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EVALUATION OF STRATEGIC CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

The issue of sustainability is growing in significance as parties' awareness of environmental and social concerns increases. Therefore, more companies are conducting Corporate Social Responsibility (CSR) activities to address this issue. This research aims to evaluate the alignment of PT X's CSR program with the company's strategy. The results indicate that some CSR programs in Village B are not in line with the objectives of the company's sustainable development strategic plan. Furthermore, the first and third objectives of the sustainable development strategic plan are not included in the CSR program of Village B and C. There are eight generic social impact problems and two social dimensions of the competitive context problems among the 10 social issues in the three communities. Meanwhile, as a CSR program, PT X did not raise one of the social dimensions of the competitive context problems. Based on Porter and Kramer's social problem category, the CSR program still uses a responsive approach.

Keyword:

Strategic sustainability, generic social impacts, value chain social impacts, social dimensions of competitive context

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1. INTRODUCTION

Various parties' awareness of the importance of environmental and social preservation increases with the number of damage and social problems, resulting in sustainability issues (Permata, 2018). Besides focusing on the economy, the company is also expected to pay attention to social and environmental aspects. The balance of the triple bottom line concept of profit, people, and planet can guarantee the company's sustainability (Elkington, 1997).

This sustainability issue is still essential today, as seen in a global consumer survey conducted by Harris Insights & Analytics in 2017, where 86% care about sustainability issues and influence purchasing decisions (Cotton, 2017). To respond to this, the concept of corporate social responsibility emerged, where the company implemented the triple bottom line concept to maintain sustainability. The increase in corporate social responsibility activities is not entirely voluntary. Many companies only realize the importance due to public or community responses to corporate social problems previously ignored. The Law of the Republic of Indonesia Number 40 of 2007 regulated that companies related to natural resources are required to carry out Corporate Social Responsibility (CSR).

Several companies are implementing CSR activities to address social and environmental problems resulting from operational activities. Based on Porter & Kramer (2007), many CSR activities have not been conducted productively. This can be caused by two reasons, namely, the company is unaware of the relationship between business and society, and the CSR activities are not consistent with the strategy. The approach differs from business and strategy, which can cause companies to miss CSR as an opportunity, innovation, and competitive advantage. CSR activities like this are responsive CSR approaches to making companies overcome social risks. Therefore, in preparing CSR activities, the relationship between business and society needs to be understood to provide shared value. CSR activities like this are strategic CSR approach.

This research selected PT X as the object of the case study because the company is committed to environmental conservation and community empowerment in line with the Sustainable Development Goals (SDGs). In addition, despite the Covid-19 pandemic, PT X remains proactive in carrying out CSR programs by intervening and modifying the program according to the current situation and conditions. It won the Gold Category Award for the Company Performance Rating Assessment

Program in Environmental Management (PROPER) from the Ministry of Environment and Forestry. PROPER Gold is the highest rating in the assessment, which means PT X has carried out its social responsibility well by consistently demonstrating environmental excellence in the production process and conducting ethical and responsible business toward the community.

However, PROPER Gold only shows that CSR activities suit the company's social environment. It does not mean that these CSR activities have also used a strategic CSR approach in line with the strategy to provide shared value for the business. Therefore, this research aims to evaluate the preparation of the CSR program from PT X has been prepared by using a strategic CSR approach.

2. LITERATURE REVIEW

2.1. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a topic of increasing attention in academic research and business (Carroll, 2015), but no mutually agreed definition exists. Therefore, understanding, concepts, approaches, and interpretations of CSR are diverse and broad. Some definitions made by several multinational institutions and organizations are stated in this research.

ISO 26000-Guidance defined social responsibility as the “responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical conduct,

- contributes to sustainable development, health, and well-being,
- takes account of the expectations of stakeholders,
- adheres to applicable law and is in accordance with international standards of conduct,
- is integrated throughout the organization;
- is lived in their relationships”.

Therefore, CSR can be said to be a company's contribution to sustainable development goals by minimizing the negative impact of the operational activities and maximizing the positive impact.

Public awareness of CSR and social problems continues to increase, affecting consumer purchasing and investors' investment decisions. Social and environmental problems are often seen as risks that the company have to mitigate.

However, several companies consider this problem an opportunity to innovate to achieve a competitive advantage.

2.2. Relationship between Business Strategy and CSR

The resource-based theory developed by Wernerfelt (1984) and Barney (1991) in Yuan et al. (2018) stated that companies compete based on their resources and capabilities. A competitive advantage can be achieved when a company has significant resources and competencies that are not easily replicated or quickly replaced. Furthermore, CSR has long been recognized as an effective way to help a company develop resources or capabilities, leading to competitive advantage. The programs can enhance a company's reputation and foster customer trust, developing an essential intangible resource. Therefore, the differences in implementing a company's CSR can be related to its business strategy (Yuan et al., 2018).

Porter and Kramer (2006) also provide another view of the relationship between business and corporate social, where the two variables are related. This can be conducted by analyzing the relationship between the company's business and corporate social responsibility using the same framework to design the strategy and analyze the competitive position.

The framework divides corporate social problems into three categories, namely generic social impacts, value chain social impacts, and social dimensions of competitive context. Generic social impacts are problems that are important to the general public but are not significantly affected by the company's activities and long-term competitiveness. Value chain social impacts are problems significantly affected by the company's activities. Meanwhile, social dimensions of competitive context are problems or external factors that significantly affect the company's competitiveness in the long term. Companies need to sort out social problems into these three categories for each business unit and location, as well as provide a rating regarding the potential impact. Within an industry, the same social issue can have different impacts on business units, locations, and levels of competitiveness.

The CSR program is carried out to reduce the company's social risk and strengthen the strategy. According to Porter and Kramer (2006), there are responsive, and strategic CSR approaches, as seen in Figure 1. Responsive CSR consists of two elements, namely being a good corporate citizen in line with the social problems of the stakeholders and mitigating the negative impacts that may

arise. These are expected from business activities, while strategic CSR goes beyond its responsive counterpart. The company develops CSR programs that align with the strategy and chooses a unique position by conducting CSR programs differently from its competitors to strengthen its strategic position. Combining inward-facing and outward-facing social mapping gives businesses a fighting chance by fostering innovations that can lead to widespread benefits and boost the firm's competitiveness. The increasing number of social problems related to business will also increase the opportunities to take advantage of the capabilities and resources of the community.

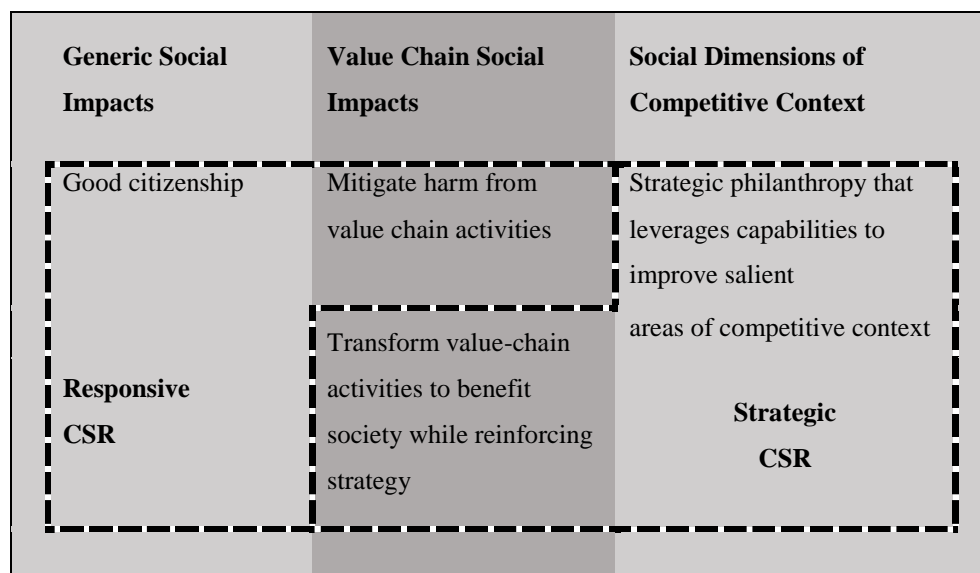


Figure 2.1. Porter and Kramer's Social Problems Category
 Source: Porter and Kramer (2006)

3. RESEARCH METHODS

This study aims to evaluate the preparation of the CSR program of PT X has been prepared using a strategic CSR approach to provide shared value for the company. The object of this research is the CSR programs and sustainability strategy of PT X.

A qualitative method was conducted using the case study. The study used documents from PT X and the results of interviews with the Sustainable Development Manager. The stages of data analysis are as follows.

1. Obtain secondary data from the company related to CSR programs and sustainability strategies.
2. Mapping and analyzing problem formulation based on documents related to CSR programs and sustainability strategies.
3. Conduct interviews with the Sustainable Development Manager regarding the analysis results to determine the company's sustainability strategy and CSR program in the planning, implementation, and evaluation processes.

The question for the interviews is made based on the information needed to analyze this research from the document received from PT X. After mapping and analyzing problem formulation, 6 questions will be used in the interview:

1. How are PT X's operational activities flow until product distribution?
2. How is PT X's waste management?
3. How is the flow of PT X's CSR program making?
4. Is the water source in Village C related to Subak C?
5. Is Ayung Watershed related to the company's operational activities?
6. Does the central company have a strategy to align with PT X's activity?

4. ORGANIZATION PROFILE

PT X is a manufacturing company that maintains and pays attention to the process and quality of its products. Therefore, the products are consistently maintained for their quality and purity. This company has also decided to switch its raw water source, which initially came from drilled wells, into mountain water flowing to meet the ever-increasing demand for its products.

PT X's factory, located in Village C, has two water source locations, namely in Village C, which PT X owned, and in the D district, owned by another institution. The upstream part of the Ayung River Basin is connected to the recharge water source of the company in the D district.

PT X is required to understand environmental conditions and the community's character around the factory, which is carried out by social mapping the location. By understanding the description of the social conditions, the company can develop

programs that are right on target, practical, and under the community's needs. Therefore, PT X carried out a social mapping of the community in three villages, namely Village C, the location of PT X's factory, and Villages A and B, around the factory.

4.1. CSR PT X

In line with the growing strength of the global CSR movement, PT X stated the need to conduct social and stakeholder mapping to understand environmental conditions and the community's character around the factories. This social mapping was carried out as an initial step to understanding the social conditions of the people in the three villages by identifying and understanding the social structure, the relationship between institutions, and the influence and interests of each village.

4.2. PT X's Sustainable Development Strategic Plan

PT X is committed to contributing to regional development manifested in environmental conservation programs and community empowerment in the area around the factory. The program is conducted under the umbrella of corporate sustainability. A five-year strategic plan is drawn up for all programs to run well, and this sustainable development strategic plan was prepared based on social mapping related to social conditions in the community and an analysis of the operational risks. The drafting process involves stakeholders such as the community, village government, district, and non-governmental organizations (NGOs). Meanwhile, the strategic plan has the following vision, mission, and goals.

Vision

To be the best partner for all stakeholders in developing the independent public.

Mission

1. Play an active role in preserving water resources and the environment.
2. Participate in potential local development and increase community income.
3. Participate in developing community capacity in building local institutions.
4. Encourage stakeholder engagement.

5. Promote the creation of a multi-stakeholder role in the conservation of water resources.
6. Uphold local wisdom in carrying out every activity.

Objectives

1. Carry out conservation maintenance in the water catchment area of the Ayung Watershed, with the scope of activities, namely, conservation, increasing access to clean water, environmental sanitation, and clean and healthy living behavior.
2. Increase agricultural productivity by utilizing local potential.
3. Improving the clean and healthy behavior of the community
4. Increasing the organizational capacity of community groups
5. Increasing the community's economy

5. RESULTS AND DISCUSSION

PT X's CSR programs are carried out in three different locations where PT X operates, namely Village A, Village B, and Village C. PT X's CSR programs are prepared based on the social mapping of the three villages, which is carried out as a first step to understanding the community's social conditions. Based on the issues and problems from the mapping results, PT X develops CSR programs that are expected to be right on target, effective, and follow the community's needs. PT X has a strategic plan for sustainable development with its vision, mission, and goals. The strategy uses the five objectives of PT X's sustainability development strategic plan.

The social problems will be grouped into three categories by Porter & Kramer (2006), namely generic social impacts, value chain social impacts, and social dimensions of competitive context. Furthermore, the problem will be connected to the CSR program implemented by PT X in each village. Finally, the relationship between CSR programs and the five objectives of PT X's strategic plan for sustainable development will be compared with the categories of problems analyzed previously.

5.1. Village A

The problems in Village A are grouped into categories based on Porter and Kramer.

Table 5.1. Grouping of Village A's Problems Based on Porter and Kramer's Social Problem Categories

| No. | Problems | Porter and Kramer's Social Problem Categories |
|-----|--|---|
| 1. | Public knowledge and awareness of maintaining environmental health are still lacking. | G |
| 2. | Livestock waste in this village has not been appropriately managed. | G |
| 3. | The water of the Ayung River is threatened by contamination by livestock waste (E. coli). This is because there is no proper livestock waste treatment in the household. | G |
| 4. | The processing of agricultural land is not healthy and not environmentally friendly. Therefore, agricultural products tend to experience a decrease in production. | G |
| 5 | Most of the population is farmers and tourism employees, hence the economic level in this village is still lacking. | G |

* **Generic social impacts (G); Value chain social impacts (V); Social dimensions of competitive context (S)**

Source: Company's data, processed.

Based on Table 5.1, the first problem is grouped into generic social impacts due to a lack of public awareness to maintain environmental health and is not influenced by operational activities. The second and third problem is generic social impact problems in which operational activities do not influence inappropriate managed livestock waste. The fourth and fifth problems can be included in generic social impacts because they are not influenced by the company or affect its business operations.

From the five problems resulting from the social mapping in Village A, PT X has made 4 CSR programs, namely Renewable Energy, Healthy and environmentally friendly Agriculture, WASH, and Preservation KEHATI, to support tourism villages. Furthermore, the problem will be connected to the CSR program made by PT X in Village A.

Table 5.2. Analysis of the Relationship between CSR Programs and Problems in Village A

| No | CSR Program | Problems |
|----------|---|----------|
| A | Renewable Energy | |
| 1 | Strengthening and mentoring biogas cadres as resource persons | 2, 3 |
| 2 | Biogas training | 2, 3 |
| 3 | Biogas sustainability monitoring and women's involvement | 2, 3 |
| 4 | Subsidized biogas reactor | 2, 3 |
| 5 | Research on the absorption of CO ₂ , BOD, and COD from biogas development | 2, 3 |
| 6 | Local economy marketing | 2, 3, 5 |
| 7 | Development of innovation based on bio-slurry or biogas | 2, 3 |
| B | Healthy and environmentally friendly agriculture | |
| 1 | Involvement of women farmers (gender equality) | 4 |
| 2 | Formation of ICS . group | 4, 5 |
| 3 | Demonstration of healthy and environmentally friendly agriculture | 4 |
| 4 | Soil laboratory test | 4 |
| 5 | Development of agricultural tourism packages | 4, 5 |
| 6 | Packaging and marketing of healthy agricultural products | 4, 5 |
| 7 | Involvement of farmer groups in socializing healthy agriculture and observing | 4 |
| 8 | Development of water access to meet agricultural water needs | 4 |
| C | WASH | |
| 1 | Strengthening and assisting sanitation cadres in the Bijak Berplastik and Isi Piringku activities | 1 |
| 2 | Assistance in the implementation of the Bijak Berplastik at the elementary level | 1 |
| 3 | Assistance in integrated waste management at the Banjar | 1 |

| | | |
|----------|---|------|
| 4 | Creative development of recycled crafts | 1, 5 |
| 5 | Assistance for recycling craft groups | 1, 5 |
| 6 | Procurement of recycling craft facilities | 1, 5 |
| 7 | Marketing of recycled crafts | 1, 5 |
| 8 | CLTS Socialization | 1 |
| 9 | Means of verification/monitoring | 1 |
| 10 | Triggering pillars 1,2,3 & 4 CLTS by health cadres | 1 |
| 11 | Assistance in the development of the contents of the Isi Piringku program at the PAUD level | 1 |
| D | KEHATI conservation to support tourism villages | |
| 1 | Formation and mentoring of biodiversity and captive groups | 5 |
| 2 | Drafting village/customary regulations related to biodiversity conservation | 5 |
| 3 | Socialization of biodiversity's research/monitoring results | 5 |
| 4 | Monitoring of terrestrial flora and fauna | 5 |
| 5 | Captive development | 5 |
| 6 | Bird release | 5 |
| 7 | Application for a captive permit | 5 |
| 8 | Bali Starling Preservation | 5 |
| 9 | Travel conservation tourism | 5 |
| 10 | Barcode system development | 5 |

Source: Company's data, processed.

Based on the analysis, the CSR program Renewable Energy is related to problems two and three, where the Ayung river is polluted because there is no good livestock waste management. However, the CSR program A6 is more related to problem five. This is because local economic marketing is related to economic problems and can improve the economy of the Village A community.

CSR program B is related to problem four because it can overcome the tendency to decrease agricultural production in Village A caused by unhealthy and not environmentally friendly agriculture. However, CSR programs B2, B5, and B6 are

also more related to problem five related to the economy of the Village A community.

CSR program C deals with problem one, such as education-related plastic wisdom, waste management, recycling, and CLTS socialization supporting environmental health. However, several programs, namely C4-C7, can also support overcoming problems related to the economy.

CSR program D does not explicitly relate to the problems in Village A. However, it can support problem five by encouraging the economic improvement of the Village Community. It attracts tourists' attention with the existence of captivity that makes Village A a tourism village.

The following analysis is to connected CSR programs with five objectives of strategic plan for sustainable development.

Table 5.3. Analysis of the Relationship between CSR Programs, the Objectives of the Strategic Plan for Sustainable Development of PT X, and the Category of Porter and Kramer Problems in Village A

| No. | CSR Program | Objectives | | | | | Porter and Kramer's Social Problem Categories |
|----------|--|------------|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | |
| A | Renewable Energy | | | | | | |
| 1 | Strengthening and mentoring biogas cadres as resource persons | √ | | | √ | | 2, 3 |
| 2 | Biogas training | √ | | | | | 2, 3 |
| 3 | Biogas sustainability monitoring and women's involvement | √ | | | √ | | 2, 3 |
| 4 | Subsidized biogas reactor | √ | | | | | 2, 3 |
| 5 | Research on the absorption of CO ₂ , BOD, and COD from biogas development | √ | | | | | 2, 3 |
| 6 | Local economy marketing | √ | | | | √ | 2, 3, 5 |
| 7 | Development of innovation based on bio-slurry or biogas | √ | | | | | 2, 3 |
| B | Healthy and environmentally friendly agriculture | | | | | | |

| | | | | | | | |
|----------|---|--|---|---|---|---|------|
| 1 | Involvement of women farmers (gender equality) | | √ | | √ | | 4 |
| 2 | Formation of ICS . group | | √ | | | | 4 |
| 3 | Demonstration of healthy and environmentally friendly agriculture | | √ | | | | 4 |
| 4 | Soil laboratory test | | √ | | | | 4 |
| 5 | Development of agricultural tourism packages | | | | | √ | 4, 5 |
| 6 | Packaging and marketing of healthy agricultural products | | | | | √ | 4, 5 |
| 7 | Involvement of farmer groups in socializing healthy agriculture and observing | | | | √ | | 4 |
| 8 | Development of water access to meet agricultural water needs | | √ | | | | 4 |
| C | WASH | | | | | | |
| 1 | Strengthening and assisting sanitation cadres in the Bijak Berplastik and Isi Piringku activities | | | √ | | | 1 |
| 2 | Assistance in the implementation of the Bijak Berplastik at the elementary level | | | √ | | | 1 |
| 3 | Assistance in integrated waste management at the Banjar | | | √ | | | 1 |
| 4 | Creative development of recycled crafts | | | √ | | | 1, 5 |
| 5 | Assistance for recycling craft groups | | | √ | | | 1, 5 |
| 6 | Procurement of recycling craft facilities | | | √ | | | 1 |
| 7 | Marketing of recycled crafts | | | | | √ | 1, 5 |
| 8 | CLTS Socialization | | | √ | | | 1 |
| 9 | Means of verification/monitoring | | | √ | √ | | 1 |
| 10 | Triggering pillars 1,2,3 & 4 CLTS by health cadres | | | √ | | | 1 |
| 11 | Assistance in the development of the contents of the Isi Piringku program at the PAUD level | | | √ | | | 1 |

| D | KEHATI conservation to support tourism villages | | | | | |
|----|---|--|--|---|---|---|
| 1 | Formation and mentoring of biodiversity I and captive groups | | | √ | √ | 5 |
| 2 | Drafting village/customary regulations related to biodiversity I conservation | | | √ | √ | 5 |
| 3 | Socialization of biodiversity's research/monitoring results | | | √ | √ | 5 |
| 4 | Monitoring of terrestrial flora and fauna | | | √ | √ | 5 |
| 5 | Captive development | | | | √ | 5 |
| 6 | Bird release | | | | √ | 5 |
| 7 | Application for a captive permit | | | | √ | 5 |
| 8 | Bali Starling Preservation | | | | √ | 5 |
| 9 | Travel conservation tourism | | | | √ | 5 |
| 10 | Barcode system development | | | | √ | 5 |

Source: Company's data, processed.

The five strategic objectives of the sustainable development plan can be implemented through PT X's CSR program in Village A. Based on the analysis results, all problems appointed as CSR programs in Bongkasa Pertiwi Village are still generic social impacts. Therefore, the CSR program is still a responsive CSR, where the company chooses general social problems that do not intersect with the business.

5.2. Village B

The problems in Village B are grouped into problem categories based on Porter and Kramer.

5.4. Grouping of Village B's Problems Based on Porter and Kramer's Social Problem Categories

| No. | Problems | Porter and Kramer's Social Problem Categories |
|-----|--|---|
| 1. | Conservation of biodiversity in the forest is important to protect flora and fauna and regulate water, but the documentation is still lacking. | G |
| 2. | The obstacle in implementing pillar three is the lack of knowledge of the skills of mothers in processing local, healthy, safe, and nutritious food. For pillar four, garbage is still scattered on the roads. It will increasingly pollute the landscape and soil, make it difficult to plant, and threaten water and forest resources in the upstream area of the Ayung Watershed. | G/S |
| 3. | Organic farming has not been developed. | G |
| 4. | The work for conserving the upstream Ayung watershed between sectors and stakeholders has not been vital. Therefore, it is necessary to find new methods of participation for stakeholders to synergize activities related to sustainable watershed management. | S |

* **Generic social impacts (G); Value chain social impacts (V); Social dimensions of competitive context (S)**

Source: Company's data, processed.

Based on Table 5.4. above, the first problem is included in the generic social impact problems, which are not caused by the company’s operational activities. The second problem can be put into two categories, generic social impacts for pillar three because they are common problems that occur in the community and are unrelated to company activities. However, the pillar four problem can be included in the social dimensions of the competitive context as a threat to water and forest resources in the upstream area of the Ayung Watershed, a recharge area of PT X’s water source in the D district. The third problem is included in the category of generic social impacts. The operational activities do not affect competitiveness in the future. Finally, the fourth problem, the management of the Ayung watershed, which is still not running in an integrated manner, is included in the social dimensions of the competitive context. This is because the upstream part of the Ayung watershed is the company’s recharge of water sources in the D district. Therefore, when the management of the Ayung watershed is not sustainable, it can affect the operational activities in the future.

Based on the problems obtained from social mapping conducted in Village B, PT X created 3 CSR programs, namely biodiversity conservation activities, WASH, and healthy and environmentally friendly agriculture. In Table 5.5, the CSR program implemented was connected to the problems.

Table 5.5. Analysis of the Relationship between CSR Programs and Problems in Village B

| No. | CSR Program | Problems |
|----------|--|----------|
| E | Biodiversity Conservation Activities | |
| 1 | Ecotourism Jempanang D’alas is managed independently by the Jempanang D’alas organization. | 1 |
| 2 | Availability of land flora and fauna population data. | 1 |
| 3 | Conservation of indigenous birds and plants. | 1 |
| 4 | There is an increase in the conservation-based economy through sustainable ecotourism development. | N/A |
| 5 | There is an increase in the community’s ability to conserve biodiversity. | 1 |
| F | WASH | |
| 1 | There are customary rules regarding waste management. | 2 |
| 2 | The existence of stunting prevention in early childhood. | 2 |

| | | |
|----------|---|-----|
| 3 | The development of recycled waste and processed food creations is carried out independently by the community to support ecotourism. | 2 |
| G | Healthy and environmentally friendly agriculture | |
| 1 | Involvement of 15 farmers of both genders in implementing healthy and environmentally friendly agriculture. | 3 |
| 2 | Healthy and eco-friendly farming area of 50 acres. | 3 |
| 3 | There is an increase in the economy from marketing healthy agricultural products and ecotourism support. | N/A |
| 4 | A total of 15 farmers who are members of Subak Jempanang know healthy and environmentally friendly agriculture. | 3 |

Source: Company's data, processed.

Table 5.5 shows that most of the CSR programs E are compiled based on the first problem related to biodiversity conservation. However, the CSR program E4 is more to address community economic problems outside the four problems of Village B. All CSR programs F were implemented and compiled based on the second issue, where F1 and F3 are related to the fourth pillar of CLTS, while F2 is related to the third. CSR program G is related to the third problem, but G3 is more related to the economic problem. However, no CSR program can address and relate to the fourth problem in the social dimension of competitive context category, which should be more critical to address.

Furthermore, the following analysis is to relate the CSR program of PT X in Village B and five objectives of the strategic plan for sustainable development.

Table 5.6. Analysis of the Relationship between CSR Programs, the Objectives of the Strategic Plan for Sustainable Development of PT X, and the Category of Porter and Kramer Problems in Village B

| No | CSR Program | Objectives | | | | | Porter and Kramer's Social Problem Categories |
|----------|---|------------|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | |
| E | Biodiversity Conservation Activities | | | | | | |
| 1 | Ecotourism Jempanang D'alas is managed independently by the organization Jempanang D'alas. | | | | √ | √ | 1 |
| 2 | Availability of land flora and fauna population data | | | | | | 1 |
| 3 | Conservation of indigenous birds and plants | | | | | | 1 |
| 4 | There is an increase in the conservation-based economy through sustainable ecotourism development. | | | | | √ | N/A |
| 5 | There is an increase in the community's ability to conserve biodiversity. | | | | √ | | 1 |
| F | WASH | | | | | | |
| 1 | There are customary rules regarding waste management that are carried out. | | | √ | | | 2 |
| 2 | The existence of stunting prevention in early childhood | | | √ | | | 2 |
| 3 | The development of recycled waste and processed food creations is carried out independently by the community to support ecotourism. | | | √ | | √ | 2 |
| G | Healthy and environmentally friendly agriculture | | | | | | |
| 1 | Involvement of 15 farmers and women farmers in implementing healthy and environmentally friendly agriculture | | √ | | √ | | 3 |

| | | | | | | | |
|---|---|--|---|--|---|---|-----|
| 2 | Healthy and eco-friendly farming area of 50 acres | | √ | | | | 3 |
| 3 | There is an increase in the economy from marketing healthy agricultural products and ecotourism support. | | √ | | | √ | N/A |
| 4 | A total of 15 farmers who are members of Subak Jempanang know healthy and environmentally friendly agriculture. | | √ | | √ | | 3 |

Source: Company's data, processed.

Based on Table 5.6. above, two CSR programs, E2 and E3, do not reflect the strategic objectives of the company's sustainable development. Furthermore, all other CSR programs align with the strategic plan for sustainable development. There are no CSR programs in Village B related to the first objective of the company's sustainable development strategy plan.

Based on Porter and Kramer, the CSR program implemented by PT X in Village B is not strategic CSR yet. Three of the four problems chosen are generic social impacts problems, which implies the company does not cause it. In contrast, another problem is the social dimensions of competitive context but not appointed as a CSR program.

Based on the company's sustainability development strategic plan, 10 of the 12 CSR programs reflect the objectives of the company's sustainability development strategic plan. However, not all objectives have been successfully implemented in the CSR program of Village B, which is the first goal.

5.3. Village C

The problems in Village C are grouped into problem categories based on Porter and Kramer.

Table 5.7. Grouping of Village C's Problems Based on Porter and Kramer's Social Problem Categories

| No. | Problems | Porter and Kramer's Social Problem Categories |
|-----|---|---|
| 1. | The agricultural cultivation system developed by farmers in the Subak C area still largely relies on the use of chemical inputs, both fertilizers and pesticides have an unfavorable impact on the agricultural ecosystem environment in Subak C. | G |

* **Generic social impacts (G); Value chain social impacts (V); Social dimensions of competitive context (S)**

Source: Company's data, processed.

The problems in Village C can be categorized into generic social impact problems unrelated to the company's operational activities.

Regarding the problems in Village C, PT X created a CSR program for Village C, namely the Mambal Lestari Program. In Table 5.8, the CSR program implemented in Village C will be related to the problems found by PT X through social mapping.

Table 5.8. Analysis of the Relationship between CSR Programs and Problems in Village C

| No. | CSR Program | Problems |
|----------|---|----------|
| H | Mambal Lestari Program | |
| 1 | Socialization of Subak rules | 1 |
| 2 | Assistance in implementing the Subak rules | 1 |
| 3 | Evaluation of Subak rules | 1 |
| 4 | Measurement of the environmental impact of BOD, COD, and CO2 | 1 |
| 5 | Observation Environment (45 ha) and agricultural assistance (150 farmers) | 1 |

| | | |
|----|---|-----|
| 6 | Soil lab test | 1 |
| 7 | Organic farming laboratory management | 1 |
| 8 | Isolation making training | 1 |
| 9 | Arrangement of infrastructure | 1 |
| 10 | Product production permit | N/A |
| 11 | Development of other processed foods | N/A |
| 12 | Agricultural Culture Festival | 1 |
| 13 | 10 tons of rice marketing development | N/A |
| 14 | Rice mill construction | 1 |
| 15 | Welfare Mentoring and strengthening of 10 young farmers | 1 |

Source: Company's data, processed.

In Village C, PT X only identified one problem, 10 of the 15 CSR programs were arranged based on the first problem for the CSR program H. However, CSR programs H10, H11, and H13 are more focused on encouraging the economic improvement of the people. Therefore, this CSR program is not based on the first problem in Village C.

The following analysis is to connected PT X's CSR program in Village C with five objectives sustainability strategic plan.

Table 5.9. Analysis of the Relationship between CSR Programs, Objectives of PT X's Sustainability Strategic Plan, and Category of Porter and Kramer Problems in Village C

| No | CSR Program | Objectives | | | | | Porter and Kramer's Social Problem Categories |
|----------|--|------------|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | |
| H | Mambal Lestari Program | | | | | | |
| 1 | Socialization of Subak rules | | √ | | √ | | 1 |
| 2 | Assistance in implementing the Subak rules | | √ | | √ | | 1 |
| 3 | Evaluation of Subak rules | | √ | | √ | | 1 |
| 4 | Measurement of the environmental impact of BOD, COD, and CO2 | | √ | | | | 1 |

| | | | | | | | |
|----|---|--|---|--|---|---|-----|
| 5 | Observation Environment (45 ha) and agricultural assistance (150 farmers) | | √ | | | | 1 |
| 6 | Soil lab test | | √ | | | | 1 |
| 7 | Organic farming laboratory management | | √ | | | | 1 |
| 8 | Isolation making training | | √ | | | | 1 |
| 9 | Arrangement of infrastructure | | √ | | | | 1 |
| 10 | Product production permit | | | | | √ | N/A |
| 11 | Development of other processed foods | | | | | √ | N/A |
| 12 | Agricultural Culture Festival | | √ | | | √ | 1 |
| 13 | 10 tons of rice marketing development | | √ | | | √ | N/A |
| 14 | Rice mill construction | | √ | | | | 1 |
| 15 | Welfare Mentoring and strengthening of 10 young farmers | | √ | | √ | | 1 |

Source: Company's data, processed.

Based on Table 5.9, it can be seen that all CSR programs are under the strategic objectives of the company's sustainability development. However, there are still no CSR programs that can support the first and third objectives. The CSR programs previously seen as not in accordance with the first problem in Table 5.8 can be seen as appropriate and can encourage the objectives of the company's strategic plan for sustainable development in table 5.9.

The social problems raised by PT X in Village C are still too general and not related to the company's operational activities. Therefore, based on Porter and Kramer, it can be said that PT X's CSR program in Village C has not been strategic CSR yet, because it has not raised social issues related to operational activities.

5.4. Relationship between Strategy and CSR Program of PT X as a whole

The analysis was carried out per village because PT X developed a CSR program according to each village's needs, conditions, and problems to produce CSR programs that were different and difficult to equalize or analyze simultaneously. Therefore, an analysis of the relationship between PT X's strategy and CSR program was carried out per village, viewed as a whole in this section.

Based on the strategic plan for sustainable development, there are already quite several of PT X's CSR programs in line with these objectives. However, several CSR programs are still not in line with the objectives of the company's sustainable development plan, such as the CSR programs D2-D4 in Village A, E2, and E3 in Village B. In addition, several strategic plan objectives are still not included in some villages, such as the first goal in Village B and the first and third goals in Village C.

Based on Porter and Kramer's problem categories, eight out of ten social problems appointed as CSR programs are general social problems. Problems two and four in Village B fall into the social dimensions of the competitive context. However, there is no CSR program implemented by PT X to overcome problem four in Village B. Therefore, based on the Porter and Kramer framework, because more CSR programs are created from generic social impact problems than value chain social impacts and social dimensions of competitive context problems, the CSR program that PT X has implemented in these three villages is still a responsive CSR, which means that PT X has not prepared CSR programs to align with the company's strategy. This can reduce the company's opportunities to utilize CSR and provide added value for the company's social and business. In the future, companies need to think more about developing CSR programs to develop these villages in line with the company's strategy to provide shared value for social and corporate business.

6. CONCLUSION AND RECOMMENDATION

The following conclusions can be drawn related to the strategic evaluation of PT X's CSR in the three villages, namely Village A, B, and C, based on the categories of Porter and Kramer's social problems and the objectives of PT X's sustainable development strategic plan.

1. In Village A, all problems implemented as CSR programs are still generic social impacts, which means they are general social problems unable to provide shared value for social and corporate strategy.
2. In Village B, two CSR programs do not reflect the strategic objectives of the company's sustainable development. In addition, none of the CSR programs in Village B is in line with the first objective of the sustainable development

strategy plan. The three problems selected by the company to be appointed as a CSR program were in the category of generic social impacts, while one of two problems included in the social dimensions of the competitive context category was not appointed as a CSR program.

3. In Village C, all CSR programs implemented still have no CSR programs that can support the first and third objectives of the company's strategic plan for sustainable development. The social problems raised in Village C are also included in the category of generic social impacts and are not related to the operational activities.

Overall, based on the strategic plan's objectives for sustainable development, there are still five CSR programs that are not in line with the company's sustainable development plan. There are still several strategic plan objectives not included in the CSR program in several villages. Based on Porter and Kramer's problem categories, eight out of ten social problems appointed as CSR programs in the three villages are generic social impacts. Furthermore, two problems are included in the social dimensions of the competitive context category, one of which is not appointed as CSR programs. Based on the proportion of social problems, the CSR program PT X has implemented is still responsive CSR and not strategic. Therefore, PT X has not developed a CSR program in line with the company's strategy to provide added and shared value for social and corporate businesses.

Based on the results, PT X is recommended to develop CSR programs to provide benefits and shared values for the company's social and business. This is conducted by linking the CSR programs compiled with the value chain and corporate strategy. It can be carried out by selecting more social issues that fall into the value chain social impacts and social dimensions of competitive context in preparing future CSR programs.

Specifically, it can be conducted with PT X create a CSR program to overcome social dimensions of competitive context problems not raised as CSR programs in Belok Sidan Village related to the management of the Ayung watershed. Several CSR programs can be carried out, such as the establishment of the Ayung watershed forum to coordinate the management in an integrated manner, holding coordination meetings between all stakeholders involved in the management of the Ayung watershed, monitoring the water quality of the Ayung watershed periodically, and to conduct socialization activities in communities around the Ayung watershed on the importance of protecting and maintaining the sustainability of the watershed.

This study has some limitations, namely some data and information provided by companies related to CSR programs were not published. Due to the lack of established standards, there is an element of subjectivity in assessing CSR programs. Therefore, established standards should be used for strategic CSR assessment to obtain more objective results in future research.

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