



## Corporate Social Responsibility of Mining Companies in the District of West Sumbawa (Case Study of Mining Company PT. Amman Mineral Nusa Tenggara, AMNT)

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### ABSTRACT

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Mining ownership in West Sumbawa Regency shifted from PT. Newmont Nusa Tenggara (NNT) to become PT. Amman Mineral Nusa Tenggara (AMNT). PT. AMNT is committed to improving the welfare of the people in West Sumbawa Regency and especially Sekongkang District through CSR programs. This study aims to examine the effect of community satisfaction recipients of CSR assistance on company commitment and sustainability of CSR programs carried out by PT. AMNT. Based on the results of a study of 56 respondents, it was found that the level of satisfaction of the community receiving CSR assistance with the company's commitment and sustainability of the CSR program carried out by PT. AMNT is quite low. However, there is an influence between the satisfaction of the community receiving CSR assistance and the company's commitment to the sustainability of PT. AMNT and there is an influence between the company's commitment to the sustainability of the CSR program on the compatibility of the CSR program with the needs of the community which has been carried out by PT. AMNT.

### KEYWORDS:

Corporate social responsibility (CSR), Community satisfaction, Company commitment and compatibility of CSR programs.

### INTRODUCTION

#### Background

The mining industry in Indonesia has had many impacts on Indonesian society. Mining investment in Indonesia is increasing from year to year. This is also supported by the fact that Indonesia has a lot of natural wealth, especially related to its natural products, so Indonesia can be categorized as one of the countries that are the main investment destinations for world mining.

Sugiantoro (2017) states that PT. NNT. Throughout its ten years of operation, several cases have emerged that have come out to the public, including: pollution of Benete Bay, community welfare, and controversies related to share divestment. The last case is the latest case experienced by PT. NNT, where there is a stipulation that 50% or half of share ownership must be held by the government. Abundant

natural resources place Indonesia as a place for mining investment. In addition, the investment process is also facilitated by the existence of a network of partnerships in the public sector provided by the government.

According to Kartini (2009) there are a number of partial perceptions in understanding CSR in Indonesia, among others, CSR is equated with community development, CSR only emphasizes social aspects, CSR organizations are just attachments, CSR is considered only for large companies, CSR is separated from the company's core business, CSR not for the supply chain, CSR is considered not related to customers, CSR causes additional costs, CSR is only cosmetic for the company's image, CSR is completely voluntary and CSR is considered only aimed at external parties. Furthermore, Carroll (1991) in Visser states that corporate responsibility can be grouped into four namely economic responsibility, philanthropic responsibility, legal responsibility and ethical responsibility. The reasons for companies to carry out CSR are to reduce costs and risks, increase competitive advantage, increase reputation and legitimacy and increase integralistic value creation.

Currently mining ownership in West Sumbawa district has shifted from PT. Newmont Nusa Tenggara (NNT) to become PT. Amman Mineral Nusa Tenggara (AMNT) has

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conducted several studies on the implementation of CSR, one of which is Zikrullah et al., (2020) which states that from the community's point of view the CSR implementation of PT. AMNT has been able to create new jobs by empowering local communities as business actors and creating business groups consisting of 5-10 people, where this number depends on the type of business being run. Job creation for this community aims to improve their economic conditions, reduce the dependence of the community to work as employees.

According to Kurniawansyah et al., (2021) the presence of PT. AMNT as the Batu Hijau mine management company is committed to improving the welfare of the people in West Sumbawa Regency. At least this is implied from the vision and mission carried out by PT. AMNT, namely being a national pride and the company of choice for all stakeholders. To realize this vision, PT. AMNT strives to become a world-class company and become an integrated metals producer and mining company. Part of the research object is the beneficiary community. Furthermore, research conducted by Burhanudin et al., (2013) stated that respondents' perceptions of the existence of PT. NTT is very positive. This is understandable because all of the respondents were the assistance of the beneficiaries of the CSR program. Respondents felt very helpful in the form of interest-free funds and skills training

According to the research results of Ramdani & Azizah, (2015), there is poverty that occurs in Sekongkang District and is by-design poverty that is deliberately carried out by all actors in a coalition to discredit the mining community. While the research results of Syarifoeiddin, (2006) show that the strategy used by the Community Relations Unit of PT. NNT in carrying out community relations activities uses a three-step strategy. The first is to actively communicate with village community leaders by establishing Public Relations Representative offices in six villages around the mine, as well as representative offices in Mataram and Sumbawa Besar. Second, conduct open communication with all levels of society. The final strategy is to recruit and place Community Relations officers in the villages around the mine who come from these villages with the aim of facilitating communication and fostering understanding of the communities where they work.

This was also highlighted by Ramdani & Azizah (2015) stated by CSR which shows ironic practices because it is used as a loophole and a tool for the government (regional and village) to release its responsibility in providing public services to communities affected by mining. The local government seems to have given up all types of public service needs for the mining impact community to be fully handled by PT. Newmont Nusa Tenggara. However, we need to realize that the company's concern for the people around the mine is a manipulation to build a positive image of the company in the eyes of the local community. In fact, PT. NNT has never been serious about working on and providing public services, in fact the need for health services in Sekongkang

District is still lacking and far from adequate. The low availability of public services is one of the determining factors that make the people affected by mining increasingly poor.

Transfer of ownership from PT. NNT became PT. AMNT has been declared complete with the release of news by PT Newmont Nusa Tenggara (2016) through the [pressrelease.id](http://pressrelease.id) news channel belonging to the Kontan website with the statement that "As a national company, PT. NNT will change its name to PT Amman Mineral Nusa Tenggara (PT. AMNT). Since starting full operations in Indonesia in 2000, the company has contributed more than Rp. 100 trillion in the form of tax and non-tax payments, royalties, salaries, purchases of domestic goods and services, as well as dividends paid to national shareholders. In addition, the company has also implemented a social responsibility program to improve the quality of life and welfare of the surrounding community by providing annual funds of an average of Rp. 50 billion. PT. AMNT currently employs around 4,000 employees and 3,500 contractors.

With the transfer of ownership from PT. NNT became PT. AMNT, it is hoped that the implementation of pro-people CSR can occur, but several reviews in the mass media actually reveal different information as reported by Dapunta (2017) through a quote from the statement of the Indonesian Political Economy Association Researcher (AEPI) Salamudin Daeng, that "The divestment has been betrayed , the people of NTB have been deceived. NTB people's shares were sold to China through loans from 3 state-owned banks. For example, the proverb "Leaving the tiger's mouth, entering the crocodile's mouth" does not provide significant benefits. Therefore this research is aimed at finding a CSR approach that has been carried out by PT. NNT and currently as a continuation of the CSR program by PT. AMNT, regarding the results felt by the community in the area around the mine.

### RESEARCH OBJECTIVES

1. To determine the effect of community satisfaction recipients of CSR assistance on the company's commitment to the sustainability of PT. AMNT.
2. To determine the effect of the company's commitment to the sustainability of PT. AMNT according to community needs.
3. To determine the effect of community satisfaction recipients of CSR assistance with the company's commitment to the sustainability of the CSR program as a mediating variable on the suitability of PT. AMNT with community needs.
4. To determine the effect of community satisfaction recipients of CSR assistance on the suitability of PT. AMNT with community needs.

**LITERATURE REVIEW**

**Theoretical Review**

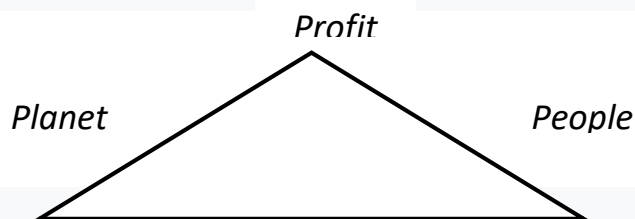
**Corporate Social Responsibility**

Corporate Social Responsibility is defined as Corporate Social Responsibility. Kotler & Lee (2005) stated "Corporate social responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources". Based on the definition stated above, CSR carried out by large-scale companies must have a commitment to improving the welfare of the community around the company through free business practices and contribution of company resources. In addition, the practice of corporate social responsibility (CSR) in Indonesia has been regulated in Law Number 40 of 2007 concerning Limited Liability Companies using the term Social and Environmental Responsibility, it is regulated that

companies that carry out their business in the field of and or related to natural resources are obliged to carry out their responsibilities social and environmental responsibility (OJK, n.d.) .

**Triple Bottom Line Concept**

In a global context, the term CSR has been used since the 1970s and has become increasingly popular, especially after the publication of the book *Cannibals With Forks: The Triple Bottom Line in 21st Century Business* by Elkington (1997). The concept of the Triple Bottom Line was born along with the development of the idea of sustainability development, where Elkington packaged CSR in the main focus of 3P (profit, people and planet), where companies want to be sustainable, so companies do not only seek economic profit (profit), but also have concern towards environmental sustainability (planet) and social welfare (people)



**Figure 2.1. Principle of the Triple Bottom Line**

It is this Triple Bottom Line principle that later becomes the basis for the modern concept of CSR. According to the Triple Bottom Line concept, long-term benefits (sustainability) can be achieved when companies consider the interests of the two types of stakeholders who generally have conflicts of interest. The conclusion from the Triple Bottom Line theory is that companies depend on traditional and emerging stakeholders as well as environmental conditions in achieving economic profit.

In Carroll's Corporate Social Responsibility Pyramid Carroll (1991) there is four tiers of the pyramid. The lowest level, namely Economic Responsibility, is the company's responsibility to employees who want a safe job and a decent salary, as well as the

responsibility to produce goods and services in accordance with the wishes and needs of the community and sell them for a profit. Next is Legal Responsibility, where a company is required to comply with the law in running its business and not deviate from the law made by the government. Next is Ethical Responsibility, which is the company's ethical responsibility to do what is good, right and fair without any legal coercion. Ethical responsibility also comes from ethical politics regarding the existence of awareness to overcome social and environmental problems caused by company operations. The top chart shows Philanthropic Responsibility, which is corporate responsibility that comes from the company's desire without coercion and no reward, so the motivation comes from love and the will to glorify humanity



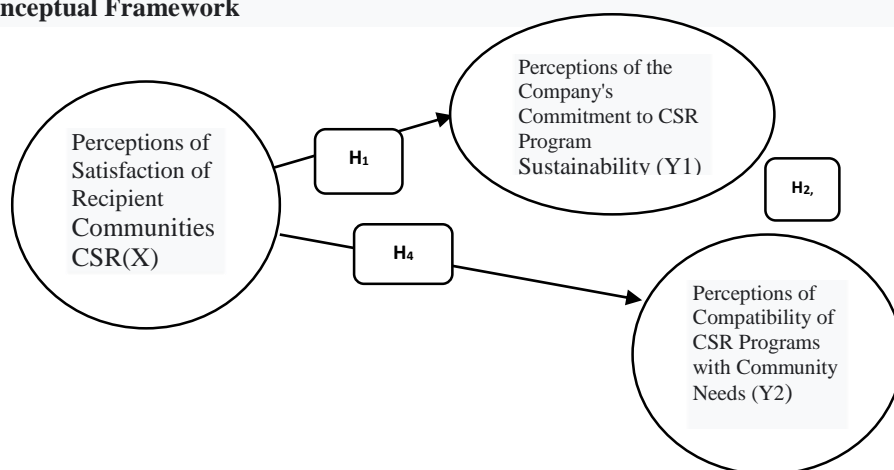
**Gambar 2.2. Carroll's Corporate Social Responsibility Pyramid**

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Kotler & Lee (2005) mentions six program categories, including: Cause Promotion (social activities carried out through persuasive communication), Cause Marketing, (the company's commitment to bear a certain proportion of its sales proceeds for social activities), Corporate Social Marketing (support/development ). / implementation of a change in behavior in order to improve the welfare and health of the community), Corporate Philanthropy (activities that are

given directly), Community Volunteering (a form of social activity in the context of providing support for community welfare and the environment, as well as Social Responsibility Business Practices (activities of adjusting and implementing business operational practices and investments that support the improvement of people's welfare and protect the environment).

**Research Conceptual Framework**



**Hypothesis**

H1: the satisfaction of the community receiving CSR assistance affects the company's commitment to the sustainability of PT. AMNT.

H2: the company's commitment to the sustainability of PT. AMNT affects the suitability of community needs.

H3: The company's commitment to the sustainability of the CSR program mediates the influence between the satisfaction of the community receiving CSR assistance and the suitability of PT. AMNT and community needs.

H4: the satisfaction of the community receiving CSR assistance affects the suitability of the CSR program of PT. AMNT with community needs.

**RESEARCH METHOD**

This type of research based on the approach used is quantitative research. Judging from the problems and research objectives, this research is an associative causal research. This research was conducted in Sekongkang District around the PT Amman Mineral Nusa Tenggara (PT. AMNT) mining area. Of the seven villages in Sekongkang District, 5 villages were selected on the grounds that the village was directly affected by mining activities and had easy access to the road to the location. The villages as research locations are: Sekongkang Atas Village, Kemuning Village, Sekongkang Bawah Village, Tongo Village and Aik Kangkung Village (SP-1 Tongo). The subjects of this research will be selected as respondents are people who have felt the impact of the CSR program of PT. AMNT in the economic sector domiciled in Sekongkang District. is a sample; while the larger group referred to is the population.

The technique for determining respondents used purposive sampling based on community livelihood groups, or the dominant variety of main occupations in the study area. Determining the number of respondents was carried out by quota sampling, with the average number of respondents per community group stratification being 11 people per village, so that the number of respondents was 5 (village) x 11 people (respondents) = 55 people.

**Variable Operational Definitions**

This study describes the public's perception of the implementation of the Corporate Social Responsibility program at PT. Amman Minerals, Nusa Tenggara. Therefore, the variables in this study are:

Perceptions about community satisfaction recipients of CSR assistance from PT. AMNT (X) with indicators: X1,1 : The CSR program is in line with expectations/desires, X1,2. The CSR program is in accordance with the needs of the community. X1,3. The people are satisfied.

Perceptions about the company's commitment to the sustainability of PT. AMNT (Y1) with indicators: Y1,1. The CSR program is very useful in developing community businesses. Y1,2. The CSR program has been running on an ongoing basis, Y1,3. The implementation of CSR in the community's economic business is right on target

Perceptions of the Suitability of the CSR Program of PT. AMNT with Community Needs (Y2) with indicators: Y1,1 CSR programs can help develop the community's economy, Y1,2. The implementation of CSR in the community's economic business is already good, so it needs to be maintained and continued.

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Each variable is measured based on the Likert scale with the criteria Strongly Agree = 5; Agree = 4; Neutral = 3; Disagree = 2; Disagree = 1

**Methods of Data Analysis and Hypothesis Testing**

Prior to testing the hypothesis, the validity of the questionnaire and the reliability of the indicators used must be tested.

1. The validity test is used to measure the validity or validity of a questionnaire. The validity test can be checked through the significance level, namely  $\alpha < 0.05$ , thus the questionnaire is considered valid. (Ghozali, 2006).

2. Reliability is a tool for measuring a questionnaire which is an indicator of a variable or construct. the questionnaire is said to be reliable if the Cronbach Alpha value is  $> 0.06$ . In (Ghozali, 2006)

The method of data analysis and hypothesis testing used in this study will be carried out using the estimation method using the Structural Equation Model-Partial Least Squares (SEM-PLS). The path analysis model of all latent variables in the PLS consists of three relationships:

- a. The inner model specifies the relationship between latent variables (structural model).
- b. The outer model specifies the relationship between latent variables and their indicators or manifest variables (measurement model).
- c. Weight relation in which case values of latent variables can be estimated.

To be able to do so, the following steps will be taken:

1. Designing the inner model (inner relations, structural model and substantive theory), the equation model can be written as follows:  $\eta = \beta_0 + \beta_1 \eta + \Gamma \xi + \zeta$  ..... (1)

where :

$\eta$  = latent variable endogenous (dependent) variable vector.

$\Gamma \xi$  = exogenous (independent) latent variable vector.

$\zeta$  = residual variable vector (unexplained variance).

Because SEM-PLS is designed for a recursive model, the relationship between latent variables, each latent variable is dependent  $\eta$  or often called the causal chain system of latent variables, with the following specifications:

$$\eta = \sum_i \beta_{ji} \eta_i + \sum_i \lambda_{jb} \xi_b + \zeta_j \dots \dots \dots (2)$$

2. Designing the outer model (outer relation, measurement model), the equation is as follows:

$$X = \Lambda_x \xi + \zeta_x \dots \dots \dots (3)$$

$$Y = \Lambda_y \eta + \zeta_y \dots \dots \dots (4)$$

where :

X and Y = indicators or manifest variables for exogenous and endogenous latent variables ( $\xi$  and  $\eta$ )

$\Lambda_y$  and  $\Lambda_x$  = are loading matrices that describe simple regression coefficients that relate latent variables to their indicators.

$\zeta_x$  and  $\zeta_y$  = residuals which are interpreted as measurement errors or noise.

3. Construct a path diagram, as shown in the conceptual framework drawings.

4. Parameter estimation obtained through SEM-PLS includes three categories, namely: weight estimate, path estimate, and loading.

5. Evaluation of the measurement model, including: the outer model, and evaluation of the structural model (inner model).

6. Hypothesis testing.

a. Statistical hypothesis for the outer model:

$$H_0 : \lambda_i = 0$$

$$H_{1,2,3,4,5,6} : \lambda_i \neq 0$$

b. Statistical hypothesis for the inner model; exogenous to endogenous latent variables:

$$H_0 : \gamma_i = 0$$

$$H_{1,2,3,4,5,6} : \gamma_i \neq 0$$

c. Testing is done by t-test; p-value  $\leq 0.05$  (alpha ( $\alpha$ ) 5%); is significant.

d. In a significant outer model, it can be used as a latent variable measuring instrument.

In the inner model is significance  $\leq 0.05$ , it can be interpreted that there is a significant influence of a latent variable on other latent variables.

**RESULTS AND DISCUSSION**

**Respondent characteristics**

The number of respondents in this study were 56 who were related to PT AMNT's CSR program in Sekongkang District. The characteristics of the respondents in this study can be differentiated based on gender, age, location, and type of assistance received.

**Table 1. Characteristics of Respondents**

No	Characteristics	People	%	No	Characteristics	People	%
1	Gender			3	<b>Location</b>		
	<b>Man</b>	25	45		Sekongkas Atas	15	27
	Women	31	55		Sekongkang Bawah	9	16
	<b>Amount</b>	<b>56</b>	<b>100</b>		Kemuning	10	18
					Aiq Kangkung	9	16
					Tongo	13	23
					<b>Amount</b>	<b>56</b>	<b>100</b>

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2	Age			4	Help Type		
	< 30	5	9		Groceries	15	27
	30 – 40	18	32		Clean Water Filters	6	11
	40 – 50	14	25		Fertilizers &, Plant seeds	14	25
	50 - 60	5	9		Chicken Seeds	9	16
	60 – 70	10	18		Fish seeds	2	4
	70 <	4	7		MSME Training Bimtek	9	16
	<b>Amount</b>	<b>56</b>	<b>100</b>		Intern at Hotel (Bali)	1	2
					<b>Amount</b>	<b>56</b>	<b>100</b>

Source: Primary Data Processed

**Respondents' Perceptions About PT AMNT's CSR Program**

Based on the survey results, it is known that the respondents' perceptions of the PT Amman Mineral Nusa Tenggara (AMNT) CSR Program are as follows

**Table 2. Respondents' Perceptions About PT AMNT's CSR Program**

Perception	Of People					Percentage (%)				
	1	2	3	4	5	1	2	3	4	5
<b>Community Satisfaction (X1)</b>										
PT. AMNT is in accordance with community expectations. (X1.1)	2	35	10	7	2	4	63	18	13	4
PT. AMNT according to community needs (X1.2)	2	24	6	21	3	4	43	11	38	5
The community is satisfied with PT. AMNT. (X1.3)	2	30	8	11	5	4	54	14	20	9
<b>PT AMNT Corporate Commitment (X2)</b>										
The CSR program is very useful in developing community businesses. (Y1.1)	1	8	15	28	4	2	14	27	50	7
The CSR program has been running on an ongoing basis. (Y1.2)	2	39	6	5	4	4	70	11	9	7
Implementation of CSR PT. AMNT is right on target. (Y1.3)	1	29	14	9	3	2	52	25	16	5
<b>Suitability of PT AMNT's CSR Program with Community Needs (Y2)</b>										
PT. AMNT can help the community's economic development. (Y2.1)	1	29	16	7	3	2	52	29	13	5
Implementation of CSR PT. AMNT in the community's economic business is already good so it needs to be maintained and continued. (Y2.2)	1	24	11	15	5	2	43	20	27	9

Source: Primary Data Processed

Furthermore, the results of descriptive statistical analysis using SPSS, appear as follows

**Table 3. Descriptive Statistical Analysis**

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Criterion
X <sub>1.1</sub>	56	1	5	2.500	.8944	Low
X <sub>1.2</sub>	56	1	5	2.982	10.870	Low Enough
Y <sub>1.1</sub>	56	1	5	3.464	.8937	Tall

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Y <sub>1,2</sub>	56	1	5	2.464	.9717	Low
X <sub>1,3</sub>	56	1	5	2.768	10.953	Low Enough
Y <sub>1,3</sub>	56	1	5	2.714	.9480	Low Enough
Y <sub>2,1</sub>	56	1	5	2.679	.9167	Low Enough
Y <sub>2,2</sub>	56	1	5	3.036	10.949	Low Enough
Valid N (listwise)	56					

Source: Primary Data Processed

**Data analysis**

Instrument Validity Test with SPSS

The next step is to test the validity of the instrument using SPSS using product moment correlation.

**Table 4. Product Moment Correlation with SPSS**

Correlations		X <sub>1,1</sub>	X <sub>1,2</sub>	Y <sub>1,1</sub>	Y <sub>1,2</sub>	X <sub>1,3</sub>	Y <sub>1,3</sub>	Y <sub>2,1</sub>	Y <sub>2,2</sub>	SKOR_TOTA L
X <sub>1,1</sub>	Pearson Corr.	1	.552	.000	.460	.603**	.665	.444	.427	.707**
	Sig. (2-tailed)		.000	1.000	.000	.000	.000	.001	.001	.000
	N	56	56	56	56	56	56	56	56	56
X <sub>1,2</sub>	Pearson Corr.	.552	1	.364	.387	.745	.418*	.596*	.688*	.825**
	Sig. (2-tailed)	.000		.006	.003	.000	.001	.000	.000	.000
	N	56	56	56	56	56	56	56	56	56
Y <sub>1,1</sub>	Pearson Corr.	.000	.364	1	.271	.224	.120	.430	.299	.414*
	Sig. (2-tailed)	1.000	.006		.044	.098	.380	.001	.025	.002
	N	56	56	56	56	56	56	56	56	56
Y <sub>1,2</sub>	Pearson Corr.	.460	.387	.271	1	.564	.601**	.558*	.565**	.751**
	Sig. (2-tailed)	.000	.003	.044		.000	.000	.000	.000	.000
	N	56	56	56	56	56	56	56	56	56
X <sub>1,3</sub>	Pearson Corr.	.603**	.745	.224	.564	1	.670	.449	.477	.820**
	Sig. (2-tailed)	.000	.000	.098	.000		.000	.001	.000	.000
	N	56	56	56	56	56	56	56	56	56
Y <sub>1,3</sub>	Pearson Corr.	.665	.418*	-.120	.601**	.670	1	.374**	.448**	.692**
	Sig. (2-tailed)	.000	.001	.380	.000	.000		.005	.001	.000
	N	56	56	56	56	56	56	56	56	56
Y <sub>2,1</sub>	Pearson Corr.	.444	.596*	.430	.558*	.449	.374**	1	.809**	.795**
	Sig. (2-tailed)	.001	.000	.001	.000	.001	.005		.000	.000
	N	56	56	56	56	56	56	56	56	56
Y <sub>2,2</sub>	Pearson Corr.	.427	.688*	.299	.565**	.477	.448**	.809**	1	.814**
	Sig. (2-tailed)	.001	.000	.025	.000	.000	.001	.000		.000
	N	56	56	56	56	56	56	56	56	56
SKOR_ TOTAL	Pearson Corr.	.707**	.825**	.414*	.751**	.820**	.696**	.795**	.814**	1
	Sig. (2-tailed)	.000	.000	.002	.000	.000	.000	.000	.000	
	N	56	56	56	56	56	56	56	56	56

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Source: Primary Data Processed

From the test results it appears that all questions are valid at the significance level of 0.05 and 0.01, so that all instruments can be used for this research.

**Instrument Reliability Test with SPSS**

In the next instrument testing, a reliability test was carried out using the Cronbach's Alpha test using SPSS. Based on the results of the reliability test, the value of Cronbach's Alpha =

0.877 > 0.60 means that the instrument is reliable or meets the requirements for further processing.

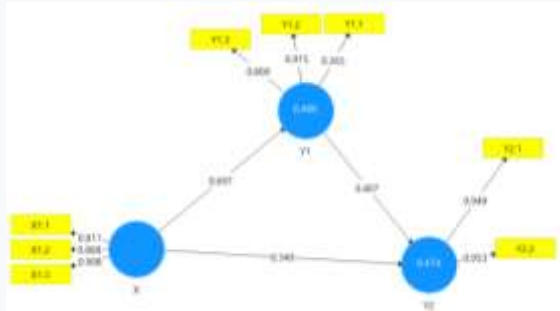
**Partial Least Square (PLS) Analysis**

The next discussion is regarding the results of the Partial Least Square (PLS) analysis which will be described in several sub-chapters as follows:

**Measurement Model Evaluation Results (Outer Model)**

The first PLS procedure is to evaluate the measurement model. The design of the measurement model involves the relationship between constructs and their variables to form latent variables. The first stage is to estimate the parameters by calculating the PLS Algorithm. The PLS Algorithm calculation results are shown in the following figure:

**Figure 4.1. PLS Algorithm Calculation Results**



The picture above explains the results of the PLS Algorithm which tests each indicator against the construct, namely in terms of forming a good variable construct. Whether the results of the PLS Algorithm can be said to be feasible for further testing of the structural model (inner model), the evaluation of the measurement model is explained as follows:

**Convergent Validity Testing**

Convergent validity testing in this study refers to the opinion of Chin (1995) that the rule of thumb criteria that can be used as a basic provision in determining the convergent validity of PLS analysis is to look at the value of the outer loadings or also called the loading factor of more than equal to 0.70 (outer loadings  $\geq 0.70$ ) and the Average Variance Extracted (AVE) value is more than equal to 0.50 (AVE  $\geq 0.50$ ). The results of convergent validity testing based on outer loadings and AVE values are as follows: (X = 0.757, Y1 = 0.537 and Y2 = 0.904)  $\geq 0.50$

**Outer Loadings Value Test**

**Table 5. Outer Loadings**

	Satisfaction of Communities Recipient of CSR Assistance (X)	Company Commitment to CSR Program Sustainability (Y1)	Compatibility of CSR Programs with Community Needs (Y2)
X1,1	0,811		
X1,2	0,888		
X1,3	0,908		
Y1,1		0,405	
Y1,2		0,915	
Y1,3		0,800	
Y2,1			0,949
Y2,2			0,953

The results of the convergent validity test show that each indicator used in forming the latent variable of this study has an AVE value greater than 0.70, except for indicator Y1.1 with a value of 0.405 which is less than 0.5. so that the output results are printed in red, however, based on the criteria as quoted from Hair et al., (2017) "Generally, indicators with outer loadings between 0.40 and 0.70 should be considered for validity" and images of outer loadings for variable X; Y1 and Y2 which show a value of more than 0.40, then all indicators are accepted for further testing. These results indicate that the measurement model meets all the convergent

validity testing criteria and the measurement model can be said to have good convergent validity.

**Discriminant Validity Testing**

The test for discriminant validity in this study refers to the opinion of Chin & Marcoulides (1998) which states that the value of discriminant validity can be known from the results of the cross loadings of the construct itself with a comparison of the values of cross loadings in other constructs. The model will have appropriate discriminant validity if the value of the cross loadings in the construct itself is greater (has a greater correlation value) than the cross loadings in the other



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constructs dominantly. The two decisions related to discriminant validity are explained in detail as follows.

1. If the cross loading value of each indicator in its own construct is dominantly greater than the cross loading value of each indicator in another construct, then the latent variable has fulfilled the discriminant validity test.

2. If the cross loading value of each indicator in its own construct is not dominantly greater than the cross loading value of each indicator in another construct, then the latent variable does not meet the discriminant validity test. The results of the discriminant validity test based on the cross loading values are shown in the following figure:

**Figure 4.2 Discriminant Validity Test with Cross Loadings Values for variables X, Y1 and Y2**

	X	Y1	Y2
Y1.1	0.234	0.365	0.382
Y1.2	0.541	0.915	0.591
Y2.1	0.572	0.610	0.949
Y2.2	0.614	0.615	0.953
Y1.3	0.667	0.800	0.433
X1.1	0.811	0.587	0.458
X1.2	0.888	0.524	0.676
X1.3	0.908	0.708	0.487

The picture above is the result of the discriminant validity test based on the cross loading criteria for each indicator in each construct. construct Perceptions about the Company's Commitment to the Sustainability of CSR Programs (Y1), and construct Perceptions about the Conformity of CSR Programs with Community Needs (Y2). These results indicate that the cross loading value of each indicator in its own construct is dominantly greater than the cross loading value of each indicator in other constructs. Decisions that can be made based on these results are that all latent variables in this study have fulfilled the discriminant validity test.

**PLS Reliability Testing**

Reliability testing in PLS analysis can be measured using two methods, namely Cronbach's Alpha and Composite Reliability. Cronbach's Alpha value must be  $\geq 0.50$  and Composite Reliability must be  $\geq 0.70$  with a lower limit  $\geq 0.60$  to be said to be reliable (Hair et al., 2017). Constructs that meet these criteria indicate that each indicator that forms the construct is reliable for further testing. The results of reliability testing based on Cronbach's Alpha and Composite Reliability values are shown in the following figure:

**Table 6. Cronbach's Alpha Test Results and Composite Reliability Test**

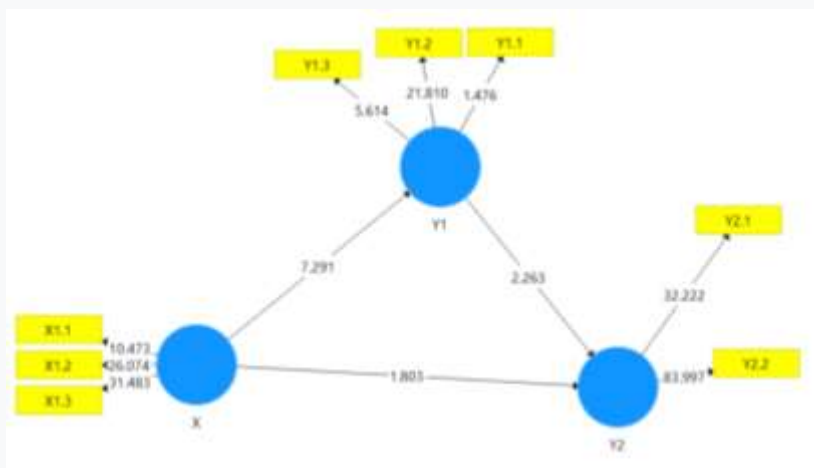
	Cronbach's Alpha	Uji Composite Reliability
X	0,838	0,903
Y1	0,501	0,757
Y2	0,894	0,950

The table above is the result of the PLS reliability test based on Cronbach's Alpha and Composite Reliability criteria. These results indicate that the value of Cronbach's Alpha on variables X and Y2 is greater than 0.50 but the value of Cronbach's Alpha on variable Y1 is lower than 0.50. Meanwhile, the Composite Reliability value for each variable is greater than 0.70. Decisions that can be made based on these results are that each indicator that forms the construct is reliable and can be used for further testing.

**Results of Structural Model Evaluation (Inner Model) Hypothesis test**

The hypotheses in this study amounted to four hypotheses, in the PLS analysis to test the hypothesis, the bootstrapping method was used to see the direct and indirect effects of each latent variable that has been connected according to the research hypothesis. The result of this bootstrapping is in the form of a PLS path diagram. The bootstrapping results are shown in the following figure:

Figure 4.3. Bootstrapping Calculation R



**Path Coefficients**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O /STDEV)	P Values
X <sub>1</sub> -> Y1	0.697	0.696	0.096	7.291	0.000
X <sub>1</sub> -> Y2	0.340	0.365	0.189	1.803	0.072
Y1 -> Y2	0.407	0.388	0.180	2.263	0.024

Based on the picture above it appears that the first hypothesis (H1) and second (H2) are accepted because the P Values are smaller than 0.05. But the fourth hypothesis (H4) is rejected because the P Values are 0.072 greater than 0.05, meaning that there is no direct influence between the variables X and

Y2. Partial Least Square (PLS) analysis also has the ability to measure the effect of latent variables indirectly (indirect effects). The indirect effect is shown in the figure below which is the result of the indirect effect test:

Figure 4.4. Indirect Influence Test Results

**Specific Indirect Effects**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O /STDEV)	P Values
X <sub>1</sub> -> Y1 -> Y2	0.283	0.268	0.131	2.171	0.030

Based on this figure, there are results of the indirect effect test (H3). The indirect effect of the satisfaction of the community receiving CSR assistance (X) on the suitability of the CSR program of PT. NNT with community needs (Y2), through the Company's Commitment to CSR Program Sustainability (Y1) produces a p value of 0.030 which is smaller than 0.05. These results indicate that the Satisfaction of Community Recipients of CSR Assistance (X) has a significant effect on the Conformity of CSR Programs with Community Needs (Y2) through the Company's Commitment to the Sustainability of CSR Programs (Y1). Based on the bootstrapping analysis results show that:

1. The first hypothesis (H1) is accepted, so it is stated that there is an influence between the satisfaction of the community recipients of CSR assistance from PT. NNT (X)

with the company's commitment to the sustainability of the CSR program (Y1).

2. The second hypothesis (H2) is accepted, so it is stated that there is an influence between the company's commitment to the sustainability of the CSR program (Y1) on the suitability of the CSR program with the needs of the community which has been carried out by PT. NNT (Y2).

3. The third hypothesis (H3) is accepted, so it is stated that there is an influence between the satisfaction of the beneficiaries of CSR PT. NNT (X) with the company's commitment to the sustainability of the CSR program as a mediating variable (Y1) on the suitability of PT. NNT with community needs (Y2).

4. The fourth hypothesis (H4) is rejected, so it is stated that there is no influence between perceptions about the satisfaction of the recipients of CSR assistance from PT. NNT

(X) with the suitability of PT. NNT with community needs (Y2).

Coefficient of Determination (R<sup>2</sup>)

The results of the Partial Least Square (PLS) analysis for the coefficient of determination are shown in the following figure:

**Figure 4.5. Coefficient of Determination Result (R Square/R<sup>2</sup>)**

R Square	
Matrix	R Square
Y1	0,486
Y2	0,474

The picture above shows the results of the coefficient of determination of the latent variable in this study. The R Square value indicates the magnitude of the influence variable in explaining the affected variable. Endogenous variable Company commitment to the sustainability of PT AMNT's CSR Program (Y1) has a coefficient of determination of 0.486 (48.6%) from the influence of the variable Perceptions about Satisfaction of Community Recipients of PT AMNT's CSR Assistance (X). These results indicate that X is only able to explain Y2 by 48.6%, while the remaining 51.4% is explained by other variables not included in this research model. The endogenous variable Company Commitment to the Sustainability of the CSR Program (Y1) has a coefficient of determination of 0.474 (47.4%) from the influence of the exogenous variable Perceptions about Satisfaction of Community Recipients of PT AMNT CSR Assistance (X) and the endogenous variable Perceptions about the Compatibility of PT AMNT's CSR Program with Community Needs (Y2). These results indicate that X and Y1 are able to explain Y2 by 47.4%, while the remaining 52.6% is explained by other variables not included in this research model.

**Predictive Relevance (Q<sup>2</sup>)**

Predictive relevance (Q<sup>2</sup>) is one of the tests in the structural model (inner model) which serves to show how well the research model is used. A predictive relevance value that is greater than zero (Q<sup>2</sup> ≥ 0) indicates that exogenous latent variables have predictive relevance to endogenous latent variables, whereas if the predictive relevance value is less than zero (Q<sup>2</sup> < 0), then exogenous latent variables do not have predictive relevance to variables endogenous latency. Chin & Marcoulides, (1998) put forward a formula for determining predictive relevance as follows:

$$Q^2 = 1 - (1 - R^2 \text{ endogen}_1) (1 - R^2 \text{ endogen}_2) \dots (1 - R^2 \text{ endogen}_n),$$

$$Q^2 = 1 - (1 - R^2 \text{ endogen Y}_1) (1 - R^2 \text{ endogen Y}_2)$$

Then the predictive relevance value (Q<sup>2</sup>) in this study is calculated as follows:

$$Q^2 = 1 - (1 - 0,486) (1 - 0,474) = 0.729636$$

Then the predictive relevance value (Q<sup>2</sup>) in this study is calculated as follows:

The results of predictive relevance calculations show that the Q<sup>2</sup> value is 0.729636 which is greater than 0 (Q<sup>2</sup> ≥ 0). These results indicate that the exogenous latent variable has predictive relevance to the endogenous latent variable and the research model consists of the latent variable Satisfaction of CSR Recipient Communities (X); Company Commitment to CSR Program Sustainability (Y1), and Compatibility of CSR Programs with Community Needs (Y2) can form a fit model (good model)

**CONCLUSIONS AND SUGGESTIONS**

**Conclusion**

1. Based on the results of the descriptive statistical analysis it is concluded that:
  - a) The level of satisfaction of the communities receiving PT AMNT CSR assistance regarding the suitability of the program with the wishes and needs of the community is still low
  - b) The company's commitment to the sustainability of the CSR program is quite low
  - c) Suitability of PT. AMNT with Community Needs is quite low
  - d) Community Involvement in Compilation of PT. AMNT and the Community Partnership with PT. AMNT in the CSR Program is still low
2. There is an influence between the satisfaction of the recipients of CSR assistance from PT. AMNT with the company's commitment to the sustainability of CSR programs.
3. There is an influence between the company's commitment to the sustainability of the CSR program according to PT. AMNT with community needs.
4. There is an influence between the satisfaction of the recipients of CSR assistance from PT. AMNT with the company's commitment to the sustainability of the CSR program as a mediating variable on the suitability of PT. AMNT with community needs.
5. There is no influence between the satisfaction of the recipients of CSR assistance from PT. AMNT with the suitability of PT. AMNT with community needs.

**Suggestion**

1. It was identified from the respondents' responses that they were not involved in preparing the PT. AMNT, therefore it is better in preparing the CSR program plan of PT. AMNT engages the community through representatives from each community group.
2. In implementing the CRS program PT. AMNT especially in the fields of economy, agriculture and tourism should go through a partnership pattern that will accommodate community groups.
3. The form of assistance provided to SMEs is still in the form of program socialization, CSR activities that are expected by

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employers to be more real in the form of working capital assistance and management assistance.

4. Assistance to the community in the form of groceries, agricultural seeds, chicken and fish seeds is only incidental (there are certain moments such as holidays and Independence Day), the community hopes that PT AMNT's CSR program assistance is programmed, scheduled, routine and continuous.

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