

## The Analysis of Performance Measurement CSR Program using Performance Prism (Case Study: Health Program CSR by Pt. Freeport Indonesia)

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### ABSTRACT

*A company in achieving economic benefits as a goal of the company must have a direct or indirect impact on society and the surrounding environment, both positive and negative impacts. As part of the community, the company should have a positive impact that is greater than the negative impact on the community and / or the surrounding environment. For this reason, the Government invites companies to take responsibility for making a greater positive impact on the community and the surrounding environment by issuing regulations related to this, which is called social and environmental responsibility or commonly known as corporate social responsibility ("CSR"). As one of the leading mining companies in Indonesia and also as an affiliate of FCX (Freeport McMoRan Inc.), Pt. Freeport Indonesia implements and adheres to the ethical, social and environmental policies set by FCX. Strong policies guide Pt. Freeport Indonesia towards sustainable development. Experience in the community has created these policies in Indonesia. Therefore, this Mini Thesis will discuss performance measurement on Health Program that held by PT. Freeport Indonesia. This research is a descriptive study. The method used to measure performance is Performance Prism, because what is measured is not the strategy but rather the desires and needs of stakeholders (stakeholder satisfaction) that are considered by stakeholder contributions. Then, based on five Performance Prism facets and references from KPI regulations owned by PT. Freeport Indonesia is grouped into a Key Performance Indicator (KPI) and Performance Indicator (PI) which is a measure of program success or performance. Furthermore, data processing will be carried out using TEV, which is a quantitative analysis model. After performance measurement, the extent to which the health program of PT. Freeport Indonesia in real terms, the fulfillment of the five facets of Performance Prism, along with details on the level of performance of each KPI. Furthermore, this is used to formulate or propose performance improvements in the health program. After measuring the results obtained at the Health Program of PT. Freeport Indonesia is 4.25. Based on the Likert Scale it can be categorized as very good. This measurement uses 3 KPIs and 21 PIs, of which 3 KPIs are very good 1 KPI and 2 good ones. For PI, the results of the 5 work indicators were very good, as well as 15 good performance indicators, and 1 performance indicator was quite good.*

*Keywords: Performance Measurement, Performance Prism, Delphi Method, "TEV" Quantitative Analysis Model, Stakeholder, Expected Value.*

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## 1. Introduction

A company in achieving economic benefits as a goal of the company must have a direct or indirect impact on society and the surrounding environment, both positive and negative impacts. As part of the community, the company should have a positive impact that is greater than the negative impact on the community and / or the surrounding environment. For this reason, the Government invites companies to take responsibility for making a greater positive impact on the community and the surrounding environment by issuing regulations related to this, which is called social and environmental responsibility or commonly known as corporate social responsibility ("CSR"). Pt. Freeport Indoensia 's community development program is the main business driver of Pt. Freeport Indoensia 's operational plans and is one part of various types of corporate social responsibility initiatives. Pt. Freeport Indoensia strives to implement a community development program that has a strong business foundation, provides support to other Pt. Freeport Indoensia corporate responsibility initiatives and is consistent with world-class community development standards.

## 2. Literature Review

### 2.1 Performance Prism

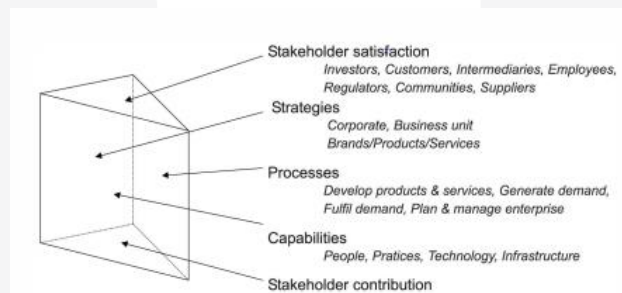


Figure 1 : 5 Facet Performance Prism

- a. **Stakeholder Satisfaction**  
The key question in this perspective is: who who are key stakeholders and what they want and need? Organizations that aspire to success in in the long term the business environment today has that picture very clear about who their key stakeholders are and what they are want it. This perspective is broader than the Balanced view Scorecard for viewing stakeholders, which only includes the holder shares and customers.
- b. **Strategy**  
The key question here is: what strategies do we have to put in place to satisfy desires and the needs of these key stakeholders?

- c. Process  
What critical process do we need if we want to run this strategy?
- d. Capability.  
The main questions in this perspective are: ability what do we need to operate and improve these processes?
- e. Stakeholder Contributions.  
What contribution we need from the people stakeholders, if we want to maintain and develop this capability?

## 2.2 KPI Grouping

KPI Grouping describes the approach to the program or the staff to be measured. It provide measurement guidelines that can be adopted and referred in guidelines to measure performance needed. For the KPI focused on implementation measures to monitor progress in implementing, effectiveness measures to monitor the results of the implemented things, impact measures to articulate the program impacts on organizations mission.

## 2.3 Key Performance Indicator and Performance Indicator

Many have misinterpreted KPI and PI. David Parameter (2010) explain the difference as follows:

- a. Key Performance Indicator (KPI), explains what you have to do to improve organizational performance at this time and time which will come. The KPI presents a series of measures that focus on the most important aspects of organizational performance for success organization at this time and time to come.
- b. Performance Indicator (PI), explains what you have to do to fulfill KPI Point.

To more easily understand it, David Parmenter uses an analogy onion. If we peel the onions we will find the layers of the onion, these layers which are PIs. Then at the very bottom of the onion there will be a core, the core of which is analogous to KPI. Kaplan and Norton in Parmenter (2010) recommend that use KPI is not more than 20 parameters. Whereas Hope and Freaser suggest KPI paramerer use is less than 10. Therefore, Parmenter (2010) formulated that the 10 KPI and 80 PI rules were good guidelines for a person organization. More performance measures than that are very rare and even a little deep some cases.

## 2.4 “TEV” Analysis Quantitative Model

Puguh Suharso stated that "Quantitative Analysis Model" TEV "or can be called as MAKTEV is one of the choice of application models from quantitative methods with qualitative problems "(2010). Basically the characteristics of quantitative methods and qualitatively different. However, both methods can be used together or combined. This quantitative analysis method is a new innovation from the methods already previously there were Analytic Hierarchy Process (AHP), Technology Achievement Index (TAI) used by the United Nations Development Program (UNDP), and Global Competitiveness used by the World Economic Forum (WEF) with a new formula that begins with the study of several application models solving problems with qualitative data characteristics with application methods quantitative settlement. New innovations are motivated by the results of the study stating that there is still a need for model applications with other variants to add the amount of material chosen as an alternative model. MAKTEV divides the solution problem in three stages, namely the Decision Tree, Delphi Method, and Expected Value.

## 3. Research Stage



## Research Result

### 3.1 Stakeholder Identification

Table 1 : Stakeholder Identification

No	Stakeholder Key	Stakeholder
1	Management	CSR Dept. Supervisor (Level 2)
2	Developer and Maintenance	Head Project of Health Program
		Field Officer of Health Program
3	Customers / Health Program	Chief of Local Tribe
	Beneficiaries	Local People

#### a) Management

The management of the Health Program is the CSR Dept. Supervisor. The role of management in the Health Program is as follows :

1. Supervise all operations activities regularly and regularly

The management access rights in the Health Program are to monitor and report to the Company periodically. The results of monitoring are used as references as material for decision making by the Upper Management section.

#### b) Developer and Maintenance

The role for the developer and maintenance in the Health Program is the Head Project of Health Program and Field Officer of Health Program. The team is tasked with making various kinds of reports that occur in the field.

#### c) Customers / Health Program Beneficiaries

Person who get the beneficiaries from the Health Program CSR Pt. Freeport Indonesia. Such as Chief of local tribe and mostly local people who live and work around Timika.

### 3.2 KPI and PI Identification

With reference to the Performance Prism listed above, KPI will be identified from each of the key stakeholders. This KPI and PI grouping is only carried out identification based on stakeholder contributing because what is measured is what contributions stakeholders must make in order to fulfill stakeholder satisfaction for the sake of creating performance that meets the requirements. Thus, if the PI formulated is in accordance with the stakeholder contribution that can fulfill

stakeholder satisfaction, then automatically the strategy, process, and capabilities are also connected with the PI.

### 3.3 Weighting Method using TEV Quantitative Analysis Model

After identifying the KPI and PI above, the researcher then made a decision tree based on data obtained. The first screen (dimension) describes KPI, the second screen (indicator) is the result of PI identification. In the Decision Tree / decision tree there are 3 dimensions, namely implementation, effectiveness / efficiency, and impact. At the weighting stage using Delphi Method involves experts as many as 5 times the elements in the decision tree or at least 20 experts are asked to fill out weighting questionnaire.

Stakeholder Key	Code	Performance Indicator (PI)	Weight	Score	Likert Scale
<b>Management</b>	M.1.1	The percentage level of resources indicated for the Health Program	1	5	Very Good
	M.2.1	The percentage level of vulnerability in operations	0.5	4.33	Very Good
	M.2.2	The percentage level of risk response planning	0.8	4.33	Very Good
<b>Developer / Maintenance</b>	D.1.1	The percentage level of newest facilities	0.15	4	Good
	D.1.2	The percentage level of Health Programs that have been tested for annual contingency plans	0.15	4.67	Very Good
	D.1.3	The Percentage Level of Health Programs and third parties maintain security	0.18	4	Good
	D.1.4	The percentage level of facilities runs in operations	0.14	4	Good
	D.1.5	The percentage level of vulnerability of reduced facilities	0.13	4	Good
	D.2.1	The percentage level of high vulnerability can be reduced within the stipulated period	0.10	3.67	Good
	D.2.2	The percentage level of Health Programs in expanding areas that have not been touched by the program	0.09	3.67	Good
	D.2.3	Frequency of average audits and unwanted activities	0.08	3.67	Good

	D.2.4	The percentage level is carried out contingency plan	0.08	3.67	Good
	D.2.5	The percentage level of facilities undergoing treatment according to the prescribed maintenance schedule	0.06	3.67	Good
	D.2.6	The percentage level of incident reporting within the time period required for each category of event occurrence	0.07	3.67	Good
	D.2.7	The percentage level of data that passes the controlling procedure	0.09	3.67	Good
	D.2.8	The percentage level of physical incidents that may enter the facility	0.08	3.67	Good
	<b>Customers</b>	C.1.1	The percentage level of customers who have used facilities from the Health Program	0.13	3.73
C.1.2		The percentage level of customers who obey the rules	0.10	4.33	Very Good
C.2.1		The percentage level of program success	0.07	4	Good
C.2.2		The percentage level of damage to facilities	0.07	4.2	Good
C.2.3		The percentage level of rate of incident reported	0.07	3	Enough

### 3.4 Recommended Improvement

Recommendations for improvements that need to be given for the CSR Program from Pt. Freeport Indonesia, which is the Health Program, is an indicator whose performance is in the lowest condition, namely the percentage of incident reporting. Included in the category is quite good. This indicator is found in Customer key stakeholders. By looking at the facets of Performance Prism, this indicator has a low value because lack of fulfillment of ease of access or procedures in incident reporting is quite complicated. Eating to improve the performance of these indicators needs to be supported by access and simplifying system performance for Incident Reporting. The other performance indicators have good and very good values so they need to be maintained

### 3.5 Conclusion

From the results of the Health Program performance measurement on Pt. Freeport Indonesia was obtained, the conclusion as follows:

1. From the results of the measurement the performance value of the Health Program is 4.25. Based on the Likert Scale categorized the performance of the Health Program at Pt. Freeport Indonesia is very good.
2. After measuring the performance, the results of 3 KPI and 21 PIs were measured. Of the 3 KPIs, 1 KPI is categorized as very good and 2 KPIs are categorized as good. Of the 21 PIs there are 5 excellent work indicators, 15 good performance indicators, and 1 performance indicator is quite good.

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