Concerning CSR obligations, companies are required to be wiser in determining CSR form and activities. According to strategic CSR concept, it is very important to have CSR programs that are aligned to the company's strategy so that it will not only give benefits to company's stakeholders but also give benefits to company itself to promote its sustainability.

This study is a qualitative study which aims to analyze the CSR activities of sugar factories located in Kareseidan Besuki (especially in Situbondo) based on strategic CSR concept. There are three sugar factories that are studied and analyzed in this study, i.e.: PG Assembagoes, PG Pandjie, and PG Olean. These sugar factories are owned by PTPN XI (PT Perkebunan Nusantara), which is a state-owned enterprise in agriculture business. They have a program named partnership program and community development. The objective of this program is to help and support sugar cane farmers, cooperatives and small business, and engaged in community development (such as education/training, improving health, public infrastructure/facilities and also environmental conservation and poverty alleviation).

2. Literature Review

Stakeholder theory argues that a company is not only to serve the interests of its owners/shareholders, but also to serve the interest of other stakeholders, such as employees, government, society, and environment (Utama, 2007). In this stakeholder theory framework, the differences between social goals and economic goals are not relevant anymore since the main focus is on the sustainability of the company (Lee, 2007).

The concept of strategic CSR has been developed by Baron (2001), Lantos (2001), and Porter et al. (2006). This strategic CSR concept basically states that CSR activities engaged by a company should give benefit not only to its stakeholders, but also to the company itself. By doing so, it is expected that those strategic CSR may contribute to the company’s performance and sustainability, while CSR activities that are not strategic may decrease company’s performance. In line with Baron (2001), Lantos (2001), and Porter et al. (2006), Lee (2007) argues that CSR is no longer perceived merely as a company moral obligation, but CSR has been seen as part of a business strategy to improve company’s financial performance.

Porter et al. (2006) analyze CSR activities based on two forms of interdependence and interconnection between company and its stakeholders, i.e. inside-out linkages and outside-in linkages (pp.5-6). The inside-out linkages analyze the influence of company’s activities on its stakeholders, while the outside-in linkages analyze the influence of company’s environment and its stakeholders in the company (Porter et al., 2006).

3. Research Methodology

This study employs qualitative method using the phenomenology approach to analyze the company’s perception, perspectives, and understandings of CSR concepts, especially strategic CSR, also its implementation. This study uses primary and secondary data. The primary data are obtained through in-depth interviews with several respondents such as the administration and accounting department, and production department. As for the secondary data includes: the data production reports, financial reports, the data yield. Secondary data will be obtained through the company itself, sugar factories, and also the company’s website.

4. Results and Discussions

4.1 Company’s Background: PT PERKEBUNAN NUSANTARA XI (PERSERO)

PT Perkebunan Nusantara XI (Persero) (PTPN XI), which was founded in 1996, is a sugar cane-based agribusiness company owned by the Government of Republic of Indonesia. It's working areas cover all over East Java. The main products of PTPN XI are sugar and molasses. The company's stakeholders include employees, sugarcane farmers, government, shareholders, customers, the press, NGOs, local community, etc. (Annual Report, 2014). Its business