

The Role of Gold Mining Companies in Increasing the Economy Through Empowering MSMEs in Batang Toru District

Septami Ayu Lestari Hasibuan
Universitas Islam Negeri Sumatera Utara, Indonesia
septamiayu02@gmail.com

Waizul Qarni
Universitas Islam Negeri Sumatera Utara, Indonesia
waizulqarni@uinsu.ac.id

Budi Dharma
Universitas Islam Negeri Sumatera Utara, Indonesia
budidharma@uinsu.ac.id

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Abstract: This study investigates the impact of gold mining on the local community and aims to enhance the economic well-being of the community, particularly through the empowerment of Micro, Small, and Medium Enterprises (MSMEs). Employing a qualitative research approach, the study focuses on MSMEs under the guidance of PTAR, selecting 10 informants from PTAR's partner MSMEs and 1 informant from the Small, Medium, and Enterprise (SME) Community Development Section via purposive sampling. Data collection methods include documentation and structured interviews, with subsequent data analysis, presentation, and conclusion formulation. The findings reveal that PTAR's empowerment program has successfully increased the capacity and economic independence of MSME actors and improved the quality of life for local communities through skills training, marketing access, and the provision of production equipment, marketing network assistance, and business permits. However, the study also identifies a need for enhanced monitoring and evaluation to ensure program effectiveness. These insights offer recommendations for developing more sustainable empowerment programs that foster harmonious relationships between companies and communities.

Keywords: socio-economic, community empowerment, mining communities

Abstrak: Penelitian ini bertujuan untuk menyoroti peran pertambangan emas terhadap komunitas sekitar dan meningkatkan perekonomian masyarakat sekitar tambang, terutama melalui pemberdayaan UMKM. Pendekatan penelitian menggunakan metode kualitatif, dengan populasi seluruh UMKM binaan PTAR dan sampel penelitian ditentukan berdasarkan purposive sampling. Sebanyak 10 informan dipilih dari UMKM mitra PTAR dan 1 informan dari Bagian Pengembangan Komunitas Usaha Kecil dan Menengah diwawancarai secara terstruktur. Teknik pengumpulan data penelitian menggunakan dokumentasi dan wawancara dengan alat analisis data, penyajian data, dan penarikan kesimpulan. Hasil penelitian menunjukkan bahwa program pemberdayaan PTAR berhasil meningkatkan kapasitas dan kemandirian ekonomi pelaku UMKM, serta kualitas hidup masyarakat lokal melalui pelatihan keterampilan, akses pemasaran, dan penyediaan bantuan peralatan produksi, bantuan jaringan pemasaran, serta perolehan izin usaha kepada mitra binaan. Namun, penelitian ini juga mengidentifikasi kebutuhan untuk peningkatan pemantauan dan evaluasi guna memastikan efektivitas program. Temuan ini memberikan rekomendasi untuk mengembangkan program pemberdayaan yang lebih berkelanjutan dan berkontribusi pada hubungan harmonis antara perusahaan dan masyarakat.

Kata kunci: sosial-ekonomi, pemberdayaan masyarakat, komunitas sekitar tambang

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Introduction

Mining companies are often a source of conflict with local communities.¹ These conflicts can arise for various reasons, such as negative environmental impacts, land rights issues, and injustice in the distribution of economic benefits.² Mining activities can cause significant environmental changes, including land degradation, water and air pollution, and loss of natural resources essential for the livelihoods of local communities.³ These impacts often create tension between companies and communities, especially if communities feel they are not receiving fair compensation or perceive that profits from mining are only enjoyed by a few parties. Additionally, social disturbances such as population movement and loss of access to agricultural land can trigger protests and resistance from affected communities.⁴

To overcome this conflict, mining companies are beginning to implement sustainable strategies and are committed to being socially and environmentally responsible⁵. One increasingly popular approach is building synergy with the community through economic empowerment programs.⁶ Empowerment of micro, small, and medium enterprises (MSMEs) is a strategy used to create jobs, improve the local economy, and enhance the

quality of life and welfare of the surrounding community.⁷ In Batang Toru District, the presence of the gold mining company PT Agincourt Resources (PTAR) has made a significant economic contribution to the area. However, alongside these contributions, various challenges and conflicts with local communities have also emerged. Realizing this potential conflict, PTAR strives to build synergy with the community through structured and sustainable empowerment programs. One of the main efforts carried out by PTAR is empowering MSMEs as a strategic step to improve the local economy and reduce community dependence on mining activities.

The MSME empowerment program run by PTAR involves various initiatives, such as skills training, providing marketing access, and business management coaching. The aim of the program is to empower local residents to become economically independent, improve their quality of life, and reduce dependence on the mining sector. In this way, the community is expected to develop their own sustainable businesses and contribute positively to the regional economy. The company's commitment to contributing to community progress is known as Community Development and Empowerment (PPM). PPM reflects social responsibility and demonstrates the

¹ Valente José Matlaba and others, 'Local Social Perception of Mining in Parauapebas and Canaã Dos Carajás in the Eastern Amazonia, Brazil', *Resources Policy*, 96 (2024), doi:10.1016/j.resourpol.2024.105237.

² Chunning Xu and others, 'Nexus between Western and Chinese Crude Oil Mining Firms: An Examination of Modalities, Practices, and Socio-Ecological Ramifications', *Extractive Industries and Society*, 19 (2024), doi:10.1016/j.exis.2024.101503.

³ Keying Jin and others, 'Exploring the Effect of Procedural Fairness on the Social License to Operate of Resource Development Projects: A Meta-Analysis', *Resources Policy*, 96 (2024), doi:10.1016/j.resourpol.2024.105242.

⁴ Sandra Eckert and others, 'Spatiotemporal Assessment of Deforestation and Forest Degradation Indicates Spillover Effects from Mining Activities and Related Biodiversity Offsets in Madagascar', *Remote*

Sensing Applications: Society and Environment, 36 (2024), doi:10.1016/j.rsase.2024.101269.

⁵ Mahdi Hosseinpour, Morteza Osanloo, and Yousef Azimi, 'Evaluation of Positive and Negative Impacts of Mining on Sustainable Development by a Semi-Quantitative Method', *Journal of Cleaner Production*, 366 (2022), doi:10.1016/j.jclepro.2022.132955.

⁶ Jian Wang and others, 'An Exploration on Corporate-Community Relationship in Mining Sector in China – Lessons from Yunnan Phosphate Chemical Group Co., Ltd', *Resources Policy*, 52 (2017), pp. 54 – 64, doi:10.1016/j.resourpol.2017.01.014.

⁷ Fafurida and others, 'Strengthening Tourist Village Attractions Through Empowerment of Rural Micro, Small, and Medium Enterprises (MSMEs)', *International Journal of Sustainable Development and Planning*, 19.2 (2024), pp. 775 – 780, doi:10.18280/ijdsdp.190235.

company's sincerity and concern for society. PPM functions as a strategy for the business world to participate in environmental protection and community development, as well as an effort to manage and avoid negative impacts on the company.

Previous research has examined various aspects of the contribution of large companies to local economic empowerment. Research by Susanty and Fitriani provides insight into the socio-economic impact of PT Amman Mineral in Maluk District, West Sumbawa Regency. This research focuses on general socio-economic impacts, including employment, improved community relations, and improved education. Research by Hendrik and Sudarman discusses the increase in MSMEs influenced by nickel mining activities related to the CSR of mining companies. This research found that company contributions such as specialized skills training and providing wider market access are very effective in increasing the competitiveness and sustainability of MSMEs.

Although previous research provides important insights regarding the company's contribution to local economic empowerment, several gaps still need to be explored. Susanty and Fitriani's research focuses more on socio-economic impacts, emphasizing labor absorption and improving education and community relations. However, this research does not discuss the empowerment of MSMEs as part of the company's economic impact. In Hendrik and Sudarman's research, the focus is more on aspects of training and capital, as well as increasing resource and marketing capacity. However, the sustainability aspect of community empowerment programs is given less attention. This research also does not

discuss how the company's strategy to expand marketing. Existing research often does not explore the role of technology in empowering MSMEs, including the use of digital technology for marketing, financial management, and other business operations.

This research aims to fill this gap by comprehensively examining the role of mining companies in empowering MSMEs in Batang Toru District. The approach used is a qualitative research method by conducting documentation, interviews, and observations to understand more specifically the empowerment of MSMEs and their contribution to improving the local economy, especially in the managerial aspects of MSME operations and the use of local resources. This research will also explore the company's efforts to increase marketing of MSME products through bazaars and exhibitions, as well as the role of social media as an active promotional tool. Thus, this research will provide an important contribution to developing more effective and sustainable strategies in empowering communities through the participation of mining companies.

Literature Review

Legitimacy Theory

Legitimacy theory reveals that organizations always try to ensure that they carry out activities in accordance with norms and boundaries.⁸ Legitimacy theory focuses on the interactions that exist between society and companies, which means that organizations are part of society, thus an organization is obliged to pay attention to various norms that apply in a social society.⁹ Apart from that, legitimacy theory is also carried out with the aim of gaining legitimacy from the community around the company. This is supported by Dowling and Pfeffer's

⁸ Yannick Eckhardt, 'Fishing for Compliments: Legitimate Illegality and Institutional Signaling in the Case of Recreational Fishing in Germany', *Geoforum*, 155 (2024), doi:10.1016/j.geoforum.2024.104082.

⁹ Qing Dai and Lucas Liang Wang, 'Does Responsibility

Breed Stability? An Institutional Framework on the Link between Partner Corporate Social Responsibility and Joint Venture Termination', *Journal of Business Research*, 183 (2024), doi:10.1016/j.jbusres.2024.114814.

opinion quoted by Ghozali and Chariri legitimacy is very crucial for an organization, the boundaries determined by social values and norms, as well as reactions to these boundaries can encourage the importance of analyzing organizational behavior by paying attention to the environment.¹⁰ Referring to the opinion of Ghozali and Chariri, the theory that is the basis for legitimacy is the social contract between the company and the community around where the company operates and uses economic resources.¹¹

Stakeholder Theory

Stakeholder theory explains that companies are required to consider their responsibilities to several stakeholders with the aim of integrating economic, social and environmental aspects. Stakeholders themselves include investors, workers, society, suppliers, government, shareholders, media, environment, consumers and competitors. Efforts are carried out to maintain existing relationships with stakeholders and to safeguard the interests of each party.¹² The Community Development and Empowerment Program (PPM) is a main activity that aims to build relationships with stakeholders. The success of PPM must consider the viewpoints or perceptions of the stakeholders.¹³

Mining Companies and Corporate Social Responsibility (PPM)

In the regulations of Law No. 4 of 2009 concerning Mineral and Coal Mining, the definition of mining is stated, namely all or part of the stages of activities in the context of research, management and exploitation of minerals or coal which includes general investigation, exploration, feasibility studies, construction, mining, management and refining, transportation and sales, as well as post-mining activities.¹⁴ This understanding shows that mining activities are a large activity that can provide large profits for its managers.¹⁵

The Government of the Republic of Indonesia, through the Ministry of Energy and Mineral Resources-RI, has issued regulations regarding the obligation of every private mining business in the mineral and coal industry (Minerba) to prepare a PPM program and is obliged to provide funds for the program.¹⁶ In the mining industry, this program is more popularly known as the Community Development and Empowerment Program (PPM). Referring to Law no. 3 of 2020 concerning amendments to Law No. 4 of 2009 concerning Mineral and Coal Mining regulates the obligations of community development and empowerment in article 1 paragraph (28) which states that Community Empowerment is an effort to improve the capacity of the community, both individually and collectively, so that they

¹⁰ Daniel McDowell and David A Steinberg, 'Black Representation and the Popular Legitimacy of the Federal Reserve', *European Journal of Political Economy*, 85 (2024), doi:10.1016/j.ejpoleco.2024.102583.

¹¹ Carina I Hausladen and others, 'How Voting Rules Impact Legitimacy', *Humanities and Social Sciences Communications*, 11.1 (2024), doi:10.1057/s41599-024-03056-8.

¹² Rebecca Pritchard, Natalie Darko, and Elizabeth Stevenson, 'Enhancing Community Engagement, Public Involvement, and Social Capital through Researchers' Participation in Community Dance Projects: Unexpected Outcomes in Underserved Communities', *Research Involvement and Engagement*, 10.1 (2024), doi:10.1186/s40900-024-00616-9.

¹³ Jessica Alvarado and others, 'Community Scientist

Program Provides Bi-Directional Communication and Co-Learning between Researchers and Community Members', *Journal of Clinical and Translational Science*, 8.1 (2024), doi:10.1017/cts.2023.703.

¹⁴ Zico Junius Fernando and others, 'Deep Anti-Corruption Blueprint Mining, Mineral, and Coal Sector in Indonesia', *Cogent Social Sciences*, 9.1 (2023), doi:10.1080/23311886.2023.2187737.

¹⁵ Suleman Dauda, 'Dynamics of Corporate Social Responsibility (CSR) during Mineral Exploration: Evidence from Eastern Region, Ghana', *Journal of Environmental Management*, 367 (2024), doi:10.1016/j.jenvman.2024.122024.

¹⁶ Hartati and Zainal Amin Ayub, 'Jurisdictional Disputes between Central and Local Governments in the Management of Coal Mining', *Sriwijaya Law Review*, 8.2 (2024), pp. 269 – 285, doi:10.28946/slrev.Vol8.Iss2.3003.pp269-285.

become better level of living (Ministry of Energy and Mineral Resources Regulation No. 1824 of 2018 concerning Guidelines for Implementing Community Development and Empowerment).¹⁷

Community Empowerment

Community empowerment is an effort to increase the dignity of certain groups of citizens who are in the realm of backwardness and poverty.¹⁸ This business aims to shape people's abilities by motivating, awakening and encouraging people's awareness and honing their potential. In Community Development, Alternatives – Vision, Analysis and Practice, it is known that Jim Ife stated that the theory of community empowerment is defined as opportunities, knowledge, data sources and the ability of the community to develop their ability to determine their future and participate in efforts to influence group life.¹⁹

In essence, the empowerment process contains two tendencies. First, the empowerment process which emphasizes the process of giving or transferring some power, authority or ability to society so that individuals are more empowered.²⁰ This first tendency can be called the primary tendency of the meaning of empowerment. Meanwhile, the second or secondary tendency emphasizes the process of stimulating, encouraging or motivating individuals to have the ability or

empowerment to determine their life choices through a dialogue process.²¹ The concept of empowerment is a transfer of power carried out by strengthening social capital in community groups, with the aim of making them productive and avoiding various unproductive habits. Apart from that, community empowerment is an economic development concept that contains various social values. This concept reflects development that is people centered (development oriented towards the community), participatory (development that involves community participation), sustainable and empowering (development strategies that are oriented towards sustainable community empowerment). The aim of empowerment is to increase regional economic growth and financial independence of MSMEs.²²

Micro, Small and Medium Enterprises (MSMEs)

MSMEs are defined as a trading or productive business unit managed by individuals and all economic sectors²³ as stipulated in Law No. 20 of 2008 by people or business entities that build productive economic companies. Referring to Chapter I article 1 of Law No. 20 of 2008 concerning MSMEs, the definition of MSMEs is as follows: 1) Micro Business is a productive business owned by an individual and/or individual business entity that meets the

¹⁷Maskun and others, 'Conflict of Norms in Indonesia's Sustainable Development Policy: Mineral and Coal Mining Sector', in *IOP Conference Series: Earth and Environmental Science*, 2021, DCCXXIV, doi:10.1088/1755-1315/724/1/012089.

¹⁸ Ninik Sri Rahayu, 'The Intersection of Islamic Microfinance and Women's Empowerment: A Case Study of Baitul Maal Wat Tamwil in Indonesia', *International Journal of Financial Studies*, 8.2 (2020), doi:10.3390/ijfs8020037.

¹⁹ Rahadi Wasi Bintoro, 'Basic Principles of Sharia Economy for Community Economic Empowerment (Study of the Sharia Principles Application in Indonesia)', *Problems of Legality*, 153, 2021, doi:10.21564/2414-990x.153.222847.

²⁰ Nurul Aflah Harahap and Kharirina Tambunan, 'UMKM Dan Pembangunan. CEMERLANG', *Jurnal Manajemen Dan Ekonomi Bisnis*, 2(2).2 (2022), 228–35. <https://doi.org/10.55606/cemerlang.v2i2.652>.

²¹ Cecilia Luttrell and others, 'Understanding and Operationalising Empowerment', *Development, Working Pa* (2007), doi:ISBN 978 1 907288 03 6.

²² Ersu Dwi Aprilianto and Tika Widiastuti, 'Economic Empowerment of The Community Through The Distribution of Zakat, Infaq and Alms in The Period of Covid-19 Pandemic Case Study: Lazismu Surabaya', *Jurnal Ekonomi Syariah Teori Dan Terapan*, 8.2 (2021).

²³ Sudati Nur Sarfiah, Hanung Eka Atmaja, and Dian Marlina Verawati, 'Umkh Sebagai Pilar Membangun Ekonomi Bangsa Msmes the Pillar for Economy', *Jurnal REP (Riset Ekonomi Pembangunan)*, 4.2 (2019).

criteria for Micro Business as regulated in this Law . 2) Small Business is a productive economic business that stands alone, which is carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or is part, either directly or indirectly, of a Medium Business or Large Business that meets Small Business criteria as intended in this Law. 3) Medium Business is a productive economic business that stands alone, which is carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or is part, either directly or indirectly, of a Small Business or Large Business with total assets. net or annual sales proceeds as regulated in this Law.²⁴

Method

This research employs a qualitative descriptive method with an inductive approach to generalize data related to the research population, namely all MSMEs that are PTAR's fostered partners.²⁵ Informants were determined using a purposive sampling technique with specific considerations. Therefore, selecting the appropriate informants significantly influences the research results. The desired informants for data collection are trusted parties who have a good track record and are knowledgeable about the research object.²⁶ The informants chosen by the researchers included the Community Development section of Small, Medium, Enterprise (SME) PT Agincourt Resources, responsible for empowering MSMEs in Batang Toru District, and the active MSME units involved in culinary, crafts, and fashion, as they are the subjects of MSME

development in Batang Toru District. The criteria for selecting these MSMEs were:

1. MSMEs registered as PTAR MSME partners.
2. MSMEs that are actively operating.
3. The business location is within the Batang Toru District area.
4. MSMEs that have good managerial aspects such as marketing and production.
5. MSMEs that have advantages such as labor absorption and the use of local resources.

The data obtained in this research includes both primary and secondary data. To gather supporting data, the researchers utilized interviews and documentation as data collection techniques. The data analysis technique in this research involves thoroughly describing the data obtained during the data collection process. Data analysis is conducted in three stages: Data Reduction, Data Display, and Conclusion Drawing.²⁷

Result and Discussion

The role of PT. Agincourt towards Empowering MSMEs in Batang Toru District This research used a sample of 10 informants from the population of all MSME actors who are PTAR's fostered partners in Batang Toru District. The sample was selected through a purposive sampling technique to ensure the representativeness and relevance of the data. Furthermore, the data needed in this research are the results of documentation,

²⁴Fitriani Saragih Fitriani, Rahmat Daim Harahap, and Nurlaila Nurlaila, 'Perkembangan UMKM Di Indonesia : Peran Pemahaman Akuntansi, Teknologi Informasi Dan Sistem Informasi Akuntansi', *Owner*, 7.3 (2023), 2518–27
<<https://doi.org/10.33395/owner.v7i3.1427>>.

²⁵John Gerring, 'Qualitative Methods', *Annual Review of Political Science*, 2017, doi:10.1146/annurev-polisci-092415-024158.

²⁶Marliyah Marliyah, Budi Dharma, and Ahmad Muhaisin

B. Syarbaini, 'Distributing Zakatu Kasbil 'Amal as an Alternative to Student Funding, Evidence in Indonesia's Universities', *F1000Research*, 13.May (2024), 185
<<https://doi.org/10.12688/f1000research.144610.1>>.

²⁷ Nitish Sardana and others, 'Qualitative and Quantitative Research Methods', in *Substance Use and Addiction Research: Methodology, Mechanisms, and Therapeutics*, 2023, doi:10.1016/B978-0-323-98814-8.00008-1.

observation and interviews in the form of photos, videos and documents or notes. Structured interviews were used to collect data, with each informant answering the same questions, allowing for consistency and comparability of results. The interview guide was designed to explore the experiences and perceptions of MSME actors regarding the role of PTAR in empowering their economy. Data from interviews were analyzed thematically to identify relevant patterns and themes, providing a comprehensive picture of the impact of the PTAR empowerment program.

Based on the results of an interview with Mrs. Meriah Tinambunan Senior SME Supervisor, the process of implementing the PPM program is a form of empowerment towards Village Potential-Based Economic Independence through the development of MSMEs which has been initiated by the community around the mine.

"The village potential-based development program is in accordance with the RI PPM 2018-2031 master plan according to the logical framework regarding the Development of Various Business Centers Based on Local Potential. In implementation, the implementation starts from mapping the potential of new and existing businesses, selecting potential beneficiaries and businesses, designing the program according to initial needs to planning the exit program in the road map by measuring success through monitoring and evaluating existing programs in 15 villages around the mine."

The process of implementing the PTAR program begins with mapping database. The potential that exists or does not yet exist in the village communities around the mine is followed by identifying the market and available raw materials, then determining human resources. Isbandi Rukminto Adi revealed that community empowerment has six stages, namely:

1. Preparation Stage: this stage is divided into two stages, namely: (1). Task storage, where community empowerment staff can be carried out by community workers, and (2). Field preparation is essentially carried out and carried out in a non-directive manner.
2. Study or assessment stage: The evaluation process in this stage can be carried out separately for each community group. In this context, it is very important to identify needs and resource issues.
3. Stage of planning alternative activities or programs: This stage is thinking about problems that occur and solutions to resolve them. In this regard, the community is expected to consider several alternative activities and programs that can be carried out.
4. Activity or program implementation stage: In implementing community empowerment activities, the community can maintain the sustainability of the program.
5. Evaluation stage: The monitoring process in community empowerment programs should involve the community.
6. Face Out Stage: Stage of formal ending of relations with the target community.

Empowerment of MSMEs is a sustainable social contribution program that is implemented from PTAR through Community development which utilizes the potential of the community as a means to realize an empowerment program which aims to encourage sustainable economic growth and community independence by increasing income and welfare for the community with the concept of growth, development and independence. Community development is defined as a community development activity carried out in a planned, systematic manner and with the intention of increasing community access so that they can achieve better economic, social

conditions and quality of life.²⁸ Community development is basically an empowerment effort carried out by companies, local communities and the government. With this program, the company will help the communities around the company's operations, so that the lives of these communities will be better.²⁹ If previously the community depended on non-renewable natural resources, then with the community development program this dependence was shifted to developing services and areas in various sectors. With this program, companies and communities can work together to improve people's living standards and incomes.

The community certainly responds positively to the PPM program implemented by PTAR, this is proven by the high interest of MSMEs in participating as fostered partners. Through the PTAR empowerment program, MSMEs can experience significant development. Skills are increasing because PTAR provides assistance, training and mentoring. If you look at it from a marketing perspective, the market it will enter will be wider, because PTAR brings in MSME partners to be able to market their products in various regions through collaboration with shops and exhibitions as well as helping business actors to develop their products through online marketing via social media. , in this way they can create employment opportunities, develop businesses, and improve their standard of living for the better.

Before achieving improvement in the community's economy through MSME fostered partners, it is necessary to ensure

that there is systematic development so that implementation can run well.³⁰ However, in the development of MSMEs, there will certainly be various obstacles and obstacles, for example, weakness in carrying out business management and the quality of human resources is still low. This makes MSME managers experience various obstacles. For this reason, training is needed so that these obstacles can be overcome.

1. Training

As for the programs that are provided by PTAR to increase the capacity of MSME actors through training in accordance with the needs of MSME actors to improve skills, encourage productivity with product standards that can compete with similar MSMEs. In providing training, experts who have experience working in this field are presented. In this activity there is also socialization, education and motivation which builds the enthusiasm of the MSME fostered partners.

After the training, mentoring continues with approaches and motivation in running a business so that a relationship is formed between MSME actors and PTAR who agree according to the program design. According to Mrs. Meriah Tinambunan, the parameter for success in empowering MSMEs is through monitoring, the interactions formed in monitoring form an understanding and cooperation in developing the business. So, if there are obstacles or problems in running a business, business actors can easily find solutions through forums formed at monthly meetings or communication forums formed such as WhatsApp groups and other

²⁸Mark Chupp, Jennifer Hirsch, and Margaret Malone, 'Integrating Asset-Based Community Development and Community-Based Research for Social Change: A Beginning', *Gateways*, 16.2 (2023), doi:10.5130/ijcre.v16i2.8968.

²⁹ Rebecca Harrison and others, 'Asset-Based Community Development: Narratives, Practice, and Conditions of Possibility—A Qualitative Study With

Community Practitioners', *SAGE Open*, 9.1 (2019), doi:10.1177/2158244018823081.

³⁰Chika Riyanti and Santoso Tri Raharjo, 'Asset Based Community Development Dalam Program Corporate Social Responsibility (CSR)', *Jurnal Kolaborasi Resolusi Konflik*, 3.1 (2021), doi:10.24198/jkrk.v3i1.32144.

communication media. Below, the researcher includes data on several trainings that have been carried out by PTAR through the SME section for fostered partners based on the results of the author's research on ten PTAR MSME fostered partners.

Table 1. Training carried out by PT Agincourt Resources for MSMEs

Target MSMEs	Training carried out
Culinary	1. Chips Processing
	2. Food Security Training
	3. Packaging Training
	4. Sweets Making Training
	5. Pastry Making Training
	6. Cracker Making Training
	7. Business Management Training
Batik and Sewing	1. Training on making written batik and synthetic dyeing
	2. Training in Batik and Natural Dyeing
	3. Batik Waste Processing Training
	4. Men's Shirt and Pants Training
	5. Embroidery Training
	6. Bag Making Training
	7. Sewing Training
Fashion	1. Make Up Training for 23 days
	2. Bridal Make Up Training

Source: Section Small, Medium, Enterprise (SME) PT Agincourt Resources

This received support from information sourced from Mrs. Asriani as a development partner since 2013

"During my time as part of PTAR's fostered partners, I took part in a lot of training carried out by PTAR, so I was able to gain new knowledge on how to make my business grow, and continued to be given other training as well so that I could continue to innovate"

Based on this statement, then the development of the fostered partners is considered effective, training has been provided by PTAR with the aim of the fostered partners being able to improve their soft skills so that production increases and

can develop their business.³¹ In training partners, business owners are given motivation to become entrepreneurs. Apart from that, the training also becomes a forum for the fostered partners to interact and share their efforts with other partners to turn the fostered partners into growing businesses.

2. Production Facilities Assistance

Apart from development programs through training, PTAR also provides facility assistance. With assistance, it is hoped that they can increase the capacity of MSME businesses in maintaining the quality of their business products, and increase the productivity of MSMEs, so that the fostered partners can stand independently and have competitiveness, thereby advancing or developing the regional and community economy. The form of business facility assistance is in the form of production equipment stimulants, raw materials and packaging design. This was reinforced by one of the UMKM fostered partners, namely Mrs. Febryana Panjaitan, a sewing business partner fostered by UMKM .

"We were not given cash capital assistance, but we were given tools such as sewing machines and materials to make a product, so that product became our initial capital"

Other beneficiaries also said that goods such as refrigerators were also distributed to support production. Not only providing facilities for production equipment, PTAR also pays attention to the production kitchens of its fostered partners so that they comply with Standard Operational Procedures (SOP). The basis for providing stimulant assistance to support production, PTAR carries out mapping according to needs, so that apart from providing tools, PTAR also provides support for renovation of

production kitchens according to culinary partners. This was expressed by Mrs. Neti, who has been in the tempe chips culinary business since 2021

"Now there is a production kitchen which previously only had a basic kitchen. Thank God, thanks to the help of PT Agincourt Resources, I now finally have a comfortable kitchen, so if orders are piling up, I can do it at night or when it rains so there are no problems".

Assistance is also provided in the fashion sector, such as make-up tools sets as initial capital for participants who took part in Make Up training carried out by PTAR. This assistance is provided to improve the abilities of the fostered partners in developing their business and increasing their business scale.

3. Information Support and Market Access

In market access, novice entrepreneurs have limited information about the market, little market information can be reached by novice entrepreneurs, so that entrepreneurs have limited ability to provide services or products that the market expects. This is caused by various factors, namely the limitations of digital technology, lack of distribution networks, lack of innovation, limited financial access. Companies can provide access to information to MSMEs to increase future business potential and expand the product marketing network of MSME partners.

To market quality MSME products, it is facilitated by PTAR through packaging improvements. Packaging improvements are really needed by MSMEs that still use packaging that is not yet standardized. Packaging has an important role in increasing the value and image of a product, extending the shelf life of a product, and can make MSMEs move up a class so that sales results increase. Network access and strategies carried out are through direct marketing such

as exhibitions and promotions to company employees which can increase profits and expand the market. This is supported by information from Mrs. Santi, the manager of KUB Batik Tapsel

"The products are also often taken to exhibitions and then promoted to company employees. Some have also asked to be sent abroad."

PTAR also collaborates with Bina Swadaya Consultants to provide support to fostered partners in the form of conducting online and offline marketing management training for fostered partners to provide business actors with an understanding of online marketing strategies via social media to increase sales through market expansion and is expected to provide results. optimal. PTAR also collaborates with supermarkets in Batang Toru District and outside the Batang Toru area to expand market reach. Currently, several products of PTAR's partners can be found in the Bolu Kenanga Padang Sidempuan souvenir shop, Dawa Market which is also located in Padang Sidempuan and several wholesale shops in Batang Toru District. By establishing strategic partnerships, fostered partners can gain wider market access, better resources, and opportunities to improve the quality of their services and products.

With product sales assistance, the fostered partner's business will become more advanced, independent and the name of the fostered partner's business will become better known to the public in Batang Toru District and South Tapanuli Regency, even outside the South Tapanuli Regency area while still prioritizing quality. The company also helps fostered partners in improving digital capabilities, increasing innovation, improving managerial capabilities, and improving better financial access.

4. Business License and Product Certificate

In the business context, a business license is something that is very important. Permits can be defined as a form of granting permission or approval for the implementation of a business carried out by a company or entrepreneur. In order for business activities to run smoothly, entrepreneurs must obtain and have a business permit from a government agency appropriate to their sector. Every business must have a legal permit, not only for large scale businesses, but also for micro, small and medium businesses.

Business legality is a need for MSME players.³² Business permits cause business actors to feel protected, get guarantees, comfort, certainty and security in conducting business, thereby encouraging business actors to contribute optimally in absorbing labor, providing services and goods needed by the community, and increasing the added value of production. Furthermore, if a business has a permit, then this permit can be written on the products they have, so that consumers feel guaranteed when buying the product. Having a business permit also makes business people confident when promoting their business, because their business is guaranteed by its legality.

PTAR facilitates MSMEs to obtain business permits such as Home Industry Food Business Permits (PIRT), Halal Certification and Copyright. All financing incurred in this process is borne by the company. In this management process, PTAR collaborated with the South Tapanuli Regency Investment and One-Stop Integrated Service Office (PMPTSP) and the South Tapanuli Regency Health Service as well as the Padangsidempuan Pratama Tax Service Office (KPP) to carry out tax services for fostered

partners.

From the results of the interview that was carried out with Mrs. Eri, namely an MSME actor who owns an Ersel Chips business, where the business already has a business license to run and develop a business, stated that PTAR helps make it easier to process business permits. Mrs. Asriani, the owner of the Pora Chips Business, also expressed the same opinion, that the MSME products she produces already have a business license, which in the management process is not burdensome and does not charge any fees at all because PTAR has opened a network to the relevant agencies in licensing.

Based on the information above, it can be concluded that PTAR is very clear about providing comprehensive assistance in carrying out its role to support MSMEs through village potential-based business units, as a social responsibility towards communities around the mine. The Impact of the MSME Empowerment Program on the Economic Level of MSMEs in Batang Toru District. The main aim of community empowerment is to improve the community's economy by increasing community income. The existence of mining companies plays an important role in increasing the income of communities in the area around the mine. Companies can help provide education to the community, provide facilities and equipment needed by MSMEs, and build partnerships with large companies, as well as reduce difficulties faced by MSME players, such as difficulties in marketing and accessing information about market opportunities.

Increasing the income of MSME players can improve the community's economy by increasing resource capacity and increasing

³²Juli Ariska, Nursapiah Harahap, and Rina Devianty, 'No Title Peran Corportae Social Rspnsibility Kantor Perwakilan Bank Indonesia Provinsi Sumatera Utara

Dalam Pemberdayaan Usaha Mikro, Kecil, Menengah Ir & Ir Songket Deli', Journal Homepage, Volume II (2022). <<https://doi.org/10.58432/algebra.v2i1.249>>.

production capabilities. In this study, researchers included income data from ten MSME actors before and after becoming PTAR's fostered partners.

Table 2. Sales of MSME Fostered Partner Products

No	Name	MSME Product Sales	
		Before becoming a PTAR mentor	After being trained by PTAR
1	Eri	Rp. 1,000,000	Rp. 5,980,000
2	Netty	Rp. 1,500,000	Rp. 2,773,000
3	Asriani	Rp. 2,000,000	Rp. 8,000,000
4	Widia	Rp. 2,000,000	Rp. 8,000,000
5	Rubiah	Rp. 1,200,000	Rp. 2,300,000
6	Desi	Rp. 3,000,000	Rp. 10,000,000
7	Febry	Rp. 200,000	Rp. 1,000,000
8	Santi	Rp. 100,000,000	Rp. 140,000,000
9	Novi	Rp. 2,000,000	Rp. 11,400,000

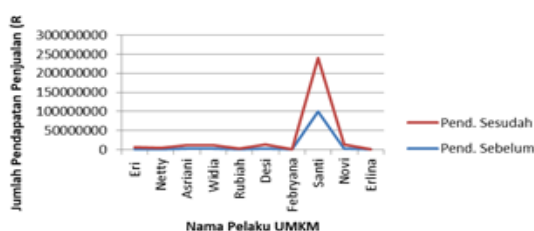


Figure 1. increase in sales for each MSME player
 Source: Small Medium Enterprise (SME) Section PT Agincourt Resources

Based on the Figure 1 above, you can see a significant increase in sales for each MSME player after becoming a PTAR partner. This was also conveyed directly by PTAR's MSME partner, namely Mrs. Eri from Kampung Pasir "The most felt impact is the increase in income every month, now the income every month has also increased because the market reach is wider so there are more orders"

This research shows that the MSME empowerment program helps increase sales volume to fostered partners. The increase in sales is increasing in line with the results of previous research, the results of which explain the management patterns of the PPM program in increasing the competitiveness of MSMEs, forming and

improving the capabilities of HR, marketing, technology, production and finance of MSMEs

The increase in sales is not constant every month obtained by MSME players, but after being trained by PTAR, it proves that there is an increase in income for the economy of MSME players. Collaboration between companies and MSME partners is the key to MSME business growth.

The MSME development program carried out by PTAR has had a positive impact on the community and MSMEs in Batangtoru, especially women. This aims to ensure an equal role for women in the business world which can contribute to improving the family economy. As explained by Mrs. Meriah Tinambunan.

"The target for each MSME mentoring program that we want to achieve, apart from being a form of corporate social responsibility in improving the welfare of communities around the mine, is also an effort to empower women in Batang Toru sub-district in equality, so that they have bargaining power and voting rights in the community."

One indicator of the success of PPM PTAR is changing or improving the community's economy. The community economy also plays a role in Local Economic Development/LED, because it can increase people's income and is able to absorb labor which will create new markets and sources of innovation.³³

With training, assistance with facilities provided in the form of tools and materials, as well as wider market access and business permits, it has been proven to be able to improve the economy of MSMEs in the Batang Toru District.

³³Lilis Suryani Ritonga and Waizul Qarni, 'Analisis Peran Dinas Perindustrian Dan Perdagangan Provinsi Sumatera Utara Terhadap Usaha Kecil Menengah Berbasis Ekonomi Kreatif Di Kota Medan', SIBATIK

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Conclusion

The implementation of the PTAR Local Potential-Based Various Business Center Development Program towards empowering MSMEs is structured based on identifying the potential that exists in villages around the mine, program assistance, group evaluation and monitoring as well as making MSME groups independent. The company's role in empowering MSMEs in Batang Toru District is being carried out well, as can be seen from several assistance such as training, assistance with MSME production facilities, information support and market access towards independence. The development program provided to MSME partners has had an impact on improving the economy as seen from the increase in income experienced by MSMEs. By supporting MSMEs, companies not only fulfill their social responsibilities, but also contribute to the economic and social development of local communities.

PTAR's program assistance to MSME partners has greatly helped MSME actors. Therefore, it is recommended that PTAR continue direct outreach through regular meetings to encourage and motivate business actors. PTAR needs to be more thorough in empowering its group partners to anticipate personal problems between MSME actors that could stop their businesses. To develop partnership programs, it is recommended that PTAR create events such as bazaars or exhibitions involving active MSMEs, as well as giving awards to fostered partners to increase product marketing and motivate MSMEs. Apart from that, it is recommended that PTAR create social media that focuses on promoting sales of fostered partner products and activate it regularly because social media is very popular with the public. The large potential for MSMEs in Batang Toru District also shows the need for PTAR to provide a

platform such as a small supermarket as a place to sell the products of the fostered partners, so that people can easily buy the products of the fostered partners in one place and make it a center for typical Batang Toru souvenirs. For MSMEs, businesses carried out with their own capital or from outside parties should focus on sustainable business development. Fostered partners should continue to make improvements in managing their business to increase productivity.

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