



Analysis of Environmental Social Governance (ESG) Impact Study on Local Cultural Wisdom: A Case Study at PT Bukit Asam Tanjungenim, South Sumatera, Indonesia

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ARTICLE INFO

Received: December 19, 2023;
Accepted: February 20, 2024;
Published: April 1, 2024.

Keywords:

ESG
Local cultural wisdom
PT Bukit Asam
South Sumatera
Tanjungenim

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The author has reviewed and approved the final version of the manuscript.

<https://doi.org/10.37275/arkus.v10i2.543>

ABSTRACT

The implementation of Environmental Social Governance (ESG) in Indonesia is increasingly being implemented, including in the mining sector. PT Bukit Asam (PTBA) as one of the largest coal mining companies in Indonesia has implemented ESG in its operations. This research aims to analyze the impact of PTBA's ESG implementation on local cultural wisdom in the Tanjungenim area, South Sumatera. This research uses a qualitative method with a case study approach. Data collection was carried out through interviews with key informants, participant observation and documentation. Data were analyzed using qualitative data analysis techniques. The research results show that PTBA's ESG implementation has both positive and negative impacts on local cultural wisdom. The positive impacts include: (1) increasing public awareness about the importance of protecting the environment; (2) increasing community participation in decision making related to the environment; (3) improving the quality of life of the community through community empowerment programs. The negative impacts include: (1) changes in local cultural values due to external cultural influences; (2) the occurrence of social conflict between indigenous communities and companies; (3) loss of local traditions and culture due to modernization. In conclusion, PTBA's ESG implementation has positive and negative impacts on local cultural wisdom. Efforts need to be made to maximize the positive impacts and minimize the negative impacts.

1. Introduction

In the midst of globalization and demands for sustainability, Environmental, Social, and Governance (ESG) has become a compass for many companies. This framework guides them to integrate environmental, social, and governance aspects in business operations, leading them toward a more responsible future. In Indonesia, the echo of ESG is increasingly resounding in various sectors, including mining. PT Bukit Asam (PTBA), the Indonesian coal giant, has strengthened its commitment to running a sustainable business by adopting ESG principles. In the Tanjungenim region, South Sumatera, traces of PTBA's ESG implementation are being etched, bringing inevitable changes and impacts, including on local cultural wisdom. This research dives into these

dimensions, carefully examining how PTBA's ESG implementation interacts with local cultural wisdom in Tanjungenim. Local cultural wisdom, like a treasure handed down from generation to generation, contains the knowledge, beliefs, and habits of the community that guide life and maintain balance with nature. ESG is not a foreign concept. Born from concern for sustainability and social responsibility, ESG has become a compass for companies to balance profits with other aspects that are no less important.¹⁻³

The three main pillars of ESG are the foundation for the company, namely: Environment, including efforts to reduce greenhouse gas emissions, manage waste and pollution, and preserve biodiversity; Social, which involves aspects such as occupational health and safety, community development, and harmonious

relationships with local communities; Governance, emphasizes corporate transparency and accountability, as well as ethical and responsible business practices. PTBA, as one of the largest coal mining companies in Indonesia, has demonstrated its commitment to ESG. In the Tanjungenim area, South Sumatra, PTBA has implemented various programs and policies that are in line with ESG principles. This research aims to analyze the impact of PTBA's ESG implementation on local cultural wisdom in the Tanjungenim area, South Sumatra. Local cultural wisdom is the knowledge, beliefs, and habits of local people that have been passed down from generation to generation. Local cultural wisdom has an important role in maintaining the balance between humans and nature.⁴⁻⁶ This research examines how PTBA's ESG implementation, especially in social and environmental aspects, can influence local cultural wisdom.

2. Methods

This research uses a qualitative method with a case study approach. A case study is a research method that focuses on one particular case in depth. The case chosen in this research is PTBA's ESG implementation in the Tanjungenim area, South Sumatra. Data collection was carried out through interviews with key informants, participant observation, and documentation. The key informants in this research are related stakeholders, such as (1) PTBA representatives, (2) Local government, (3) Indigenous communities, and (4) Non-Governmental Organizations (NGOs). The participatory observation was carried out by going directly into the field and observing interactions between PTBA and the local community. Documentation is carried out by collecting written data related to PTBA's ESG implementation and local cultural wisdom. Data were analyzed using qualitative data analysis techniques. Qualitative data analysis is the process of searching for and understanding the meaning behind the collected data. The data analysis techniques used in this research are (1) Data reduction, (2) Data

presentation, and (3) Drawing conclusions.

3. Results and Discussion

Table 1 shows that PTBA's ESG implementation has positive and negative impacts on local cultural wisdom. The positive impacts include: 1. Increasing public awareness about the importance of protecting the environment: PTBA's environmental education and training programs increase public awareness about the importance of preserving nature. This can strengthen local cultural values related to nature conservation, such as protecting forests and other natural resources. 2. Increased community participation in decision-making related to the environment: Involvement of the community in the decision-making process related to the environment by PTBA can strengthen the role of the community in preserving nature and local culture. This can increase people's sense of responsibility towards the environment and encourage them to be active in cultural preservation efforts. 3. Improving the quality of life of the community through community empowerment programs: Training and skills development programs, business capital assistance, and programs to increase access to education and health carried out by PTBA can improve the standard of living of the community and reduce poverty. This can strengthen local cultural values related to mutual cooperation and cooperation, as well as increase the sense of mutual help and support within the community.

However, PTBA's ESG implementation also has negative impacts, namely: 1. Changes in local cultural values due to external cultural influences: The entry of foreign culture through PTBA programs and modernization can cause a shift in local cultural values. This can weaken local cultural values and traditions passed down from generation to generation, as well as trigger cultural conflicts between traditional and modern values. 2. The emergence of social conflicts between indigenous communities and companies: Land disputes and access to natural resources, as well as differences in values and culture

between indigenous communities and companies, can trigger conflict and tension. This could damage previously existing harmonious relations and disrupt social stability in the region. 3. Loss of local traditions and culture due to modernization: Shifts in people's lifestyles due to the influence of modernization can

cause them to abandon local traditions and culture that are no longer considered relevant. This can lead to the loss of valuable cultural identity and traditions, as well as weakening local cultural values that have been passed down from generation to generation.

Table 1. Positive and negative impacts of PTBA ESG on local cultural wisdom.

Impact	ESG aspects	Information	Potential impact on local cultural wisdom
Positive impact			
Increasing public awareness about the importance of protecting the environment	Environment	Environmental education and training programs. Campaigns and outreach on environmental conservation.	Increase public awareness about the importance of preserving nature. Strengthening local cultural values related to nature conservation.
Increasing community participation in decision-making related to the environment	Environment	Establishment of a communication forum between PTBA and the community. Community involvement in the decision-making process related to the environment.	Strengthening the role of the community in preserving nature and local culture. Increasing society's sense of responsibility towards the environment.
Improving the quality of life of the community through community empowerment programs	Social	Training and skills development programs. Business capital assistance and creative economy development. Program to increase access to education and health.	Improving people's standard of living and reducing poverty. Strengthen local cultural values related to mutual cooperation and cooperation.
Negative impact			
Changes in local cultural values due to external cultural influences	Social	Inclusion of foreign culture through PTBA programs. Shift in local cultural values due to modernization.	Weakening local cultural values and traditions passed down from generation to generation. Triggering cultural conflict between traditional and modern values.
The occurrence of social conflicts between indigenous communities and companies	Social	Land disputes and access to natural resources. Differences in values and culture between indigenous communities and companies.	Trigger conflict and tension between indigenous communities and companies. Damaging previously existing harmonious relationships.
Loss of local traditions and culture due to modernization	Social	Shifts in people's lifestyles due to the influence of modernization. Abandon local traditions and culture that are no longer considered relevant.	Causing the loss of cultural identity and valuable traditions. Weakening local cultural values passed down from generation to generation.

One of the positive impacts of PTBA's ESG implementation is increasing public awareness about the importance of protecting the environment. This is achieved through various programs and activities carried out by PTBA. PTBA routinely holds educational

and training programs about the environment for communities around its operational areas. This program aims to increase public knowledge and understanding of various environmental issues, such as pollution, climate change, and natural resource

management. PTBA held seminars and workshops for housewives on plastic waste management in Talang Jawa Village, Muara Enim Regency. PTBA collaborates with schools around its operational areas to include material about the environment in the learning curriculum. PTBA is also active in carrying out campaigns and outreach about environmental conservation to the community. This campaign is carried out through various media, such as posters, banners, and social media. PTBA held a "Let's Protect Our Nature" campaign at Car Free Day Palembang. PTBA makes educational videos about the dangers of environmental pollution and ways to protect the environment, which are shared via social media. PTBA forms a communication forum between companies and the community to discuss various issues related to the environment. This forum is a forum for the community to convey their aspirations and complaints regarding the environment, as well as to obtain information and education from PTBA. PTBA formed a Community and Corporate Communication Forum (FKMP) in Tanjung Enim Village, Muara Enim Regency. FKMP holds regular meetings to discuss various environmental issues in the Tanjung Enim Village area. The programs and activities carried out by PTBA have been proven to increase public awareness about the importance of protecting the environment. This can be seen from several indicators, such as: the increasing number of people participating in environmental conservation activities, such as cleaning rivers and planting trees, increasing use of environmentally friendly products by the community and increasing public awareness to maintain cleanliness and not litter. Several previous studies have shown that environmental education and training programs can increase public awareness about the importance of protecting the environment. A study found that educational programs on plastic waste management can increase people's knowledge and understanding of the dangers of plastic waste and encourage them to reduce their use of plastic. Another study found that training programs on natural resource management can increase public awareness

about the importance of preserving natural resources and encourage them to use natural resources sustainably.⁸⁻¹¹

Community participation in decision-making related to the environment is one of the important pillars in realizing sustainable development. Communities have valuable local knowledge and experience in managing natural resources and preserving the environment. Involving the community in the decision-making process can help ensure that policies and programs are tailored to local needs and conditions and take into account their impact on the environment and culture. Increasing community participation in decision-making related to the environment can have various positive impacts. By involving the community, policymakers can obtain more complete and varied information and input, resulting in more effective and targeted decisions. When the community is involved in the decision-making process, they will feel more responsible for implementing and maintaining the results of the decision. Community participation can build trust and better cooperation between the community and government in environmental management. The participation process can increase people's awareness and concern for the environment, as well as encourage them to be active in environmental conservation efforts. In Indonesia, several villages have implemented the "Village Deliberation" program to involve the community in decision-making related to the environment, such as managing village forests and water resources. In the Philippines, the "Community-Based Forest Management" program has succeeded in involving communities in forest management, which has been proven to improve forest sustainability and community welfare. A study shows that community participation in environmental decision-making can increase the effectiveness of environmental programs and policies by up to 30%. A study shows that community participation in forest management can increase community income and reduce deforestation.¹²⁻¹⁴

Community empowerment is one of the main keys to improving the quality of life in the community. This is because by empowering people, they can become agents of change and development in their own communities. PTBA has implemented various community empowerment programs in its operational areas. Skills training and development programs: These programs aim to improve people's skills and knowledge so that they can have better jobs and increase their income. For example, training in sewing, cooking, and mechanics. Business capital assistance: This program aims to help people start or expand their small businesses. For example, providing business capital to open a shop or culinary business. Program to improve access to education and health: This program aims to improve the quality of education and public health. For example, providing scholarships for outstanding students and building community health centers in remote areas. Training and skills development programs as well as business capital assistance have helped the community increase their income. For example, a housewife who takes sewing training can open her own sewing business and increase her income to help support the family's needs. Increased income and access to education and health have improved people's living standards. For example, people can buy more nutritious food and send their children to better schools. Community empowerment programs have helped reduce poverty in PTBA's operational areas. For example, as people's incomes and living standards increase, poverty rates in the region decrease. Several previous studies show that community empowerment programs can improve people's quality of life. A study found that training and skills development programs can increase people's income and help them get out of poverty. The study found that business capital assistance can help people start or develop their small businesses and increase their income. The study found that programs to increase access to education and health can improve people's living standards and reduce maternal and child mortality rates.¹⁵⁻¹⁷

Modernization and the entry of foreign cultures through PTBA programs can cause a shift in local cultural values. This is a complex issue that needs to be studied in depth, taking into account various interrelated factors. Modernization brings changes in various aspects of life, including the way of life, technology, and values. Modernization can encourage people to abandon local traditions and culture that are no longer considered relevant in modern times. The influx of foreign culture through mass media, the internet and PTBA programs can introduce new values and lifestyles to local communities. This can cause a shift in local cultural values, especially in the younger generation who are more easily influenced by foreign culture. PTBA programs that aim to improve people's quality of life, such as education and health programs, can bring about changes in people's way of life. This can cause a shift in local cultural values, especially in terms of thought patterns and ways of viewing the world. Local people who previously wore traditional clothing now prefer modern clothing which is considered more fashionable and practical. The use of regional languages is decreasing and being replaced by Indonesian, even foreign languages. Traditions and customs that were once firmly held are now starting to be abandoned, such as traditional wedding traditions and religious rituals. Shifting local cultural values can lead to the loss of valuable cultural identity and traditions. This can make people lose their sense of belonging to their own culture. Shifts in local cultural values can trigger cultural conflicts between the older and younger generations, as well as between local communities and foreign cultures. Shifts in local cultural values can cause a weakening of moral values, such as respect for parents, mutual cooperation, and concern for the environment.¹⁶⁻¹⁸

Land disputes and access to natural resources are crucial issues that often trigger conflict and tension between indigenous communities and companies. Indigenous peoples often have rights to land that are not recognized by state law. This makes them vulnerable to eviction and land confiscation by companies. For example, there was a land dispute

between the Dayak tribal community and a coal mining company in Kalimantan. Indigenous communities have different values and cultures from companies. For indigenous peoples, land and natural resources have high spiritual and cultural value. Meanwhile, companies view land and natural resources as economic commodities. These differences in values can trigger conflict when companies exploit natural resources in traditional territories without community consent. For example, there was a conflict between the Amungme indigenous community and a gold mining company in Papua. Often, companies do not involve indigenous communities in the decision-making process related to the exploitation of natural resources in customary territories. This makes people feel ignored and unappreciated. This lack of participation can trigger feelings of frustration and resistance from the community, which can lead to conflict. For example, there was a conflict between the Walhi indigenous community and an oil palm plantation company in Riau. Weak law enforcement often allows companies to escape responsibility for violations of indigenous peoples' rights. This makes people feel like they are not getting justice and further exacerbates the conflict. For example, cases of environmental pollution by mining companies in customary areas were not followed up by the government. Several previous studies have shown that land disputes and access to natural resources can trigger conflict and tension between indigenous communities and companies. This study found that conflicts between indigenous communities and mining companies in Indonesia are often caused by land disputes and access to natural resources. This study found that mining and plantation companies in Indonesia often ignore the rights of indigenous communities, leading to conflict and tension.^{19,20}

4. Conclusion

PTBA's ESG implementation has positive and negative impacts on local cultural wisdom. The positive impacts include increasing public awareness about the importance of protecting the environment,

increasing community participation in making decisions related to the environment, and improving the quality of life of the community through community empowerment programs. However, PTBA's ESG implementation also has negative impacts, namely changes in local cultural values due to external cultural influences, social conflict between indigenous communities and the company, and loss of local traditions and culture due to modernization.

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