

Strategic CSR based on Local Wisdom for Corporate Sustainability (A Case Study on Sugar Factories in Karesidenan Besuki)*

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ABSTRACT

Objective – 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, environmental conservation and poverty alleviation).

Methodology/Technique – This study is a qualitative study which aims to analyze the CSR activities of sugar factories located in Situbondo based on strategic CSR concept. There are three sugar factories which are studied and analyzed in this study, i.e.: PG Assembagoes, PG Pandjie, and PG Olean. They have a program named partnership program and community development.

Findings – The Partnership Program provides benefits to sugarcane farmers located around the sugar factories, and also give benefits to sugar factories themselves since more than 60% of the sugarcane milled come from the farmers.

Novelty – This paper analyzes company's perception, perspectives, and understandings of CSR concepts, especially strategic CSR, also its implementation.

Type of Paper: Conceptual.

Keywords: Corporate social responsibility, company sustainability, strategic CSR, sugar factory, partnership program and community development

1. Introduction

In several last decades, corporate social responsibility (CSR) is not anymore considered as a company obligation, but more as an opportunity for a company to internalize it in company's business strategy (Bisnis& CSR, 2007). The regulation regarding CSR is already embedded in the Corporation Act No. 40/2007. Article 74 of the Company Act states that "The Company having its business activities in the field of and/or related to natural resources, shall be obliged to perform its Social and Environmental Responsibility". Also Law on State-Owned Enterprises No. 19/2003 requires that state-owned companies to have CSR program which is called partnership program and community development. With all those regulations

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