Determining the local community indicators on corporate social responsibility activities (case study in Indonesia)

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Abstract. Corporate Social Responsibility (CSR) in business activities is now a fairly popular trend. This is done as a form of compensation for business activities that affect the activities of the community and the surrounding environment. It is well known that CSR contributes quite significantly to environmental preservation and inhibits climate change. CSR activities use the community development concept, hence local community involvement would determine the performance of the design and implementation of CSR programs. This study aims to analyze the local factors that play a role in providing an impact on the performance of CSR activities. In this paper, two methods were used sequentially, namely in-depth interviews to openly explore prospective factors, and the Delphi method for agreeing the intended factors. CSR officers and Community Development consultants were the object of research. The results show that the strength of values/ cultural factors, the strength of actors, the attention of actors in regional development, the strength of actor networks, the participation of community components and local government are factors considered as factors that have an impact on CSR performance.

1. Introduction

The long-standing view of the business world does not put society and the environment as a key issue in business strategy. However, three decades later there has been a change in the business world in viewing the position of society and the surrounding environment to be parallel with the concern of the business world to maximize profits. Even putting the position of society and the environment as significant influence in providing financial benefits.

The change of strategy paradigm has an impact on the increasing number of corporate involvement in Corporate Social Responsibility (CSR) activity. The definition of CSR in general is a series of activities of a company based on the moral obligation to behave ethically towards the society and the surrounding environment where it operates [1]. Generally, CSR activities have made a significant contribution to environmental preservation that is inhibits climate change and to provide social and economic benefits for the sustainability society [2].

One important factor in the concept of sustainable development is the pattern of communication run by the company through its CSR program. The concept of sustainable development is a trend in one of
the press points of the company's vision for the future in order to have competitiveness without sacrificing the surrounding environmental and social aspects [2].

Davies et al. [3] take a strategic approach in the context of company performance in contributing to social & environmental programs. This strategic approach aims to enable CSR activities to produce optimal benefits for the company and the surrounding environment. Owen & Kemp [4] gave direction for intensive discussions from three parties, namely companies, government and local communities. This discussion is the basis for formulating activities that are able to be community-based and have a broad impact. Thus each party is expected to make a real contribution in this activity.

This paper tries to analyze indicators from local community factors that can have an impact on the implementation of CSR activities. These indicators are very influential in making the company's strategy when partnering with the community when running certain CSR activities.

2. Literature review

2.1. CSR and community development

Sims [5] claimed that companies engage in social activities because charitable principles are based on religious traditions where those who are able to provide the disadvantaged and the service principle are based on the obligation to provide services to the communities in which they live. Studies show that the concept of CSR can be a tool of communication with the community so that companies can get legitimacy from the community [6].

There are various approaches in implementing CSR activities. However, there is a current trend where CSR activities are carried out with the Community Development approach (ComDev). Ismail [7] defines Community Development (ComDev) as an initiative from the community to partner with other organizations (government, non-government organizations and companies) to get resources from these partners to empower their communities for better change. Even now the established ComDev pattern can seek a strategic partnership between government and private sector (company) so that ComDev and CSR activities can produce optimal impact performance [2].

The ComDev approach emphasizes how CSR activities are carried out together with local communities to get economically, socially and environmentally optimal benefits [2]. One of the results of the research by Handiwibowo [8] provides a report with the ComDev approach that can directly reduce the perception of pollution due to the activities of the steam power plant industry in the community in an environment as a result of a CSR activity carried out together with the society. The Society as a stakeholder is also considered important in enhancing the company's reputation in the form of product and brand images because of the ability of the community to form social networks [9].

In the context of the ComDev, the form of CSR activities can be harmonized with the community perceptions affected by the CSR activities. This is important because the perceptions of the local community are not always in line with the views of the company or other stakeholders [10]. The sociological aspirations of the local community can be known through the interaction of the company and the community. Helping companies to help communities to attract resources can help companies gain citizenship from society. In this way it is considered sufficient to be able to reduce potential conflicts that may exist in the community [11].

2.2. Local community factor

In the implementation of the CSR program with the ComDev concept, the involvement of local communities in the prepared program determines the output of the CSR program. Thus, the local community should participate in the extraction process, the determination process of the solution and plan program of social, economic and environmental problems [8].

Stimulation of perceptions from the company to the local community becomes a necessary thing as a form of the company's communication process with the community. Actors from the local community will establish a social network with the community at large. This network can be used by companies as a container for the process of social engineering with a form of perception desired by the
company [8]. Through the approach and process of communication with actors from the local community, the company can dedicate issues, perceptions, views, etc. from the subjectivity of the company [11].

Some researchers conclude that the impact of communication that is established will have an effect on each side (company and community) [6]. The value of the company can be transferred to the community. Likewise, the values that exist in the community can also be a value absorption for the company. This illustrates that the CSR activities carried out will perceive the existence of the company or the community at each point of view.

Indicators of local communities were obtained based on the theory of Actor Network Theory (ANT) [12]. ANT is the actual way to explore relational correlation in the network, hence, ANT also serves as a method [13]. In the context of the CSR program with the ComDev concept, the network in question is the company as one side and the network between local actors as the other side of each other.

3. Methodology
This study was conducted in Indonesia and used two methods at once. The first method was an in-depth interview. In-depth interviews were conducted in early 2018. In-depth interviews were used to explore possible factors into indicators of local community factors that play an impact on the performance of CSR activities. In-depth interviews were conducted on 20 CSR officers and 20 ComDev Consultants. CSR officers are people who are responsible for a company to carry out CSR activities. ComDev consultant is the person responsible for community development activities by mediating and advocating for the will of the community. CSR officer and ComDev Consultant were selected as experts who have knowledge related to the concept and process of CSR activities with the ComDev approach in the community.

In in-depth interviews, each respondent was given an open question that provided 4-7 answers as an indicator of local community factors that had an impact on the process of CSR activities. A total of 16 open answers were given by in-depth respondents. Every answer from respondents can be seen in table1.

| No. | Indicators Candidate                          |
|-----|---------------------------------------------|
| 1   | The power of local value/culture             |
| 2   | Poverty level                               |
| 3   | Power of local actors                        |
| 4   | Level of education                           |
| 5   | Actor’s attention on regional development    |
| 6   | Equal gender participation                   |
| 7   | The power of actor network                   |
| 8   | Participation of community components        |
| 9   | Attention of local government to development |
| 10  | Political interests of local actors          |
| 11  | Local government participation               |
| 12  | Creativity idea of community development activities |
| 13  | Community awareness on development           |
| 14  | Level of welfare/economy of society          |
| 15  | The synergy of the local government and actors |
| 16  | Potency of natural resources                 |
Table 2. Indicators candidate of delphi method results

| No. | Indicators candidate                                      | Respondents | Sum |
|-----|-----------------------------------------------------------|-------------|-----|
|     |                                                           | 1 2 3 4 5 6 7 8 9 10 11 |     |
| 1   | The power of local value/culture                          | 3 3 4 3 5 1 2 5 4 | 30  |
| 2   | Poverty level                                             | 3 2          | 5   |
| 3   | Power of local actors                                     | 4 4 5 5 3 3 5 | 29  |
| 4   | Level of education                                        | 4 2 4        | 10  |
| 5   | Actor’s attention on regional development                 | 1 5 3 4 4 3  | 20  |
| 6   | Equal gender participation                                | 1            | 1   |
| 7   | The power of an actor network                             | 2 4 1 5 3 3 4 | 22  |
| 8   | Participation of community components                     | 5 2 4 5 4 2  | 20  |
| 9   | Attention of local government to development              | 2            | 2   |
| 10  | Political interests of local actors                       | 2            | 2   |
| 11  | Local government participation                            | 5 1 2 1 5 3 1 2 | 20  |
| 12  | Creativity idea of community development activities       | 2            | 2   |
| 13  | Community awareness on development                       | 2            | 2   |
| 14  | Level of welfare/economy of society                       | 1            | 1   |
| 15  | The synergy of the local government and actors            | 1            | 1   |
| 16  | Potency of natural resources                              | 1            | 1   |

The second method was the Delphi method. The Delphi method was conducted in the middle of 2018 in Surabaya – Indonesia. List of possible factors that likely to be indicators of local community factors that play an impact on the performance of CSR activities resulting from In-depth interviews were then discussed in the forum to obtain indicators that really provide the highest impact on the performance of CSR activities. The Delphi method involved 5 CSR Officers and 6 ComDev Consultants.

In-depth interview results were then brought into the Delphi method. In the Delphi method, we use the Likert scale 1-5 to determine the level of the weighting of the indicators candidate. Each member gives a scale of 1-5 on the candidate indicator that was considered to have the lowest to the highest impact on CSR performance. A value of 1 has a scale of 1 and a value of 5 has a scale of 5. Thus the sum of votes will be the value of the importance of the indicator. The results of the respondent’s assessment can be seen in table 2.

4. Result

In-depth and Delphi Method resulted in indicators with the highest impact on the CSR activities performance. Meanwhile, the Delphi Method yielded 6 dominant indicators.

Triangulation is carried out on the results of the Delphi Method by asking the approval of each Delphi method respondent the final results obtained. The respondents generally agreed on the results obtained. The 6 indicators are described as follows:

- Power of local value/culture
- Power of local actors
- Actor’s attention on regional development
- The power of an actor network
- Participation of community components
- Local government participation
Each of the above indicators can be accepted as follows. Indicator The strength of local values/culture is related to the local culture adopted by the local community. The strength of the local community in upholding the values and culture that is crucial in the process of assimilation of the values of the company with local values and culture. The company's point of view needs to know how people perceive an object with the background value/culture they have. The ability of companies to capture the perspective of the community is important in the success of CSR activities [11].

The power of the local actor indicator indicates the distribution of actors who play a role in moving the community. The strength of local actors is very important in shaping public opinion, discourse, activities and thoughts. When linked to CSR activities, the strength of local actors is very important in forming synergies between CS goals and community goals.

The Actor's attention on regional development indicator indicates the vision of local actors in the development process in their region. The vision of community development is important in the social life of the community, therefore the involvement of local actors is needed.

The power of actor network indicates the position of local community actors in existing social organizations. The pattern of networks between organizations and the actors in them is very important in forming synergy between social organizations in the process of regional development.

The three indicators above related to the activities of actors in society. The need to establish intensive communication with influential actors is very necessary for the interests of the company. It is also hoped that the actors involved can find out the interests of the company in running their business [10].

The Participation of community components indicator demonstrated the role of each existing social organizations. The division of roles and involvement of social organizations in the policymaking process is important in the context of regional development. Existing social organization in society is one of the forms of existing stakeholders and can exert influence on the actors in the community [11].

Local government participation indicators indicate how much community support for local government. The community's support cannot be separated from the amount of local government attention in the process of regional development. Ambarwati et al. [14] emphasized how important the role of local government is in collaborating with the community to produce effective and efficient regional development processes.

Ismail [7] also alluded to how local communities can have an impact on CSR performance. The role and involvement of the community in aligning their regional development interests and the interests of CSR activities are crucial. Handiwibowo [2] also mentioned how CSR and CD activities can be synchronized to get more optimal results.

In CSR performance, Elkington [15] argued the role of CSR in the triple bottom line concept (people, profit & planet). Collaboration with local communities in CSR activities will make it easier for companies to be able to apply the triple bottom line theory in the implementation of CSR activities.

5. Conclusion
There are six indicators of local community factors that can affect CSR performance. The six factors of the local community including the power of local value / culture, the power of local actors, actor's attention on regional development, the power of actor network, participation of community components, and local government participation.

CSR activists can utilize the results of this research to collaborate more with local communities in managing CSR programs. The community will feel they have CSR activities because they are actively involved in the whole CSR program process. Better collaboration results can improve the quality of CSR activities.

Environmental issues from business activities can change with the approach of CSR activities based on community development. The concept of "planet" becomes crucial at this time, especially the issues of pollution, climate change and global warming. Community participation in CSR activities is expected to reduce the recent environmental degradation.
6. Limitation & Future Research
This study attempted to conclude the indicators with the highest impact on the performance of CSR activities using in-depth and FGD methods. In further studies, the concluded indicators need to be empirically tested directly to the CSR performance variables.

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