

From Compliance to Commitment: Assessing Corporate Social Responsibility and Social Justice

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Abstract: This study aims to explore the extent to which companies in Merauke Regency involve local communities in all stages of Corporate Social Responsibility (CSR) implementation—from planning and execution to evaluation. Using a library research approach and content analysis, the study examines academic literature, company reports, and empirical studies related to corporate accountability and community participation in Indonesia. The findings reveal that CSR practices in Merauke remain largely regulatory-driven, emphasizing compliance and reporting obligations under national law rather than genuine social responsibility. Community participation is predominantly top-down and symbolic, with minimal involvement in decision-making or evaluation. Moreover, weak institutional capacity and limited government oversight have constrained the accountability and long-term impact of CSR programs. The study concludes that achieving sustainable and socially just CSR requires strengthening regulatory enforcement, empowering local institutions, and promoting inclusive, bottom-up participation. These findings contribute to the discourse on corporate accountability, stakeholder engagement, and social legitimacy within local development contexts.

Keywords: Corporate Social Responsibility; Community Participation; Sustainable Development; Bottom-Up Participation; Social Legitimacy; Corporate Accountability; Stakeholder Engagement.

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1. Introduction

The implementation of Corporate Social Responsibility (CSR) in Indonesia plays a strategic role in creating constructive relationships between companies and communities, particularly in areas dependent on natural resources. Economic activities in the agriculture, forestry, and plantation sectors often have complex social and ecological impacts, making CSR a crucial tool for balancing corporate interests with the needs of local communities [3]. Regulations such as Law No. 40 of 2007 concerning Limited Liability Companies and Government Regulation No. 47 of 2012 stipulate that companies operating in or related to

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natural resources must implement Social and Environmental Responsibility (TJSL). This obligation must be transparently reported through annual reports, and non-compliance can result in administrative sanctions, affirming the state's commitment to sustainable development. As found by Simatupang et al. [14] and Firdaus et al. [6], the implementation of CSR programs in Kalimantan remains relatively low, with community participation in CSR planning and evaluation resulting in a mismatch between the programs implemented and the community's social needs. Similar conditions are observed in remote, unsupervised areas, where social responsibility programs have not fully fostered community independence and environmental sustainability [4]. This phenomenon indicates serious problems with corporate accountability and community participation in local-level CSR implementation. Various sources in the literature confirm that CSR should be an instrument for sustainable social development and be oriented towards community empowerment [16]. However, the underlying theories, such as legitimacy theory and stakeholder theory, have not fully addressed the contextual challenges in remote areas such as Merauke [1]. In legitimacy theory, companies are expected to gain social acceptance by conforming to community values and norms. CSR in Indonesia remains top-down and oriented toward corporate image [5].

Meanwhile, Kabuam [8] emphasizes the importance of forums, capacity, and community access to participation, which are often overlooked in regional CSR practices. This study aims to explore the extent to which companies in Merauke Regency involve local communities in every stage of CSR implementation, from planning and implementation to program evaluation. The main focus of the study is to identify the forms of corporate accountability applied and to assess the effectiveness of community participation in determining the direction and benefits of the social programs implemented. Through this approach, the study is expected to provide a comprehensive picture of the relationship between corporate social responsibility and the local community's social dynamics. Specifically, the study seeks to measure the social and environmental impacts of CSR implementation and assess the extent to which these programs can strengthen corporate legitimacy in the community's eyes. The urgency of this research stems from the assumption that CSR success is not solely determined by the amount of funds allocated, but rather by the extent to which a company can build accountable and participatory relationships with the beneficiary community. The underlying hypothesis of this study is that increased corporate accountability will strengthen the company's social legitimacy. At the same time, meaningful community participation will ensure the sustainability of CSR programs' social impact. In the context of Merauke, which has unique socio-cultural and geographical characteristics, CSR implementation often fails to account for local wisdom and the community's capacity for active participation [15]. Based on the results of this research, it is hoped that policy recommendations and CSR implementation models will emerge that are more accountable and transparent, and capable of strengthening grassroots community independence.

2. Literature Review

In the context of Corporate Accountability and Community Participation in CSR Programs, and in contemporary corporate governance, the concepts of Stakeholder Theory and Corporate Accountability have formed a new paradigm that emphasizes that corporate responsibility goes beyond mere profit-making, including the obligation to account for its impact on all stakeholders (Figure 1).

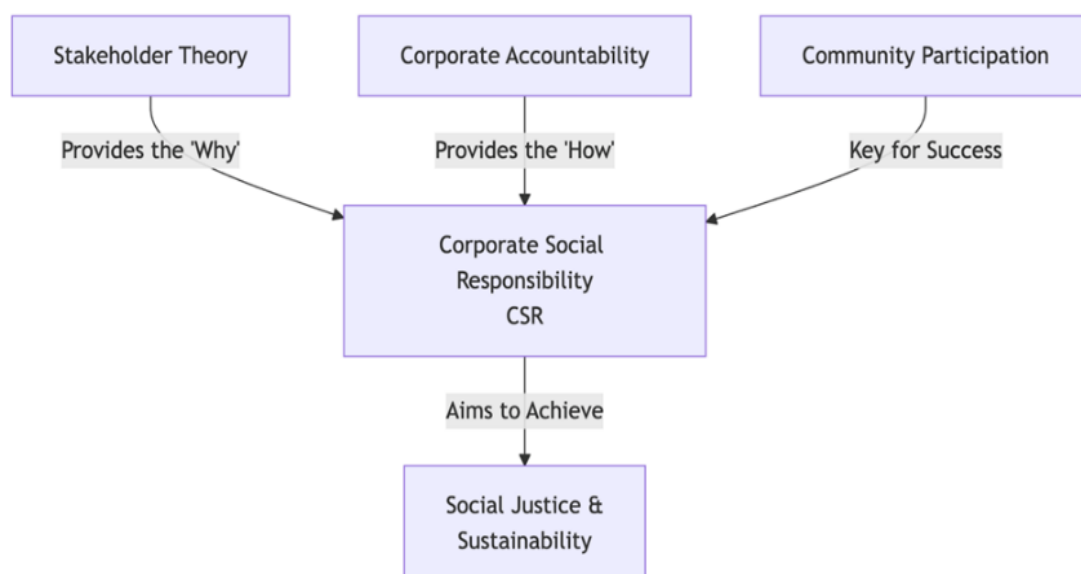


Figure 1: Framework of corporate social responsibility (CSR)

This theoretical framework is then operationalized through the practice of Corporate Social Responsibility (CSR), whose effectiveness relies heavily on inclusive Community Participation mechanisms. This literature review will explore the conceptual integration of these four elements—explaining how corporate accountability grounded in Stakeholder Theory requires CSR that not only complies with regulations but also empowers communities through active participation, ultimately creating sustainable value for the company and society:

- **Conceptual Diagram:** Integration of Stakeholder Theory, Accountability, Community Participation, and CSR.

2.1. Stakeholder Theory and Accountability

Stakeholders are all parties with an interest in or affected by a company's activities, including employees, the community, the government, shareholders, suppliers, and the environment. They deserve attention because company decisions affect the welfare and social conditions of those around them. In this context, corporate accountability is a crucial principle that affirms a company's responsibility to all stakeholders for the social, economic, and environmental impacts it generates. Awa et al. [2] explain that corporate accountability is not limited to financial reporting but also encompasses transparency regarding strategic decisions that impact the wider community. Kalra [9] adds that accountability includes ethical, legal, and social aspects that must be implemented within the framework of sustainability and social justice. Stakeholder theory emphasizes that companies have responsibilities not only to shareholders but also to all stakeholders in carrying out their business activities. A company's sustainability depends heavily on its ability to maintain fair, ethical, and mutually beneficial relationships with these various groups. Within the corporate accountability framework, this is reflected through several key categories, including economic, legal, social, and environmental accountability. Masruroh et al. [10] emphasize that economic accountability concerns the efficiency and transparency of resource management, while legal accountability ensures that a company complies with applicable regulations.

2.2. Community Participation Concept

Community participation is defined as the active involvement of individuals or community groups in the decision-making, planning, implementation, and evaluation of programs that affect their lives. According to Masruroh et al. [10], Community participation is a crucial mechanism in social development that fosters a sense of ownership and enhances the effectiveness of public policy. Meanwhile, Adeoye et al. [1] explain that effective participation is characterized by inclusivity, transparency, and the community's capacity to influence the direction of development. Therefore, the concept of community participation is not merely symbolic but a process that enables citizens to exercise real control over development decisions, including in the context of implementing CSR in remote areas such as Merauke. Community participation models can be categorized into four levels: passive, consultative, functional, and interactive. At the passive level, communities receive information without further involvement, while at the interactive level, they act as partners directly involved in the decision-making process. This level indicates greater space for communities to voice their needs, provide input, and influence the direction of activities. Research by Dmytriyev et al. [5] confirms that the success of a development program, including CSR implementation, is greatly influenced by the extent to which communities are actively involved in all stages of the activity, from planning and implementation to evaluation. The higher the level of participation, the greater the likelihood that the program will achieve relevant and sustainable goals. The implementation of a more empowering participation model, particularly functional and interactive participation, is key to implementing CSR that embraces social justice. This model not only ensures that communities participate in shaping development but also creates a more equal relationship between companies and communities, enabling the program's benefits to be felt more broadly and sustainably.

2.3. The Concept of Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a company's ongoing commitment to act ethically, contribute to economic development, and improve the quality of life of the community. Widjaya [17] emphasized that CSR is a company strategy to integrate social and environmental concerns into business operations and stakeholder relationships. David et al. [4] added that CSR functions not only as a philanthropic activity but also as a strategic instrument in strengthening a company's social legitimacy. In Indonesia, the implementation of CSR has a strong legal basis through Government Regulation Number 47 of 2012 concerning the Social and Environmental Responsibility of Limited Liability Companies, which requires companies—particularly those engaged in or related to natural resources—to implement CSR as part of their corporate responsibility. The manifestation of CSR is reflected in three main dimensions or triple bottom line: economic, social, and environmental. Molina and Rajagopal [12] explain that CSR success is measured by the balance among profit, people, and the planet.

In Indonesia, various forms of CSR implementation include local economic empowerment, infrastructure development, education improvement, healthcare, and environmental conservation. The effectiveness of CSR implementation is greatly influenced by the level of community involvement and the mechanisms of corporate accountability. Research by Ningrum and

Hariyono [13] shows that CSR success is determined more by its impact on community quality of life and environmental sustainability than by the number of programs implemented. In addition to PP 47/2012, CSR implementation is also strengthened by the Minister of Home Affairs Regulation Number 96 of 2017, which regulates the procedures for cooperation between village governments and companies in implementing CSR programs. This regulation establishes a more structured collaboration mechanism between companies and local governments, enabling CSR programs to be integrated with village development priorities. With this comprehensive legal framework, CSR is no longer viewed as a voluntary activity, but rather as a strategic obligation that ensures that company activities provide real, socially just, and sustainable benefits for all stakeholders. Corporate Social Responsibility (CSR) is a concrete manifestation of stakeholder theory and corporate accountability.

Through CSR, companies implement socially, environmentally, and economically responsible business practices that take into account the needs of stakeholders. The social and environmental dimensions, as explained by Alexander et al. [11], are important indicators of a company's commitment to accountability, particularly in developing countries like Indonesia. Therefore, CSR serves not only as a legal obligation but also as a strategy to ensure that a company's operations provide tangible, sustainable benefits to the surrounding community and environment.

3. Research Methods

This study employed a library research method, emphasizing academic literature review on corporate accountability, community participation, and CSR implementation. Primary data were sourced from scholarly papers, corporate CSR reports, and relevant academic publications on CSR cases in Indonesia and community participation practices within the context of regional development. Secondary data were obtained from books, reputable international journals, and other scholarly sources addressing similar topics from the perspectives of development economics and corporate social responsibility. This approach enabled the researcher to obtain a comprehensive overview of CSR theory and practice relevant to the local context in Merauke.

3.1. Research Object

This study focuses on corporate accountability practices and community participation in the implementation of CSR programs in Merauke Regency, where the social and economic dynamics between companies and local communities provide the primary context. Merauke Regency presents a unique phenomenon, marked by major economic activities such as plantations and mining, which have social implications for indigenous peoples and local communities. This condition reveals a gap between community expectations for CSR benefits and companies' actual implementation, especially regarding transparency and community involvement in decision-making. This phenomenon is important to examine because CSR practices in this region often fail to demonstrate effective accountability and to accommodate active community participation, as expected under the principles of sustainable development.

The research process was conducted through several stages, starting with identifying key issues related to corporate accountability and community participation in CSR in Merauke. The next stage was data collection through a literature review, which involved reading and reviewing written sources such as books, research reports, scientific journals, and policy papers discussing CSR implementation in Indonesia and other developing countries. The literature selection process was based on relevance, validity, and publication recency to ensure the validity of the findings. The data analysis technique used content analysis to interpret the meaning of texts from various literature sources. Through this method, researchers identified patterns, themes, and conceptual relationships related to accountability, community participation, and CSR. This analysis helped identify similarities and differences in researchers' perspectives and link them to the theoretical framework. All findings were then synthesized narratively to build a comprehensive understanding of the relationship between corporate accountability and community participation in CSR implementation in Merauke Regency.

4. Findings and Discussion

4.1. Corporate Social Responsibility and Accountability

Corporate Social Responsibility (CSR) in Merauke Regency still exhibits a pattern of being solely oriented toward fulfilling regulatory obligations. Companies tend to prioritize annual reporting as the primary form of accountability, in accordance with Law No. 40 of 2007 and Government Regulation No. 47 of 2012. This practice suggests that CSR is viewed more as an administrative obligation than as a moral commitment to social and environmental development. This pattern aligns with findings from other regions of Indonesia, where CSR reports primarily serve as instruments of formal legitimacy for companies [13]. Despite the implementation of reporting obligations, external transparency and accountability mechanisms at the local level are underdeveloped. Local governments and community organizations in Merauke lack the capacity and effective mechanisms to conduct independent evaluations of CSR implementation. Consequently, CSR reporting often remains merely

an administrative document without a robust verification process. Reliance on companies' voluntary approaches further weakens public oversight of CSR activities. This situation reflects the limited institutional capacity of local governments to monitor and ensure the tangible impact of CSR on the community. A similar study in Klaten Regency showed that the effectiveness of CSR oversight is largely determined by the local government's ability and commitment to building a transparent governance system. Thus, increasing CSR accountability at the local level requires strengthening implementing regulations, increasing institutional capacity, and community participation in the monitoring and evaluation process.

4.2. Community Participation

The implementation of corporate social responsibility (CSR) programs in Merauke Regency tends to be limited and top-down. Community involvement is most prevalent during the implementation phase, while participation is relatively minimal during the planning and evaluation phases. This demonstrates that companies remain the primary actors in determining CSR program needs and priorities, without an inclusive dialogue. Within the context of participation theory, this pattern can be categorized as tokenism or pseudo-participation, where communities are involved merely to fulfill formalities without any real decision-making power. This phenomenon can also be explained through the perspective of stakeholder theory, which emphasizes the importance of managing relationships between companies and stakeholders. In the case of Merauke, it appears that the company's approach to the community remains limited to maintaining social legitimacy (a legitimacy approach) rather than developing equal strategic partnerships. As a result, the relationship between the company and the community tends to be transactional, rather than collaborative, so that CSR programs do not reflect the real needs of the beneficiary community. Limited community participation also indicates the suboptimal implementation of community development principles, which emphasize empowerment and local ownership of programs. This top-down approach has the potential to reduce the effectiveness and sustainability of CSR programs because communities lack a sense of ownership or role in determining the direction of activities. Therefore, to achieve more inclusive and impactful CSR, companies need to adopt a participatory, bottom-up planning model that allows communities to play an active role in every stage of program planning, implementation, and evaluation.

Corporate accountability is an important principle that affirms a company's responsibility to all stakeholders for the social, economic, and environmental impacts it generates. Legitimacy theory explains that companies gain social acceptance when their activities align with societal values and norms. However, research findings indicate that CSR implementation in Merauke remains focused on fulfilling regulatory requirements, such as annual reporting and administrative obligations, in accordance with relevant laws and regulations. This type of accountability generates formal legitimacy from the government but has not yet created social legitimacy through local community acceptance. From a stakeholder theory perspective, this situation indicates an imbalance in the relationship between companies and local stakeholders. Ideally, each stakeholder has a proportional role and influence in determining the direction and priorities of CSR. However, in Merauke, communities, particularly indigenous communities, still face structural and cultural barriers in accessing information and engaging in substantive dialogue. This leaves companies with complete control over defining social needs and determining the form of CSR interventions, resulting in programs often not fully relevant to local needs. In terms of socio-economic sustainability, the CSR program in Merauke did provide short-term benefits such as small infrastructure grants and support for micro-enterprises. However, the effects were not sustainable because community participation remained limited. After the company stopped funding or mentoring, most activities ceased to continue independently. International literature confirms that the sustainability of CSR impacts depends heavily on meaningful and empowered community participation. The role of local social structures, such as traditional leaders and community elites, is an important element in the Merauke context, serving as a bridge between companies and communities, especially in building social legitimacy and ensuring that CSR programs align with local cultural values and norms.

Studies on the duality of agency structures in CSR show that these social actors can influence the sustainability of programs because they possess moral authority and informal control over collective decision-making; thus, they can strategically increase community acceptance of programs and strengthen a sense of collective ownership [7]. Implementing community participation requires the granting of authority, which in practice is often merely tokenistic. Although communication forums exist between the company and the community, the community is not given a substantive role in the monitoring and evaluation process, limiting its influence on decision-making. This finding aligns with Arutmin's CSR research, which shows that the community participates in planning forums but lacks the authority to monitor and control the program. Research findings indicate that the implementation of corporate social responsibility (CSR) programs in Merauke Regency does not fully reflect the principles of social justice and sustainability.

CSR programs still focus on charitable, short-term activities. At the same time, aspects of social justice, such as equitable distribution of benefits, the inclusion of vulnerable groups, and the empowerment of indigenous communities, have not been prioritized. To provide a more systematic understanding, Table 1 summarizes the main empirical findings, their theoretical interpretations, and their practical implications. The analysis integrates perspectives from Stakeholder Theory, Legitimacy

Theory, Institutional Theory, and Sustainability Theory. These frameworks collectively highlight that CSR in Merauke has not yet achieved genuine social legitimacy or equitable stakeholder engagement. Instead, it tends to reproduce formal compliance patterns with limited empowerment and community ownership. Table 1 below outlines these findings in a structured manner to guide both academic reflection and policy recommendations.

Table 1: Key findings and theoretical discussion of csr implementation in Merauke Regency

Theme / Finding	Empirical Evidence	Theoretical Interpretation	Implications
CSR accountability remains regulatory and formalistic	CSR practices in Merauke focus primarily on compliance with legal requirements (Law No. 40/2007; PP No. 47/2012). Annual reporting serves as the primary form of accountability, but it lacks substantive evaluation.	According to Legitimacy Theory, this reflects a pursuit of formal legitimacy rather than social legitimacy. CSR is treated as an administrative duty rather than a moral commitment to sustainable development.	Strengthening institutional capacity and external audit mechanisms is needed to ensure that CSR accountability extends beyond legal compliance to genuine community impact.
Weak local transparency and oversight mechanisms	Local government and civil society in Merauke lack effective mechanisms for independent CSR evaluation. Reporting remains largely unverifiable.	Institutional Theory explains this as institutional isomorphism—companies mimic formal structures but lack substantive accountability.	Local governance reform and the creation of participatory monitoring bodies are necessary to enhance transparency and social control.
Limited and top-down community participation	Community participation occurs mainly during implementation, with minimal involvement in planning or evaluation.	Based on Arnstein's Ladder of Participation, participation is at the tokenism level—symbolic rather than empowering.	Adoption of bottom-up CSR planning models is needed to enhance inclusiveness and local ownership.
Imbalance in stakeholder relationships	Corporations dominate decision-making, while indigenous and local communities have limited access to information and a voice.	Stakeholder Theory highlights an imbalance of power—stakeholder interests are not equally represented—thereby reducing CSR's legitimacy.	Encouraging multi-stakeholder forums and equal participation mechanisms would foster fairer, more sustainable partnerships.
Short-term socio-economic impacts with low sustainability	CSR programs deliver short-term benefits (eg, microenterprise aid, infrastructure) but rarely continue after funding ends.	Sustainability Theory suggests that lasting outcomes require meaningful participation and community empowerment.	Integrating long-term empowerment and capacity-building components into CSR design will enhance sustainability.
Role of local social structures (customary and community elites)	Local leaders mediate between companies and communities, influencing acceptance and continuity of CSR programs.	Structuration Theory holds that local elites act as agents, shaping community responses and culturally legitimizing programs.	Formally engaging traditional leaders and social elites in CSR governance enhances cultural legitimacy and program acceptance.
Symbolic participation and lack of monitoring power	Communities are present in CSR forums but lack authority in monitoring and evaluation processes.	Tokenistic participation undermines horizontal accountability, thereby limiting influence over outcomes.	Companies should delegate evaluative authority to community representatives through participatory audits and community reporting mechanisms.
CSR and social justice: insufficient inclusion of vulnerable groups	CSR remains charitable and short-term; it does not prioritize equity, indigenous empowerment, or distributional justice.	Social Justice Theory underscores fairness and equity as the foundations of sustainability. Current CSR fails to integrate these dimensions.	CSR frameworks must explicitly include justice-oriented goals—ensuring equitable benefit distribution and inclusion of marginalized groups.
Corporate legitimacy and social license to operate	CSR builds legal legitimacy but lacks moral legitimacy from the community.	Legitimacy Theory asserts that true corporate legitimacy emerges when social, environmental, and ethical expectations are met.	Transparent, participatory CSR and social accountability mechanisms are essential to secure and sustain corporate social legitimacy.

4.3. Implications and Recommendations for Implementing CSR in Merauke Regency

The implementation of corporate social responsibility (CSR) in Merauke Regency should focus on strengthening social and institutional structures that enable more substantial community control and accountability. Companies are advised to establish a Local CSR Monitoring Committee consisting of community representatives, traditional leaders, academics, and independent parties. This committee should have a formal mandate to review fund allocations, evaluate program implementation outcomes, and provide policy recommendations tailored to local needs. This effort aligns with the principles of stakeholder theory, which emphasizes the importance of a balanced distribution of roles and responsibilities among all stakeholders to create sustainable social legitimacy. Participatory social audits need to be an integral part of CSR governance. These audits should be conducted periodically and directly involve the community in the evaluation and reporting process. Annual CSR reports should include a dedicated community-led section, such as a community report, to assess the program's effectiveness and socioeconomic impact. To avoid symbolic participation, companies also need to conduct capacity building for the community, particularly in understanding CSR budgets, success indicators, and public accountability mechanisms.

Companies need to establish participatory principles as part of their long-term CSR policies, not just temporary projects, which are accommodated through internal policies that require the implementation of formal stakeholder engagement, regular social audits, and transparent reporting systems, and increase the sustainability of CSR programs by increasing the sense of ownership and public trust in the company. The local government, as a regulator, facilitator, and mediator of stakeholder interests, plays a crucial role in ensuring the effectiveness of CSR implementation. The government must function as an independent supervisor and evaluator, ensuring that CSR programs are run in accordance with the principles of accountability and social justice, by developing routine evaluation mechanisms, involving regional technical institutions and civil society in the monitoring process, and implementing administrative and legal sanctions for companies that do not comply with CSR reporting obligations or do not implement programs in a transparent and participatory manner. By simultaneously leveraging government oversight and community participation, CSR implementation in Merauke Regency can transform from mere regulatory compliance to a collaborative strategy focused on social, economic, and environmental sustainability. This approach will enhance corporate legitimacy in the community's eyes while strengthening equitable and sustainable local development governance.

5. Conclusion

This study reveals that the implementation of Corporate Social Responsibility (CSR) in Merauke Regency remains primarily oriented toward regulatory compliance and administrative obligations, with accountability still operating at a formalistic level. CSR practices tend to emphasize corporate interests in fulfilling legal legitimacy rather than fostering genuine social legitimacy within local communities. The limited institutional capacity of local governments and communities to conduct independent evaluations has weakened oversight, resulting in suboptimal transparency, participation, and long-term sustainability outcomes of CSR programs. From the perspectives of stakeholder theory and legitimacy theory, these findings highlight an imbalance of power and engagement between corporations and local stakeholders. To enhance social legitimacy and sustainability, CSR implementation must adopt a participatory approach that positions communities as equal partners in planning, execution, and evaluation processes. Local governments should play a critical role as regulators, facilitators, and independent monitors to ensure that accountability, social justice, and sustainability principles are consistently upheld. Through this transformation, CSR in Merauke can evolve from a regulatory obligation into a collaborative governance instrument that supports inclusive and sustainable local development.

5.1. Limitations and Future Research Directions

This study is limited by its geographical scope, which focuses solely on Merauke Regency, and by the lack of longitudinal data assessing the long-term social and economic impacts of CSR initiatives. Future research should expand the study area and incorporate both quantitative and longitudinal approaches to more comprehensively measure CSR effectiveness.

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