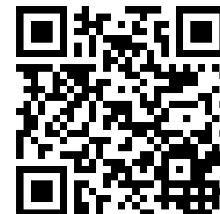


Implementation of Corporate Social Responsibility to Realize Prosperity for the Community



Ni Nyoman Santi Dewi¹, Ni Wayan Rustiarini²

^{1,2}Faculty of Economic and Business, Universitas Mahasaraswati Denpasar, Denpasar, Indonesia

ABSTRACT: The existence of a company cannot be separated from its environment and society. Companies must balance economic achievement with social and environmental responsibility through Corporate Social Responsibility (CSR) activities. However, only a few companies realize the importance of implementing CSR to maintain the company's sustainability. Some companies consider CSR one of the costs that must be incurred to reduce profits. This condition motivates researchers to identify the motivation of business actors in conducting CSR activities. This study explores CSR practices in construction companies whose business activities significantly impact the surrounding community and the environment. This study uses a qualitative method: a single case study using PT. BASA is one of the construction companies in Bali, Indonesia. Research data were obtained through structured interviews with company management. The results show that the motivation of management to implement the CSR program is to contribute and be responsible for sustainability. The company project must get support from the community to avoid unwanted things during the project. The company has been able to implement its CSR program well. This activity provides a positive impact on the community.

KEYWORDS: Corporate social responsibility, construction companies, social, environmental, sustainability

I. INTRODUCTION

A company is a modern organization that carries out activities to achieve specific goals. In general, a business is established to obtain optimal profits to maintain its smooth operation in the long term. However, a company's existence cannot be separated from its environment and society (Fanti & Buccella, 2017). There is a moral demand for companies to pay attention to the public interest, not just to pursue profit alone. It is crucial for companies to balance economic achievement with social and environmental responsibility through Corporate Social Responsibility (CSR) activities (Hategan et al., 2018), thereby demonstrating their ethical commitment to society and the environment.

CSR is about more than just implementing the concept of sustainable development. It's about recognizing the importance of stakeholders in a company's journey. Stakeholder theory, which explains how company management meets or manages stakeholder expectations, is at the heart of CSR. Stakeholders, including shareholders, consumers, suppliers, and the community, play a crucial role in CSR. Based on stakeholder theory, CSR is a company's commitment to fulfill its obligations and operations by paying attention to stakeholders' interests and the environment (Dmytriiev et al., 2021). Companies need to maintain the company's survival, and they do so by gaining support from stakeholders, one of which is through the CSR program. CSR consists of three main dimensions, namely gaining benefits for the company (profit), empowering the community (people), and also preserving nature or the earth (planet) (Budanti & Rustiarini, 2024). This emphasis on stakeholders makes them feel valued and integral to the company's operations.

In Indonesia, the implementation of CSR is not just a choice but a legal requirement. The Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies (PT) and the Law of the Republic of Indonesia Number 25 of 2007 concerning the Law on Limited Liability Companies regulate the CSR activities of companies, especially those in the natural resources sector. This regulation requires every company to conduct social and environmental responsibilities as part of its commercial activities. Companies that do not carry out their obligations will be subject to sanctions by the provisions of laws and regulations. This legal framework ensures that companies report their CSR activities in annual reports or sustainability reports, which are the company's communication media to disseminate information about the company's financial position and the company's social and environmental responsibilities. This emphasis on the legal framework for CSR makes the audience feel informed and aware of the regulatory landscape.

Implementation of Corporate Social Responsibility to Realize Prosperity for the Community

However, only a few companies realize the importance of implementing CSR to maintain the company's sustainability. Some companies consider CSR one of the costs that must be incurred to reduce profits (Primadona & Rustiarini, 2024). This condition motivates this study to identify the business actors' motivation to conduct CSR activities. Undeniably, CSR activities show the company's contribution to the social and natural environment and become a competitive strategy to build the company's reputation and credibility (Kucharska, 2020). The role of a good corporate image in increasing public trust and profits (Hayes et al., 2022) is a significant motivator for companies to implement CSR. The implementation of CSR is not only able to create a good reputation (González-Rodríguez et al., 2021) but also provides excellent benefits for the community that receives the program. Therefore, a study of the motivation of business actors in implementing CSR is important and exciting to study in depth.

One type of company that needs to participate in the CSR program is construction. Construction companies are one of Indonesia's significant industries whose business activities significantly impact the surrounding community and the environment. Construction companies need to implement sustainable construction starting from the company's awareness of the importance of creating infrastructure that follows social responsibility, social awareness, and economic benefits (Andriadi & Werastuti, 2022). Concern for the environment and society urges companies to achieve balanced industrial development driven by sustainable goals (Zhang et al., 2022). This condition encourages construction companies to implement CSR programs as a corporate strategy.

This study aims to explore CSR practices in construction companies, a unique focus that contributes to the understanding of CSR in different industries. The researcher examines the motivation of business actors in implementing CSR programs and the impact felt by the community on the CSR program. The study's results strengthen the stakeholder theory that CSR activities are a form of corporate devotion to stakeholders. Additionally, these findings can increase companies' motivation to implement CSR to comply with government regulations and improve the company's reputation.

II. RESEARCH METHODS

This study uses a qualitative method: a single case study using PT. Bali Agung Surya Abadi (BASA), one of the construction companies located in Denpasar City, Bali, is the object of research. Data collection techniques were conducted through interviews with the company's president, director, and commercial director. Research data were obtained through structured interviews with company management. To ensure that this study does not violate existing regulations, before the start of the interview the researcher had received approval that the results of the interview would be included in the study.

III. RESULTS AND DISCUSSION

PT BASA is a company that was established in the construction sector in 2021. PT. BASA has handled construction projects in several regions in Indonesia, apart from Company Law No 40 about Limited Liability Companies (2007) concerning limited liability companies, which requires every company to carry out social responsibility. It is further explained in government regulation number 47 of 2012 concerning Social and Environmental Responsibility, it is clearly stated that companies that carry out their business activities in the field of and related to natural resources are required to conduct social and environmental responsibility. The obligations stated in Article 40 of the law apply to companies, whether they like it or not, to gain public trust and adapt to the surrounding social environment; it must be interpreted as the need to implement a CSR program (Setiawan et al., 2021; Windari & Dewi, 2024).

In general, CSR means improving the quality of life. Communities should be able to respond to existing social conditions and maintain their living environment. In other words, this is how companies organize their business processes to impact society positively. CSR is not limited to donations made by donors. Still, it is a comprehensive concept, not static and passive, arising only from the company; its rights and obligations are borne together by the parties involved (Prieto-Sandoval et al., 2019).

The implementation of welfare and CSR must be conducted correctly and adequately towards the local community so as not to harm any party and actively improve the progress and welfare of the local community in the company's environment (Fanti & Buccella, 2017). The role of the company is also essential. How can we realize our concern for the community according to the community's wishes? CSR is one of the factors of business sustainability by increasing trust in external parties, especially the community environment. By implementing CSR, companies must be more responsible for the environment and the community around the company (Rustiarini et al., 2022).

PT. BASA implements the CSR program because it has a mission to contribute to being responsible for sustainability. Sustainability in question is being responsible for the environment, society, and the community around the company or those affected by the development project (Budanti & Rustiarini, 2024). The company, which was only established about three years ago, has been able to provide a positive impact on the community through the CSR program. The company is very aware that the community is an essential element for the sustainability of the company. Every project implemented by the company must receive support from the community to avoid unwanted things during the project. The President Director of PT. BASA stated:

Implementation of Corporate Social Responsibility to Realize Prosperity for the Community

"The company always strives to improve society's welfare, not only considering its profits but also how it can contribute to society through CSR programs."

In implementing the CSR program, some stages must be implemented. The first stage is the program planning stage. Planning is done by discussing with the planning team about the program and implementation time. After the program is designed, the CSR budget will be submitted to the finance section. The CSR budget has been designed for a single project CSR program so that the budget for each program is adjusted to the budget provided by the project. The commercial director of PT. BASA said:

"Every project we do must have a budget for CSR implementation. CSR implementation is expected to provide benefits felt by the community and smoothness for the projects being carried out by the company. The community has a significant influence on the implementation of the project. We do not do CSR every year, but we do CSR for every project we get. Generally, the CSR is implemented in areas affected by project activities."

So far, companies are considered institutions that can provide many benefits to society, such as providing employment opportunities, providing goods needed by society for consumption, paying taxes, providing financial donations, and others. As previously explained, CSR has been strengthened operationally in Article 1 Paragraph 3 of Law Number 40 of 2007. This clause indicates that a company is responsible not only to its shareholders and creditors but also to its shareholders. This regulation has a direct and indirect impact not only on the area where it occurs but also on the surrounding community, affecting the company's business activities. Furthermore, considering that the company is responsible for development, the company is also responsible for the social environment in a never-ending cycle. The president director of PT. BASA mentioned several examples of CSR programs, namely:

"We have carried out several CSR responsibilities; for example, for our project in Labuhan Bajo, we helped build a church in the Golomory area, Labuhan Bajo. Also, we helped the community by providing road access for the community affected by our project in the Tegallalang area, Gianyar."

Additionally to budget planning, PT. BASA also formulated program objectives but still needs to make activity reports. Thus, the achievement of the program cannot be measured. The president director of PT BASA explained that:

"Although we do not form a standard report in implementing this CSR, the CSR that we do significantly affects the community that receives it. For example, the construction of the Church in Golomory, Labuhan Bajo. The church's construction dramatically eases the burden on the community who worship because previously, their place of worship could be said to be in a badly damaged condition. Creating road access for the community in the Tegallalang area, Gianyar, certainly makes it easier for the community. Previously difficult access can now be easily accessed by them."

With no activity report, it is not known what the shortcomings and advantages of the program are. The evaluation was conducted verbally with the planning and implementing teams. The results of the evaluation conducted, the program implemented has run smoothly. The obstacles were encountered only from the technical side when the company implemented the program. Although in every CSR process, starting from planning, implementation, and evaluation, there must be participation from the program recipient. Thus, the community can directly assess how the program is implemented and the shortcomings of the program.

IV. CONCLUSION

Based on the research, it can be concluded that PT. BASA has been able to implement its CSR program well. The company is very aware that the community is an essential element for the sustainability of the company. Every project must receive support from the community. PT. BASA implemented the CSR program because it has a mission to contribute to being responsible for sustainability. The budget for CSR has been designed for a single project CSR program so that the budget for each program is adjusted to the budget provided by the project. An example of CSR implementation carried out by the company is constructing a church in the Golomory Labuhan Bajo area and creating access for communities affected by the project in the Tegallalang Gianyar area. To measure the success of the company's CSR program, the company does not make activity reports. Evaluations conducted with the planning and implementing teams are conducted verbally. The evaluation results stated that the program implemented has run smoothly. The obstacles were encountered only from the technical side when the company implemented the program.

This study has limitations, namely that it was conducted in a short period, so its results may only cover some matters regarding CSR carried out by the company. Another area for improvement is that the absence of final reports on the implementation of the CSR program cannot be measured with certainty but only based on the company's assumptions. This study can be conducted over a more extended period so that researchers can seek data from the company's side and the community that receives the CSR program. Data from both sides will undoubtedly provide another perspective on research and is expected to be input for the company in implementing CSR in the future. However, from the company's side, the CSR that has been carried out will be better

Implementation of Corporate Social Responsibility to Realize Prosperity for the Community

if accompanied by reports on its activities, in addition to the company being able to know whether the CSR they are doing is running well or not, the company also has a history of the CSR program.

REFERENCES

- 1) Andriadi, K., & Werastuti, D. (2022). A comprehensive study on the quality of sustainability reporting disclosure between Indonesia and other countries. *Accounting*, 8(1), 19–26. <https://doi.org/10.5267/j.ac.2021.6.010>
- 2) Budanti, N. P. L., & Rustiarini, N. W. (2024). Implementation of the CSR program based on tri hita karana. *Equilibrium: Jurnal Ilmiah Ekonomi, Manajemen, Dan Akuntansi*, 13(1), 274–283. <https://doi.org/10.35906/equili.v13i1.1961>
- 3) Dmytriyev, S. D., Freeman, R. E., & Hörisch, J. (2021). The relationship between stakeholder theory and corporate social responsibility: Differences, similarities, and implications for social issues in management. *Journal of Management Studies*, 58(6), 1441–1470. <https://doi.org/https://doi.org/10.1111/joms.12684>
- 4) Fanti, L., & Buccella, D. (2017). Corporate social responsibility, profits, and welfare with managerial firms. *International Review of Economics*, 64(4), 341–356. <https://doi.org/10.1007/s12232-017-0276-5>
- 5) González-Rodríguez, M. R., Díaz-Fernández, M. C., Shi, F., & Okumus, F. (2021). Exploring the links among corporate social responsibility, reputation, and performance from a multi-dimensional perspective. *International Journal of Hospitality Management*, 99(10), 103079. <https://doi.org/https://doi.org/10.1016/j.ijhm.2021.103079>
- 6) Hategan, C.-D., Sirghi, N., Curea-Pitorac, R.-I., & Hategan, V.-P. (2018). Doing well or doing good: The relationship between corporate social responsibility and profit in Romanian companies. *Sustainability*, 10(4), 1–23. <https://doi.org/10.3390/su10041041>
- 7) Hayes, J. L., Holiday, S., & Park, H. (2022). Corporate social responsibility and the advertising strategic planning process: A literature review & research agenda. *International Journal of Advertising*, 41(2), 210–232. <https://doi.org/10.1080/02650487.2022.2038432>
- 8) Company Law No 40 about Limited Liability Companies, (2007).
- 9) Kucharska, W. (2020). Employee commitment matters for CSR practice, reputation, and corporate brand performance-European model. *Sustainability*, 12(3), 1–16. <https://doi.org/10.3390/su12030940>
- 10) Prieto-Sandoval, V., Jaca, C., Santos, J., Baumgartner, R. J., & Ormazabal, M. (2019). Key strategies, resources, and capabilities for implementing circular economy in industrial small and medium enterprises. *Corporate Social Responsibility and Environmental Management*, 26(6), 1473–1484. <https://doi.org/10.1002/csr.1761>
- 11) Primadona, I. A. L., & Rustiarini, N. W. (2024). Challenges and benefits of implementing corporate social responsibility in MSMEs. *Jurnal Inovasi Akuntansi (JIA)*, 2(1), 47–53.
- 12) Rustiarini, N. W., Bhegawati, D. A. S., & Mendra, N. P. Y. (2022). Does green innovation improve SME performance? *Economies*, 10(12), 1–13. <https://doi.org/10.3390/economies10120316>
- 13) Setiawan, I. K. A., Larasati, P. A., & Sugiarto, I. (2021). CSR contextualization for achieving the SDGs in Indonesia. *Journal of Judicial Review*, 23(2), 183–196. <https://doi.org/10.37253/jjr.v23i2.5021>
- 14) Windari, R. A., & Dewi, Y. K. (2024). Evaluating mandatory corporate social responsibility disclosure policies and sustainability development goals achievement in Indonesia. *Yustisia*, 13(1), 1–26. <https://doi.org/10.20961/yustisia.v13i1.81940>
- 15) Zhang, Q., Oo, B. L., & Lim, B. T. H. (2022). Linking corporate social responsibility (CSR) practices and organizational performance in the construction industry: A resource collaboration network. *Resources, Conservation and Recycling*, 179(4), 106113. <https://doi.org/https://doi.org/10.1016/j.resconrec.2021.106113>



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.