in three stages: redefining products and markets, redefining productivity in the value chain and developing local clusters. These programs have positively impacted the lives of the people in the 5 districts surrounding the mine.

INTRODUCTION
Corporate social responsibility, or what we know as Corporate Social Responsibility (CSR), is a company commitment that is mandatory and regulated in Law No. 40 of 2007 concerning Limited Liability Companies (UUPT), where companies are obliged to be responsible for sustainable economic development, which is reviewed through three aspects, namely economic, social and environmental. In its development, implementing a company's CSR has various methods with their respective characteristics. Therefore, the company is open to implementing CSR as long as it remains by applicable laws. The reality today is that many companies still interpret CSR as mere legal compliance and are carried out in the form of unsustainable donations. CSR is only done to manage the company's image and reputation. However, on the other hand, companies also implement CSR activities for the welfare of the community and
create sustainable economic development per the provisions of the Company Law, both for companies and the community.

The concept of CSR began to be modified with a more profitable concept for the company and society. The development of the CSR concept is Creating Shared Value (CSV). CSV was first introduced by Porter & Kramer (2006) in the Harvard Business Review article. CSV is a concept that requires companies to play a dual role in creating economic value and social value together (shared) without either being prioritized or sidelined (Porter & Kramer, 2011). CSV presents a new concept where companies can create strategies to turn social problems into business opportunities (William & Hayes, 2013).

The CSV concept does not only aim to provide community assistance or donations when a disaster or other unfortunate event occurs. On the other hand, CSV is expected to be a long-term solution while building a more prosperous society through a business approach (Menghwar & Daoed, 2021). CSV not only helps improve people's lives but can also be a strategy that impacts the company's business performance and resilience. As explained by Porter and Kramer (2011) that social progress also means business progress; the business may not run well if poor/failed people surround the company. Thus, if the CSV concept is implemented, the company can gain the trust and support of stakeholders, and the company's image will be good (Alpana, 2014).

Companies can realize shared values through three frameworks:
1. Companies need to redefine markets and products.
2. Redefine productivity across the value chain. Porter and Kramer (2011) argue that the opportunity to realize shared value is also driven by social issues increasing the economic costs of a firm's value chain.
3. It is advisable to form supporting industrial clusters around the business location. Porter and Kramer believe that shared value can be created by developing industrial clusters.

North Maluku is one of Indonesia's provinces with extraordinary natural resource potential, especially agricultural products. Mining is one of the sectors that is the mainstay of the economy in North Maluku. Economic growth in North Maluku reached the highest rate in Indonesia, with 27% in the second quarter of 2022, and this is due to the huge investment in the mining sector. With this large number of mining sectors, the social welfare of the people in the mining circle should also increase. However, in general, many still believe that social welfare is only a corporate donation activity and an effort to abort obligations as applicable regulations in Indonesia.

One company that has paid attention to the community's welfare is PT Nusa Halmahera Minerals. PT Nusa Halmahera Minerals (NHM) is a mining company based on a work contract signed on April 28, 1997, with the Indonesian government. NHM majority or up to 75% of its shares are owned by PT Indotan Halmahera Bangkit and the remaining 25% by PT Aneka Tambang Tbk. As the majority shareholder, the Indonesian government appointed PT Indotan Halmahera Bangkit to manage the Gosowong Gold Mine. This shows that NHM has broad social responsibilities as a mining company operating in areas with potentially significant social, economic, and environmental impacts. As the majority owner, PT Indotan Halmahera Bangkit is responsible for ensuring that mining operations are carried out in a socially and environmentally responsible manner and provide fair and sustainable benefits to the community, stakeholders, and shareholders.

NHM must also pay attention to the impact of mining operations on surrounding communities, including providing fair and sustainable benefits for them, such as providing employment opportunities, supporting community development, and paying attention to their needs. In addition, NHM must ensure that employees working in mines have safe, healthy, and productive working conditions. This research will focus on the Corporate Social Responsibility program, namely PPM (Community Development & Empowerment). The Community Development and Empowerment Program (PPM) is part of the operational activities of PT Nusa...
Halmahera Minerals (NHM) in order to contribute to development in the area around the Company's operational activities, particularly in 83 villages in five subdistricts around the mine namely Kao District, Kao Teluk District, West Kao, North Kao District, and Malifut District.

The NHM PPM Program carries out its activities with a focus on education, Health, Real Income Level/Employment, Economic, Social and Cultural Independence, Environment, Community Institutions in Support of Independence, and PPM Supporting Infrastructure. With this program, researchers will see and measure the relationship between the PPM program and the concept of creating shared value at NHM. Many companies that carry out Corporate Social Responsibility (CSR) activities unknowingly contain Creating Shared Value without knowing the basic concept. Creating Shared Value needs guidelines or a framework for preparing its reports. Therefore, each company can prepare the Creating Shared Value report framework differently.

There is quite a lot of research examining the implementation of Creating Shared Value (CSV) in Indonesia. However, there is little research on CSV in mining companies and mining community welfare issues. Therefore, it is essential to implement Creating Shared Value (CSV) at NHM to improve the community's social welfare and become an example for other mining companies.

This research will measure the success of the PPM program run by NHM and provide benefits in the form of a recommendation for NHM in describing the impact of the programs implemented to improve people's welfare. In addition, this research is a recommendation to the community around the mine to take advantage of the program opportunities run by NHM.

The Nusa Halmahera Minerals Company (NHM) is a mining company operating in the Halmahera region, Indonesia. As a company operating in a sector with the potential to have a significant social and economic impact, NHM can apply the Creating Shared Value (CSV) concept through community empowerment programs. This research will also show that the PT NHM PPM program has implemented CSV practically. It is just that this concept has yet to be made in the form of a document, and no law regulates CSV, all of which still refer to the law on CSR.

The Community Empowerment Program is an essential approach to achieving sustainable development. In this context, Creating Shared Value (CSV) has become the focus of attention for companies that want to impact society while achieving sustainable business goals positively. CSV refers to the company's strategy to create shared value with society through initiatives and programs that simultaneously improve people's welfare and the company's competitive advantage.

LITERATURE REVIEW

Corporate Social Responsibility (CSR)

The concept of CSR has been used since the 1970s. It has become increasingly popular, especially after the publication of Cannibals With Forks: The Triple Bottom Line in 21st Century Business (Elkington, 1999). Elkington (1999) classifies CSR into three focuses known as the triple bottom line (profit, planet, and people). In essence, a good business does not only seek economic profit (profit) but also cares about environmental sustainability (planet) and seeks ways to improve social welfare (people).

Among the various definitions that have been developed, various parties have widely adopted the definition of CSR from the World Business Council for Sustainable Development. CSR is understood as “an employer's ongoing commitment to behave ethically and contribute to economic development while improving the quality of life of employees and their families, as well as of the local community, locality, and society as a whole” (Rexhepni et al., 2013; Asongu, 2007; Maten & Moon, 2008). One of the concepts of CSR emerges as a way out because there is no consensus regarding the consistency between corporate social responsibility and corporate responsibility to shareholders, namely “the pyramid of firm responsibility,” according to Carroll (2008). Carroll (2008) explains that the concept of CSR includes four points, namely economic...
Responsibility (make a profit), legal responsibility (obey the law), ethical responsibility (be ethical), and philanthropic responsibility (be a good global corporate citizen).

These four CSR points must be understood as a single entity that can be applied within the company. Although many think that profit must be prioritized because profit reflects the company's success in running its business. However, the company's success in generating profits can only be done with the company's concern for the community and compliance with applicable laws. Conversely, profit-generating activities are associated with the development of the surrounding community and sustainable development because the community plays an important role in the sustainability of the company's business. CSR is no longer just an activity to empower the community by providing a certain amount of funds. However, every company must carry out CSR, which is regulated by law every year.

Creating Shared Value (CSV)

The concept of Create Shared Value (CSV) was first introduced by Porter and Kramer (2011). Porter and Kramer (2011) describe the problem where companies are considered to use society for their welfare. The company is trying to solve the problem but needs a different approach. By adopting Corporate Social Responsibility (CSR) and addressing social issues as an outside business activity, the company failed to gain the trust of wider communities, and its reputation fell. Corporate Social Responsibility (CSR) is used to enhance a company's reputation, while Create Shared Value (CSV) is a way to legitimize a business (Mcintosh et al., 2017; Long & Lin, 2018).

Porter and Kramer (2011) argue that companies must overcome these problems by rearranging their business models in ways that suit the needs of society, as well as creating economic value within the company. Porter and Kramer (2011) define shared value as an operational process that enhances a company's competitiveness while addressing economic and social conditions. Create Shared Value (CSV) is a new concept that argues that community advancement is at the core of a company's success, and on community issues, there are broad opportunities to increase organizational competitiveness and value creation (Martínez et al., 2017). Porter and Kramer (2011) argue that some social weaknesses and losses cause internal costs for companies. However, that does not mean addressing weaknesses and losses increases the company's costs because companies can innovate by using new technologies, operating methods, and management approaches. That way, the company's productivity will increase and expand the market.

There are three ways to realize shared values, according to Porter and Kramer (2011), namely:
1. Redefining Products and Markets.

In today's economy, the demand for products and services that are people's needs is increasing rapidly. Food companies that used to focus on taste and quantity to encourage more consumption are shifting to the fundamental need for better nutrition. For companies, the first step to creating shared value in this way is to identify all of society's needs, advantages, and disadvantages that can occur in the company's products. These opportunities are flexible and stable but always change following technological developments, economic developments, and shifting societal priorities. Continually exploring societal needs can lead companies to find new opportunities for differentiation, reposition the company in traditional markets, and realize the potential of new markets that companies previously ignored.

2. Redefinition of Productivity in the Value Chain.

A company's value chain affects and is affected by many social issues, such as natural resources and water use, health and safety, working conditions, and equal treatment among
workers in the workplace. Opportunities to create shared value increase because these social problems can create economic costs in the company’s value chain.

3. Local Cluster Development.
No company can stand alone. The success of each company is influenced by supporting companies and the surrounding infrastructure (Andelin et al., 2015). Productivity and innovation are greatly influenced by “clusters,” or the geographic concentration of companies, related businesses, suppliers, service providers, and logistics infrastructure in certain areas (Porter and Kramer, 2011). Clusters include institutions, trade associations, competition law, quality standards, and market transparency. Clusters are important in driving productivity, innovation, and competition, and vice versa. With a supportive cluster, productivity will stay high. Companies create shared value by building clusters to increase productivity while addressing gaps around clusters.

METHODS

Conceptual Framework

Figure 1: Conceptual Framework: Syahrain, Ruliyanto; Muhammad Hasnin; and Faradisa

![Diagram of Conceptual Framework]

PPM PROGRAM IMPLEMENTATION OF PT NHM
1. Redefinition of products and markets
2. Redefinition of productivity in the value chain
3. Local cluster development

PPM PROGRAM PT NHM
1. Education
2. Health
3. Jobs
4. Economic independence
5. Social and cultural
6. Environment
7. Strengthening Institutions
8. Infrastructure

WELFARE OF COMMUNITIES CIRCLE MINE

Types of Research
The type of research used in this research is descriptive qualitative research. According to Sugiyono (2013), a qualitative research method is a research method used to research on natural object conditions, where the researcher is a key instrument, data collection techniques are
carried out in a triangulation (combined) manner, data analysis is inductive, and qualitative research results emphasize meaning rather than generalizations.

Qualitative descriptive research is not intended to test or formulate certain hypotheses but only to describe a variable, symptom, or condition. The research is descriptive because it is carried out without a strictly formulated hypothesis to describe a particular social phenomenon in detail.

**Data Collection Technique**

Data collection techniques used in this research are primary data and secondary data. Primary data were obtained from interviews as a list of questions compiled based on the research focus and direct observation regarding conditions in the field and documentation. At the same time, secondary data is obtained by researchers indirectly through intermediary media (obtained and recorded by other parties).

The information in this research is people who can provide data and information relevant to the research problem. Informants are sources or primary data sources that are needed in research. The informants in this study are as follows:
1. Manager of Social Performance at PT Nusa Halmahera Minerals
2. Social Performance Members of PT Nusa Halmahera Minerals (2 people)
3. Mine Circle Community (4 people)

Secondary data in this study were in the form of PT NHM's PPM reports and documents. The report contains information regarding corporate social responsibility activities.

**Data Analysis Technique**

The data analysis technique used in this research is a qualitative data analysis technique proposed by Miles and Huberman. Activities or steps in data analysis are as follows (Sugiyono, 2013):
1. Data Collection: The first stage is collecting qualitative data from various sources such as interviews, observations, or documents. The data collected must be relevant to the research objectives and include the information needed to answer the research questions.
2. Data reduction: This stage involves reducing the data that has been collected to make it easier to manage and understand. Data reduction includes shrinking data, coding, and organizing information into certain themes or categories. This helps simplify data and identify emerging patterns and trends.
3. Presentation of Data: This stage is carried out in brief descriptions, charts, relationships between categories, or presentation of data with narrative text.
4. Conclusion Drawing and Verification: At this stage, the researcher analyzes the data sorted and coded to draw conclusions or patterns of findings relevant to the research question. Then, these conclusions are verified by referring back to the source data and reconfirming the findings.

**Figure 2: Data Analysis Technique Scheme; Source: Miles and Huberman (1984)**
RESULTS AND DISCUSSION

Based on the results of field research, the author can scientifically analyze how to view Corporate Social Responsibility through the Lens of Creating Shared Value (PT NHM’s PPM PROGRAM) in community empowerment in the mining area.

Nusa Halmahera Mineral: Get to Know Closer

PT Nusa Halmahera Mineral (NHM) is a mining company based in Indonesia and focuses on exploiting mineral resources in the North Halmahera region, North Maluku. Since its establishment, the company has been committed to mining activities with high social and environmental responsibility. NHM strives to build sustainable partnerships with local communities, government, and other stakeholders to support local economic growth and improve residents' quality of life.

By adhering to the principles of sustainability and adherence to international standards in the mining industry, PT Nusa Halmahera Mineral is committed to creating a positive impact on the community and the surrounding environment. In addition to prioritizing its workers' occupational safety and health, NHM also focuses on reducing the environmental impact of its mining activities.

The company actively adopts the latest technologies and innovations to ensure efficient and environmentally friendly operations. To support community development programs, PT Nusa Halmahera Mineral is also involved in various projects and social initiatives, including in education, health, and infrastructure, thereby creating added value for local communities and improving their quality of life.

PPM PT Nusa Halmahera Mineral: Program Plans and Realization

In carrying out the Company’s obligations regarding the 1% fund, PT Nusa Halmahera Mineral carries out a Community Empowerment Program by KEMEN ESDM NO. 1824 K/30/MEM/2018. There are 8 programs. In implementing its PPM program, NHM referred to the PPM Blueprint document prepared by the Provincial Government, ratified through a Decree of the Governor of North Maluku, and announced on January 13, 2021, in Tobelo. In addition, the Company also has a PPM Master Plan Document, which received technical approval from the Ministry of Energy and Mineral Resources on December 30, 2020.

The NHM PPM Program focuses on the following areas: Education, Health, Real/Employment Levels of Income, Economic, Social, and Cultural Independence, Environment, Community Institutions in Self-Reliance, and PPM Supporting Infrastructure.

From the results of the author's interviews with validated informants with the Community Empowerment Program realization document, several programs have been realized and have had an impact on the community. The realization of the Community Empowerment Program (PPM) by PT Nusa Halmahera Mineral (NHM) has positively and significantly impacted various fields, including education, economy, health, and socio-culture.

In education, PT NHM has made a real commitment to increasing access and quality of education in its operational areas. Through the construction of school infrastructure (IT Lab & Digital Library of SMPN 4 Malifut, Rehabilitation of SD Inpres Ngaimadodera Bukit Tinggi Village, Construction of 2 New Classrooms for SMP Negeri 16 Kao Utara), awarding of scholarships, Realization of Operations/Incentives for Teachers Honor PAUD/TK, SD, SMP & SMA and training for educators (Increased Learning Competition), NHM has helped create a better learning environment. This way, local youth can access quality education and better prepare themselves for a brighter future.

In the economic field, PT Nusa Halmahera Mineral has successfully launched various community economic empowerment programs. Through skills training (Vocational Training in collaboration with BLK Ternate), access to business capital for groups in the village on the
Development of Vegetable Horticulture Agriculture, and support for micro and small businesses, this Company has helped drive the local economic sector. This economic empowerment has created new job opportunities, reduced unemployment, and increased people's income. By empowering the community economically, NHM has contributed to improving the welfare of the surrounding community.

In the health sector, PT Nusa Halmahera Mineral has taken steps to improve access to and quality health services for the local community. The Company has supported the construction of health facilities, provided modern medical equipment, and organized disease prevention programs such as Capacity Building for Posyandu Cadres & Mama Biang. NHM's active support in the health sector has greatly benefited the community, helping improve health status, reducing mortality, and increasing the life expectancy of the people around its operational areas.

In the socio-cultural field, PT Nusa Halmahera Mineral has committed to preserving and strengthening local cultural heritage. Through socio-cultural programs, this Company has supported arts activities, traditions, and traditional ceremonies, as well as sustainable tourism development. Four major tribes inhabit the mining area: Modole, Pagu, Boeng, and Tuwiliko. NHM's support in the socio-cultural field helps strengthen the cultural identity of the local community while at the same time opening up economic opportunities through a sustainable tourism sector.

Overall, realizing the Community Empowerment program by PT Nusa Halmahera Mineral has significantly benefited the community and the environment around the Company's operational areas. Through a continuous commitment to education, economy, health, and socio-culture, PT NHM has proven its active role in improving local communities quality of life and welfare.

The point of View CSV: New Directions and Implementation of Corporate Social Responsibility

The new direction of corporate social responsibility (CSR) from the point of view of Creating Shared Value (CSV) is an innovative and holistic approach to implementing corporate social responsibility. In this paradigm, companies focus on charity and philanthropy and integrate social and environmental goals with their core business strategy.

With the CSV approach, companies seek to create shared value between their business interests, community interests, and environmental sustainability. The experience of some companies at the global level can serve as an example for business entities in Indonesia in carrying out social and economic activities proportionally. The key to this success lies in Creating Shared Value (CSV), integrating social and economic goals. This means that there is no dichotomy between the social and economic domains. At this point, overcoming social problems is not a cost but a driving force for the company to ensure long-term business sustainability.

Through the CSV approach, companies seek opportunities to create additional value for society and the environment through business activities. This includes various things, such as strengthening supply chains by involving local actors, empowering communities through skills training, increasing access to health and education services, and reducing the environmental impact of company operations. By integrating social responsibility into its core business strategy, companies can create long-term benefits for all parties involved.

The CSV approach also recognizes the importance of collaboration and partnerships with various stakeholders. By engaging in dialogue and working with governments, non-profit organizations, and local communities, companies can identify pressing social and environmental problems and formulate sustainable solutions. Companies can leverage existing knowledge, resources, and skills through these partnerships to achieve better results and greater impact.

Thus, the new direction of corporate social responsibility from the point of view of Creating Shared Value is to adopt a more integrated approach, focus on shared values, and be oriented towards collaboration and partnership. By embracing social responsibility in their core business
strategy, companies can become agents of positive change, creating a real impact in improving societal well-being and environmental sustainability while achieving long-term business success. From the explanation above, several companies have implemented the Creating Shared Value program, but the company still mentions it as CSR. One that the author has seen is PT Nusa Halmahera Mineral. Several work program implementations based on PPM documents explained that PT Nusa Halmahera Mineral had implemented CSV practices without realizing it. PT NHM’s CSV practice through its PPM Program is as follows:

1. Redefining Products and Markets in the CSV Eyes for PT NHM’s Community Empowerment Program:
   In the PT Nusa Halmahera Mineral (NHM) Community Empowerment Program, product and market redefinition can be done by identifying unmet local community needs and creating solutions through new products or services. NHM has adopted an innovative approach by deeply understanding the needs and aspirations of local communities.
   For example, the company has developed products that support local agriculture and provide internal market access to the company, even to traditional markets, if the produce has arrived at harvest time. By responding to the community’s needs, PT NHM can create added value for the local community and, at the same time, increase the competitiveness of its products in the market.

2. Redefining Productivity in the Value Chain for PT NHM’s Community Empowerment Program:
   Applying the CSV concept in PT Nusa Halmahera Mineral's Community Empowerment Program also involves redefining Productivity in the value chain. Productivity is not only measured in terms of operational efficiency but also includes social and environmental impacts generated by the company’s entire value chain. NHM has paid attention to its impact on the surrounding community, such as improving the quality of life, better access to health, and strengthening the local economy.
   For example, PT NHM can implement sustainable and responsible mining practices in the mining sector and ensure direct involvement and benefits for the surrounding community. From the Education Program, NHM has created a training program to improve the quality of educators, renovating school buildings so that they are suitable places to study. This provides a good value chain and impacts the quality of human resources going forward.

3. Development of Local Clusters in the CSV Perspective for PT NHM’s Community Empowerment Program:
   In implementing the Community Empowerment Program, PT Nusa Halmahera Mineral has implemented local cluster development to empower the local economy and support sustainable growth. NHM can collaborate with local governments, universities, and local business actors to build ecosystems that support the development of potential economic sectors in their operational areas. The company facilitates skills training, business assistance, and market access for micro and small businesses.
   The company also formed the Gosowong People’s Mine through the idea of the President Director of NHM to legally accommodate illegal miners to mine, and the results are sold to NHM. By encouraging local business growth, PT NHM can create jobs, reduce unemployment, and improve the welfare of the surrounding community.
   By implementing a redefinition of products and markets, redefinition of productivity in the value chain, and development of local clusters from a CSV perspective, PT Nusa Halmahera Mineral’s Community Empowerment Program is becoming more focused on creating shared values between business interests and local communities. PT NHM can achieve sustainable business success while empowering local communities and improving their quality of life. By integrating social and environmental responsibility into its core business strategy, NHM proves its commitment to creating a sustainable positive impact on the community and environment around the company’s operational areas.
CONCLUSION

Regarding Creating Shared Value (CSV), PT Nusa Halmahera Mineral (NHM) has successfully implemented a Community Empowerment Program by creating shared values between business interests and the local community. Through product and market redefinition, companies understand societal needs, create relevant solutions, and provide products or services that benefit customers and communities. Redefining productivity in the value chain integrates social and environmental responsibility into business strategy, making PT NHM responsible for carrying out sustainable mining activities. Local cluster development strengthens the company's commitment to empowering the local economy and improving the quality of life of the surrounding community through partnerships with local stakeholders.

Thus, PT Nusa Halmahera Mineral has proven its commitment to creating positive and sustainable impacts on society and the environment and achieving sustainable business success. PT Nusa Halmahera Mineral has unknowingly implemented this CSV concept, but it has yet to be theoretically embodied in the knowledge of the Social Performance team. These CSV glasses are hoped to be implanted internally at PT Nusa Halmahera Mineral.

Suggestion

The suggestion from the results of this research to future researchers is to consider vertical and horizontal integration of the PPM program. Vertical refers to the extent to which these programs are integrated with PT NHM's core business activities, while horizontal refers to the extent to which these programs align with the needs and aspirations of local communities. Researchers can further investigate whether there is potential to increase synergy between PPM programs and company operational activities. So from further research, we can see further the potential in the field as a novelty that is useful in this science.

REFERENCES


