

Is CSR Assistance Effective for Islamic Based Community Development in Indonesia?

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Abstract

This article strives to examine which CSR assistance factors are effective in helping to alleviate the burdens of a community who lives near a cement site. The CSR factors are developed from underlying intensions of Islamic law (*maqasid al-sharia*). The CSR activities which are done by the company towards the community residing near the site are in the form of community development and partnerships. This study was conducted in a community residing around a mine. Primary data were utilized. The data were retrieved with a survey technique, and 97 respondents were retrieved. Meanwhile, the data were analyzed by using a factor analysis. The analysis results depict that there are 6 kinds of education assistance in the CSR programs, where assistance in establishing free schools is not effective enough because it is used for employees' children, while they comprise a very small portion of the community. There are 20 CSR health programs for the community, while the only one that is not very effective is the HIV prevention program, because the company does not implement an HIV prevention program for the community. There are 12 CSR programs for the environment, in which all of the programs are considered to be effective for the community. There are 6 CSR socio-religious programs, while only 2 of them are considered as not being effective, which are the holiday and animal sacrifice assistance. There are 4 CSR programs for public infrastructure, in which all of the programs are effective to alleviate the community's burdens. There are 2 CSR programs for national holidays, in which all of the programs are effective for the community. There are 5 socio-cultural CSR programs, in which 2 of the CSR programs are considered to not be effective, which are the arts and culture mentoring as well as arts and culture festival assistance. There are 7 CSR programs for youth and sports activities, which are all considered effective for the community. There are 4 other CSR programs for social assistance, in which 2 of the programs are viewed as being ineffective, which are the retirement home and death assistance. There are 4 CSR programs for rotating fund assistance for SMEs, which are all deemed effective for the community. There are 3 CSR programs for managerial assistance for SMEs, in which 1 program is thought to be ineffective, which is the record keeping and accounting training program. There are 3 CSR programs for marketing assistance for SMEs, which are all considered effective for SMEs.

Keywords: Social responsibility, Legitimacy, Social contract, Community development, Partnerships.



INTRODUCTION

Among the CSR programs that are implemented by companies and have susceptibility towards the stakeholder claims are CSR programs for the local community who live around the company (Hadi, 2009, 2018). The local community (LC) is the party who is most often related to and has direct and indirect effects on the company operations (Belkaoui & Karpik, 1989; Reitenga, 2000). The Lapindo Brantas mud overflow case, the Bojong dumpsite case, as well as air pollution and dust emission cases in industrial regions are a few examples of how local communities must deal with the effects and social costs of industrialization (Sueb, 2001; Wibisono, 2007). This is the crucial point where companies must maintain good relationships with the community by paying special attention to the form of CSR implemented. Islam recommends helping one another in goodness and not encouraging help in evil (Al-Maidah, 5: 2). Here is the coherence of Islam as a suggestion for those managing the company to share with the surrounding community.

For companies, community legitimacy is an important basic capital to protect the going concern. Therefore, they are concerned to foster and improve the legitimacy by implementing a CSR strategy, especially for the local community (Deegan, Rankin, & Tobin, 2002; O'Donovan, 2002). Hadi (2009) revealed that from 63 company CSR reports, it indicated that most of the CSR implemented by companies is allocated for local communities. Furthermore, it demonstrates that from 1,650 CSR program items, 760 of them are CSR items for the local community around companies. The CSR programs which are primarily done by companies for the local community include: education, health, public infrastructure, school, arts, culture, blood donation, national and religious holiday, holiday compensation, orphanage and retirement home, environment layout and company surrounding cleanliness assistance, and the like.

A large portion of CSR for the community is insufficient to cover the effects which must be borne by the community. Empirical evidence shows that there are frequent contradictions regarding the effectiveness of CSR. The community does not believe there is a balance between the negative effects resulting from the company operations with the CSR assistance received by the community (Deegan & Samkin, 2009; Gray, 2002). Hadi (2018) showed that although the effectiveness of the CSR programs in building the community is high, the effectiveness grade is still below expectations. There are still many dimensions from the social development which are

not balanced in effectiveness, such as assistance for HIV propaganda, environment cleanliness, and art and culture partnerships. This means that there are still gaps between company CSR implementation and the reality of the community needs dimension.

Belkaoui and Karpik (1989); Laah, Adefila, and Yusuf (2014); as well as Sones, Grantham, and Vieira (2009) divulged that CSR community assistance can be in the form of charity and investment activities. Charity activities include education, health, environmental cleanliness, minority group and disabled group, employee priority assistance, among others. Investment activities cover normalizing prior mining areas, revolving fund assistance, waste recycling assistance, vegetation planting assistance, and the like. These CSR dimensions have different susceptibilities towards stakeholder claims. Adhikari and Tonkar (1992) and Reitenga (2000) showed that community CSR dimensions, whether they are in the form of environmental or charity assistance, have high sensitivity towards claims being issued.

The purpose of this research is to test and discover the factors or dimensions of CSR assistance which have levels of significance and relevance to improve community empowerment. The CSR dimensions are developed empirically at the locus of the research object, so that the development of the CSR dimensions is more comprehensive. These research findings are expected to provide contributions to determine the kinds of CSR dimensions, evaluate CSR activities, and implement more effective and productive types of CSR activities.

LITERATURE REVIEW

Connectivity of the Social Contract & Legitimacy Theories

A social contract is rooted from the relationships between humans, in which authority is needed to force them to maintain a pattern of regular relations on the basis of an agreement, which is then called a social contract (Wijaya, 2016). If it is examined, the social contract theory is often referred to when explaining the relations in an organization and society, as revealed by Thomas Hobbes (1588-1679) in his work titled *Leviathan*. Hobbes believed that social life before the presence of the state was depicted as a natural condition. Human life will keep trying to satisfy its desires, pursue happiness, and avoid things they do not like. This natural nature in turn will make humans compete with each other, seek power, and attack other people (Wijaya, 2016). Therefore, there is a tendency to take any measures to ensure its sustainability (Fink, 2010). In this context, humans need shared power to avoid spilling

blood (social contract), and this will force them to become humanistic social creatures (Suhelmi, 2001).

Related with a social contract, John Locke (1632-1704) had a doctrine that the form and trait of a social environment is apolitical, in which the social actors have a responsibility to adhere to the natural laws that have already been established (Baier, 1988; Distefano, 1991; Gauthier, 1990). Lock believed that all individuals have their own desires. Therefore, social contracts are needed to protect the ownership and freedom of other parties' rights. Lock considered a social contract as being a mechanism that leads to balance and existence (Lessnoff, 1990).

In a contemporary management perspective, social contracts are also greatly needed, especially with the existence of companies in the middle of society that involve many individuals who are in the surrounding area (Hadi, 2017). On one side, companies have goals which they want to achieve, so that they need value standards, norms, a code of conduct, and operational standards which are formed based on agreements that are made in order to achieve the goals (Mouritz, 2010; Nbeta, 2012; Rawls, 1999). On another side, due to their existence in the middle of society at large, companies also have to abide to the agreements and formal and informal norms that are effective, in order that the companies can obtain legitimacy (*Deegan et al., 2002*).

Shocker and Sethi (1973) clarified that every social organization, including business organizations that operate in the middle of society, must be based on good social contracts that are implicit or explicit, due to the life sustainability and developments based on:

1. Whatever is produced, in the end it will be given to society at large.
2. Economic distribution, social factors, or political advantages for groups, where the source of power is obtained.

In observing the essence of the social contract theory, it is in an existential context and company management in the middle of a wider social environment having coherence and interrelated with the legitimacy theory. Legitimacy is a congruent condition that is desired by a company from the community and what is desired by the community from the company (Gray, 2002; Hadi, 2011; O'Donovan, 2002). Congruence will be reached whenever the company operations in the social environment consistently hold a system of values, norms, regulations, and agreements that are effective in society (social contract) (Adams & Kuasirikun, 2000; Belal, 2008; Buniamin, 2010).

O'Donovan (2002) believes that legitimacy can be shown with something that is given by a company to society as well as something which is looked for or sought by a company from society. Thus, legitimacy can only be reached when the company management is sided with and oriented towards the community, as well as is not in conflict with the effective value system in the community (Deegan *et al.*, 2002; Gray & Bebbington, 2000; O'Donovan, 2002; Shocker & Sethi, 1973).

According to the legitimacy theory, a company's true existence is in a joint contract with society (a social contract) (Carroll, 1979). This social contract is created in the form of congruence between the company operations and all the applicable values in society, so that community legitimacy is formed. The way that is followed is the company operations must adjust with the regulations, habits, and cultural values that are applied in the community (Austin & Seitanidi, 2012; Tilt, 2016). An organization or a company can only survive if the community feels that the company's operations are congruent with the community's expectations (Freedman & Jaggi, 1988; O'Donovan, 2002). Here is where coherence is placed or the interrelation between the social contract theory and the legitimacy theory in explaining the company's existence and management.

CSR from the Perspective of a Social Contract & the Legitimacy Theory

CSR cannot be separated from the history of its presence, which is as a form of the company's responsiveness towards the effects that surface or potentials that surface from the company's operations (Carroll, 1979; Frederick, 1994). Responsiveness is not just about a company's appreciation towards the effects that arise, but also having an empathetic attitude towards various problems that surface in society, even though they are not from the effects of the company's operations (Carroll, 1991).

The development of sharia economics and increasing awareness of business people, encourage the implementation of CSR is increasing. The need for self-actualization on the one hand, and awareness of responsibility towards society and the environment add to the echo of CSR. The transformation of the state of various religious social activities is increasing. This condition, supported by the attitude of community legitimacy, because Islamic charity-based CSR turned out to be significant triggering the psychological dimensions of its adherents (Hadi. Nor, 2018).

Lord Holmes and Richard Watts (2006) claimed that social responsibility is a company's long-term commitment towards doing business while having ethical behavior and providing contributions in economic development, by still improving the quality of life of the employees, the local community, and society at large. A company's responsibility is not only seen from the economic aspects but also from the social and environmental welfare (Elkington, 1997).

The implementation of CSR shows a company's responsibility not only in how it achieves economic improvements but also in its ethical and legal responsibilities (Carroll & Buchholtz, 2011). Here is where the company's role and participation are placed in ensuring there is community development and assisting in continuous development.

Nevertheless, the journey of CSR does not run smoothly without constraints. Oftentimes, there are stark debates in implementing CSR, and there is still an opinion that there are distortions like disruptions towards the profitability (Clarkson, 1995; Friedman, 1970; Jensen, 2002; O'Dwyer, 2001). The CSR implementation policies still have to consider the trade of cost and its benefits (Bebbington & Thomson, 1996; Hadi, 2009). Companies exist not as charitable organizations but are rather expected to increase the profitability of their owners (Belkaoui & Karpik, 1989; Deegan, 2002).

In line with the intellectual developments and societal thinking patterns in shifting the company responsibility from a shareholder orientation to a stakeholder orientation, it is difficult to non-activate (Carroll, 1999; Hadi, 2018). The society starts to be open and realize that various cases occur, so that claims surface and threaten the company's legitimacy. There are various cases such as COVID-19, global warming, particle emissions, air pollution, deadly viruses, forbidden food production, and the like, which are a bleak portrait of industrialization, so that the company's responsibility is absolute (Hadi, 2009; Wibisono, 2007).

In reflecting the industry's negative effects which are susceptible towards claims, a balanced responsibility is needed from the company with an awareness of implementing CSR. CSR narrows the incongruence between company expectations with societal expectations towards the company's existence (O'Donovan, 2002). This kind of a thinking pattern is explained in the legitimacy theory that in order for its operations to be made sustainable, a company needs to maintain its congruence between the corporate expectations and the community expectations, and protect the value system that is adhered to in society (Crowther & Aras, 2008; O'Donovan, 2002;

Pitelis, 2004). Congruence can be ensured by improving the implementation of CSR in various offshoot programs (Hadi, 2018).

In carrying out the company operations with a commitment towards improving the economic, ethical, and legal aspects as well as improving the employee and community welfare as explained in advance, it is a part of doing a social contract between the company and the surrounding community (Luk, Yau, Tse, Sin, & Chow, 2005). A social contract provides a framework that the community members have a reason to support and adhere to the social regulations which are fundamental, legal, authoritative, norm-based, and principle-based, as well as effective in society (D'Agostino, 1996). If a company wants to be legitimate and is able to ensure the going concern, then the company operations must keep a social contract, whether in the form of formal or informal norms. Social responsibility is a part of conducting a social contract because it is not just about achieving economic responsibility, but it should also meet the environmental, ethical, legal, and discretionary responsibilities.

Islamic Dimensions of CSR

Business decisions cannot be separated from social problems, the surrounding environment, and the basic motives (Campbell, 2007). Large debates always cover business decisions, such as whether managers should pay attention to stockholders' interests or also consider stakeholders' interests (Agle *et al.*, 2008). As seen from the managerial perspective, they will focus more on shareholders' interests (shareholder orientation), but as seen from the stakeholders' perspectives, they will pay more attention to the stakeholders' interests (stakeholder orientation) (Carroll & Buchholtz, 2011; Crane & Matten, 2010; Dobers, 2009; Taneja, Taneja, & Gupta, 2011). The way to do this is by implementing good CSR for the parties who need it (Carroll & Buchholtz, 2011; Sharma & Kiran, 2013). Islam views that "The best of human beings is the most beneficial for others." (HR. Thabrani). Allah Almighty commands to do good as contained in the Qur'an "If you do good, surely you do good for yourself" (QS: Al-Isro 'verse 7).

The CSR concept and terminology does not have commensurate boundaries. The variations in the CSR limitations are inseparable from the motives in CSR on one side, and the contextuality which is the background for implementing CSR on another side. In a practical landscape, a company provides a nomenclature: corporate social performance, corporate social responsiveness, corporate citizenship, ethnical business practices, stakeholder

management, and corporate sustainable business practices (Carroll & Buchholtz, 2011; Hadi, 2009; Sharma & Kiran, 2013). Consequently, the CSR dimensions become varied, depending on the background of the motives, contextuality, and other contingencies that are in the locus.

Carroll and Buchholtz (2011) claimed that in accordance with developments and stakeholders' demands towards a company's existence, there are three demarcations of company responsibility, which are: (1) economic, (2) legal, (3) ethical, and (4) philanthropic.

Figure 1: Carroll's Pyramid of CSR



Source: (Fadun, 2014)

In economic responsibility, a company is a business entity, so that it is rational to try to create and increase the profit as its main incentive, increase the stock share profit, keep its competitiveness, and maintain its efficiency (Carroll, 1991). These dimensions cannot be avoided, because besides being the primary orientation, the management also has a responsibility to protect the welfare of the shareholders and the going concern of the company.

In legal responsibility, a company needs to pursue profit, but it also has to obey the effective regulations, constitution, and legal aspects for goods and services (De Schutter, 2008; Phillips, Freeman, & Wicks, 2003). If this dimension is not activated, then stakeholders' claims will increase, and the company will have an illegitimacy issue.

In ethical responsibility, it is a responsibility to conduct operations by having principles that can and cannot be accepted by society, even though they are not codified to become law. Managers must ensure ethical operations, respect values in society, keep a code of conduct, and adhere to the applicable conventions in society (Carroll, 1991).

In philanthropic responsibility, this type of CSR dimension is in the form of activities which are based on a charitable attitude, empathy, and responsiveness towards various problems which surface in the community and the surrounding environment. Philanthropy can be done with activities to help reduce society's burdens, such as: education, health, arts and culture, sports, public infrastructure, environment layout, religion, holiday, and cheap revolving fund assistance for home industries and SMEs, as well as management assistance and SME activities and other charitable activities (Carroll, 1991). In many studies, the philanthropic dimension dominates the CSR implementation and is targeted for the local community who are domiciled around the company.

The development of CSR factors in providing assistance to communities is based on *maqasid al-sharia* (underlying intens of Islamic law). There are 5 *maqasid al-sharia* factors used, namely: poverty reduction, economic improvement, improvement of social conditions, contributing to the circulation and distribution of wealth, and increasing the level of public education (Alkhan & Hassan, 2020).

Research Method

Primary data were used in this research, consisting of the respondents' opinions about the CSR dimensions which were effective for community development. The research respondents were the community members who lived around cement companies in Central Java and East Java in Indonesia. There were 200 respondents (local community, community leaders, religious leaders, NGOs, the local government, and SMEs), with a response rate of 96 individuals. In retrieving the data, surveys and interviews were used for the respondents. The research instruments were developed according to the locus contextuality and based on CSR concepts (Carroll, 1991).

The research variables were the effectiveness of CSR assistance, in the form of environment-developing activity programs or partnerships. The effectiveness of CSR was measured by the level of appropriateness between the reality of CSR assistance that was accepted with community expectations. The CSR factors were developed by referring to the concepts (Carroll, 1991), which were adjusted according to the contextuality of the research locus, by adjusting its essence to the underlying intens of Islamic law. Figure 2 depicts the Islamic CSR dimension operations and developments.

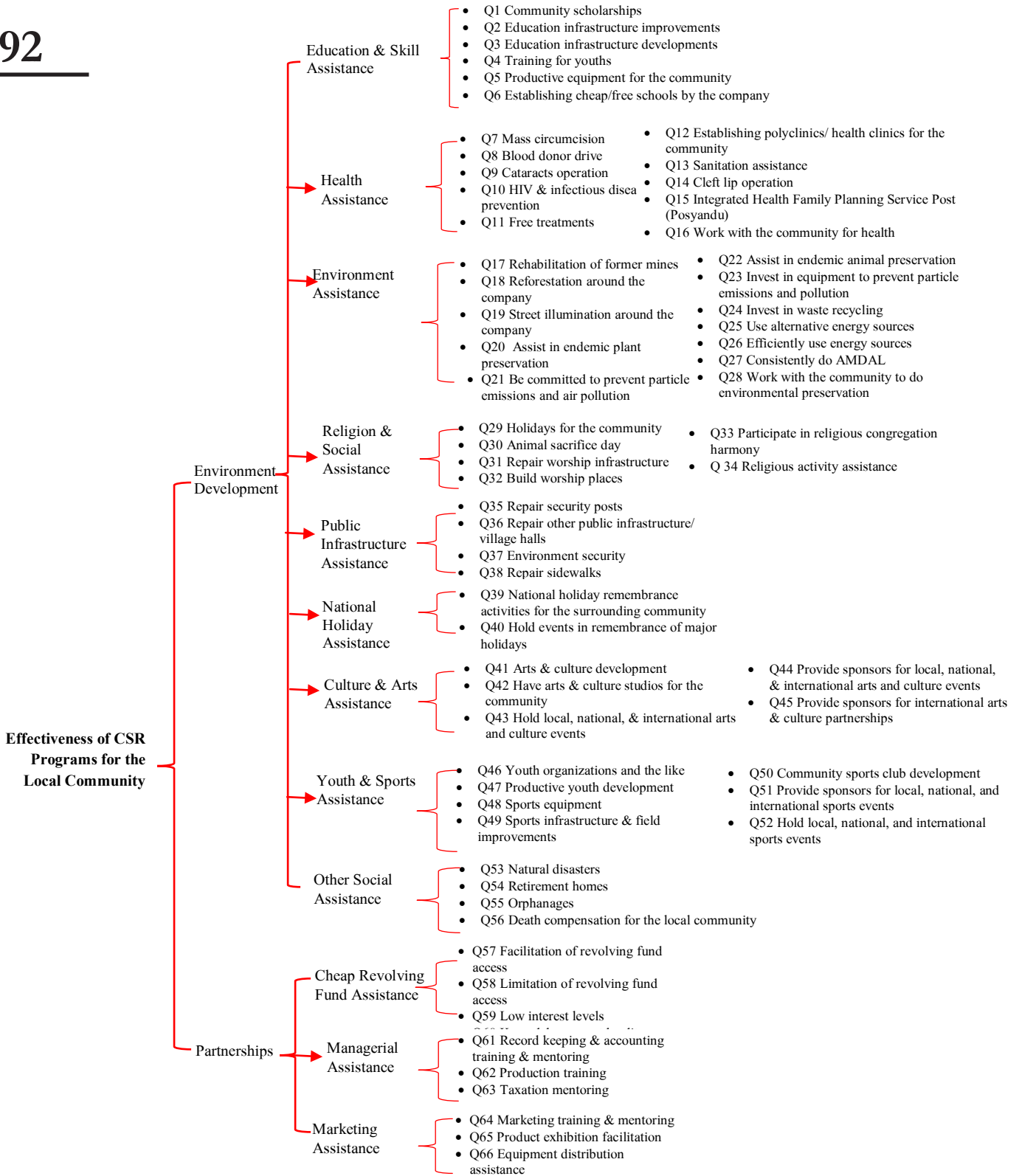
These dimensions or indicators then became a reference to arrange the research instruments which were the sources to measure the level of CSR

effectiveness for the community. The data were analyzed by using a factor analysis to prove which factors (dimensions/indicators) were able to explain or measure the CSR effectiveness for the community. A Kaiser-Meyer-Olkin (KMO) test was used with a value criterion > 0.5 and a Bartlett Test of Sphericity with a significance value < 0.05 ($\alpha = 5\%$) (Ghozali, 2013). Then in looking at the level of factor effectiveness, an extraction method was applied: a principal component analysis with an Eigenvalue variance percentage value > 1 . The factor grouping could then be seen from the rotation method results: varimax with Kaiser normalization.

RESULTS

The study was conducted in communities who live around cement sites, both in Central and East Java. The research instruments were designed contextually to be used to measure the effectiveness of SMEs' CSR programs. The form of CSR implementation was in the form of community development assistance programs, along with partnership program.

Figure 2: CSR Developed Islamic Dimensions



The community development assistance consisted of 9 factors/variables while the partnership programs consisted of 3 factors/variables, where each one had CSR assistance activities. To provide a more detailed description related to the respondents' answers about the effectiveness of the CSR assistance programs, an explanation is provided in Table 1 below.

Table 1: Description of the Respondents' Answers on the Effectiveness of the Dimensions of the CSR Assistance Programs

	N	Min.	Max.	Mean	Std. Deviation
Education & Skills Assistance	96	66.71	72.30	69.3700	1.21463
Health Assistance	96	65.02	129.20	69.8103	8.73830
Environmental Assistance	96	56.42	111.05	60.5806	6.98023
Socio-Religious Assistance	96	66.63	72.25	68.7854	1.15073
Public Facility Assistance	96	55.14	63.70	59.4078	1.79176
Holiday Assistance	96	52.61	67.17	58.7069	2.63648
Arts & Culture Assistance	96	54.91	158.60	59.2963	10.35931
Youth & Sports Assistance	96	56.57	129.55	60.3550	7.29071
Other Social Assistance	96	64.69	72.42	68.9085	1.34466
Revolving Fund Assistance	96	54.78	63.61	58.5019	1.94096
Managerial Assistance	96	54.35	63.52	58.7444	1.89619
Marketing Assistance	96	52.84	63.90	58.5218	2.06755

Source: Processed respondents' answers

Table 1 shows that the number of respondents involved in the study were 96 people. They are a community that lives around the mining area. The CSR programs are divided into two kinds, namely partnerships and community development programs. There are 9 community development CSR programs, which are: (1) education & skills; (2) health; (3) environment; (4) socio-religious; (5) public facilities; (6) holidays; (7) arts & culture; (8) youth & sports; and (9) other social programs, where each program consists of several CSR activities. From the 9 partnership programs, it turns out that those who have a high effectiveness grade have 4 CSR programs, namely: (a) educational and skills assistance with a grade of 69.37; (b) community health assistance with a grade of 69.81; socio-religious assistance with a grade of 68.78; and (d) other social assistance with a grade of 68.91. Meanwhile, other CSR program assistance such as: environment, public facilities, holidays, arts and culture, youth and sports have a low effectiveness grade with scores below 62.50.

An interesting finding was found in the partnership assistance, where 3 CSR programs with various CSR assistance activities all have low grades, which are: (1) revolving fund assistance for SMEs with a 58.51 grade; (b) managerial assistance for SMEs with a 58.74 grade; and (c) marketing assistance for SMEs with a 58.52 grade, all of which are below a 62.50 grade. These results indicate that the level of effectiveness of SME assistance in various forms of partnership activities is relatively small (less effective).

DISCUSSION

In paying close attention to the implementation of CSR activities by companies to the community, it often faces ineffectiveness. The costs for CSR programs that have been charged by companies that are intended to help the community have not been balanced between its input, output, and outcome. These problems are caused because the design and form of CSR programs or activities are often seen more by management motives, and when formulating these programs, they do not underlie the real needs of the community. Moreover, CSR is more directed towards conformity with company operations. Therefore, the implementation seems to be forced.

This research is intended to find the implementation of CSR activities by companies, in which the community has a level of effectiveness because according to the shape, nature, and pattern are in accordance with the expectations and real needs of the community. The survey was conducted on 96 respondents which are a part of a community living around the mining area. The analysis results of the respondents' answers indicate that there are some CSR activities that do not have effectiveness as expected. Furthermore, there are also CSR activities implemented by the company that are proven to have effective effects to help ease the burden on the community.

The following table explains the results of the factor analysis to see the effectiveness of CSR programs and activities that the company has implemented.

Table 2: Factor Test Results

Program	Dimension	KMO	B T S Sig.	Dimension / factor	%Var. Eigen- values	Dimension / Success Factor
Community Development	Education & Skills Assistance	0.579	0.029	Q6	1: 30.89 2: 20.90	1: Q4, Q1, Q3, Q2 2: Q5
	Health Assistance	0.565	0.005	Q10	1: 20.15 2: 15.76 3: 13.46 4: 11.43	1: Q14, Q15, Q13, Q9 2: Q16, Q11, Q8 3: Q12 4: Q7
	Environmental Assistance	0.538	0.037	-	1: 16.56 2: 12.05 3: 11.10 4: 10.34 5: 8.42	1: Q19, Q24, Q17, Q28 2: Q27, Q18, Q22, 3: Q23, Q25, 4: Q26, Q20 5: Q21
	Socio- Religious Assistance	0.547	0.031	Q30, Q29	1: 35.98	1: Q34, Q32, Q31, Q33
	Public Facility Assistance	0.532	0.253	-	1: 32.87 2: 26.17	1: Q38, Q36 2: Q37, Q35
	Holiday Assistance	0.500	0.526	-	1: 53.27	1: Q39, Q40
	Arts & Culture Assistance	0.547	0.122	Q43, Q41	1: 42.86	1: Q44, Q42, Q45
	Youth & Sports Assistance	0.575	0.001	-	1: 23.03 2: 20.69 3: 15.57	1: Q48, Q51, Q50, 2: Q52, Q49 3: Q46, Q47
	Other Social Assistance	0.500	0.050	Q54, Q56	1: 60.02	1: Q53, Q55
	Partnership	Revolving Fund Assistance	0.559	0.007	-	1: 37.40
Managerial Assistance		0.500	0.618	Q61	1: 52.57	1: Q62, Q63
Marketing Assistance		0.505	0.646	-	1: 37.91	1: Q64, Q65, Q66

Source: Processed respondents' answers

Table 2 shows the effectiveness of the company's CSR implementation in the categories of community development and partnership programs. The community development programs, which are non-productive assistance programs (assistance to help ease the burden on the community and protect the impact of the company's operations), consist of 9 CSR programs which include various CSR activities. Meanwhile, the partnerships of CSR consist of 3 CSR programs which also consist of various CSR assistance activities. To provide a more detailed description, it will be discussed as follows:

CSR Assistance for Community Development

The company's community development program refers to the SOE Ministerial Regulation, also known as Permen-02 / MBU / 7/2017 concerning the Partnership and Environmental Development Program of State-Owned Enterprises, which hereinafter will be referred to as the BL Program. This program forms a new fostered partner and the empowerment of the social conditions of the community by SOEs through the utilization of funds from BUMN profit shares. The results of interviews and a content analysis in the community development program report indicate that the BL program is in the form of assistance that is more directed at improving the capacity of the target community and is more charity-like, such as: assistance for victims of natural disasters, assistance in education and/or training, assistance in improving health, assistance in developing facilities and/or public infrastructure, religious facility assistance, socio-religious assistance, arts & cultural assistance, sports & youth assistance, nursing home and orphanage assistance, environmental preservation assistance, and other social assistance. These programs are intended to: (1) increase the empowerment of the social conditions of the community in order to create productive social activities and environments; (2) actualize a social atmosphere that supports the development of human quality and regional/national economy; and (3) assist the impact of company operations for both preventive and repressive measures.

In principle, the company has provided CSR assistance to the community in the form of the community development programs or partnerships. In fact, not all community development and partnership activities have effective value for the community. The results of the factor calculation on the dimensions/factors of community development CSR assistance indicate that there are activities that are less effective in each CSR program.

Educational and skills assistance is a type of assistance to ease the burden of community education and stimulate the development of community education around the mine. There are 6 (six) CSR activities in CSR education and skills assistance, such as: (a) scholarship assistance for the community (Q1); (b) assistance to improve educational facilities (Q2); (c) assistance in developing educational facilities (Q3); (d) training & skills assistance for youths (Q4); productive equipment assistance for the community/family (Q5); and (6) the establishment of cheap/free schools for the community (Q6).

The results of the factor analysis calculation show that CSR assistance for education and training was proven effective in alleviating the burden on

the community and providing space for accelerating the education of people living around the mine, with an effectiveness value of 51.79. Significant results of the effectiveness of educational and skills assistance are indicated by the KMO value of 0.579 above alpha 0.05, and the value of the Bartlett Test of Sphericity of 0.029 which is below alpha 0.05. It means that the education and training assistance implemented by the company matches the expectations of the community, can build an image, and lighten the burden on the community. The assistance is in accordance with the expectations and reality needed by the community.

The results from the factor analysis calculation also show that of the six educational and skills assistance, assistance for the establishment of cheap/free schools for the community was proven ineffective. Meanwhile, for other CSR activities, such as: (a) scholarship assistance for the community (Q1); (b) assistance to improve educational facilities (Q2); (c) assistance in developing educational facilities (Q3); (d) skills training assistance for youths (Q4); and productive equipment assistance for the community/family (Q5), there is effective CSR assistance to help and ease the burdens of the community. CSR activities for the establishment of cheap/free schools for communities are not effective because schools built around the mine are more oriented to help the children of company employees. If there are students from the public schools, the results turned out to be less significant. In addition, as time goes by, the schools impose a policy on the imposition of school fees.

The results of the factor analysis calculation found a new grouping of 6 factors of CSR activities for the community. The new classification or grouping after the factor analysis calculation are: (1) assistance enhances the skills education, consisting of: (a) scholarship assistance for the community (Q1); (b) assistance to improve the educational facilities (Q2); (c) development assistance / new construction of educational facilities (Q3); (d) skills training assistance for youths (Q4); and (2) assistance to improve educational support equipment in the form of productive equipment assistance for the community/family (Q5).

Health assistance for the community is health aid intended for the community. This assistance is generally implemented by companies in the form of both charity and investment expenditures. There are 10 CSR activities aimed at companies to ease the burdens and maintain the health of the community, such as: (a) mass circumcisions (Q7); (b) blood donor drives (Q8); (c) cataracts surgery (Q9); (d) the prevention of HIV and infectious diseases (Q10); (e) free doctor consultations (Q11); (f) the establishment

of polyclinics / small hospitals for the community (Q12); (g) sanitation assistance (Q13); (h) cleft-lip surgery (Q14); (i) integrated healthcare centers (posyandu) (Q15); and (j) cooperating / involving the community in the healthcare system (Q16).

The results factor analysis calculation showed that health assistance for the community lived around the mine area was proven to be effective, with an effectiveness value of 60.80. Significant effectiveness of health assistance is indicated by the KMO value of 0.565 above alpha 0.05, and the Bartlett Test of Sphericity Test of 0.005 which is below alpha 0.05. The test results of this factor imply that health assistance is a factor that benefits the community, and as well as compatibility with their expectations.

Factor analysis testing also shows that of the 10 CSR activities to help the health of the community around the mine, there is one CSR activity that is proven ineffective, such as rocks used for the prevention of HIV and infectious diseases. Meanwhile, other CSR activities, such as: (a) mass circumcisions (Q7); (b) blood donations (Q8); (c) cataract surgery (Q9); (d) the prevention of HIV and infectious diseases (Q10); (e) free doctor consultations (Q11); (f) the establishment of polyclinics/ small hospitals for the community (Q12); (g) sanitation assistance (Q13); (h) cleft-lip surgery (Q14); (i) integrated healthcare centers (posyandu) (Q15); and (j) cooperating/involving the community in the healthcare system (Q16) are CSR assistance that is proven to be effective in helping and easing the burden on the community's health issue. This assistance provides the image and legitimacy of the community towards the company. The implementation of health assistance, besides being a necessity and livelihood of the community, is also implemented according to the expectations and realities needed by the community.

The results of the factor analysis grouped 4 new CSR groups in the field of community assistance, i.e.,: (1) primary health, consisting of: (a) cataract surgery (Q9); (b) sanitation assistance (Q13); (c) cleft-lip surgery (Q14); (d) integrated healthcare centers (posyandu) (Q15); (2) health support, consisting of: (a) blood donations (Q8); (b) free doctor consultations (Q11); (c) cooperating/ involving the community in the healthcare system (Q16); (3) the provision of health & sanitation facilities (Q12); and (4) mass circumcisions (Q7).

Damage prevention and environmental preservation assistance is a form of assistance aimed at protecting and maintaining environmental damage, as well as protecting the environment. There are 12 CSR activities included in the environmental preservation assistance category, i.e.,: (a)

ex-mine rehabilitation (Q17); (b) reforestation around the company (Q18); (c) building street lighting around the company (Q19); helping to preserve endemic plants (Q20); (d) commitment to maintain dust emissions and air pollution (Q21); (e) helping to preserve endemic animals (Q22); (f) investment of equipment to limit dust and pollution emissions (Q23); (g) waste recycling investment (Q24); (h) the use of alternative energy sources (Q25); (i) efficient use of energy sources (Q26); (j) consistently keeping AMDAL regulations (Q27); and (k) collaborating with the community to preserve the environment (Q28). The results of a factor analysis calculation showed that environmental prevention and preservation assistance for the environment and the community around the mine area is proven to be effective, with an effectiveness value of 58.47. Significant effectiveness of damage prevention and environmental preservation is indicated by the KMO value of 0.538 above alpha 0.05, and the value of the Bartlett Test of Sphericity of 0.037 which is below alpha 0.05. The results of the factor analysis calculation also showed that of the twelve (12) CSR activities have turned out to be entirely effective for building legitimacy, as it is in accordance with the expectations and needs of the community. The results from testing these factors mean that assistance to prevent damage and preserve the environment, especially the former area to increase productivity is expected by the community. This form of assistance is considered to be very helpful to the community in both social and economic aspects. Environmental health is included in many people's interests, thus creating trust (legitimacy) of the community.

The factor analysis results grouped 5 new groups of CSR environmental assistance, such as: (a) environmental prevention and preservation assistance around the factory and the mine area; (b) consistently comply with AMDAL regulations; (c) investment in alternative energy sources; (d) efficient utilization of energy sources; and (e) pollution control.

Socio-religious assistance is a form of assistance for the community in assisting religious and social activities, the construction of places of worship, religious holidays assistance, recitation, fostering religious harmony, and the like. There are six (6) CSR activities included in religious social programs, such as assisting people during: (a) holiday (Q29); (b) animal sacrifice day (Qurban) (Q30); (c) improvement of religious facilities (Q31); (d) construction of places of worship; (Q32); (e) participation in religious harmony (Q33), and (f) religious activities assistance (Q34).

The results of the factor analysis calculation indicated that socio-religious assistance is part of the community development CSR program and was proven

to be effective, with an effectiveness value of 35.98. Significant socio-religious effectiveness is indicated by the KMO value of 0.547 above alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.031 which is below alpha 0.05. The results of the factor analysis calculation also showed that of the six (6) CSR activities have turned out to be effective for building legitimacy, as it is in accordance with the expectations and needs of the community.

The results of the factor analysis calculation showed that of the six (6) CSR activities that are classified as CSR social religious programs, there are two ineffective CSR activities and four effective activities where the community feels that these said activities are classified as CSR and have an impact on the community in helping the socio-religious activities that they do. The two ineffective socio-religious CSR activities are: (a) assistance for holidays; and (b) Quran assistance during Eid al-Adha. Meanwhile, four (4) CSR activities that are helpful in religious social and are effective in helping the community are: (a) improvement of religious facilities (Q31); (b) construction of places of worship; (Q32); (c) participation in religious harmony (Q33), and (d) religious activities assistance (Q34).

Public facility assistance is an implementation of CSR to help ease the burden on the community in maintaining, developing, and procuring public facilities, such as environmental cleanliness, the improvement of public facilities so that they can be enjoyed by the general public. There are four CSR activities that fall into the category of public facility assistance, such as: (a) the improvement of security posts (Q35); (b) the improvement of village halls / other public facilities (Q36); (c) environmental safety (Q37); and (d) the improvement of sidewalks (Q38).

The results of the factor analysis calculation showed that the assistance for the maintenance, development, and procurement of public facilities were ineffective. The ineffectiveness of public facility assistance is indicated by the KMO value of 0.532 above alpha 0.05, and the Bartlet Test of Sphericity Test of 0.253 which is above alpha 0.05. Nevertheless, there are two activities that have an effectiveness value in helping to ease the burden on the community to improve public facilities, such as: (1) repairing village halls / other public facilities (Q36); and (2) curb improvements (Q38). The test results of these factors mean that assistance for public facilities is not unimportant and not needed by the community, but rather that the pattern, form, nature, and strategy of implementing program assistance is appropriate in the context of the community. In addition, the design of CSR programs for public facilities assistance must be adjusted to the reality needed by the assisted community.

Holiday assistance is an implementation of CSR company assistance for the community that is directed to provide assistance and to ease their burden during national holidays. A warning assistance program is also meaningful in increasing the sense of nationality for the community. There are 2 CSR activities that are classified as national holiday assistance, such as: (a) national holiday commemoration activities for the surrounding community (Q39); and (b) organizing events in commemoration of the holiday (Q40).

According to the community, the results of the factor analysis calculation of the two (2) CSR activities turned out to be ineffective. This result is indicated by the value of KMO 0.500 above the alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.526 which is above alpha 0.05. The test results of these factors mean that assistance for public facilities is not unimportant and does not have good effectiveness in shaping an image, helping to ease the burden on society, and increase a sense of togetherness and nationality. but rather that the pattern, form, nature, and strategy of implementing program assistance has to be adjusted in accordance with the context of the community. The dimensions of CSR for holiday assistance must be adjusted to the relevant needs, so that information can be better captured by the community. National holiday assistance is not a personal need, but a public need. Therefore, choosing an appropriate activity is paramount so that the message can be captured along with its impression on the community.

Arts and cultural assistance is the implementation of CSR that has been carried out by the company for the community to improve artistic and cultural talent for young people and the community. It also aims to provide the necessary facilities, including help in competitions at both the national and international levels. There are five activities (factors) that fall into the category of arts and culture assistance in a CSR program, such as: (a) fostering arts & culture (Q41); (b) building art and cultural studios for the community (Q42); (c) organizing local, national, and international art & cultural events (Q43); (d) sponsoring local, national, and international art & cultural events (Q44); and (e) sponsoring international arts and cultural cooperation (Q45).

The results of the factor analysis calculation showed that art and cultural assistance is an environmental development CSR program whose empirical approach is proven to be insignificant or ineffective in shaping legitimacy, and lacking support for community relief. The insignificance is indicated by the KMO value of 0.547 which is above alpha 0.05, and the value of the Bartlet Test of Sphericity is 0.122 which is above alpha 0.05. The results of the testing of these factors mean that assistance for the development of arts and culture of

the communities around the mine is not unimportant, but the activity choices and strategies for implementing CSR in the areas of fostering interests, talents, mentoring, and sponsorship in national and international competition events have to be adjusted in accordance with the context of the community. The choice of programs and activities is very important, because arts and culture are very thick with the nuances of local wisdom so that the accuracy of contextuality will determine the effectiveness of the assistance program.

The results of the calculation of the factor analysis also show that of the five CSR activities belonging to the CSR arts and culture program, there are two CSR activities that are ineffective and three activities that are effective to help the community. The two ineffective arts and cultural assistance CSR activities are: (a) fostering arts & culture (Q41); and (b) organizing local, national & international art & cultural events (Q43). Meanwhile, three (3) CSR activities that are proven to be effective in helping the community are: (a) making art and cultural studios for the community (Q42); (b) sponsoring local, national & international arts & cultural events (Q44); and (c) sponsoring international arts & cultural cooperation (Q45).

Youth & sports assistance is the implementation of CSR youth and sports assistance for the community which is aimed to assist in sports coaching, sports facilities assistance, sponsors of sporting competition events, youth assistance, facilities and youth skills of the community around the mine.

In this research, the forms of activities included in youth and sports assistance groups consist of 7 CSR activities, such as: (a) youth organizations and the like (Q46); (b) fostering productive youths (Q47); (c) sports equipment assistance (Q48); (d) the improvement of sports facilities & sport fields (Q49); (e) sports club coaching (Q50); (f) sponsoring delegation at local, national, and international sporting events (Q51); and (g) organizing local, national, and international sports events (Q52).

The result factor analysis calculation showed that youth and sports assistance with various activities therein are significantly effective for the community. The CSR program has a content for legitimacy and is useful in supporting the fostering and development of sports talent and spurring the increase in youth activities around the mining area. This is indicated by the value of KMO 0.575 above alpha 0.05, and the value of the Bartlett Test of Sphericity of 0.001 which is below alpha 0.05, with an amount of effectiveness of 59.29. The results of the factor analysis calculation also showed that all seven CSR activities belonging to the CSR youth and sports programs were all

effective in helping increase legitimacy, as well improving youth and sports development of the community around the mining area.

Other social assistance, in addition to the CSR activities above, is also implemented to ease the burden on the surrounding community. The types of CSR programs examined in this research are: care centers assistance, orphanage assistance, natural disaster relief, death assistance for the community, and other forms of social assistance. This type of CSR is generally charity, incidental, and based on pure social motives. There are four CSR activities (dimensions / factors) that fall into the category of other social assistance, such as: (a) natural disasters (Q53); (b) nursing homes (Q54); (c) orphanages (Q55); and (d) compensation for the death of the local community (Q56).

The results of the factor analysis calculation showed that other social assistance with a variety of activities included in it after the factor analysis has been proven effective and establishes legitimacy, as well as is useful to ease the burden on the managers of nursing homes, orphanages, and other communities. This is indicated by the KMO value of 0.500 above alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.050 which is below alpha 0.05, with an effectiveness value of 60.02. The results of these factors mean that the community feels assisted by the CSR program. The results of surveys and interviews indicate that natural disaster assistance, as well as orphanage and nursing home assistance are more directed towards those people who are incidental, unpredictable, and less sustainable. Meanwhile, the emergence of this CSR program provides additional funding sources, especially with a sustainable nature. Managers of nursing homes and orphanages found it very helpful.

The results of the factor analysis calculation also showed that of the four CSR activities belonging to other CSR social programs, there are two ineffective CSR activities and two effective activities to help the community. The two ineffective social CSR activities are: (a) assistance to nursing homes (Q54); and (b) compensation for the deaths of the local community (Q56). Meanwhile, two CSR activities classified as effective are: (a) natural disaster relief (Q53); and (b) assistance for orphanages (Q55).

CSR Assistance for Partnerships

The CSR partnership program by companies (SOEs) is based on Law No. 19 of 2003 concerning SOEs and SOE Ministerial Regulation No. Per-05 / MBU / 2007 which states the purpose and objectives of establishing SOEs is

not only to pursue profit but also to actively provide guidance and assistance to weak economic entrepreneurs, cooperatives, and the community. The partnership program is aimed at empowering small businesses, so as to improve the ability of small businesses to become resilient and independent through the use of funds from the state-owned enterprises (BUMN) profit share. The partnership program has the content to improve the ability of small entrepreneurs to be resilient and independent while empowering the social conditions of the community, encouraging micro-entrepreneurs or fostered partners to grow through soft-interest loans.

A survey of 96 respondents was conducted to prove the effectiveness of the implementation of the partnership program that has been carried out by the company. The results of surveys and data processing with factor analysis show that CSR activities are effective in helping the community, thus encouraging SMEs, although in some activities they are also less effective. To give a more detailed picture, the discussion is as follows:

Revolving fund assistance is a form of loan assistance (financing) for SMEs from partnership programs with low cost of capital, low rate of return or interest, in the easiest way, and a simple bank cable. Nearly 99% of the respondents claimed that they need capital assistance with a low interest rate. The respondents also argued that the revolving fund from the partnership program could provide the best and quick solutions in overcoming the growing and developing SME problems. CSR revolving fund assistance for SMEs consists of four activities, such as: (a) easy access to revolving funds (Q57); (b) restrictions on access to revolving funds (Q58); (c) low interest rates (Q59); and (d) ease of access in credit terms (Q60).

The results of factor analysis calculation showed that cheap revolving fund assistance to SMEs is proven to be empirically effective in helping SMEs in overcoming the problem of cheap capital sources. This is indicated by the KMO value of 0.559 above alpha 0.05, and the value of the Bartlett Test of Sphericity of 0.007 which is below alpha 0.05, with an effectiveness value of 37.40.

The results of the factor analysis calculation also show that the four CSR activities classified as providing cheap revolving fund assistance are entirely effective to assist SMEs in overcoming capital problems. In addition, the respondents felt that the submission process, requirements, and its easy access were felt to be very helpful. This program should be continued so that SMEs can increase their business and productivity.

Managerial assistance is one CSR program that aims to help SMEs which operate around a cement mine. The implementation of this program in the form of company assistance in training and company assistance to related SMEs is on how to organize and manage good SMEs to increase productivity. There are 3 SMEs assistance activities included in the SMEs' managerial assistance CSR category, such as: (a) training & assistance in accounting & bookkeeping (Q61); (b) production training (Q62); and (c) tax assistance (Q63).

The results of the factor analysis calculation showed that the partnership assistance in the form of governance and managerial assistance provided to SMEs was not effective in supporting the development and improvement of productivity of the assisted SME actors. This is indicated by the value of KMO 0.500 above alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.618 which is above alpha 0.05. The results of the factors mentioned above mean that although statistically the activities classified as managerial assistance are less effective, it does not mean that managerial assistance is not important. The results of surveys and interviews with SMEs indicated that managerial assistance that has been provided so far needs to be shifted, bearing in mind the real needs of SMEs is the form of assistance in accordance with the context and limitations of each SME. Meanwhile, the design of CSR programs is assumed that all SMEs have the same needs in assistance. The implication is that the programs provided will be less effective.

The results of factor analysis calculation also showed that of the four CSR partnership activities in the form of cheap revolving fund assistance, there is one CSR activity that is ineffective, and two activities that are effective to assist SMEs. One revolving fund assistance activity that is ineffective is training & assistance in accounting & bookkeeping (Q61); while two effective CSR activities help the community, namely: (a) production training (Q62); and (b) tax assistance (Q63).

Marketing assistance is a form of assistance that is very important for SMEs. This assistance is necessary because some of the SMEs which began to expand their products on a national scale feel there are some obstacles in marketing. CSR assistance in the form of training and marketing assistance are as follows: (a) marketing training & assistance (Q64); (b) product exhibition facilitation (Q65), and (c) distribution equipment assistance (Q66).

The results of the factor analysis calculation showed that the partnership assistance in the form of marketing assistance is not effective in supporting the development and improvement of the productivity of the assisted SMEs actors.

This is indicated by the KMO value of 0.505 above alpha 0.05, and the value of the Bartlett Test of Sphericity of 0.646 which is above alpha 0.05. Nevertheless, the results of the factor analysis calculation showed that the four CSR activities of the marketing assistance partnership are all explanatory factors of the marketing assistance activities. The results of the factor analysis mentioned above mean that although marketing assistance is not statistically effective enough for the community (SMEs), it is more triggered by the form and pattern of marketing assistance. Companies need to reconstruct a more contextual pattern of marketing assistance in accordance with the context of SMEs. During this time, the company has provided stimulus and assistance to SMEs in the form of SME product exhibitions. Meanwhile, the form of the business, the size of the business, and the assistance of SME products are not necessarily relevant for inclusion in the exhibition. Some SMEs think that the form of marketing assistance is less relevant for the type and size of their business.

CONCLUSION

In observing these interesting research results, the implementation of various CSR activities and programs by companies reveal that some of these activities are deemed effective and others are considered ineffective by the community. From the total of company CSR activities implemented, 9 of them are social development and 3 of them are partnership programs. From the 9 social development programs, 4 of the programs have high grades: education and skill assistance, community health assistance, socio-religious activity assistance, and other social assistance. Then for 5 other CSR programs: environment, public infrastructure, major holiday, arts and culture, and youth and sports programs, they have low effectiveness grades with scores under 62.50. The partnership programs consist of rotating funding assistance for SMEs, managerial assistance for SMEs, and marketing assistance for SMEs, which all have low grades with scores under 62.50.

The results of the factors tested reveal that from the 9 social development programs, 6 of the CSR programs have various activities which are considered as being significantly effective in helping the community and creating company legitimacy (image), which are: education and skill assistance, community health assistance, environment preservation assistance, socio-religious assistance, and youth and sports assistance. Meanwhile, social development assistance in the form of public infrastructure assistance, national holiday assistance, as well as youth and sports mentoring do not significantly help the community around the site. The results of the factors tested towards

the partnership assistance for the community members who are domiciled around the site show that among the 3 partnership programs: cheap rotating funding assistance has a significant effect in assisting SMEs, while assistance for managerial mentoring and marketing are ineffective in helping SMEs to improve their productivity and businesses.

LIMITATIONS & RECOMMENDATIONS

Although this research was conducted with maximum effort, there are still various limitations, including: many of the contextual dimensions and activities were unable to fully capture everything. The community diversity was often unable to determine the effectiveness parameters. Besides that, the effectiveness measuring technique did not completely pay attention to the management and community assistance perspectives. Future research should develop the CSR activity effectiveness parameters and pay attention to variations in the area diversity (contextuality) measured. In addition, future research also needs to focus on which parameters should be used to see the contextual effectiveness of the CSR programs. For companies, CSR assistance with their various resulting activities should be designed by looking at the contextuality of the accompanying community needs, in order that the outcome has a higher effectiveness value.

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