

International Journal of Management *Theory and Applications* (IREMAN)

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Stakeholders and Management Synergy Model in Coal Mine Industry for Community Empowerment in Aceh – Indonesia

Sayuti M.¹, Jullimursyida², Mariyudi², Teuku Zulkarnaen²

Abstract – An establishment of a coal-mine villages community empowerment model based on stakeholders' synergy - government, universities, civil society/NGOs, and corporate – is introduced in this research.

The data gained from a survey of 250 respondents from each stakeholder, using a purposive sampling approach. The survey was in form of a direct interview. A descriptive statistical analysis was used in formulating the community model. The results showed that the stakeholders' synergy is a modal to stimulate an economic eco-region management and to encourage an economic sustainable growth in Aceh. Copyright © 2015 Praise Worthy Prize S.r.l. - All rights reserved.

Keywords: Community Empowerment, Coal Mine, Synergy, Stakeholders, Management Eco-region

I. Introduction

Coal-mine has been industrialized in more than 50 countries. The coal's consumption of over than 70 countries is about 4050 million tons used by variety sectors - power generation, iron and steel industry and cement manufacturing industry.

The production of coal as nonrenewable energy source in Indonesia has been increasing, from 164.5 million tons in 2007 to 203 million tons in 2008 (Source: World Coal Statistic / IEA, 2009). The available resource is reported as much as 104.76 billion tons (Source: Geological Agency, 2008).

The commodity is not only for the export but also for the industries in the country, which consumption reached 36 million tons in 2005 (tekMIRA, 2006; DPPMB, 2006). The coal mine companies being as part of a community system has a social responsibility to be set off. They are obliged to practice the corporate social responsibility (CSR) which supported by the government policy. The policy - the Kepmen BUMN Nomor: Kep-236/MBU/2003 - requires all the state companies to set aside part of their profits to community development, known as the Program Kemitraan dan Program Lingkungan (Partnership Program and Community Development Program - CSR).

In practice, the programs have shown unsatisfied result due to an inadequate social readiness of the community. Some of the cases are of the savings and loan programs: Kredit Investasi Kecil (KIK), Kredit Candak Kulak (KCK), Supra Insus, Kredit Usaha Kecil (KIK), Kredit Candak Kulak (KCK), Pembangunan Kawasan Terpadu (PKT), Inpres Desa Tertinggal (IDT), Jaring Pengaman Sosial (JPSPDMDKE).

Based on the condition, the stakeholders' synergy model is proposed assuming that no party by itself is

capable to run a complex function of empowering the economic, the social, and the cultural of a community, especially the underprivileged.

The model is relevant to the global demand for a company which is to run the Good Corporate Governance (GCG) with the involvement of various stakeholders. Let the companies to set from their profits 1-5% for the CSR program, which is possible to raise the CSR benefits for the community; the government to pass the regulation of CSR implementation, and; the higher education institutions, the civil society and the Non Governmental Organization (NGO) to prepare the social readiness of a community. An effective and efficient collaboration between the stakeholders and the community should be build on the basis of social capital, which is trust. For the underprivileged communities, preparing the public readiness before delivering capital resources is part of the empowerment process. Thus, the stakeholders' synergy model can be an alternative solution to empower the poor communities in the Aceh province.

The coal mining is an important sector in the Aceh province reached 30.95% of the GDP (BKPM Aceh, 2012). The potential resources are available in several regions such as Meulaboh, West Aceh, Singkil, and Nagan Raya. The practice of the economic empowerment's CSR by the mining companies has not shown significant results. Instead, it triggers a variety of socio-economic conflicts. On the other hand, the existence of coal mines also pose environmental problems, including soil erosion, dust, noise and water, and impacts on local biodiversity (World Coal Institute, 2005). The stakeholders and ecoregion management synergy model approach is expected to be an opportunity and an economic driven for the community empowerment, which eradicate poverty in the region.

This study focused on the establishment of the community empowerment model of the stakeholders' synergy as an alternative solution in moving the economy, eradicating poverty, and exploiting the potential of the social capital in the poor communities in the Aceh province.

In addition, this study also focused on the establishment of environmental management strategies with ecoregion management approach which is an integrated effort to preserve environmental functions of the coal mining industry; The formulating the community development model application of a synergy-based coal mining stakeholders; The driving the economic ecoregion management community in Aceh province; Formulating recommendations and policy measures to be implemented which will contributing to the poverty reduction, the reducing of the socio-economic conflict, and the encouraging of a sustainable growth.

II. Literature Review

According to Widiyanarti (2005), Social Corporate Responsibility (CSR) means toward a greater emphasis on the sustainability of community development (community development), in the essence that the CSR targeted community is to be empowered economically, socially, and culturally sustainable manner (sustainability). Kotler and Lee (2005), the pattern of Community Development (CD) is a form of CSR that is currently widely practiced by the big companies. The CD implementation is a potential social capital harnessed and utilized. Research conducted revolves around the practice of CSR is still ongoing up to present, Saidi (2002); Widiyanarti (2004); Nursahid (2006); Jahya (2006); and Suprpto (2006). The findings indicated that there is a need to revise the CSR implementation.

Ibrahim (2006) stated that the nature of a social capital is a social relation that exists in the daily life, the pattern of social relations that underlie the mutual activities within the society.

Main elements of social capital are: (1) trust relation; (2) social networks (3) institutions; and (4) the reciprocity (mutual exchange) (Ostrom, 1993; Putnam, 1993; Fukuyama, 1995; Adams & Someswar, 1996; Grootaert, 1998; Pretty and Ward, 1999; Krishna and Uphoff, 1999; Lopez, 2002; Badaruddin, 2006). The social capital is a prerequisite for the success of the development programs (Ostrom, 1993; Mackie, 1998; Rose, 1999). Putnam (1993) and Fukuyama (1995) said that the social capital does not lie in individuals, but in groups, communities, or even at the state level. The Stakeholders' Synergy Model study conducted by Badaruddin (2006) found that the factor contributing to the difficulty of traditional fishing communities and fishers workers out of the poverty is the low or no growth of the social capital in the community.

The same case is also corroborated by Ali Wafa (2003), Salman (1999) Fukuyama (1995: 26), and Lopez (2002), Ohama (2001).

The government has financial advantages in the delivery and makes regulations relating to the CSR implementation. Meanwhile, universities/ civil societies/ NGO have advantages in terms of social preparation.

The relationship between stakeholders and the community should be based on the elements of social capital such as trust in order to gain an effective and efficient synergy (Fukuyama, 1995). Bethan (2008, 26-27) confirmed the fundamental aspects underlying the regulation of environmental functions under the Law on Environmental Protection and Management (UUPPLH), namely the EIA. These results are also supported by Munn (in Soemartono, 1996), Hardjasoemantri (2009, 252), Zaidun (2008, 27).

In the early stages, the aim of this study is to examine the role of government, private sector, communities, NGOs and universities in Community Development (CD) of PT. Mifa Bersaudara. For the role of the government, the service is to be assessed, whether they have attempted to maximize it or not, so that every stakeholder interaction in the CD program runs well.

The local government can play the role as a mentor, facilitator, and technical extension so as to obtain solid local institutions that grow naturally in the learning process. As to the private parties, it is to assess whether they realize that social responsibility is an incentive or load, which are the managerial performance, the actions towards environmental sustainability, and the attitude towards the local community (the accommodations of the traditional right, the raising participation of the community, and the benefit to the local community).

For the community, is to assess their participation's ability in the CD program by PT. Mifa Bersaudara.

How the impact of government's role in supporting and facilitating participatory programs, so that these programs are growing and sustainable, from the community's point of view is. The universities and the Non-Governmental Organization (NGO) will be reviewed as to their concern is the problem of community empowerment. The objective function of the institutions is to maximize the service in term of accommodating, correcting, and supporting the interaction of stakeholders. The second step in this research is to determine the factors that influence the establishment of networking among stakeholders influence the success of the CD program CD. The factors examined are political, institutional, economic and socio-cultural, which is then to define the strategy of networking in the CD program.

In the development stage is to develop a stakeholder's capacity based on the policy, the institution, the funding, the resources, and the technical, monitoring and evaluation system. It is to analyze the potential and the problems of an effective and efficient collaboration. The CD program as a joint program will be assessed whether each stakeholder has values or habits that support cooperative action, whether the government, private sector, and local communities are ready for a dialogue and collaboration.

The third step of this study was to determine the views of each stakeholder to the CD program.

The stakeholder's awareness of the program will affect the appreciation of their involvement in the program. Misconception about the role of stakeholders in the program can lead to unclear responsibilities of each involved. The similarity of the views and interests of all parties concerned is the basis of collaboration of stakeholders in the program. Framework in implementing collaborative management in PT. Mifa Bersaudara program is shown in Fig. 1.

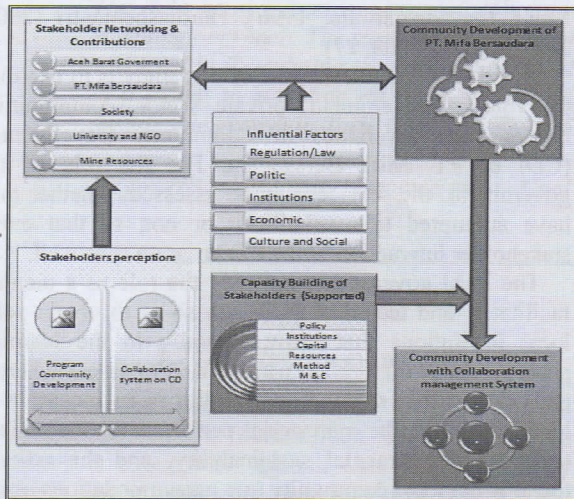


Fig. 1. Framework in implementing collaborative management

Implementation of participatory programs can sustain and survive if it is supported by macro policy that is able to "understand", and institutionally capable of providing "incentives" in the implementation.

The program should be able to create "dynamic equilibrium" and "dialectic" between "bottom up" and "top down". That being stated, the approached of the development and institutional role needs to be based on "bottom up" strategy.

Also, the policy development processes at the level of West Aceh district government needs to be able to support and facilitate community based development (CBD)(Tenny, 2002).

III. Research Methods

This research was conducted in the Aceh province, the study area located in West Aceh district, which was define based on purposive sample due to a potential coal mining sub-sector that drives the local economy.

This study uses survey method approach, primary data obtained through direct interviews through participatory approaches.

The respondents was determined intentionally 25 persons for every relevant stakeholders and each is considered to represent stakeholders regional development, which consists of a group of Local Government, namely Parliament, Bappeda, Department

of Mines, Disperindagkop, business owners, workers, local community groups, namely NGOs, community organizations, communities and community leaders, and the media.

Data analysis method used in this research Descriptive Statistics. The data is processed and presented in the form of a frequency distribution, cross tabulation.

It is also used Sensivitas Attribute Analysis, which determine what contribute to the value of the resource sustainability.

The Rapid Assessment Method for Local Economic Development (RALED), and the method of Participatory Rural Appraisal (PRA) were also used to examine the characteristics of the problems and potential in each stakeholder in the CSR program.

IV. Result Analysis and Discussion

The respondents' perception on the coal mining industry of PT. Mifa Bersaudara in the district of Meulaboh, based on 250 respondents sampled in this study is shown in Table I.

TABLE I
SUMMARY OF RESPONDENTS PERCEPTION PRESENCE COAL COMPANY

No.	Impact	Impact		
		highly impact	less impact	not impact
1	The pattern of Population growth	69,20%	28,00%	2,80%
2	Displacement patterns Population	81,60%	17,20%	1,20%
3	Pattern of Economic Development	70,40%	24,80%	4,80%
4	Absorption of Labor	94,80%	5,20%	0,00%
6	Income Communities	77,20%	19,20%	3,60%
7	Changes in Employment	12,00%	62,00%	26,00%
Means		67,53%	26,07%	6,40%

The Socio-Economic transformation changes rapidly in the industrial development region. The farming community turned into a city or industrial community in a short time (Webster, 2002). Meanwhile, a change in a region is not only because of physical factors - mobility, roads and etc. - but also related to the socio-economic aspects.

The results showed, the pattern of population growth based on the responses of respondents expressed very impacted by the results of respondents to 69.20% and reinforced with the increasing population density of 254 people/ km². The pattern of population movement expressed impacted by the results of respondents to 81.60% and strengthened by the results of industry impact value on the migration pattern of 2.43%.

The pattern of economic development is expressed highly impacted by the results of respondents to 70.40% and strengthened by the results of a dependency ratio to 7.40%.

Employment otherwise severely impacted by the results of respondents to 94.80% and strengthened by the results of the labor participation rate, which reached 53.4% of its workforce drawn from local residents.

Improve household incomes of respondents expressed an impact with results of 77.20% and strengthened by the results of the public revenue of Rp 2,500,000.

Employment changes revealed less impacted by the results of respondents at 62.00% and strengthened by the results of per capita income of US \$ 7.4 million / year.

TABLE II
THE RESULTS OF EFFECT IMPACT VALUE CALCULATION EXISTENCE
COAL COMPANY COMMUNITY EMPOWERMENT MODEL AROUND
COAL MINE

No.	Impact	Value
1	The development pattern of Population	254 orang/km ²
2	Displacement patterns Population	2,43%
3	Pattern of Economic Development	7,40%
4	Absorption of Labor	53,40%
5	The development of the economic structure	7,42%
6	Income Communities	2.500.000
7	Changes in Employment	7.400.000

Table II results of Effect Impact Value Calculation existence Coal Company Community Empowerment Model Around Coal Mine Participation PT. Mifa Bersaudara of the PT. Mifa Bersaudara participation in supporting the regional development is carrying out programs of Community Development (CD).

The programs addressed the agriculture and forestry, the education and religion, the socio-cultural and the villages' infrastructures. The community participation in the program based on the company's program implementation. Whereas, their participation in the planning stages of the proposed program delivered either orally through the concierge or in a written proposal to the company, or through the villages' leaders.

The involvement of the local government of West Aceh district is still limited to the stages of planning, implementation and monitoring the program. In the planning stage, the West Aceh district government invited private parties to present the program plan each end of year in the Regional Development Planning Meeting (Musrenbangda). The Participation of the higher education institutions, College Teuku Umar University (UTU) and other universities, in the program limited to the planning stage of the program.

The Participation of the NGOs in the program has been more on coaching people to realize their rights and obligations, and to provide a social control over the implementation of the program. A form of community development and social control is typically delivered through the writings in the media that enables all stakeholders to know. The NGOs also contribute in giving a response to the draft Regulation (Ranperda) to the government. Moreover, the NGOs also provides a view of socio-environmental aspects for the urban planning management. A community of around the coal mining industries empowerment model based on the stakeholders and management ecoregion synergy is structured as one of the initiatives of institutional synergy process, aiming to motivate the people through the synergy of institutional stakeholders (Roy, 1992 in Kolopaking, 2002).

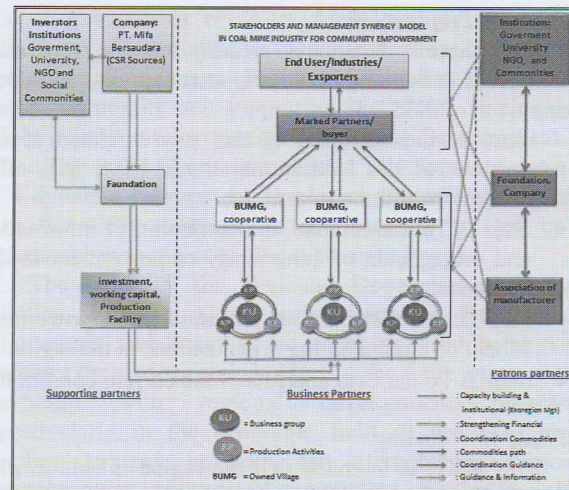


Fig. 2. Model of Community Empowerment Synergy Around Coal Mine Based Management Stakeholders and Ecoregion (Model PISS-ME)

To "bridge" the differences between stakeholders, a potential of conflict can be transformed into a potential synergistic cooperative (Kolopaking, 2002).

Four main stages of the model of Neighborhood Empowerment Synergy Coal Mine Based Management Stakeholders and Ecoregion (Model PISS-ME) within a sustainable community empowerment management cycle model, are Phase I: Preparation, Phase II: Planning, Phase III: Implementation, and Phase IV: Monitoring and Evaluation (M & E). The Primary Stages in the Model PISS-ME shown in Fig. 3. Stage I is an early stage required for a region to start the implementation of Model-PISS ME. Meanwhile, Phase II to Phase IV of the stages is a built in application of Community Empowerment Model Based Synergy around Coal Mine Stakeholders and Management Ecoregion (Model PISS-ME). The process of Phase II to IV is a cycles, which will constantly repeated and sustained.

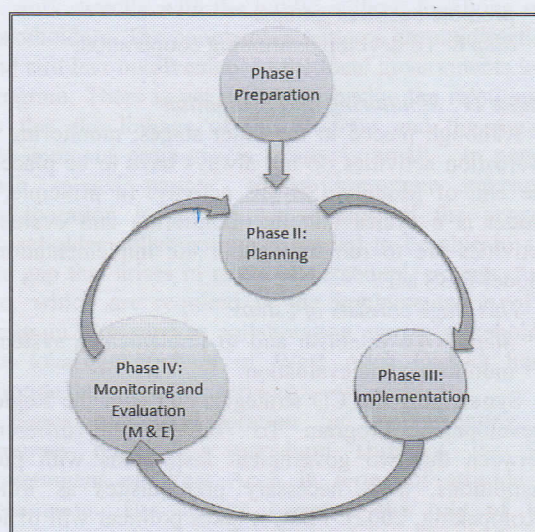


Fig. 3. Primary Stages in the Model PISS-ME

Phase I: Preparation

This phase is intended as an early stage or preparation that needs to be done in order to start applying the model approach of PISS-ME.

Most of the activities in this phase related to the preparation of the institutional model-PISS ME. This stage consists of three steps:

- *Step 1:* To disseminate, dissemination of information and propaganda of community empowerment model approach.
- *Step 2:* To Establish a Community Empowerment Model of implementing organizations in the region
- *Step 3:* To Perform analysis of the current conditions.

Phase II: Planning

This phase is intended that the region is able to plan the implementation of Model-PISS ME. Steps included in this phase are:

- *Step 4:* To Identify and to define the economic clusters as a focus for Community Empowerment Model;
- *Step 5:* To develop a strategy and action plan through a partnership discussion forum.

Phase III: Implementation

The implementation phase of carrying out the entire strategy and program agenda of the Model-PISS ME as predefined in Phase II.

Measures carried out in Phase III is aimed more at the things which is highly recommended to be done and not left out in the process of implementation of the agenda and the activities related to Phase II, any strategy PISS-ME model chosen. While the content of the activities of each step in Phase III will be very flexible in term of type and volume of the activities.

In general, Phase III consists of 5 steps:

- *Step 6:* To develop and to strengthen the capacities, capabilities and skills of business group
- *Step 7:* To develop, to expand the market and to promote business groups
- *Step 8:* To develop continuing cooperation.

Phase IV: Monitoring and Evaluation

Although placed in the latter stages, monitoring and evaluation activities do not always have to be placed at the end of Model PISS-ME activity. In principle, the model is a cycles that the monitoring and evaluation activities are to run throughout the implementation of Model-PISS ME.

This stage consists of 1 steps:

- *Step 9:* To establish and to implement a system of monitoring and evaluation.

Synergizing the CD strategies CD with the Regional Development Program To "bridge" the differences between the two government institutions with public institutions, it is necessary prerequisites as follows (Kolopaking, 2002): First, it takes political will of local governments of West Aceh district, which include: the introduction and recognition of community rights; the

trust that the identity, culture, customs, local values and local knowledge was able to give positive contribution to the program; and, the understanding of the human society that has a high dignity which to be heard their aspirations. Second, the regulation including incentive systems is prepared by adopting the needs of the community, which demonstrate that the local government has the trust to the society.

Third, the socialization of the regulation to the community is not done in a coercive, although the law per se is a coercive socialization, but should be viewed as a dialogic learning process. Fourth, in order to produce a more adaptive of the public interest, the local government is required to decentralize the CD program management and to devolve in an effective fashion of the decision-making from the village to the district level.

Fifth, the initiatives of being "the bridge of communication" as stated in the first four points should come from the local government of West Aceh district.

In an effort of realizing the development mission of the district and implementing the community empowerment concept of in order to synergize the community and the regional development program, a policy strategy is needed.

The strategy of the local government development program includes strengthening institutions and community organizations and community empowerment (Haeruman, 2001).

TABLE III
ROLE OF STAKEHOLDERS IN THE MAIN STAGES
IN THE MODEL PISS-ME

No	Stakeholder	Phase I Phase II Phase III Phase IV								
		1	2	3	4	5	6	7	8	9
1	PT. MIFA BERSAUDARA	√	√	-	√	-	√	-	√	√
2	MEULABOH GOVERNMENT	√	√	-	√	√	√	√	√	√
3	UNIVERSITY	√	√	-	√	√	√	√	√	√
4	NGO	√	√	-	√	√	√	√	√	√
5	COMMONITIES	-	-	-	√	√	-	√	-	-
6	FOUNDATION	-	-	√	√	√	√	√	√	√
7	BUSINESS GROUP	-	-	-	-	-	√	√	√	-
8	BANKING	-	-	-	-	√	√	√	-	-
9	ASSOCIATIONS	-	-	-	-	√	√	√	-	-

The draft of the Community Empowerment Program

The design of the community empowerment program conducted in a form of the assistance activities, through several efforts include (Kaswinto, 1999): the establishment and the institutional system organizing. It begins with the formation of groups assisted by the village government, in which the mechanism, the group consensus or commitment will be built to resolve the community problems.

The increasing of the Human Resources quantity, conducted through training activities, group learning, group discussions, training, internships, study tours, seminars, and so on. It can be done by the sub-district government and other relevant agencies together with the PT.Mifa Bersaudara and the universities. Creating and Developing Productive Enterprises.

The activity is to develop productive businesses, an existing or a new business.

Strengthening community through economic approach will increase the motivation of the group members in.

Developing a Community Information System. The information systems developed to provide access of information from the outside world. The strength of the community in accessing information affects their activities which will ultimately define their communities' sustainability.

Community empowerment should begin from households that include social, political, and psychological. Social empowerment is an attempt to obtain access to information, knowledge, skills, participation in social organizations, and financial resources. Political empowerment is an attempt to have access in public decision-making processes that affect their future. Psychological empowerment is an effort to build confidence for households' interpreter (Wiranto, 2001).

Empowerment Economic Affairs in order to build a strong economy of a community efficient and modern, five problems to pursue from the local government's agenda are: first, to optimize the role of government in building the business sector and an efficient market mechanism; second, to increase their bargaining position in response to the market; third, to improve the people's purchasing power and launch marketing output efficiently; fourth, to improve access to businesses community input into production (capital, technology, land, labor); fifth, to create huge business linkages with the business community equally and synergistically.

Social affairs and political community empowerment socially and politically needs to be done by the local government of West Aceh district. The empowerment in both include five programs, which are: (i) improving access to basic social services, community self-reliance capability, and alignment of productive culture, (ii) community involvement in public policy decision making as well as in controlling the implementation of development, (iii) optimization role local governments in implementing service functions and increased community participation, and (iv) the division of roles and responsibilities between the government, non-government and business world. Institutional

Development Program Community Economic A linkage of an efficient regional economic development program only occurs when there is an institutional framework to support it.

The institutional framework capable of supporting is an institutional partnership (collaboration) between representatives of the government, the private sector and the community groups. In this regard, the initiative of the private sector is expected to play a catalytic role in identifying and implementing all activities in the institutional partnership formed (Sutrisno, Fauzi and Hariyadi, 2001).

Therefore, in an effort to develop networking in community economic development program, there are four institutions of the local economy closely related to local economic development should be developed by the

local government of West Aceh district, which is a business organization of production, marketing distribution agencies, business institutions / financial, and community self-supporting institution. Institutional lobby in the Community Economic Development to implement the Community Based Development deals in "a dynamic balance" by the Local Government Policies in the CSR program. It is necessary to set up a partnership agencies at all government levels.

The Draft of the Regional Development Program Policy for the Community Capacity Building in Economic and Social is an effort to build networking among the various stakeholders in the CSR program that synergy with regional development programs, particularly in the economic field. It needs to make policy strategy program for strengthening regional development agencies and community organizations. It is pursued by supporting the establishment of partnerships between stakeholders and strengthening cooperative institutions. The partnership institutions as the basis of developing an efficient economic networking connects between producers, suppliers, traders, and buyers in rural and urban areas throughout the region or even outside the region.

V. Conclusion

The role of the PT. Mifa Bersaudara in an effort to create community and development support in West Aceh district is through implementing the Community Development Program (CD).

The involvement of the local authorities in the PT. Mifa Bersaudara West Aceh CD program is at the planning stage, program implementation and program monitoring. The public participation on the program is more on the implementation stage.

The role of the university is limited to CD program planning, while the NGO has yet participates in the program. During the program PT. Mifa Bersaudara tend to work directly with the public without involving other stakeholders. The cooperation patterns are unidirectional and still less involvement of the local governments in the program. There is yet a party to bridge the relationship, so that the linkage of the program and the regional development programs is relatively small. In general, each related parties' shows important stakeholder collaboration in the implementation of the program. Stakeholder collaboration is needed to be able to close the gap that arises in terms of personnel, experts, funds, etc. which are required in the implementation of the program. For support collaboration among stakeholders, the local government of West Aceh District has to provide the maximum services.

Networking collaboration in implementing the program requires a paradigm shift of the local government of West Aceh in terms of attitude and orientation. The change concerns the role of local governments that initially plays compound role (natural resources distribution, planning, defining regulatory and

monitoring) into an institution that provides support (facilities). In other words, the original local government of a "single businessmen" is now a "servant", as well as the changes in the attitude in the society. The society must be treated as actors who have equal status with the local governments.

This attitude is required in any decision making, which originally was unilateral from the government alone, but it is now a participatory of the society. The determination of the policy and plan of the local development participatory is not just an involvement in the legislature. In reality, Parliament is not always able to represent the aspirations of society as a whole. Therefore, there should be a mechanism set for the local government, ensuring that the needs of the people accommodated in any development program.

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