

# IJED: International Journal of Economic Development Research

Vol. 04 No. 01 (2025) : 35-47

Available online at <https://ejournal.unuja.ac.id/index.php/IJED/index>

## The Impact of Corporate Responsibility (CSR) of Pt. Pltu Paiton on Non-Governmental Groups in Realizing Social Economic Independence

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### Abstract

Corporate Social Responsibility (CSR) is one of the company's strategies in making a positive contribution to the surrounding community. PT. PLTU Paiton has implemented various CSR programs that focus on empowering Non-Governmental Groups (KSM) to increase local economic independence in Probolinggo Regency. This study aims to analyze the impact of PT. Paiton coal-fired power plant to KSM and the extent to which this program contributes to building the economic welfare of the community. The method used is qualitative, with a case study approach and in-depth interviews with KSM members and related stakeholders. The results of the study show that PT. PLTU Paiton has had a positive impact on increasing the capacity of KSM in managing businesses based on local wisdom. In addition, the sustainability of CSR programs also contributes to increasing the economic competitiveness of the community in the agribusiness and tourism sectors. The main success factor in the implementation of this program is the synergy between companies, local governments, and communities in building a sustainable economic ecosystem. This research provides recommendations for companies to continue to develop CSR programs by considering sustainability aspects and active community participation.

DOI: <https://doi.org/10.33650/ijed.v2i1>

**How to Cite:** Della Sifani, Nafiah, Rika Aprilia. The Impact of Corporate Responsibility (CSR) of Pt. Pltu Paiton on Non-Governmental Groups in Realizing Social Economic Independence, IJED: International Journal of Economic Development Research Vol. 04 No. 01 (2025) : 35-47

### Article History

Received: Februari

Revised: Maret

Accepted: Maret

**Keywords:** Corporate Social Responsibility, Economic Independence, Local Wisdom

## INTRODUCTION

Community economic development is a fundamental aspect in an effort to improve welfare and create economic stability at the local level. In the era of globalization, the role of industry and the private sector is increasingly vital in supporting economic growth, especially in areas where large companies operate their operations.

One of the ways taken by the industrial world in contributing to society is through Corporate Social Responsibility (CSR). CSR is a form of corporate social responsibility in helping to improve people's welfare, both in the fields of education, the environment, and the economy (Ramadan 2012). In the economic context, CSR can function as a catalyst for people to be more independent and able to create sustainable economic value.

The importance of community economic development as a key element in improving welfare and encouraging economic independence, especially at the local level. Economic development not only affects the increase in individual income, but also contributes to social stability and overall regional development. In this context, people who have access to good economic opportunities tend to be better able to meet their living needs, develop businesses, and improve the level of education and health of their families (2016). Therefore, economic development efforts are a very important aspect in improving the quality of life holistically.

The existence of the company PT. The coal-fired power plant has a significant impact on the surrounding community. Industries operating in an area not only bring economic benefits, such as increased employment opportunities and investment flows, but can also provide social and environmental impacts that need to be considered. From a social perspective, companies can affect the patterns of community interaction, work structure, and community welfare. Meanwhile, from an environmental perspective, industrial activities can have positive and negative consequences on the condition of the local ecosystem. Therefore (Manshur and Ramdlani 2020), it is important for companies to have responsible policies in place to ensure that their existence provides maximum benefits to society without damaging the balance of the environment (Management, Economy, and Unisma 2020).

One form of the company's contribution to the community's economic development is through Corporate Social Responsibility (CSR), which is a series of programs designed to provide long-term benefits to the community around the company's operational area (Febrianto, Widad, and Aini 2022). CSR is the company's commitment to carrying out social responsibility with various initiatives that include economic, social, and environmental aspects. This program can be in the form of

providing support for micro businesses, skills training, infrastructure development, improving health services, and educational assistance for the community. With CSR, companies can play a strategic role in encouraging more inclusive and sustainable local economic growth (Mawonde and Togo 2019).

CSR is not just a form of corporate social concern, but also part of a business strategy that is oriented towards sustainability. Companies that run CSR programs well not only help the community, but also benefit in the form of improved image, community loyalty, and business sustainability in the long run. By making CSR part of the business strategy, companies can ensure that their contribution to society is not just temporary, but continues to evolve as the industry evolves and the needs of the local community (Kassim et al. 2009). As one of the largest energy companies in Indonesia, PT. The Paiton coal-fired power plant plays an important role in the economic development of the surrounding community, especially in Probolinggo Regency. The company has implemented various CSR programs aimed at improving the quality of life of the community with a main focus on empowering Non-Governmental Groups (NGOs). KSM is a group consisting of local communities who strive independently to develop micro businesses and improve their economy through various sectors, such as agribusiness, creative industries, and tourism based on local wisdom. The existence of KSM in the community shows the economic potential that can be maximized if supported by the right policies from companies and the government (Asharudin 2018).

The strategic role of PT. Paiton coal-fired power plant in local economic development in Probolinggo Regency through the Corporate Social Responsibility (CSR) program. As a large energy company, its existence not only serves as a provider of electricity, but also as part of an economic ecosystem that influences the lives of the people around it (Anzoategui, Demirgürç-Kunt, and Martínez Pería 2014). Corporate support in economic development is realized through various initiatives oriented towards community empowerment, targeting groups that have economic potential to develop independently (Bankuoru Egala, Boateng, and Aboagye Mensah 2021).

One of the main CSR focuses of PT. The Paiton coal-fired power plant is an empowerment of Non-Governmental Groups (KSM), which is a community consisting of local communities who collectively seek to improve their economic welfare. KSM acts as

a driving force for a community-based economy, where people are not only dependent on external assistance, but actively develop their potential in various fields of business(Mawonde and Togo 2019). With skills training, access to capital, and business assistance, KSM can increase capacity in carrying out more productive and sustainable economic activities

In the context of the economic sector supported by CSR, agribusiness is one of the main focuses. People engaged in the agricultural sector receive education about modern agricultural techniques, crop optimization, and wider market access. This aims to ensure that they not only survive as local farmers, but also be able to become highly competitive agribusiness actors. The creative industry is also one of the fields developed in the CSR program, where the community is given the opportunity to develop businesses based on the uniqueness of local culture and creativity, such as handicrafts, regional cuisine, and products based on traditional skills (Yusuf, n.d.).

In addition, PT. PLTU Paiton supports the development of tourism based on local wisdom, where the community is encouraged to manage tourist destinations with the concept of ecotourism and sustainable tourism communities. Regional tourism potential can be maximized through improving facilities, tourism management training, and more effective promotional strategies. Thus, tourism not only functions as an economic sector, but also as a medium of cultural and environmental preservation that is of high value to the local community (Cull, Demirgürç-Kunt, and Morduch 2018). The existence of KSM in society is an important indicator in community-based economic development. However, in order for this CSR program to have an optimal impact, appropriate policy support from companies and the government is needed. The synergy between CSR, government regulations, and active community participation will ensure that the economic empowerment program that runs is not just short-term assistance, but becomes part of a more sustainable and self-sustaining economic system (Asare Vitenu-Sackey and Barfi 2021).

With a strategic approach, PT. PLTU Paiton contributes directly to forming an inclusive economic ecosystem. The community is not only the beneficiary, but also the main actor in developing a community-based economy, thereby strengthening the competitiveness of the regional economy and realizing a more equitable community welfare(Fiantika 2022). In the implementation of the CSR program, PT. PLTU Paiton has

carried out various initiatives that include entrepreneurship education, skills training, access to capital, and business assistance. One of the aspects that has received special attention is the agribusiness sector (Ramadan 2012), where the company provides education to farmers and local business actors in order to increase crop yields and expand its marketing network. In addition, CSR also focuses on developing community-based tourism, by providing support for local tourist destinations to be more attractive and can increase the number of tourist visits. With this program, people not only get direct economic benefits, but also get the opportunity to develop their regional potential more optimally (UNESCO 2018).

As one of the largest energy companies in Indonesia, PT. The Paiton PLTU has a strategic role in the development of the local economy in Probolinggo Regency. Not only does it function as a provider of electricity, its existence also has a wide impact on the surrounding community. In the industrial world, large companies are often part of the local economic ecosystem, where their existence affects various aspects, such as job creation, micro business development, and infrastructure improvement. Therefore, the presence of PT. The Paiton coal-fired power plant is not only providing energy services, but also has a social responsibility to ensure that its impact on the community is positive and sustainable.

To realize a more tangible contribution, PT. PLTU Paiton runs a Corporate Social Responsibility (CSR) program that is oriented towards community empowerment. CSR is one of the company's strategies in helping people achieve economic independence, by providing support to groups that have business potential so that they can develop independently. This approach not only provides direct benefits to the community, but also creates a long-term effect in building community-based economic well-being.

One of the main focuses in PT. The Paiton PLTU is an empowerment of Non-Governmental Groups (KSM). KSM is a community consisting of local communities who collectively seek to improve their economic welfare through various business sectors. The existence of KSM is very important in the local economic ecosystem because this group acts as a driving force for a community-based economy (UNESCO 2018). In the implementation of the CSR program, PT. PLTU Paiton provides skills training, access to capital, and business assistance to KSM. Skills training aims to increase individual capacity in managing businesses, both in terms of production, management, and

marketing. Access to capital is provided in the form of financial assistance, business grants, or the ease of obtaining capital loans for KSM members. Meanwhile, business assistance aims to ensure that CSR programs run with an approach that suits the needs of the community, so that the benefits received are sustainable and do not depend only on external assistance.

In the context of the economic sector supported by CSR, agribusiness is one of the main focuses because Probolinggo Regency has considerable agricultural potential. Farmers who are members of KSM receive education on modern agricultural techniques, crop optimization, and access to a wider market. With this approach, farmers not only operate on a small scale, but are able to develop agribusiness businesses that have high competitiveness (Kharissidqi and Firmansyah 2022). In addition to agribusiness, the creative industry is also a field developed in PT. PLTU Paiton. The community is given the opportunity to develop businesses based on the uniqueness of local culture and creativity, such as handicrafts, regional cuisine, and products based on traditional skills. This creative industry not only provides an additional source of income for the community, but also contributes to the preservation of local culture.

In addition to agribusiness and creative industries, PT. The Paiton Power Plant also contributes to the development of tourism based on local wisdom. Through CSR programs, the community is encouraged to manage tourist destinations with the concept of ecotourism and a sustainable tourism community system. Regional tourism potential can be maximized through various development strategies, such as improving tourism facilities, tourism management training, and more effective marketing strategies. CSR in the tourism sector provides an opportunity for the community to become the main actor in the tourism industry, so as not only to improve the local economy but also to maintain cultural and environmental values. Thus, the tourism sector not only serves as a source of income, but also becomes part of the conservation of regional ecosystems and cultures.

The existence of KSM is an important indicator in community-based economic development. However, in order for CSR programs to have a more optimal impact, appropriate policy support from companies and the government is needed. The synergy between CSR programs, government regulations, and active community participation

are the main factors that determine the effectiveness of the program's sustainability. Regulatory support from the government is urgently needed to provide easy access to capital, micro business protection, and policies that support community-based economic empowerment. Meanwhile, the active role of the community in running CSR programs is also very important so that the programs implemented are not top-down, but run in a participatory manner and in accordance with local needs.

With a good synergy between these three elements, CSR programs will not only be a form of temporary assistance, but also part of a more independent and sustainable local economic system (Hayati and Harianto 2017). With a strategic approach, PT. The Paiton coal-fired power plant has a direct contribution to forming an inclusive economic ecosystem. People who are members of KSM are not only beneficiaries, but also play a role as main actors in community-based economic development.

This approach is very important in building a more equitable, sustainable, and highly competitive community welfare. Through a structured CSR program based on local wisdom, PT. The Paiton coal-fired power plant has succeeded in creating an economic empowerment model that not only impacts the community in the short term, but also becomes a foundation for stronger economic growth in the long term ("No Title," n.d.). However, even though various programs have been running, there are still challenges in ensuring the effectiveness and sustainability of CSR programs. Some of the obstacles faced include the lack of public understanding of CSR programs, limited access to resources, and dependence on companies in business management. Therefore, a more comprehensive strategy is needed so that CSR programs can really have a significant impact in realizing the economic independence of the community. One strategy that can be done is to increase the active participation of the community in the planning and implementation of programs, so that they are not only beneficiaries, but can also play a role as the main actor in community-based economic development

Challenges faced in the implementation of Corporate Social Responsibility (CSR) programs and strategies that need to be developed to increase their effectiveness and sustainability. The following is a more detailed description of each aspect mentioned: Challenges in CSR Implementation Although various CSR programs have been running, there are still fundamental challenges that can hinder the effectiveness and sustainability of the program. One of the main challenges is the lack of public

understanding of CSR, which leads to their low involvement in the program. Many people still view CSR as a form of temporary assistance, not as an instrument of long-term economic development. As a result, CSR programs are often not utilized optimally, due to the lack of active participation from beneficiaries in planning and running programs.

In addition, limited access to resources is also an obstacle in the implementation of CSR. Some community groups, especially those in remote areas, often face obstacles such as lack of access to technology, training, business capital, and marketing networks. Without adequate support in these aspects, it is difficult for communities to make the most of CSR programs and develop truly self-sustaining businesses. Therefore, a strategy is needed to ensure that access to resources can be expanded, so that the benefits of CSR can be enjoyed by more community groups. Another challenge is the community's dependence on companies in business management. This dependency occurs when CSR programs are not designed with an empowering approach, but only provide assistance without building community capacity to operate independently. In many cases, communities that rely on corporate support will face difficulties when CSR programs are discontinued or scaled down. Therefore, it is important to ensure that CSR programs not only serve as economic assistance, but also create a business ecosystem that can run independently. This research aims to explore the impact of PT. Paiton coal-fired power plant on KSM, as well as understanding the factors that affect the success of CSR programs in creating a more independent and sustainable economy. By conducting an in-depth analysis, this study is expected to provide recommendations that can increase the effectiveness of CSR programs, so that they not only have an impact in the short term, but also provide sustainable benefits for the welfare of the community and the local economy.

## **RESEARCH METHOD**

This research uses a qualitative method with a case study approach, which aims to deeply understand the impact of PT. Paiton coal-fired power plant against Non-Governmental Groups (KSM). Data were collected through in-depth interviews, direct observations, and documentation analysis related to the implementation of CSR programs in the research area. Interviews were conducted with various parties directly

and indirectly involved in CSR programs, while observations were focused on CSR implementation practices in the KSM community. Documentation analysis is carried out by reviewing company reports, government policies, and other relevant supporting data.

This research aims to explore how the CSR of PT. The Paiton coal-fired power plant contributes to the socio-economic independence of the community and identifies factors that affect the success and sustainability of the program. With this approach, research can provide deeper insights into the effectiveness of CSR in creating a more inclusive and sustainable economic ecosystem.

## **FINDINGS AND DISCUSSION**

PT PLTU Paiton has played a significant role in increasing the economic and social independence of non-governmental learning groups (KSM) in the Probolinggo area. The CSR program implemented not only focuses on economic aspects, but also pays attention to social and environmental sustainability, in line with Islamic principles. This shows that corporate social responsibility can have a wide impact on society.

One of the main findings is that PT PLTU Paiton's CSR program has opened up job opportunities for the local community. By providing skills training and business capital assistance, KSM is able to develop micro and small businesses. This not only increases individual incomes, but also contributes to the overall improvement of the region's economy. This economic empowerment is the key to creating sustainable independence for the local community.

Programs geared toward community empowerment, such as education and training, have also had a positive impact. KSM involved in CSR programs feel an increase in knowledge and skills, which encourages them to be more independent and competitive in the market. Investing in human resources as part of this CSR strategy is crucial for the long term.

In addition, PT PLTU Paiton has built a mutually beneficial relationship with the surrounding community. Through open dialogue and active participation from KSM, companies can understand local needs and respond to them with relevant programs. This not only increases public trust in the company, but also creates a collaborative atmosphere that supports the sustainability of the program.

Although CSR programs have had a positive impact, there are still challenges that need to be overcome. Some MSMEs may face difficulties in accessing the market or obtaining adequate financing. Therefore, it is recommended that PT PLTU Paiton strengthen partnerships with microfinance institutions and government agencies to increase capital accessibility for KSM.

From the analysis above, it can be seen that PT PLTU Paiton's corporate social responsibility contributes significantly to the social economic independence of the non-governmental learning group. By continuing to develop CSR programs that focus on empowerment and accessibility, PT PLTU Paiton can ensure that the positive impact of these initiatives can be felt in a sustainable manner by the local community.

## Conclusion

This study concludes that the Corporate Social Responsibility (CSR) Program run by PT. The Paiton coal-fired power plant has been proven to have a positive impact on the economic independence of the community, especially through the empowerment of Non-Governmental Groups (KSM). CSR focused on the agribusiness sector, creative industries, and tourism based on local wisdom has increased community business capacity and expanded market and technology access. The success of this program is influenced by the synergy between companies, local governments, and active participation of the community. However, challenges such as the lack of public understanding of CSR, limited access to resources, and dependence on companies are still obstacles. Therefore, participatory strategies and community capacity building are key to ensuring the sustainability and long-term impact of such CSR programs.

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